THIRD AVENUE FUNDS

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

PORTFOLIO MANAGER COMMENTARY AND SEMI-ANNUAL REPORT

APRIL 30, 2012

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 23, 2012.

This booklet consists of two separate documents.

THIRD AVENUE FUNDS
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SECOND QUARTER PORTFOLIO MANAGER COMMENTARY

April 30, 2012

Letter from the Chairman
(Unaudited)

MARTIN J. WHITMAN
CHAIRMAN OF THE BOARD

Dear Fellow Shareholders:

Throughout the years, I have frequently written about the great emphasis the Third Avenue Management ("TAM") investment team places on the quality and quantity of a company's resources when evaluating a potential investment. Put simply, most of the time, we seek to invest in the equity securities of companies with lots of cash and little, or no, debt. This quarter, I thought it might be of interest to my fellow shareholders to expand upon our thoughts on how cash can be most productively used by corporations.

Corporate Uses of Cash

In the broadest context, a corporation has only three uses of cash:

1) Expand assets
2) Reduce liabilities
3) Make distributions to shareholders
   a) Pay dividends
   b) Repurchase outstanding equity securities

For the vast, vast majority of corporations – and from the point of view of the corporation, itself – distributions to equity owners have to be a residual use of cash, distinctly subordinated to having the corporation expand assets and/or reduce liabilities. There are exceptions, however. Corporations which need relatively regular access to equity markets to raise new funds, will tend to pay out 70% to 80% of earnings as dividends in order to give these companies enhanced ability to sell new issues of common stocks, say every 18 months to two years, at prices reflecting a premium over book value. For most of the post-World War II period, this was the situation that prevailed for integrated electric utilities. Growth in demand ranged from 2% to 7%, per annum, year after year. It took capital expenditures of $5 to $7 to produce $1 of increased revenue. The integrated electrics were financed 60% to 70% with debt, mostly publicly-held first mortgages; 10% preferred stock; and 20% to 30% with common stock. Obviously given the physical growth, the large amount of capital expenditures and the need to maintain debt to stock ratios, companies in the electric utility industry had to raise capital periodically by selling new underwritten issues of common stock every 18 months to two years. What was true for the electric utilities was also valid for water companies, natural gas distributors and many expanding consumer finance companies. These were all, and to a considerable extent still are, high dividend payers. There are also a large group of companies with flow-through income tax characteristics, i.e., entities which are generally exempt from federal income taxes to the extent that income which would otherwise be taxable at the entity level is paid out to shareholders. These companies include registered investment companies ("RICs") and real estate investment trusts ("REITs"). Master limited partnerships ("MLPs") are flow-through entities, whose earnings are taxable, not to the business entity, but to the partners themselves.

However, for most companies it is highly impractical to plan to raise new equity capital by making periodic trips to capital markets. These markets are notoriously capricious. At times, access to equity markets can be had on a super attractive basis – see the 1999 dot com bubble. At other times, there can be no access at all to equity markets at any price – see the 2008-2009 meltdown. In any event, raising new equity by accessing capital markets tends to be quite expensive; gross spreads range between, say, 2½% and 7%. Rather, the vast majority of corporations will continue to get most of their new equity capital (and cash) through retained earnings, i.e., profits not distributed to shareholders.

Most of the companies whose common stocks are held in Third Avenue Management portfolios are in an especially good position to make distributions to common shareholders, especially to conduct long-term programs to repurchase outstanding common stock. These companies tend to combine super-strong financial positions with stock market prices that represent a meaningful discount from readily ascertainable, and economically meaningful, net asset value ("NAV"). Companies in the various TAM portfolios which exhibit such characteristics include the following:

- Bank of New York Mellon
- Brookfield Asset Management
- Capital Southwest Corporation
- Guoco Group
- Hong Kong Property and Holding Companies (Cheung Kong Holdings; Hang Lung Group; Hang Lung Properties; Henderson Land; Hutchison Whampoa; Lai Sun Garment; Sun Hung Kai Properties; Wharf and Wheelock)
- Investor AB
- Key Corp
- Toyota Industries
- White Mountains Insurance Group

In the above-mentioned list of companies, whose common stocks all are selling at meaningful discounts from NAV and which also enjoy super strong financial positions, long-term returns to TAM investors would likely be more than satisfactory, if the individual issuers could increase their NAV after adding back dividends by at least 10% per annum compounded.

A stock buy-in program, whereby a corporation repurchases some of its outstanding shares, could make it quite easy for several of the companies cited above to achieve the 10% growth bogey. Most of the managements and Boards of Directors are probably unaware of these benefits from a buy-in program, so it is unlikely to happen in the case of most of the companies on the list (White Mountains Insurance seems a notable exception). A simple example should suffice. Investor AB reported that at March 31, 2012 its NAV was 167,657,000,000 Swedish Krona (SEK) on 760,505,872 common shares outstanding, resulting in a NAV of 220 SEK per share. The market for Investor AB common at the time of this writing is around 130 SEK, or a 40.9% discount from March 31, 2012 NAV. Total debt outstanding was 45,575,000,000 SEK leaving Investor AB with a stock to debt ratio of 79:21. If Investor AB, using additional borrowings of 21,000,000,000 SEK, were to tender for 150,000,000 Investor AB common at 140, (including expenses) and the tender offer succeeded, there would be outstanding 610,505,872 Investor AB common, with an NAV of 146,657,000,000 SEK or 240SEK per share an increase of 9.1% in NAV per share. The basic question ought to be – would such a buy-in be a more productive use of cash than expanding assets? Whether, or not, such an Investor AB tender offer attracted 150 million common shares, it seems likely that the immediate after market price for Investor AB Common would be north of 130.

Mathematically all of the companies on the list could achieve results consistent with those in the Investor AB example above but there are other limiting factors. Even for Investor AB, dividends have an enormous advantage over buy-backs because the dividend payments are tax deductible to Investor AB under Swedish law at a 28% rate while there are no tax benefits to Investor AB from most buy backs. Capital Southwest is small and a major repurchase program might cause it to go private; Brookfield Asset Management probably feels its best growth opportunities are in expanding assets; and various Hong Kong control shareholders have been fairly aggressive buyers of common stock for their own personal accounts recently so that for them having their companies buy shares poses something of a conflict of interest.

From a management point of view, share repurchases are a simpler use of funds than expanding the asset base most of the time simply because the research task is so much easier. You are less likely to make analytic mistakes when involved with your own enterprise, rather than an enterprise controlled and managed by someone else.

From a shareholders' point of view, especially the point of view of shareholders affected by daily stock price fluctuations, there are important advantages to these shareholders if cash distributions to shareholders are made in the form of dividends rather than stock buy backs. First, the markets populated by outside passive minority investors ("OPMIs") are volatile. However, insofar as a company pays regular dividends which are increased periodically market prices tend to be a lot less capricious than would otherwise be the case because the shares tend to get priced, at least in part, on a return (or yield) basis. Second, many OPMIs rely on regular dividend payments to meet living expenses.

The above shareholder point of view is not the TAM point of view. TAM is basically a long-term buy-and-hold investor. It seeks to invest in the common stocks of companies that have excellent prospects for increasing NAV by not less than 10%, per annum, compounded over the next three to seven years. And TAM would like to have its portfolio companies achieve this goal conservatively and in a very safe manner. To accomplish this, share buy-backs seem an ideal way to go, as long as common shares are available for purchase by strongly-financed companies and priced at meaningful discounts from NAV. The Investor AB theoretical tender offer cited above demonstrates this.

"TAM is basically a long-term buy-and-hold investor. It seeks to invest in the common stocks of companies that have excellent prospects for increasing NAV by not less than 10%, per annum, compounded over the next three to seven years."

From a shareholder's point of view, buy-ins do have certain advantages over dividends:

Participating in a buy-in is voluntary for each individual shareholder. Receipt of a dividend, on the other hand, is mandatory to all shareholders.

Generally, a shareholder that participates in a buy-in will, subject to certain conditions, be treated for tax purposes as selling the shares back to the company and the shareholder will be taxed on any gain (proceeds minus cost basis) recognized from such sale. Depending upon the holding period, lower long-term capital gains rates may apply. On the other hand, the full amount of any payment treated as a taxable dividend may be subject to tax. If the qualified dividend rules do not apply, individual taxpayers may be taxed at rates which are higher than long-term capital gain rates. U.S. corporations eligible for the 70% corporate dividends received deductions could be taxed at an ultra-low rate.

Long-term market performance might be better with a buy-in, because weaker shareholders are more likely to sell out in the presence of the corporate buying interest.

Buy-ins can cause market liquidity to dry up, a very distinct disadvantage for many OPMIs.

From a company point of view, buy-ins tend to have huge advantages over dividends:

- Regular dividends become, in effect, a fixed charge, payable in cash for the corporation. In contrast, management controls completely the timing of buy-ins. It can conserve cash as needed, giving expanding assets and/or reducing liabilities the priorities they deserve at the times they deserve it. versus paying out a regular cash dividend to shareholders.
- Bought-in shares can offset the dilutive effects of issuing employee stock options.

Many, if not most, managements share the TAM view that the long-term object of the company is to grow economically meaningful NAV safely, conservatively and cheaply.

As an aside, it ought to be noted that there are four ways to acquire common stock for cash, whether for buy-in or other purposes:

- in the open market

- in private transactions
- via tender offers
- by use of the proxy machinery, for cash out mergers or reverse splits

Most purchases are open market purchases made after a Board of Directors authorizes the management of a company to repurchase a certain amount of shares.

Large enough purchases or use of the proxy machinery can result in a company going private or "going dark". This seems unlikely to happen to the various companies in the TAM portfolios, but one never knows. The effect can be disastrous if the going dark price does not reflect a substantial premium over market. I am not too worried on this score. The Hong Kong companies, in particular, seem safe from a take-under because the listing rules in the Hong Kong Stock Exchange make it almost impossible to use proxy machinery to go private. Also, the companies are so big that they are likely to stay public, even though control insiders have been regular and sometimes large, buyers of common stock.

For market participants focused on growth in NAV, there are a lot of differences between the last time the Dow Jones Industrial Average ("DJIA") was above 13,000 (December 2007) and the current 13,000 level. Book value for the DJIA is not exactly the same as NAV for the securities listed above; but, it remains a pretty good, albeit rough, surrogate for NAV. The book value for the DJIA at April 30, 2012 was 42.2% greater than the book value at December 31, 2007. More importantly, though, is the probability that the quality of the book value at April 30, 2012, as measured by the financial strength of the thirty companies making up the DJIA, was far superior in April 2012 compared to what it was in December 2007.

Do not rely on OPMI markets for economic logic. In OPMI markets, sponsorship and promotion seem to count much more than does economic logic. Two of the most successful private equity firms acquiring elements of control over the companies in which they invest, based on their long-term track records, are Capital Southwest and Investor AB. As of this writing, Capital Southwest is trading at about a 43% discount from estimated NAV and Investor AB is trading at about a 41% discount from estimated NAV. How do these extremely well financed companies compare with private equity limited partnerships and hedge funds, few of which have been as successful as these two in growing long-term NAV?

1) The private equity limited partnerships and hedge funds are not priced at any discount from NAV.
2) The private equity limited partnerships restrict investors from cashing-in their investments.

   Capital Southwest and Investor AB are marketable as long as securities markets are open (i.e., almost all the time).
3) The overall all-in expense ratios for both Capital Southwest and Investor AB are probably less than 1%. The typical private equity partnership or hedge fund probably charges a management fee of 2%, plus a 20% profit participation after meeting a bogey of, say, 6%, to the limited partners. Most fees earned by a private equity limited partnership or hedge fund (banking fees, home office charges, etc.), probably belong mostly to the general partners, not the limited partners.
4) Most private equity partnerships and hedge funds are probably more leveraged, i.e., less well financed, than are Capital Southwest and Investor AB.
5) Investor protections are manifestly greater for market participants holding common stocks than they are for market participants who are limited partners. Especially strong investor protections exist for Capital Southwest, which is registered as an investment company under the Investment Company Act of 1940, as amended.

One final observation. Academics are mostly believers in Modern Capital Theory ("MCT"). In the efficient market in which they believe, situations like the companies in our list could not exist. For them, efficient pricing would get rid of the large discounts at which each security sells. This

MCT view is diametrically opposed to the TAM view. In the TAM view, securities markets populated by OPMIs tend very much to be price inefficient, unless there exist catalysts. Principal catalysts include prospects for changes of control, going private, mergers and acquisitions, spin-offs and major asset or liability re-structurings. If there is anything wrong with the TAM list of companies cited, it is a lack of catalysts. Yet, over time, the TAM portfolios have performed satisfactorily even in the relative absence of such catalysts. And, perhaps most important of all, the probabilities seem to be that none of the companies will suffer permanent impairments no matter how unfavorable the various top-down economic outlooks might be.

I will write you again when the shareholder letters for the period to end July 31, 2012 are published.

Sincerely yours,

Martin J. Whitman
Chairman of the Board

Third Avenue Value Fund
(Unaudited)

IAN LAPEY
PORTFOLIO MANAGER OF
THIRD AVENUE VALUE FUND

Dear Fellow Shareholders:

As discussed in last quarter's letter, I assumed the role as sole manager of Third Avenue Value Fund (the "Fund") on March 1, 2012. In this new role, I continue to be supported by the entire investment team at Third Avenue, including Martin Whitman, who remains Chairman. The entire 29-person investment team meets every Tuesday morning to discuss both potential new investments and existing positions. Marty continues to be an active participant in these meetings, particularly in ensuring that any common stock investment is suitable based on a critical assessment of the financial strength, management competence and business prospects of the underlying issuer. Additionally our value equity team meets weekly to review investments for the Fund and the Third Avenue Small-Cap Value Fund ("TASCX"). As has typically been the case, several members of the investment team contributed as analysts on the securities that were purchased during the quarter, including the newest member of the team, senior research analyst Vic Cunningham. Previously, Vic had been the Director of Research at Olstein Funds and had run his own private fund.

Portfolio activity during the past two months has been focused on purchasing shares of six common stocks, including three new positions, each of which is discussed below, and reducing the Fund's Hong Kong exposure (39% as of April 30, 2012, down from 50% on March 1, 2012) to make the portfolio more diversified (a strategy I noted in last quarter's shareholder letter). Additionally, a few other large holdings (Brookfield Common, Forest City Common, Posco Common and Investor AB Common) were trimmed to maintain position sizes. Finally, we exited several small non-core positions, including the remaining $9.3 million (face value) in MBIA Surplus Notes, which were sold at a small profit when factoring in interest received. The Fund's cash position totaled nearly 8% at quarter end, an increase from 2% on March 1, 2012.

As of April 30, 2012, the Fund's most significant geographic concentration was in East Asia, which accounted for about 52% of the portfolio. These investments, which primarily consist of several Hong Kong-based real estate and holding companies – whose recent results are discussed below, along with the common stocks of Posco, a Korean steel producer and Japan-based Toyota Industries – represent the best combinations of large discounts from readily ascertainable net asset value ("NAV"), strong financial positions and attractive NAV growth potential. The issuer of each common stock purchased during the quarter was based in the U.S.; the Fund's exposure in North America is 35%. We have an attractive pipeline of common stocks issued by U.S. companies, including both new names and existing holdings, which would be purchased if pricing improved. The Fund's exposure to Europe remains limited, at only

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, 2012: Henderson Land Development Co., Ltd., 12.33%; Posco (ADR), 8.54%; Cheung Kong Holdings, Ltd. 7.90%; Wheelock & Co., Ltd., 6.18%; Investor AB, 4.95%; Brookfield Asset Management, Inc., 4.85%; Toyota Industries Corp., 4.70%; Hang Lung Group, Ltd., 4.68%; Bank of New York Mellon Corp., 4.62%; and Covanta Holding Corp., 4.61%.

5%, consisting almost entirely of the common stock of Sweden-based holding company Investor AB. Given the lingering sovereign debt issues in Europe, we have been reviewing several depressed common stocks in this region. This could be an area of increased future activity if pricing improves.

QUARTERLY ACTIVITY

Number of Shares	New Positions
39,898 shares	Alleghany Corp. Common Stock (“Alleghany Common”)
490,000 shares	Comerica, Inc. Common Stock (“Comerica Common”)
21,628 shares	White Mountains Insurance Group, Ltd. Common Stock (“White Mountains Common”)
	Positions Increased
1,371,581 shares	Applied Materials, Inc. Common Stock (“Applied Materials Common”)
150,000 shares	Devon Energy Corp. Common Stock (“Devon Common”)
850,000 shares	KeyCorp Common Stock (“Key Common”)
	Positions Decreased
612,900 shares	Brookfield Asset Management, Inc. Common Stock (“Brookfield Common”)
8,654 shares	Carver Bancorp, Inc. Common Stock (“Carver Common”)
8,297,000 shares	Cheung Kong Holdings, Ltd. Common Stock (“Cheung Kong Common”)
250,000 shares	Forest City Enterprises, Inc. CL A Common Stock (“Forest City Common”)
1,286,000 shares	Hang Lung Group, Ltd. Common Stock (“Hang Lung Group Common”)
10,415,000 shares	Hang Lung Properties, Ltd. Common Stock (“Hang Lung Properties Common”)
16,425,000 shares	Henderson Land Development Co., Ltd. Common Stock (“Henderson Common”)

Number of Shares, Partnership Units or Principal Amount	Positions Decreased (continued)
6,677,000 shares	Hutchison Whampoa, Ltd. Common Stock (“Hutchison Common”)
168,374 shares	Investor AB Common Stock (“Investor Common”)
70,063 shares	Posco Common Stock (“Posco Common”)
31,300 shares	SFSB, Inc. Common Stock (“SFSB Common”)
397,400 shares	Toyota Industries Corp. Common Stock (“Toyota Industries Common”)
6,425,000 shares	Wharf Holdings, Ltd. Common Stock (“Wharf Common”)
1,000,000 shares	Wheelock & Co., Ltd. Common Stock (“Wheelock Common”)
	Positions Eliminated
387,525 partnership units	Brookfield Infrastructure Partners, L.P. Limited Partnership (“Brookfield Infrastructure L.P.”)
46,366 shares	Colonial Financial Services, Inc. Common Stock (“Colonial Common”)
224,796 shares	Fedfirst Financial Corp. Common Stock (“Fedfirst Common”)
199,102 shares	Gouverneur Bancorp, Inc. Common Stock (“Gouverneur Common”)
241,968 shares	Home Federal Bancorp Inc., Common Stock (“Home Federal Common”)
$9,330,000	MBIA Insurance Corp. 14% Surplus Notes (“MBIA Surplus Notes”)

PORTFOLIO ADDITIONS

Since March 1, 2012, we have added to three existing holdings and initiated three new positions. These investments fall into four buckets: oil and gas exploration and production (“E&P”), property and casualty (“P&C”) insurance, high tech and regional banks. The following is a review of the portfolio activity in each area.

