



Third Avenue Value Fund

Third Avenue Small-Cap Value Fund

Third Avenue Real Estate Value Fund

Third Avenue International Value Fund

Third Avenue Focused Credit Fund

**SEMI-ANNUAL REPORT
AND PORTFOLIO MANAGER COMMENTARY**

April 30, 2011

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If you should have any questions, please call 1-800-443-1021, or visit our web site at: www.thirdave.com, for the most recent month-end performance data or a copy of the Funds' prospectus. Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

M.J. Whitman LLC, Distributor. Date of first use of portfolio manager commentary — May 24, 2011.

This booklet consists of two separate documents.

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SECOND QUARTER PORTFOLIO MANAGER COMMENTARY

April 30, 2011

Letter from the Chairman (Unaudited)



MARTIN J. WHITMAN
CHAIRMAN OF THE BOARD

Dear Fellow Shareholders:

There are almost no mutual funds in existence which have the requisite know-how to be engaged in investing in the distressed credits of troubled companies. Third Avenue Management brings much talent to investing in distressed credits. Distressed credit investing is a major activity for the Focused Credit Fund, and is a minor, but highly important, investment area for the Value Fund and the other Third Avenue Funds.

Most competitors of Third Avenue in the field of distress credits are hedge funds whose management fees tend to run to, perhaps, 2% of assets under management plus an incentive fee of 20% of profits. Further, most hedge funds require a lengthy lock-up period, sometimes for as long as five years. In contrast, the highest total expense (including all management fees) for any Third Avenue Fund is 1.65%, with no profit participation for Fund Management. Third Avenue Funds do not require any lock-up period. Instead shareholders generally have daily redemptions, with no redemption fee payable if Fund shares are held for at least 60 days.

I find that being knowledgeable about distress investing is helpful in understanding much of what goes on in Corporate America. Being knowledgeable about distress investing also helps minimize investment risk. In investing in common stocks, each Third Avenue Fund, weighs very

highly the quality of a company's balance sheet and eschews investing in most common stocks if the company's balance sheet quality is at all suspect. Indeed, for Third Avenue Management, if a company's balance sheet is weak, the investment is highly likely to be made in the debt instruments of the issuing company, not its common stock.

Over the past 20 years, I have frequently explored the various concepts behind distress investing in my quarterly shareholder letters. In the second quarter of 2008, as the distress landscape expanded rapidly, I wrote about the basic concepts that every distress investor must know. In 2010 and 2011, I discussed in greater detail the various aspects of distress and how it should inform both investment decision making and public policy. Now, as I prepare to lecture graduate students at the Columbia University School of Business on this topic, I have gathered all of this material together for the first time. It seems as if the basic concepts involved in dealing with the securities of troubled companies ought also to be of considerable interest to many Third Avenue shareholders. Thus in this letter, I outline many of the basic concepts used by Third Avenue portfolio managers and analysts in analyzing and investing, in distressed credits.

BASIC CONCEPTS

There are four specialized areas where a distress investor ought to be reasonably knowledgeable, say knowledgeable enough to be an informed, intelligent client:

- Securities Law and Regulation
- Financial Accounting
- Income Tax Law and Regulation
- Bankruptcy Law

Distress Investing divides into five separate, but sometimes related, businesses.

- 1) Performing loans, where the great weight of probability is that the credit instruments will remain performing loans.

Letter from the Chairman (continued) (Unaudited)

2) Small reorganization or liquidation cases, where the probabilities are that little or no values will be left for unsecured and under-secured (to the extent of the shortfall) pre-petition creditors, unless the reorganization or liquidation takes place in short order either out of court or in a pre-pack or pre planned Chapter 11 – say 2 or 3 months.

3) Large cases where, during the pendency of the case, the cash generated from not making cash payments to certain creditors, plus cash profits plus cash proceeds from asset sales, equals or exceeds the cash drain arising out of the administrative expenses which are payable in cash plus cash losses attributable to operating difficulties.

Time in reorganization proceedings here is less important than for small cases, especially if the creditor class is to become entitled to post-petition interest payments.

4) Section 363 sales of assets by a debtor.

5) Capital infusions into troubled companies.

The theoretical goal of a corporate Chapter 11 case is to rehabilitate a troubled debtor within the context of maximizing present values for creditors in accordance with a rule of absolute priority where no pre-petition creditor of a given class is given priority over other creditors in the same class. There are many exceptions in Chapter 11 to treating all pre-petition creditors of a class the same. Such exceptions include the following:

- Convenience class
- Asbestos claimants
- Certain trade creditors
- Certain landlords
- Utilities
- Taxes
- Certain liens
- Certain employee compensation
- Creditors with set-off rights

- Safe harbor for swap agreements and other derivatives
- Rejection of collective bargaining agreements

There are six routes to corporate reorganization or liquidation (reorganization and liquidation excludes reinstatement):

- 1) Voluntary exchanges
- 2) Section 363 sales
- 3) Pre-Packaged (or pre-planned) Chapter 11 reorganizations
- 4) Uncontrolled Chapter 11s
- 5) Chapter 7 liquidations
- 6) Chapter 11 liquidations

It is much harder to obtain present values for pre-petition creditors in a reorganization where the defaulting debtor is a sovereign (including municipalities in Chapter 9), than it is in a corporate reorganization.

- a) The sovereign period of exclusivity lasts forever – there can be no changes in control of a sovereign through the reorganization process.
- b) The sovereign probably can't give present values to pre-petition creditors holding general obligations in the form of ownership interests in income-producing entities or assets.

In the U.S.A. (though not universal in Canada) no one can take away a creditor's contractual rights to money payments, whether for interest, principal or premium, unless that individual creditor consents, or suspension of payments is ordered by a court of competent jurisdiction, usually a Bankruptcy Court. This frequently causes a holdout problem when reorganizations are attempted via the voluntary exchange route.

Creditors can obtain seniority in two ways where there is no court involvement:

Letter from the Chairman (continued) (Unaudited)

- a) Covenants in loan agreements.
- b) Time, i.e., a shorter date to maturity (or other cash payments, such as interest).

Any reorganization, whether in court or voluntary, is designed to credit-enhance a debtor. Thus, it is very hard for most voluntary exchanges seeking the exchange of at least a majority of an outstanding credit issue to succeed where publicly-traded securities are involved unless the creditors can be shown meaningful downside if they opt not to exchange. Meaningful downside can be shown if exchanging creditors become senior to non-exchanging creditors, either by giving exchanging creditors security or an earlier maturity, or both. (It is hard to credit-enhance a debtor company, though, unless maturities are lengthened.)

Because an affirmative vote of a requisite members of a class to approve a Plan of Reorganization (“POR”) is needed in a Chapter 11 Reorganization (outside of cram-downs), Chapter 11 for troubled companies is analogous to proxy solicitations for healthy companies. where the requisite vote of shareholders (outside of shareholders perfecting rights of dissent) is needed to effect certain corporate actions, e.g., mergers or spin-offs.

The definition of corporate failure arises when junior security holders, including common stock, are wiped out or nearly wiped out. Thus, corporations which actually failed in the 2008-2010 period include a large number of allegedly “Too Big To Fail” companies including, among others, Citigroup, AIG, Bear Stearns, Lehman Brothers, Fannie Mae, Freddie Mac, Washington Mutual, Countrywide, Indymac, CIT, Chrysler and General Motors. All these businesses remain in operation, some without material changes in control and some with material changes in control, e.g., Lehman Brothers, Bear Stearns and Chrysler.

There is no such thing as “Too Big to Fail”. Rather the concept ought to be “Too Important Not To Be Reorganized Expeditiously and Economically”.

Under post-2008 conditions probably more changes of control of companies occur in Chapter 11 reorganizations than in the take-over of healthy companies. Loan to own, i.e., exchanging debt for control common stock is an important area in the field of investing in troubled companies.

Professional fees payable by the debtor to those representing various claimants and parties in interest, tend strongly to make reorganizations, whether in or out of court, very expensive. Professionals involved in the restructuring of troubled companies tend strongly to be highly competent individuals who will be very aggressive in representing their clients’ interests.

The use of the pejorative “bailouts” is usually not helpful. The difference between a bailout and an investment is that a bailout represents a capital infusion where there is no hope or expectation of a positive return on the investment, no matter what measures of return are used. TARP capital infusions fostered by both the Bush and Obama administrations proved to be highly constructive investments by the federal government, though almost everybody calls the TARP infusions “bailouts”.

In reorganizing troubled companies, it is very difficult to preserve most of the value of net operating loss carry-forwards for corporate taxpayers. For example, under Section 382 dealing with changes of ownership, publicly-traded credits exchanged for common stock in a Chapter 11 are generally deemed to be “new and hot” if held for less than 18 months before a Chapter 11 filing. “New and hot” causes a change in ownership for Section 382 purposes.

In reorganizing troubled companies, those companies tend to be more feasible insofar as the net present value given to creditors in a reorganization are in the form of ownership interests rather than cash pay credits.

Credit worthiness of a company, or government, is not only a function of how much has been borrowed and on what terms; but also, equally important, how productively are the use of proceeds from such borrowing used.

Letter from the Chairman (continued) (Unaudited)

The guts of every Leveraged Buy-Out (“LBO”) or Management Buyout (“MBO”) are that certain, if not most, common shareholders are cashed out while most, if not all, the credits outstanding remain outstanding; and new debt is incurred. Theoretically, this raises great risk of fraudulent transfer claims being asserted against those who received cash (see Tribune Company) if there are subsequent money defaults.

Non-control securities, while the same in form, tend to have different values and different dynamics than control securities. That is not the case if the security is a performing loan where no events of default exist.

Elements of control of the reorganization process can be very important to creditors of troubled companies. There are pros and cons (e.g., restrictions on trading and fiduciary obligations to the class) for creditors who opt to serve on Official Committees in Chapter 11, or an ad-hoc committee. The debtor company is required to pay the fees and expenses of official committees and is highly likely to pay the fees and expenses of ad-hoc committees. There can also be payments by the debtor to others who a bankruptcy court finds have made a “substantial contribution”.

In reorganization analysis, think like an arbitrageur – there will be relatively determinant workouts in a relatively determinant period of time. Unlike risk arbitrage, though the eventual workouts are going to be a lot harder to determine than in the case of, say, a merger arbitrage; and the time of the workout will be longer and a lot less determinant, than in the case of pure risk arbitrage.

The analytic techniques for reorganizing troubled companies are like the analytic techniques for LBOs and MBOs. First, determine the value and the dynamics, of the assets or business without reference to the cost of money (i.e., the capitalization). To this value and dynamics, next apply an appropriate capitalization. In the case of an LBO or MBO, the appropriate capitalization involves a leveraging up. In the case of reorganizing a troubled

company, the appropriate capitalization involves deleveraging.

Cash Return Investing is basically different from Total Return Investing. The focus in cash return investing is current yield, yield to an event and yield to maturity. In dealing with non-performing credits, the market participant focuses on total return – the dollar price paid, or at which the security is selling as a percentage of estimated work-out value in an estimated period of time. For most analysis, weight is given to the probabilities that a performing loan will, or will not, remain a performing loan.

Asset management is, first and foremost, a function of liability management. Assuming a portfolio is financed largely with interest bearing credits, the portfolio may have to be invested almost wholly in investment grade performing loans. This can be the case not only for economic reasons, but also because of regulatory requirements.

In Chapter 11, many adequately secured creditors will continue to receive “adequate protection” payments (equal to contractual service on the credit) during the pendency of a case. This requires a lifting of the “automatic stay.”

Certain creditors will participate in a Chapter 11 reorganization, i.e., vote on a POR. Others, mostly senior creditors, will be reinstated – get their old credits back with payments of back interest and probably interest on interest. The debtor proposing a POR has incentives to reinstate low interest, long maturity debt and to have high interest, short maturity debt participate in a reorganization.

Access to capital markets, whether equity markets or credit markets, can be notoriously capricious (see 2008 Credit Markets and 1999 IPO markets). Overall, most companies will get most of their equity infusions through retained earnings. Not only is accessing public markets to raise equity frequently dicey, it always is quite expensive versus retaining earnings

Letter from the Chairman (continued) (Unaudited)

Canadian insolvency has an important difference from U.S. insolvency. Canadian insolvency is based much more on Judicial Discretion than is the case in the U.S., where insolvency is largely rules based.

The fulcrum security is the most senior issue to participate in a reorganization. If a company has a super-strong financial position, the common stock becomes the fulcrum security. However, a company with a super-strong financial position is unlikely to be troubled.

In reality, the concept of liquidation covers two areas. First, there is a corporate liquidation where the entity ceases to exist, as is the case for each company emerging from a Chapter 11 Reorganization. Technically, the reorganized company is a new company with a “fresh start”. Second, there is asset liquidation where company assets are disposed of in a Chapter 7 liquidation, a Chapter 11 liquidation or a Section 363 sale. These are usually not true liquidations, unless the assets are sold as scrap for salvage value. In most cases, these so called asset liquidations result in the assets being put to other uses and/or other ownership or both.

The Chapter 11 Reorganizations of General Motors, Chrysler and CIT may have set a precedent for the rapid, economical reorganization of companies which were deemed “Too Important Not to Be Reorganized”.

Weight to Market Prices – Normally a lot, lot less weight to market for performing loans versus non-dividend paying common stocks. There are huge markets whose market participants pretty much ignore market prices almost all the time (e.g., investment grade municipals).

While individual credit instruments mature, debt in the aggregate is almost never repaid either by corporations or governments. Rather, debt is refinanced and increased by borrowing entities which remain credit worthy. If the borrowing entity does not remain credit worthy, it has to be either restructured or liquidated sooner or later.

Different creditors have different needs:

- Cash-return investors need and desire investment grade or near investment grade instruments.
- Loan to own market participants, mostly desire elements of control.
- Creditors who are going to have continuing relationships with the reorganized company (e.g., trade creditors) or creditors who will go on to the next deal (e.g., hedge funds)

Economists are wrong when they say “There’s no free lunch”. More accurate is the statement, “Somebody has to pay for lunch”.

Projected Chapter 11 outcomes are a major influence on the capitalizations resulting from out-of-court restructurings.

Creditors have only contractual rights, not the residual rights that belong to owners.

Troubled companies, claimants and securities holders tend to be tax disadvantaged under U.S. tax law. Original issue discount (“OID”), cancellation of indebtedness income (“COD”) market discount and the operation of Section 382 make it hard for the various constituencies involved in a corporate restructuring to undertake effective tax planning versus, say, the tax planning for healthy companies involved in resource conversion activities, such as mergers or spin-offs.

Pre-Chapter 11 filing, forum shopping tends to be important.

There are four sources of wealth creation for corporations:

- 1) Free cash flow from operations
- 2) Earnings – with earnings defined as creating wealth while consuming cash. This is what drives most corporations and most governments. Usually earnings companies have to have access to capital markets sooner or later in order to meet cash shortfalls.

Letter from the Chairman (continued) (Unaudited)

- 3) Resource conversions, i.e., restructuring assets and liabilities, plus changes in control.
- 4) Super attractive access to capital markets.

Reorganization risk is almost always an important factor to be considered by any distress investor.

As a practical matter, there are two tests of insolvency where a company may not have access to capital markets – both tests are valid.

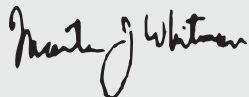
- Does the fair value of liabilities exceed the fair value of assets? – a balance sheet test.
- Does the company lack the ability to service its obligations as they come due? – an income account test.

Government policy will very much direct where and how, Adam Smith’s “invisible hands” will be directed. In the U.S. three areas of government policy have a direct and almost instantaneous influence on where and how private resources are directed:

- Tax Policy
- Direct Lending
- Credit enhancements

We at Third Avenue are well versed in the concepts I have outlined in this letter. Knowledge of the issues facing companies in distress, and the restructuring solutions available to them, enable us to be better investors by affording us access to a broader universe of attractive investments – thus, benefiting our shareholders over time.

Sincerely yours,



Martin J. Whitman
Chairman of the Board

Third Avenue Value Fund (Unaudited)



IAN LAPEY
Co-Portfolio Manager of
Third Avenue Value Fund

Dear Fellow Shareholders:

At April 30, 2011, the unaudited net asset value attributed to the 91,687,712 shares outstanding of the Third Avenue Value Fund Institutional Class (“TAVF”, “Third Avenue”, or the “Fund”) was \$54.20 per share. This compares with an unaudited net asset value of \$52.44 per share at January 31, 2011; and an unaudited net asset value of \$46.18 per share at April 30, 2010, adjusted for a subsequent distribution to shareholders. At May 23, 2011, the unaudited net asset value was \$51.76 per share.

QUARTERLY ACTIVITY*

Number of Shares	Positions Increased
527,501 shares	Encana Corp. Common Stock (“Encana Common”)
514 shares	Fleetwood Homes Inc. Common Stock (“Fleetwood Common”)
65,615,800 shares	Lai Sun Garment International Ltd. Common Stock (“Garment Common”)

Number of Shares	Positions Decreased
392,799 shares	Brookfield Asset Management Inc. Common Stock (“Brookfield Common”)
9,487,911 shares	FNC Realty Corp. Common Stock (“FNC Common”)
586,045 shares	Investor AB Common Stock (“Investor Common”)
538,781 shares	Nabors Industries Common Stock (“Nabors Common”)
1,995,200 shares	Toyota Industries Corp. Common Stock (“Toyota Industries Common”)
1,786,000 shares	Wheelock & Co Ltd. Common Stock (“Wheelock Common”)

Principal Amount	Positions Eliminated
\$25,000,000	Brooklyn Federal Bancorp Common Stock (“Brooklyn Common”)

Number of Shares	Positions Eliminated
131,512 shares	Cimarex Energy Co. Common Stock (“Cimarex Common”)

Principal Amount	Positions Eliminated
\$14,000,000	Fleetwood Homes Convertible Note (“Fleetwood Convert”)

Fund Management added to its position in Encana Common during the quarter. Encana Corp. is a leading Calgary-based independent natural gas exploration and production company. The company was created in 2002, as a result of the merger between PanCanadian Energy Corp. and Alberta Energy Company. The Fund established an initial position in Encana Common in late 2003 and has since been impressed with the company’s performance under the leadership of CEO Randy

* Portfolio holdings are subject to change without notice. The following is a list of Third Avenue Value Fund’s 10 largest issuers, and the percentage of the total net assets each represented, as of April 30, 2011: Cheung Kong Holdings, 13.44%; Henderson Land Development Co., Ltd., 13.39%; Posco (ADR), 7.72%; Nabors Industries, Ltd., 5.91%; Toyota Industries Corp., 4.93%; Investor AB, 4.86%; Brookfield Asset Management, Inc., 4.86%; Wheelock & Co., Ltd., 4.85%; Wharf Holdings, Ltd., 4.66%; and Bank of New York Mellon, 3.48%.

Third Avenue Value Fund (continued) (Unaudited)

Eresman. Our estimate of net asset value (“NAV”) has increased by more than 10% per year since we have been shareholders, driven by the company’s development of its core North American natural gas and oil sands assets, the sale of non-core assets at attractive prices and the repurchase of approximately 23% of its common shares.

In November 2009, the company completed a corporate reorganization in which it split into two separate publicly-traded companies: Cenovus, an integrated oil company, whose common stock Fund Management has continued to hold, and Encana, a natural gas company. Since then, oil prices have increased to about \$114 per barrel, as of April 30, 2011, from \$87; while natural gas prices have languished, remaining below \$5 per mcf. Owing primarily to this weakness in natural gas prices and the resultant poor near-term earnings outlook, Encana Common currently trades at a modest discount to our estimate of net asset value. The value of Encana’s assets was highlighted by its recently announced transaction with Petro China, in which it sold a 50% stake in certain of its natural gas assets in Canada for \$5.40 per mcf of proved reserves, representing more than twice the multiple at which Encana Common currently trades (approximately \$2.35 per mcf). Natural gas is now, by far, much cheaper than competitive fuels, oil and coal. Encana Common seems to be an excellent way to participate in the possibility that natural gas prices will increase materially over the long term.

Fund Management also added to its position in the common stock of Lai Sun Garment International Ltd., a Hong Kong-based conglomerate that was discussed in last quarter’s letter. Subsequently, the company reported strong interim results for the six months ended January 31, 2011, in which NAV per share increased by 50%, to HK\$3.83 per share. As of April 30, 2011, Garment Common was priced at HK\$1.00 per share, a 74% discount to reported NAV.

At quarter end, the Fund’s cash and equivalents position was approximately 6%. All of the material common stock sales, except Cimarex, were driven primarily by portfolio considerations. Fund Management exited its position in Cimarex Common, as it believed the issue to be significantly over-valued after nearly tripling in price since the Fund invested in 2007.

FLEETWOOD HOMES UPDATE

As I discussed in last quarter’s letter, the Fund made a \$14 million investment into Fleetwood Homes, Inc. (“Fleetwood”) in the form of a 2.5% Convertible Note to fund the company’s debtor in possession (“DIP”) loan to Palm Harbor Homes Inc., which filed for bankruptcy on November 29, 2010. On March 1, 2011, Fleetwood was named the successful bidder in an auction pursuant to Section 363 of the Bankruptcy Code for substantially all of Palm Harbor’s assets, with a winning bid of \$83.9 million. It was a competitive auction with five bidders. Fleetwood’s bid was determined to be superior to the \$85 million bid of strategic competitor Champion Home Builders, Inc. owing to Fleetwood’s credit bid as the stalking horse bidder of the \$1.1 million break-up fee and \$250,000 expense reimbursement.

After the auction, the Fund made an additional \$22 million investment into Fleetwood, also in the form of a 2.5% Convertible Note to fund the Palm Harbor purchase. On April 25, 2011, Fleetwood completed the purchase of substantially all of Palm Harbor’s assets for \$83.9 million (including the credit bid of the \$45.3 million balance on the DIP facility). The acquired assets included five operating manufactured housing facilities, idled factories in eight locations, 49 operating retail locations, all of the outstanding stock of CountryPlace Mortgage Ltd., a finance subsidiary which did not file for bankruptcy, inventory, receivables and other real estate and equipment. \$13.4 million of the purchase price remains in escrow pending regulatory approval of the sale of the stock of Standard Casualty Company, an insurance subsidiary which also did not file for bankruptcy. Subsequent to the completion of the sale, the Fund’s \$36 million 2.5% Convertible Note converted into 514 shares of Fleetwood Homes common stock.

The completion of the Palm Harbor acquisition at a very attractive price (a significant discount to estimated net asset value, with much of the value based on the liquidation value of the real estate and working capital) positions Fleetwood as the number two player in the industry behind Berkshire Hathaway-owned Clayton Homes. Berkshire Hathaway paid approximately \$1.7 billion for its 100% equity interest in Clayton Homes in 2003. While

Third Avenue Value Fund (continued) (Unaudited)

Fleetwood Homes is much smaller, the comparable price paid for its assets (including the Palm Harbor assets) was only around \$110 million. I continue to be very pleased with the business performance of Fleetwood Homes, which recently reported net income of \$2.4 million in its first fiscal year, despite continued weak industry conditions.

REAL ESTATE AND INVESTMENT COMPANIES—CONTINUED GROWTH IN NET ASSET VALUES

As of April 30, 2011, approximately 43% of the portfolio was invested in the common stocks of companies based in Hong Kong. This segment of the portfolio accounts for a total of more than \$750 million of unrealized gains and has contributed a total of \$228 million of realized gains over the last seven years. Still, substantial discounts between the stock prices and net asset values remain, as these companies have performed superbly on an operational basis and the value of their net assets continues to grow.

Jason Wolf, analyst and co-manager of the Third Avenue Real Estate Value Fund, recently returned from a visit to Hong Kong and half a dozen second-tier cities in mainland China. In his travels, Jason visited many of the commercial and residential real estate sites that are owned by our companies and was impressed with both the locations and construction quality. He also saw many of the massive

infrastructure assets that are at the heart of China's continued urbanization and that will serve the country's growing middle class. The long-term potential for continued healthy economic growth appears to be very attractive.

Each company recently reported its 2010 financial results. Despite short-run headwinds, the results were generally quite strong. NAVs increased by 10% to 31%, driven by non-residential leasing income growth of 4% to 12%, improvement in the significant non-real estate related businesses (e.g., ports, retail, telecommunications and gas distribution) and lower cap rates. Over the last five years, these companies have generated 10% to 21% compounded annual increases in NAVs including dividends, despite the 2008-2009 Great Recession and credit crises.

The Hong Kong and China residential development results were mixed, owing primarily to the tightening measures being implemented by the governments. All of the companies continue to have strong financial positions, with net debt to capital ratios ranging from 0% to 17%. This financial strength should enable the companies to continue to generate attractive NAV growth. The valuations of the common stocks continue to be very attractive, with most of the issues trading near or below reported book value and at modest discounts to our estimates of net asset value.

Third Avenue Value Fund Hong Kong Real Estate and Investment Companies

	Common Stock		Discount	2010 NAV Growth ²	2010 Leasing Growth	Net Debt to Capital	Insider Ownership	
	Per Share							
	Common Stock Price	NAV ¹						TAM NAV ⁶
Cheung Kong Holdings	\$122.20	\$114.71	\$146	16%	11.9%	4.5%	5.4%	43%
Hang Lung Group³	\$ 52.30	\$ 42.25	\$ 59	11%	21.0%	12.0%	NM	37%
Henderson Land Development⁴	\$ 53.15	\$ 71.98	\$ 68	22%	10.2%	10.0%	17.1%	60%
Wheelock⁵	\$ 32.00	\$ 49.40	\$ 50	36%	30.9%	5.0%	9.1%	59%

Note: Prices as of April 30, 2011. All figures in Hong Kong dollars.

¹ Reported net asset value as of December 31, 2010.

² Includes dividends.

³ Leasing growth based on the six months ended December 31, 2010 (June 30 fiscal year end).

⁴ Pro-forma for Lee Shau Kee's exercise of 172.4 million warrants at HK\$58 per share.

⁵ Excludes Wharf's net debt (non-recourse to Wheelock) and Wheelock Properties' net cash.

⁶ TAM estimated figures.

NM: Not Meaningful; Hang Lung Group has \$HK9.3 billion of net cash.

Source: Company reports; Third Avenue Management estimates.

Third Avenue Value Fund (continued) (Unaudited)

The following are highlights of the 2010 financial results for our significant holdings, which, in the aggregate, represent 43% of the Fund's net assets:

Cheung Kong

Cheung Kong Holdings, whose common stock represents 13.4% of the Fund's net assets, reported 2010 earnings of HK\$11.43 per share, a 35% increase compared to 2009. The earnings growth was primarily driven by a 47% increase in the company's share of profits from its 50%-owned subsidiary, Hutchison Whampoa, which benefitted from broad based improvement in several of its businesses:

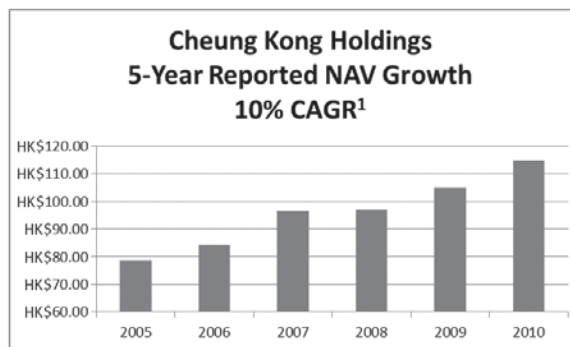
- Ports revenues and earnings before interest and taxes ("EBIT") increased 13% and 12%, respectively. Hutchison Whampoa is one of the world's largest ports operators with interests in 51 ports, comprising 308 berths in 25 countries, including six of the ten busiest container ports in the world.
- Retail revenue and EBIT increased by 6% and 38%, respectively. Hutchison Whampoa's retail division consists of the A S Watson group of companies, which operates 12 brands in Europe and 10 in Asia. The company is one of the world's largest health and beauty retailers with 9,300 stores in 33 markets worldwide. Major brands include WatsonsMarionnaud, The Perfume Shop, ICI Paris XL, and ParknShop. The growth prospects for the retail business in mainland China appear to be especially bright.
- Energy and Infrastructure revenue and EBIT increased 25% and 14%, respectively. This division consists of the company's 84.6% stake in Cheung Kong Infrastructure Holdings, a leading infrastructure investor in Hong Kong, the U.K., China, Australia, New Zealand, Canada and the Philippines and its 34.6% stake in Husky Energy, a leading Canadian integrated energy company.

- 3 Group, the company's 3G telecom business in Europe and Australia, generated 11% revenue growth and a 133% improvement in EBIT to HK\$2.9 billion from a loss of \$8.9 billion. Importantly, 2010 was the first year of positive EBIT for this division, and management expects positive EBIT going forward.

Cheung Kong's property business also posted healthy results. The company generated a 6% increase in earnings from property sales, driven by sales of residential units in Hong Kong and China. This performance was particularly impressive considering the tightening measures being imposed during the year by the China and Hong Kong governments. The company also generated a 4.5% increase in leasing income, primarily from its commercial office properties and retail shopping malls in Hong Kong. Finally, the fair value of its investment properties (including jointly controlled entities) increased by HK\$6.5 billion, primarily owing to the increase in fair value of the Beijing Oriental Plaza.

Cheung Kong's NAV increased by 12% (including dividends), to HK\$114.71 per share. Over the last five years, Cheung Kong's reported NAV has increased at a 10% compound annual growth rate ("CAGR"), the lowest growth rate among our major Hong Kong holdings, owing primarily to the losses incurred by Hutchison Whampoa's 3G telecom operations, which have recently turned profitable as noted above. The market price of Cheung Kong common, on April 30, 2011, was HK\$122.20, which represented a discount of 16%, compared to our estimated net asset value of HK\$146 per share. The ports business and certain real estate assets account for the primary differences between our estimate of net asset value and the company's stated net asset value. However, we believe that stated net asset value is likely to grow in 2011 because of profits to be booked on the sale of partial interests in Hutchison Ports Holding trust ("HPH Trust") and Hui Xian Real Estate Investment Trust ("Hui Xian Trust") as described below.

Third Avenue Value Fund (continued) (Unaudited)



¹ Compound Annual Growth Rate, including dividends

In 2011, there have already been a couple of resource conversions that highlight the value of some of Cheung Kong's assets:

- In March, Hutchison Whampoa completed an initial public offering ("IPO") of a portion of its ports business, HPH Trust, consisting of its interests in deep water container port businesses in the Pearl River Delta in Guangdong Province, including Hong Kong and Yantian Ports. Hutchison Whampoa retained a 27.6% stake in HPH Trust and will report a gain of HK\$44 billion on the transaction.
- In April, Cheung Kong and Hutchison Whampoa raised 10.5 billion Yuan (USD\$1.6 billion) in the IPO of Hui Xian Trust. This Hong Kong-listed REIT, which is backed by the Oriental Plaza in Beijing (eight office towers, a shopping mall, a hotel and serviced apartments) was the first Yuan-denominated IPO outside of China.

Henderson Land

Henderson Land Development Co., whose common stock represents 13.4% of the net assets of the Fund, reported 2010 earnings of HK\$7.32 per share, an increase of 10%, compared to HK\$6.65 per share for the 12 months ended December 31, 2009. The earnings growth was primarily due to a 12% increase in the fair value change of investment properties, owing to growth in leasing income

(up 10%) and lower cap rates. Several of Henderson's recently developed properties experienced significant improvement in occupancy levels, including the following:

- The AIA Financial Center in San Po Kong (Kowloon, Hong Kong) was 94% leased, compared to 74% a year ago.
- The Manulife Financial Center in Kwun Tong (Kowloon, Hong Kong) was 94% leased on March 1, 2011, up from 87% at year end 2010 and 66% at year end 2009.
- The World Financial Center in Beijing was 78% occupied at year end, up from 48% on June 30, 2010 and approximately 22% at the end of 2009 (the property was completed in early 2009).
- Leasing progress was reportedly satisfactory at the company's two Grade-A office developments in Shanghai, Centro and Metropolitan, which were completed in 2010.

Henderson's property development business posted generally disappointing results in 2010. The company reported a loss of HK\$211 million, compared to profit of HK\$2.3 billion for the 12 months ended December 31, 2009. The loss was driven by the cancellation of 20 high-end condominium unit sales at its 39 Conduit Road development in Hong Kong, the profits from which had been booked in 2009. Even excluding these transactions, Henderson's profits from property development fell 42% compared to a year ago, representing significantly worse performance than that of most of its competitors (see Cheung Kong above and Wharf below).

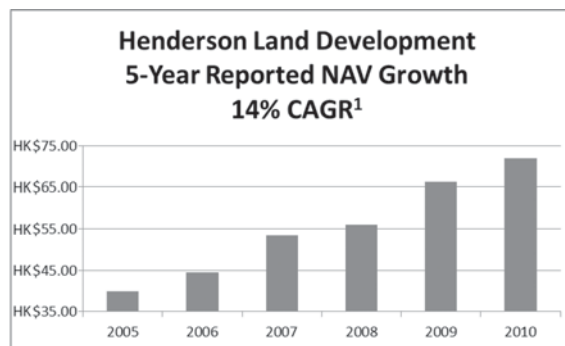
I believe that Henderson's relatively poor recent execution in its property development business has been the primary driver for its lackluster recent stock performance, but also represents a significant opportunity going forward. Henderson appears to be very well positioned with huge land banks in both Hong Kong (21 million square feet) and China (150 million square feet, primarily in secondary cities). Henderson's Hong Kong property development

Third Avenue Value Fund (continued) (Unaudited)

strategy, which focuses on acquiring and redeveloping old buildings and converting its 40 million square foot agricultural land reserve into future residential developments, seems to be sensible and more prudent than buying land at competitive government auctions. However, Henderson's financial results seem to be "lumpier" than those of its competitors.

