

Third Avenue Small Cap Value (tascx)

9/30/09 (unless otherwise indicated)

Portfolio Manager: Jensen, Curtis
Manager Start Date: 4/1/97
Investment Support:
Category: Small Blend

Top Sectors: (industrials, consumer goods, financials)
Mstar Rating: 3 star
Largest Holdings: Lanxess AG 4.3%
 Viterra, Inc. 3.9%
 Sapporo Holdings, Ltd. 3.8%
 Parco Co. Ltd. 3.8%
 Brookfield Asset Management, Inc. 3.4%
 19.2%

Number of Holdings: 62 stock 3.9732 bond

Qualitative Description: 6/26/2009 - most recent report

This fund boasts a conservative stock-picking approach, but there are risks. Jensen, like the rest of the Third Avenue crew, adheres to a stock-picking strategy that looks for safe businesses that are cheap. By safe, Third Avenue means a clean balance sheet; it likes low- or no-debt firms and often picks up stock in companies with lots of cash on the balance sheet and cash flow from operations. By cheap, it means a substantial discount from Third Avenue's assessment of private market value. The safe criterion should keep the fund out of hot water when credit markets dry up, as it did at the end of 2007 and throughout 2008, and when economies cycle downward. The cheap criterion generally helps the fund when stock markets fall; typically, the stocks that are most expensive have lofty expectations built in and can fall hard when markets turn south. But cheap stocks come with different kinds of risk. They're often cheap for a reason. They certainly could get cheaper; that is, decline further. Or they very often can take a long time to appreciate, or possess what Jensen recently referred to as time-horizon risk. Consider the fund's top two holdings: PARCO and Sapporo Holdings. It's not necessarily that Jensen has held these for ages--he first bought them in early 2007. And while some of the firms' businesses have continued to perform reasonably well, the catalysts that Jensen thought would send the stocks higher simply have not materialized yet. A patient investor, and considering the stocks' current valuation levels, Jensen is happy to wait. But with more than 4% of assets in each stock--a result in part of shareholder redemptions and a hesitation to sell into weakness--both positions will have a meaningful impact on the fund's performance from here. We remain confident in Jensen, based on his thorough analysis and performance record, but this Analyst Pick is best for long-term investors.

Performance Record

	<u>+/- R2000V</u>	<u>+/- S&P 500</u>	<u>% Rank in Cat</u>
3-Month	-0.01%	n/a	37
1-Year	1.80%	n/a	83
3-Year Annualized	7.60%	n/a	53
5-Year Annualized	5.85%	n/a	53

Morningstar Rating Risk/Return

	<u>Return</u>	<u>Risk</u>	<u>Rating</u>
3-Year:	Avg	Avg	3 star
5-Year:	Avg	Avg	3 star
10-Year:	Above Avg	Below Avg	4 star

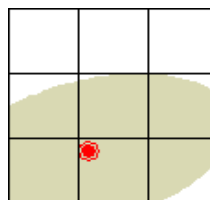
% Investment in Various Economic Sectors

	<u>Benchmark</u>	<u>Option</u>	<u>rypnx</u>	<u>dfscx</u>	<u>jkk</u>	<u>tascx</u>	<u>mpscx</u>	<u>bscix</u>
Information Economy	16.7	30	38.3	24.4	28.9	14.0	15.9	55.1
Service Economy	50.3	42	26.0	50.8	67.7	39.0	54.7	28.5
Mfg. Economy	33.1	27	35.7	24.8	3.4	47.0	29.4	16.4

Assets in our Portfolio: 7.9 mil
Assets Under Management: 1,300 mil
AUM Last Year (2008): 1,227 mil
AUM Three Years Ago (2006): 2,415 mil

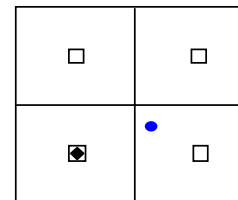
Geo Average Market Cap: 1,116 mil

Ownership Zone



● zone represents 75% of domestic stock holdings
 ● the centroid represents wghtd. avg. domestic stock holdings

Return Based Style



● Manger
 ◆ Benchmark

Quantitative Description

R-Squared (R2000V): 87.47%
Alpha (R2000V): 0.73%
Beta (R2000V): 0.89
Turnover: 46
Standard Deviation: 24.41%
Sharpe Ratio: -0.32
Info Ratio (R2000V): 0.17

Fiduciary Grade not reported

Investment Valuation

	<u>Manager</u>	<u>7/31/09</u>	<u>Rel. to Cat.</u>
P/E (Prospective):	17.6		1.2
P/B:	1.0		0.8
P/Sales:	0.5		1.0
P/Cash Flow:	3.9		0.9
P/Dividend Yield:	1.5		0.7

Growth Rates

	<u>Manager</u>	<u>7/31/09</u>	<u>Rel. to Cat.</u>
Long Term Earnings:	12.0		1.0
Historical Earnings:	-14.9		-22.2
Sales Growth:	-1.5		-0.4
Cash-Flow Growth:	2.9		0.6
Book-Value Growth:	-2.7		4.9

Expense Ratios

Expense Ratio: 1.10
Revenue Sharing: 0.35
Our Expense Ratio: 0.75