OIL AND GAS E&P

As discussed in last quarter's letter, a new position was initiated in Devon Common. We added modestly to the position this quarter. Devon Energy Corp. is an Oklahoma-based oil and gas exploration and production company. In April, I attended the presentation of Devon's CEO, John Rickels, at the IPAA Oil and Gas Investor Symposium in New York City. The highlight was the company's discussion of its long-term growth outlook: production is projected to increase from 240 million barrels of oil equivalent ("BOE") in 2011, to 340 million BOE by 2016, representing a 7% annual growth rate. This growth is projected to be driven by high margin oil and natural gas liquids ("NGLs") annual growth of 16% to 18%, while natural gas production declines slightly. The company should retain a very strong financial position throughout this period, as most of the growth is expected to be funded by operating cash flow (the company expects to use only $1.5 billion of its $7 billion in cash over this period).

In early May, Devon reported first quarter results that showed significant progress. The company generated 10% year-over-year production growth, driven by increases in oil and NGLs production of 26% and 21%, respectively. The company's Jackfish oil sands projects in Canada generated a 55% increase in production, while oil production in the Permian basin in Texas, which has been revitalized by the application of horizontal drilling technology, increased 32%. The primary negative factor was low natural gas prices, which declined 35% to $2.34 per thousand cubic feet equivalent ("mcfe"). Fortunately, Devon's realized price was $3.02 owing to gains from its hedges, and the company has about 40% of its natural gas production hedged at $4.42 per mcfe for the balance of the year. Devon Common's valuation is attractive at about five times earnings before interest, taxes, depreciation and amortization ("EBITDA"), a 10% discount to estimated net asset value and $10 per BOE of proved reserves. By comparison, in 2009 and 2010, the company exited its Gulf of Mexico and international operations at a price of about $45 per BOE of proved reserves. Devon Common accounted for 1.2% of the Fund's net assets at quarter end, and the position has been increased this quarter as the stock has declined.

"Depressed valuations usually attract our interest at Third Avenue, and we are willing to live through weak near-term results if the issuer has a strong financial position and attractive long-term growth potential."

PROPERTY & CASUALTY INSURANCE ("P&C")

As Curtis Jensen discussed in the TASCX shareholder letter last quarter, 2011 was a difficult year for P&C insurers, owing to the combination of record low interest rates and one of the worst years of insured losses in history. As a result, P&C public market valuations are depressed, as many common stocks trade below tangible book value. Depressed valuations usually attract our interest at Third Avenue, and we are willing to live through weak near-term results if the issuer has a strong financial position and attractive long-term growth potential.

In evaluating potential P&C common stocks, we look for the following characteristics:

- Strong financial positions at both the operating companies and holding company, including AM Best ratings of at least A-.
- Competent underwriting track records through cycles, with combined ratios of less than 100%.
- The ability to invest at least a portion of the investment portfolio in equities (a by-product of the strong financial position).
- A long-term track record of at least a high single digit annual percentage growth in net asset value per share.
- A history of buying and selling assets prudently. We are not interested in investing in market-share driven

insurance companies that write business regardless of the return profile.

- A common stock price trading below tangible book value per share, ascribing no value to the significant float inherent in the business.

We initiated a position in Alleghany Common, which was purchased in TASCX and discussed in last quarter's TASCX shareholder letter. Curtis Jensen and I attended a lunch with a small group of investors and Alleghany's CEO, Weston Hicks, in April. Weston seems to be our type of CEO: he is non-promotional and focused on generating shareholder value by growing book value per share. The company has no dedicated investor relations person and does not do quarterly earnings calls, but instead provides comprehensive financial disclosures aimed at enabling long-term investors, as opposed to short-term speculators, to make informed investment decisions. Weston's presentation to investors consisted of a one page Excel spreadsheet showing the company's performance since 2002, when he joined the company. Over this period, the company's average combined ratio was 90% (i.e., a 10% underwriting profit margin), and book value per share increased at a 9% compounded annual growth rate ("CAGR"). This growth was particularly impressive given the difficult underwriting environment over the period with competitive pricing and an elevated level of insured losses.

Future book value growth should be partially driven by the company's 2012 purchase of Transatlantic, a leading global reinsurer. This transaction appears to have been well timed, as it was completed at a significant discount to tangible book value and reinsurance rates are improving in 2012. Alleghany also recently announced a small acquisition of Bourn & Koch, Inc., an Illinois-based manufacturer of precision machine tools. This company will join several other non-insurance investments in Alleghany's portfolio and is representative of management's opportunistic approach and willingness to look outside the insurance industry to enhance shareholder value. Shares of Alleghany Common were purchased at a discount to tangible book value.

We also initiated a position in the common stock of White Mountains Insurance Group Ltd., a Bermuda-based holding company whose principal businesses are conducted through property and casualty insurance and reinsurance subsidiaries. White Mountains Common was recommended for investment last year by John Mauro, a research analyst on Third Avenue's international team, when the company announced the sale of its Esurance subsidiary at a terrific price (about 2.5 times tangible book value) to the Allstate Corporation. White Mountains Common was subsequently purchased in the Third Avenue International Value Fund and discussed in that fund's July 31, 2011 shareholder letter. Impressively, White Mountains' tangible book value has increased at about 15% per year since 1985, with much of the growth driven by timely resource conversion activity (e.g., buying and selling of businesses), such as the recent Esurance sale.

In recent years, White Mountains' management has also been engaged in precisely the type of resource conversion activity discussed in Martin Whitman's Chairman's letter this quarter, e.g., repurchasing White Mountains Common. Since 2007, White Mountains has repurchased 37% of its outstanding common shares in a combination of open market repurchases, privately negotiated transactions and tender offers. Most recently, the company repurchased about 11% of its outstanding shares in a tender offer at $500 per share in March 2012 (versus a price of $523 per share on April 30, 2012). White Mountains Common was purchased during the quarter in the Fund at a modest discount to the company's March 31, 2012 book value per share of $560.

HIGH TECH

In March, I attended the Applied Materials investor meeting in New York along with my colleague Yang Lie, who has followed Applied Materials and other technology stocks since joining the firm in 1996. Applied Materials' Chairman and CEO Mike Splinter, along with several other members of the senior management team, presented a compelling long-term investment case for the company, which is the leading global provider of semiconductor capital equipment, driven by increasing consumer demand for mobility. While it is difficult to predict who will produce the next top-selling consumer electronics gadget (although the odds appear to favor Apple at the moment), it seems to be a safe bet that the demand for equipment and services provided by Applied Materials should increase, given its market dominance in many areas of semiconductor equipment, as semiconductor chips become more ubiquitous and more complex, necessitating a greater number and more advanced tools.

This favorable longer-term outlook seems to have been lost on many, as the company's modest reduction in 2012 earnings guidance triggered a 3% decline in the stock price that day and a subsequent 4% decline through quarter end. Specifically, owing primarily to weak demand for solar power capital equipment, the company projected fiscal 2012 earnings of $0.85 to $0.95 per share, compared to the previous Wall Street consensus forecast of $0.96 per share. As a result, we added to our position in Applied Common at very attractive multiples of about 9 and 13 times 2011 and expected 2012 earnings, respectively. Importantly, we believe that earnings are likely to exceed recent peak 2011 earnings of $1.30 per share in the next few years, driven by the favorable dynamics noted above, as well as an increase in addressable market from the recent acquisition of Varian Semiconductor. Although Applied Materials paid a rich price for Varian ($4.2 billion; 18 times earnings), the transaction was financed with excess cash and very low cost debt and should be accretive next year. Varian is the market leader in the ion implant market, a critical step in semiconductor chip manufacturing, which enables the manufacturing of high performance chips, e.g., for applications requiring faster speeds and longer battery lives. Even after the Varian acquisition, Applied Materials has a very strong financial position, with about $3 billion of cash and $2 billion of debt consisting of senior unsecured notes due from 2016 to 2041 at rates ranging from 2.7% to 7.1%. Applied Common accounted for 1.3% of the Fund's net assets at quarter end, and we have been increasing our position on further share price weakness this quarter.

REGIONAL BANKS

During the quarter, we added to our existing position in Key Common and initiated a new position in Comerica Common. At quarter end, the two positions accounted for 3.4% of the Fund's net assets. Comerica Common was identified by Vic Cunningham. Comerica Incorporated is a financial holding company based in Dallas with subsidiaries engaged in retail and business banking and wealth management. The management team, led by Chairman and CEO Ralph Babb, has an impressive long-term track record, having avoided many of the consumer related problem areas in 2007 and 2008. As a result, the company's tangible book value is roughly flat compared to five years ago, a considerable accomplishment in light of the financial crises. The current earnings outlook is subdued owing to depressed net interest margins (3.2%, versus 3.6% to 4.0% historically) and tepid loan growth (2% in the first quarter). Nevertheless, the company appears poised to generate improved returns over the next several years, owing to its low cost deposit base, strong business lending franchise in its core markets (Texas, Michigan, California and Florida) and strong capital position (10.3% Tier 1 Capital ratio). The company recently passed the Fed's Comprehensive Capital Analysis and Review ("CCAR") stress test and was approved to repurchase $375 million in stock (about 6% of the company's outstanding shares) over the next year. The Fund's initial position in Comerica Common was acquired at about 13 times earnings and a slight discount to tangible book value.

Since our initial investment in Key Common in late 2009, the company's business performance has been impressive:

- Non-performing loans have declined for ten consecutive quarters and totaled 1.35% of period-end loans, down from 3.68%.
- The company has been profitable for eight quarters in a row.
- The company raised common equity at $8.85 per share, a premium to tangible book value at the time

and a 15% premium to the current price. The proceeds were used to completely repay TARP.

- The Tier 1 common equity ratio increased to 11.55%, from 7.64%.
- Tangible book value per share increased by 12%, to $9.28 per share.
- In March 2012, Key passed the Fed's CCAR stress test and received authorization to repurchase $344 million of stock (nearly 5% of total outstanding shares at current prices). As discussed in Martin Whitman's Chairman's Letter this quarter, we strongly support share repurchases by a company like Key, whose common stock sells at a substantial discount to book value.

While Key Common is up about 30% since our initial purchase, it is, arguably, a better investment today; although the discount has narrowed, the company's financial position and business prospects appear to be even better.

We recently had a meeting at our office with Beth Mooney, Key's Chairman and CEO, and several members of her executive team. One of the topics of conversation was the company's highly discounted valuation compared to its banking peers (Key Common sells at about a 15% discount to tangible book value; whereas most of its peers sell at slight premiums). While there is no clear explanation for the disparity, one possibility is the company's exit loan portfolio, consisting of marine and certain other consumer loans, and its discontinued student loan business. Since these loan books are in run-off, Key is more challenged in growing its overall loan portfolio than most of its peers. Nevertheless, management's decision to exit higher-risk businesses seems to be prudent, as it should result in better performance during the next downturn.

HONG KONG UPDATE – STRONG FINANCIAL RESULTS

Our Hong Kong real estate and holding companies were the largest contributors to performance this year to date, through April. Business fundamentals remain strong and reported NAV growth in 2011 was impressive, yet the stocks trade at significant discounts to NAV. The following are highlights from some of the companies' recent results:

- Henderson Land reported that underlying profit increased 10% and net asset value per share increased 7%, to HK$78.23 per share (8% including dividends). The growth was driven by robust commercial real estate results in Hong Kong and China, as leasing income increased 25%. Henderson maintained a very strong financial position with a 16.6% net debt to capital ratio, interest coverage of six times and an average borrowing rate of 3.1%.
- Cheung Kong reported a 72% increase in 2011 earnings per share and a 16% increase in NAV per share to HK$132.20. The company's results benefitted from gains on timely resource conversions in early 2011, consisting of sales of stakes in ports and commercial real estate assets in separate IPOs. The large gains confirm our belief that many of the company's assets are worth considerably more than stated book value. Cheung Kong's underlying profit increased 15%, driven by a 26% increase in contribution from property sales and a 13% increase in property leasing income. Cheung Kong maintained a very strong financial position with HK$20 billion in cash and a net debt to capital ratio of only 7.6%.
- Wheelock & Co. reported that underlying profit increased 13% and NAV increased 22% to HK$60.32 per share. Leasing income increased 16%, as 25% retail sales growth in Hong Kong drove strong demand for shopping center space. Despite the headwinds from softening residential markets in Hong Kong and China, Wheelock generated very impressive property development results, as revenue and operating profit increased 109% and 194%, respectively. At year end, Wheelock's financial position was strong with a net debt to capital ratio of 11%, excluding Wharf's debt, which is non-recourse to Wheelock.

The Fund experienced a modest rebound in performance thus far in 2012; however, we believe the portfolio remains very attractively valued. As of April 30, 2012, the Fund was priced at only 0.77 times book value at quarter end. By comparison, the S&P 500 and MSCI World indices, the most widely used benchmarks for the Fund, traded at 2.3 and 1.7 times book value, respectively. Importantly, despite these more depressed valuations, we believe that our companies have stronger financial positions and better NAV growth potential than the average companies in the indices. Since quarter end, the price of the Fund has declined along with the overall markets, as sovereign debt issues in Europe, a slowdown in China and isolated incidents involving high profile U.S. companies, including Chesapeake and JP Morgan, appear to have spooked investors. The Fund has taken advantage of recent market turbulence by adding to some of the common stocks discussed above and is well positioned to take advantage of additional opportunities.

I shall write to you again when we publish our Third Quarter Report dated July 31, 2012. Thank you for your continued interest in the Fund.

Ian Lapey
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:

During the quarter, Third Avenue Small-Cap Value (the "Fund") initiated three new positions, added to 16 of its 63 existing positions, eliminated one position and reduced its holdings in 21 companies. At April 30, 2012, Small-Cap Value held positions in 61 common stocks, the top 10 positions of which accounted for approximately 25% of the Fund's net assets.

Number of Shares	New Positions Acquired
587,680 shares	Cloud Peak Energy, Inc. Common Stock ("Cloud Peak Common")
114,365 shares	Jos. A. Bank Clothiers, Inc. Common Stock ("Joseph Bank Common")
45,464 shares	Rofin-Sinar Technologies, Inc. Common Stock ("Rofin-Sinar Common")
	Increases in Existing Positions
18,222 shares	Alleghany Corp. Common Stock ("Alleghany Common")
10,000 shares	Canfor Corp. Common Stock ("Canfor Common")

Number of Shares	Increases in Existing Positions (continued)
46,175 shares	Compass Minerals International, Inc. Common Stock ("Compass Common")
25,000 shares	Emcor Group Inc. Common Stock ("Emcor Common")
6,347 shares	Excel Trust, Inc. Common Stock ("Excel Common")
254 shares	Haemonetics Corp. Common Stock ("Haemonetics Common")
45,462 shares	ICF International, Inc. Common Stock ("ICF Common")
47,487 shares	J&J Snack Foods Corp. Common Stock ("J&J Common")
20,945 shares	Lexmark International, Inc. Common Stock ("Lexmark Common")
35,150 shares	Mantech International Corp. Common Stock ("Mantech Common")
228,014 shares	Pioneer Drilling, Co. Common Stock ("Pioneer Common")
333,150 shares	Segro PLC Common Stock ("Segro Common")
10,000 shares	SemGroup Corp. Common Stock ("SemGroup Common")
62,811 shares	Sensient Technologies Corp. Common Stock ("Sensient Common")
36,000 shares	Teleflex, Inc. Common Stock ("Teleflex Common")
9,700 shares	Unifirst Corp. Common Stock ("Unifirst 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, 2012: Madison Square Garden, Co., 3.11%; Ingram Micro, Inc., 3.00%; Vail Resorts, Inc., 2.85%; Seacor Holdings, Inc., 2.67%; Teleflex, Inc., 2.40%; Liberty Media Corp., 2.21%; Semgroup Corp., 2.19%; Mantech International Corp., 2.18%; Ackermans and Van Haaren NV, 2.13%; and Lexmark International, Inc., 1.99%.

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

Number of Shares	Positions Reduced
15,000 shares	Ackermans & van Haaren N.V. Common Stock ("AvH Common")
75,161 shares	Aeropostale, Inc. Common Stock ("Aeropostale Common")
231,425 shares	Alexander & Baldwin, Inc. Common Stock ("Alex Common")
24,200 shares	Alico, Inc. Common Stock ("Alico Common")
40,000 shares	American Eagle Outfitters, Inc. Common Stock ("American Eagle Common")
27,500 shares	Cimarex Energy Co. Common Stock ("Cimarex Common")
25,417 shares	Cross Country Healthcare, Inc. Common Stock ("Cross Country Common")
7,447 shares	Encore Wire Corp. Common Stock ("Encore Common")
106,239 shares	HCC Insurance Holdings, Inc. Common Stock ("HCC Common")
10,000 shares	Kaiser Aluminum Corp. Common Stock ("Kaiser Common")
205,000 shares	Lanxess AG Common Stock ("Lanxess Common")
17,265 shares	Liberty Media Corp. Common Stock ("Liberty Common")
500 shares	Minerals Technologies, Inc. Common Stock ("Minerals Technologies Common")
28,510 shares	Park Electrochemical Corp. Common Stock ("Park Common")
100,000 shares	P.H. Glatfelter Co. Common Stock ("Glatfelter Common")
1,796,000 shares	PYI Corp. Ltd. Common Stock ("PYI Common")

Number of Shares	Positions Reduced (continued)
10,768 shares	Stepan Co. Common Stock ("Stepan Common")
1,835 shares	Superior Industries International, Inc. Common Stock ("Superior Common")
1,157,300 shares	Viterra, Inc. Common Stock ("Viterra Common")
262,843 shares	Wacker Neuson SE Common Stock ("Wacker Common")
128,188 shares	Westlake Chemical Corp. Common Stock ("Westlake Common")
	Position Eliminated
21,530,352 shares	Catalyst Paper Corp. Common Stock ("Catalyst Common")

QUARTERLY ACTIVITY

The Fund's newest additions this quarter span a diverse set of businesses, including a coal company (Cloud Peak), a retailer (Jos. A. Banks) and an industrial capital equipment company (Rofin-Sinar). Two of these stocks attained relatively meaningful size and are discussed in more detail below. When Fund Management made its first energy-related investments in 2004[1], we noted the following as one of our working assumptions about energy investing:

> *Conventional wisdom in the industry is usually proven wrong and surprises are more the norm. Few observers, for example, predicted the fallout on oil prices in the late 1980s, as automobile fuel efficiency began to soar. Similar "left field" developments may await us in future periods.*

We would submit that the steep decline in natural gas prices during the past twelve months[2] ought to count as one of those "surprises" served up by the energy markets and have considered how we might position the Fund to gain from another such surprise: the potential reversal of those declines. Our search for ideas included the more apparent possibilities, such as shares of oil and gas

[1] See Third Avenue Small-Cap Value Fund shareholder letter, dated April 30, 2004.
[2] Spot prices for Henry Hub natural gas have declined from approximately $4.20/MMBtu in the first quarter of 2011, to $2.30 today.

producers whose hydraulic fracturing (commonly known as "fracking") technology has created a glut of natural gas, and extended to somewhat less obvious places, such as shares of electric utilities that use natural gas as part of their fuel mix. Our search concluded, perhaps improbably, on yet a different subsector with the shares of Cloud Peak Energy, a coal producer. Coal prices – specifically thermal coal, the kind used by utilities to generate electricity – have dropped along with demand in response to record low gas prices that have increasingly pushed utilities to switch from coal to gas as a fuel source. Among utilities, natural gas has been taking "market share" from coal for years[3], a shift that jumped markedly following one of the mildest winters on record. In what may be an extreme example, Southern Company, an Atlanta-based utility, will reportedly get 35% of its fuel from coal this year, versus 70% five years ago[4]. Adding to the gloom for thermal coal are onerous environmental regulations that, if enacted as proposed, will likely permanently reduce coal's contribution to America's energy picture.