As of April 30, 2011, Henderson's 39.9% ownership stake in Hong Kong and China Gas ("HKCG"), a publicly-listed associate, accounted for 44% of its market capitalization and 30% of our estimate of net asset value. HKCG reported a 6% increase in profit in 2010, driven by growth in the company's mainland China gas distribution business (Towngas China). During 2010, HKCG increased its stake in publicly-listed Towngas China ("TGC") to 66.5%, from 45.6%. TGC reported a 64% increase in profits in 2010, driven by a 27.5% increase in the volume of gas sold as well as an increase in the average gas price. During the year, TGC acquired eight new piped gas projects, seeking to capitalize on expected strong growth in demand for natural gas in China (projected to increase to 8% of non-renewable energy consumption in 2015, from 4% in 2010.)

Henderson's reported NAV increased 10% in 2010, to \$73.09 per share (\$71.98 pro-forma for Lee Shau Kee's exercise of bonus warrants). Over the last five years, Henderson's NAV has grown at an annual rate of 14%, including dividends. Our estimate of net asset value totaled HK\$68 per share, based primarily on a lower valuation of Henderson's investment properties due to our use of a higher cap rate. Based on Henderson Common's closing price of HK\$53.15 at quarter end, the shares were valued at a 22% discount to our estimate of net asset value.



¹ Compound Annual Growth Rate, including dividends

Chairman Lee Shau Kee appears to agree with our assessment that Henderson Common is undervalued. Between March 18 and April 30, 2011, he purchased 206 million shares for HK\$11.7 billion (USD\$1.5 billion), at an average price of HK\$57 per share. The shares were purchased both in the open market and through the exercise of warrants (172.4 million warrants at HK\$58 per share). According to Henderson's press release, the Chairman's exercise of the warrants at a premium to the market (HK\$54.75 the day the warrants were exercised) was driven by the difficulty in acquiring such a significant amount of shares in the open market. I view Chairman Lee's purchases very positively as it is rare for a public company executive to make such a large insider purchase at or above market.

Wheelock and Company

Wheelock and Company reported that 2010 earnings increased 93%, to HK\$9.94 per share. Wheelock's strong results were driven by its 50%-owned subsidiary Wharf Holdings, whose common stock is also owned by the Fund. Wharf reported an 86% increase in 2010 earnings, to HK\$35.8 billion, due primarily to a HK\$29.2 billion increase in the fair value of its investment properties, up from HK\$12.2 billion a year ago. The increase was driven by continued strong performance at its commercial real estate properties and lower cap rates.

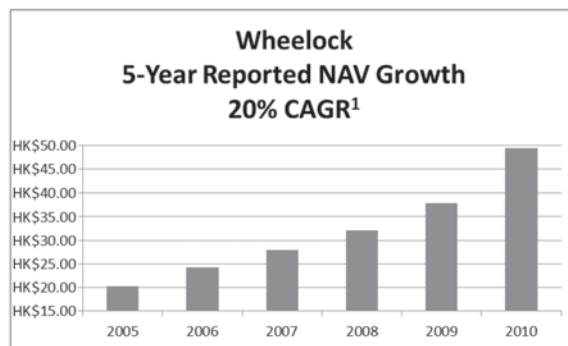
Third Avenue Value Fund (continued) (Unaudited)

Wharf's leasing income increased by 6%, driven by the company's two core properties in Hong Kong, Harbour City and Times Square, which generated leasing income growth of 7% and 8%, respectively. Retail sales at Harbour City and Times Square increased by 30% and 20%, respectively, outperforming the overall Hong Kong market, which was up 18%. These two properties accounted for 8.5% of all retail sales in Hong Kong. The robust retail performance was partially offset by softness in office leasing revenue (down 7% at Harbour City and 3% at Times Square), but occupancy levels and rents increased during 2010, so there should be improvement in 2011. At year end, office occupancy totaled 94% and 96% at Harbour City and Times Square, respectively, compared to 100% retail occupancy for both properties.

Wharf's China property development business performed well in 2010, despite the residential tightening measures being imposed by the Chinese government, as revenue and operating profit increased by 18% and 22%, respectively. The company appears to be well positioned for future growth, with a 130 million square foot land bank. Wharf's ports business appeared to benefit from a cyclical rebound, as revenue and operating profit increased 15% and 31%, respectively. In March 2011, Wharf raised HK\$10 billion in a rights offering to fund future growth in China. Wheelock participated and maintained its 50% ownership stake.

Wheelock's NAV increased by 31% in 2010, to HK\$49.40 per share. In addition to the strong results from Wharf mentioned above, the company benefited from the privatization of Wheelock Properties (previously 74% owned), in July 2010, for HK\$6.9 billion. The price represented a 3.4% discount to year end 2009 NAV and a more substantial discount to 2010 NAV. Additionally, Wheelock's 75.8%-owned subsidiary, Wheelock Properties Singapore Limited, contributed HK\$1,569 million in profit in 2010, up from HK\$736 million in 2009, owing primarily to profits from two residential development projects in Singapore (Orchard View and Ardmore II). Over the last five years, Wheelock's NAV has increased at

an annual rate of 20%. Despite this strong track record of growth, Wheelock Common was priced at HK\$32 at quarter end, representing a 35% discount to reported NAV and a 36% discount to our estimate of NAV.



¹ Compound Annual Growth Rate, including dividends

Hang Lung Group

Hang Lung Group ("Group") reported earnings of HK\$1.40 per share for the first half of its fiscal 2011 (June 30 year end), a decline of 81% compared to a year ago. The earnings decline was driven by a 99% decline in property sales at its 49.6%-owned subsidiary Hang Lung Properties ("Properties"), whose common stock is also owned by the Fund. The decline in property sales was driven by management's decision not to sell its remaining residential properties in Hong Kong (the HarbourSide and Long Beach condominium projects). Management has been opportunistically disposing of these properties, which were developed on low-cost land purchased several years ago, to fund its commercial real estate expansion in mainland China. The company can afford to be patient in selling its Hong Kong residential properties owing to its very strong financial position, with HK\$12.5 billion of net cash.

Properties' commercial real estate properties continued to perform very well, with 13% leasing income growth due to strength in both Hong Kong (up 12%) and China (up 15%). Mainland China rents accounted for 45% of the total and should increase dramatically in the next five

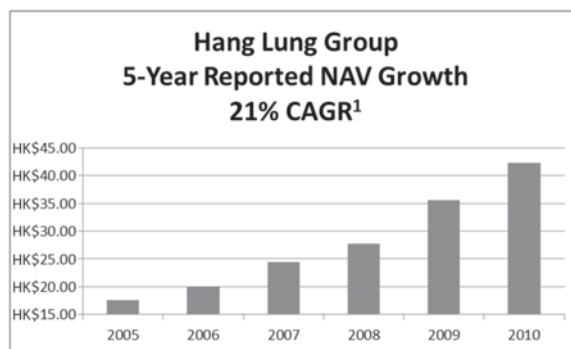
Third Avenue Value Fund (continued) (Unaudited)

years, driven by the following projects in major second tier cities:

- **Shenyang** – Palace 66, a 1.2 million square foot shopping center, opened in June 2010 and is already fully leased. Forum 66, a 9.1 million square foot mixed-use complex (shopping mall, office, hotel, serviced apartments), is expected to open in phases starting in 2012. Hang Lung's land was purchased in 2005 and 2006. Shenyang is in Northeast China and has a population of 8 million.
- **Jinan** – Construction of Parc 66, a 1.8 million square foot shopping mall, is nearly complete and pre-leasing has already started. The land was purchased in February 2007. Jinan is in East China and has a population of 7 million.
- **Wuxi** – The company plans a 4.1 million square foot multi-complex called Centre 66 on two plots of land purchased in 2006 and 2009, respectively. Opening will occur in phases beginning in 2013. Wuxi is located just north of Shanghai and has a population of 6 million.
- **Tianjin** – Riverside 66, a 1.7 million square foot shopping mall, is under construction on land acquired in 2005, with completion expected in 2013. Tianjin is in Northern China and has a population of 12 million.
- **Dalian** – Ground breaking on Olympia 66, the company's final new project, occurred in September 2010. Olympia 66 will be a 2.4 million square foot shopping mall. Dalian is in Northeast China and has a population of 6 million. The land was acquired in May 2009.

In Calendar 2010, Group's NAV increased by 21% (including dividends), to HK\$42.25. Group's NAV has increased at a 21% CAGR over the last five years. This represents the highest net asset value growth rate among our major Hong Kong holdings, despite the use of virtually no leverage. The superior growth has been driven by the company's history of timely land purchases in both

Hong Kong and China and the long-term vision of its Chairman, Ronnie Chan. Based on the company's pipeline for new shopping centers in mainland China, as described above, the prospects for healthy growth in NAV going forward also appear to be attractive.



¹ Compound Annual Growth Rate, including dividends

In closing, we continue to believe that the Fund's Hong Kong-based real estate and holding companies exemplify Third Avenue's time-tested investment philosophy; each is well capitalized, well managed, attractively valued and has delivered consistently increasing NAV growth. We also continue to believe that the companies have attractive prospects for continued healthy growth in NAVs on a long-term basis.

I shall write to you again after the July 31, 2011 quarter end. Thank you for your continued interest and support of the Fund.

Ian Lapey
Co-Portfolio Manager
Third Avenue Value Fund

Third Avenue Small-Cap Value Fund (Unaudited)



CURTIS R. JENSEN
CHIEF INVESTMENT OFFICER &
PORTFOLIO MANAGER OF THIRD AVENUE
SMALL-CAP VALUE FUND

Dear Fellow Shareholders:

At April 30, 2011, the end of the Fund's fiscal second quarter, the unaudited net asset value attributable to the 47,324,483 common shares outstanding of the Third Avenue Small-Cap Value Fund Institutional Class ("Small-Cap Value" or the "Fund") was \$22.86 per share, compared with the Fund's unaudited net asset value of \$21.41 per share at January 31, 2011, and an unaudited net asset value at April 30, 2010 of \$19.20 per share, adjusted for a subsequent distribution. At May 23, 2011, the unaudited net asset value was \$21.84 per share.

QUARTERLY ACTIVITY*

During the quarter, Small-Cap Value established four new positions, added to 14 of its 63 existing positions, eliminated 3 positions and reduced its holdings in 21 companies. At April 30, 2011, Small-Cap Value held positions in 56 common stocks, the top 10 positions of which accounted for approximately 26% of the Fund's net assets.

Number of Shares	New Positions Acquired
179,126 shares	ICF International, Inc. Common Stock ("ICF Common")
375,221 shares	Madison Square Garden, Inc. Class A Common Stock ("MSG Common")
35,000 shares	Minerals Technologies Inc. Common Stock ("Minerals Technologies Common")
182,562 shares	SEACOR Holdings Inc. Common Stock ("SEACOR Common")
	Increases in Existing Positions
32,570 shares	Arch Capital Group Ltd. Common Stock ("Arch Common")
47,100 shares	Broadridge Financial Solutions, Inc. Common Stock ("Broadridge Common")
195,000 shares	Ingram Micro, Inc. Class A Common Stock ("Ingram Common")
42,827 shares	JAKKS Pacific, Inc. Common Stock ("JAKKS Common")
15,494 shares	Lanxess AG Common Stock ("Lanxess Common")
10,000 shares	Liberty Media Corp. – Starz Common Stock ("Starz Common")
198,610 shares	Mantech International Corp. Common Stock ("Mantech Common")
50,000 shares	MEMC Electronic Materials, Inc. Common Stock ("MEMC Common")
103,314 shares	P. H. Glatfelter Co. Common Stock ("Glatfelter Common")
49,200 shares	Sanderson Farms, Inc. Common Stock ("Sanderson Common")

* Portfolio holdings are subject to change without notice. The following is a list of Third Avenue Small-Cap Value Fund's 10 largest issuers, and the percentage of the total net assets each represented, as of April 30, 2011: Viterra, Inc., 3.80%; Lanxess AG, 3.77%; Kaiser Aluminum Corp., 2.66%; Pharmaceutical Product Development, Inc., 2.51%; PH Glatfelter Co., 2.38%; Ackermans & Van Haaren NV, 2.33%; Investment Technology Group, Inc., 2.31%; Arch Capital Group, Ltd., 2.13%; Synopsys, Inc., 2.12%; and Cross Country Healthcare Inc., 2.09%.

Third Avenue Small-Cap Value Fund (continued) (Unaudited)

Number of Shares	Increases in Existing Positions (continued)	Number of Shares	Positions Reduced (continued)
568,200 shares	Tellabs, Inc. Common Stock ("Tellabs Common")	73,992 shares	Park Electrochemical Corp. Common Stock ("Park Common")
6,911 shares	UniFirst Corp. Common Stock ("UniFirst Common")	897,861 shares	Pioneer Drilling, Inc. Common Stock ("Pioneer Common")
25,000 shares	Vail Resorts, Inc. Common Stock ("Vail Common")	100,000 shares	Sapporo Holdings Ltd. Common Stock ("Sapporo Common")
144,498 shares	Verigy Ltd. Common Stock ("Verigy Common")	1,284 shares	Sycamore Networks Inc. Common Stock ("Sycamore Common")
	Positions Reduced	173,100 shares	Tejon Ranch Co. Common Stock ("Tejon Common")
289,609 shares	Alexander & Baldwin, Inc. Common Stock ("Alex Common")	172,125 shares	Tidewater, Inc. Common Stock ("Tidewater Common")
29,331 shares	Bristow Group, Inc. Common Stock ("Bristow Common")	161,550 shares	Viterra, Inc. Common Stock ("Viterra Common")
814,727 shares	Bronco Drilling Company, Inc. Common Stock ("Bronco Common")	156,984 shares	Westlake Chemical Corp. Common Stock ("Westlake Common")
50,000 shares	Brookfield Asset Management, Inc. Common Stock ("Brookfield Common")	Number of Shares or Face Amount	Positions Eliminated
101,939 shares	Cimarex Energy Co. Common Stock ("Cimarex Common")	\$8,278,919	Energy XXI Gulf Coast, Inc. 10.00% Senior Notes Due June 15, 2013 ("EXXI Senior Notes")
36,002 shares	Cross Country Healthcare, Inc. Common Stock ("Cross Country Common")	47,622 shares	Herley Industries, Inc. Common Stock ("Herley Common")
500 shares	E-L Financial Group, Ltd. Common Stock ("E-L Financial Common")	4,505,600 shares	Parco Company Ltd. Common Stock ("Parco Common")
218,627 shares	Electro Scientific Industries Inc. Common Stock ("ESI Common")	QUARTERLY ACTIVITY	
382,257 shares	Electronics for Imaging Inc. Common Stock ("EFI Common")	<p>It was a reasonably busy quarter as Fund Management added four new holdings, two of which attained meaningful position size, and disposed of three existing positions. This activity is discussed in more detail below. Fund Management focused the bulk of its energy on expanding its idea inventory, a more challenging exercise given a market environment in which the average small company equity is relatively richly priced in both absolute and relative terms. Year to date, Fund Management has added seven new positions to the portfolio, including one initiated subsequent to April 30th, and has exited or finished dispositions of five holdings.</p>	
208,123 shares	Encore Wire Corp. Common Stock ("Encore Common")		
196,190 shares	Investment Technology Group, Inc. Common Stock ("ITG Common")		
63,160 shares	Leucadia National Corp. Common Stock ("Leucadia Common")		
47,073 shares	National Western Life Insurance Co. Common Stock ("NWLI Common")		

Third Avenue Small-Cap Value Fund (continued) (Unaudited)

The largest capital commitment during the quarter went to SEACOR Common. Founded more than 20 years ago, SEACOR Holdings is an energy and commodities-oriented conglomerate with operations in the following areas:

- Support vessels and helicopters for the offshore oil and gas industry;
- Barges and towboats for the transportation of dry cargo and liquids on U.S. rivers and other intracoastal waterways;
- Product tankers for the transportation of petroleum and chemicals;
- Environmental response and preparedness services;
- Commodities trading and logistics.

Management, led by founder and current Chairman Charles Fabrikant, gets high marks as both good operators and thoughtful capital allocators. SEACOR has been profitable in each of the last 18 years, despite the inherent cyclicity that attaches to commodities, like oil and gas, and management has compounded book value since the early 1990s at approximately 15%¹. Management deliberately avoids Wall Street, and its choice to shun the earnings-centric, short-termism that infects the sell-side community only further enhances the company's charms. Instead, it focuses on resource conversion – buying and selling assets on economically attractive terms, repurchasing shares below intrinsic value or, in an unusual move last year, paying out a special dividend – all with a view toward growing per share business value and enhancing shareholder returns. Shares of SEACOR were purchased at a modest discount to our own estimate of net asset value, a more meaningful yardstick for value than unpredictable and volatile earnings or cash flow. There is no guarantee that management can continue its fabulous track record of the

“Management’s parsimonious approach to investing warms the cockles of our value-investor hearts.”

past two decades; returns on capital have sagged in recent years and near-term business prospects appear mixed. Nonetheless, odds seem good that Fabrikant & Co. can continue to compound value at attractive rates over the next three to five years and it is a great source of comfort knowing that the senior management team thinks and acts like owners. The company enjoys a liquid and high quality balance sheet and seems well positioned to capitalize if, as or when i) oil and gas operations return to more normal levels in the U.S. Gulf of Mexico; and ii) a weaker U.S. dollar, higher inflationary expectations or improved economic activity stimulate commodity movements in and out of the U.S. Ostensibly SEACOR Common brings oil and gas exposure to the Small-Cap portfolio; but, given management's approach, it is more like investing alongside a conservative low-fee, private equity partner who happens to be focused on energy assets. For that reason, I have internally designated SEACOR as a “PERP” – Private Equity at a Reasonable Price. Management's parsimonious approach to investing warms the cockles of our value-investor hearts. Unfortunately, private

equity-like investors such as SEACOR have to compete in an era of cheap and abundant capital, making the task of finding reasonably valued assets much more difficult. Biding its time, management can build incremental value through smaller, operational initiatives, such as adding to its aviation services in Asia, improving efficiencies at its Argentinian iron ore terminal or, closer to home, augmenting its grain elevator capacity in Tennessee and Illinois.

The other notable, albeit smaller, addition to the Small-Cap Value portfolio is MSG Common. MSG Common was spun out of Cablevision (NYSE : CVC) a little more than a year ago as an integrated media, entertainment and sports business. The vast majority of the company's value lies in its ownership of MSG Networks, a business

¹ Adjusted for the company's large special dividend in December 2010.

Third Avenue Small-Cap Value Fund (continued) (Unaudited)

which includes programming related to seven professional sports teams, as well as original programming, and which boasts approximately eight million subscribers. The Entertainment group creates and produces a variety of live entertainment, such as the *Radio City Christmas Spectacular*, and produces concerts and special events at other owned and leased venues. The Sports business owns and operates the New York Knicks and Rangers, as well as the New York Liberty of the WNBA. Growth in the business and its cash flows may flow from a number of sources, including i) cable network rate increases, as current agreements allow for 5% to 7% rate escalations; ii) enhanced revenues related to higher ticket prices, concessions and sponsorships at Madison Square Garden (“The Garden”) following that venue’s renovation; iii) reversals of current losses at the Entertainment segment.

Our investment comes with a number of current and prospective business risks beyond those stemming from competition, including, for example:

- **Dolan/Governance Risk:** the risk that the controlling shareholders, the Dolan family, try to take advantage of the minority shareholders like the Fund (e.g., by buying or selling a corporate asset on terms favorable to themselves or overcompensating themselves);
- **Execution Risk:** management fails to execute in its large renovation of The Garden, where it is planning to spend several hundred million dollars over the next few years;
- **Acquisition Risk:** management dissipates a currently strong financial position by making bad acquisitions (e.g., MSG currently has an option to purchase the L.A. Forum);
- **Labor Risk:** both the NBA and NHL are covered by collective bargaining agreements and the NBA’s agreement expires in August;

- **Concentration Risk:** MSG’s assets are concentrated in New York City, a city vulnerable to terrorist attacks, for example.

Mitigating the business and investment risks are a number of key factors. We believe the Fund’s cost (approximating current levels) represents a wide discount to our estimate of the intrinsic value of the assets, assets which are hard to replicate, if not unique in their own right (Madison Square Garden, for example, is reportedly the highest grossing entertainment venue in North America and the second highest in the world). MSG starts life with a cash rich, debt free balance sheet, supporting management’s transformational efforts at The Garden. Cash flow is expected to continue to grow since sports, as media content, seem more “DVR-proof” than other forms of content and the company’s media cash flows are underpinned by multi-year contracts with its distribution partners.

Much of the credit for the Fund’s new idea generation and the processing of those ideas should go to my long-time colleague, Charlie Page. Colleague Kathleen Crawford also deserves credit for a number of new ideas, including the Fund’s investment in MSG Common. They both bring what all good analysts bring to the table: care, conviction, ingenuity and a good sense of humor.

The Fund’s dispositions during the quarter were, in some respects, equally important as its new acquisitions. Both in terms of dollars and impact on portfolio composition, the sale of Parco Common, previously one of the Fund’s top three positions, marked a significant milestone for the Fund. In late February, Fund Management completed the sale of its large holding in Parco, a Japanese real estate operating company, to Aeon, a publicly-listed Japanese retailer, having negotiated a 15% premium to market price². While the sale crystallized a small loss for the Fund, it was not an unreasonable price, given unfavorable developments at the business. Moreover, it freed up more

² The sale price represents a 28% premium to the current price, as of May 5, 2011.

Third Avenue Small-Cap Value Fund (continued) (Unaudited)

than three percent of the Fund's capital to direct to more attractive investments and extricated the Fund from an investment that appeared to be heading towards a protracted battle between management and a dissident shareholder. The Fund's long-time holding in Herley Industries Common came to a successful close when that company, a smallish defense electronics supplier, agreed to be bought for cash at a healthy premium and at a fair valuation. The Fund also sold the last of its once large investment in Energy XXI Senior Notes, generating an internal rate of return³ of approximately 38%. During the quarter two other Fund holdings, Bronco Drilling, an oil and gas land driller, and Timberwest, the largest private timberland owner in western Canada, also received cash acquisition proposals. We may have more to say about these investments next quarter, when those transactions have developed further. These resource conversions illustrate how strong small-cap companies are not solely dependent upon the public markets for value realization.

"IT'S ALWAYS SOMETHING"

The late, great actress Gilda Radner, in her role as the nasally Roseanne Roseannadanna on *Saturday Night Live's* "Weekend Update", would often reply to her counterpart Jane Curtin by saying: "It's always something!" For investors this year, like last, possessed plenty of "something." At this point last year, for example, that "something" included the European debt crisis, the tragic Deepwater Horizon oil spill and May's Flash Crash in the markets. This year's "something" is more momentous and historic when one considers world events such as: The 'Arab Spring' of civil unrest that continues to spread across North Africa and the Mideast; the massive earthquake and

tsunami in Japan that killed tens of thousands, caused a nuclear crisis and disrupted a major economy; the threatened shutdown of the U.S government and the potential downgrade of its credit obligations by a major rating agency, to name just a few. Despite it all, global equity markets have generally performed admirably, perhaps not so surprisingly. In this letter last year I noted, for example:

"It would be easy to get swept away by such headlines and ignore the fact that capitalism, on a very long-term basis and especially as practiced in the United States, has been remarkably resilient, surviving war, depression, inflation/stagflation, terrorism, social unrest and political upheaval. In fact, according to a study by Credit Suisse, 'the very long-run trend of real equity returns is apparently around 6% to 6½% per year reflecting a long-term equity premium of roughly 5% over Treasury bills'."

I suppose there will always be "something" to worry about when it comes to global macro events. But equity investing has proven itself as a way to preserve and build wealth over long periods of

time. Given events globally this year, it is worth reminding you, our fellow shareholders, about the central tenets of Third Avenue's approach to equity investing:

- We do not borrow money in order to invest, or to boost our returns. In the presence of lots of leverage, even a small downward twitch in the associated asset value can wipe out the investor's equity in a heartbeat;
- Our focus is on capital preservation. We invest in attractively-priced securities underpinned by conservatively financed and well-managed businesses;

"These resource conversions illustrate how strong small-cap companies are not solely dependent upon the public markets for value realization."

³ The internal rate of return ("IRR") of an investment is the discount rate at which the net present value of costs of the investment equals the net present value of the benefits of the investment.

Third Avenue Small-Cap Value Fund (continued) (Unaudited)

- We expend little money or energy trying to avoid market risk (i.e., short-term market price fluctuations in our holdings), but we do spend an inordinate amount of time and energy trying to minimize investment risk (a loss of capital created by a permanent impairment of the business);
- While we keep a close eye on our investing “compass”, we also scan the horizon for potential “macro storm clouds;” while eschewing predictions about macro trends, we remain cognizant of them and attempt to understand their broader meaning as it might relate to our portfolio investments;
- We strive to share new developments in the Fund by writing these shareholder letters every quarter. We highlight new investments, dispositions and discuss both positive outcomes, as well as mistakes, so that you know what you own and why;
- Our mutual funds provide shareholders with daily liquidity at readily ascertainable net asset values which, in the case of the Fund, rely upon publicly quoted stock prices;
- We are personally invested alongside of our shareholders, an investment made on the same terms as those available to you.

Our investment philosophy has proven to be durable and reliable over the long term, in a world that changes every day. We might not be able to predict the future, or even know with certainty what big stories of the day will reverberate throughout the years to come and which will be forgotten; but, we take comfort that we can meet any uncertainty with a time-tested investment approach.

I look forward to writing you again when we publish our Third Quarter report dated July 31, 2011. Thank you for your continued support.

Sincerely,



Curtis R. Jensen
Chief Investment Officer and Portfolio Manager
Third Avenue Small-Cap Value Fund

Third Avenue Real Estate Value Fund (Unaudited)



MICHAEL H. WINER
Co-Portfolio Manager of Third
Avenue Real Estate Value Fund



JASON WOLF
Co-Portfolio Manager of Third
Avenue Real Estate Value Fund

Dear Fellow Shareholders:

At April 30, 2011, the end of the second fiscal quarter of 2011, the unaudited net asset value attributable to the 76,547,892 shares outstanding of the Third Avenue Real Estate Value Fund Institutional Class (the "Fund") was \$24.70 per share. This compares with an unaudited net asset value of \$23.63 per share at January 31, 2011, and an unaudited net asset value of \$20.91 per share at April 30, 2010, adjusted for subsequent distributions to shareholders. At May 23, 2011, the unaudited net asset value was \$24.12 per share.

QUARTERLY ACTIVITY*

The following summarizes the Fund's investment activity during the quarter:

Number of Shares or Contracts

32,038,824 shares

26,425,967 shares

New Positions Acquired

Dexus Property Group Common Stock
("Dexus Common")

Taylor Wimpey plc Common Stock
("Taylor Wimpey Common")

Number of Shares, Units or Contracts

2,500 contracts sold

1,230,000 shares

6,491,463 shares

340,000 shares

773,494 shares

6,349,051 units

1,228,228 shares

New Positions Acquired (continued)

Vornado Realty Trust June 2011 \$95
calls ("Vornado Calls")

Increase in Existing Position

First Industrial Realty Trust, Inc.
Common Stock ("First Industrial
Common")

Positions Reduced

FNC Realty Corp. Common Stock
("FNC Common")

Hongkong Land Holdings Ltd. Common
Stock ("Hongkong Land Common")

Positions Eliminated

Klepierre Common Stock
("Klepierre Common")

ProLogis European Properties Common
Units ("PEPR Common")

St. Joe Company Common Stock
("St. Joe Common")

* Portfolio holdings are subject to change without notice. The following is a list of Third Avenue Real Estate Value Fund's 10 largest issuers, and the percentage of the total net assets each represented, as of April 30, 2011: Forest City Enterprises, Inc., 8.20%; Henderson Land Development Co., Ltd., 5.28%; Vornado Realty Trust, 4.29%; Hammerson PLC, 4.21%; Brookfield Asset Management, 3.94%; Wheelock & Co., Ltd., 3.80%; Hysan Development Co., Ltd., 3.16%; Songbird Estates PLC, 2.98%; Capitaland, Ltd., 2.88%; and Derwent London PLC, 2.58%.

Third Avenue Real Estate Value Fund (continued) (Unaudited)

DISCUSSION OF SIGNIFICANT QUARTERLY ACTIVITY

Activity during the quarter was focused on portfolio adjustments – eliminating securities that appreciated to levels exceeding Fund Management’s estimates of net asset value (“NAV”); reducing securities that appreciated to more appropriate weightings in the portfolio; increasing holdings in securities that traded at substantial discounts to NAV; and initiating positions in two new securities: Taylor Wimpey and Dexus Property Group.

Taylor Wimpey is the second-largest homebuilder in the U.K., controlling over 63,000 entitled plots and a sizeable unentitled strategic land bank. The company develops new homes across the U.K., but the majority of its assets are located in the South. Taylor Wimpey entered the global financial crisis with too much leverage and its stock price declined dramatically (from £3.93 in April 2007 to under £0.10 in November 2008), as the value of its land inventories were written down and leverage ratios grew higher. This has restricted the company’s ability to purchase new land at currently attractive prices, limiting recovery of its profit margin. Over the past year, management has achieved significant progress in repairing the company’s financial position, including refinancing the majority of its debt in December 2010 followed by the sale of its North American operations in March 2011, with proceeds being earmarked to pay down debt. Following the completion of the sale, the company will be well financed, with a near net-cash position. With its stronger balance sheet, the company will be positioned to benefit from a long-term rebound of the U.K. residential market, which suffers from a growing under-supply situation. Despite the recent improvements, the Fund was able to acquire Taylor Wimpey Common at a large discount to book value, which has been significantly written down and likely represents a conservative estimate of the value of Taylor Wimpey’s land inventory, without attributing much value to the homebuilding operations.

Dexus Property Group is an Australian-based property trust that owns primarily class-A office buildings in the

central business districts of Sydney and Melbourne. The company also owns industrial properties in Australia and the U.S. that were acquired by the previous management team during the company’s aggressive expansion undertaken prior to the financial crisis. While the company is extremely well financed today with high quality commercial properties and conservative debt levels, the Fund was able to acquire Dexus Common at a meaningful discount to Fund Management’s conservative estimate of net asset value since the company’s strategy of owning a diversified portfolio of properties is currently out of favor. Fund Management believes that Dexus might be likely to divest its industrial properties once it fills the substantial vacancy remaining within the U.S. portfolio. If the company were to divest its industrial properties and become a “pure play” office REIT, the discount to NAV would likely close. If not, there is an active mergers and acquisitions market in Australia, making Dexus a likely resource conversion candidate, given institutional interest in Australian commercial properties, particularly class-A office. Meanwhile, the Fund is collecting a roughly 6% dividend yield on its investment in Dexus Common.

The Fund sold its position in St. Joe Common. After a very public debate with short-seller David Einhorn, Bruce Berkowitz, who manages the Fairholme Fund (30% owner of St. Joe Common), forced changes to St. Joe’s executive team and board of directors. While Fund Management continues to believe that St. Joe Common is trading at a substantial discount to private market value, we were not comfortable continuing to own shares in a company without a proven management team nor a coherent business plan. St. Joe Common represented approximately 2% of the Fund’s net assets. The sale resulted in a small loss to the Fund. We will continue to monitor the company’s activities and will consider buying St. Joe Common in the future, if we can get comfortable with the new management team and its business plan.

The Fund sold its position in PEPR Common upon negotiating a sale of the Fund’s holdings to ProLogis, a U.S. REIT that owned 33% of PEPR Common and

Third Avenue Real Estate Value Fund (continued) (Unaudited)

controlled the management of PEPR's assets. The Fund began acquiring PEPR Common in May 2010, when the units were trading at about a 30% discount to NAV. Fund Management expected that by the end of 2011 the company would recommence paying a quarterly dividend, at which time PEPR Common would appreciate and once again trade in line with NAV. During the quarter, PEPR received an unsolicited bid from a consortium of investors to acquire the company for €6.00 per unit. ProLogis (as controlling shareholder and manager) rejected the offer and stated that it was not interested in selling its units or giving up its management control of the company. Fund Management was contacted by ProLogis to determine if the Fund was interested in selling its units (which represented approximately 5% of outstanding units). The Fund sold its stake in PEPR Common to ProLogis at a negotiated price of €6.10 per unit, which approximated Fund Management's estimate of NAV. By purchasing the Fund's units, ProLogis' ownership in PEPR increased to approximately 38%, requiring it to launch a mandatory tender offer to acquire any or all of the outstanding units at the same price it acquired the Fund's units. Subsequent to launching its tender offer, ProLogis raised its offer price to €6.20 per unit, resulting in additional sale proceeds to the Fund of €0.10 per unit. The Fund's sale of PEPR Common resulted in a 54% net gain in less than one year and an internal rate of return of over 100%.

DISCUSSION OF LARGEST HOLDINGS

In the last Letter to Shareholders, Fund Management noted that it would highlight the Fund's top holdings this quarter. Below is a summary of each of the Fund's holdings that represented greater than 3% of the Fund's net assets at

quarter-end, and collectively 33% of net assets. These investments include common stocks in two North American real estate operating companies, one U.S. REIT, one U.K. REIT and three Hong Kong real estate operating companies. While each investment is a distinct security with its own individual merits, there are attributes that they each have in common. For instance, each security represents an ownership interest in an institutional quality real estate portfolio, almost exclusively located in global gateway cities that have taken decades to assemble and would be nearly impossible to duplicate. Additionally, each company is run by a control group that is highly aligned with the interests of the Fund. In fact, insiders are large shareholders in each company, and the largest holder at five of the Fund's top seven holdings. Further, as far as Fund Management can tell, each company has some sort of temporary issue that has kept the stock prices at levels representing material discounts to net asset value. Finally, we believe the value underlying each security will increase at above-average rates over the long term since (i) the portfolios provide incredibly resilient cash flows that increase

“...each security represents an ownership interest in an institutional quality real estate portfolio, almost exclusively located in global gateway cities that have taken decades to assemble and would be nearly impossible to duplicate.”

over time given the high-barriers-to-entry in the core markets and (ii) the companies are retaining that cash flow and benefiting as their tenured management teams redeploy excess capital into value-add developments, redevelopments, and opportunistic acquisitions. As a result, Fund Management believes the Fund is mostly comprised of discounted real estate securities with strong prospects for long-term capital appreciation at a time when most other real estate securities (e.g., U.S. REITs) trade at historically rich valuations with limited upside.