In a beleaguered industry, Cloud Peak seems to stand apart from its peers on several fronts. Its three non-unionized surface mining operations, which produce low sulfur coal, are located in the Powder River Basin of Wyoming and Montana and boast one of the lowest cost positions in the industry. Additionally, Cloud Peak's Spring Creek mine enjoys Canadian port access that connects it to growing Asian markets[5], where coal consumption is expected to grow rapidly. Admirably, Cloud Peak's management team has maintained a strong financial position and has not followed its competitors by expanding through large acquisitions, moves that have saddled a number of the largest players with weakened balance sheets (implicitly strengthening Cloud Peak's hand). Its attractive valuation, equating to less than four times estimated 2012 EBITDA or $0.90 per ton of reserves, is well below private market values we estimate to be in excess of $1.50 to $2.00 per ton. Customer contracts equate to almost all of 2012 production and the majority of that for 2013, ensuring some cash flow stability and affording a comfortable degree of downside protection. While the contracts may become negotiable, they do provide a reasonable enough runway and timeframe for energy markets to balance. Additionally, though the company carries a net debt position, it faces no debt maturities until 2017.

A few more pieces to the puzzle, not all of which are necessary for a successful outcome, would make this an even more enticing investment. These include:

1) Cloud Peak management avoids a large, value-destroying acquisition and watches closely its controllable costs, including labor, fuel, tires, and maintenance;

2) Natural gas producers recognize that $2 gas is unsustainable, as it jeopardizes their business economics and, therefore, make a concerted effort to cut back capital spending and production to reduce the supply of gas;

3) Demand for natural gas improves, as weather normalizes and as industrial use takes root from expansion among chemical and fertilizer producers and LNG export facilities, pushing gas prices higher and reducing the attraction of switching from coal;

4) Utility customers act rationally and continue to maintain a diversified basket of generation assets that includes coal, gas, nuclear, hydro and alternatives (i.e., coal does not get completely abandoned in the next five to 10 years);

5) Low sulfur PRB coal gains favor with utilities at the expense of higher cost, Appalachian coal where the competitors, as noted, may be financially and strategically constrained;

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[3] According to the EIA, coal and gas accounted for 49.8% and 17.9% of U.S. electricity generation in 2004, respectively. By 2013 it forecasts that coal will account for 41.2%, versus 26.2% for gas.

[4] *Atlanta Journal Constitution*, April 26, 2012.

[5] According to research from consulting firm Wood Mackenzie, coal will supplant oil as the world's leading fuel source by 2015.

6) Foreign markets remain open to U.S. producers and port capacity expands to create even more room for U.S. production.

While the U.S. thermal coal business may not embody a wonderful growth story, we do not believe it will share the same fate as newspapers, paging devices and VHS tapes. Given its abundance and low cost, we certainly believe coal has a future as an energy source over our three-to-five-year investment horizon, particularly if natural gas prices rise and export opportunities increase. Our experience suggests owning mispriced assets in an industry that is prone to surprises can be rewarding. At current levels, the shares trade in what we think of as a desirable ratio of upside to downside – around 3:1[7].

> **"Our experience suggests owning mispriced assets in an industry that is prone to surprises can be rewarding. At current levels, the shares trade in what we think of as a desirable ratio of upside to downside – around 3:1."**

The position initiated in Jos. A. Banks Common adds to a small basket of well-capitalized retailers that might credibly draw interest from private equity sources, but whose managements we expect to create value in their own right. Jos. A. Banks has been selling suits, shirts and other men's business wear for 107 years; but, it was not until the past decade that the company developed more of a nationwide presence, expanding well beyond its roots in the Mid-Atlantic U.S. While the company's promotional approach may be at odds with building a brand, management has compounded revenues at double digit growth rates over the past 10 years, while consistently delivering same store sales growth[6] and margin expansion, even through the recent economic downturn.

Cash and equivalents comprise 20% to 25% of the company's current market cap, and the balance sheet is debt free. While the contractual obligation associated with operating leases are "debt like," we view it as eminently manageable and find additional comfort in the company's track record of profitability and excess free cash flow. The company does carry significant inventory, but unlike many apparel retailers, "fashion risk" seems relatively limited. Unlike the Fund's other apparel retailer holdings, the company's focus is on classic staples – including suits, dress shirts, and pants – that will be saleable next season or next year and likely look much the same as those sold five years from now.

Management prefers promoting their wares to both Main Street and Wall Street, rather than promoting their shares. Given the company's track record, we would say this has been time and energy well spent. Management believes they have room to expand their store base, and historically they have found numerous ways to profitably extend their product lines and otherwise grow sales from their existing store footprint. The next three to five years may not maintain the same trajectory as the past five; however, odds seem good that management can continue to compound value at attractive rates.

The Fund started its position at approximately 10 times earnings (adjusted for the company's cash holdings), a seemingly undemanding valuation for a business with prospects of continued growth over the near to mid-term. Shares also trade at a meaningful discount to what we believe a knowledgeable financial or strategic buyer might pay for control of the business.

During the quarter, Fund Management eliminated the remainder of its position in Catalyst Paper Common. Amit Wadhwaney discussed this investment in great detail in his First Quarter 2012 letter to Third Avenue International Value Fund Shareholders.

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[6] Same store sales growth compares sales of stores that have been open for a year or more, providing a measure of growth less influenced by simply adding more store locations. Same store sales growth reflects management's ability to improve the revenue productivity of its existing store base.

[7] TAM Estimate

RETURNS AND ATTRIBUTION

While we seek to create value for our shareholders over the long term and try to think about performance in those terms, we are invariably asked about performance during much shorter time frames. As such, we endeavor to comment on the matter at least a couple of times a year in our letters. Breaking with convention (what else would we do?), we'll discuss performance for the *first third* of the year, as April coincides with the end of the Fund's fiscal quarter and seems more relevant than a discussion about results for the more conventionally reported March quarter end. Through the four months ended April 30, 2012, the Fund returned 9.3%. On a raw basis, i.e., without reference to the investment risk undertaken, the Fund's return represents a modest shortfall relative to the Russell 2000 Value Index, which returned 10.0% during the same period. The vast majority of the Fund's holdings showed a positive return. However, the Fund's above average cash holdings during the period (approximating 20%) detracted from the Fund's results. In addition, the Fund tends not to own the kind of companies that performed well during the period. According to Merrill Lynch Research[8], for example, the better performing returns in the Russell 2000 Value Index came from the smallest companies, those with no earnings and those whose stocks were priced under $5.00 per share.

Listed in the table below are the names and relevant percentages of the top four contributors and detractors and their impact on the Fund's performance thus far this year (January-April 30, 2012). The Fund's exposure to industrial companies, such as Lanxess and Westlake, both chemical companies, provided a nice tailwind for the Fund's results. Lanxess shares have more than made up for their negative contribution during 2011, reflecting terrific progress in the business on a number of levels. Viterra became the target of a negotiated acquisition proposal whose valuation translated to a 50%+ premium on the share price prior to the public announcement of the deal. Madison Square Garden, whose shares appreciated more than 25% during the period, continues to report positive business developments that reinforce our thesis on the holding.

Contributors	Detractors
Lanxess AG (+1.44%)	Pioneer Drilling (-0.20%)
Viterra (+1.03%)	Lexmark International (-0.18%)
Westlake Chemical (+0.70%)	Cross Country Healthcare (-0.15%)
Madison Square Garden Co. (+0.65%)	Cloud Peak Energy (-0.14%)

Pioneer Drilling, a land-based oil and gas drilling and services contractor, saw its shares decline nearly 20% during the period, as natural gas prices fell to multi-decade lows and as its producer-customer base began to announce cutbacks in natural gas drilling activity. Most of Pioneer's assets work in well-established oil and gas basins, such as the Bakken, Eagle Ford and Permian, are contracted on a multi-year basis and have largely been dedicated toward finding oil and liquids, not dry gas. Contract terms and fleet utilization generally appear firm or are improving. A possible explanation for the weak share performance may tie to the company's relatively aggressive, debt-financed expansion but, with the shares currently trading below book value, we have been adding to the Fund's position, viewing the asset quality and customer contracts as additional sources of downside protection.

Lexmark Common currently holds a relatively heavy weighting in the Fund. The business of manufacturing and selling printers and ink – once a powerful "razor and blades" economic model – is today characterized by intense competition and low growth, but Lexmark continues to generate reasonable cash flow and enjoys a strong financial position. Management has started to exit less profitable lines of businesses and to invest in new initiatives, such as software, and has returned significant amounts of excess capital to shareholders. Declining 8% this year, the shares

[8] Bank of America Merrill Lynch Small Cap Research, April 2, 2012.

are valued at approximately seven times earnings and yield 4%, suggestive to us the market believes the company is headed for imminent extinction. It isn't. Lexmark Common has tested our patience, but we believe it remains mispriced by the public markets at a level unjustified by the company's basic fundamentals.

In recent periods Fund Management had been selling shares of Cross Country, which specializes in temporary healthcare staffing, at significantly higher levels than the current quote – reflecting our belief that the weak economic recovery had depleted the company's near-term earning power. While the longer-term outlook for the business ought to remain positive, the declines in the share price in recent periods appear to give almost no recognition of the possibility of an earnings recovery. As such, we believe the shares merit their smallish position.

Cloud Peak shares started a gentle descent almost the minute we placed our first order and, as of April 30, 2012, were below the Fund's cost basis.

CASH IS KING

We noted earlier that the Fund's cash level is currently above its normal range of 5% to 10% of the Fund's assets. Sometimes cash is created involuntarily, such as with the Viterra takeover. But more often than not, cash (actually, mostly Treasury bills in the case of the Fund) is a by-product of our investment process and reflects our defensive nature and conservative tendencies. As much as anything else, this posture reflects my personal holdings in the Fund as well as those of my partners, friends and family who seem to care more about losing money than keeping up with an index. It also reflects our opportunity set, as we view it, and our desire to maintain a strong buy discipline. With government credit markets rigged against savers to the point where real returns on government obligations have turned negative, it is easy to lose sight of the virtues of cash. In the current rate environment, cash held over longer periods of time will be counterproductive. But to my mind, cash has two very important characteristics: it is virtually alone in terms of its correlation to risk assets; and it is an oasis during times of market turmoil when investing opportunities become most abundant. We expect the Fund's excess cash to decline in coming periods given the productive start we have had this quarter and the continued expansion of our idea inventory.

I want to take this opportunity to make a special thanks to my long-time colleague Charlie Page whose thinking, writing and editing are key pieces of each quarter's letter and whose insights are essential to the construction of the portfolio.

I look forward to writing you again when we publish our Third Quarter report dated July 31, 2012. Thank you for your continued support.

Sincerely,

Curtis R. Jensen
Chief Investment Officer and Portfolio Manager of
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:

Portfolio activity during the quarter primarily consisted of selling securities and taking profits on recent appreciation. Third Avenue Real Estate Value Fund (the "Fund") reduced its holdings in three common stocks and eliminated its holdings in six common stocks. Five of the securities sold were common stocks of "housing-related" businesses in the United States and the United Kingdom – Lowe's Common, Taylor Wimpey Common, Bellway Common, Berkeley Common and Lennar Common. All were added to the portfolio within the past two years. These were contrarian investments initiated at depressed valuations at times when these companies were particularly out-of-favor. The common thesis for these investments was that each company was well-positioned, financially and strategically, to be a prime beneficiary of the ultimate recovery in the U.S. and U.K. housing markets. At the time of the investment, each company's near-term outlook was very uncertain, but Fund Management believed that long-term prospects were very strong. The recovery of many housing-related stocks over the past six months came as somewhat of a surprise since, in Fund Management's opinion, the housing industries in the U.S. and U.K., while showing signs of improvement, are clearly not yet running on all cylinders. There are still too many uncertainties in global and domestic economics and much work (political and financial) remains to get the residential mortgage markets functioning properly again.

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

Notional Amount	New Positions Acquired
AUD 135 million	Australian Dollar Calls (sold) expires 6/6/12 ("Aussie June Calls")
AUD 135 million	Australian Dollar Puts (bought) expires 6/6/12 ("Aussie June Puts")
AUD 35 million	Australian Dollar Calls (sold) expires 8/6/12 ("Aussie August Calls")
AUD 35 million	Australian Dollar Puts (bought) expires 8/6/12 ("Aussie August Puts")

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, 2012: Forest City Enterprises, Inc., 8.15%; Brookfield Asset Management Inc., 5.23%; Hammerson PLC, 4.88%; Cheung Kong Holdings, Ltd., 4.40%; Lowe's Cos., Inc., 3.71%; Wheelock & Co., Ltd., 3.49%; Taylor Wimpey PLC, 3.24%; Weyerhaeuser Co., 3.23%; Vornado Realty Trust, 3.18%; and Hysan Development Co., Ltd., 2.98%.

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

Investment Amount, Notional Amount, Number of Shares or Contracts	Increases in Existing Positions
$1,000,000	Alliance Bernstein Legacy Securities (C 1) Fund, L.P. Limited Partnership Interest ("Alliance Bernstein LP Interest")
500,000 shares	Segro PLC Common Stock ("Segro Common")
¥1,000,000,000	Japanese Yen/U.S. Dollar Forward Foreign Currency Contracts ("JPY/USD Forward")
	Positions Reduced
10,049,000 shares	CapitaLand Ltd. Common Stock ("CapitaLand Common")
831,770 shares	Lowe's Cos., Inc. Common Stock ("Lowe's Common")
13,200,000 shares	Taylor Wimpey PLC Common Stock ("Taylor Wimpey Common")
	Positions Eliminated
AUD 35 million	Australian Dollar Calls (sold) expires 6/6/12 ("Aussie June Calls")
AUD 35 million	Australian Dollar Puts (bought) expires 6/6/12 ("Aussie June Puts")
2,196,068 shares	Bellway PLC Common Stock ("Bellway Common")
308,778 shares	Berkeley Group Holdings PLC Common Stock ("Berkeley Common")
1,686,371 shares	General Growth Properties, Inc. Common Stock ("General Growth Common")
1,999,293 shares	Lennar Corp. Common Stock ("Lennar Common")
63,254 shares	Rouse Properties, Inc. Common Stock ("Rouse Common")
4,692,100 shares	Sun Hung Kai Properties, Ltd. Common Stock ("Sun Hung Kai Common")

Contracts	Positions Eliminated (continued)
18,721 contracts	Hang Seng Property Index January 2013 HKD22,947 Calls
17,800 contracts	Hang Seng Property Index January 2013 HDK24,026 Calls ("Hang Seng Property Index Calls")

SELL DISCIPLINE

One characteristic of Third Avenue's funds, including the Real Estate Value Fund, is the consistent low portfolio turnover. According to Morningstar, the average annual turnover rate for global real estate mutual funds was 76% in 2011 and 72% for the trailing ten years. The Real Estate Value Fund's portfolio turnover was 32% in 2011 and 20% for the trailing ten years. This low-turnover approach to investing in real estate securities reduces transaction costs and lends itself to tax-efficient capital appreciation over the long term, which is our ultimate goal.

More recently, however, the Fund has become slightly more active buying and selling securities. That is not to say that we have changed our stripes. Our ideal investment holding period remains forever. However, the most recent investment climate has been characterized by volatile markets caused mainly by external events (e.g., QE1, QE2, debt downgrades, European sovereign debt restructuring, etc.). This climate provided us with a number of interesting buying opportunities in late 2011. It is now providing some compelling selling opportunities. That we are able to pursue this more active investment management strategy is partly due to continuous improvements in our investment process (e.g., our "T2 Portfolio" or list of securities that we desire to own but at lower prices) and partly client-driven, as the Fund's number of outstanding shares has been relatively stable. It seems that now, more than ever, we are in the capital recycling business. For example, by taking advantage of volatility in the market prices of securities, we have owned and "recycled" the debt or equity of General Growth Properties three times since the financial crisis.

On the heels of one of our most active buying periods (late 2011) since the Fund's inception, our fiscal second quarter produced the most active voluntary selling (harvesting) program in the Fund's history. Selling is arguably the most difficult aspect of the investment process. In fact, selling is much harder than buying, as the psychological decision to sell often creates doubts and pessimism in contrast to the buy decision, which is often filled with fewer doubts but a sense of optimism. Separating the emotion and regret often associated with selling requires discipline and the willingness to risk making mistakes. The trouble is, only time will tell if the decision was sound.

Our investment strategy places a great deal of importance on high-caliber management teams that have the experience, desire, skills and courage to operate their businesses with a long-term strategy similar to the way we operate the Fund. This prerequisite requires confidence in making the hard decisions. For example, we recommend and expect companies to sell fully valued assets that offer modest future return potential and to redeploy the proceeds either into higher returning investments (if available) or share repurchases (if their common stock is undervalued and represents the best return potential). If the environment is not currently offering such investment opportunities, they should retain that capital until opportunities arise. Easy to say, harder to do, especially when market participants are seeking short-term gratification and management teams are evaluated based on meeting short-term objectives (e.g., stock price, quarterly earnings per share, etc.) instead of long-term value creation.

> **"Our investment strategy places a great deal of importance on high-caliber management teams that have the experience, desire, skills and courage to operate their businesses with a long-term strategy similar to the way we operate the Fund. This prerequisite requires confidence in making the hard decisions."**

Consistent capital recycling is an arduous operating strategy to pursue due to the constant challenge of finding the next new suitable investment, subjecting the manager to potential short-term relative underperformance in pursuit of long-term gains. Much like the management teams we desire to be aligned with, we have accepted the challenge of managing the Fund with such an active approach, as evidenced by our sales activity and cash build-up during the quarter. Our sell discipline is similar to the analysis that our corporate management teams employ when deciding whether to sell a portion or the entirety of an asset, or even selling the company. Our sell discipline typically falls under four categories: (1) price appreciation to full value, (2) re-sizing positions, (3) changes in our investment thesis (including mistakes) and (4) resource conversions, including M&A. Selling activity during the quarter included three of these four categories:

•**Price Appreciation to Full Value:** At the outset of each new investment, we establish an investment plan that includes our conservative estimate of underlying value. This plan typically includes various paths which our investment may take in generating the acceptable targeted return. Undoubtedly, the projected path and the actual path often vary in duration and course. As value investors, we are known to acquire the "down-and-out with potential" with the intention of selling when the security transitions to a "must-own because of growth potential." The homebuilding sector is an illustrative example. Our investment in Lennar Common was initiated in May 2010. Lennar was an undervalued (discount to adjusted book value) high-quality company with various short-term issues that we believed could be overcome with time. We established our price objective based on the long-term average of potential earnings in a more normalized housing market. As is usually the case with homebuilder shares, "recovery anticipation" is all that is needed for shares to rebound. Over the past six months, there seemed to be glimmers of improvement in the U.S. housing market, and recovery anticipation took hold, resulting in the stock price breaching our target, triggering the sale of our shares. To be clear, the sale of Lennar Common was not a macro call on whether the housing market is in full recovery or just stabilizing; it was a result of the security reaching full value based on our analysis. We reached the same conclusion on several of our more cyclical investments, including Berkeley Common and Bellway Common (both U.K. homebuilders), as well as our third trip with securities of General Growth Properties.