Third Avenue Real Estate Value Fund (continued) (Unaudited)

Forest City Common (8.2%)

Forest City is a U.S.-based real estate operating company that owns a diversified portfolio of commercial and multi-family properties in strategic markets, such as New York and Washington, D.C., and is also recognized as one of the country's premier urban developers. In Fund Management's view, Forest City has one of the best models for value creation in North America, as the company retains the vast majority of its recurring cash flow and reinvests that capital in its well-located development projects. This model has historically allowed the company to earn superior returns, especially in comparison to real estate companies that simply acquire fully stabilized assets. Forest City Common currently trades at a meaningful discount to Fund Management's estimate of NAV, and an even larger discount to market valuations of its REIT peers. Market participants seem to believe that Forest City's debt levels are too high and that its development exposure is unwarranted. Fund Management recognizes those views, but it seems clear that over the next 12-24 months, the company will materially reduce its debt levels by selling mature assets, equitizing "in-the-money" convertible debt, and retaining free cash flow. Additionally, the vast majority of Forest City's debt is non-recourse, property-level mortgage debt, as opposed to recourse, corporate-level debt. Furthermore, after the company opens its 900-unit residential development in lower Manhattan later this year, the development pipeline will be prudently sized; at less than 10% of total assets. These steps should materially reduce, or even eliminate, the gap between Forest City Common's trading price and NAV.

Henderson Land Common (5.3%)

Henderson is a real estate operating company involved with the ownership and development of commercial and residential properties in Hong Kong and, to a lesser extent, mainland China. The Company also owns a 40% stake in Hong Kong & China Gas Co. (Ticker: HKSE 3), which is a separately listed and dominant provider of gas in Hong Kong. Both the real estate business and the gas business are similar, in the sense that they provide substantial free cash

flow that should continue to increase at a rapid clip given strong economic backdrop in the region and high-barriers-to-entry for competitors. While the company's underlying fundamentals have been quite strong over recent years, Henderson's stock price performance has not kept pace with the rising underlying value. One way of analyzing the discount at which Henderson Common trades relative to NAV is to deduct the market value of Henderson's stake in Hong Kong & China Gas from the current market capitalization. The resulting valuation indicates that the market is valuing Henderson's prime real estate holdings at less than fifty cents on the dollar, clearly the largest discount of any of the largest Hong Kong real estate companies. One factor that seems to be weighing on the stock price is the 400 million outstanding warrants (HK\$58.00 strike price) that expire in June 2011. Warrant holders are incentivized to sell the stock whenever it exceeds the exercise price. After the warrants expire, Henderson's stock price could trade closer to NAV, given the company's super strong financial position and promising outlook to further increase value.

Vornado Common (4.3%)

Vornado is a U.S.-based REIT that owns class-A office space in New York City and Washington D.C., as well as highly productive retail properties throughout the Northeast. The company's materially vested management team is quite deliberate, so it's not surprising that nearly all of the properties are located in high-barrier-to-entry markets, thus offering prospects for long-term capital appreciation. In Fund Management's view, the only reason that the Fund has the opportunity to own this blue chip company at a reasonable valuation, in a world where most U.S. REITs trade at excessive levels, is that others seem unwilling to appropriately value the company's non-traditional real estate investments. Some of these "off the run" holdings include large stakes in real estate rich retailers Toys 'R Us and JC Penney, as well as the largest special servicer in North America. While these investments do not fit cleanly into earnings models, these types of real estate related investments have been quite rewarding for Vornado

Third Avenue Real Estate Value Fund (continued) (Unaudited)

shareholders. We, therefore, welcome the discount being assigned for these opportunistic holdings, as Vornado offers existing shareholders attractive risk-adjusted return potential with (i) limited downside, given Vornado's high quality asset base providing support to the current valuation and (ii) the potential for outsized returns, as Vornado's savvy management team realizes value in these other areas where others are not equipped to tread.

Hammerson Common (4.2%)

Hammerson is a U.K.-based REIT that owns a diversified portfolio of properties in the U.K. and Continental Europe, with the bulk of the assets consisting of class-A malls in the U.K. Given the scarcity of retail malls in the U.K., these properties are highly productive and have meaningful platform value. In fact, Hammerson is one of only two public companies that controls such a strategic portfolio. The company further differentiates itself from most other large-cap European REITs by actively recycling capital amongst its properties. For instance, Hammerson's management team has proved quite adept at creating value for stockholders by undertaking a development or redevelopment project, selling a stake in the property once completed, and then reinvesting the profits in additional projects. Presently, this "value-add" approach is out of favor, as others have focused in on "core" portfolios with steady cash flows and little volatility. Over time, though, the capital recycling strategy will be back in favor, likely resulting in Hammerson's shares trading closer to NAV. If not, it is quite possible that Hammerson could be a takeover target for some of the other large global REITs seeking a rare mall platform in the U.K.

Brookfield Common (3.9%)

Brookfield is an asset management company that invests its capital along with institutional partners globally in property (class-A office and regional malls), power (hydroelectric generation facilities), and infrastructure (timber, rail, and transmission). All three of these businesses generate strong, recurring free cash flow, which is reinvested by the company's talented management team on a value-oriented basis. For instance, during the financial

crisis, Brookfield made meaningful investments recapitalizing General Growth Properties (U.S. class-A malls) and Babcock & Brown Infrastructure (global energy and logistic assets), which allowed the company to add franchise businesses at a substantial discount to replacement cost. In spite of a long track record of compounding value for shareholders, Brookfield Common currently trades at a discount to NAV. The most often cited reason for this discount is that Brookfield is not a "pure play" on any one single asset class. This is not a concern of Fund Management. As long as the discount does not widen materially from current levels – which is unlikely given management's willingness to repurchase shares at discounted prices – then the stock should continue to appreciate in-line with the growth in NAV each year. Further, when the franchise value of Brookfield's platform and asset management business is finally recognized by the market, Fund Management believes Brookfield Common is likely to appreciate and trade at a premium to NAV, further boosting returns.

Wheelock Common (3.8%)

Wheelock is a real estate operating company based in Hong Kong that owns a portfolio of office, retail and residential properties in Hong Kong, as well as majority stakes in two publicly-listed associates, Wharf Holdings and Wheelock Properties Singapore. Through its operating subsidiaries it has ownership interests in two of the most productive income producing assets in Asia – Harbour Centre and Times Square (both in Hong Kong), and a substantially undervalued operating company that specializes in luxury residential development in Singapore (Wheelock Singapore). During 2010, Wheelock's management team executed a corporate restructuring arrangement that was designed to unlock hidden value, improve corporate transparency and streamline its operating strategy for investors. While these actions resulted in an increase in the market price of Wheelock Common, Wheelock still appears to be one of the most attractively valued blue-chip property companies globally. With a strong financial position, and surging cash

Third Avenue Real Estate Value Fund (continued) (Unaudited)

generation from its retail-led investment properties in Hong Kong, Fund Management believes that Wheelock is incredibly well positioned to make additional investments. In addition, with a control group that is significantly invested alongside common shareholders, it is quite conceivable that the company could take additional steps to simplify its corporate structure and ultimately eliminate the holding company discount which is currently implied in the marketplace.

Hysan Common (3.2%)

Hysan is a conservatively financed real estate operating company that owns a portfolio of office and retail assets concentrated in the Causeway Bay sub-market of Hong Kong. The company benefits from owning well-located properties, as well as being the dominant landlord in the area. This large ownership position allows Hysan to control competing supply within the sub-market and manage the portfolio with a long-term view of maximizing cash flow and value from its assets. While Hysan Common has appreciated over the past year, it still trades at a discount to NAV despite the company being in a position to potentially increase NAV by a material amount over the next two to three years. The primary drivers of this NAV growth are likely to include (a) rising rents within the company's commercial portfolio aided by a robust economic backdrop (e.g., Hong Kong retail sales increased by 18% year-over-year) and (b) the company's new 710,000 square foot development, the Hysan Place, opening early next year. Given Hysan's relatively smaller capital base (\$5 billion USD market capitalization) the impact of these two items should allow Hysan to disproportionately increase net asset value and, thus, reward shareholders with a longer-term view.

CASH POSITION

At quarter-end, the Fund's cash and equivalents position was 21.3%. The higher-than-normal cash level results from a combination of (a) the general lack of appropriately priced securities to add to the portfolio; (b) reducing or eliminating securities based on pricing and portfolio weighting; and (c) new subscriptions from Fund shareholders. Fund Management recognizes that many investors take a dubious view towards excessive cash holdings in mutual funds. After all, Fund shareholders are paying management fees on their investment in a "sector" fund and, to the extent the Fund is holding cash, it is not invested in the sector chosen by shareholders. Fund Management's view is quite simple: investing in real estate securities that trade at discounts to intrinsic value involves taking calculated risks; investing in real estate securities at virtually "any price" is surely nonsensical. Fund Management's responsibility is to exercise judgment in allocating capital to securities with the potential to generate the highest risk-adjusted returns, not to indiscriminately put money to work.

“Fund Management’s responsibility is to exercise judgment in allocating capital to securities with the potential to generate the highest risk-adjusted returns, not to indiscriminately put money to work.”

While Fund Management has high conviction on the securities owned in the Fund, risk management is a key consideration in the portfolio construction process, and Fund Management is unwilling to allow significant overconcentration in individual securities or geographic locations (outside the U.S.). Therefore, in general, the excess cash is earmarked primarily for new securities and, to a lesser extent, opportunistic increases in existing securities if market prices adjust downward.

Fund Management views the Fund's cash balance as an "option" to acquire securities if and when they become cheap. A mutual fund that remains "fully invested" despite

Third Avenue Real Estate Value Fund (continued) (Unaudited)

the lack of discounts available in the market is likely employing a “relative value” strategy – or investing in the least expensive securities. To be clear, Fund Management is in no way attempting to “time the market”. Everyone knows that does not work. Fund Management is only interested in “absolute value” and is perfectly happy to wait on the sidelines and then act quickly to use its dry powder to buy discounted securities when they become available. As noted in last quarter’s Letter to Shareholders, Fund Management has an “inventory” of securities and can act quickly to add new securities to the Fund if market prices decline. In a declining market, those fully invested mutual funds will not have the ability to take advantage of discounts and may, in fact, be forced to sell securities – a situation the Fund has been the beneficiary of in the past (e.g., when the Fund acquired substantial holdings in performing senior unsecured notes in late 2008 and early 2009 and the common stocks of several European real estate companies in the Summer of 2010). As noted in prior letters to shareholders, the Fund’s excess cash balance will likely result in underperformance (relative to peers and the benchmark) in a market environment where real estate securities trade at large premiums to NAV. But a fundamental tenet in Third Avenue’s investment philosophy is avoidance of investment risk (the permanent loss of capital). Over the long term, protecting the downside should result in solid absolute performance. As large shareholders in the Fund, it certainly helps us sleep at night.

We look forward to writing to you again next quarter.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is for Michael H. Winer, and the signature on the right is for Jason Wolf. Both signatures are written in a cursive, flowing style.

Michael H. Winer
Co-Portfolio Manager

Jason Wolf
Co-Portfolio Manager

Third Avenue International Value Fund (Unaudited)



AMIT B. WADHWANEY
PORTFOLIO MANAGER OF THIRD
AVENUE INTERNATIONAL VALUE FUND

Dear Fellow Shareholders:

At April 30, 2011, the unaudited net asset value attributable to the 86,950,410 shares outstanding of the Third Avenue International Value Fund Institutional Class (the "Fund") was \$18.70 per share, compared with the Fund's unaudited net asset value at January 31, 2011 of \$17.72 per share, and an unaudited net asset value of \$15.29 per share at April 30, 2010, adjusted for a distribution of \$0.29 per share. At May 23, 2011, the unaudited net asset value was \$17.60 per share.

QUARTERLY ACTIVITY*

In the most recent quarter, the Fund established two new positions, added to positions in the common shares of six companies, reduced ten existing positions and eliminated three positions.

Number of Shares

272,249 shares

16,286,857 shares

New Positions Acquired

Pargesa Holding S.A. Common Stock
("Pargesa Common")

Taylor Wimpey plc Common Stock
("Taylor Wimpey Common")

Number of Shares

78,375 shares

16,338 shares

1,008,400 shares

22,298 shares

575,161 shares

368,900 shares

Number of Shares or Warrants

29,413 shares

776,300 shares

542,600 warrants

652,500 shares

787,000 shares

206,230 shares

54,900 shares

2,932,071 shares

Increases in Existing Positions

Atrium European Real Estate Ltd.
Common Stock ("Atrium Common")

GlaxoSmithKline PLC Common Stock
("GSK Common")

Kinross Gold Corp. Common Stock
("Kinross Common")

Nexans S.A. Common Stock
("Nexans Common")

Titan Cement Co. S.A. Common Stock
("Titan Common")

Tokio Marine Holdings, Inc. Common
Stock ("Tokio Marine Common")

Decreases in Existing Positions

Andritz AG Common Stock
("Andritz Common")

Dundee Precious Metals, Inc.
Common Stock ("Dundee Common")

Dundee Precious Metals Inc.
November 2015 Warrants
("Dundee 2015 Warrants")

Guoco Group Limited Common Stock
("Guoco Common")

Hutchison Whampoa Limited Common
Stock ("Hutchison Common")

LG Corp. Common Stock
("LG Corp. Common")

L. E. Lundbergforetagen AB Common
Stock ("Lundbergs Common")

Netia S.A. Common Stock
("Netia Common")

* Portfolio holdings are subject to change without notice. The following is a list of Third Avenue International Value Fund's 10 largest issuers, and the percentage of the total net assets each represented, as of April 30, 2011: WBL Corp., Ltd., 6.90%; Netia S.A., 5.23%; Viterra, Inc., 4.94%; Resolution, Ltd., 3.72%; Compagnie Nationale A Portefeuille, 3.54%; Allianz SE, 3.34%; Weyerhaeuser Co., 3.17%; Sampo Oyj, 3.14%; Leucadia National Corp., 2.98%; and Andritz AG, 2.95%.

Third Avenue International Value Fund (continued) (Unaudited)

Number of Shares or Warrants	Decreases in Existing Positions (continued)
928,000 shares	Seino Holdings Co., Ltd. Common Stock ("Seino Common")
10,435,000 shares	Yuanta Financial Holding Co., Ltd. Common Stock ("Yuanta Common")

Number of Shares or Units	Positions Eliminated
666,900 shares	Daibiru Corp. Common Stock ("Daibiru Common")
10,496,839 shares	Parmalat SpA Common Stock ("Parmalat Common")
4,105,180 units	ProLogis European Properties Units ("PEPR Units")

REVIEW OF QUARTERLY ACTIVITY

During this quarter, the Fund initiated a position in Taylor Wimpey Common. Taylor Wimpey plc ("TW") is one of the largest U.K.-listed homebuilders with operations across England, United States, Canada, Spain and Gibraltar. Having entered the downturn with a considerable amount of debt, and as a consequence of having had to write down its land inventory, TW spent the last year and a half rebuilding its financial integrity. This process has entailed a refinancing of its debt at the end of 2010 and, more significantly, a sale of its non-U.K. businesses during the first half of 2011. Following the close of the latter transaction (expected later this year), the company will be able to pay down much of its debt. The strengthened balance sheet will enable the company to begin rebuilding its inventory of land, which was depleted during its financially strained period. This, in turn, will better position the company to participate in the (eventual) recovery in the U.K. residential market. The Fund was able to acquire Taylor Wimpey Common at a meaningful discount to the book value of the company – which in turn reflects an asset base that has been significantly written down and is apt to represent a conservative estimate of the value of TW's land inventory – with limited value being ascribed to the home building operations.

The Fund's other new purchase during the quarter, Pargesa Holding, S.A. ("Pargesa"), is a Swiss-listed holding company. Pargesa's primary asset is its majority control of Groupe Bruxelles Lambert S.A. ("GBL"), a Belgian-listed holding company. Through its stake in GBL, Pargesa offers ownership in a concentrated portfolio of French blue-chip companies at a meaningful discount to the market value of those holdings. It is equally important that various of these underlying holdings themselves are undervalued, European-listed companies with considerable global exposure, as will be discussed later in this letter.

Our investment in Pargesa was triggered by two related, recent transactions which are components of a group restructuring. Firstly, during the quarter, Compagnie Nationale a Portefeuille S.A. ("CNP"), a long-time holding of the Fund and one of two companies which jointly hold a majority interest in Pargesa, was the subject of a tender offer (completed in early May) which will ultimately privatize the company (as discussed below). Secondly, during the quarter, Pargesa and GBL executed a transaction in which Pargesa sold its stake in Imerys S.A., a French-listed minerals processing company, to GBL for €1.1 billion in cash. Following the sale of Imerys, which is the culmination of a number of years of gradual restructuring, the assets of Pargesa are now its stake in GBL and cash, with the principal liabilities being a relatively modest amount of low-cost debt. The current configuration of the balance sheet opens up the potential for various resource conversion alternatives. In our view, the confluence of these developments has increased the probability of eventual further restructuring surrounding Pargesa. In the meantime, the company offers ownership in a package of extremely high-quality and reasonably priced businesses, at a deeply discounted price, which would point to a high probability of future appreciation.

As noted above, during the quarter CNP, a long-time Fund holding which owns a stake in Pargesa, was the subject of a buyout offer made by Fingen S.A., an entity through which Belgian billionaire Albert Frere already held control of CNP.

Third Avenue International Value Fund (continued) (Unaudited)

The offer price, which was subsequently increased, represented a premium of about 22% over CNP's closing price prior to the offer announcement. The offer, which closed in early May 2011, reduced much of the discount to net asset value ("NAV") at which CNP had been trading – the magnitude of which has long been one of the attractions of this holding – with the resultant benefits accruing to CNP shareholders, including the Fund. The Fund's investment in CNP was eliminated with the completion of the buyout offer shortly after the end of the quarter.

Also during the quarter, the Fund exited its position in the common stock of Parmalat, the Italian-headquartered dairy company. We initiated the position in November 2010 after noting a number of the company's attractive attributes, including its net cash position of over €1 billion, in addition to an unusually cheap valuation, which represented a significant discount to publicly-traded industry peers and a roughly 50% discount to comparable cash transaction values. Of additional interest to us was the fact that Parmalat's Board of Directors was coming up for reelection in April 2011. We viewed recent changes in Italian regulations, which made it easier to participate in shareholders' meetings, as a potential catalyst for change. The pace of events, however, took us by surprise.

In late January 2011, Italian newspapers began to speculate that a group of foreign institutional shareholders holding 15% of Parmalat's shares in aggregate was planning to nominate an alternative slate of directors to replace the existing board. This attracted the attention of Parmalat's peers, and when the shareholder group officially announced their slate in March, the news was quickly followed by a disclosure from the French dairy company Lactalis that it had built a 14% stake itself. The Italian "establishment" tried to rebuff the French company's approach by passing a government decree declaring dairy to be an industry of strategic interest, thereby making it more difficult to execute a hostile takeover. At the same time, various schemes were proposed in which Italian companies would take control of Parmalat in order to keep the company in Italian hands.

In late March, Lactalis bought out the aforementioned dissident group at a premium to Parmalat's market price, but it did not extend a general offer to all shareholders because its holding remained just below the 30% threshold, above which the company would have been compelled to make a mandatory offer for all outstanding shares. At that point, we, as minority shareholders, were faced with a difficult position. The Italian government was doing all it could to prevent a value-realizing transaction; Lactalis acquired a blocking stake that made it impossible for an alternative bidder to emerge; and the stock price of Parmalat ran up to levels where the upside no longer compensated us for the risk of a stalemate. We decided to sell our shares, rather than wait to see how the situation would be resolved.

While our investment in Parmalat was much shorter in duration than anticipated, it generated a satisfactory return.

Another one of the Fund's investments, ProLogis European Properties ("PEPR"), was eliminated during the quarter as a result of a tender offer. PEPR, a closed-end fund that was listed by U.S.-based REIT ProLogis in 2006, owns a high-quality portfolio of industrial properties located predominantly in key distribution markets within France, Germany and the U.K. PEPR Units had historically traded in line with its underlying NAV until a sequence of events, starting with its properties being revalued downwards in 2009, resulted in PEPR being forced to sell assets, issue fresh capital and cancel its dividend in order to stabilize its financial position. These actions, despite ultimately strengthening PEPR's financial position considerably, negatively affected the stock price in the short term, providing us with an opportunity to initiate a position in June 2010, at a meaningful discount to NAV.

Short-term unit price declines notwithstanding, we believed at the time that given the quality of PEPR's underlying assets and its materially strengthened balance sheet, the discount at which PEPR was trading would be ultimately recognized through either the public markets

Third Avenue International Value Fund (continued) (Unaudited)

or resource conversion. Specifically, the aforementioned stabilization of PEPR's financial position increased the probability that the company's credit rating might be upgraded at some point in the future; which, in turn, would reduce financing costs and increase the likelihood that the dividend might be reinstated, thus, providing a catalyst to close the discount between the trading price of PEPR Units and its NAV. If this scenario were not to come to pass, however, and the discount persisted in the public markets, there was an alternative possibility that ProLogis, the U.S.-based industrial REIT which had increased its stake in PEPR from 25% to 33%, would be interested in acquiring 100% ownership at a premium to the market price.

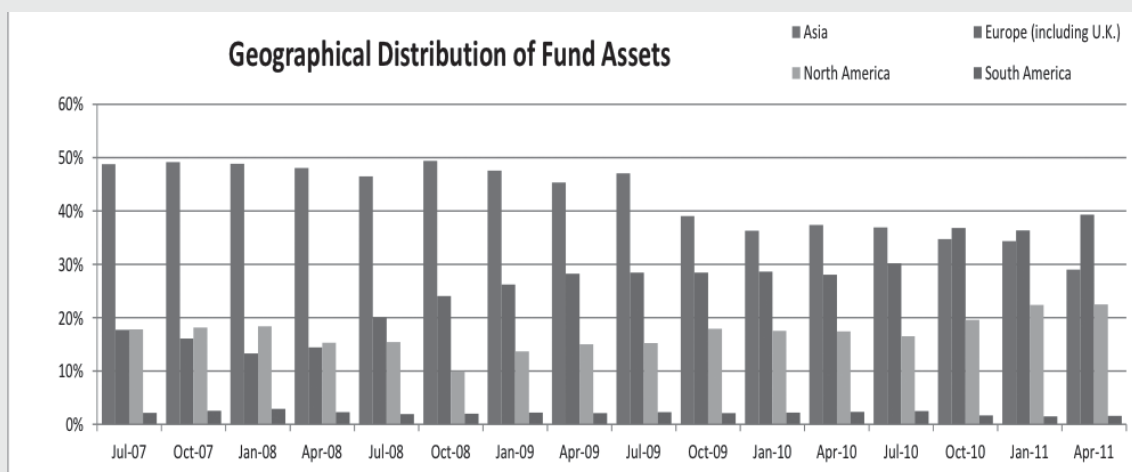
During the quarter, the latter portion of our thesis began to come to fruition. In April 2011, Algemene Pensioen Groep NV, the Amsterdam-based retirement plan manager, and Goodman Group, the Australian industrial REIT, made an indicative bid for PEPR at €6.00 per unit in cash. ProLogis, the 33% shareholder, rejected the proposal and offered to purchase the PEPR units owned by the Fund and other Third Avenue portfolios before launching a mandatory tender offer for the remaining outstanding units at the same price, which was most recently increased to €6.20 per unit in cash. We believe the offer price represented an attractive

valuation at which to profitably sell our units, hence the elimination of our position.

Buying Sclerotic Europe

A casual observer might be led to believe that the disproportionate activity by the Fund in European-listed securities stems from a particular macroeconomic view of the region. On the contrary, we have little to contribute to the macroeconomic discourse, other than to note that such seeming unanimity about Europe's bleak near-term prospects has had the potential for scattering investors to more hospitable climes where there is greater "visibility" of near-term growth. Being more sensitive to valuations and longer-term business attractiveness, rather than forecasts of short-term earnings growth (or lack thereof), our fundamental, bottom-up discipline led us to a pursuit of unusually attractive investment opportunities in Europe, which has led to an increasing proportion of the Fund's assets held in the form of European-listed investments (as illustrated in the table below).

While the Fund's recent activity in Europe reflects the attractiveness of each individual investment, an *ex-post*



Third Avenue International Value Fund (continued) (Unaudited)

look at our recent European investments reveals a clustering of appealing factors.

Firstly, each of our recent European investments were made at what we believe are quite attractive valuations. Generally speaking, European sovereign solvency concerns have had a negative impact on the public market valuations afforded many businesses in the region, including even those of the highest quality. While these overarching macroeconomic issues have presented headwinds for many businesses in the near term, they have enabled us to take ownership stakes in high-quality, well-managed businesses which are well positioned to prosper over the long term, at prices which simply would not be available in better times, or in other areas of the world where a greater degree of optimism prevails.

Our experience has convinced us that unusually cheap valuations (i.e., steep discounts to our estimates of NAV such as those that we have been finding in Europe) tend to provide reasonable downside protection in addition to meaningful upside potential, as “cheapness” is usually recognized eventually, by either the public markets or through resource conversion events (e.g., mergers and acquisitions, privatizations, share buybacks, etc.).

This leads us to another noteworthy attribute of our investments in Europe: an active market for corporate control operates there, the vibrancy of which is not always present in other parts of the world. Throughout the Fund’s history, such markets for control have provided an important source of value realization, as businesses which are significantly undervalued in the public securities markets often become takeover targets for either corporate or financial buyers who are often willing to pay sizeable

premiums to the depressed market prices, with obvious benefits accruing to shareholders of the target. For examples of how the Fund benefits from such control markets, one need not look further than the previous discussion of this quarter’s activity. CNP, Parmalat, and PEPR – three European investments made by the Fund, in part, because their businesses were grossly undervalued by the public markets – were subject to tender offers and/or contests of control which went a long way toward recognizing the value in the respective businesses. The modest levels at which many European companies are currently valued are more conducive to takeover or corporate activity (e.g., share buybacks), in general. We

“Generally speaking, European sovereign solvency concerns have had a negative impact on the public market valuations afforded many businesses in the region, including even those of the highest quality.”

also note that a disproportionate amount of recent corporate activity in Europe seems to have been on the “buy” side (via corporate acquisitions, companies going private, etc.), as opposed to the “sell” side (e.g., issuance of highly valued new stock), which suggests that corporate insiders may share our view that many European businesses are attractively valued. Indeed, the initial public offering market in Asia has exhibited such buoyancy that European companies with “links” to China are willing to

issue shares in Hong Kong in order to be awarded valuations that reflect the perceived economic benefits of these connections.

Another common characteristic amongst our European investments is financial strength and the ability to use that financial strength to build value for shareholders. One consequence of being a “high-growth” company, regardless of geographic location, is the propensity to deploy capital in an effort to continue or increase rapid growth, the expectation of which is often baked into the business’ valuation. Far too often, companies hell-bent on

Third Avenue International Value Fund (continued) (Unaudited)

preserving a high rate of growth expend their financial resources on investments and/or acquisitions that ultimately destroy value for shareholders, rather than build value through sensible investment or the return of capital to shareholders. While seeking to avoid companies of this ilk, we gravitate instead towards companies such as Netia S.A. (“Netia”). Long a Fund holding, Netia, a Polish fixed-line telecommunications company with a nationwide fiber optic network, operates a growing business driven by broadband subscriber growth and has encouraging long-term prospects. But importantly, despite its more than respectable growth trajectory, Netia is an extremely well-financed company which has been focused on shareholder value-enhancing actions, such as cost reduction and improvement in profit margins and free cash flow generation. Most recently, Netia, which currently has 380 million Polish zloty (roughly US\$140 million) in cash, proposed 350 million zloty in share buybacks, for up to 12.5% of the company’s capital. This proposal to return capital to shareholders offers a sensible way to enhance shareholder value over the long term, given Netia’s “European” (read: modest) valuation of around 5 times EBITDA. Netia is an example of a well-financed business that has encouraging growth prospects, is generating an increasing amount of unencumbered cash flow, rather than consuming cash, and exhibits an ongoing focus on creating shareholder value. That the company is located in Europe is largely irrelevant, except insofar as its location may have contributed to its modest valuation.

It is worth noting that the Fund’s increased activity in Europe does not by any means translate into an abandonment of growth elsewhere in the world, most notably in emerging markets, be they in Asia, Latin America, or elsewhere. A meaningful number of the Fund’s holdings are listed in Europe, but nevertheless are in many cases clear beneficiaries of developments in other, more rapidly growing parts of the world. For example, Andritz AG, the Austria-listed capital equipment supplier, generated 30% of its first quarter 2011 revenue in South America and China, in addition to considerable business

derived from other emerging nations in Asia and Eastern and Southern Europe. Nexans S.A., a global cable and wire manufacturer based in France, operates one of the largest cable and wire businesses in all of South America, where it is among the leaders in markets such as Brazil, Colombia, Peru, and Chile. Numerous other Fund holdings, including Allianz SE, the global insurer and financial services company, are equally global businesses that stand to benefit handsomely from continued growth elsewhere in the world. Other Fund holdings own businesses that should similarly benefit from growth outside of Europe; one such example is previously mentioned CNP, which owns stakes in global spirits manufacturer Pernod Ricard and global building materials manufacturer Lafarge. Another Fund holding, Titan Cement Co. S.A., is headquartered in Greece, but has invested meaningfully in developing Europe and other emerging markets. One final, more direct example is United International Enterprises Ltd. (“UIE”), a long-time Fund holding which was recently sold after a run-up in its share price. Though UIE is listed in Denmark, the company is European in name and listing only – its principal assets include Malaysian and Indonesian palm oil plantations.

In past Fund letters we have discussed how, as a result of our bottom-up investment philosophy, casual observers may, at times, get the false impression that the contents of the portfolio are the result of some sort of thematic investment approach. This may well be another one of those times, and we would caution against making such an assumption. Indeed, while the Fund’s increasing proportion of European holdings might provide the appearance of a geographically centered “theme,” it is more correctly the result of a clustering of opportunistically selected, individual investments linked by the uncertainty that overhangs their discounted valuations, in great part simply because of their country of listing.

Third Avenue International Value Fund (continued)
(Unaudited)

GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS

At the end of April 2011, the geographical distribution of securities held by the Fund was as follows:

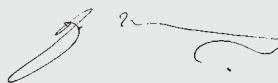
Country	% of Net Assets
Canada	14.31
Japan	8.25
United States	8.15
Singapore	7.52
United Kingdom	5.80
Germany	5.71
France	5.36
Poland	5.23
Austria	4.80
Taiwan	4.65
Hong Kong	3.84
Finland	3.59
Belgium	3.54
New Zealand	3.21
Sweden	2.04
Switzerland	1.70
Chile	1.58
South Korea	1.51
Greece	1.41
Equities-total	92.20
Cash & Other	7.80
Total	<u>100.00%</u>

Note that the table above should be viewed as an *ex-post* listing of where our investments reside, period. As we have noted in prior letters, there is no attempt to allocate the portfolio assets among countries (or sectors) based upon an overarching macroeconomic view or index-related considerations.

Although I, as portfolio manager of the Fund, personally sign each quarterly shareholder letter, I would like to recognize my team of analysts dedicated to foreign securities – Jakub Rehor, Matthew Fine, Anita Krishnamoorthy and John Mauro – whose contributions are instrumental throughout the entire investment process and, indeed, to this letter which you see before you today.

I look forward to writing to you again when we publish our Quarterly Report for the period ended July 31, 2011.

Sincerely,



Amit Wadhwaney
Portfolio Manager,
Third Avenue International Value Fund

Third Avenue Focused Credit Fund (Unaudited)



THOMAS LAPOINTE
PORTFOLIO MANAGER OF THIRD AVENUE
FOCUSED CREDIT FUND

Dear Fellow Shareholders,

The second quarter of 2011 was an incredibly active period for the Third Avenue Focused Credit Fund (the “Fund”). We found opportunities across industries, and throughout the capital structure, resulting in a concentrated portfolio with diversified investment risks. We believe that each of these new investments will perform well over the next 12 to 18 months. Moreover, the Fund is better positioned for the current economic environment, which is marked by low corporate default rates, sub-optimal GDP growth in the U.S. and Europe, and the long-term risk of inflation.

During the quarter we purchased 25 securities – we initiated 12 new positions in companies that the Fund has not owned before, but that the credit team has followed closely; seven of our new investments were in securities issued by companies we already invest in, but at a different level in the capital structure; and we increased our positions in six existing portfolio holdings.

The Fund started the quarter with a 19% cash and equivalents position and, as we have every quarter since

inception, we experienced strong and steady inflows. We sold 16% of the portfolio where prices had risen to an average 109, driving down yields to an average 5.9% for long-duration securities. We sold 17 investments, including a 1.6% position in Lyondell bonds at 113, a 1% position in Case Newholland bonds at 114, and a 2% position in CF Industries bonds at 113, each generating more than 20% returns.

At the same time, we invested approximately 33% of the Fund in shorter-duration securities, with an average yield of 12.1% (average price of 85 cents) and we think several of these investments have the potential to deliver total returns well in excess of their yields. In sum, we had 43% of the portfolio available to invest and ended the quarter with a 9.9% cash and equivalents balance that will serve as dry powder for future investments.

In essence, we purchased twice as many securities as we sold, while doubling our yield on that portion of the portfolio and reducing duration. Though we have taken on additional credit risk, shorter-duration securities should have lower price volatility than longer-duration bonds in a

* Portfolio holdings are subject to change without notice. The following is a list of Third Avenue Focused Credit Fund’s 10 largest issuers, as of April 30, 2011: Koosharem Corp., 4.78%; Clear Channel Communications, Inc., 3.95%; Energy Future Holdings Corp./TXU Corp., 3.33%; Nuveen Investments, Inc., 3.26%; Marisco Parent Co., 3.13%; Energy XXI, 2.99%; General Maritime Corp., 2.87%; Lehman Brothers Holdings, 2.72%; Ally Financial/GMAC Capital, 2.39%; and Swift Services Holdings, Inc., 2.30%.

Third Avenue Focused Credit Fund (continued) (Unaudited)

rising interest rate environment. We believe that the credit risk we have assumed with our new purchases is appropriate, given our careful due diligence and deep-dive research into each company prior to it being added to the portfolio. The overall duration of the portfolio has actually crept upwards, but this is a function of our lower cash balance (cash has a zero duration, so the larger the cash position, the shorter the portfolio's duration). By selling securities trading at an average 109 and buying securities trading at an average 85 cents, we have potentially increased the margin of safety for a large portion of the portfolio, by taking out 24 bond points from the price.

The actions we took this quarter also increased the yield of the overall portfolio. Simply moving the cash and equivalents position from 19% to 10% could add 1% to the yield. However, it is important for shareholders to keep in mind that the Fund's primary investment objective is total return.

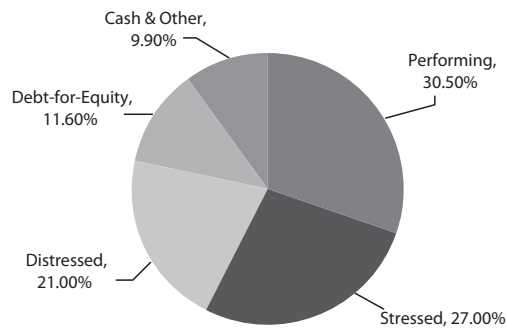
We were able to find so many opportunities, in what some have described as a "tight" market, because of the Fund's flexible mandate and our deep bench of analysts. We can invest up and down the capital structure, from bank loans to high-yield debt to convertibles, preferreds and debt-for-equity exchanges. We can also invest across the risk spectrum, from performing loans, to stressed situations and distressed companies.

Our concentrated approach means that we can put 35% of the Fund's capital to work when we add 25 investments to the portfolio. The more typical high-yield fund, which owns 300-400 securities and is far less concentrated than the Focused Credit Fund, would only be able to put 6-8% of its assets to work in that number of issuers, giving them each a 30-35 basis point weighting. To invest capital on the scale that we did, the typical manager would have to find 100 new names to add in a quarter. The typical high-yield manager, on the hunt for 400 names a year, doesn't have the freedom to be discriminating or the time to perform the deep dive fundamental research that precedes each of our investments.

As money continues to flow into high-yield bond and leveraged loan funds, this can be a very difficult environment for many managers. They are generally afraid to hold cash while they look for opportunities (on average, cash accounts for approximately 3% of high-yield fund portfolios¹); therefore, they have to fill their portfolios quickly by turning to the new issue market and nibbling up a piece of every deal that Wall Street is selling. Large distressed debt hedge fund managers have no new issue market to turn to and are having a difficult time finding large enough distressed situations to fill multi-billion dollar portfolios. As a result, they are either forced to sit on cash, or accept lower returns than they'd like on riskier investments.

The Focused Credit Fund is not immune to these difficulties. After all, we are all looking in the same markets for investments and opportunities. The key difference is that our flexible approach allows us to follow our convictions where they lead us. Unlike dedicated distressed debt hedge funds, we are not mandated to buy distressed securities if the potential returns and margin of safety that we need are not available. We can invest in performing bonds and loans instead. Because the Fund is concentrated, we can build up a reasonable weight in distressed situations by investing in a few, carefully selected companies, with the most favorable upside potential and investment risk that we deem reasonable.

DIVERSIFICATION OF INVESTMENT RISK



¹ JPMorgan High-Yield Strategy Update

Third Avenue Focused Credit Fund (continued) (Unaudited)

MAJOR PORTFOLIO ADDITIONS

Koosharem Corp., which operates as Select Staffing, a privately held staffing company headquartered in Santa Barbara, California, is currently the Fund's largest position. We purchased the first lien bank debt in the 80s and are collecting a 13% cash yield. The company is attempting a balance sheet restructuring that we ultimately believe will be good for Koosharem and that will enhance our investment. We purchased the loans at what we calculate to be a substantial discount to the company's net asset value and the company's performance has been steadily improving since the economy has started to recover.

We bought the Fund's first municipal bond this quarter, a revenue bond backed by 9,000 parking spaces surrounding the new Yankees Stadium, here in New York, at about 62 cents on the dollar. Though I'm a die-hard Red Sox fan, I am not averse to owning blue and white assets, if the likely result is green returns.

We invested in the bank debt of Centro Properties, an Australian property developer well known to Third Avenue's Real Estate team, who helped us with our analysis. These loans became available because original bank holders were selling out due to the company's ongoing restructuring. We were able to purchase the loans at 70 cents on the dollar. Centro is just one example of how the Fund is frequently able to leverage the capabilities of Third Avenue's equity team to help us uncover investment opportunities.

We invested in General Maritime an international crude oil shipping company, when the price of its bonds fell from 96 cents on the dollar to 80 cents. We initiated our position at 83 and continued purchasing up into the low 90s. Since we made our investment, Oaktree Capital Management infused \$200 million into the company that General Maritime used to pay off outstanding amortization loans. General Maritime also raised \$50 million in equity, which the Fund participated in as a capital infusion. While the company is far from out of the woods, it now has the time and liquidity to survive its current troubles.

We have owned the bank debt of investment company Marsico Capital since the Fund's inception and we have been selectively adding to this position and to Marsico bonds as pricing opportunities arise. Initially, we invested in discounted loans at the highest point in the company's capital structure. In November 2010, Marsico eliminated \$1 billion worth of debt subordinated to our investment, which credit enhanced our bank loans. This investment is an excellent example of how we seek to find a margin of safety not just in the price we are willing to pay for a given security, but by investing in the appropriate level in the capital structure. In the case of Marsico, holders of the most junior level debt were wiped out while we were left with a credit-enhanced investment in a healing company.

We increased our position in the unsecured bonds of Lehman Brothers, which is the liquidating holding company of one of Wall Street's most prominent investment banks. Our research analyst Edwin Tai has been following the dissolution of Lehman since its collapse in 2008. We have been both opportunistic and disciplined while accumulating bonds in the low to mid 20s. While distributions are likely to be paid out over several years, we expect a mid-teens internal rate of return on this investment.

We invested in the bonds and equity of Platinum Energy Resources, an oil and gas services company with hydraulic fracturing equipment in use in gas and oil shale fields in Texas and Louisiana. Our investment, made alongside a private equity firm based in California, helped found the company. Demand for fracking equipment is rising and a supply shortage exists in North America. Platinum has contracts with Encana Corp. (a company owned by some Third Avenue equity funds) and Petrohawk, a company that our investment team is extremely familiar with. This, along with our general knowledge of the oil and gas business, helped us to unearth this early stage investment. Our bonds are secured by the value of Platinum's equipment, which is indispensable, difficult to duplicate and in high demand.

Community Health Systems provides acute hospital services throughout rural and urban America. We bought the bonds as prices slumped the day it was revealed that

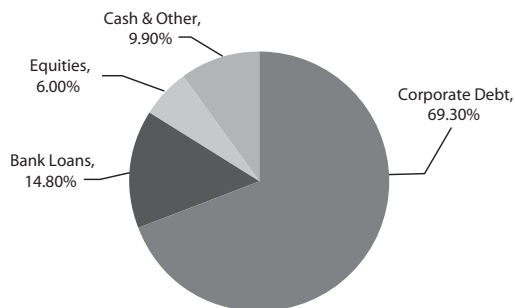
Third Avenue Focused Credit Fund (continued) (Unaudited)

Community Health had allegedly been overbilling Medicare and providing unnecessary medical services. Community is currently being sued by rival Tenet Healthcare over the allegations. Tenet learned of the infractions during merger talks with Community Health and sued, in part, to block a Community Health takeover. Community subsequently withdrew its all-cash bid for Tenet—an improvement to the credit compared with the additional leverage that would have been needed for the acquisition. We believe that our position in the capital structure will protect us from adverse legal outcomes related to this and we see potential for operational improvements as these issues pass.

Investing in high yield, distressed situations or equities involves making decisions about how to deploy real capital in a market rife with imperfect, inaccurate and incomplete information. Our job as analysts is to decipher the data, assess the probabilities of various outcomes and position the Fund so that our shareholders benefit from the most favorable results without undo exposure to unnecessary investment risk. Daily, deep dive, fundamental research is the primary tool that guides our decisions about markets, industries, companies, capital structure position, and price.

We are pleased to announce a new addition to the Third Avenue Credit Team. Nathaniel Kirk joins us after a distinguished 7-year career as a high-yield trader and analyst at JPMorgan Chase. Nate shares Third Avenue's investment philosophy and approach and we believe he will serve the Fund's shareholders well.

FOCUSED CREDIT FUND PORTFOLIO BY SECURITY TYPE



ABOUT THOSE PURE LOAN FUNDS...

In investing, as in life, fear and greed are two powerful motivating factors behind our decisions. A third would be love, but the complexities of that are beyond the purview of this letter. When I see that \$17 billion has flowed into pure loan funds so far this year, I can only conclude that fear is the motivator of these choices. Rising short-term interest rates and the long-term threat of inflation are wearing on investors' minds. Floating rate loan funds are being sold as the easy answer to those fears. It is, in essence, a safety trade or insurance policy.

The problem, as we see it, is that investors are moving money out of cash accounts or high quality investment grade bonds, both of which carry inflation risk, and into portfolios of loans, almost as if these loan portfolios are a cash equivalent or high quality. But these portfolios decidedly don't exhibit those characteristics, which is why we put so much time and effort into analyzing each credit.

The Focused Credit Fund holds 14% of its portfolio in loans, all purchased below par. Recently, the Fund has not participated in new issue loans, where yields typically range between 4 and 5%, but instead has purchased higher-yielding loans of troubled companies on the secondary market. Buying at lower prices increases our margin of safety and our potential total returns. Most loan funds, by mandate, can invest only in loans. Generally, loan funds buy new issues at or near par and are not as selective as we are at Third Avenue.

Next quarter we plan to write more about the loan market and loan funds. We believe that loans can be excellent investments and that they sometimes represent the best value in a company's capital structure, but the promise of inflation protection is no guaranty of returns or performance.

Third Avenue Focused Credit Fund (continued) (Unaudited)

QUARTERLY PERFORMANCE

During the quarter, the Third Avenue Focused Credit Fund Institutional Class Shares returned 3.26% net of fees, which compares to 3.21% for the Barclays High Yield Index and 1.28% for the CSFB Leveraged Loan Index. On a one-year trailing basis, the Fund has returned 14.30%, compared to a return of 13.42% and 7.47% for the Barclays High Yield Index and the CSFB Leveraged Loan Index, respectively. Against a 50/50 blend of the two indexes, the Fund outperformed by 388 basis points for the one-year trailing. The Fund ranked in the top quartile of Morningstar's high-yield category.² The Fund also ranked in the top quartile of all bank loan funds.³

On behalf of myself and the entire Third Avenue credit team, I thank you for your continued support and for taking the time to read this letter. As always, your comments and thoughts are welcome. I look forward to writing to you again after our fiscal third quarter.

Sincerely,



Thomas Lapointe
Portfolio Manager,
Third Avenue Focused Credit Fund

² Source: Morningstar

³ Source: Zephyr Style ADVISOR

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Third Avenue Value Fund

Third Avenue Small-Cap Value Fund

Third Avenue Real Estate Value Fund

Third Avenue International Value Fund

Third Avenue Focused Credit Fund

SEMI-ANNUAL REPORT

April 30, 2011

THIRD AVENUE FUNDS

Privacy Policy

Third Avenue Funds (the “Funds”) respect your right to privacy. We also know that you expect us to conduct and process your business in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. This is the information we collect from you on applications or other forms and from the transactions you make with us, our affiliates, or third parties. We do not disclose any information about you or any of our former customers to anyone, except to our affiliates (which may include the Funds’ affiliated money management entities) and service providers, or as otherwise permitted by law. To protect your personal information, we permit access only by authorized employees. Be assured that we maintain physical, electronic and procedural safeguards that comply with federal standards to guard your personal information.

Proxy Voting Policies and Procedures

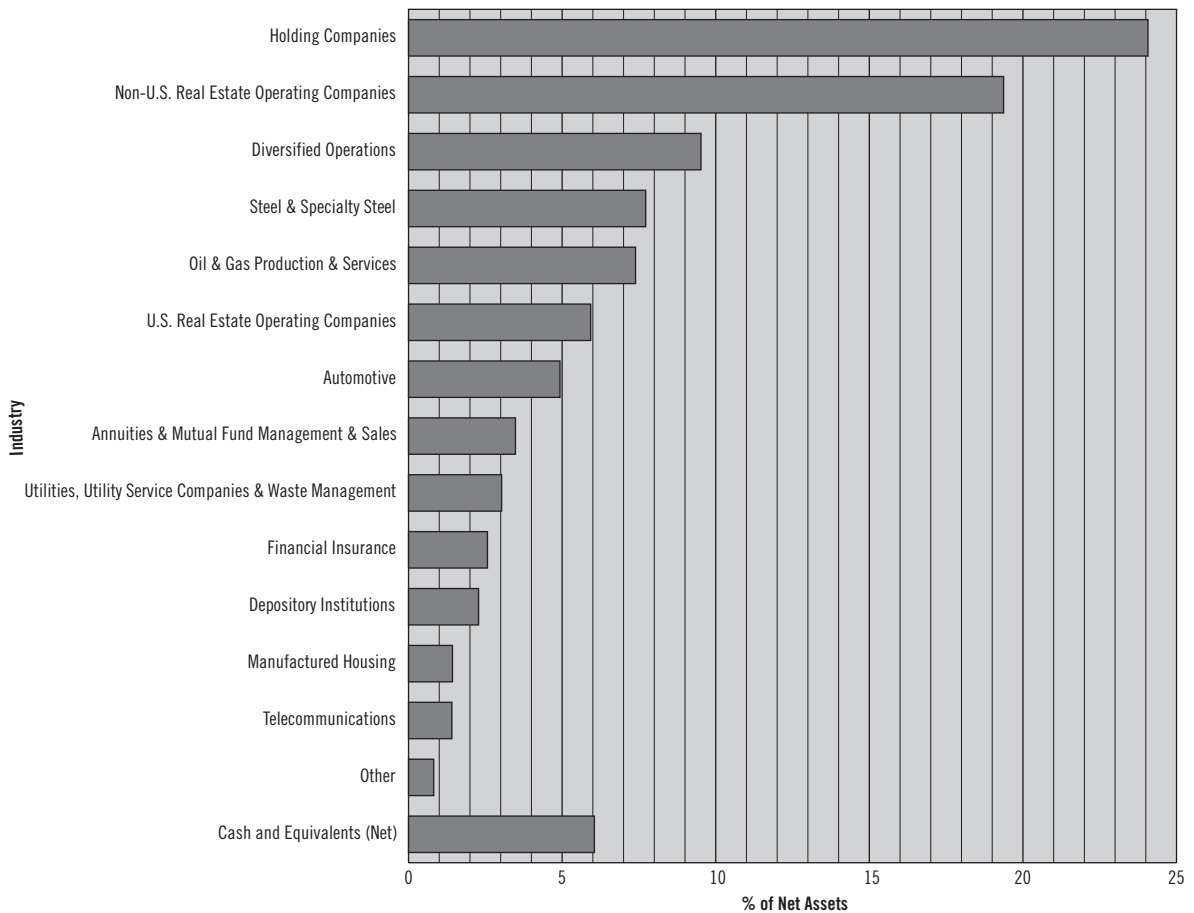
The Funds have delegated the voting of proxies relating to their voting securities to the Funds’ investment adviser pursuant to the adviser’s proxy voting guidelines. A description of these proxy voting guidelines and procedures, as well as information relating to how a Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available by August 31, each year (i) without charge, upon request, by calling (800) 443-1021, (ii) on the website of the Securities and Exchange Commission (“SEC”) at <http://www.sec.gov>, and (iii) on the Funds’ website www.thirdave.com.

Schedule of Portfolio Holdings—Form N-Q

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds’ Form N-Q is available on the SEC’s website at <http://www.sec.gov>, and may be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**Third Avenue Trust
Third Avenue Value Fund
Industry Diversification
(Unaudited)**

The summary of the Fund's investments as of April 30, 2011 is as follows:



The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Portfolio of Investments
at April 30, 2011
(Unaudited)**

Principal Amount (\$)	Value (Note 1)	Shares	Value (Note 1)
Corporate Debt Instruments - 2.67%			
			Automotive - 4.93%
17,485,595		8,129,400	Toyota Industries Corp. (Japan) \$ 246,422,290
			Consumer Products - 0.00%#
		526,368	Home Products International, Inc. (a) (b) (c) (e) 26,318
	\$ 5,439,768		
			Depository Institutions - 2.28%
211,630,000		218,500	Carver Bancorp, Inc. (c) 131,056
		10,728,450	Chong Hing Bank, Ltd. (Hong Kong) 27,407,365
	128,036,150	10,000,000	KeyCorp 86,700,000
			114,238,421
			Diversified Operations - 9.52%
		7,226,929	Brookfield Asset Management, Inc., Class A (Canada) 242,969,353
		31,822,822	Wharf (Holdings), Ltd. (The) (Hong Kong) 232,742,481
			475,711,834
			Financial Insurance - 0.01%
		37	Manifold Capital Holdings, Inc. (a) (b) (c) (e) 555,000
			Holding Companies - 24.07%
		83,370	Capital Southwest Corp. 8,023,529
		42,692,000	Cheung Kong Holdings, Ltd. (Hong Kong) 671,747,935
		10,078,955	Investor AB, Class A (Sweden) 243,031,178
		80,000,000	Lai Sun Garment International, Ltd. (Hong Kong) (a) 10,300,982
		3,317,350	RHJ International (Belgium) (a) (e) 27,564,739
		58,890,500	Wheelock & Co., Ltd. (Hong Kong) 242,651,988
			1,203,320,351
Preferred Stocks - 0.00%#			
			Insurance & Reinsurance - 0.00%#
4,775		8,973	Ecclesiastical Insurance, 8.625% (United Kingdom) 8,973
1,022,245			RS Holdings Corp., Convertible, Class A (a) (b) (c) (e) 221,144
	221,144		
			Total Preferred Stocks
	230,117		(Cost \$1,022,936) 230,117
Common Stocks - 91.08%			
			Annuities & Mutual Fund Management & Sales - 3.48%
6,000,000			Bank of New York Mellon Corp. (The) 173,760,000
	173,760,000		
			Auto Supply - 0.00%
652,203		0	ISE, Ltd. ¹ (a) (b) 0

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)**

Investment Amount (\$) or Partnership Units	Value (Note 1)
Limited Partnerships - 0.20%	
400,000	
Infrastructure - 0.19%	
Brookfield Infrastructure Partners L.P. (Canada) ²	\$ 9,400,000
1,805,000	
Insurance & Reinsurance - 0.01%	
Insurance Partners II Equity Fund, L.P. (a) (b)	381,885
	Total Limited Partnerships
	(Cost \$8,007,814) 9,781,885
	Total Investment
	Portfolio - 93.95%
	(Cost \$3,581,667,781) 4,696,943,984
	Other Assets less
	Liabilities - 6.05%
	302,531,102
	NET ASSETS - 100.00%
	\$ 4,999,475,086

The aggregate cost is \$3,581,667,781.
The aggregate gross unrealized appreciation is \$1,579,277,398.
The aggregate gross unrealized depreciation is \$(464,001,195).

Country Concentration	% of Net Assets
Hong Kong	43.07%
United States	20.38
South Korea	7.72
Canada	6.52
Bermuda	5.92
Japan	4.93
Sweden	4.86
Belgium	0.55
United Kingdom	0.00*
Total	93.95%

* Amount represents less than 0.01% of total net assets.

Notes:

ADR: American Depository Receipt

PIK: Payment-in-kind

(a) Non-income producing security.

(b) Fair-valued security.

(c) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).

(d) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(e) Security is subject to restrictions on resale.

(f) Variable rate security. The rate disclosed is in effect as of April 30, 2011.

Amount represents less than 0.01% of total net assets.

¹ Incorporated in Cayman Islands.

² Bermuda exempted limited partnership.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Statement of Assets and Liabilities
April 30, 2011
(Unaudited)**

Assets:

Investments at value (Notes 1 and 4):	
Unaffiliated issuers (cost of \$2,986,686,691)	\$4,121,832,672
Affiliated issuers (cost of \$594,981,090)	575,111,312
Total investments (cost of \$3,581,667,781)	4,696,943,984
Cash	235,992,857
Receivable for securities sold	56,568,750
Dividends and interest receivable	22,402,256
Receivable for fund shares sold	1,420,522
Tax receivable	564,115
Other assets	79,246
Other receivables	43,479
Total assets	<u>5,014,015,209</u>

Liabilities:

Payable for fund shares redeemed	7,816,003
Payable to investment adviser (Note 3)	4,029,256
Payable for shareholder servicing fees (Note 3)	1,432,835
Accounts payable and accrued expenses	1,176,106
Payable to trustees and officers	43,462
Distribution fees payable (Note 5)	42,461
Total liabilities	<u>14,540,123</u>
Net assets	<u>\$4,999,475,086</u>

Summary of net assets:

Capital stock, \$0.001 par value	\$4,401,372,115
Accumulated distributions in excess of net investment income	(155,964,612)
Accumulated net realized losses on investments and foreign currency transactions	(361,304,645)
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	1,115,372,228
Net assets applicable to capital shares outstanding	<u>\$4,999,475,086</u>

Investor Class:

Net assets applicable to 545,924 shares outstanding, unlimited number of shares authorized	<u>\$ 29,575,433</u>
Net asset value, offering and redemption price per share	<u>\$54.18</u>

Institutional Class:

Net assets applicable to 91,687,712 shares outstanding, unlimited number of shares authorized	<u>\$4,969,899,653</u>
Net asset value, offering and redemption price per share	<u>\$54.20</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Statement of Operations
For the Six Months Ended April 30, 2011
(Unaudited)**

Investment Income:	
Interest	\$ 16,333,477
Dividends - unaffiliated issuers (net of foreign withholding tax of \$2,972,031)	23,100,657
Dividends - affiliated issuers (Note 4)	740,097
Other income	63,124
	<hr/>
Total investment income	40,237,355
Expenses:	
Investment advisory fees (Note 3)	22,438,179
Shareholder servicing fees (Note 3)	4,322,278
Transfer agent fees	630,059
Custodian fees	426,670
Reports to shareholders	391,166
Trustees' and officers' fees and expenses	271,300
Administration fees (Note 3)	126,414
Accounting fees	120,737
Legal fees	118,223
Auditing and tax consulting fees	81,488
Insurance expenses	61,780
Registration and filing fees	29,790
Distribution fees (Note 5)	29,554
Miscellaneous expenses	62,568
	<hr/>
Total expenses	29,110,206
Less: Expense waived (Note 3)	(356,273)
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(53,372)
	<hr/>
Net expenses	28,700,561
	<hr/>
Net investment income	11,536,794
Realized and unrealized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	277,144,317
Net realized loss on investments - affiliated issuers	(1,007,059)
Net realized gain on foreign currency transactions	9,676
Net change in unrealized appreciation/(depreciation) on investments	200,065,587
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(95,151)
	<hr/>
Net gain on investments and foreign currency transactions	476,117,370
	<hr/>
Net increase in net assets resulting from operations	\$487,654,164

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Statement of Changes in Net Assets**

	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010
Operations:		
Net investment income	\$ 11,536,794	\$ 81,858,040
Net realized gain on investments - unaffiliated issuers	277,144,317	85,031,261
Net realized gain (loss) on investments - affiliated issuers	(1,007,059)	32,288,004
Net realized gain (loss) on foreign currency transactions	9,676	(330,285)
Net change in unrealized appreciation/(depreciation) on investments	200,065,587	520,891,614
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(95,151)	152,864
Net increase in net assets resulting from operations	<u>487,654,164</u>	<u>719,891,498</u>
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(380,280)	—
Institutional Class	(93,625,411)	(141,917,365)
Decrease in net assets from dividends and distributions	<u>(94,005,691)</u>	<u>(141,917,365)</u>
Capital Share Transactions:		
Proceeds from sale of shares	177,335,494	464,300,106
Net asset value of shares issued in reinvestment of dividends and distributions	89,053,928	130,284,578
Redemption fees	26,696	87,629
Cost of shares redeemed	(719,250,753)	(1,802,261,235)
Net decrease in net assets resulting from capital share transactions	(452,834,635)	(1,207,588,922)
Net decrease in net assets	(59,186,162)	(629,614,789)
Net assets at beginning of period	<u>5,058,661,248</u>	<u>5,688,276,037</u>
Net assets at end of period (including accumulated distributions in excess of net investment income of \$(155,964,612) and \$(73,495,715), respectively)	<u>\$4,999,475,086</u>	<u>\$ 5,058,661,248</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Financial Highlights**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

<u>Investor Class:</u>	<u>For the Six Months Ended April 30, 2011 (Unaudited)</u>	<u>For the Period Ended October 31, 2010*</u>
Net asset value, beginning of period	\$50.09	\$46.32
Income from investment operations:		
Net investment income	0.09	0.59
Net gain on investment transactions (both realized and unrealized)	4.90 ²	3.18 ¹
Total from investment operations	4.99	3.77
Less dividends and distributions to shareholders:		
Dividends from net investment income	(0.90)	—
Total dividends and distributions	(0.90)	—
Net asset value, end of period	\$54.18	\$50.09
Total return ³	10.06% ⁴	8.16% ⁴
Ratios/Supplemental Data:		
Net assets, end of period (in thousands)	\$29,575	\$18,553
Ratio of expenses to average net assets		
Before fee waivers and expense offset arrangement	1.42% ⁵	1.46% ⁵
After fee waivers and expense offset arrangement ⁶	1.40% ^{5#}	1.40% ^{5#}
Ratio of net investment income to average net assets	0.35% ⁵	1.54% ⁵
Portfolio turnover rate	1% ⁴	2% ⁴

¹ Includes redemption fees of \$0.04 per share.

² Includes redemption fees of \$0.01 per share.

³ Performance figures may reflect fee waivers and/or expense offset arrangement. Past performance is no guarantee of future results. In the absence of fee waivers and/or expense offset arrangement, the total return would have been lower.

⁴ Not annualized.

⁵ Annualized.

⁶ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.40%.

The investment adviser waived a portion of its fees.

* Period from December 31, 2009 (Commencement of Operations) to October 31, 2010.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Value Fund
Financial Highlights (continued)**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Institutional Class:	For the Six Months Ended April 30, 2011 (Unaudited)	Years Ended October 31,				
	2010	2009	2008	2007	2006	
Net asset value, beginning of period	\$50.13	\$44.60	\$35.16	\$68.04	\$60.29	\$58.62
Income (loss) from investment operations:						
Net investment income	0.12 [@]	0.71 [@]	0.81 [@]	1.01 [@]	1.52	2.40
Net gain (loss) on investment transactions (both realized and unrealized) ¹	4.92	5.96	8.81	(31.80)	9.57	4.76
Total from investment operations	5.04	6.67	9.62	(30.79)	11.09	7.16
Less dividends and distributions to shareholders:						
Dividends from net investment income	(0.97)	(1.14)	(0.18)	(1.63)	(3.24)	(1.61)
Distributions from realized gains	—	—	(0.00)*	(0.46)	(0.10)	(3.88)
Total dividends and distributions	(0.97)	(1.14)	(0.18)	(2.09)	(3.34)	(5.49)
Net asset value, end of period	\$54.20	\$50.13	\$44.60	\$35.16	\$68.04	\$60.29
Total return ²	10.15% ³	15.25%	27.59%	(46.52)%	19.25%	13.08%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	\$4,969,900	\$5,040,109	\$5,688,276	\$5,372,294	\$12,124,948	\$9,275,574
Ratio of expenses to average net assets						
Before fee waivers and expense offset arrangement	1.17% ⁴	1.19%	1.17%	1.11%	1.08%	1.08%
After fee waivers and expense offset arrangement ⁵	1.15% ^{4#}	1.15% [#]	1.17%	1.11%	1.08%	1.08%
Ratio of net investment income to average net assets	0.46% ⁴	1.55%	2.23%	1.89%	1.32%	2.83%
Portfolio turnover rate	1% ³	2%	5%	17%	5%	7%

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers and/or expense offset arrangement. Past performance is no guarantee of future results. In the absence of fee waivers and/or expense offset arrangement, the total return would have been lower.

³ Not annualized.

⁴ Annualized.

⁵ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.15% effective December 31, 2009.

[#] The investment adviser waived a portion of its fees.

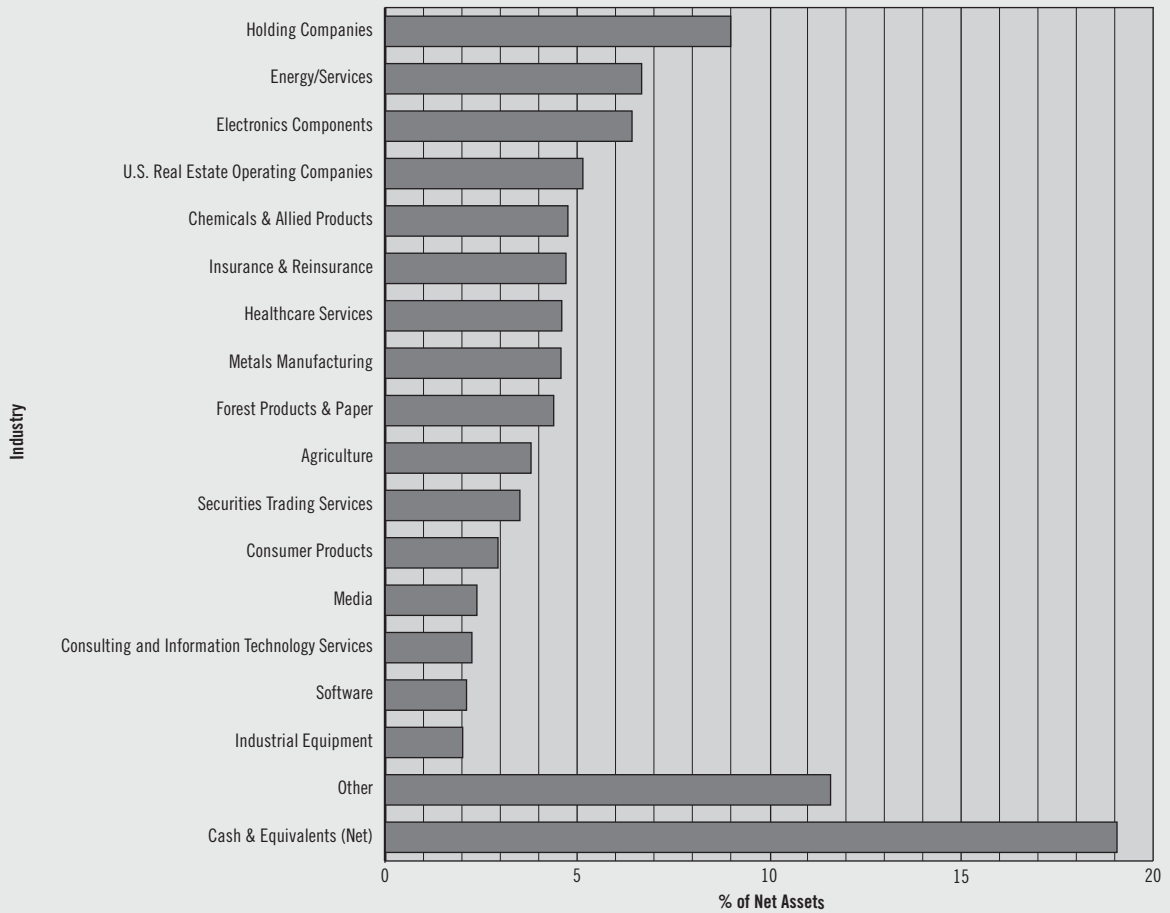
[@] Calculated based on the average number of shares outstanding during the period.