- **Re-sizing Positions in the Portfolio:** In order to de-risk positions in their property portfolio, real estate companies often sell minority stakes in properties they believe are approaching full value. In a similar vein, we re-sized several positions during the quarter, as they appreciated to position weightings that we viewed as inappropriate given the return prospects. As we outlined in our October 2011 shareholder letter, we have learned from previous failures to reduce position sizes when valuations became stretched (e.g., Forest City and St. Joe). We do note, however, that valuations are dynamic, and as factors change, our analysts attempt to evaluate the relative inputs into the prospective return. During the quarter, we reduced position weightings in Taylor Wimpey Common, CapitaLand Common and Lowe's Common as the overall position sizes grew too large for the prospective return profiles. Taylor Wimpey, a U.K. homebuilder that we first acquired in April 2011, appears to be "on the bridge" to becoming a growth stock, yet still trades at a meaningful discount to our estimate of NAV. CapitaLand, a Singapore-based real estate operating company and holding company, appreciated rapidly during the quarter and we opportunistically sold shares while retaining a reasonable position size. Lowe's continues to gain traction with investors as a primary beneficiary of a housing recovery. We first acquired Lowe's Common in June 2011. Despite the stock's positive performance, we believe it is still undervalued and represents a 3.71% position weighting at quarter end.

- **Change in Our Investment Thesis:** Consistent monitoring of our holdings is a vital part of our investment process. Challenging our investment thesis and searching for disconfirming information is essential. A subtle shift in direction is usually tolerable, as long as it doesn't damage the core thesis. But a dramatic change in consequences can result in swift action despite the associated cost. Our unfortunate experience with Sun Hung Kai Properties, a Hong Kong developer, during the quarter is a prime example. On March 19, 2012, Sun Hung Kai disclosed that one of its executive directors had been arrested by Hong Kong's Independent Commission Against Corruption ("ICAC") in connection with a bribery investigation. We immediately reduced our position in Sun Hung Kai Common in response to the arrest and allegations. Then, on March 29, 2012, trading in Sun Hung Kai Common was halted pending the announcement that ICAC had arrested the two Joint-Chairmen of Sun Hung Kai, also on allegations of bribery and corruption. We sold the remainder our shares when the stock resumed trading on March 30, 2012. While the investigations remain preliminary and no formal charges have been made, one of our initial theses for owning the stock – the company's unblemished track record which resulted in a premium share rating from investors – has now been tarnished for an extended period, regardless of the outcome. Again, only time will tell if eliminating the position was an overreaction on our part, but our instincts side with caution. The Fund realized a small loss on its investment in Sun Hung Kai Common.

- **Resource Conversion Activity:** Since the Fund's inception in 1998, privatizations, mergers and acquisitions have been common and profitable exits from our investments. A transaction in which the private market recognizes value at a premium to the public market is an ideal exit, assuming the transaction is consummated at a fair price. Even in situations where the privatization price does not reflect our estimate of full intrinsic value, they are often at substantial premiums to the public market value. The Fund did not experience any of this activity during the quarter, but we expect that the gradual improvement in capital markets activity will eventually result in transactions in which the Fund will be a beneficiary. In fact, we have identified several candidates in our portfolio that we consider to be obvious takeover candidates once "animal spirits" renew. Real estate is an investment sector that easily supports relative valuation analysis. Wide disparities between prices of similar assets within the same geographies (particularly in publicly-traded companies), coupled with synergies gained by removing corporate costs, easily justify M&A activity. As an additional catalyst, it is our opinion that publicly-traded real estate companies, particularly outside the U.S., offer potential acquirers (e.g., private equity and sovereign wealth funds) an attractive discount compared to buying in the physical market.

"Within four months after we filed the Schedule 13D, Forest City announced that it has (i) reduced the size of its Board of Directors and going forward the majority of Directors will be independent, (ii) undertaken steps to divest portions of its land development business and other non-core assets, and (iii) vastly improved disclosure along with highlighting some of the key metrics used to value real estate companies."

Due to significant selling activity, cash and equivalents accounted for 18% of the Fund's net assets at quarter-end. We acknowledge that the cash balance may forfeit short-term returns if the global market for real estate securities continues higher. However, we balance that risk with our ability to be aggressively opportunistic if renewed macro-economic fears create compelling investment opportunities (similar to August 2011, when the Fund invested nearly all of its available cash reserves). In the meantime, we believe the Fund is particularly well positioned to generate reasonable returns despite the potential cash drag. At quarter-end, our securities portfolio (excluding cash) is trading at an aggregate discount of 20% to our estimates of NAV. We note that a discount of this magnitude has occurred only twice since the financial crisis (March 2009 and September 2011). One might logically ask: if the discounts are that large, why do we not simply allocate more cash to our existing holdings? Our hesitancy to do so is primarily based on portfolio management risk considerations, such as concentration in position sizes and geographies, and trading liquidity.

While selling securities was our primary activity during the quarter, there were several notable corporate developments in our portfolio that give us confidence that the discounts to NAV will continue to narrow. Westfield, Dexus and Segro each announced substantial asset sales at prices above their appraised values. Hammerson announced that it would be selling its high-quality office portfolio to become a focused retail REIT. Due to their strengthened financial position from asset dispositions and/or effective balance sheet management, Commonwealth Properties, Westfield, Dexus and Lowe's each pursued stock buyback programs. Cheung Kong, Brookfield, Wheelock, CapitaLand and Hysan either raised their dividends to shareholders or announced special dividend payouts. In addition to the corporate developments at our individual holdings, the prolonged period of low interest rates continues to benefit real estate companies in two important ways: the relative yield on real estate investment remains ultra-attractive; and high quality companies with strong financial positions are afforded the ability to access extremely cost effective capital (bank funding or bond issuance) to pay off more expensive maturing debt and to fund future expansion opportunities.

Also of note were corporate developments at Forest City Enterprises, the Fund's largest position. As highlighted in our year-end shareholder letter, Fund Management filed a Schedule 13D with the Securities and Exchange Commission indicating that we became active and had initiated discussions with company management regarding strategic initiatives it could take to enhance shareholder value. Among other suggestions, we encouraged the company to modernize its corporate governance, divest non-core assets and improve transparency. Within four months after we filed the Schedule 13D, Forest City announced that it has (i) reduced the size of its Board of Directors and going forward the majority of Directors will be independent, (ii) undertaken steps to divest portions of its land development business and other non-core assets, and (iii) vastly improved disclosure along with highlighting some of the key metrics used to value real estate companies.

Recently, Fund Management changed its filing with the SEC back to a Schedule 13G, indicating that our investment in Forest City Common is once again passive. We are confident that Forest City management has set the wheels in motion that should ultimately eliminate the large discount at which Forest City Common trades relative to NAV and its real estate peers. Sometimes it pays to be the "squeaky wheel". Since we filed the Schedule 13D in October 2011, the trading price of Forest City Common has risen nearly 60%, yet remains at a substantial discount to our estimate of NAV.

We appreciate the support and confidence you have placed in us to manage your capital and look forward to writing to you again next quarter.

Sincerely,

Michael H. Winer	Jason Wolf
Co-Portfolio Manager	Co-Portfolio Manager
Third Avenue Real Estate Value Fund	Third Avenue Real Estate Value Fund

Third Avenue International Value Fund
(Unaudited)

Amit B. Wadhwaney
Co-Portfolio Manager of
Third Avenue International Value Fund

Matthew Fine
Co-Portfolio Manager of
Third Avenue International Value Fund

Dear Fellow Shareholders:

In the most recent quarter, Third Avenue International Value Fund (the "Fund") established one new position, added to our positions in eight companies, reduced three existing positions and eliminated three positions.

Number of Shares	New Position Acquired
80,906 shares	Otsuka Corp. Common Stock ("Otsuka Common")
	Increases in Existing Positions
931,642 shares	Atrium European Real Estate Ltd. Common Stock ("Atrium Common")
5,979,000 shares	Daiwa Securities Group, Inc. Common Stock ("Daiwa Common")
5,339,208 BDRs	GP Investments, Ltd. Brazilian Depositary Receipts ("GP Investments BDRs")
580,000 shares	Guoco Group Ltd. Common Stock ("Guoco Common")
91,464 shares	Pargesa Holding S.A. Common Stock ("Pargesa Common")

Number of Shares	Increases in Existing Positions (continued)
331,100 shares	Precision Drilling Corp. Common Stock ("Precision Drilling Common")
729,097 shares	Segro PLC Common Stock ("Segro Common")
93,256 shares	Titan Cement Co. S.A. Common Stock ("Titan Common")
	Decreases in Existing Positions
242,730 shares	Alma Media Corp. Common Stock ("Alma Media Common")
1,392,300 shares	Dundee Precious Metals, Inc. Common Stock ("Dundee Common")
4,322,850 shares	Viterra, Inc. Common Stock ("Viterra Common")
	Positions Eliminated
41,679 shares	Andritz AG Common Stock ("Andritz Common")
72,271,095 shares	Catalyst Paper Corp. Common Stock ("Catalyst Common")
461,416 shares	Sampo Oyj Common Stock ("Sampo 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, 2012: WBL Corp., Ltd., 8.41%; Netia S.A., 6.05%; Taylor Wimpey PLC, 4.09%; Weyerhaeuser Co., 3.78%; Sanofi, 3.38%; White Mountains Insurance Group, Ltd., 3.37%; Leucadia National Corp., 3.35%; Daiwa Securities Group, Inc. 3.16%; Munich Re, 2.74%; and Mitsui Fudosan Co., Ltd., 2.63%.

REVIEW OF QUARTERLY ACTIVITY

For the second time in as many quarters, we initiated a new investment in a Japanese company. This quarter we purchased shares in Otsuka Corporation ("Otsuka"), which is one of the leaders in the Japanese information technology ("IT") services space. Specifically, the company provides IT consulting services to Japanese companies, primarily small and medium-sized enterprises, for the purpose of selling the hardware and software involved in IT solutions. Otsuka is the largest reseller of a number of major brands of office equipment, such as copiers, printers, PCs and the like, as well as software packages from major global software companies. As can be imagined given the parlous state of the Japanese economy, small and medium-sized enterprises have been somewhat less inclined to make major investments in information technology.

Despite the challenging environment, Otsuka enjoys stable operating results, largely due to their rapidly growing office supply distribution business. This business segment was initiated in the late 1990s, grew rapidly through the 2000s by serving Otsuka's existing customer base, and continues to grow nicely. The development of this business and the vigor with which it was grown may be partly attributable to Otsuka's unusual ownership structure. Otsuka is a rare breed of Japanese company, in that it is family-controlled and its corporate behavior very much reflects a for-profit approach.

Despite the fact that the majority of its business lines are currently depressed by Japanese macroeconomic factors, Otsuka is extremely profitable, we consider its shares to be inexpensive and its prospects for growth are quite reasonable, even in the absence of an economic recovery. Should any type of confidence develop within the Japanese business community, Otsuka has the potential to show some excellent results. The company has considerable net cash and, even in the current environment, distributes material amounts of free cash flow to shareholders.

Three securities were sold during the quarter, including Catalyst Paper, which was discussed in last quarter's letter.

A second disposition was Andritz Common. The Fund acquired shares of Andritz AG, an Austrian capital goods manufacturer, in 2009 during a period of considerable perceived uncertainty relating to its order book. When the dire outcomes envisioned did not eventuate and the order book held up and, in fact continued to grow, the shares repriced upward. Given its full valuation, we chose to sell and redeploy the capital elsewhere.

The third disposition during the quarter was Sampo Common. Shares of Sampo Oyj ("Sampo") were acquired during the early stages of the global financial crisis in late 2008. We were attracted to the company's unusually strong balance sheet – it had €1 billion in unencumbered cash and €3 billion in excess capital – as well as its history of value-creating resource conversion activities. We expected that Sampo's management team would utilize this strong financial position to take advantage of a potential financial meltdown in the Nordics and build up its business. Since the time of our investment, Sampo has indeed done this, using its cash to build a 21% stake in Sweden's largest bank, Nordea, and ultimately recapitalizing it. Unfortunately, the Nordic financial system (outside of Iceland) proved to be more resilient than we initially expected and we did not see the large scale failures of financial institutions that would have enabled strongly capitalized companies like Sampo to drive more aggressive consolidation and restructuring. Given the strong performance of Sampo's stock and availability of more attractive opportunities elsewhere, we exited the position during the quarter.

VITERRA – THE JOURNEY

During the quarter, Viterra Inc. ("Viterra") received a takeover offer from Glencore International plc, one of the world's biggest commodities marketers. It looks increasingly likely that the offer will clear all regulatory hurdles and close by July of this year. This sale will close the books on a successful six-year investment that has generated an internal rate of return of almost 20.5% for the Third Avenue International Value Fund. It may be useful to recapitulate the history of our involvement with Viterra, to highlight the differences between Fund Management's approach to value investing and the more standard investment methodology that is focused on forecasting operating earnings and cash flows.

Our history of agricultural investments goes back to the mid-1990s. We have had exposures to various agricultural businesses around the world, including commodities trading, cattle farms, tea plantations and palm oil plantations; and, over the years, we have learned much about the economics of agriculture. With the increasing global demand for food and rising concerns about supply, we have noticed the growing importance of agricultural supply chains and the attractiveness of their underlying economics. An area of particular interest has long been grain supply chains, given the large volumes that need to be moved and the sizeable distance between the producer and the ultimate consumer, both of which give rise to considerable revenue opportunities. Control of such a supply chain increases the ability of a food buyer or trader to source supply and capture margin along other stages of the chain. In addition, the supply chain infrastructure tends to have elements of local monopoly and potential pricing power vis-à-vis the farmers. These elements of market power stem from the limit to the number of grain elevators (an integral part of the supply chain) that can profitably coexist within a given geographic radius. As well, the capital expenditure these elevators entail acts as a further deterrent to new entrants. However, in two of the largest grain exporting countries, Canada and Australia, the grain supply chains (consisting of grain elevators, silos and port terminals) have historically been heavily regulated and were owned predominantly by co-operatives. The businesses were run as utilities, with little attention given to returns on capital or value-creating strategies. That changed rather drastically between 2005 and 2007.

"This sale will close the books on a successful six-year investment that has generated an internal rate of return of almost 20.5% for the Third Avenue International Value Fund. It may be useful to recapitulate the history of our involvement with Viterra, to highlight the differences between Fund Management's approach to value investing and the more standard investment methodology that is focused on forecasting operating earnings and cash flows."

The roots of Viterra go back to 1924, when its predecessor company, Saskatchewan Wheat Pool ("SWP"), was incorporated pursuant to a private act of the Saskatchewan legislature – and, thus, not subject to corporate governance requirements of the Canada Business Corporations Act ("CBCA"). Even after listing on the Toronto Stock Exchange, the company had multiple classes of shareholders with different governance rights and was controlled by farmers' representatives, in a rather unwieldy arrangement. In the late 1990s, it embarked on an aggressive, debt-funded capital expenditure program that built a modern, high-throughput elevator network throughout the Canadian Prairie provinces, just in time for three successive years of drought when grain volumes fell to a fraction of their long-term average. This culminated with the financially-leveraged SWP being forced to restructure in 2005, converting debt to equity, reincorporating under the CBCA, and changing its corporate governance procedures to those of a conventional corporation. This process caught our attention, as we saw SWP emerge from its restructuring with a clean balance sheet, a sensible corporate structure, the most modern and efficient network of grain elevators in Canada and an attractive valuation. Most investors showed little interest in this weather-sensitive agricultural stock, which had had a very recent near death experience, and its price languished at these low valuations. We initiated our position in the first quarter of 2006.

We shared the company's belief that the restructured SWP should take the offensive in consolidating and rationalizing the supply chain in Western Canada, and we enthusiastically provided equity financing for SWP's daring hostile takeover offer for Agricore United, its largest competitor, which at the time was an unthinkable act. When the takeover successfully closed in July 2007, the merged company, now called Viterra, Inc., became the dominant grain elevator network in Western Canada with 45% market share in grain handling receipts and 50% share of port terminal capacity.

At roughly the same time, a similar opportunity presented itself in Australia. ABB Grain ("ABB"), owner of 90% of South Australia's grain silos and elevators and 100% of its export terminals capacity, was going through an important corporate change itself. The company, which was controlled by South Australian farmers, lost its monopoly on South Australian barley exports when Australia dismantled its single-desk marketing boards and at the same time deregulated the market. This allowed ABB to participate along the supply chain, all the way to the end consumer. Needless to say, institutional investors (both in Australia and overseas) largely ignored this development. We initiated our position in ABB as a drought reduced the company's earnings and depressed the stock price.

Notwithstanding its near monopoly status in the states of South Australia and Victoria and the opportunities presented to it by the deregulation of the Australian grain market, ABB continued to operate much like a farmer's co-op rather than as a commercially focused, profit-maximizing entity. As shareholders of Viterra, which had made that behavioral transition some years earlier, and was run with a keener commercial eye, we introduced the two companies with the intention that they share "best practices" with one another. A year later, Viterra made an offer to acquire ABB Grain. This combination, which created today's Viterra, made plenty of sense: the merged company was less exposed to regional weather risk, became a more important supplier to global commodity trading houses, and the strategic value of its sourcing and marketing reach took a significant step up.

The final obstacle preventing Viterra from fully realizing the potential of its assets was the continuing regulation of grain exports in Canada. The Canadian Wheat Board ("CWB"), which was created during the Great Depression, has a monopoly on the marketing of Western Canadian feed grade wheat and barley for export. It also allocates rail cars to grain elevators. CWB's regulation made it difficult to provide value-added services to buyers of Canadian grain (such as segregation through the supply chain) and prevented operators of efficient grain elevators from benefiting fully from their high throughput potential.

The Canadian government announced, after the May 2011 election, that it would remove CWB's monopoly powers and open up the Western Canadian grain market. Legislation was passed in December 2011 and deregulation will take effect from August 2012. In a deregulated market, the strategic value of Viterra's infrastructure becomes even more important, which is a fact that has not been lost on the global commodities trading houses. Within months of passing the deregulation law, Viterra attracted the attention of several potential acquirers, culminating in a takeover offer led by Glencore International. The offer came at an attractive valuation and brought a highly satisfactory end to our investment.

The point of sharing this odyssey with our readers is to use the example of our investment in Saskatchewan Wheat Pool / ABB Grain / Viterra to highlight a number of features of our investment philosophy that separate us from other value investors.

- **Focus on asset values, rather than earnings or cash flows.** From the very beginning, it was the quality and reach of Viterra's assets that attracted our attention.