* Amount is less than \$0.01.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Small-Cap Value Fund
Industry Diversification
(Unaudited)**

The summary of the Fund's investments as of April 30, 2011 is as follows:



The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Portfolio of Investments
at April 30, 2011
(Unaudited)

Principal Amount (\$)		Value (Note 1)	Shares or Units		Value (Note 1)
Corporate Debt Instruments - 1.01%					
	Oil & Gas - 1.01%				
10,475,000	W & T Offshore, Inc., 8.250%, due 6/15/14 (e)	\$ 10,946,375			
	Total Corporate Debt Instruments (Cost \$7,391,571)	<u>10,946,375</u>			
				Electronics Components - 6.43%	
			741,242	Bel Fuse, Inc., Class B (c)	\$ 14,921,201
			504,411	Electronics for Imaging, Inc. (a)	9,059,222
			1,043,440	Ingram Micro, Inc., Class A (a)	19,543,631
			629,647	MEMC Electronic Materials, Inc. (a)	7,448,724
			594,027	Park Electrochemical Corp.	18,991,043
					<u>69,963,821</u>
				Energy/Services - 6.68%	
			429,489	Bristow Group, Inc. (a)	19,928,290
			848,535	Bronco Drilling Co., Inc. (a)	9,316,914
			457,225	Pioneer Drilling Co. (a)	7,086,988
			182,562	SEACOR Holdings, Inc.	18,042,603
			307,752	Tidewater, Inc.	18,314,322
					<u>72,689,117</u>
				Food Processing - 1.54%	
			352,882	Sanderson Farms, Inc.	16,797,183
				Forest Products & Paper - 4.39%	
			21,530,352	Catalyst Paper Corp. (Canada) (a) (b) (c) (d)	4,460,127
			1,906,065	P.H. Glatfelter Co.	25,922,484
			2,606,263	TimberWest Forest Corp. Units (Canada) (a)	17,381,514
					<u>47,764,125</u>
				Healthcare Services - 4.60%	
			3,066,626	Cross Country Healthcare, Inc. (a) (c)	22,754,365
			885,382	Pharmaceutical Product Development, Inc.	27,314,035
					<u>50,068,400</u>
				Common Stocks - 78.80%	
	Agriculture - 3.80%				
3,442,937	Viterra, Inc. (Canada)	41,374,194			
	Chemicals & Allied Products - 4.76%				
447,327	Lanxess AG (Germany)	41,032,306			
35,000	Minerals Technologies, Inc.	2,380,000	352,882		
129,033	Westlake Chemical Corp.	8,471,016			
		<u>51,883,322</u>			
	Computer Peripherals - 1.84%				
707,309	Imation Corp. (a)	7,264,063	1,906,065		
397,273	Lexmark International, Inc., Class A (a)	12,812,054	2,606,263		
		<u>20,076,117</u>			
	Consulting and Information Technology Services - 2.26%				
179,126	ICF International, Inc. (a)	4,363,509	3,066,626		
461,006	ManTech International Corp., Class A (a)	20,233,553	885,382		
		<u>24,597,062</u>			
	Consumer Products - 2.94%				
930,540	JAKKS Pacific, Inc. (a)	19,578,562			
1,007,308	K-Swiss, Inc., Class A (a)	12,399,962			
		<u>31,978,524</u>			

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

Shares or Units	Value (Note 1)	Shares or Units	Value (Note 1)
Common Stocks (continued)		Metals Manufacturing - 4.58%	
		747,352	Encore Wire Corp. \$ 20,858,594
242,431	Holding Companies - 7.87%	578,099	Kaiser Aluminum Corp. 28,968,541
	Ackermans & van Haaren NV (Belgium) \$ 25,365,216		49,827,135
221,539	Brookfield Asset Management, Inc., Class A (Canada) 7,448,141		Non-U.S. Real Estate Operating Companies - 1.68%
1,283,102	JZ Capital Partners, Ltd. (Guernsey) 9,131,011	4,562,000	Sapporo Holdings, Ltd. (Japan) 18,332,156
1,039,680	JZ Capital Partners, Ltd. Limited Voting Shares (Guernsey) (d) 7,398,733		Oil & Gas - 0.24%
432,140	Leucadia National Corp. 16,706,532	23,331	Cimarex Energy Co. 2,580,175
475,780,230	PYI Corp., Ltd. (Hong Kong) ¹ (a) (c) 19,604,014		Securities Trading Services - 3.51%
	85,653,647	561,785	Broadridge Financial Solutions, Inc. 13,055,883
	Industrial Equipment - 2.02%	1,472,766	Investment Technology Group, Inc. (a) 25,199,026
110,436	Alamo Group, Inc. 3,159,574		38,254,909
980,316	Wacker Neuson SE (Germany) (a) 18,803,366		
	21,962,940		Semiconductor Equipment Manufacturers & Related - 1.87%
129,444	Industrial Services - 0.61%		Electro Scientific Industries, Inc. (a) 16,162,800
	UniFirst Corp. 6,700,021	982,541	Verigy, Ltd. (Singapore) (a) 4,208,207
	Insurance & Reinsurance - 4.71%		20,371,007
222,592	Arch Capital Group, Ltd. (Bermuda) (a) 23,149,568	844,670	Synopsys, Inc. (a) 23,135,511
10,624	E-L Financial Corp., Ltd. (Canada) 5,423,445	291,024	Sycamore Networks, Inc. 3,549,242
698,733	HCC Insurance Holdings, Inc. 22,736,772		Tellabs, Inc. 9,892,024
	51,309,785		13,441,266
	Life Insurance - 1.58%		
106,759	National Western Life Insurance Co., Class A 17,195,672		
	Media - 2.39%		
205,124	Liberty Media Corp. - Starz Series A (a) 15,763,779	2,010,574	
375,221	Madison Square Garden, Inc., Class A (a) 10,262,294		
	26,026,073		

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Small-Cap Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)**

Shares or Units		Value (Note 1)	Notional Amount †		Value (Note 1)
Common Stocks (continued)			Purchased Options - 0.14%		
	U.S. Real Estate Operating Companies - 5.15%			Foreign Currency Put Options - 0.14%	
403,227	Alexander & Baldwin, Inc.	\$ 21,250,063	75,000,000	Euro Currency, strike 1.20 Euro, expires 3/7/12 (a)	\$ 544,988
259,434	Alico, Inc.	6,690,803			
149,546	Tejon Ranch Co. (a)	5,329,819	50,000,000	Japan Currency, strike 100 Yen, expires 10/24/13 (a)	951,250
464,448	Vail Resorts, Inc. (a)	22,753,308			
		<u>56,023,993</u>		Total Purchased Options (Cost \$3,687,500)	<u>1,496,238</u>
	Total Common Stocks (Cost \$727,360,729)	<u>858,006,155</u>		Purchased Swaptions - 0.05%	
				Foreign Currency Put Swaptions - 0.05%	
Investment Amount (\$)				Payer Options Purchased on Interest Rate Swaps:	
Limited Partnerships - 1.13%				47,627,920,000^{JPY} Expiring 11/4/11, if exercised the Fund pays semi-annually 3.220% and receives semi- annual floating 6 month JPY LIBOR terminating 11/8/21, European Style. Counterparty: JPMorgan Chase Bank, N.A. (a)	
	Holding Companies - 1.13%				45,623
1,000,000	AP Alternative Assets, L.P. (Guernsey) (b)	<u>12,293,000</u>			
	Total Limited Partnerships (Cost \$20,000,000)	<u>12,293,000</u>		26,304,564,000^{JPY} Expiring 11/5/12, if exercised the Fund pays semi-annually 4.420% and receives semi- annual floating 6 month JPY LIBOR terminating 11/7/22, European Style. Counterparty: JPMorgan Chase Bank, N.A. (a)	<u>519,508</u>
				Total Purchased Swaptions (Cost \$1,242,500)	<u>565,131</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Statement of Assets and Liabilities
April 30, 2011
(Unaudited)

Assets:

Investments at value (Notes 1 and 4):	
Unaffiliated issuers (cost of \$762,405,143)	\$ 946,531,018
Affiliated issuers (cost of \$122,226,072)	61,739,707
Total investments (cost of \$884,631,215)	<u>1,008,270,725</u>
Cash	77,985,558
Receivable for securities sold	6,687,179
Dividends and interest receivable	967,989
Receivable for fund shares sold	500,854
Other assets	33,145
Total assets	<u>1,094,445,450</u>

Liabilities:

Payable for securities purchased	2,236,507
Payable for fund shares redeemed	2,051,691
Payable to investment adviser (Note 3)	846,881
Accounts payable and accrued expenses	297,487
Payable for shareholder servicing fees (Note 3)	224,556
Distribution fees payable (Note 5)	10,403
Payable to trustees and officers	9,573
Total liabilities	<u>5,677,098</u>
Net assets	<u>\$1,088,768,352</u>

Summary of net assets:

Capital stock, \$0.001 par value	\$ 963,732,849
Accumulated distributions in excess of net investment income	(8,771,302)
Accumulated net realized gains on investments and foreign currency transactions	10,134,509
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	<u>123,672,296</u>
Net assets applicable to capital shares outstanding	<u>\$1,088,768,352</u>

Investor Class:

Net assets applicable to 307,926 shares outstanding, unlimited number of shares authorized	\$ 7,028,898
Net asset value, offering and redemption price per share	<u>\$22.83</u>

Institutional Class:

Net assets applicable to 47,324,483 shares outstanding, unlimited number of shares authorized	<u>\$1,081,739,454</u>
Net asset value, offering and redemption price per share	<u>\$22.86</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Statement of Operations
For the Six Months Ended April 30, 2011
(Unaudited)

Investment Income:	
Interest	\$ 1,430,495
Dividends - unaffiliated issuers (net of foreign withholding tax of \$101,004)	4,207,909
Dividends - affiliated issuers (Note 4)	103,774
Other income	3,710
Total investment income	<u>5,745,888</u>
Expenses:	
Investment advisory fees (Note 3)	4,830,273
Shareholder servicing fees (Note 3)	828,028
Transfer agent fees	140,157
Reports to shareholders	85,762
Accounting fees	62,252
Trustees' and officers' fees and expenses	57,779
Auditing and tax consulting fees	42,348
Custodian fees	30,725
Administration fees (Note 3)	26,438
Registration and filing fees	21,703
Legal fees	18,995
Insurance expenses	13,963
Distribution fees (Note 5)	7,224
Miscellaneous expenses	14,711
Total expenses	<u>6,180,358</u>
Recovery of expenses previously waived (Note 3)	16,870
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(17,989)
Net expenses	<u>6,179,239</u>
Net investment loss	<u>(433,351)</u>
Realized and unrealized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	62,509,654
Net realized loss on investments - affiliated issuers	(715,862)
Net realized gain on written options	110,141
Net realized gain on foreign currency transactions	618,378
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	128,122,054
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(5,816)
Net gain on investments and foreign currency transactions	<u>190,638,549</u>
Net increase in net assets resulting from operations	<u>\$190,205,198</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Statement of Changes in Net Assets

	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010
Operations:		
Net investment income (loss)	\$ (433,351)	\$ 7,517,974
Net realized gain on investments - unaffiliated issuers	62,509,654	43,561,633
Net realized loss on investments - affiliated issuers	(715,862)	(7,803,212)
Net realized gain on written options	110,141	196,879
Net realized gain (loss) on foreign currency transactions	618,378	(129,964)
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	128,122,054	103,045,809
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(5,816)	19,195
Net increase in net assets resulting from operations	<u>190,205,198</u>	<u>146,408,314</u>
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(48,442)	—
Institutional Class	(10,950,536)	(9,502,988)
Decrease in net assets from dividends and distributions	<u>(10,998,978)</u>	<u>(9,502,988)</u>
Capital Share Transactions:		
Proceeds from sale of shares	41,011,924	102,684,419
Net asset value of shares issued in reinvestment of dividends and distributions	10,514,067	9,086,737
Redemption fees	7,578	26,097
Cost of shares redeemed	(196,650,154)	(411,850,491)
Net decrease in net assets resulting from capital share transactions	<u>(145,116,585)</u>	<u>(300,053,238)</u>
Net increase (decrease) in net assets	34,089,635	(163,147,912)
Net assets at beginning of period	<u>1,054,678,717</u>	<u>1,217,826,629</u>
Net assets at end of period (including accumulated distributions in excess of net investment income and accumulated undistributed net investment income of \$(8,771,302) and \$2,661,027, respectively)	<u>\$1,088,768,352</u>	<u>\$1,054,678,717</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Small-Cap Value Fund
Financial Highlights**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

<u>Investor Class:</u>	<u>For the Six Months Ended April 30, 2011 (Unaudited)</u>	<u>For the Period Ended October 31, 2010*</u>
Net asset value, beginning of period	\$19.35	\$18.19
Income (loss) from investment operations:		
Net investment income (loss)	(0.04)	0.02
Net gain on investment transactions (both realized and unrealized)	3.71 ¹	1.14 ¹
Total from investment operations	<u>3.67</u>	<u>1.16</u>
Less dividends and distributions to shareholders:		
Dividends from net investment income	(0.19)	—
Total dividends and distributions	<u>(0.19)</u>	<u>—</u>
Net asset value, end of period	<u>\$22.83</u>	<u>\$19.35</u>
Total return ²	19.04% ³	6.38% ³
Ratios/Supplemental Data:		
Net assets, end of period (in thousands)	\$7,029	\$4,505
Ratio of expenses to average net assets		
Before fee waivers/expense offset arrangement/recovery	1.40% ⁴	1.42% ⁴
After fee waivers/expense offset arrangement/recovery ⁵	1.40% ⁴	1.40% ^{4#}
Ratio of net investment income (loss) to average net assets	(0.39)% ⁴	0.10% ⁴
Portfolio turnover rate	10% ³	9% ³

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

³ Not annualized.

⁴ Annualized.

⁵ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.40%.

The investment adviser waived a portion of its fees.

* Period from December 31, 2009 (Commencement of Operations) to October 31, 2010.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Small-Cap Value Fund
Financial Highlights (continued)

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Institutional Class:	For the Six Months Ended April 30, 2011	Years Ended October 31,				
	(Unaudited)	2010	2009	2008	2007	2006
Net asset value, beginning of period	\$19.38	\$17.17	\$16.45	\$27.66	\$26.54	\$24.23
Income (loss) from investment operations:						
Net investment income (loss)	(0.01) [®]	0.12 [®]	0.19 [®]	0.09 [®]	0.27	0.44
Net gain (loss) on investment transactions (both realized and unrealized)	3.70 ¹	2.23 ¹	1.18 ¹	(8.58) ¹	2.27 ¹	2.50 ¹
Total from investment operations	3.69	2.35	1.37	(8.49)	2.54	2.94
Less dividends and distributions to shareholders:						
Dividends from net investment income . . .	(0.21)	(0.14)	(0.12)	(0.23)	(0.43)	(0.30)
Distributions from realized gains	—	—	(0.53)	(2.49)	(0.99)	(0.33)
Total dividends and distributions	(0.21)	(0.14)	(0.65)	(2.72)	(1.42)	(0.63)
Net asset value, end of period	\$22.86	\$19.38	\$17.17	\$16.45	\$27.66	\$26.54
Total return ²	19.15% ³	13.73%	9.34%	(33.50)%	9.93%	12.33%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands) . .	\$1,081,739	\$1,050,173	\$1,217,827	\$1,372,740	\$2,245,342	\$2,409,624
Ratio of expenses to average net assets						
Before fee waivers/expense offset arrangement/recovery	1.15% ⁴	1.16%	1.13%	1.10%	1.09%	1.09%
After fee waivers/expense offset arrangement/recovery ⁵	1.15% ⁴	1.14%#	1.13%	1.10%	1.09%	1.09%
Ratio of net investment income (loss) to average net assets	(0.08)% ⁴	0.65%	1.29%	0.40%	0.95%	1.67%
Portfolio turnover rate	10% ³	9%	15%	46%	27%	15%

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

³ Not annualized.

⁴ Annualized.

⁵ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.15% effective December 31, 2009.

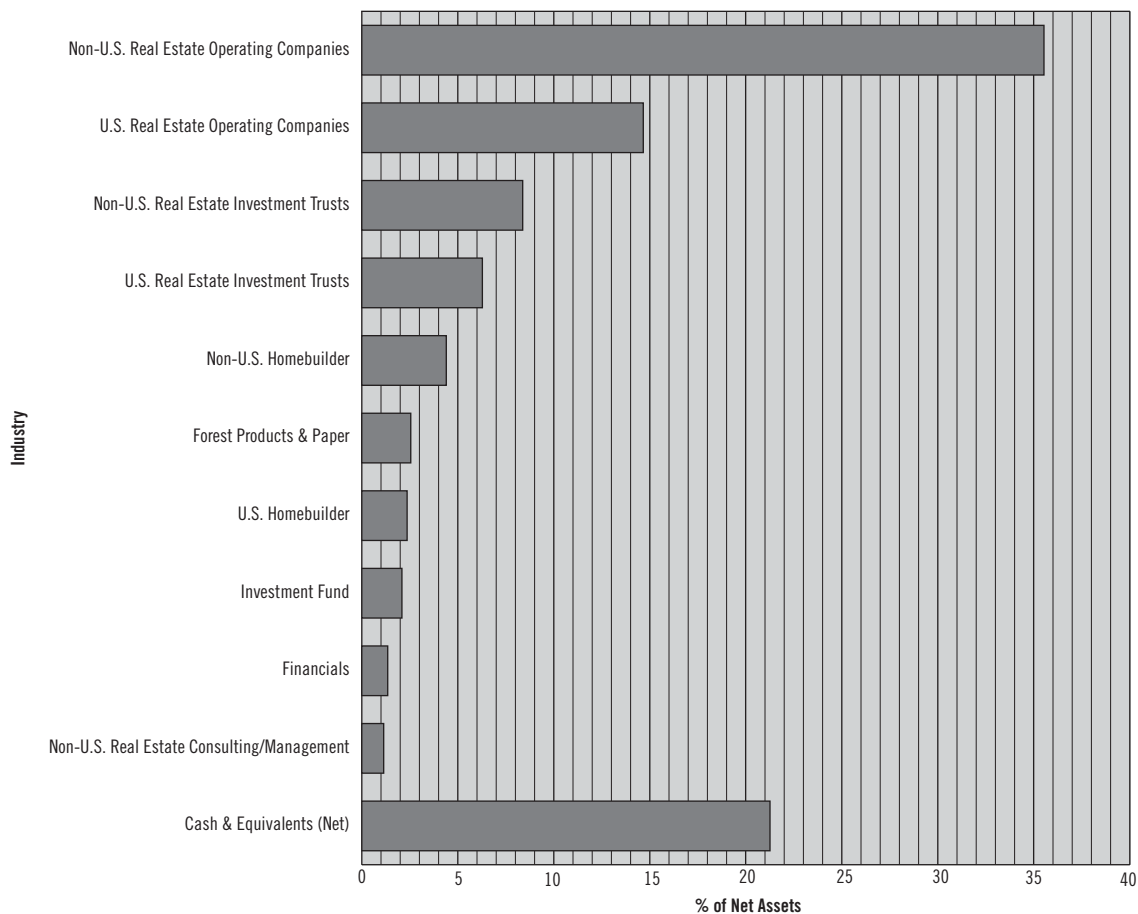
The investment adviser waived a portion of its fees.

® Calculated based on the average number of shares outstanding during the period.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Real Estate Value Fund
Industry Diversification
(Unaudited)**

The summary of the Fund's investments as of April 30, 2011 is as follows:



The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Real Estate Value Fund
Portfolio of Investments
at April 30, 2011
(Unaudited)

Principal Amount (\$)	Value (Note 1)	Shares or Units	Value (Note 1)
Corporate Debt Instruments - 1.35%			Non-U.S. Real Estate
	Financials - 1.35%		Operating Companies - 35.53%
	Lehman Brothers Holdings, Inc.*:	2,273,126	Brookfield Asset Management, Inc., Class A (Canada) \$ 76,422,496
37,625,000	due 3/23/09 (d) \$ 9,782,500	20,128,500	Capitaland, Ltd. (Singapore) 55,910,216
12,375,000	due 5/25/10 3,217,500	1,750,000	Cheung Kong Holdings, Ltd. (Hong Kong) 27,535,812
50,000,000	due 1/24/13 13,125,000		Daibiru Corp. (Japan) 26,675,783
	Total Corporate Debt Instruments	3,362,300	Henderson Land Development Co., Ltd. (Hong Kong) 102,488,989
	(Cost \$21,482,675) 26,125,000	14,975,637	Hongkong Land Holdings, Ltd. (Hong Kong) ¹ 34,821,010
Shares or Units		4,649,000	Hysan Development Co., Ltd. (Hong Kong) 61,407,372
		13,156,000	Mitsubishi Estate Co., Ltd. (Japan) 45,009,456
Common Stocks - 75.30%		2,572,000	Mitsui Fudosan Co., Ltd. (Japan) 42,190,533
	Forest Products & Paper - 2.55%	2,431,000	NTT Urban Development Corp. (Japan) 20,743,698
2,151,558	Weyerhaeuser Co. 49,507,350	25,000	Quintain Estates & Development PLC (United Kingdom) (a) 17,018,885
	Non-U.S. Homebuilder - 4.40%	21,869,072	Songbird Estates PLC (United Kingdom) (a) 57,861,833
3,800,000	Bellway PLC (United Kingdom) 44,992,170	22,721,694	Sun Hung Kai Properties, Ltd. (Hong Kong) 47,965,530
1,308,761	Berkeley Group (Holdings) PLC (United Kingdom) (a) 23,219,540	3,071,000	Wheelock & Co., Ltd. (Hong Kong) 73,765,331
26,425,967	Taylor Wimpey PLC (United Kingdom) (a) 17,268,823	17,902,500	<u>689,816,944</u>
	Non-U.S. Real Estate		U.S. Homebuilder - 2.36%
	Consulting/Management - 1.14%		Lennar Corp., Class A 44,613,074
3,309,535	Savills PLC (United Kingdom) 22,185,145	2,349,293	Ryland Group Inc. (The) 1,158,039
	Non-U.S. Real Estate	66,900	<u>45,771,113</u>
	Investment Trusts - 8.38%		U.S. Real Estate Investment
1,670,168	Derwent London PLC (United Kingdom) 50,106,427	3,080,298	Trusts - 6.28%
32,038,824	Dexus Property Group (Australia) 30,903,483	862,024	First Industrial Realty Trust, Inc. (a) 38,565,331
10,400,712	Hammerson PLC (United Kingdom) 81,768,189		Vornado Realty Trust (e) 83,340,480
	<u>162,778,099</u>		<u>121,905,811</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Real Estate Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)**

Shares or Units		Value (Note 1)	Principal Amount (\$)	Value (Note 1)
Common Stocks (continued)			Short Term Investments - 11.33%	
	U.S. Real Estate Operating Companies - 14.66%			U.S. Government Obligations - 11.33%
500,500	Consolidated-Tomoka Land Co. (c)	\$ 15,480,465	220,000,000	U.S. Treasury Bills, 0.06%-0.13% [†] , due 5/12/11-7/28/11 (e) <u>\$ 219,982,055</u>
6,490,864	FNC Realty Corp. (a) (b)	3,894,518		
8,290,773	Forest City Enterprises, Inc., Class A (a) (c)	159,265,749		Total Short Term Investments (Cost \$219,976,088) <u>219,982,055</u>
28,893,141	Newhall Holding Co. LLC, Class A Units (a) (c)	45,989,212		Total Investment Portfolio - 90.07% (Cost \$1,464,159,438) <u>1,748,785,679</u>
941,627	Tejon Ranch Co. (a)	33,559,586		
7,354,979	Thomas Properties Group, Inc. (a) (c)	<u>26,404,375</u>		Other Assets less Liabilities - 9.93% <u>192,718,922</u>
		<u>284,593,905</u>		NET ASSETS - 100.00% <u><u>\$1,941,504,601</u></u>
	Total Common Stocks (Cost \$1,188,666,154)	<u>1,462,038,900</u>		
Investment Amount (\$)				
Limited Partnerships - 2.09%				
	Investment Fund - 2.09%			
34,000,000	Alliance Bernstein Legacy Securities (C1) L.P. ² (a) (b) (c)	<u>40,639,724</u>		
	Total Limited Partnerships (Cost \$34,034,521)	<u>40,639,724</u>		

Notes:

- (a) Non-income producing security.
- (b) Fair-valued security.
- (c) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).
- (d) Variable rate security.
- (e) A portion of this security is segregated for written options or future fund commitments.
- * Issuer in default.
- [†] Annualized yield at date of purchase.
- ¹ Incorporated in Bermuda.
- ² Cayman Islands exempted limited partnership.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Real Estate Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

The aggregate cost is \$1,464,159,438.

The aggregate gross unrealized appreciation is \$395,041,629.

The aggregate gross unrealized depreciation is \$(110,415,388).

Country Concentration

	% of Net Assets
United States*	40.61%
Hong Kong	17.92
United Kingdom	16.20
Japan	6.93
Canada	3.94
Singapore	2.88
Australia	1.59
Total	<u>90.07%</u>

* Includes cash equivalents.

Schedule of Written Options

Contracts	Security	Expiration Date	Strike Price	Value
2,500	Vornado Realty Trust, Call (Premiums received \$569,303)	6/18/11	\$95	\$(812,500)

Schedule of Forward Foreign Currency Contracts

Contracts to Sell	Counterparty	Settlement Date	Settlement Value	Value at 4/30/11	Unrealized Appreciation
11,628,710,000 JPY	JP Morgan Securities	10/29/12	\$145,000,000	\$144,984,242	\$15,758

Note:

JPY: Japanese Yen

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Real Estate Value Fund
Statement of Assets and Liabilities
April 30, 2011
(Unaudited)

Assets:

Investments at value (Notes 1 and 4):	
Unaffiliated issuers (cost of \$1,185,453,462)	\$1,461,006,154
Affiliated issuers (cost of \$278,705,976)	287,779,525
Total investments (cost of \$1,464,159,438)	1,748,785,679
Cash	183,756,830
Receivable for securities sold	5,082,959
Dividends and interest receivable	5,001,155
Receivable for fund shares sold	4,658,009
Other assets	46,152
Unrealized appreciation on forward foreign currency contracts	15,758
Total assets	<u>1,947,346,542</u>

Liabilities:

Payable for fund shares redeemed	2,355,324
Payable to investment adviser (Note 3)	1,387,512
Written options, at value (premiums received \$569,303)	812,500
Payable for securities purchased	557,752
Accounts payable and accrued expenses	376,145
Payable for shareholder servicing fees (Note 3)	270,010
Distribution fees payable (Note 5)	68,232
Payable to trustees and officers	14,466
Total liabilities	<u>5,841,941</u>
Net assets	<u>\$1,941,504,601</u>

Summary of net assets:

Capital stock, \$0.001 par value	\$1,711,458,083
Accumulated distributions in excess of net investment income	(31,820,306)
Accumulated net realized losses on investments and foreign currency transactions	(22,596,873)
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	284,463,697
Net assets applicable to capital shares outstanding	<u>\$1,941,504,601</u>

Investor Class:

Net assets applicable to 2,055,945 shares outstanding, unlimited number of shares authorized	<u>\$ 50,722,868</u>
Net asset value, offering and redemption price per share	<u>\$24.67</u>

Institutional Class:

Net assets applicable to 76,547,892 shares outstanding, unlimited number of shares authorized	<u>\$1,890,781,733</u>
Net asset value, offering and redemption price per share	<u>\$24.70</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Real Estate Value Fund
Statement of Operations
For the Six Months Ended April 30, 2011
(Unaudited)

Investment Income:	
Interest	\$ 1,666,419
Dividends - unaffiliated issuers (net of foreign withholding tax of \$393,975)	7,246,311
Dividends - affiliated issuers (Note 4)	10,010
Other income	10,901
	<u>8,933,641</u>
Expenses:	
Investment advisory fees (Note 3)	7,977,809
Shareholder servicing fees (Note 3)	1,274,885
Transfer agent fees	234,924
Reports to shareholders	150,710
Custodian fees	111,931
Trustees' and officers' fees and expenses	90,999
Accounting fees	72,989
Distribution fees (Note 5)	46,071
Administration fees (Note 3)	44,937
Auditing and tax consulting fees	39,814
Registration and filing fees	30,489
Legal fees	25,527
Insurance expenses	20,169
Miscellaneous expenses	20,811
	<u>10,142,065</u>
Recovery of expenses previously waived (Note 3)	122,214
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(24,340)
	<u>10,239,939</u>
Net investment loss	<u>(1,306,298)</u>
Realized and unrealized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	78,731,540
Net realized loss on investments - affiliated issuers	(30,456)
Net realized gain on written options	1,522,388
Net realized loss on foreign currency transactions	(867,928)
Net change in unrealized appreciation/(depreciation) on investments	126,377,982
Net change in unrealized appreciation/(depreciation) on written options	(717,900)
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	283,847
	<u>205,299,473</u>
Net gain on investments and foreign currency transactions	<u>\$203,993,175</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Real Estate Value Fund
Statement of Changes in Net Assets**

	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010
Operations:		
Net investment income (loss)	\$ (1,306,298)	\$ 31,878,474
Net realized gain on investments - unaffiliated issuers	78,731,540	81,273,706
Net realized loss on investments - affiliated issuers	(30,456)	(28,827,787)
Net realized gain on written options	1,522,388	3,498,443
Net realized loss on foreign currency transactions	(867,928)	(627,652)
Net change in unrealized appreciation/(depreciation) on investments	126,377,982	154,484,913
Net change in unrealized appreciation/(depreciation) on written options	(717,900)	474,703
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	283,847	(185,014)
Net increase in net assets resulting from operations	<u>203,993,175</u>	<u>241,969,786</u>
Dividends and Distributions to Shareholders from:		
Net Investment income:		
Investor Class	(1,201,583)	—
Institutional Class	(66,294,990)	(18,486,993)
Decrease in net assets from dividends and distributions	<u>(67,496,573)</u>	<u>(18,486,993)</u>
Capital Share Transactions:		
Proceeds from sale of shares	248,691,121	423,704,060
Net asset value of shares issued in reinvestment of dividends and distributions	60,964,262	17,701,460
Redemption fees	31,582	55,883
Cost of shares redeemed	(185,919,503)	(365,016,347)
Net increase in net assets resulting from capital share transactions	<u>123,767,462</u>	<u>76,445,056</u>
Net increase in net assets	260,264,064	299,927,849
Net assets at beginning of period	<u>1,681,240,537</u>	<u>1,381,312,688</u>
Net assets at end of period (including accumulated distributions in excess of net investment income and accumulated undistributed net investment income of \$(31,820,306) and \$36,982,565 respectively)	<u>\$1,941,504,601</u>	<u>\$1,681,240,537</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Real Estate Value Fund
Financial Highlights**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Investor Class:	For the Six Months Ended April 30, 2011 (Unaudited)	For the Period Ended October 31, 2010*
Net asset value, beginning of period	<u>\$22.90</u>	<u>\$20.47</u>
Income (loss) from investment operations:		
Net investment income (loss)	(0.04)	0.40
Net gain on investment transactions (both realized and unrealized)	<u>2.70¹</u>	<u>2.03¹</u>
Total from investment operations	<u>2.66</u>	<u>2.43</u>
Less dividends and distributions to shareholders:		
Dividends from net investment income	<u>(0.89)</u>	<u>—</u>
Total dividends and distributions	<u>(0.89)</u>	<u>—</u>
Net asset value, end of period	<u>\$24.67</u>	<u>\$22.90</u>
Total return ²	11.95% ³	11.87% ³
Ratios/Supplemental Data:		
Net assets, end of period (in thousands)	\$50,723	\$28,594
Ratio of expenses to average net assets		
Before fee waivers/expense offset arrangement/recovery	1.39% ⁴	1.44% ⁴
After fee waivers/expense offset arrangement/recovery ⁵	1.40% ⁴	1.40% ^{4#}
Ratio of net investment income (loss) to average net assets	(0.33)% ⁴	2.27% ⁴
Portfolio turnover rate	8% ³	26% ³

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

³ Not annualized.

⁴ Annualized.

⁵ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.40%.

The investment adviser waived a portion of its fees.

* Period from December 31, 2009 (Commencement of Operations) to October 31, 2010.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Real Estate Value Fund
Financial Highlights (continued)

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Institutional Class:	For the Six Months Ended April 30, 2011 (Unaudited)	Years Ended October 31,				
	2010	2009	2008	2007	2006	
Net asset value, beginning of period	\$22.93	\$19.86	\$16.21	\$35.47	\$36.34	\$29.41
Income (loss) from investment operations:						
Net investment income (loss)	(0.02) [@]	0.44 [@]	0.63 [@]	0.31 [@]	0.85	0.32
Net gain/(loss) on investment transactions (both realized and unrealized)	2.71 ³	2.89 ³	3.45 ¹	(15.72) ¹	1.80 ²	8.08 ¹
Total from investment operations	2.69	3.33	4.08	(15.41)	2.65	8.40
Less dividends and distributions to shareholders:						
Dividends from net investment income . . .	(0.92)	(0.26)	(0.43)	(0.60)	(0.89)	(0.44)
Distributions from realized gains	—	—	—	(3.25)	(2.63)	(1.03)
Total dividends and distributions	(0.92)	(0.26)	(0.43)	(3.85)	(3.52)	(1.47)
Net asset value, end of period	\$24.70	\$22.93	\$19.86	\$16.21	\$35.47	\$36.34
Total return ⁶	12.08% ⁴	16.94%	26.16%	(47.87)%	7.68%	29.78%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands) . .	\$1,890,782	\$1,652,647	\$1,381,313	\$1,255,630	\$2,934,708	\$3,139,784
Ratio of expenses to average net assets						
Before fee waivers/expense offset arrangement/recovery	1.14% ⁵	1.18%	1.18%	1.12%	1.10%	1.11%
After fee waivers/expense offset arrangement/recovery ⁷	1.15% ⁵	1.14% [#]	1.18%	1.12%	1.10%	1.11%
Ratio of net investment income (loss) to average net assets	(0.14)% ⁵	2.09%	4.00%	1.22%	1.14%	0.80%
Portfolio turnover rate	8% ⁴	26%	24%	34%	19%	10%

¹ Includes redemption fees of \$0.01 per share.

² Includes redemption fees of \$0.02 per share.

³ Includes redemption fees of less than \$0.01 per share.

⁴ Not annualized.

⁵ Annualized.

⁶ Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

⁷ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.15%, effective December 31, 2009.