The company's grain elevator, storage and port terminal networks in Western Canada and South Australia would be virtually impossible to replicate. Under the farmers' control these assets were not fully utilized, but we trusted that a commercially-driven management team would realize their strategic value and financial potential.

- **Value creation through resource conversion activities.** The Viterra example is a wonderful illustration of the wealth-creation powers of resource conversion. A relatively smaller part of the value creation in this case came from improving earnings or cash flows. A number of different resource conversion activities drove up shareholder value: the restructuring of SWP's balance sheet in 2005, the acquisition and integration of Agricore United in 2007, the merger of Viterra and ABB Grain in 2009 and, finally, the Glencore offer in 2012. Each of these had a sound commercial and strategic rationale behind them and all were executed flawlessly by Viterra's management.
- **Sensitivity to corporate ownership.** An important trigger and, indeed, a prerequisite for our investments in both Saskatchewan Wheat Pool and ABB Grain was the conversion of farmer-dominated quasi-cooperative structures into single share class, shareholder-oriented companies that gave management the freedom to pursue hitherto unavailable opportunities to create value.
- **Travelling on untrodden ground.** We were the first institutional investor in ABB Grain's shares after the company changed its constitution in 2007 and, until its acquisition by Viterra, we were its largest shareholder. We were also one of the few institutional investors in Viterra throughout its history. We can only speculate why even local institutions in Australia and Canada (with the notable exception of Alberta Investment Management Corporation) failed to recognize the potential of the assets sitting in plain sight.
- **Patience and thinking like an owner.** In a world of diversified funds with hundreds of positions and 100+% turnover ratios, it is unusual to commit to an investment that takes more than six years to fully realize its potential. This is complemented by a mindset akin to that of being a part-owner of a business, responding to the company's calls for acquisition capital when it was attempting to execute a hostile takeover of a larger competitor or attempting to nudge the companies toward the adoption of better commercial practices in order to realize improved rates of return on existing assets. We believe that being concentrated and patient investors pays off in the end and our long-term investment horizon is a powerful differentiator.

With our ultimate exit from the Viterra position, the Fund will receive a cash inflow that we intend to invest following principles similar to those we have applied in this situation. We have a number of interesting opportunities in the pipeline and we look forward to discussing these with you in future letters.

GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS

At the end of April 2012, the geographical distribution of securities held by the Fund was as follows:

Country	% of Net Assets
United Kingdom	10.80
Japan	10.01
Singapore	9.20
United States	8.68
Germany	7.33
Poland	6.05
Canada	5.99
France	5.44
Hong Kong	4.66
Bermuda	3.37
Switzerland	2.57
Austria	2.56
South Korea	2.47
Taiwan	2.46
Greece	2.16
Norway	2.04
New Zealand	1.86

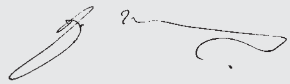
Third Avenue International Value Fund (continued)
(Unaudited)

Country	% of Net Assets
Chile	1.76
Brazil	1.50
Finland	0.16
Equities-total	91.07
Cash & Other	8.93
Total	100.00%

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.

We look forward to writing to you again when we publish our Quarterly Report for the period ended July 31, 2012.

Sincerely,



Amit Wadhwaney
Co-Portfolio Manager,
Third Avenue International Value Fund

Matthew Fine
Co-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,

There is a dilemma. The U.S. economy continues to improve. Corporate default rates remain lower than average; employment numbers continue to improve (though the numbers are volatile); and even the residential real estate markets have shown signs of bottoming. However, bonds issued by European peripheral countries, like Italy and Spain, pay roughly the same yields as corporate high-yield bonds and loans, even though owners of Spanish and Italian bonds face far greater risk of permanent impairment. This situation cannot endure forever. Some of the money invested in European peripheral sovereigns will likely be reallocated to high-yield bonds and floating rate loans – two better positioned assets that provide roughly the same income.

In the fixed-income markets, rational investors have a choice to make and that choice seems pretty clear. There are only a few ways to get the 7% to 8% yield insurance companies, pension funds and other institutions worldwide require. The first is high-yield bonds and loans. The second is the European peripheral sovereigns. The third is to buy a relatively risk-free asset, like U.S. Treasuries or German bunds, and then to risk them up by taking on five times leverage. We believe that, in this environment, corporate high-yield bonds and loans seem prudent.

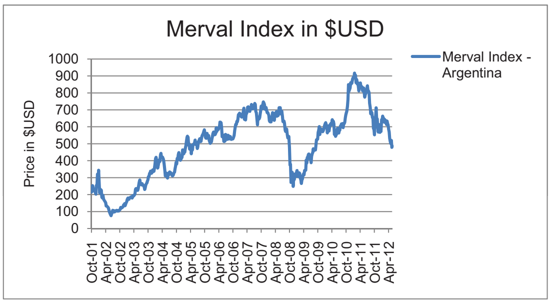
Imagine that a portfolio of a hundred high-yield issues would have a default rate of 5%, which is more than double the current default rate for these assets. Imagine, even more pessimistically, that for every company that defaults, the recovery is zero. So long as spreads do not widen, this portfolio produces a gain of two percent (after deducting 5% in losses but accounting for 7% coupon payments) for the first year. In reality, recovery rates in corporate defaults tend to be closer to 50% and there is the possibility to recoup losses and even make money by taking equity in reorganized companies.

Sovereign debt offers similar upside potential – 7% to 8% yields to maturity. But the downside is very different. It is impossible to know when a people or its government will get fed up and choose to default on its debt obligations. There is no reliable way to tell, for example, how long Greece will allow Germany to punish its people with

Portfolio holdings are subject to change without notice. The following is a list of Third Avenue Focused Credit Fund's 10 largest issuers, and the percentage of the total net assets each represented, as of April 30, 2012: Lehman Brothers Holdings Inc., 5.57%; IntelSat Luxembourg SA, 3.79%; Caesars Entertainment Operating Co., Inc., 3.12%; Clear Channel Communications, Inc., 3.11%; Hercules Offshore, Inc., 3.07%; Citycenter Holdings, 3.04%; Energy Future Holdings Corp./TXU Corp., 3.02%; Sprint Capital Corp., 2.89%; Cemex Finance, 2.89% and Nuveen Investments, Inc., 2.73%.

austerity for the privilege of remaining in the eurozone. In the current crisis, Iceland has already said no and is, by some measures, better off for it. Eleven years ago, Argentina said no to its creditors and devalued its currency. Its people did well – the economy returned to growth within 18 months and, more than a decade later, Argentina's creditors have not been satisfied.

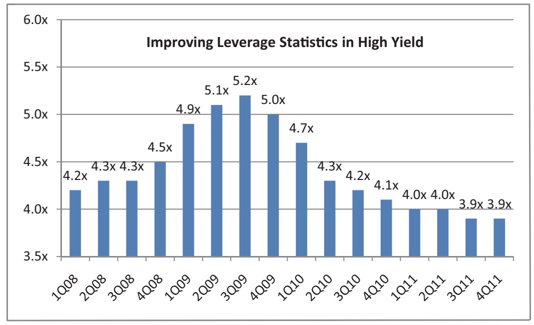
As illustrated in the chart below, even though Argentina de-pegged from the U.S. Dollar and devalued its currency, its stock market, in U.S. Dollar terms, did quite well — increasing by 250%, even when the S&P 500 Index was close to unchanged over the same time period.



The "problem" with a democracy is that people vote. Most of the time, they will vote their self-interests, not the interests of some wider currency union or network of international bondholders. Greece's people might well look to Argentina's example and choose to default a second time – and they may be smart to do so.

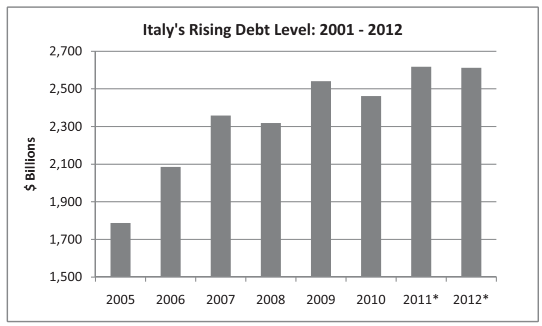
Unlike investing in corporate debt securities, there is no equity to be taken from a defaulted sovereign. Nor is there a normal bankruptcy proceeding. Creditors will lose what the defaulting party decrees they will lose. So, the choice between a portfolio of high-yield bonds and loans and a portfolio comprised of European sovereign debt, which both pay the same, is really the choice between the possibility of relatively modest losses, versus the possibility of unquantifiable losses. For example, Greek and Argentine bonds now trade at 15 cents to 30 cents on the dollar.

The absurdity of the parity between high-yield bonds and loans and European peripheral sovereign debt is made all the more explicit when you look at the fundamentals of the borrowers. As illustrated below, high-yield borrowers have seen their balance sheets improve mightily since 2009.

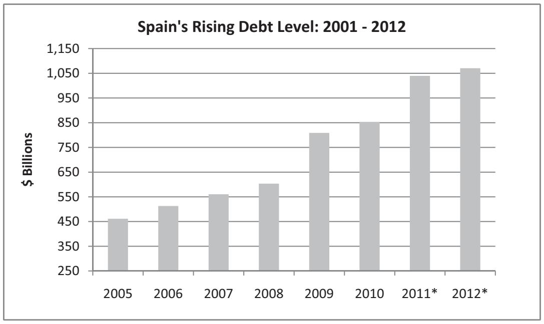


Source: JPM research

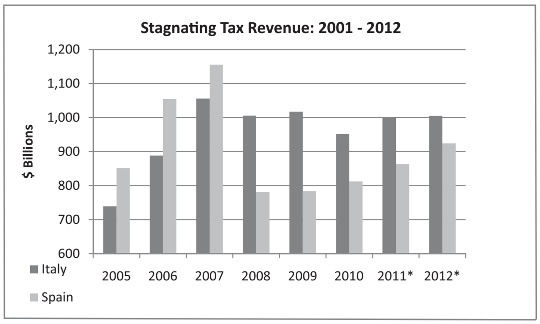
As the tables below indicate, for European borrowers, the situation has deteriorated since 2009, with tax receipts dwindling and debt rising at an ever quickening pace.



*Forecasted
Source: Moody's Statistical Handbook



*Forecasted
Source: Moody's Statistical Handbook



*Forecasted
Source: Moody's Statistical Handbook

European financial authorities have made great efforts to reverse these misfortunes. They have bought back bonds, they have provided direct liquidity to banks that have used the money to buy bonds. The European Central Bank ("ECB"), the International Monetary Fund and the European Commission have established and used emergency funds and embarked on long-term refinancing operations ("LTRO"). Greece even defaulted and restructured its debt only to come out the other side even weaker than it went in. Numerous attempts to restore growth have failed and it has become increasingly hard to see how this gets fixed; however, we do not expect European financial authorities to stop trying.

History has demonstrated that losses in sovereign restructurings can be large and permanent. Conversely, it has also shown us that losses in high-yield bonds and loans are more likely temporary. During 2008, the worst year for high-yield bonds and loans in two decades, declines were less than 30%. In the following year, 2009, returns for both asset classes exceeded 50%, in part because defaulted corporate debt can be restructured, offering creditors the possibility of meaningful returns.

SELLING INTO A RISING MARKET

There are, generally, three reasons why we might sell a specific portfolio holding:

- **Price Target** – The security reaches full valuation or appreciates to a target price where management believes the future upside is limited, as our thesis has been largely realized.
- **Risk / Reward Profile** – Something has changed, and the new analysis suggests that the probability weighted upside/downside scenario for the security has skewed to the downside. This could be the result of an analytic mistake, or of changing business or market conditions.
- **Portfolio Positioning** – As we construct the portfolio, we are cognizant of industry concentrations, geographic concentrations and our exposure to any one single name. Additionally, we seek to invest in instruments throughout the credit structure (including loans, preferred stocks, convertibles and bonds) and we seek exposure to distressed securities, debt-for-equity deals, capital infusions and performing credits. We tend to limit individual names to 3% and industry concentration to 15%, with occasional exceptions.

During the quarter, Third Avenue Focused Credit Fund (the "Fund") engaged in a historically high volume of securities sales, largely driven by the growing valuations of securities that we purchased at steep discounts, in August and September of 2011, as the high-yield markets corrected violently. Since our purchases last autumn (which put 20% of the Fund's assets to work in a very short amount of time) the high-yield and leveraged loan markets have risen more than 12%, with the distressed market leading the pack with an 18% return.

Every sale made during the quarter was a decision made at the individual security level. Either the bond or loan had reached our price target and was sold; had appreciated to the point where trimming was warranted; or, was sold based on a fundamental change in the company's prospects. Roughly speaking, about 75% of the sales were based on price appreciation.

For example, we sold bonds of Swift Transportation, Digicel, DAE Aviation, MGM, Multiplan, Stallion Oilfield and Trinidad Drilling, all on appreciation and at a profit to the Fund. These sales were at prices between $1.08 and $1.10, with 5% to 6% yields.

In some cases, we sold on new information. During the quarter, we transitioned out of the bonds and bank debt issued by the power generating segment of TXU and into the bonds tied to the regulated utility. In January, Energy Futures Holdings, the TXU entity that owns 80% of the equity in the regulated utility, announced a capital markets transaction in which it issued second lien notes, in order to begin paying down an intercompany loan to the power generation subsidiary. We favored this part of the capital structure from a safety standpoint and found the new current yield attractive. We believe that the regulated utility will continue to prosper, while the merchant power business heads towards restructuring. As such, we traded out of the power generation bonds and into the utility notes. We look forward to strong yield and capital appreciation over the long term (these bonds yield close to 12% at our purchase price). The bonds issued by the power generating segment of the company moved from our portfolio to our idea inventory. We would own them again at the right price.

We exited our investments in Koosharem, a privately-held staffing company, Bronx Parking, and the subordinated bonds of health care provider Rotech, as our analyses of the potential downside for those investments changed.

Finally, we trimmed most of the portfolio's top ten positions. Last autumn, when prices dropped 20-30 points per issue, we significantly increased each of these positions. The subsequent rise in prices prompted us to sell some names, including Nuveen Investments, Harrah's/Caesars, Intelsat and Clear Channel.

This selling activity, combined with inflows, has temporarily elevated the Fund's cash level to 32%, as of the end of the Fund's second fiscal quarter (we started the quarter with 11% cash, a more typical level). We have a deep inventory of ideas, with 20 to 30 companies in the U.S. and Europe, that we have thoroughly researched and would like to invest in at the right price.

This price consciousness has served the portfolio well. Even at current cash levels, the Fund's 30-day SEC yield is 7.3%, which would be impossible to achieve without our 9.9% average coupon (10.8% average yield to maturity) and average 88 cent dollar price. This cash will now serve as a cushion in the event of corrections and will be rapidly deployed as our on-deck securities reach our target prices. Because the Fund is concentrated and tends to build positions at 2% to 3% of Fund net assets, we can become fully invested by adding as few as seven to 10 new investments to the portfolio.

Year to date, the Fund has outperformed both the high-yield index and its Morningstar peers, on the strength of investments that we made last year, particularly in the late summer. The portfolio features less distressed exposure than it did six to nine months ago, as default rates remain low, maturities remain years in the future and fewer companies are enduring difficulties. In the current market environment, our preference remains skewed towards corporate bonds, rather than loans; but, we are closely watching the secondary leveraged loan markets in order to opportunistically increase loan exposure and generate returns superior to our stated fifty-fifty high yield and leverage loan benchmark.

Third Avenue Focused Credit Fund (continued)
(Unaudited)

IT WASN'T ALL SELLING

During the quarter, the Fund received its first distribution from the liquidating estate of Lehman Brothers Holdings. We had conservatively expected 4¢ to 5¢, but the actual distribution was 6¢, or 20% of the value of Lehman's bonds at the time of distribution. We took our cash and reinvested in Lehman bonds, maintaining it as our largest holding at 5.6% of Fund net assets. We believe at current prices, it is not a matter of making money or losing money, but rather how much we make and how soon.

We established a position in Sprint's long-dated bonds with a 10% yield and 75¢ average price. We also purchased senior secured notes from Spanish Broadcasting, a U.S. radio station operator, yielding 12.5%. We bought bonds in New Enterprise Stone and Lime with a 13% yield; cell-phone insurer Asurion's long-term loan, yielding 12%; and we doubled our investment in Hercules Offshore at a yield of 10.5%. Transunion, one of the three credit scoring companies, is a former holding that we brought back into the portfolio at a 9.5% yield.

> **"In the current market environment, our preference remains skewed towards corporate bonds, rather than loans; but, we are closely watching the secondary leveraged loan markets in order to opportunistically increase loan exposure and generate returns superior to our stated fifty-fifty high yield and leverage loan benchmark."**

Since the end of the quarter, we have also established toe-hold positions in five other bonds or loans.

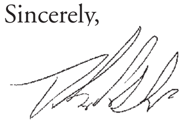
OUTLOOK

We believe that default rates will remain lower than normal as the U.S. economy continues to improve. We are encouraged to see signs that the housing market in North America is bottoming. The improvement in the labor markets, though volatile and sluggish, creates something of a virtuous cycle within the economy, particularly as the long-term unemployed re-enter the labor force. Every long-term unemployed person receives assistance from some part of the social safety net, broadly speaking, be it relatives, friends, a church or local and federal government. When they return to work their financial condition improves, their emotional condition improves and a burden is lifted from whatever entities stepped in to help them. This is the beginning of the multiplier effect of putting people to work. It ends with increased consumer demand, increased industrial demand and a quickening of new hires. There are problems, no doubt and this will not be a linear progression. But the U.S. economy is better off now than it was a year ago and the prices for some of the assets in which the Fund invests have not yet caught up.

We are enthusiastic about our large inventory of ideas and the fact that, as you saw last fall, we can deploy capital rapidly as soon as favorable pricing arises.

I look forward to writing to you again at the end of the Fund's third fiscal quarter in July.

Sincerely,



Thomas Lapointe
Portfolio Manager
Third Avenue Focused Credit Fund

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THIRD AVENUE FUNDS

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, 2012

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

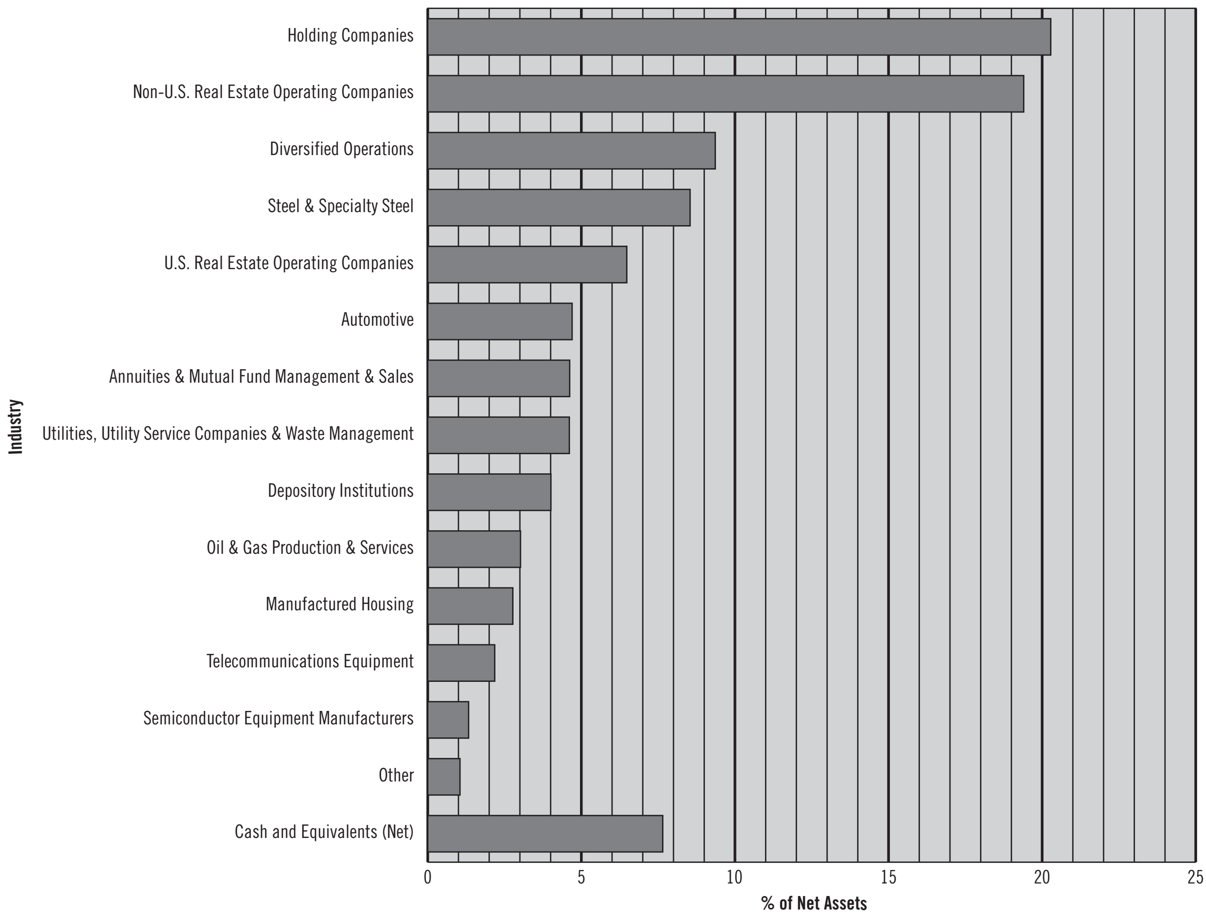
The Funds have delegated the voting of proxies relating to their voting securities to the Funds' investment adviser pursuant to the adviser's proxy voting guidelines. A description of these proxy voting guidelines and procedures, as well as information relating to how a Fund voted proxies relating to 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, 2012 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, 2012
(Unaudited)

Principal Amount ($)	Security†	Value (Note 1)
Corporate Bonds & Notes - 0.15%		
	Consumer Products - 0.15%	
18,550,467	Home Products International, Inc., 2nd Lien, Convertible, PIK, 6.000%, due 3/20/17 (b) (c) (d)	$ 4,568,980
	Total Corporate Bonds & Notes (Cost $18,550,467)	4,568,980
Shares		
Preferred Stocks - 0.01%		
	Insurance & Reinsurance - 0.01%	
4,626	Ecclesiastical Insurance, 8.625% (United Kingdom)	8,634
1,022,245	RS Holdings Corp., Convertible, Class A (a) (b) (c) (d)	194,023
	Total Preferred Stocks (Cost $1,022,630)	202,657
Common Stocks - 92.18%		
	Annuities & Mutual Fund Management & Sales - 4.62%	
5,812,879	Bank of New York Mellon Corp. (The)	137,474,588
	Auto Supply - 0.00%	
191,736	ISE, Ltd.[1] (a) (b)	—
460,467	ISE, Ltd. Restricted Voting Shares[1] (a) (b) (d)	—
		—
	Automotive - 4.70%	
4,946,400	Toyota Industries Corp. (Japan)	139,715,406
	Consumer Products - 0.00%#	
526,368	Home Products International, Inc. (a) (b) (c) (d)	26,318

Shares	Security†	Value (Note 1)
	Depository Institutions - 4.01%	
5,459	Carver Bancorp, Inc. (a)	$ 26,476
10,393,450	Chong Hing Bank, Ltd. (Hong Kong)	18,861,500
490,000	Comerica, Inc.	15,689,800
10,538,132	KeyCorp	84,726,581
		119,304,357
	Diversified Operations - 9.36%	
4,375,734	Brookfield Asset Management, Inc., Class A (Canada)	144,311,707
9,353,000	Hutchison Whampoa, Ltd. (Hong Kong)	89,990,069
7,402,822	Wharf (Holdings), Ltd. (The) (Hong Kong)	44,176,585
		278,478,361
	Financial Insurance - 0.02%	
37	Manifold Capital Holdings, Inc. (a) (b) (c) (d)	555,000
	Holding Companies - 20.28%	
80,770	Capital Southwest Corp.	7,731,304
17,667,000	Cheung Kong Holdings, Ltd. (Hong Kong)	234,993,768
7,493,209	Investor AB, Class A (Sweden)	147,159,566
155,010,000	Lai Sun Garment International, Ltd. (Hong Kong) (a) (c)	12,586,764
1,231,142	RHJ International (Belgium) (a)	6,453,449
1,982,750	RHJ International (Belgium) (a) (d)	10,393,257
54,464,500	Wheelock & Co., Ltd. (Hong Kong)	183,919,870
		603,237,978
	Insurance & Reinsurance - 0.84%	
39,898	Alleghany Corp. (a)	13,681,024
127,500	Olympus Re Holdings, Ltd. (Bermuda) (a) (b) (d)	140,250
9,337	RS Holdings Corp., Class A (a) (b) (c) (d)	1,772

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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Common Stocks (continued)		
	Insurance & Reinsurance (continued)	
21,628	White Mountains Insurance Group, Ltd.[2]	$ 11,311,444
		25,134,490
	Manufactured Housing - 2.77%	
983	Fleetwood Homes, Inc. (a) (b) (c) (d)	82,570,207
	Mutual Holding Companies - 0.02%	
203,928	SFSB, Inc. (a) (c)	484,329
	Non-U.S. Real Estate Operating Companies - 19.40%	
22,179,000	Hang Lung Group, Ltd. (Hong Kong)	139,214,593
19,167,000	Hang Lung Properties, Ltd. (Hong Kong)	70,900,595
64,413,054	Henderson Land Development Co., Ltd. (Hong Kong)	366,952,625
		577,067,813
	Oil & Gas Production & Services - 3.02%	
752,574	Cenovus Energy, Inc. (Canada)	27,280,808
518,149	Devon Energy Corp.	36,192,708
1,263,624	EnCana Corp. (Canada)	26,460,287
		89,933,803
	Semiconductor Equipment Manufacturers - 1.33%	
3,309,207	Applied Materials, Inc.	39,677,392
	Steel & Specialty Steel - 8.54%	
3,051,972	POSCO, ADR (South Korea)	254,076,669
	Telecommunications Equipment - 2.18%	
1,813,484	Sycamore Networks, Inc. (a) (c)	28,272,216
9,696,318	Tellabs, Inc.	36,555,119
		64,827,335

Shares	Security†	Value (Note 1)
	U.S. Real Estate Operating Companies - 6.48%	
9,487,910	FNC Realty Corp. (a) (b) (c)	$ 6,641,537
8,240,875	Forest City Enterprises, Inc., Class A (a) (c)	131,441,956
21,798	Forest City Enterprises, Inc., Class B (a) (c)	345,934
1,816,627	Tejon Ranch Co. (a) (c)	54,244,482
		192,673,909
	Utilities, Utility Service Companies & Waste Management - 4.61%	
8,541,918	Covanta Holding Corp. (c)	137,097,784
	Total Common Stocks (Cost $2,513,808,269)	2,742,335,739

Investment Amount ($)		
Limited Partnerships - 0.01%		
	Insurance & Reinsurance - 0.01%	
1,805,000	Insurance Partners II Equity Fund, L.P. (a) (b)	353,635
	Total Limited Partnerships (Cost $32,494)	353,635
	Total Investment Portfolio - 92.35% (Cost $2,533,413,860)	2,747,461,011
	Other Assets less Liabilities - 7.65%	227,597,728
	NET ASSETS - 100.00%	$ 2,975,058,739

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, 2012
(Unaudited)

Notes:
ADR: American Depositary 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) Restricted security subject to restrictions on resale.

Shares/ Principal Amount	Issuer	Acquisition Date	Acquisition Cost	Carrying Value Per Unit
983	Fleetwood Homes, Inc.	8/14/09-4/29/11	$68,785,900	$83,998.18
526,368	Home Products International, Inc.	5/30/07	54,667,471	0.05
$18,550,467	Home Products International, Inc., 2nd Lien, Convertible, PIK, 6.000%, due 3/20/17	3/16/07-4/10/12	18,550,467	24.63
460,467	ISE, Ltd. Restricted Voting Shares	3/8/06 - 4/11/08	4,280,822	—
37	Manifold Capital Holdings, Inc.	9/24/97-11/10/06	42,781,514	15,000.00
127,500	Olympus Re Holdings, Ltd.	12/20/01	12,019,608	1.10
1,982,750	RHJ International	3/29/05-3/14/07	50,259,540	5.24
9,337	RS Holdings Corp., Class A	5/9/03	9,105	0.19
1,022,245	RS Holdings Corp., Convertible, Class A Pfd.	3/18/02-4/20/04	1,013,140	0.19

At April 30, 2012, these restricted securities had a total market value of $98,449,807 or 3.31% of net assets of the Fund.

† U.S. unless otherwise noted.
# Amount represents less than 0.01% of total net assets.
[1] Incorporated in Cayman Islands.
[2] Incorporated in Bermuda.

Country Concentration

	% of Net Assets
Hong Kong	39.04%
United States	27.89
South Korea	8.54
Canada	6.66
Sweden	4.95
Japan	4.70
Belgium	0.57
Bermuda	0.00#
United Kingdom	0.00#
Total	92.35%

Amount represents less than 0.01% of total net assets.

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, 2012
(Unaudited)

Assets:	
Investments at value (Notes 1 and 5):	
Unaffiliated issuers (cost of $1,948,790,034)	$2,288,429,709
Affiliated issuers (cost of $584,623,826)	459,031,302
Total investments (cost of $2,533,413,860)	2,747,461,011
Cash	220,117,080
Receivable for securities sold	14,574,493
Dividends and interest receivable	10,982,201
Receivable for fund shares sold	566,753
Tax receivable	545,965
Other assets	65,090
Other receivables	43,479
Total assets	2,994,356,072
Liabilities:	
Payable for fund shares redeemed	11,568,706
Payable for securities purchased	3,426,386
Payable to investment adviser (Note 3)	2,297,960
Accrued expenses	983,858
Payable for shareholder servicing fees (Note 3)	957,161
Distribution fees payable (Note 6)	36,964
Payable to trustees and officers	26,298
Total liabilities	19,297,333
Net assets	$2,975,058,739
Summary of net assets:	
Capital stock, $0.001 par value	$3,168,012,635
Accumulated distributions in excess of net investment income	(83,744,057)
Accumulated net realized losses on investments and foreign currency transactions	(323,373,084)
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	214,163,245
Net assets applicable to capital shares outstanding	$2,975,058,739
Investor Class:	
Net assets applicable to 536,757 shares outstanding, unlimited number of shares authorized	$ 24,524,053
Net asset value, offering and redemption price per share	$45.69
Institutional Class:	
Net assets applicable to 64,571,269 shares outstanding, unlimited number of shares authorized	$2,950,534,686
Net asset value, offering and redemption price per share	$45.69

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, 2012
(Unaudited)

Investment Income:	
Interest - unaffiliated issuers	$ 2,729,885
Interest - affiliated issuers (Note 5)	539,789
Dividends - unaffiliated issuers (net of foreign withholding tax of $2,400,497)	19,078,280
Dividends - affiliated issuers (Note 5)	1,942,554
Other income	219,418
Total investment income	24,509,926
Expenses:	
Investment advisory fees (Note 3)	14,194,240
Shareholder servicing fees (Note 3)	1,896,534
Transfer agent fees	533,542
Reports to shareholders	385,779
Custodian fees	309,406
Trustees' and officers' fees and expenses	249,449
Auditing fees	96,728
Administration fees (Note 3)	86,743
Legal fees	83,245
Accounting fees	73,092
Insurance expenses	53,550
Distribution fees (Note 6)	30,654
Registration and filing fees	27,200
Miscellaneous expenses	36,722
Total expenses	18,056,884
Recovery of expenses previously waived (Note 3)	146,487
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(35,632)
Net expenses	18,167,739
Net investment income	6,342,187
Realized and unrealized gain/(loss) on investments, redemption-in-kind, and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	48,138,923
Net realized gain on investments - affiliated issuers	17,894,532
Net realized gain on redemption-in-kind transaction (Note 2)	19,193,298
Net realized loss on foreign currency transactions	(111,762)
Net change in unrealized appreciation/(depreciation) on investments	89,313,239
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	291,602
Net gain on investments and foreign currency transactions	174,719,832
Net increase in net assets resulting from operations	$181,062,019

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, 2012 (Unaudited)	For the Year Ended October 31, 2011
Operations:		
Net investment income	$ 6,342,187	$ 39,379,109
Net realized gain on investments - unaffiliated issuers	48,138,923	351,324,048
Net realized gain/(loss) on investments - affiliated issuers	17,894,532	(1,007,059)
Net realized gain on redemption-in-kind transaction	19,193,298	—
Net realized gain/(loss) on foreign currency transactions	(111,762)	190,953
Net change in unrealized appreciation/(depreciation) on investments	89,313,239	(790,476,704)
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	291,602	(366,684)
Net increase/(decrease) in net assets resulting from operations	181,062,019	(400,956,337)
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(448,508)	(380,280)
Institutional Class	(67,360,806)	(93,625,411)
Decrease in net assets from dividends and distributions	(67,809,314)	(94,005,691)
Capital Share Transactions:		
Proceeds from sale of shares	84,340,324	281,493,639
Net asset value of shares issued in reinvestment of dividends and distributions	64,227,070	89,053,928
Redemption fees	24,702	46,631
Cost of shares redeemed	(657,724,624)	(1,457,099,508)
Cost of shares transferred out for redemption-in-kind transaction	(106,255,348)	—
Net decrease in net assets resulting from capital share transactions	(615,387,876)	(1,086,505,310)
Net decrease in net assets	(502,135,171)	(1,581,467,338)
Net assets at beginning of period	3,477,193,910	5,058,661,248
Net assets at end of period (including accumulated distributions in excess of net investment income of $(83,744,057) and $(22,276,930), respectively)	$2,975,058,739	$ 3,477,193,910

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:

Investor Class:	**For the Six Months Ended April 30, 2012 (Unaudited)**	**For the Year Ended October 31, 2011**	**For the Period Ended October 31, 2010***
Net asset value, beginning of period	$44.00	$50.09	$46.32
Income/(loss) from investment operations:			
Net investment income@	0.04	0.37	0.59
Net gain/(loss) on investment transactions (both realized and unrealized)	2.44[2]	(5.56)[2]	3.18[1]
Total from investment operations	2.48	(5.19)	3.77
Less dividends and distributions to shareholders:			
Dividends from net investment income	(0.79)	(0.90)	—
Total dividends and distributions	(0.79)	(0.90)	—
Net asset value, end of period	$45.69	$44.00	$50.09
Total return[3]	5.92%[4]	(10.62)%	8.16%[4]
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	$24,524	$25,547	$18,553
Ratio of expenses to average net assets			
Before fee waivers/expense offset arrangement/recovery	1.39%[5]	1.38%	1.46%[5]
After fee waivers/expense offset arrangement/recovery[6]	1.40%[5†]	1.40%[†]	1.40%[5#]
Ratio of net investment income to average net assets	0.18%[5]	0.75%	1.54%[5]
Portfolio turnover rate	3%[4]	6%	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, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
4 Not annualized.
5 Annualized.
6 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.40%.
† The investment adviser recovered a portion of its previously waived fees.
# The investment adviser waived a portion of its fees.
* Period from December 31, 2009 (commencement of operations) to October 31, 2010.
@ 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 Value Fund
Financial Highlights (continued)

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

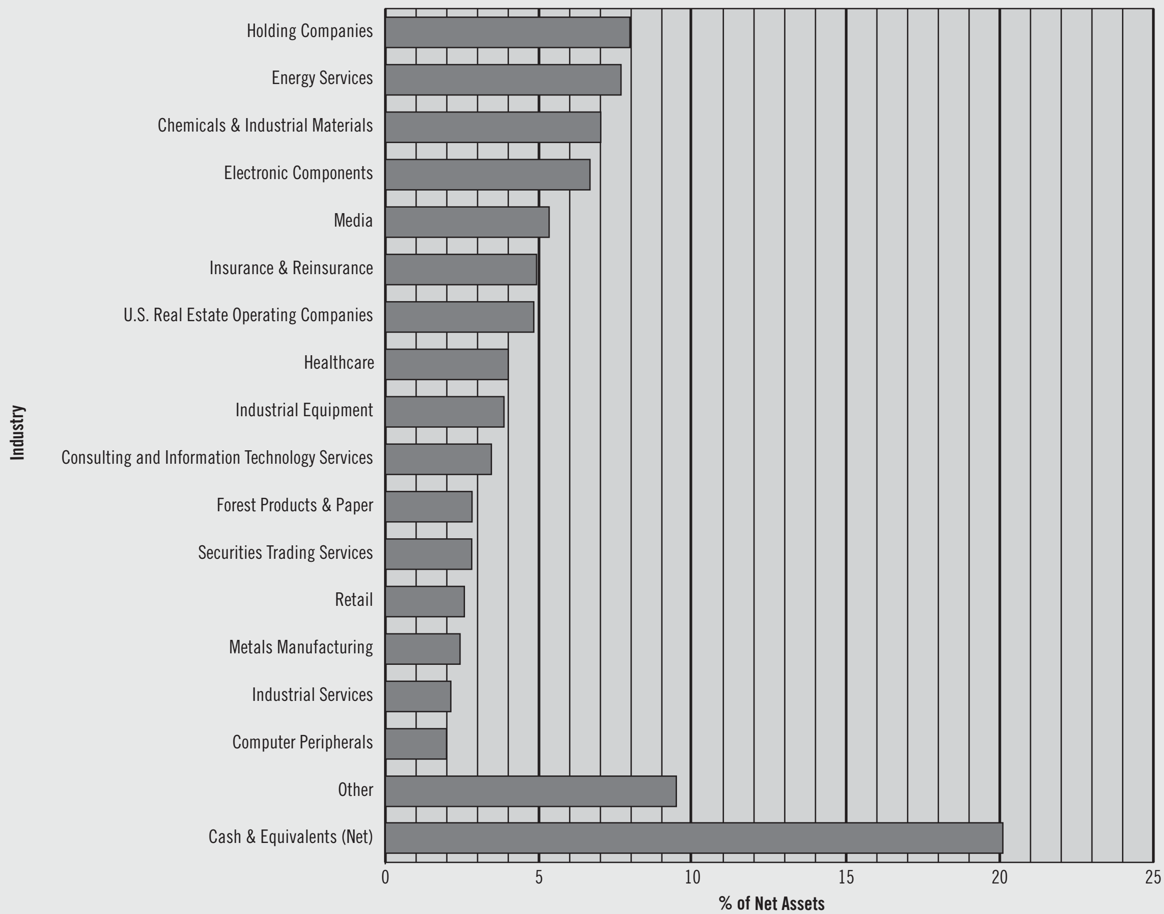
Institutional Class:	For the Six Months Ended April 30, 2012 (Unaudited)	Years Ended October 31, 2011	2010	2009	2008	2007
Net asset value, beginning of period	$44.08	$50.13	$44.60	$35.16	$68.04	$60.29
Income/(loss) from investment operations:						
Net investment income	0.09@	0.43@	0.71@	0.81@	1.01@	1.52
Net gain/(loss) on investment transactions (both realized and unrealized)[1]	2.42	(5.51)	5.96	8.81	(31.80)	9.57
Total from investment operations	2.51	(5.08)	6.67	9.62	(30.79)	11.09
Less dividends and distributions to shareholders:						
Dividends from net investment income	(0.90)	(0.97)	(1.14)	(0.18)	(1.63)	(3.24)
Distributions from realized gains	—	—	—	(0.00)*	(0.46)	(0.10)
Total dividends and distributions	(0.90)	(0.97)	(1.14)	(0.18)	(2.09)	(3.34)
Net asset value, end of period	$45.69	$44.08	$50.13	$44.60	$35.16	$68.04
Total return[2]	6.02%[4]	(10.42)%	15.25%	27.59%	(46.52)%	19.25%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	$2,950,535	$3,451,647	$5,040,109	$5,688,276	$5,372,294	$12,124,948
Ratio of expenses to average net assets						
Before fee waivers/expense offset arrangement/recovery	1.14%[5]	1.13%	1.19%	1.17%	1.11%	1.08%
After fee waivers/expense offset arrangement/recovery[3]	1.15%[5†]	1.15%†	1.15%#	1.17%	1.11%	1.08%
Ratio of net investment income to average net assets	0.40%[5]	0.86%	1.55%	2.23%	1.89%	1.32%
Portfolio turnover rate	3%[4]	6%	2%	5%	17%	5%