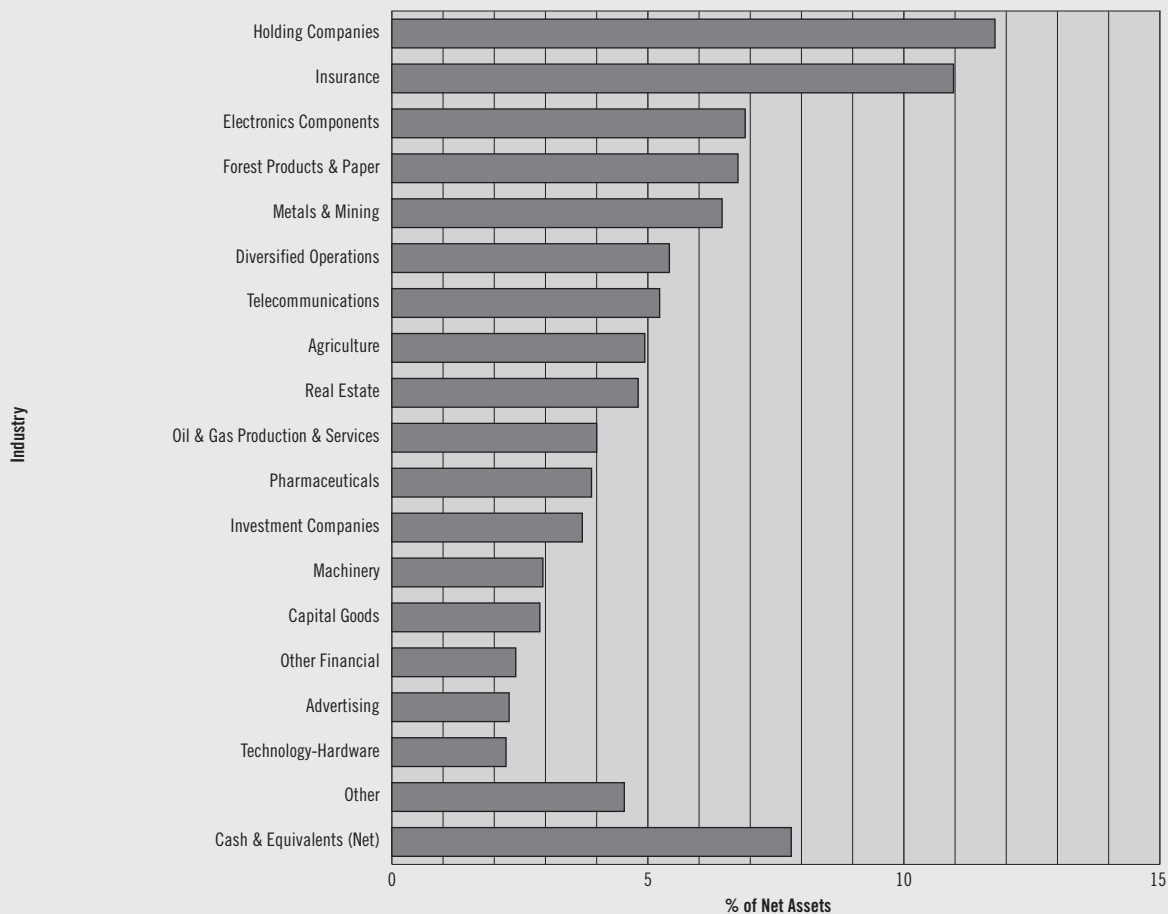
[#] The investment adviser waived a portion of its fees.

[@] Calculated based on the average number of shares outstanding during the period.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue International Value Fund
Industry Diversification
(Unaudited)**

The summary of the Fund's investments as of April 30, 2011 is as follows:



The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Portfolio of Investments
at April 30, 2011
(Unaudited)

Shares		Value (Note 1)	Shares		Value (Note 1)
Common Stocks and Warrants - 92.20%			Holding Companies - 11.78%		
	Advertising - 2.29%		805,584	Compagnie Nationale a	
1,437,900	Asatsu-DK, Inc. (Japan)	\$ 37,730,750		Portefeuille (Belgium)	\$ 58,275,528
	Agriculture - 4.94%		2,670,900	Guoco Group, Ltd. (Hong Kong) ¹	33,582,924
6,761,364	Viterra, Inc. (Canada)	81,252,136	1,270,888	Leucadia National Corp.	49,132,530
	Building & Construction		270,605	LG Corp. (South Korea)	24,872,479
	Products/Services - 1.94%		272,249	Pargesa Holding S.A. (Switzerland)	27,980,273
10,482,120	Tenon, Ltd. (New Zealand) (a) (c)	8,737,146			<u>193,843,734</u>
868,269	Titan Cement Co. S.A. (Greece)	23,148,696		Insurance - 10.97%	
		<u>31,885,842</u>	349,693	Allianz SE (Germany)	55,057,937
	Capital Goods - 2.89%		235,793	Munich Re (Germany)	38,923,395
448,382	Nexans S.A. (France)	47,524,574	1,533,625	Sampo Oyj, Class A (Finland)	51,609,213
	Corporate Services - 0.61%		1,250,800	Tokio Marine Holdings, Inc. (Japan)	34,990,427
22,522,784	Boardroom, Ltd. (Singapore) (c)	10,120,119			<u>180,580,972</u>
	Diversified Operations - 5.42%			Investment Companies - 3.72%	
1,204,745	Antarchile S.A. (Chile)	26,033,690	12,099,065	Resolution, Ltd., (Guernsey)	61,270,241
2,594,200	Hutchison Whampoa, Ltd. (Hong Kong)	29,628,912	470,891	Machinery - 2.95%	
424,798	Lundbergforetagen AB, Class B (Sweden)	33,611,519		Andritz AG (Austria)	48,620,027
		<u>89,274,121</u>	642,497	Media - 0.46%	
	Electronics Components - 6.90%		3,828,700	Alma Media Corp. (Finland)	7,498,891
37,050,140	WBL Corp., Ltd. (Singapore) (c)	113,658,164	500,400	Metals & Mining - 6.45%	
	Forest Products & Paper - 6.76%			Dundee Precious Metals, Inc. (Canada) (a)	37,066,947
60,271,095	Catalyst Paper Corp. (Canada) (a) (b) (c) (d)	12,485,478	808,350	Dundee Precious Metals, Inc. Warrants, expires 6/29/12 (Canada) (a) (d)	359,638
12,000,000	Catalyst Paper Corp. (Canada) (a) (b) (c) (d) (e)	2,485,864		Dundee Precious Metals, Inc. Warrants, expires 11/20/15 (Canada) (a) (d)	5,262,840
51,395,523	Rubicon, Ltd. (New Zealand) (a) (c)	44,087,391	1,934,646	Kinross Gold Corp. (Canada)	30,671,342
2,265,983	Weyerhaeuser Co.	52,140,269	22,869	Kinross Gold Corp. Warrants, expires 9/17/14 (Canada) (a)	63,569
		<u>111,199,002</u>	560,036	Newmont Mining Corp.	32,823,710
					<u>106,248,046</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

Shares		Value (Note 1)	Notional Amount (\$)		Value (Note 1)
Common Stocks and Warrants (continued)			Purchased Options - 0.19%		
	Oil & Gas Production & Services - 4.00%			Foreign Currency Put Options - 0.19%	
846,861	Cenovus Energy, Inc. (Canada)	\$ 32,519,462	123,000,000	Japan Currency, strike 95 Yen, expires 2/22/11 (a)	\$ 2,438,475
993,802	EnCana Corp. (Canada)	33,312,242	75,000,000	Japan Currency, strike 88 Yen, expires 12/2/11 (a)	770,625
		<u>65,831,704</u>			
	Other Financial - 2.42%			Total Purchased Options (Cost \$5,853,900)	<u>3,209,100</u>
57,331,000	Yuanta Financial Holding Co., Ltd. (Taiwan)	39,837,523			
	Pharmaceuticals - 3.90%			Total Investment Portfolio - 92.39% (Cost \$1,304,999,912)	1,520,862,193
1,078,936	GlaxoSmithKline PLC (United Kingdom)	23,569,280			
514,600	Sanofi (France)	40,701,533		Other Assets less Liabilities - 7.61%	125,232,042
		<u>64,270,813</u>		NET ASSETS - 100.00%	<u>\$ 1,646,094,235</u>
	Real Estate - 4.81%				
4,449,068	Atrium European Real Estate, Ltd. (Jersey)	30,444,633			
2,187,000	Mitsui Fudosan Co., Ltd. (Japan)	37,955,860			
16,286,857	Taylor Wimpey PLC (United Kingdom) (a)	10,643,124			
		<u>79,043,617</u>			
	Technology - Hardware - 2.23%				
70,685,750	United Microelectronics Corp. (Taiwan)	36,652,876			
	Telecommunications - 5.23%				
43,308,390	Netia S.A. (Poland) (a) (c)	86,137,153			
	Transportation - 1.53%				
3,351,000	Seino Holdings Co., Ltd. (Japan)	25,172,788			
	Total Common Stocks and Warrants (Cost \$1,299,146,012)	<u>1,517,653,093</u>			

Notes:

- (a) Non-income producing security.
 - (b) Fair-valued security.
 - (c) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).
 - (d) Security is subject to restrictions on resale.
 - (e) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- ¹ Incorporated in Bermuda.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue International Value Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)**

The aggregate cost is \$1,304,999,912.

The aggregate gross unrealized appreciation is \$365,986,991.

The aggregate gross unrealized depreciation is \$(150,124,710).

Country Concentration

	% of Net Assets
Canada	14.30%
Japan	8.45
United States	8.15
Singapore	7.52
Germany	5.71
France	5.36
Poland	5.23
Taiwan	4.65
Hong Kong	3.84
Guernsey	3.72
Finland	3.59
Belgium	3.54
New Zealand	3.21
Austria	2.95
United Kingdom	2.08
Sweden	2.04
Jersey	1.85
Switzerland	1.70
Chile	1.58
South Korea	1.51
Greece	1.41
Total	<u>92.39%</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Statement of Assets and Liabilities
April 30, 2011
(Unaudited)

Assets:

Investments at value (Notes 1 and 4):	
Unaffiliated issuers (cost of \$981,770,960)	\$1,243,150,878
Affiliated issuers (cost of \$323,228,952)	277,711,315
Total investments (cost of \$1,304,999,912)	1,520,862,193
Cash	133,746,952
Dividends and interest receivable	5,093,779
Receivable for fund shares sold	2,577,974
Receivable for securities sold	470,991
Other assets	36,816
Total assets	<u>1,662,788,705</u>

Liabilities:

Payable for securities purchased	8,148,665
Payable for fund shares redeemed	6,225,967
Payable to investment adviser (Note 3)	1,586,549
Accounts payable and accrued expenses	389,527
Payable for shareholder servicing fees (Note 3)	318,076
Payable to trustees and officers	13,430
Distribution fees payable (Note 5)	12,256
Total liabilities	<u>16,694,470</u>
Net assets	<u>\$1,646,094,235</u>

Summary of net assets:

Capital stock, \$0.001 par value	\$1,603,512,478
Accumulated distributions in excess of net investment income	(25,177,798)
Accumulated net realized losses on investments and foreign currency transactions	(148,189,611)
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	215,949,166
Net assets applicable to capital shares outstanding	<u>\$1,646,094,235</u>

Investor Class:

Net assets applicable to 1,097,621 shares outstanding, unlimited number of shares authorized	<u>\$ 20,492,024</u>
Net asset value, offering and redemption price per share	<u>\$18.67</u>

Institutional Class:

Net assets applicable to 86,950,410 shares outstanding, unlimited number of shares authorized	<u>\$1,625,602,211</u>
Net asset value, offering and redemption price per share	<u>\$18.70</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Statement of Operations
For the Six Months Ended April 30, 2011
(Unaudited)

Investment Income:	
Interest	\$ 28,889
Dividends - unaffiliated issuers (net of foreign withholding tax of \$1,388,604)	12,026,537
Dividends - affiliated issuers (Note 4)	1,983,196
Other income	34
Total investment income	<u>14,038,656</u>
Expenses:	
Investment advisory fees (Note 3)	9,740,581
Shareholder servicing fees (Note 3)	784,475
Custodian fees	310,398
Transfer agent fees	176,039
Reports to shareholders	98,207
Trustees' and officers' fees and expenses	82,038
Accounting fees	76,462
Auditing and tax consulting fees	42,238
Administration fees (Note 3)	40,086
Registration and filing fees	31,967
Legal fees	26,830
Insurance expenses	17,692
Distribution fees (Note 5)	11,802
Miscellaneous expenses	19,993
Total expenses	11,458,808
Less: Expense waived (Note 3)	(524,845)
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(12,711)
Net expenses	<u>10,921,252</u>
Net investment income	<u>3,117,404</u>
Realized and unrealized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	59,870,999
Net realized gain on investments - affiliated issuers	7,005,948
Net realized loss on foreign currency transactions	(797,683)
Net change in unrealized appreciation/(depreciation) on investments	170,507,656
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	18,972
Net gain on investments and foreign currency transactions	<u>236,605,892</u>
Net increase in net assets resulting from operations	<u><u>\$239,723,296</u></u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Statement of Changes in Net Assets

	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010
Operations:		
Net investment income	\$ 3,117,404	\$ 22,264,787
Net realized gain (loss) on investments - unaffiliated issuers	59,870,999	(57,025,495)
Net realized gain on investments - affiliated issuers	7,005,948	—
Net realized loss on foreign currency transactions	(797,683)	(638,572)
Net change in unrealized appreciation/(depreciation) on investments	170,507,656	155,446,846
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	18,972	30,369
Net increase in net assets resulting from operations	<u>239,723,296</u>	<u>120,077,935</u>
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(114,939)	—
Institutional Class	(26,082,363)	(16,339,865)
Decrease in net assets from dividends and distributions	<u>(26,197,302)</u>	<u>(16,339,865)</u>
Capital Share Transactions:		
Proceeds from sale of shares	124,800,757	446,703,026
Net asset value of shares issued in reinvestment of dividends and distributions	24,295,571	15,301,778
Redemption fees	3,401	43,009
Cost of shares redeemed	(240,747,276)	(373,930,396)
Net increase (decrease) in net assets resulting from capital share transactions	<u>(91,647,547)</u>	<u>88,117,417</u>
Net increase in net assets	121,878,447	191,855,487
Net assets at beginning of period	1,524,215,788	1,332,360,301
Net assets at end of period (including accumulated distributions in excess of net investment income of \$(25,177,798) and \$(2,097,900), respectively)	<u>\$1,646,094,235</u>	<u>\$1,524,215,788</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue International Value Fund
Financial Highlights**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Investor Class:	For the Six Months Ended April 30, 2011 (Unaudited)	For the Period Ended October 31, 2010*
Net asset value, beginning of period	<u>\$16.31</u>	<u>\$15.51</u>
Income from investment operations:		
Net investment income	0.04	0.32
Net gain on investment transactions (both realized and unrealized)	<u>2.58¹</u>	<u>0.48¹</u>
Total from investment operations	<u>2.62</u>	<u>0.80</u>
Less dividends and distributions to shareholders:		
Dividends from net investment income	<u>(0.26)</u>	<u>—</u>
Total dividends and distributions	<u>(0.26)</u>	<u>—</u>
Net asset value, end of period	<u>\$18.67</u>	<u>\$16.31</u>
Total return ²	16.29% ⁴	5.16% ⁴
Ratios/Supplemental Data:		
Net assets, end of period (in thousands)	\$20,492	\$6,920
Ratio of expenses to average net assets		
Before fee waivers and expense offset arrangement	1.72% ⁵	1.77% ⁵
After fee waivers and expense offset arrangement ³	1.65% ^{5#}	1.65% ^{5#}
Ratio of net investment income to average net assets	0.48% ⁵	2.55% ⁵
Portfolio turnover rate	10% ⁴	13% ⁴

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers and/or expense offset arrangement. Past performance is no guarantee of future results. In the absence of fee waivers and/or expense offset arrangement, the total return would have been lower.

³ As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.65%.

⁴ Not annualized.

⁵ Annualized.

The investment adviser waived a portion of its fees.

* Period from December 31, 2009 (Commencement of Operations) to October 31, 2010.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue International Value Fund
Financial Highlights (continued)

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Institutional Class:	For the Six Months Ended April 30, 2011	Years Ended October 31,				
	(Unaudited)	2010	2009	2008	2007	2006
Net asset value, beginning of period	\$16.33	\$15.18	\$11.51	\$25.01	\$23.77	\$20.40
Income from investment operations:						
Net investment income	0.03 [@]	0.24 [@]	0.11 [@]	0.10 [@]	0.37	0.86 [†]
Net gain (loss) on investment transactions (both realized and unrealized)	2.63 ³	1.09 ³	3.73 ²	(9.76) ²	3.69 ³	3.07 ¹
Total from investment operations	2.66	1.33	3.84	(9.66)	4.06	3.93
Less dividends and distributions to shareholders:						
Dividends from net investment income . . .	(0.29)	(0.18)	(0.03)	(0.78)	(1.08)	(0.46)
Distributions from realized gains	—	—	(0.14)	(3.06)	(1.74)	(0.10)
Total dividends and distributions	(0.29)	(0.18)	(0.17)	(3.84)	(2.82)	(0.56)
Net asset value, end of period	\$18.70	\$16.33	\$15.18	\$11.51	\$25.01	\$23.77
Total return ⁴	16.48% ⁶	8.84%	33.87%	(44.31)%	18.86%	19.63%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands) . .	\$1,625,602	\$1,517,296	\$1,332,360	\$1,069,308	\$2,328,583	\$2,357,644
Ratio of expenses to average net assets Before fee waivers and expense offset arrangement/reimbursement/ recovery	1.47% ⁷	1.51%	1.51%	1.48%	1.45%	1.45%
After fee waivers and expense offset arrangement/reimbursement/ recovery ⁵	1.40% ^{7#}	1.40% [#]	1.47% [#]	1.48%	1.45%	1.45%
Ratio of net investment income to average net assets	0.40% ⁷	1.58%	0.89%	0.57%	1.48%	3.25% [†]
Portfolio turnover rate	10% ⁶	13%	16%	30%	23%	34%

¹ Includes redemption fees of \$0.02 per share.

² Includes redemption fees of \$0.01 per share.

³ Includes redemption fees of less than \$0.01 per share.

⁴ Performance figures may reflect fee waivers and/or expense offset arrangement/reimbursement/recovery. Past performance is no guarantee of future results. In the absence of fee waivers and/or expense offset arrangement/reimbursement/recovery, the total return would have been lower.

⁵ As a result of an expense limitation, effective July 1, 2009 until June 30, 2011, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.40%. Effective March 1, 2011, the expense limitation period has been extended to February 29, 2012. Prior to July 1, 2009, the expense limitation was 1.75%.

⁶ Not annualized.

⁷ Annualized.

[#] The investment adviser waived a portion of its fees.

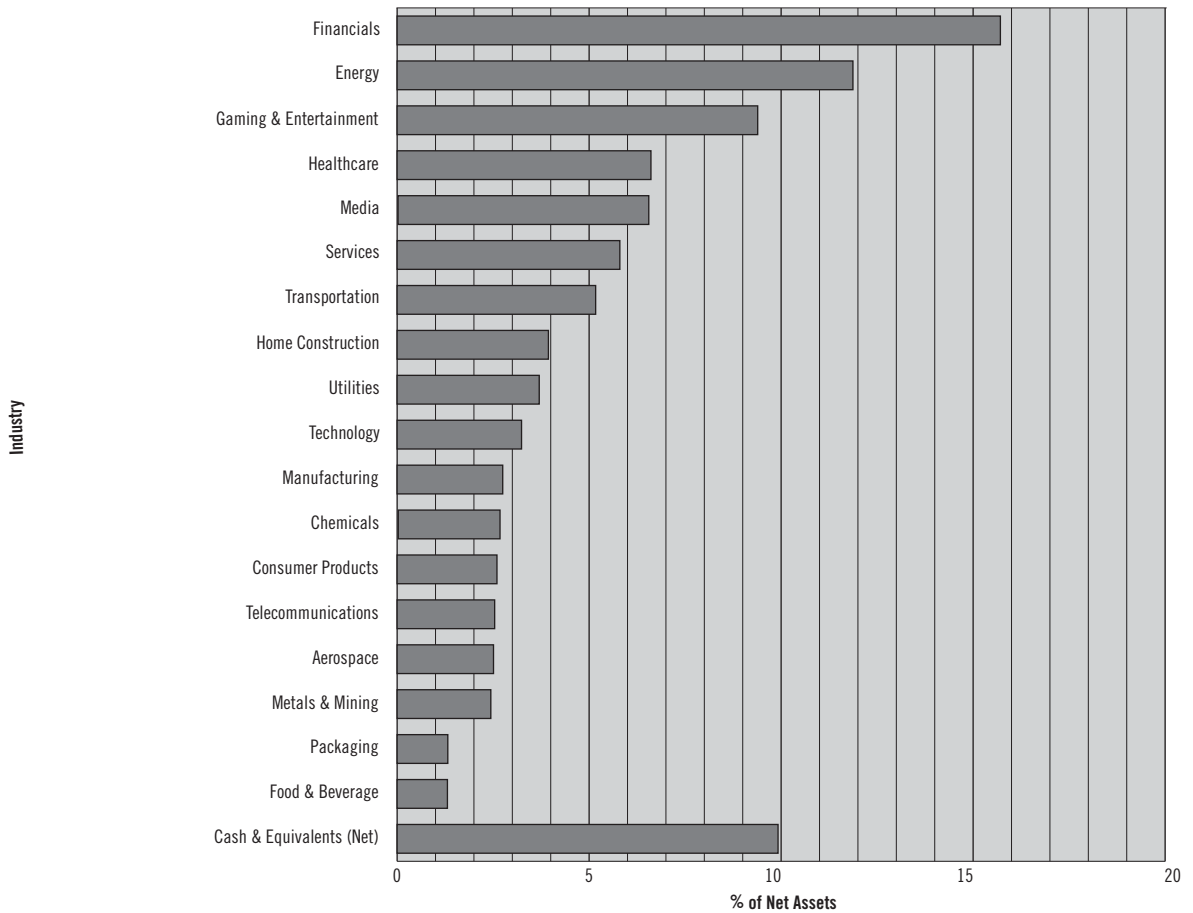
[†] Investment income per share reflects a special dividend which amounted to \$0.22 per share. Excluding this special dividend, the ratio of net investment income to average net assets would have been 2.25%.

[@] Calculated based on the average number of shares outstanding during the period.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Focused Credit Fund
Industry Diversification
(Unaudited)**

The summary of the Fund's investments as of April 30, 2011 is as follows:



The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

Principal Amount†		Value (Note 1)	Principal Amount†		Value (Note 1)
Corporate Debt Instruments (continued)			Healthcare - 6.61%		
	Financials (continued)		10,775,000	Biomet, Inc., PIK, 10.375%, due 10/15/17	\$ 12,027,594
21,350,000	Nuveen Investments, Inc.:		17,000,000	CHS/Community Health Systems, Inc., 8.875%, due 7/15/15	17,425,000
8,000,000	10.500%, due 11/15/15	\$ 22,337,437	10,000,000	InVentiv Health, Inc., 10.000%, due 8/15/18 (a)	10,675,000
7,925,000	10.500%, due 11/15/15 (a)	8,330,000	13,910,000	Multiplan, Inc., 9.875%, due 9/1/18 (a)	15,127,125
	Term Loan, 12.500%, due 7/31/15 (b)	8,479,750		Rotech Healthcare, Inc.:	
		<u>147,391,707</u>	6,908,000	10.750%, due 10/15/15	7,685,150
	Food & Beverage - 1.31%		16,000,000	10.500%, due 3/15/18 (a)	<u>16,280,000</u>
15,000,000	Pinnacle Foods Finance LLC/				79,219,869
	Pinnacle Foods Finance Corp., 9.250%, due 4/1/15	15,750,000	Home Construction - 3.94%		
	Gaming & Entertainment - 8.62%		23,320,625	Ainsworth Lumber Co., Ltd., PIK, 11.000%, due 7/29/15 (Canada) (a)	23,787,037
	Caesars Entertainment Operating Co., Inc.:		21,841,000	Nortek, Inc., 10.000%, due 12/1/18 (a)	<u>23,479,075</u>
15,000,000	12.750%, due 4/15/18 (a)	15,375,000			<u>47,266,112</u>
10,000,000	Term Loan B2, 3.255%, due 1/28/15 (b)	9,391,670	Manufacturing - 2.75%		
22,000,000	CityCenter Holdings LLC/CityCenter Finance Corp., PIK, 10.750%, due 1/15/17 (a)	23,265,000	15,000,000	Pinafore LLC/Pinafore, Inc., 9.000%, due 10/1/18 (a)	16,462,500
9,997,937	Hicks Sport Group LLC, Term Loan B, due 12/15/10* (b)	6,973,561	15,000,000	Trimas Corp., 9.750%, due 12/15/17	<u>16,575,000</u>
10,850,000	Marina District Finance Co., Inc., 9.875%, due 8/15/18 (a)	11,690,875	Media - 6.53%		
14,877,000	MGM Resorts International, 10.000%, due 11/1/16 (a)	16,067,160		Clear Channel Communications, Inc.:	
10,350,000	Midwest Gaming Borrower LLC / Midwest Finance Corp., 11.625%, due 4/15/16 (a)	11,126,250	20,000,000	9.000%, due 3/1/21 (a)	20,450,000
13,399,000	Shingle Springs Tribal Gaming Authority, 9.375%, due 6/15/15 (a)	9,446,295	22,367,289	PIK, 11.000%, due 8/1/16	21,304,843
		<u>103,335,811</u>	1,000,000	Clear Channel Worldwide Holdings, Inc.:	
			4,000,000	Series A, 9.250%, due 12/15/17	1,116,250
				Series B, 9.250%, due 12/15/17	4,470,000

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

Principal Amount†	Value (Note 1)	Principal Amount†	Value (Note 1)
Corporate Debt Instruments (continued)			
			Telecommunications - 2.54%
			Digicel Group, Ltd. (Jamaica) ¹ :
7,000,000		11,970,000	8.875%, due 1/15/15 (a) \$ 12,508,650
		6,150,000	10.500%, due 4/15/18 (a) 7,041,750
21,850,000		5,000,000	Frontier Communications Corp.:
	\$ 7,070,000	5,000,000	8.250%, due 4/15/17 5,443,750
	23,953,063	5,000,000	8.500%, due 4/15/20 5,443,750
	<u>78,364,156</u>		<u>30,437,900</u>
			Transportation - 4.87%
			General Maritime Corp., 12.000%,
3,000,000		32,870,000	due 11/15/17 ² (f) 30,897,800
8,000,000	3,123,750	25,000,000	Swift Services Holdings, Inc.,
	9,100,000		10.000%, due 11/15/18 (a) 27,562,500
15,750,000			<u>58,460,300</u>
	17,010,000		Utilities - 3.31%
	<u>29,233,750</u>	11,350,000	Energy Future Holdings Corp.,
			10.000%, due 1/15/20 12,202,158
			Texas Competitive Electric
			Holdings Co. LLC:
7,500,000	7,856,250	2,891,638	Term Loan B1, 3.763%,
7,500,000	7,940,625		due 10/10/14 (b) 2,321,986
	<u>15,796,875</u>	29,069,472	Term Loan B3, 3.763%,
			due 10/10/14 (b) 25,126,925
			<u>39,651,069</u>
			Total Corporate Debt Instruments
			(Cost \$947,994,221) 998,944,079
			Municipal Bonds - 0.77%
			Gaming & Entertainment - 0.77%
			New York City, NY, Industrial
			Development Agency Civic
			Facility Revenue, Bronx Parking
			Development Co. LLC:
10,000,000	10,575,000	2,700,000	OID, 5.750%, due 10/1/37 1,664,577
17,500,000	18,943,750	12,330,000	OID, 5.875%, due 10/1/46 7,588,745
8,000,000	9,280,000		Total Municipal Bonds
	<u>38,798,750</u>		(Cost \$9,294,376) 9,253,322

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)**

Shares		Value (Note 1)	Shares or Units		Value (Note 1)
Preferred Stocks - 2.59%			Common Stocks & Warrants - 1.41%		
	Energy - 0.94%			Energy - 0.22%	
28,325	Energy XXI Bermuda Ltd., 5.625% (Bermuda)	\$ 11,223,781	25	Platinum Energy Solutions, Inc. Units (c) (e)	\$ 2,500,000
	Financials - 1.65%		9,500	Platinum Energy Solutions, Inc. Warrants, expires 12/31/11 (c) (e)	142,500
280,000	Ally Financial Inc., Series A, 8.500% (b)	7,313,600			<u>2,642,500</u>
480,000	GMAC Capital Trust I, 8.125% (b)	12,460,800		Financials - 0.89%	
		<u>19,774,400</u>	600,000	Annaly Capital Management, Inc.	10,704,000
	Total Preferred Stocks (Cost \$26,496,796)	<u>30,998,181</u>	1,670,500	Transportation - 0.30% General Maritime Corp. ²	<u>3,574,870</u>
Private Equities - 2.01%				Total Common Stocks & Warrants (Cost \$16,241,435)	<u>16,921,370</u>
	Aerospace - 0.74%			Total Investment	
573,251	Aveos Holding Co., (Cayman Islands) (d) (e)	8,885,386		Portfolio - 90.08% (Cost \$1,024,916,295)	1,080,250,948
	Financials - 0.88%			Other Assets less	
1,000	Ally Financial, Inc. (e)	8,850,000		Liabilities - 9.92%	118,976,285
4,568,977	Cerberus CG Investor I LLC (e)	685,347		NET ASSETS - 100.00%	<u>\$ 1,199,227,233</u>
4,568,955	Cerberus CG Investor II LLC (e)	685,343			
2,284,575	Cerberus CG Investor III LLC (e)	342,686			
		<u>10,563,376</u>			
	Utilities - 0.39%				
14,474	Bosque LLC (e)	4,685,234			
	Total Private Equities (Cost \$24,889,467)	<u>24,133,996</u>			

Notes:

PIK: Payment-in-kind

OID: Original Issue Discount

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(b) Variable rate security. The rate disclosed is in effect as of April 30, 2011.

(c) Fair-valued security.

(d) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).

(e) Non-income producing security.

(f) A portion of this security is segregated for future fund commitments.

(g) Unsettled security. Coupon rate is undetermined at April 30, 2011.

* Issuer in default.

† Denominated in U.S. Dollars unless otherwise noted.

¹ Incorporated in Bermuda.

² Incorporated in Marshall Islands.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Focused Credit Fund
Portfolio of Investments (continued)
at April 30, 2011
(Unaudited)

The aggregate cost is \$1,024,916,295.

The aggregate gross unrealized appreciation is \$62,450,950.

The aggregate gross unrealized depreciation is \$(7,116,297).

Country Concentration

	% of Net Assets
United States	77.21%
Canada	5.23
Luxembourg	2.00
Cayman Islands	1.72
Jamaica	1.63
Australia	1.10
Bermuda	0.93
Mexico	0.26
Total	<u>90.08%</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Focused Credit Fund
Statement of Assets and Liabilities
April 30, 2011
(Unaudited)

Assets:

Investments at value (Notes 1 and 4)	
Unaffiliated issuers (cost of \$1,015,985,049)	\$1,071,365,562
Affiliated issuers (cost of \$8,931,246)	8,885,386
Total investments (cost of \$1,024,916,295)	1,080,250,948
Cash	175,291,318
Receivable for securities sold	29,863,324
Dividends and interest receivable	23,451,947
Receivable for fund shares sold	3,110,493
Other assets	105,967
Total assets	<u>1,312,073,997</u>

Liabilities:

Payable for securities purchased	109,864,245
Payable for fund shares redeemed	1,427,539
Payable to investment adviser (Note 3)	672,068
Distribution fees payable (Note 5)	553,164
Accounts payable and accrued expenses	285,811
Payable for shareholder servicing fees (Note 3)	37,723
Payable to trustees and officers	6,214
Total liabilities	<u>112,846,764</u>
Net assets	<u>\$1,199,227,233</u>

Summary of net assets:

Capital stock, \$0.001 par value	\$1,094,770,789
Accumulated undistributed net investment income	11,069,584
Accumulated undistributed net realized gains on investments and foreign currency transactions	38,334,482
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	55,052,378
Net assets applicable to capital shares outstanding	<u>\$1,199,227,233</u>

Investor Class:

Net assets applicable to 30,232,420 shares outstanding, unlimited number of shares authorized	\$ 352,723,531
Net asset value, offering and redemption price per share	<u>\$11.67</u>

Institutional Class:

Net assets applicable to 72,602,422 shares outstanding, unlimited number of shares authorized	\$ 846,503,702
Net asset value, offering and redemption price per share	<u>\$11.66</u>

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Third Avenue Focused Credit Fund
Statement of Operations
For the Six Months Ended April 30, 2011
(Unaudited)

Investment Income:	
Interest	\$41,884,402
Dividends - unaffiliated issuers	396,796
Other income	37,655
Total investment income	<u>42,318,853</u>
Expenses:	
Investment advisory fees (Note 3)	4,031,203
Distribution fees (Note 5)	359,668
Shareholder servicing fees (Note 3)	294,094
Transfer agent fees	122,974
Accounting fees	84,762
Trustees' and officers' fees and expenses	51,216
Registration and filing fees	48,321
Auditing and tax consulting fees	47,708
Reports to shareholders	42,623
Legal fees	35,091
Administration fees (Note 3)	27,541
Insurance expenses	11,385
Custodian fees	9,468
Miscellaneous expenses	9,842
Total expenses	5,175,896
Less: Expenses waived (Note 3)	(32,625)
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(9,468)
Net expenses	<u>5,133,803</u>
Net investment income	<u>37,185,050</u>
Realized and unrealized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	39,044,262
Net realized loss on investments - affiliated issuers	(229,000)
Net realized loss on foreign currency transactions	(477,670)
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	3,500,281
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(279,139)
Net gain on investments and foreign currency transactions	<u>41,558,734</u>
Net increase in net assets resulting from operations	<u>\$78,743,784</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Focused Credit Fund
Statement of Changes in Net Assets**

	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010
Operations:		
Net investment income	\$ 37,185,050	\$ 55,681,475
Net realized gain on investments - unaffiliated issuers	39,044,262	7,811,200
Net realized loss on investments - affiliated issuers	(229,000)	—
Net realized gain (loss) on foreign currency transactions	(477,670)	62,700
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	3,500,281	49,190,689
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(279,139)	(3,136)
Net increase in net assets resulting from operations	<u>78,743,784</u>	<u>112,742,928</u>
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(10,218,385)	(11,363,722)
Institutional Class	(28,880,253)	(31,228,982)
Net realized gains:		
Investor Class	(2,378,123)	(70,638)
Institutional Class	(7,065,161)	(155,374)
Decrease in net assets from dividends and distributions	<u>(48,541,922)</u>	<u>(42,818,716)</u>
Capital Share Transactions:		
Proceeds from sale of shares	329,960,813	752,871,390
Net asset value of shares issued in reinvestment of dividends and distributions	41,916,442	37,938,122
Redemption fees	105,590	695,630
Cost of shares redeemed	(211,598,754)	(135,626,872)
Net increase in net assets resulting from capital share transactions	<u>160,384,091</u>	<u>655,878,270</u>
Net increase in net assets	190,585,953	725,802,482
Net assets at beginning of period	<u>1,008,641,280</u>	<u>282,838,798</u>
Net assets at end of period (including accumulated undistributed net investment income of \$11,069,584 and \$12,983,172, respectively)	<u>\$1,199,227,233</u>	<u>\$1,008,641,280</u>

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Focused Credit Fund
Financial Highlights**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Investor Class:	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010	For the Period Ended October 31, 2009*
Net asset value, beginning of period	<u>\$11.36</u>	<u>\$10.25</u>	<u>\$10.00</u>
Income from investment operations:			
Net investment income	0.39	0.83	0.07
Net gain on investment transactions (both realized and unrealized) . . .	<u>0.43¹</u>	<u>0.89⁶</u>	<u>0.18¹</u>
Total from investment operations	<u>0.82</u>	<u>1.72</u>	<u>0.25</u>
Less dividends and distributions to shareholders:			
Dividends from net investment income	(0.41)	(0.60)	—
Distributions from realized gains	<u>(0.10)</u>	<u>(0.01)</u>	—
Total dividends and distributions	<u>(0.51)</u>	<u>(0.61)</u>	—
Net asset value, end of period	<u>\$11.67</u>	<u>\$11.36</u>	<u>\$10.25</u>
Total return ²	7.48% ³	17.19%	2.50% ³
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	\$352,724	\$248,975	\$90,913
Ratio of expenses to average net assets			
Before fee waivers/expense offset arrangement/recovery	1.16% ⁴	1.20%	1.53% ⁴
After fee waivers/expense offset arrangement/recovery ⁵	1.15% ^{4#}	1.21%	1.40% ^{4#}
Ratio of net investment income to average net assets	6.84% ⁴	7.69%	4.18% ⁴
Portfolio turnover rate	70% ³	129%	12% ³

¹ Includes redemption fees of less than \$0.01 per share.

² Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

³ Not annualized.

⁴ Annualized.

⁵ As a result of a expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 1.40%. Effective March 1, 2011, the expense limitation has been reduced to 1.20%.

⁶ Includes redemption fees of \$0.02 per share.

The investment adviser waived a portion of its fees.

* Period from August 31, 2009 (Commencement of Operations) to October 31, 2009.

The accompanying notes are an integral part of the financial statements.

**Third Avenue Trust
Third Avenue Focused Credit Fund
Financial Highlights (continued)**

Selected data (for a share outstanding throughout each period) and ratios are as follows:

Institutional Class:	For the Six Months Ended April 30, 2011 (Unaudited)	For the Year Ended October 31, 2010	For the Period Ended October 31, 2009*
Net asset value, beginning of period	<u>\$11.36</u>	<u>\$10.26</u>	<u>\$10.00</u>
Income from investment operations:			
Net investment income	0.39	0.86	0.08
Net gain on investment transactions (both realized and unrealized) . . .	<u>0.43⁵</u>	<u>0.87⁵</u>	<u>0.18</u>
Total from investment operations	<u>0.82</u>	<u>1.73</u>	<u>0.26</u>
Less dividends and distributions to shareholders:			
Dividends from net investment income	(0.42)	(0.62)	—
Distributions from realized gains	<u>(0.10)</u>	<u>(0.01)</u>	<u>—</u>
Total dividends and distributions	<u>(0.52)</u>	<u>(0.63)</u>	<u>—</u>
Net asset value, end of period	<u>\$11.66</u>	<u>\$11.36</u>	<u>\$10.26</u>
Total return ¹	7.51% ²	17.38%	2.60% ²
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	\$846,504	\$759,666	\$191,926
Ratio of expenses to average net assets			
Before fee waivers/expense offset arrangement/recovery	0.89% ³	0.93%	1.18% ³
After fee waivers/expense offset arrangement/recovery ⁴	0.88% ^{3#}	0.94%	0.95% ^{3#}
Ratio of net investment income to average net assets	6.95% ³	7.99%	4.59% ³
Portfolio turnover rate	70% ²	129%	12% ²

¹ Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. In the absence of fee waivers, expense offset arrangement and/or recovery of previously waived fees, the total return would have been lower.

² Not annualized.

³ Annualized.

⁴ As a result of a expense limitation, the ratio of expenses (exclusive of taxes, interest and brokerage commissions) to average net assets will not exceed 0.95%.

⁵ Includes redemption fees of less than \$0.01 per share.

The investment adviser waived a portion of its fees.

* Period from August 31, 2009 (Commencement of Operations) to October 31, 2009.

The accompanying notes are an integral part of the financial statements.

Third Avenue Trust
Notes to Financial Statements
April 30, 2011
(Unaudited)

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization:

Third Avenue Trust (the “Trust”) is an open-end, management investment company organized as a Delaware business trust pursuant to a Trust Instrument dated October 31, 1996. The Trust currently consists of five non-diversified (within the meaning of Section 5(b)(2) of the Investment Company Act), separate investment series: Third Avenue Value Fund, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund, Third Avenue International Value Fund and Third Avenue Focused Credit Fund (each a “Fund” and, collectively, the “Funds”). Third Avenue Management LLC (the “Adviser”) provides investment advisory services to each of the Funds in the Trust. The Funds seek to achieve their investment objectives by adhering to a strict value discipline when selecting securities. Each Fund has a distinct investment approach.

Third Avenue Value Fund seeks to achieve its objective mainly by acquiring common stocks of well-financed companies (meaning companies with high quality assets and a relative absence of liabilities) at a discount to what the Adviser believes is their intrinsic value. The Fund also seeks to acquire senior securities, such as debt instruments (including high-yield and distressed securities that may be in default and may have any or no credit rating) (commonly known as “junk bonds”) that the Adviser believes are undervalued. The Fund also invests in both domestic and foreign securities.

Third Avenue Small-Cap Value Fund seeks to achieve its objective mainly by acquiring equity securities, including common stocks and convertible securities, of well-financed small companies (meaning companies with high quality assets and a relative absence of liabilities) at a discount to what the Adviser believes is their intrinsic value. The Fund may also acquire senior securities, such as preferred stocks and debt instruments (including high-yield and distressed securities that may be in default and may have any or no credit rating) (commonly known as “junk bonds”) that the Adviser believes are undervalued. Under normal circumstances, the Fund expects to invest at least 80% of its assets (plus the amount of any borrowing for investment purposes) (although the Fund does not intend to borrow for investment purposes) in securities of companies that are considered small. The Fund considers a “small company” to be one whose market capitalization is within the range of capitalizations during the most recent 12-month period of companies in the Russell 2000 Index, the S&P Small Cap 600 Index or the Dow Jones Wilshire U.S. Small-Cap Index at the time of investment (based on month-end data). The Fund also invests in both domestic and foreign securities.

Third Avenue Real Estate Value Fund, under normal circumstances, seeks to achieve its objective mainly by investing at least 80% of its assets (plus the amount of any borrowing for investment purposes, although the Fund does not intend to borrow for investment purposes) in securities of real estate and real estate-related companies, or in companies which own significant real estate assets at the time of investment (“real estate companies”). These securities will primarily be equity securities (which may include both common and preferred stocks, and convertible securities) of well-financed real estate companies (meaning companies with high quality assets and a relative absence of liabilities) of

Third Avenue Trust
Notes to Financial Statements (continued)
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any market capitalization. The Fund seeks to acquire these securities at a discount to what the Adviser believes is their intrinsic value. The Fund may also acquire senior securities, such as preferred stocks and debt instruments (including high-yield and distressed securities that may be in default and may have any or no credit rating) (commonly known as “junk bonds”) that the Adviser believes are undervalued. The Fund also invests in both domestic and foreign securities.

Third Avenue International Value Fund seeks to achieve its objective mainly by acquiring equity securities, including common stocks and convertible securities, of well-financed companies (meaning companies with high quality assets and a relative absence of liabilities) located outside of the United States. While the Fund may invest in companies located anywhere in the world, it currently expects that most of its assets will be invested in the more developed countries, and under normal circumstances, at least 80% of its assets (plus the amount of any borrowing for investment purposes) (although the Fund does not intend to borrow for investment purposes) will be invested in securities of issuers located outside of the United States at the time of investment. The Fund may also acquire senior securities, such as preferred stocks and debt instruments (including high-yield and distressed securities that may be in default and may have any or no credit rating) (commonly known as “junk bonds”) that the Adviser believes are undervalued.

Third Avenue Focused Credit Fund, under normal circumstances, seeks to achieve its objective mainly by investing at least 80% of the Fund’s net assets (plus the amount of any borrowing for investment purposes) (although the Fund does not intend to borrow for investment purposes) in bonds and other types of credit instruments. The Fund intends to invest a substantial amount of its assets in credit instruments that are rated below investment grade by some or all relevant independent rating agencies, including Moody’s Investors Service, Standard & Poor’s Rating Service and Fitch Rating Service.

Because of the Funds’ disciplined and deliberate investing approach, there may be times when the Funds will have significant cash positions. A substantial cash position can adversely impact Fund performance in certain market conditions, and may make it more difficult for a Fund to achieve its investment objective.

Accounting policies:

The policies described below are followed consistently by the Funds in the preparation of their financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Security valuation:

Generally, the Funds’ investments are valued at market value. Securities traded on a principal stock exchange, including The NASDAQ Stock Market, Inc. (“NASDAQ”), are valued at the last quoted sales price, the NASDAQ official

Third Avenue Trust
Notes to Financial Statements (continued)
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(Unaudited)

closing price, or in the absence of closing sales prices on that day, securities are valued at the mean between the closing bid and asked price. In accordance with procedures approved by the Trust's Board of Trustees (the "Board"), the Funds may adjust the prices of securities traded in foreign markets, as appropriate, to reflect the fair value as of the time the Funds' net asset values are calculated. Debt instruments with maturities greater than 60 days, including floating rate loan securities, are valued on the basis of prices obtained from a pricing service approved as reliable by the Board or otherwise pursuant to policies and procedures approved by the Board. Temporary cash investments are valued at cost, plus accrued interest, which approximates market value. Short-term debt securities with 60 days or less to maturity may be valued at amortized cost.

Each Fund may invest up to 15% of its total net assets in securities which are not readily marketable, including those which are restricted as to disposition under applicable securities laws ("restricted securities"). Restricted securities and other securities and assets for which market quotations are not readily available are valued at "fair value", as determined in good faith by the Trust's Valuation Committee as authorized by the Board of the Trust, under procedures established by the Board. At April 30, 2011, such securities had a total fair value of \$84,209,782 or 1.68% of net assets of Third Avenue Value Fund, \$16,753,127 or 1.54% of net assets of Third Avenue Small-Cap Value Fund, \$44,534,242 or 2.29% of net assets of Third Avenue Real Estate Value Fund, \$14,971,342 or 0.91% of net assets of Third Avenue International Value Fund and \$15,854,855 or 1.32% of net assets of Third Avenue Focused Credit Fund. Among the factors considered by the Trust's Valuation Committee in determining fair value are: the type of security, trading in unrestricted securities of the same issuer, the financial condition of the issuer, the percentage of the Fund's beneficial ownership of the issuer's common stock and debt securities, the operating results of the issuer and the discount from market value of any similar unrestricted securities of the issuer at the time of purchase and liquidation values of the issuer. The fair values determined in accordance with these procedures may differ significantly from the amounts which would be realized upon disposition of the securities. Restricted securities often have costs associated with subsequent registration. The restricted securities currently held by the Funds are not expected to incur any material future registration costs.

Fair Value Measurements:

In accordance with Financial Accounting Standards Board Accounting Standard Codification ("FASB ASC") FASB ASC 820-10, *Fair Value Measurements and Disclosures*, the Funds disclose the fair value of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Fair value is defined as the price that a Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment under current market conditions. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). FASB ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2011
(Unaudited)

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 – Significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input both individually and in aggregate that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

The following is a summary by level of inputs used to value the Funds’ investments as of April 30, 2011:

	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>	<u>Third Avenue Focused Credit Fund</u>
Level 1: Quoted Prices					
Investments in Securities:					
Common Stocks & Warrants:					
Agriculture	\$ —	\$41,374,194	\$ —	\$81,252,136	\$ —
Annuities & Mutual Fund					
Management & Sales	173,760,000	—	—	—	—
Building & Construction					
Products/Services	—	—	—	31,885,842	—
Capital Goods	—	—	—	47,524,574	—
Chemicals & Allied Products	—	51,883,322	—	—	—
Computer Peripherals	—	20,076,117	—	—	—

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2011
(Unaudited)

	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>	<u>Third Avenue Focused Credit Fund</u>
Level 1 (continued)					
Consulting and Information					
Technology Services	\$ —	\$24,597,062	\$ —	\$ —	\$ —
Consumer Products	—	31,978,524	—	—	—
Corporate Services	—	—	—	10,120,119	—
Depository Institutions	114,238,421	—	—	—	—
Diversified Operations	475,711,834	—	—	89,274,121	—
Electronics Components	—	69,963,821	—	113,658,164	—
Energy/Services	—	72,689,117	—	—	—
Financials	—	—	—	—	10,704,000
Food Processing	—	16,797,183	—	—	—
Forest Products & Paper	—	43,303,998	49,507,350	96,227,660	—
Healthcare Services	—	50,068,400	—	—	—
Holding Companies	1,203,320,351	85,653,647	—	193,843,734	—
Industrial Equipment	—	21,962,940	—	—	—
Industrial Services	—	6,700,021	—	—	—
Insurance	—	—	—	145,590,545	—
Insurance & Reinsurance	—	51,309,785	—	—	—
Life Insurance	—	17,195,672	—	—	—
Machinery	—	—	—	48,620,027	—
Media	—	26,026,073	—	7,498,891	—
Metals & Mining	—	—	—	106,248,046	—
Metals Manufacturing	—	49,827,135	—	—	—
Mutual Holding Companies	9,889,238	—	—	—	—
Non-U.S. Real Estate					
Investment Trusts	—	—	30,903,483	—	—
Non-U.S. Real Estate					
Operating Companies	968,371,797	—	480,316,756	—	—
Oil & Gas	—	2,580,175	—	—	—
Oil & Gas Production					
& Services	369,262,639	—	—	65,831,704	—
Other Financial	—	—	—	39,837,523	—
Pharmaceuticals	—	—	—	40,701,533	—
Real Estate	—	—	—	30,444,633	—
Securities Trading Services	—	38,254,909	—	—	—
Semiconductor Equipment					
Manufacturers & Related	15,690,000	20,371,007	—	—	—
Software	—	23,135,511	—	—	—

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2011
(Unaudited)

	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>	<u>Third Avenue Focused Credit Fund</u>
Level 1 (continued)					
Steel & Specialty Steel	\$386,050,000	\$ —	\$ —	\$ —	\$ —
Technology-Hardware	—	—	—	36,652,876	—
Telecommunications	70,502,169	13,441,266	—	86,137,153	—
Transportation	—	—	—	—	3,574,870
U.S. Homebuilder	—	—	45,771,113	—	—
U.S. Real Estate Investment Trusts	—	—	121,905,811	—	—
U.S. Real Estate Operating Companies	290,684,356	56,023,993	234,710,175	—	—
Utilities, Utility Service Companies & Waste Management	151,385,984	—	—	—	—
Limited Partnerships:					
Infrastructure	9,400,000	—	—	—	—
Preferred Stocks:					
Energy	—	—	—	—	11,223,781
Financials	—	—	—	—	19,774,400
Insurance & Reinsurance	8,973	—	—	—	—
Total for Level 1 Securities	<u>4,238,275,762</u>	<u>835,213,872</u>	<u>963,114,688</u>	<u>1,271,349,281</u>	<u>45,277,051</u>
Level 2: Other Significant Observable Inputs†					
Investments in Securities:					
Common Stocks:					
Advertising	—	—	—	37,730,750	—
Automotive	246,422,290	—	—	—	—
Insurance	—	—	—	34,990,427	—
Investment Companies	—	—	—	61,270,241	—
Non-U.S. Homebuilder	—	—	85,480,533	—	—
Non-U.S. Real Estate Consulting/Management	—	—	22,185,145	—	—
Non-U.S. Real Estate Investment Trusts	—	—	131,874,616	—	—
Non-U.S. Real Estate Operating Companies	—	18,332,156	209,500,188	—	—
Pharmaceuticals	—	—	—	23,569,280	—
Real Estate	—	—	—	48,598,984	—
Transportation	—	—	—	25,172,788	—

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2011
(Unaudited)

	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>	<u>Third Avenue Focused Credit Fund</u>
Level 2 (continued)					
U.S. Real Estate Operating Companies	\$ —	\$ —	\$ 45,989,212	\$ —	\$ —
Debt Securities issued by the U.S. Treasury and other government corporations and agencies:					
Municipal Bonds#	—	—	—	—	9,253,322
Corporate Debt Instruments#	128,036,150	10,946,375	26,125,000	—	985,731,724
Private Equities:					
Aerospace	—	—	—	—	8,885,386
Financials	—	—	—	—	10,563,376
Utilities	—	—	—	—	4,685,234
Purchased Options:					
Foreign Currency Put Options	—	1,496,238	—	3,209,100	—
Purchased Swaptions:					
Foreign Currency Put Swaptions	—	565,131	—	—	—
Short Term Investments:					
U.S. Government Obligations	—	124,963,826	219,982,055	—	—
Total for Level 2 Securities	<u>374,458,440</u>	<u>156,303,726</u>	<u>741,136,749</u>	<u>234,541,570</u>	<u>1,019,119,042</u>
Level 3: Significant Unobservable Inputs					
Investments in Securities:					
Common Stocks & Warrants:					
Auto Supply	0*	—	—	—	—
Consumer Products	26,318	—	—	—	—
Energy	—	—	—	—	2,642,500
Financial Insurance	555,000	—	—	—	—
Forest Products & Paper	—	4,460,127	—	14,971,342	—
Insurance & Reinsurance	198,370	—	—	—	—
Manufactured Housing	71,694,551	—	—	—	—
U.S. Real Estate Operating Companies	5,692,746	—	3,894,518	—	—
Limited Partnerships:					
Holding Companies	—	12,293,000	—	—	—
Insurance & Reinsurance	381,885	—	—	—	—
Investment Fund	—	—	40,639,724	—	—

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2011
(Unaudited)

	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>	<u>Third Avenue Focused Credit Fund</u>
Level 3 (continued)					
Preferred Stocks:					
Insurance & Reinsurance	\$ 221,144	\$ —	\$ —	\$ —	\$ —
Corporate Debt Instruments#	<u>5,439,768</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,212,355</u>
Total for Level 3 Securities	<u>84,209,782</u>	<u>16,753,127</u>	<u>44,534,242</u>	<u>14,971,342</u>	<u>15,854,855</u>
Total Value of Investments	<u>\$4,696,943,984</u>	<u>\$1,008,270,725</u>	<u>\$1,748,785,679</u>	<u>\$1,520,862,193</u>	<u>\$1,080,250,948</u>
Investments in Other Financial Instruments:					
Level 2: Other Significant Observable Inputs					
Forward Foreign Exchange Contracts	\$ —	\$ —	\$ 15,758	\$ —	\$ —
Call Options Written	<u>—</u>	<u>—</u>	<u>(812,500)</u>	<u>—</u>	<u>—</u>
Total Value or Appreciation of Other Financial Instruments	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (796,742)</u>	<u>\$ —</u>	<u>\$ —</u>

† Includes certain securities trading primarily outside the U.S. whose values were adjusted as a result of the close of local markets.

Please refer to the Portfolios of Investments for industry specifics of the portfolio holdings.

* Security has zero value.

During the six months ending April 30, 2011, the Portfolio recognized no significant transfers to/from Level 1 and Level 2 due to application of fair value factors during the year.

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Notes to Financial Statements (continued)
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Following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 10/31/10 (fair value)	Net change in unrealized appreciation/ (depreciation)	Net purchases	Net sales	Payment- in-kind interest	Realized loss	Balance as of 4/30/11 (fair value)	Net change in unrealized appreciation/ (depreciation) attributable to assets still held at period end
Third Avenue Value Fund								
Common Stocks:								
Auto Supply	\$ 0*	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0*	\$ —
Consumer Products	26,318	—	—	—	—	—	26,318	—
Financial Insurance	555,000	—	—	—	—	—	555,000	—
Insurance & Reinsurance	191,667	28,450	—	(21,747)+	—	—	198,370	28,450
Manufactured Housing	35,000,000	694,551	36,000,000	—	—	—	71,694,551	694,551
U.S. Real Estate								
Operating Companies	10,436,702	1,955,849	—	(5,692,747)	—	(1,007,058)	5,692,746	474,396
Corporate Debt								
Instruments#	7,102,886	(2,172,407)	—	—	509,289	—	5,439,768	(2,172,407)
Limited Partnerships:								
Insurance & Reinsurance	367,955	13,930	—	—	—	—	381,885	13,930
Preferred Stocks:								
Insurance & Reinsurance	216,372	4,772	—	—	—	—	221,144	4,772
Total	<u>\$53,896,900</u>	<u>\$ 525,145</u>	<u>\$36,000,000</u>	<u>\$ (5,714,494)</u>	<u>\$ 509,289</u>	<u>\$ (1,007,058)</u>	<u>\$84,209,782</u>	<u>\$ (956,308)</u>
Third Avenue Small-Cap Value Fund								
Common Stocks:								
Forest Products & Paper	\$4,447,931	\$12,196	\$ —	\$ —	\$ —	\$ —	\$4,460,127	\$12,196
Limited Partnerships:								
Holding Companies	7,144,000	5,149,000	—	—	—	—	12,293,000	5,149,000
Total	<u>\$11,591,931</u>	<u>\$ 5,161,196</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$16,753,127</u>	<u>\$ 5,161,196</u>
Third Avenue Real Estate Value Fund								
Common Stocks:								
U.S. Real Estate								
Operating Companies	\$ 7,140,280	\$ 1,598,778	\$ —	(3,894,878)	\$ —	\$ (949,662)	\$3,894,518	\$324,543
Limited Partnerships:								
Investment Fund	38,735,530	1,904,194	—	—	—	—	40,639,724	1,904,194
Total	<u>\$45,875,810</u>	<u>\$ 3,502,972</u>	<u>\$ —</u>	<u>\$ (3,894,878)</u>	<u>\$ —</u>	<u>\$ (949,662)</u>	<u>\$44,534,242</u>	<u>\$ 2,228,737</u>

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Notes to Financial Statements (continued)
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	Balance as of 10/31/10 (fair value)	Net change in unrealized appreciation/ (depreciation)	Net purchases	Bond Discount	Transfer out Level 3	Balance as of 4/30/11 (fair value)	Net change in unrealized appreciation/ (depreciation) attributable to assets still held at period end
Third Avenue International Value Fund							
Common Stocks:							
Forest Products & Paper	\$14,930,405	\$ 40,937	\$ —	\$ —	\$ —	\$14,971,342	\$ 40,937
Third Avenue Focused Credit Fund							
Common Stocks & Warrants:							
Energy	\$ —	\$ 142,500	\$ 2,500,000	\$ —	—	\$ 2,642,500	\$ 142,500
Private Equities:							
Financials	14,300,000	—	—	—	(14,300,000)	—	—
Corporate Debt Instruments#	<u>14,676,415</u>	<u>(554,462)</u>	<u>9,301,260</u>	<u>51,642</u>	<u>(10,262,500)</u>	<u>13,212,355</u>	<u>(554,462)</u>
Total	<u>\$28,976,415</u>	<u>\$(411,962)</u>	<u>\$11,801,260</u>	<u>\$51,642</u>	<u>\$(24,562,500)</u>	<u>\$15,854,855</u>	<u>\$(411,962)</u>

* Security has zero value.

+ Corporate action to properly state shares held.

Please refer to the Portfolios of Investments for industry specifics of the portfolio holdings.

Transfers into, and out of, Level 3 are valued utilizing values as of the beginning of the period.

Transfers from Level 2 to Level 3 or from Level 3 to Level 2 are due to decline or an increase in market activity (e.g. frequency of trades), which resulted in a lack of or increase in available market inputs to determine price.

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU No. 2011-04 and its impact on the financial statements.

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Security transactions and investment income:

Security transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date or, for certain foreign dividends, as soon as the Funds become aware of the dividends. Interest income, including, where applicable, amortization of premium and accretion of discount on investments, is recorded daily on the accrual basis, except when collection is not expected. Payments received from certain investments held by the Funds may be comprised of dividends, capital gains and return of capital. The Funds originally estimate the expected classification of such payments. These amounts may subsequently be reclassified upon receipt of information from the issuer. Realized gains and losses from securities transactions are recorded on an identified cost basis.

Foreign currency translation and foreign investments:

The books and records of the Funds are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars as follows:

- ***Investments and assets and liabilities denominated in foreign currencies:*** At the prevailing rates of exchange on the valuation date.
- ***Investment transactions and investment income:*** At the prevailing rates of exchange on the date of such transactions.

The net assets of the Funds are presented at the foreign exchange rates and market values at the close of the period. The Funds do not generally isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held. Similarly, the Funds do not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) are included in the reported net realized and unrealized appreciation/(depreciation) on investments transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from foreign currency exchange contracts, disposition of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Funds' books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized appreciation (depreciation) on the Statement of Assets and Liabilities. The change in net unrealized currency gains (losses) for the period is reflected on the Statement of Operations.

Pursuant to U.S. federal income tax regulations, gains and losses from certain foreign currency transactions and the foreign currency portion of gains and losses realized on sales and maturities of foreign denominated debt securities are generally treated as ordinary income for U.S. federal income tax purposes.

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Notes to Financial Statements (continued)
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Forward foreign exchange contracts:

The Funds may be exposed to foreign currency risks associated with portfolio investments and therefore use forward foreign currency contracts to hedge or manage these exposures. The Funds also buy forward foreign currency contracts to gain exposure to currencies. Forward foreign currency contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation (depreciation) on investments and foreign currency translations. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Funds' portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign currency contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Funds could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

Option contracts:

The Funds may purchase and sell ("write") put and call options on various instruments including securities and foreign currency to manage and hedge exchange rate risks within their portfolios and also to gain long or short exposure to the underlying instruments.

An option contract gives the buyer the right, but not the obligation, to buy (call) or sell (put) an underlying item at a fixed exercise price on a certain date or during a specified period. The cost of securities acquired through the exercise of a call option is increased by the premiums paid. The proceeds from securities sold through the exercise of a purchased put option are decreased by the premiums paid. Investments in option contracts require the Funds to fair value or mark-to market the options on a daily basis, which reflects the change in the market value of the contracts at the close of each day's trading. The cost of options that expire unexercised are treated by the Funds, on expiration date, as realized losses on investments.

When the Funds write an option, an amount equal to the premium received by the Funds is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Funds, on the expiration date, as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Funds have a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security or currency purchased by the Funds. In purchasing and writing options, the Funds bear the market risk of an unfavorable change in the price of the underlying security or the risk that the Funds

Third Avenue Trust
Notes to Financial Statements (continued)
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(Unaudited)

may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Funds purchasing a security or currency at a price different from the current market value. The Funds may execute transactions in both listed and over-the-counter options. Listed options involve minimal counter-party risk since listed options are guaranteed against default by the exchange on which they trade. When purchasing over-the-counter options, the Funds bear the risk of economic loss from counterparty default, equal to the market value of the option.

Swaptions

The Funds may purchase or write swaptions in an attempt to gain additional protection against the effects of interest rate fluctuations. Swap options (swaptions) are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate swap agreement at any time before the expiration of the option (interest rate risk). In purchasing and writing swaptions, the Funds bear the risk of an unfavorable change in the price of the underlying interest rate swap or the risk that the Funds may not be able to enter into a closing transaction due to an illiquid market. The Funds execute transactions in over-the-counter swaptions. Transactions in over-the-counter swaptions may expose the Funds to the risk of default by the counterparty to the transaction. In the event of default by the counterparty, the Funds' maximum amount of loss are the premium paid (as purchaser) or the unrealized loss of the contract (as writer).

Changes in the value of the swaption are reported as unrealized gains or losses in the Statements of Assets and Liabilities and Statements of Operations. Gain or loss is recognized when the swaption contract expires or is closed. Premiums received or paid from writing or purchasing swaptions that expire or are exercised are treated by the Funds as realized gains or losses from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction is also treated as a realized gain or, if the premium is less than the amount paid for the closing purchase, as a realized loss.

The following tables present the value of derivatives held as of April 30, 2011, by their primary underlying risk exposure and respective location on the Statements of Assets and Liabilities:

Fair values of Derivative Instruments as of April 30, 2011 for the Third Avenue Small-Cap Value Fund:

<u>Derivative Contracts</u>	<u>Statement of Assets and Liabilities Location</u>	<u>Fair Value</u>
Foreign Currency Put Options	Assets, Investments at value	\$1,496,238
Foreign Currency Put Swaptions	Assets, Investments at value	565,131
		<u>\$2,061,369</u>

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Notes to Financial Statements (continued)
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Fair values of Derivative Instruments as of April 30, 2011 for the Third Avenue Real Estate Value Fund:

<u>Derivative Contracts</u>	<u>Statement of Assets and Liabilities Location</u>	<u>Fair Value</u>
Forward Foreign Currency Contracts	Assets, Unrealized appreciation on forward foreign currency contracts	\$ 15,758
Equity Contracts - Written Call Options	Liabilities, Written options, at value	(812,500)
Total		<u>\$(796,742)</u>

Fair values of Derivative Instruments as of April 30, 2011 for the Third Avenue International Value Fund:

<u>Derivative Contracts</u>	<u>Statement of Assets and Liabilities Location</u>	<u>Fair Value</u>
Foreign Currency Put Options	Assets, Investments at value	\$3,209,100

The following tables present the effect of derivatives on the Statement of Operations during the six months ended April 30, 2011, by primary risk exposure:

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2011 for the Third Avenue Small-Cap Value Fund:

<u>Derivative Contracts</u>	<u>Realized Gain/Loss on Derivatives Recognized in Income</u>	<u>Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income</u>
Equity Contracts - Written Put Options	\$ 110,141	\$ —
Foreign Currency Put Options	(2,790,000)	1,292,188
Foreign Currency Put Swaptions	—	(677,369)
Total	<u>\$(2,679,859)</u>	<u>\$ 614,819</u>

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2011 for the Third Avenue Real Estate Value Fund:

<u>Derivative Contracts</u>	<u>Realized Gain/Loss on Derivatives Recognized in Income</u>	<u>Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income</u>
Equity Contracts - Written Call Options	\$ 1,522,388	\$ (717,900)
Forward Foreign Currency Contracts	—	223,979
Total	<u>\$ 1,522,388</u>	<u>\$ (493,921)</u>

Third Avenue Trust
Notes to Financial Statements (continued)
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(Unaudited)

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2011 for the Third Avenue International Value Fund:

<u>Derivative Contracts</u>	<u>Realized Gain/Loss on Derivatives Recognized in Income</u>	<u>Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income</u>
Foreign Currency Put Options	\$ (8,853,125)	\$ 6,176,450

For the six months ended April 30, 2011 the average volume of derivative activities were as follows:

	<u>Purchase Options (Cost \$)</u>	<u>Written Options (Premium Received \$)</u>	<u>Forward Foreign Currency Contracts (Market Value \$)</u>
Third Avenue Small-Cap Value Fund	5,151,071	33,881	—
Third Avenue Real Estate Value Fund	—	412,562	1,008,298
Third Avenue International Value Fund	5,988,457	—	—

Derivatives volume:

Derivative cost, premium and values are as of April 30, 2011, which are disclosed in the accompanying Portfolios of Investments, are indicative of the volume of the Funds' derivatives activities for the six months ended April 30, 2011 (the "reporting period"), except as noted below.

The Small-Cap Value Fund maintained a relatively stable balance in its activity in purchased options during the reporting period, with an average cost balance of \$5,151,071 and an ending cost balance of \$4,930,000. This Fund also held written options during the reporting period with an average premium balance of \$33,881. The Fund no longer held positions in written options as of April 30, 2011.

The Real Estate Value Fund decreased its options writing activity during the reporting period, with an average premium balance of \$412,562 and an ending premium balance of \$569,303. The Fund also invested in forward foreign currency contracts during the six month period with an average unrealized appreciation of \$1,008,298 and an ending unrealized appreciation balance of \$15,758.

The International Value Fund decreased its options purchasing activity during the reporting period, with an average cost balance of \$5,988,457 and an ending cost balance of \$5,853,900.

The average costs, premiums and values are calculated based on the gross total of month-end amounts divided by total number of months.

Third Avenue Trust
Notes to Financial Statements (continued)
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Floating rate obligations:

The Funds may invest in debt securities with interest payments or maturity values that are not fixed, but float in conjunction with an underlying index or price. These securities may be backed by corporate issuers. The indices and prices upon which such securities can be based include interest rates and currency rates. Floating rate securities pay interest according to a coupon which is reset periodically.