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. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
3 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.15% effective December 31, 2009.
4 Not annualized.
5 Annualized.
† The investment adviser recovered a portion of its previously waived fees.
# The investment adviser waived a portion of its fees.
* Amount is less than $0.01.
@ 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 Small-Cap Value Fund
Industry Diversification
(Unaudited)

The summary of the Fund's investments as of April 30, 2012 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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Preferred Stocks - 0.25%		
	U.S. Real Estate Investment Trust - 0.25%	
74,250	Excel Trust, Inc., 8.125%	$ 1,875,555
	Total Preferred Stocks (Cost $1,856,250)	1,875,555
Common Stocks - 78.36%		
	Agriculture - 0.51%	
232,087	Viterra, Inc. (Canada)	3,737,920
	Auto Supply - 0.94%	
405,530	Superior Industries International, Inc.	6,938,618
	Chemicals & Industrial Materials - 7.01%	
135,417	Compass Minerals International, Inc.	10,362,109
158,859	Lanxess AG (Germany)	12,648,411
123,126	Minerals Technologies, Inc.	8,261,755
240,721	Sensient Technologies Corp.	8,942,785
60,514	Stepan Co.	5,498,302
91,296	Westlake Chemical Corp.	5,838,379
		51,551,741
	Computer Peripherals - 1.99%	
485,487	Lexmark International, Inc., Class A	14,613,159
	Consulting and Information Technology Services - 3.45%	
375,670	ICF International, Inc. (a)	9,369,210
510,456	ManTech International Corp., Class A	16,038,528
		25,407,738
	Consumer Products - 1.61%	
325,862	JAKKS Pacific, Inc.	6,214,188
101,155	J&J Snack Foods Corp.	5,670,749
		11,884,937

Shares	Security†	Value (Note 1)
	Electronic Components - 6.66%	
655,492	Bel Fuse, Inc., Class B (c)	$ 11,661,203
405,684	Electronics for Imaging, Inc. (a)	7,241,459
1,134,929	Ingram Micro, Inc., Class A (a)	22,085,718
857,266	MEMC Electronic Materials, Inc. (a)	3,077,585
169,817	Park Electrochemical Corp.	4,899,220
		48,965,185
	Energy Services - 7.67%	
269,138	Bristow Group, Inc.	13,147,391
954,304	Pioneer Drilling Co. (a)	7,519,916
211,228	SEACOR Holdings, Inc. (a)	19,629,418
506,920	SemGroup Corp., Class A (a)	16,120,056
		56,416,781
	Forest Products & Paper - 2.82%	
633,800	Canfor Corp. (Canada) (a)	6,942,062
885,166	P.H. Glatfelter Co.	13,790,886
		20,732,948
	Healthcare - 4.00%	
1,055,640	Cross Country Healthcare, Inc. (a)	4,866,500
96,270	Haemonetics Corp. (a)	6,890,044
281,712	Teleflex, Inc.	17,654,891
		29,411,435
	Holding Companies - 6.66%	
182,855	Ackermans & van Haaren NV (Belgium)	15,674,807
731,866	JZ Capital Partners, Ltd. (Guernsey)	4,240,257
1,590,916	JZ Capital Partners, Ltd. Limited Voting Shares (Guernsey) (d)	9,217,388
308,007	Leucadia National Corp.	7,657,054
473,984,230	PYI Corp., Ltd. (Hong Kong)[1] (c)	12,218,214
		49,007,720

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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Common Stocks (continued)		
	Industrial Capital Equipment Manufacturers - 1.07%	
473,977	Electro Scientific Industries, Inc.	$ 6,758,912
45,464	Rofin-Sinar Technologies, Inc. (a)	1,145,693
		7,904,605
	Industrial Equipment - 3.86%	
133,849	Alamo Group, Inc.	4,508,034
569,485	Oshkosh Corp. (a)	13,001,343
657,945	Wacker Neuson SE (Germany)	10,864,723
		28,374,100
	Industrial Services - 2.13%	
246,350	EMCOR Group, Inc.	7,222,982
138,759	UniFirst Corp.	8,430,997
		15,653,979
	Insurance & Reinsurance - 4.92%	
42,329	Alleghany Corp. (a)	14,514,614
194,536	Arch Capital Group, Ltd. (Bermuda) (a)	7,641,374
9,824	E-L Financial Corp., Ltd. (Canada)	4,201,691
306,831	HCC Insurance Holdings, Inc.	9,806,319
		36,163,998
	Media - 5.33%	
186,124	Liberty Media Corp. - Liberty Capital, Series A (a)	16,274,683
636,678	Madison Square Garden, Co. (The), Class A (a)	22,901,308
		39,175,991
	Metals Manufacturing - 2.43%	
238,008	Encore Wire Corp.	6,066,824
224,070	Kaiser Aluminum Corp.	11,779,360
		17,846,184
	Mining - 1.23%	
587,680	Cloud Peak Energy, Inc. (a)	$ 9,044,395
	Non-U.S. Real Estate Investment Trust - 1.61%	
3,302,250	SEGRO PLC (United Kingdom)	11,849,256
	Oil & Gas Production & Services - 0.43%	
46,137	Cimarex Energy Co.	3,188,528
	Retail - 2.57%	
164,639	Aéropostale, Inc. (a)	3,651,693
545,456	American Eagle Outfitters, Inc.	9,823,663
114,365	Jos. A. Bank Clothiers, Inc. (a)	5,438,056
		18,913,412
	Securities Trading Services - 2.81%	
596,785	Broadridge Financial Solutions, Inc.	13,851,380
667,088	Investment Technology Group, Inc. (a)	6,804,298
		20,655,678
	Telecommunications Equipment - 1.47%	
144,867	Sycamore Networks, Inc. (a)	2,258,477
2,260,907	Tellabs, Inc.	8,523,619
		10,782,096
	U.S. Real Estate Investment Trust - 0.35%	
214,223	Excel Trust, Inc.	2,568,534
	U.S. Real Estate Operating Companies - 4.83%	
182,302	Alexander & Baldwin, Inc.	9,326,570
228,891	Alico, Inc.	5,204,981
514,448	Vail Resorts, Inc.	20,979,189
		35,510,740
	Total Common Stocks (Cost $504,396,427)	576,299,678

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, 2012
(Unaudited)

Units	Security†	Value (Note 1)
Limited Partnerships - 1.30%		
	Holding Companies - 1.30%	
1,000,000	AP Alternative Assets, L.P. (Guernsey) (b) (d)	$ 9,547,500
	Total Limited Partnerships (Cost $20,000,000)	9,547,500

Principal Amount ($)		
Short Term Investments - 12.23%		
	U.S. Government Obligations - 12.23%	
90,000,000	U.S. Treasury Bills, 0.04%-0.13%‡, due 5/17/12-11/15/12	89,964,436
	Total Short Term Investments (Cost $89,969,995)	89,964,436
	Total Investment Portfolio - 92.14% (Cost $616,222,672)	677,687,169
	Other Assets less Liabilities - 7.86%	57,794,909
	NET ASSETS - 100.00%	$ 735,482,078

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) Restricted security subject to restrictions on resale.

Shares/ Units	Issuer	Acquisition Date	Acquisition Cost	Carrying Value Per Unit
1,000,000	AP Alternative Assets, L.P.	6/8/06	$20,000,000	$9.55
1,590,916	JZ Capital Partners, Ltd. Limited Voting Shares	6/16/09-6/19/09	5,409,402	5.79

At April 30, 2012, these restricted securities had a total market value of $18,764,888 or 2.55% of net assets of the Fund.

† U.S. unless otherwise noted.
‡ Annualized yield at date of purchase.
[1] Incorporated in Bermuda.

Country Concentration

	% of Net Assets
United States *	77.35%
Germany	3.20
Guernsey	3.13
Belgium	2.13
Canada	2.02
Hong Kong	1.66
United Kingdom	1.61
Bermuda	1.04
Total	92.14%

* Includes cash equivalents.

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, 2012
(Unaudited)

Assets:	
Investments at value (Notes 1 and 5):	
Unaffiliated issuers (cost of $577,450,362)	$653,807,752
Affiliated issuers (cost of $38,772,310)	23,879,417
Total investments (cost of $616,222,672)	677,687,169
Cash	54,886,604
Receivable for securities sold	4,515,967
Dividends and interest receivable	904,126
Receivable for fund shares sold	156,996
Other assets	35,603
Total assets	738,186,465
Liabilities:	
Payable for fund shares redeemed	854,008
Payable for securities purchased	835,395
Payable to investment adviser (Note 3)	558,397
Accrued expenses	215,851
Payable for shareholder servicing fees (Note 3)	213,801
Distribution fees payable (Note 6)	19,196
Payable to trustees and officers	7,739
Total liabilities	2,704,387
Net assets	$735,482,078
Summary of net assets:	
Capital stock, $0.001 par value	$687,059,362
Accumulated distributions in excess of net investment income	(7,441,197)
Accumulated net realized losses on investments and foreign currency transactions	(5,613,226)
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	61,477,139
Net assets applicable to capital shares outstanding	$735,482,078
Investor Class:	
Net assets applicable to 412,014 shares outstanding, unlimited number of shares authorized	$ 8,895,929
Net asset value, offering and redemption price per share	$21.59
Institutional Class:	
Net assets applicable to 33,621,398 shares outstanding, unlimited number of shares authorized	$726,586,149
Net asset value, offering and redemption price per share	$21.61

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, 2012
(Unaudited)

Investment Income:	
Interest	$ 32,652
Dividends - unaffiliated issuers (net of foreign withholding tax of $65,041)	3,495,744
Dividends - affiliated issuers (Note 5)	91,769
Other income	18
Total investment income	3,620,183
Expenses:	
Investment advisory fees (Note 3)	3,413,057
Shareholder servicing fees (Note 3)	422,291
Transfer agent fees	176,397
Reports to shareholders	87,881
Trustees' and officers' fees and expenses	54,717
Auditing fees	42,384
Accounting fees	38,986
Custodian fees	32,770
Administration fees (Note 3)	20,858
Legal fees	19,891
Registration and filing fees	17,991
Insurance expenses	12,023
Distribution fees (Note 6)	10,669
Miscellaneous expenses	11,527
Total expenses	4,361,442
Recovery of expenses previously waived (Note 3)	24,680
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(14,335)
Net expenses	4,371,787
Net investment loss	(751,604)
Realized and unrealized gain/(loss) on investments and foreign currency transactions:	
Net realized loss on investments - unaffiliated issuers	(5,418,431)
Net realized loss on investments - affiliated issuers	(1,478,064)
Net realized loss on foreign currency transactions	(101,710)
Net change in unrealized appreciation/(depreciation) on investments	59,198,354
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(5,892)
Net gain on investments and foreign currency transactions	52,194,257
Net increase in net assets resulting from operations	$51,442,653

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, 2012 (Unaudited)	For the Year Ended October 31, 2011
Operations:		
Net investment income/(loss)	$ (751,604)	$ 1,488,843
Net realized gain/(loss) on investments - unaffiliated issuers	(5,418,431)	71,449,324
Net realized loss on investments - affiliated issuers	(1,478,064)	(12,504,239)
Net realized gain on written options	—	110,141
Net realized gain/(loss) on foreign currency transactions	(101,710)	492,541
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	59,198,354	6,748,687
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(5,892)	(20,068)
Net increase in net assets resulting from operations	51,442,653	67,765,229
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(8,103)	(48,442)
Institutional Class	(2,494,214)	(10,950,536)
Net realized gains:		
Investor Class	(24,878)	—
Institutional Class	(2,505,656)	—
Decrease in net assets from dividends and distributions	(5,032,851)	(10,998,978)
Capital Share Transactions:		
Proceeds from sale of shares	23,693,828	68,970,537
Net asset value of shares issued in reinvestment of dividends and distributions	4,827,340	10,514,067
Redemption fees	2,841	15,504
Cost of shares redeemed	(141,436,222)	(388,960,587)
Net decrease in net assets resulting from capital share transactions	(112,912,213)	(309,460,479)
Net decrease in net assets	(66,502,411)	(252,694,228)
Net assets at beginning of period	801,984,489	1,054,678,717
Net assets at end of period (including accumulated distributions in excess of net investment income of $(7,441,197) and $(4,187,276), respectively)	$ 735,482,078	$ 801,984,489

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:

Investor Class:	For the Six Months Ended April 30, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Period Ended October 31, 2010*
Net asset value, beginning of period	$20.25	$19.35	$18.19
Income/(loss) from investment operations:			
Net investment income/(loss)@	(0.05)	(0.01)	0.02
Net gain on investment transactions (both realized and unrealized)	1.48[2]	1.10[1]	1.14[2]
Total from investment operations	1.43	1.09	1.16
Less dividends and distributions to shareholders:			
Dividends from net investment income	(0.02)	(0.19)	—
Distributions from realized gains	(0.07)	—	—
Total dividends and distributions	(0.09)	(0.19)	—
Net asset value, end of period	$21.59	$20.25	$19.35
Total return[3]	7.09%[4]	5.58%	6.38%[4]
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	$8,896	$7,490	$4,505
Ratio of expenses to average net assets			
Before fee waivers/expense offset arrangement/recovery	1.40%[5]	1.39%	1.42%[5]
After fee waivers/expense offset arrangement/recovery[6]	1.40%[5†]	1.40%[†]	1.40%[5#]
Ratio of net investment income/(loss) to average net assets	(0.45)%[5]	(0.07)%	0.10%[5]
Portfolio turnover rate	13%[4]	34%	9%[4]

1 Includes redemption fees of $0.02 per share.
2 Includes redemption fees of less than $0.01 per share.
3 Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
4 Not annualized.
5 Annualized.
6 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.40%.
† The investment adviser recovered a portion of its previously waived fees.
\# The investment adviser waived a portion of its fees.
* Period from December 31, 2009 (commencement of operations) to October 31, 2010.
@ 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 Small-Cap Value Fund
Financial Highlights (continued)

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

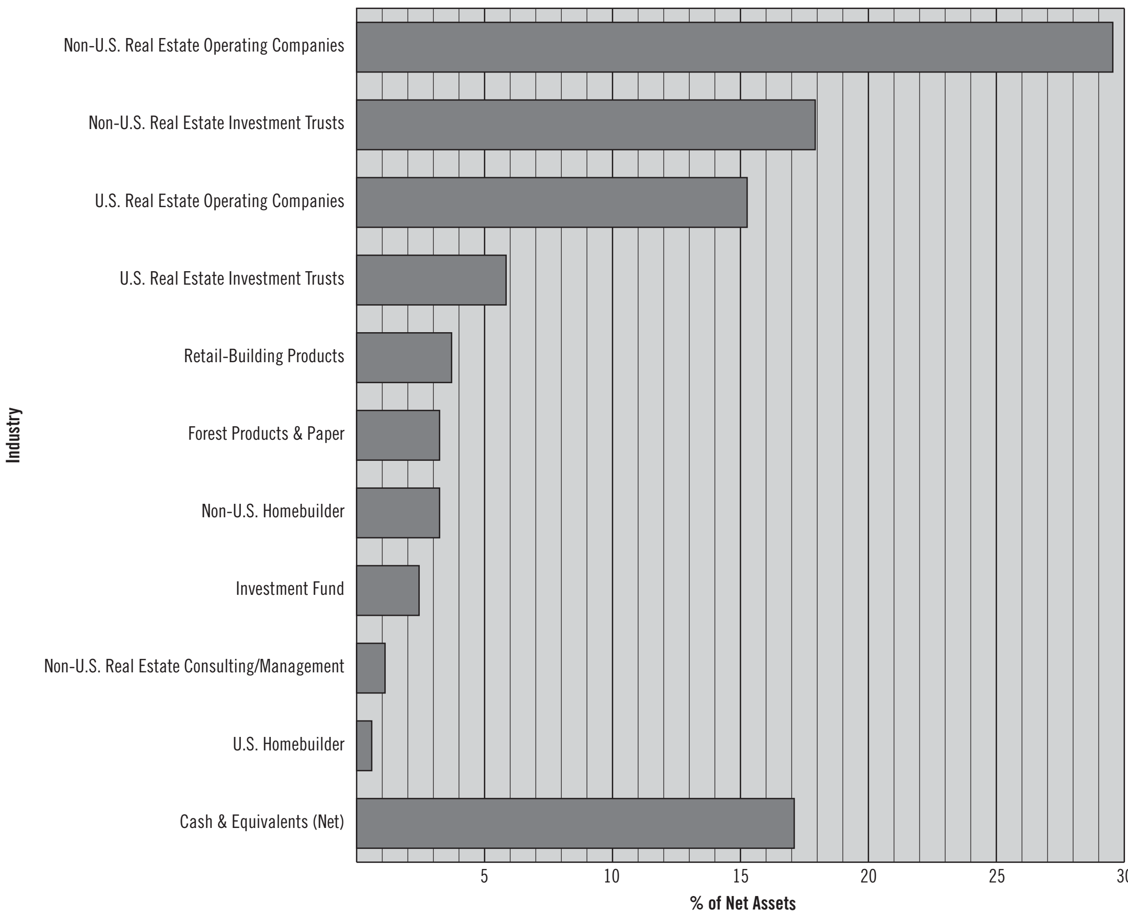
Institutional Class:	For the Six Months Ended April 30, 2012 (Unaudited)	Years Ended October 31, 2011	2010	2009	2008	2007
Net asset value, beginning of period	$20.30	$19.38	$17.17	$16.45	$27.66	$26.54
Income/(loss) from investment operations:						
Net investment income/(loss)	(0.02)[@]	0.03[@]	0.12[@]	0.19[@]	0.09[@]	0.27
Net gain/(loss) on investment transactions (both realized and unrealized)[1]	1.47	1.10	2.23	1.18	(8.58)	2.27
Total from investment operations	1.45	1.13	2.35	1.37	(8.49)	2.54
Less dividends and distributions to shareholders:						
Dividends from net investment income	(0.07)	(0.21)	(0.14)	(0.12)	(0.23)	(0.43)
Distributions from realized gains	(0.07)	—	—	(0.53)	(2.49)	(0.99)
Total dividends and distributions	(0.14)	(0.21)	(0.14)	(0.65)	(2.72)	(1.42)
Net asset value, end of period	$21.61	$20.30	$19.38	$17.17	$16.45	$27.66
Total return[2]	7.16%[3]	5.80%	13.73%	9.34%	(33.50)%	9.93%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	$726,586	$794,495	$1,050,173	$1,217,827	$1,372,740	$2,245,342
Ratio of expenses to average net assets						
Before fee waivers/expense offset arrangement/recovery	1.15%[4]	1.14%	1.16%	1.13%	1.10%	1.09%
After fee waivers/expense offset arrangement/recovery[5]	1.15%[4†]	1.15%[†]	1.14%[#]	1.13%	1.10%	1.09%
Ratio of net investment income/(loss) to average net assets	(0.20)%[4]	0.15%	0.65%	1.29%	0.40%	0.95%
Portfolio turnover rate	13%[3]	34%	9%	15%	46%	27%