Dividends and distributions to shareholders:

The amount of dividends and distributions paid to shareholders from net investment income and realized capital gains on sales of securities, respectively are determined in accordance with federal income tax law and regulations which may differ from U.S. GAAP. Such dividends and distributions are recorded on the ex-dividend date. The majority of dividends and capital gains distributions from a Fund may be automatically reinvested into additional shares of that Fund, based upon the discretion of the Fund's shareholders.

Income tax information:

The Funds have complied and intend to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, and each Fund intends to distribute all of its taxable investment income and realized gains to its shareholders. Therefore, no provision for U.S. federal income taxes is included on the accompanying financial statements.

Income, including gains, from investments in foreign securities received by the Funds may be subject to income, withholding or other taxes imposed by foreign countries.

Management has analyzed the tax positions taken on the Funds' U.S. federal income tax returns for all open tax years (current and prior three tax years), and has concluded that no provision for U.S. federal income tax is required in the Funds' financial statements. This conclusion may be subject to future review and adjustment at a later date based upon factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Funds' U.S. federal, state and local income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to possible examination by the Internal Revenue Service as well as by state and local taxing authorities.

Expense allocation:

Expenses attributable to a specific Fund are charged to that Fund. Expenses attributable to the Trust are generally allocated using the ratio of each Fund's average net assets relative to the total average net assets of the Trust. Certain expenses are shared with Third Avenue Variable Series Trust, an affiliated fund group. Such costs are allocated using the ratio of the Funds' average net assets relative to the total average net assets of the Funds and Third Avenue Variable Series Trust.

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Notes to Financial Statements (continued)
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Share class accounting:

Investment income, common expenses and realized/unrealized gains (losses) on investments are allocated to the two classes of shares of each Fund on the basis of daily net assets of each class. Fees relating to a specific class are charged directly to that share class.

Trustees' and officers' fees:

The Trust does not pay any fees to its officers for their services as such, except for the Chief Compliance Officer, to whom the Trust paid \$169,563 for the six months ended April 30, 2011. The Trust does pay, together with Third Avenue Variable Series Trust, Trustees who are not affiliated with the Adviser a fee of \$5,000 for each meeting of the Board that they attend, in addition to reimbursing all Trustees for travel and incidental expenses incurred by them in connection with their attendance at meetings. Prior to December 1, 2010, the Board meeting fee for each Trustee was \$4,000. If a special meeting is required, Trustees will each receive \$2,500. The Trust, together with Third Avenue Variable Series Trust, also pays non-interested Trustees an annual retainer of \$65,000 (the lead independent Trustee receives an additional retainer of \$12,000). Prior to December 1, 2010, the annual retainer for each Trustee was \$59,000 and the additional retainer for the lead independent Trustee was \$8,000. The Trustees on the Audit Committee each receive \$2,000 for each audit committee meeting and the audit committee chairman receives an annual retainer of \$6,000. Prior to December 1, 2010, each Trustee received \$1,500 for each audit committee meeting and the audit committee chairman received an annual retainer of \$4,000.

2. SECURITIES TRANSACTIONS

Purchases and sales/conversions:

The aggregate cost of purchases and aggregate proceeds from sales and conversions of investments, excluding short-term investments, from unaffiliated and affiliated issuers (as defined in the Investment Company Act as ownership of 5% or more of the outstanding common stock of the issuer) for the six months ended April 30, 2011 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Third Avenue Value Fund:		
Affiliated	\$ 36,509,289	\$ 5,714,494
Unaffiliated	33,975,785	573,397,690
Third Avenue Small-Cap Value Fund:		
Affiliated	—	1,327,027
Unaffiliated	90,391,983	315,225,135

Third Avenue Trust
Notes to Financial Statements (continued)
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	<u>Purchases</u>	<u>Sales</u>
Third Avenue Real Estate Value Fund:		
Affiliated	\$ —	\$ 13,536
Unaffiliated	119,291,053	239,369,221
Third Avenue International Value Fund:		
Affiliated	—	11,352,637
Unaffiliated	148,795,257	274,292,163
Third Avenue Focused Credit Fund:		
Affiliated	—	550,000
Unaffiliated	824,359,759	683,971,702

Written options transactions during the period are summarized as follows:

Third Avenue Small-Cap Value Fund

	<u>Put Options Written</u>	
	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding at October 31, 2010	<u>—</u>	<u>\$ —</u>
Options written	2,000	237,170
Options terminated in closing purchases transactions	<u>(2,000)</u>	<u>(237,170)</u>
Options outstanding at April 30, 2011	<u>—</u>	<u>\$ —</u>

Third Avenue Real Estate Value Fund

	<u>Call Options Written</u>	
	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding at October 31, 2010	<u>3,000</u>	<u>\$ 758,915</u>
Options written	2,500	569,303
Options expired	<u>(3,000)</u>	<u>(758,915)</u>
Options outstanding at April 30, 2011	<u>2,500</u>	<u>\$ 569,303</u>

Third Avenue Trust
Notes to Financial Statements (continued)
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	Put Options Written	
	Number of Contracts	Premiums Received
Options outstanding at October 31, 2010	15,669	\$ 796,245
Options exercised	(669)	(32,772)
Options expired	(15,000)	(763,473)
Options outstanding at April 30, 2011	—	\$ —

3. INVESTMENT ADVISORY SERVICES, ADMINISTRATION AND SERVICE FEE AGREEMENTS AND EXPENSE OFFSET ARRANGEMENT

Each Fund has an Investment Advisory Agreement with the Adviser for investment advice and certain management functions. The terms of the Investment Advisory Agreements provide the annual advisory fees based on the total average daily net assets for the Funds which are indicated as below. These fees are calculated daily and paid monthly.

Fund	Annual Management Fee
Third Avenue Value Fund	0.90%
Third Avenue Small-Cap Value Fund	0.90%
Third Avenue Real Estate Value Fund	0.90%
Third Avenue International Value Fund	1.25%
Third Avenue Focused Credit Fund	0.75%

Additionally, the Adviser pays certain expenses on behalf of the Funds which are partially reimbursed by the Funds, including service fees due to third parties, the compensation expense for the Funds' Chief Compliance Officer and other miscellaneous expenses. At April 30, 2011, Third Avenue Value Fund, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund, Third Avenue International Value Fund and Third Avenue Focused Credit Fund had amounts payable to the Adviser of \$538,376, \$158,215, \$232,587, \$123,210 and \$82,887, respectively, for reimbursement of expenses paid by the Adviser.

Under current arrangements, whenever, in any fiscal year, each Fund's normal operating expenses, including the investment advisory fee, but excluding brokerage commissions and interest and taxes, exceeds the expense limitation based on each Fund's average daily net assets, the Adviser has agreed to waive a portion of its advisory fees and/or reimburse

Third Avenue Trust
Notes to Financial Statements (continued)
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each Fund in an amount equal to that excess. Below are the expense limitations and corresponding contingent liabilities to the Adviser in effect for each Fund:

Class	Expense Limitation	Expiration Date	Expenses Waived through Fiscal Periods ending		
			October 31, 2009	October 31, 2010	April 30, 2011
			Subject to Repayment until October 31,		
			2012	2013	2014
Third Avenue Value Fund					
Investor Class	1.40%	2/29/2012	\$ —	\$ 4,633	\$ 1,673
Institutional Class	1.15%	2/29/2012	—	2,436,855	354,600
Third Avenue Small-Cap Value Fund					
Investor Class	1.40%	2/29/2012	—	190	—
Institutional Class	1.15%	2/29/2012	—	122,956	—
Third Avenue Real Estate Value Fund					
Investor Class	1.40%	2/29/2012	—	2,542	—
Institutional Class	1.15%	2/29/2012	—	367,542	—
Third Avenue International Value Fund					
Investor Class	1.65%	2/29/2012	—	3,396	3,171
Institutional Class†	1.40%	2/29/2012	427,922	1,521,647	521,674
Third Avenue Focused Credit Fund					
Investor Class‡	1.20%	2/29/2012	—	—	9,442
Institutional Class	0.95%	2/29/2012	—	—	23,183

† Effective March 1, 2011, the expense limitation period has been extended to February 29, 2012.

‡ Effective March 1, 2011, the expense limitation has been reduced to 1.20%. Prior to March 1, 2011, the expense limitation was 1.40%.

The waived fees and reimbursed expenses may be paid to the Adviser during the following three-year period after the end of the fiscal year in which an expense is deferred/waived or reimbursed by the Adviser, to the extent that the payment of such fees and expenses would not cause the Funds to exceed the preceding limitations. These expense limitations can be terminated at any time. The Adviser recovered previously waived fees and certain other reimbursed expenses of \$16,870 and \$122,214 for Third Avenue Small-Cap Value Fund and Third Avenue Real Estate Value Fund, respectively, for the six months ended April 30, 2011.

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Notes to Financial Statements (continued)
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The Trust has entered into an Administration Agreement with the Adviser pursuant to which the Adviser, as administrator, is responsible for providing various administrative services to the Trust. The Adviser has in turn entered into a Sub-Administration Agreement with BNY Mellon Investment Servicing (U.S.) Inc. (“BNY Mellon”) pursuant to which BNY Mellon provides certain of these administrative services on behalf of the Adviser. Each Fund pays the Adviser a fee calculated at an annual rate of 0.0055% of the average daily net assets of each respective Fund for such services. The Adviser pays BNY Mellon an annual sub-administration fee for sub-administration services provided to the Trust equal to \$180,775.

Both the Trust and the Adviser have entered into agreements with financial intermediaries to provide recordkeeping, processing, shareholder communications and other services to customers of the intermediaries investing in the Funds and have agreed to compensate the intermediaries for providing those services. Certain of those services would be provided by the Funds if the shares of each customer were registered directly with the Funds’ transfer agent. Accordingly, the Funds have agreed to reimburse a portion of the intermediary fees paid by the Adviser pursuant to provisions adopted by the Board. Each Fund pays a portion of the intermediary fees attributable to shares of the Fund not exceeding the estimated expense the Fund would have paid its transfer agent had each customer’s shares been registered directly with the transfer agent instead of held through the intermediary accounts. The Adviser pays the remainder of the fees. The fees incurred by the Funds are reflected as shareholder servicing fees in the Statements of Operations. For the six months ended April 30, 2011, such fees amounted to \$4,322,278 for Third Avenue Value Fund, \$828,028 for Third Avenue Small-Cap Value Fund, \$1,274,885 for Third Avenue Real Estate Value Fund, \$784,475 for Third Avenue International Value Fund and \$294,094 for Third Avenue Focused Credit Fund.

The Funds have an expense offset arrangement in connection with their custodian contract. Credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds’ custodian expenses. The following amounts are the reduction of expenses due to this arrangement for the six months ended April 30, 2011. These amounts are reflected as “Expenses reduced by custodian fee expense offset arrangement” in the Statements of Operations.

<u>Fund</u>	<u>Custody Credit</u>
Third Avenue Value Fund	\$53,372
Third Avenue Small-Cap Value Fund	17,989
Third Avenue Real Estate Value Fund	24,340
Third Avenue International Value Fund	12,711
Third Avenue Focused Credit Fund	9,468

Third Avenue Trust
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4. RELATED PARTY TRANSACTIONS

Brokerage commissions:

M.J. Whitman LLC, a registered broker-dealer, operates under common control with the Adviser. For the six months ended April 30, 2011, the Funds incurred brokerage commissions, paid to M.J. Whitman LLC, as follows:

<u>Fund</u>	<u>M.J. Whitman LLC</u>
Third Avenue Value Fund	\$15,375
Third Avenue Small-Cap Value Fund	68,667
Third Avenue Real Estate Value Fund	16,402
Third Avenue International Value Fund	28,541
Third Avenue Focused Credit Fund	—

Investment in affiliates:

A summary of the Funds' transactions in securities of affiliated issuers for the six months ended April 30, 2011 is set forth below:

Third Avenue Value Fund

<u>Name of Issuer:</u>	<u>Shares Held at Oct. 31, 2010</u>	<u>Gross Purchases and Additions</u>	<u>Gross Sales and Reductions</u>	<u>Shares Held at Apr. 30, 2011</u>	<u>Value at Apr. 30, 2011</u>	<u>Dividend Income Nov. 1, 2010 - Apr. 30, 2011</u>
Carver Bancorp, Inc.	218,500	—	—	218,500	\$ 131,056	\$ —
Covanta Holding Corp.	8,816,889	—	—	8,816,889	151,385,984	661,267
FedFirst Financial Corp.	232,032	—	—	232,032	3,345,901	13,922
Fleetwood Homes, Inc.	500	514 ¹	—	1,014	71,694,551	—
FNC Realty Corp.	18,975,821	—	9,487,911	9,487,910	5,692,746	—
Forest City Enterprises, Inc., Class A	8,764,203	—	—	8,764,203	168,360,340	—
Gouverneur Bancorp, Inc.	205,511	—	—	205,511	1,808,497	34,937
Home Federal Bancorp, Inc.	274,157	—	24,400 ²	249,757	3,286,802	29,971
Home Products International, Inc.	526,368	—	—	526,368	26,318	—
Manifold Capital Holdings, Inc.	37	—	—	37	555,000	—
RS Holdings Corp., Convertible Pfd, Class A	1,022,245	—	—	1,022,245	221,144	—
SFSB, Inc.	242,800	—	—	242,800	849,800	—
Sycamore Networks, Inc.	1,871,861	—	—	1,871,861	45,860,595	—
Tejon Ranch Co.	3,420,106	—	—	3,420,106	121,892,578	—
Total Affiliates					<u>\$575,111,312</u>	<u>\$ 740,097</u>

¹ Share increase due to conversion of security.

² Share reduction due to reverse stock split.

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Third Avenue Small-Cap Value Fund

<u>Name of Issuer:</u>	Shares Held at Oct. 31, 2010	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2011	Value at Apr. 30, 2011	Dividend Income Nov. 1, 2010 - Apr. 30, 2011
Bel Fuse, Inc., Class B	741,242	—	—	741,242	\$ 14,921,201	\$ 103,774
Bronco Drilling Co., Inc. *	1,663,262	—	814,727	848,535	9,316,914	—
Catalyst Paper Corp.	21,530,352	—	—	21,530,352	4,460,127	—
Cross Country Healthcare, Inc.	3,221,822	—	155,196	3,066,626	22,754,365	—
Electro Scientific Industries, Inc. *	1,541,828	—	559,287	982,541	16,162,800	—
National Western Life Insurance Co., Class A *	190,037	—	83,278	106,759	17,195,672	—
Parco Co., Ltd. *	4,505,600	—	4,505,600	—	—	—
PYI Corp., Ltd.	475,780,230	—	—	475,780,230	19,604,014	—
Total Affiliates					<u>\$104,415,093</u>	<u>\$ 103,774</u>

* As of April 30, 2011, no longer an affiliate.

Third Avenue Real Estate Value Fund

<u>Name of Issuer:</u>	Shares Held at Oct. 31, 2010	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2011	Value at Apr. 30, 2011	Dividend Income Nov. 1, 2010 - Apr. 30, 2011
Alliance Bernstein Legacy Securities (C1) L.P.	34,000,000	—	—	34,000,000	\$ 40,639,724	\$ —
Consolidated-Tomoka Land Co.	500,500	—	—	500,500	15,480,465	10,010
FNC Realty Corp. *	12,982,327	—	6,491,463	6,490,864	3,894,518	—
Forest City Enterprises, Inc., Class A	8,290,773	—	—	8,290,773	159,265,749	—
Newhall Holding Co. LLC, Class A Units	28,893,141	—	—	28,893,141	45,989,212	—
Thomas Properties Group, Inc.	7,357,929	—	2,950	7,354,979	26,404,375	—
Total Affiliates					<u>\$291,674,043</u>	<u>\$ 10,010</u>

* As of April 30, 2011, no longer an affiliate.

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Notes to Financial Statements (continued)
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Third Avenue International Value Fund

<u>Name of Issuer:</u>	Shares Held at Oct. 31, 2010	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2011	Value at Apr. 30, 2011	Dividend Income Nov. 1, 2010 - Apr. 30, 2011
Boardroom, Ltd.	22,522,784	—	—	22,522,784	\$ 10,120,119	\$ 527,681
Catalyst Paper Corp.	60,271,095	—	—	60,271,095	12,485,478	—
Catalyst Paper Corp. †	12,000,000	—	—	12,000,000	2,485,864	—
Netia S.A.	49,496,693	—	6,188,303	43,308,390	86,137,153	—
Rubicon, Ltd.	51,395,523	—	—	51,395,523	44,087,391	—
Tenon, Ltd.	10,482,120	—	—	10,482,120	8,737,146	—
WBL Corp., Ltd.	37,050,140	—	—	37,050,140	113,658,164	1,455,515
Total Affiliates					<u>\$277,711,315</u>	<u>\$1,983,196</u>

† Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

Third Avenue Focused Credit Fund

<u>Name of Issuer:</u>	Shares Held at Oct. 31, 2010	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2011	Value at Apr. 30, 2011	Dividend Income Nov. 1, 2010 - Apr. 30, 2011
Aveos Holding Co.	623,251	—	50,000	573,251	\$ 8,885,386	\$ —

Certain employees of the Adviser serve as members of the board of directors of companies in which the Funds have investments. As a result of such service, for the six months ended April 30, 2011, the Funds received the following board member fees from these companies that board members from the Adviser agreed to have paid directly to the benefit of the Funds. These fees are included in “Other Income” on the accompanying Statement of Operations.

<u>Fund</u>	<u>Fees</u>
Third Avenue Value Fund	\$63,124
Third Avenue Small-Cap Value Fund	3,710
Third Avenue Real Estate Value Fund	10,827

5. CLASS SPECIFIC EXPENSES

The Board of Trustees of the Third Avenue Trust has adopted a distribution plan (the “Plan”) pursuant to Rule 12b-1 under the Investment Company Act. The Plan provides that, as compensation for distribution and related services provided to Third Avenue Value Fund Investor Class (“TVFVX”), Third Avenue Small-Cap Value Fund Investor Class (“TVSVX”), Third Avenue Real Estate Value Fund Investor Class (“TVRVX”), Third Avenue International Value Fund Investor Class (“TVIVX”), and Third Avenue Focused Credit Fund Investor Class (“TFCVX”), each Fund’s Investor

Third Avenue Trust
Notes to Financial Statements (continued)
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Class accrues a fee calculated at the annual rate of 0.25% of average daily net assets of the class. Such fees may be paid to institutions that provide such services. The amount of fees paid during any period may be more or less than the cost of distribution and other services provided. FINRA rules impose a ceiling on the cumulative distribution fees paid. The Plan complies with those rules.

For the six months ended April 30, 2011, the payments by each Fund's Investor Class pursuant to the Plan were as follows:

<u>Fund</u>	<u>Distribution Fees</u>
Third Avenue Value Fund	\$29,554
Third Avenue Small-Cap Value Fund	7,224
Third Avenue Real Estate Value Fund	46,071
Third Avenue International Value Fund	11,802
Third Avenue Focused Credit Fund	359,668

Additionally, the Investor Class and Institutional Class of the Third Avenue Focused Credit Fund incurred Shareholder Servicing Fees expenses of \$98,090 and \$196,004, respectively, for the six months ended April 30, 2011.

6. CAPITAL SHARE TRANSACTIONS

Each Fund is authorized to issue an unlimited number of shares of beneficial interest with \$0.001 par value.

Transactions in capital stock were as follows:

Third Avenue Value Fund:

	For the Six Months Ended		For the Period Ended	
	April 30, 2011		October 31, 2010	
	Investor Class		Investor Class*	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	262,690	\$ 13,741,041	453,117	\$ 20,799,904
Shares issued upon reinvestment of dividends and distributions	7,214	367,337	—	—
Shares redeemed**	(94,354)	(4,976,972)	(82,743)	(3,705,023)
Net increase	<u>175,550</u>	<u>\$ 9,131,406</u>	<u>370,374</u>	<u>\$ 17,094,881</u>

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Notes to Financial Statements (continued)
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	<u>For the Six Months Ended</u> <u>April 30, 2011</u>		<u>For the Year Ended</u> <u>October 31, 2010</u>	
	<u>Institutional Class</u>		<u>Institutional Class</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	3,124,061	\$ 163,594,453	9,646,420	\$ 443,500,202
Shares issued upon reinvestment of dividends and distributions	1,741,957	88,686,591	2,873,502	130,284,578
Shares redeemed**	<u>(13,714,722)</u>	<u>(714,247,085)</u>	<u>(39,521,413)</u>	<u>(1,798,468,583)</u>
Net decrease	<u>(8,848,704)</u>	<u>\$(461,966,041)</u>	<u>(27,001,491)</u>	<u>\$(1,224,683,803)</u>

Third Avenue Small-Cap Value Fund:

	<u>For the Six Months Ended</u> <u>April 30, 2011</u>		<u>For the Period Ended</u> <u>October 31, 2010</u>	
	<u>Investor Class</u>		<u>Investor Class*</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	140,541	\$ 3,015,232	269,445	\$4,979,685
Shares issued upon reinvestment of dividends and distributions	2,292	47,738	—	—
Shares redeemed**	<u>(67,766)</u>	<u>(1,471,467)</u>	<u>(36,586)</u>	<u>(654,724)</u>
Net increase	<u>75,067</u>	<u>\$ 1,591,503</u>	<u>232,859</u>	<u>\$4,324,961</u>

	<u>For the Six Months Ended</u> <u>April 30, 2011</u>		<u>For the Year Ended</u> <u>October 31, 2010</u>	
	<u>Institutional Class</u>		<u>Institutional Class</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	1,776,235	\$ 37,996,692	5,364,238	\$ 97,704,734
Shares issued upon reinvestment of dividends and distributions	502,224	10,466,329	502,585	9,086,737
Shares redeemed**	<u>(9,155,960)</u>	<u>(195,171,109)</u>	<u>(22,610,833)</u>	<u>(411,169,670)</u>
Net decrease	<u>(6,877,501)</u>	<u>\$(146,708,088)</u>	<u>(16,744,010)</u>	<u>\$(304,378,199)</u>

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Third Avenue Real Estate Value Fund:

	For the Six Months Ended April 30, 2011		For the Period Ended October 31, 2010	
	Investor Class		Investor Class*	
	Shares	Amount	Shares	Amount
Shares sold	925,818	\$21,971,438	1,348,093	\$28,175,728
Shares issued upon reinvestment of dividends and distributions	48,263	1,098,477	—	—
Shares redeemed**	(166,627)	(3,934,478)	(99,602)	(2,097,339)
Net increase	<u>807,454</u>	<u>\$19,135,437</u>	<u>1,248,491</u>	<u>\$26,078,389</u>
	For the Six Months Ended April 30, 2011		For the Year Ended October 31, 2010	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	9,577,424	\$ 226,719,683	19,117,775	\$ 395,528,332
Shares issued upon reinvestment of dividends and distributions	2,629,170	59,865,785	875,443	17,701,460
Shares redeemed**	(7,723,753)	(181,953,443)	(17,492,305)	(362,863,125)
Net increase	<u>4,482,841</u>	<u>\$ 104,632,025</u>	<u>2,500,913</u>	<u>\$ 50,366,667</u>

Third Avenue International Value Fund:

	For the Six Months Ended April 30, 2011		For the Period Ended October 31, 2010	
	Investor Class		Investor Class*	
	Shares	Amount	Shares	Amount
Shares sold	721,752	\$13,068,589	468,297	\$6,978,067
Shares issued upon reinvestment of dividends and distributions	6,876	114,010	—	—
Shares redeemed**	(55,300)	(949,995)	(44,004)	(667,752)
Net increase	<u>673,328</u>	<u>\$12,232,604</u>	<u>424,293</u>	<u>\$6,310,315</u>

Third Avenue Trust
Notes to Financial Statements (continued)
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	For the Six Months Ended April 30, 2011		For the Year Ended October 31, 2010	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	6,393,855	\$ 111,732,168	28,858,403	\$ 439,724,959
Shares issued upon reinvestment of dividends and distributions	1,457,602	24,181,561	1,001,423	15,301,778
Shares redeemed**	<u>(13,804,904)</u>	<u>(239,793,880)</u>	<u>(24,731,451)</u>	<u>(373,219,635)</u>
Net increase / (decrease)	<u>(5,953,447)</u>	<u>\$(103,880,151)</u>	<u>5,128,375</u>	<u>\$ 81,807,102</u>

Third Avenue Focused Credit Fund:

	For the Six Months Ended April 30, 2011		For the Year Ended October 31, 2010	
	Investor Class		Investor Class	
	Shares	Amount	Shares	Amount
Shares sold	10,888,847	\$125,151,919	20,761,893	\$221,790,772
Shares issued upon reinvestment of dividends and distributions	1,014,507	11,403,385	927,004	9,962,593
Shares redeemed**	<u>(3,587,150)</u>	<u>(41,014,562)</u>	<u>(8,639,373)</u>	<u>(93,986,247)</u>
Net increase	<u>8,316,204</u>	<u>\$ 95,540,742</u>	<u>13,049,524</u>	<u>\$137,767,118</u>

	For the Six Months Ended April 30, 2011		For the Year Ended October 31, 2010	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	17,863,636	\$ 204,808,894	49,402,936	\$531,080,618
Shares issued upon reinvestment of dividends and distributions	2,719,842	30,513,057	2,602,297	27,975,529
Shares redeemed**	<u>(14,875,089)</u>	<u>(170,478,602)</u>	<u>(3,821,475)</u>	<u>(40,944,995)</u>
Net increase	<u>5,708,389</u>	<u>\$ 64,843,349</u>	<u>48,183,758</u>	<u>\$518,111,152</u>

* From the commencement of offering Investor Class shares on December 31, 2009.

** Redemption fees are netted with redemption amounts.

Third Avenue Value Fund, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund, Third Avenue International Value Fund, and Third Avenue Focused Credit Fund charge a redemption fee of 1%, 1%, 1%, 2%, and 2%, respectively, for shares redeemed or exchanged for shares of another Fund within 60 days or less of the purchase date.

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Notes to Financial Statements (continued)
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7. COMMITMENTS AND CONTINGENCIES

At April 30, 2011, the Funds had the following commitments and contingencies:

<u>Fund</u>	<u>Issuer</u>	<u>Type</u>	<u>Amount of Commitment</u>	<u>Funded Commitment</u>	<u>Value of Segregated Securities</u>
Third Avenue Real Estate Value Fund	Alliance Bernstein Legacy Securities (C1) L.P.	Limited Partnership	\$40,000,000	\$34,000,000	\$6,000,000
Third Avenue Focused Credit Fund:					
	EchoStar Corp.	Bridge Loan	35,000,000	—	35,000,000
	Level 3 Communications, Inc.	Bridge Loan	20,000,000	—	20,000,000
	Rural/Metro Corp.	Bridge Loan	10,000,000	—	10,000,000

Third Avenue Focused Credit Fund may enter into senior unsecured bridge financing commitments. Bridge financing commitments may obligate the Fund to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income is classified in the Statement of Operations as interest income. During the six months ended April 30, 2011, the Fund earned \$1,268,750 in commitment fee income.

In the normal course of business, the Funds enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

8. RISKS RELATING TO CERTAIN INVESTMENTS

Foreign securities:

Investments in the securities of foreign issuers may involve investment risks different from those of U.S. issuers including possible political or economic instability of the country of the issuer, the difficulty of predicting international trade patterns, the possibility of currency exchange controls, the possible imposition of foreign taxes on income from and transactions in such instruments, the possible establishment of foreign controls, the possible seizure or nationalization of foreign deposits or assets, or the adoption of other foreign government restrictions that might adversely affect the foreign securities held by the Funds. Foreign securities may also be subject to greater fluctuations in price than securities of domestic corporations or the U.S. Government.

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Notes to Financial Statements (continued)
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High yield debt:

The Funds may invest in high yield, lower grade debt (sometimes referred to as “junk bonds”). The market values of these higher yielding debt securities tend to be more sensitive to economic conditions and individual corporate developments than those of higher rated securities. In addition, the secondary market for these bonds is generally less liquid.

Loans and other direct debt instruments:

The Funds may invest in loans and other direct debt instruments issued by corporate borrowers. These loans represent amounts owed to lenders or lending syndicates (loans and loan participations) or to other parties. Direct debt instruments may involve a risk of loss in case of default or insolvency of the borrower and may offer less legal protection to the Fund in the event of fraud or misrepresentation. In addition, loan participations involve a risk of insolvency of the lending bank or other financial intermediary. The markets in loans are not regulated by federal securities laws or the SEC.

Cash concentration:

The Funds’ cash balances are held at a major regional U.S. bank. The Funds’ cash balances, which typically exceed Federal Deposit Insurance Corporation insurance coverage, subject the Funds to a concentration of credit risk. The Funds regularly monitor the credit ratings of this financial institution in order to mitigate the credit risk that exists with the balances in excess of insured amounts.

Fund concentration:

The Funds hold relatively concentrated portfolios that may contain fewer securities or industries than the portfolios of other mutual funds. Holding a relatively concentrated portfolio may increase the risk that the value of a Fund could decrease because of the poor performance of one or a few investments. Additionally, the Funds may encounter some difficulty in liquidating securities of concentrated positions.

9. FEDERAL INCOME TAXES

The difference between book basis and tax basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Fund’s unrealized difference is attributable primarily to mark-to-market treatment of certain passive foreign investment companies, differences in the treatment of amortization of bond discount and premium, REIT and partnership adjustments and other timing differences. Actual distributions to shareholders may differ from the amounts above.

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As of October 31, 2010, certain Funds had capital loss carryforwards which may be available to offset certain capital gains recognized in subsequent taxable years and thereby reduce future capital gains distributions. The following table shows the capital loss carryforwards and their expiration dates:

<u>Expiration Date</u>	<u>Third Avenue Value Fund</u>	<u>Third Avenue Small-Cap Value Fund</u>	<u>Third Avenue Real Estate Value Fund</u>	<u>Third Avenue International Value Fund</u>
10/31/2017	\$636,089,434	\$48,364,146	\$103,281,806	\$148,574,861
10/31/2018	—	—	—	64,559,985
	<u>\$636,089,434</u>	<u>\$48,364,146</u>	<u>\$103,281,806</u>	<u>\$213,134,846</u>

The Regulated Investment Company Modernization Act of 2010 generally allows capital losses incurred in a taxable year beginning after December 22, 2010 (post-enactment year) to be carried forward for an unlimited period to the extent not utilized. However, any capital loss carryforward generated in a post-enactment year must be carried forward to offset subsequent year net capital gains before any capital loss carryforward from a pre-enactment year can be used. This may increase the risk that a capital loss generated in a pre-enactment year will expire unutilized.

10. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

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As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, such as redemption fees; and (2) ongoing costs, including management fees, shareholder servicing fees, distribution fees (if applicable) and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period, November 1, 2010, and held for the six month period ended April 30, 2011.

Actual Expenses

For each Class of each Fund in the table below, the first line provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of each Class in the table below provides information about hypothetical account values and hypothetical expenses based on the Class’ actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Class’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Class of the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of each Class in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher. The examples also assume all dividends and distributions have been reinvested.

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Notes to Financial Statements (continued)
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	Beginning Account Value November 1, 2010	Ending Account Value April 30, 2011	Expenses Paid During the Period November 1, 2010 to April 30, 2011*	Annualized Expense Ratio
Third Avenue Value Fund				
Investor Class				
Actual	\$1,000.00	\$1,100.60	\$7.25	1.40%
Hypothetical	\$1,000.00	\$1,017.75	\$6.97	1.40%
Institutional Class				
Actual	\$1,000.00	\$1,101.50	\$5.96	1.15%
Hypothetical	\$1,000.00	\$1,018.99	\$5.73	1.15%
Third Avenue Small-Cap Value Fund				
Investor Class				
Actual	\$1,000.00	\$1,190.40	\$7.56	1.40%
Hypothetical	\$1,000.00	\$1,017.75	\$6.97	1.40%
Institutional Class				
Actual	\$1,000.00	\$1,191.50	\$6.21	1.15%
Hypothetical	\$1,000.00	\$1,018.99	\$5.73	1.15%
Third Avenue Real Estate Value Fund				
Investor Class				
Actual	\$1,000.00	\$1,119.50	\$7.32	1.40%
Hypothetical	\$1,000.00	\$1,017.75	\$6.97	1.40%
Institutional Class				
Actual	\$1,000.00	\$1,120.80	\$6.01	1.15%
Hypothetical	\$1,000.00	\$1,018.99	\$5.73	1.15%
Third Avenue International Value Fund				
Investor Class				
Actual	\$1,000.00	\$1,162.90	\$8.80	1.65%
Hypothetical	\$1,000.00	\$1,016.52	\$8.20	1.65%
Institutional Class				
Actual	\$1,000.00	\$1,164.80	\$7.47	1.40%
Hypothetical	\$1,000.00	\$1,017.75	\$6.97	1.40%
Third Avenue Focused Credit Fund				
Investor Class				
Actual	\$1,000.00	\$1,074.80	\$5.88	1.15%
Hypothetical	\$1,000.00	\$1,018.99	\$5.73	1.15%
Institutional Class				
Actual	\$1,000.00	\$1,075.10	\$4.50	0.88%
Hypothetical	\$1,000.00	\$1,020.32	\$4.38	0.88%

* Expenses (net of fee waivers and/or expense reimbursements/expense offset arrangement/expense recovery) are equal to the Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (180) divided by 365.

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BOARD OF TRUSTEES

Jack W. Aber	Marvin Moser
David M. Barse	Eric Rakowski
William E. Chapman, II	Martin Shubik
Lucinda Franks	Charles C. Walden
Edward J. Kaier	Martin J. Whitman

OFFICERS

Martin J. Whitman — Chairman of the Board
David M. Barse — President, Chief Executive Officer
Vincent J. Dugan — Chief Financial Officer, Treasurer
Michael A. Buono — Controller
W. James Hall — General Counsel, Secretary
Joseph J. Reardon — Chief Compliance Officer

TRANSFER AGENT

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