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. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
3 Not annualized.
4 Annualized.
5 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.15% effective December 31, 2009.
† The investment adviser recovered a portion of its previously waived fees.
# 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, 2012 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, 2012
(Unaudited)

Principal Amount ($)	Security†	Value (Note 1)
Corporate Bonds & Notes - 0.59%		
	U.S. Homebuilder - 0.59%	
11,320,000	K. Hovnanian Enterprises, Inc., 10.625%, 10/15/16	$ 10,244,600
	Total Corporate Bonds & Notes (Cost $10,385,897)	10,244,600

Shares or Units	Security†	Value (Note 1)
Common Stocks - 79.87%		
	Forest Products & Paper - 3.24%	
2,751,058	Weyerhaeuser Co. (d)	56,011,541
	Non-U.S. Homebuilder - 3.24%	
68,711,973	Taylor Wimpey PLC (United Kingdom)	56,035,195
	Non-U.S. Real Estate Consulting/Management - 1.11%	
3,309,535	Savills PLC (United Kingdom)	19,206,883
	Non-U.S. Real Estate Investment Trusts - 17.92%	
9,661,263	Centro Retail Australia (Australia) (a)	18,623,105
7,717,855	Centro Retail Australia, Class Action True-Up Securities (Australia) (a) (b) (e)	—
29,880,091	Commonwealth Property Office Fund (Australia)	32,378,872
673,655	Derwent London PLC (United Kingdom)	19,044,873
41,415,719	Dexus Property Group (Australia)	40,348,118
12,457,812	Hammerson PLC (United Kingdom)	84,429,587
24,713,436	Mirvac Group (Australia)	33,346,431
8,839,052	SEGRO PLC (United Kingdom)	31,716,615
5,240,298	Westfield Group (Australia)	50,451,539
		310,339,140
	Non-U.S. Real Estate Operating Companies - 29.55%	
2,746,126	Brookfield Asset Management, Inc., Class A (Canada)	$ 90,567,235
10,079,500	CapitaLand, Ltd. (Singapore)	23,946,448
5,727,000	Cheung Kong Holdings, Ltd. (Hong Kong)	76,176,448
3,389,950	City Developments Ltd. (Singapore)	27,777,045
3,362,300	Daibiru Corp. (Japan)	26,454,452
8,377,000	Hang Lung Properties Ltd. (Hong Kong)	30,987,338
8,570,637	Henderson Land Development Co., Ltd. (Hong Kong)	48,825,783
2,940,095	Hongkong Land Holdings, Ltd. (Hong Kong)[1]	18,257,990
11,373,967	Hysan Development Co., Ltd. (Hong Kong)	51,528,931
21,869,072	Quintain Estates & Development PLC (United Kingdom) (a)	13,575,449
22,721,694	Songbird Estates PLC (United Kingdom) (a)	43,143,857
17,902,500	Wheelock & Co., Ltd. (Hong Kong)	60,454,525
		511,695,501
	Retail-Building Products - 3.71%	
2,042,230	Lowe's Cos., Inc.	64,268,978
	U.S. Real Estate Investment Trusts - 5.84%	
3,723,831	First Industrial Realty Trust, Inc. (a)	45,952,075
641,794	Vornado Realty Trust	55,091,597
		101,043,672

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, 2012
(Unaudited)

Shares or Units	Security†		Value (Note 1)
Common Stocks (continued)			
	U.S. Real Estate Operating Companies - 15.26%		
500,500	Consolidated-Tomoka Land Co. (c)	$	14,714,700
6,490,864	FNC Realty Corp. (a) (b)		4,543,605
8,846,798	Forest City Enterprises, Inc., Class A (a) (c)		141,106,428
29,513,141	Newhall Holding Co. LLC, Class A Units (a) (c)		39,842,740
941,627	Tejon Ranch Co. (a)		28,116,982
7,354,979	Thomas Properties Group, Inc. (c)		35,892,298
			264,216,753
	Total Common Stocks (Cost $1,235,280,436)		1,382,817,663

Investment Amount ($)			
Limited Partnerships - 2.44%			
	Investment Fund - 2.44%		
37,000,000	Alliance Bernstein Legacy Securities (C1) L.P.[2] (b)		42,311,864
	Total Limited Partnerships (Cost $37,000,000)		42,311,864

Notional Amount ($)	Security†		Value (Note 1)
Purchased Options - 0.05%			
	Foreign Currency Put Options - 0.05% (a)		
50,000,000	Australian Currency, strike 1.022 AUD, expires 6/6/12	$	305,322
50,000,000	Australian Currency, strike 1.022 AUD, expires 6/6/12		316,233
35,000,000	Australian Currency, strike 0.9830 AUD, expires 8/6/12		278,421
	Total Purchased Options (Cost $2,359,386)		899,976
	Total Investment Portfolio - 82.95% (Cost $1,285,025,719)		1,436,274,103
	Other Assets less Liabilities - 17.05% (f) (g)		295,274,626
	NET ASSETS - 100.00%		$1,731,548,729

Notes:
AUD: Australian Dollar
(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 a Real Estate Investment Trust.
(e) Class Action True-up Securities were issued to Centro Retail Australia holders who were not exposed to related shareholder class action suits against certain pre-aggregation Centro entities on behalf of existing group members.
(f) A portion of this security is segregated for future fund commitment.
(g) Includes $5,090,000 of cash restricted as collateral for forward foreign currency contracts to broker.
† U.S. unless otherwise noted.
[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, 2012
(Unaudited)

Country Concentration

	% of Net Assets
United States	31.13%
Hong Kong	16.53
United Kingdom	15.43
Australia	10.11
Canada	5.23
Singapore	2.99
Japan	1.53
Total	82.95%

Schedule of Written Options

Notional Amount ($)	Security	Expiration Date	Strike Price	Value
50,000,000	Australian Currency, Call	6/6/12	1.0578 AUD	$ (201,758)
50,000,000	Australian Currency, Call	6/6/12	1.0590 AUD	(185,321)
35,000,000	Australian Currency, Call	8/6/12	1.0375 AUD	(693,802)
	(Premiums received $2,359,386)			$(1,080,881)

AUD: Australian Dollar

Schedule of Forward Foreign Currency Contracts

Contracts to Buy	Currency	Counterparty	Settlement Date	Settlement Value	Value at 4/30/12	Unrealized Depreciation
9,613,426,595	JPY	JPMorgan Chase Bank, N.A.	10/29/12	$125,297,166	$120,691,599	$(4,605,567)

Contracts to Sell	Currency	Counterparty	Settlement Date	Settlement Value	Value at 4/30/12	Unrealized Depreciation
11,628,710,000	JPY	JPMorgan Chase Bank, N.A.	10/29/12	$145,000,000	$145,992,439	$ (992,439)

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, 2012
(Unaudited)

Assets:	
Investments at value (Notes 1 and 5):	
Unaffiliated issuers (cost of $1,029,160,221)	$1,204,717,937
Affiliated issuers (cost of $255,865,498)	231,556,166
Total investments (cost of $1,285,025,719)	1,436,274,103
Cash	309,179,757
Restricted cash pledged to counterparty for collateral management	5,090,000
Foreign currency at value (cost of $1,030)	1,031
Dividends and interest receivable	6,599,108
Receivable for fund shares sold	3,423,580
Other assets	45,358
Total assets	1,760,612,937
Liabilities:	
Payable for securities purchased	15,944,524
Unrealized depreciation on forward foreign currency contracts	5,598,006
Payable for fund shares redeemed	4,328,418
Payable to investment adviser (Note 3)	1,266,674
Written options at value (premiums received $2,359,386)	1,080,881
Payable for shareholder servicing fees (Note 3)	428,301
Accrued expenses	328,549
Distribution fees payable (Note 6)	76,887
Payable to trustees and officers	11,968
Total liabilities	29,064,208
Net assets	$1,731,548,729
Summary of net assets:	
Capital stock, $0.001 par value	$1,547,454,065
Accumulated distribution in excess of net investment income	(1,106,924)
Accumulated net realized gains on investments and foreign currency transactions	38,402,569
Net unrealized appreciation of investments and translation of foreign currency denominated assets and liabilities	146,799,019
Net assets applicable to capital shares outstanding	$1,731,548,729
Investor Class:	
Net assets applicable to 2,005,932 shares outstanding, unlimited number of shares authorized	$ 48,881,344
Net asset value, offering and redemption price per share	$24.37
Institutional Class:	
Net assets applicable to 68,803,730 shares outstanding, unlimited number of shares authorized	$1,682,667,385
Net asset value, offering and redemption price per share	$24.46

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, 2012
(Unaudited)

Investment Income:	
Interest	$ 1,666,226
Dividends - unaffiliated issuers (net of foreign withholding tax of $529,163)	14,518,683
Dividends - affiliated issuers (Note 5)	230,659
Other income	6,969
Total investment income	16,422,537
Expenses:	
Investment advisory fees (Note 3)	7,201,036
Shareholder servicing fees (Note 3)	783,851
Transfer agent fees	288,414
Reports to shareholders	147,191
Custodian fees	119,765
Trustees' and officers' fees and expenses	107,201
Accounting fees	68,412
Distribution fees (Note 6)	56,188
Administration fees (Note 3)	44,006
Auditing fees	40,195
Registration and filing fees	28,936
Insurance expenses	22,930
Legal fees	15,709
Miscellaneous expenses	33,721
Total expenses	8,957,555
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(31,237)
Net expenses	8,926,318
Net investment income	7,496,219
Realized and unrealized gain/(loss) on investments and foreign currency transactions:	
Net realized gain on investments - unaffiliated issuers	53,197,610
Net realized gain on written options	292,849
Net realized loss on foreign currency transactions	(480,188)
Net change in unrealized appreciation/(depreciation) on investments	146,159,081
Net change in unrealized appreciation/(depreciation) on written options	1,278,505
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	716,142
Net gain on investments and foreign currency transactions	201,163,999
Net increase in net assets resulting from operations	$208,660,218

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, 2012 (Unaudited)	For the Year Ended October 31, 2011
Operations:		
Net investment income	$ 7,496,219	$ 4,618,750
Net realized gain on investments - unaffiliated issuers	53,197,610	96,186,234
Net realized gain on investments - affiliated issuers	—	3,885,219
Net realized gain on written options	292,849	2,775,546
Net realized loss on foreign currency transactions	(480,188)	(1,189,398)
Net change in unrealized appreciation/(depreciation) on investments	146,159,081	(153,158,956)
Net change in unrealized appreciation/(depreciation) on written options	1,278,505	(474,703)
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	716,142	(6,240,818)
Net increase/(decrease) in net assets resulting from operations	208,660,218	(53,598,126)
Dividends and Distributions to Shareholders from:		
Net Investment income:		
Investor Class	—	(1,201,582)
Institutional Class	—	(66,294,990)
Decrease in net assets from dividends and distributions	—	(67,496,572)
Capital Share Transactions:		
Proceeds from sale of shares	180,068,785	395,952,018
Net asset value of shares issued in reinvestment of dividends and distributions	—	60,964,262
Redemption fees	29,458	54,729
Cost of shares redeemed	(284,657,364)	(389,669,216)
Net increase/(decrease) in net assets resulting from capital share transactions	(104,559,121)	67,301,793
Net increase/(decrease) in net assets	104,101,097	(53,792,905)
Net assets at beginning of period	1,627,447,632	1,681,240,537
Net assets at end of period (including accumulated distributions in excess of net investment income of $(1,106,924) and $(8,603,143) respectively)	$1,731,548,729	$1,627,447,632

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, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Period Ended October 31, 2010*
Net asset value, beginning of period	$21.40	$22.90	$20.47
Income/(loss) from investment operations:			
Net investment income@	0.08	0.02	0.40
Net gain/(loss) on investment transactions (both realized and unrealized)[1]	2.89	(0.63)	2.03
Total from investment operations	2.97	(0.61)	2.43
Less dividends and distributions to shareholders:			
Dividends from net investment income	—	(0.89)	—
Total dividends and distributions	—	(0.89)	—
Net asset value, end of period	$24.37	$21.40	$22.90
Total return[2]	13.88%[3]	(2.89)%	11.87%[3]
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	$48,881	$48,327	$28,594
Ratio of expenses to average net assets			
Before fee waivers/expense offset arrangement/recovery	1.36%[4]	1.38%	1.44%[4]
After fee waivers/expense offset arrangement/recovery[5]	1.36%[4]	1.40%†	1.40%[4#]
Ratio of net investment income to average net assets	0.69%[4]	0.11%	2.27%[4]
Portfolio turnover rate	2%[3]	32%	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. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
3 Not annualized.
4 Annualized.
5 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.40%.
† The investment adviser recovered previously waived fees.
# The investment adviser waived a portion of its fees.
* Period from December 31, 2009 (commencement of operations) to October 31, 2010.
@ 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
Financial Highlights (continued)

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

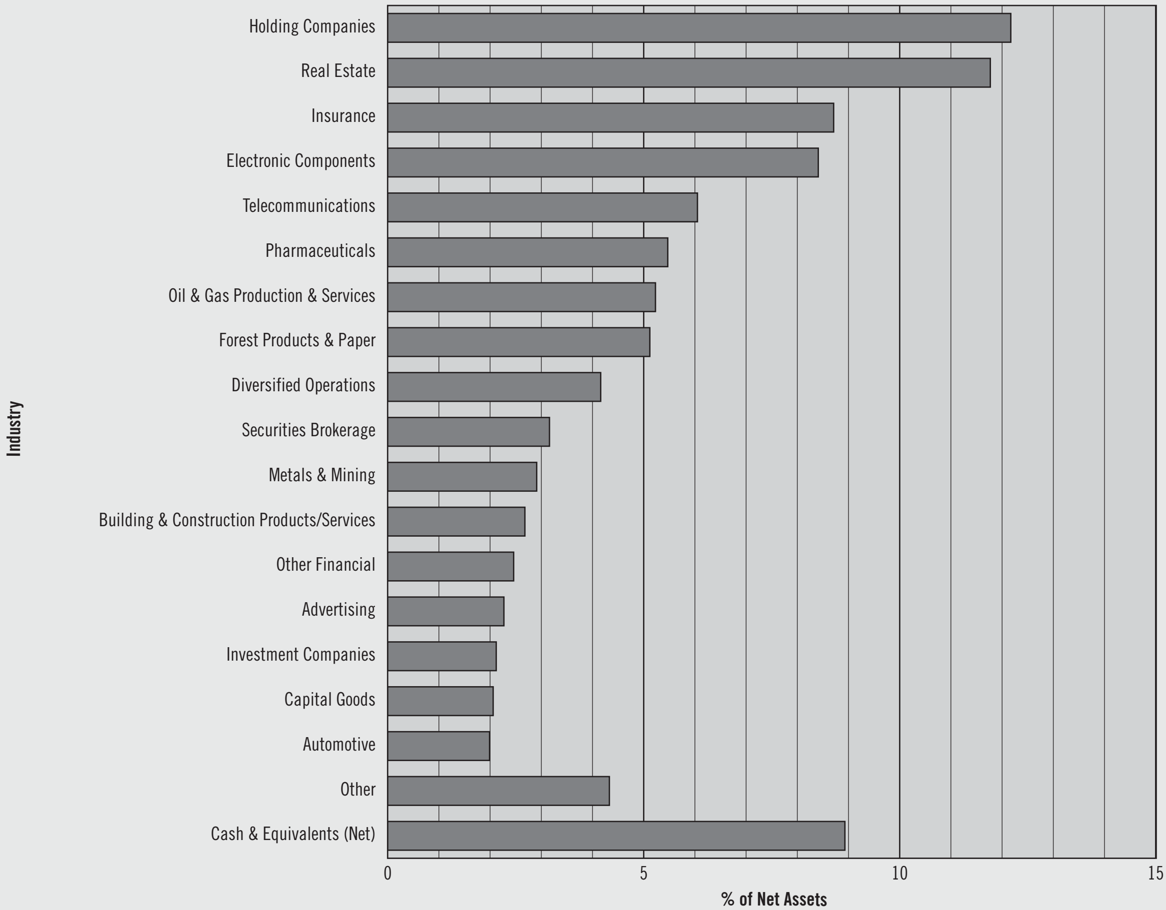
Institutional Class:	For the Six Months Ended April 30, 2012 (Unaudited)	Years Ended October 31, 2011	2010	2009	2008	2007
Net asset value, beginning of period	$21.45	$22.93	$19.86	$16.21	$35.47	$36.34
Income/(loss) from investment operations:						
Net investment income	0.10@	0.06@	0.44@	0.63@	0.31@	0.85
Net gain/(loss) on investment transactions (both realized and unrealized)	2.91[3]	(0.62)[3]	2.89[3]	3.45[1]	(15.72)[1]	1.80[2]
Total from investment operations	3.01	(0.56)	3.33	4.08	(15.41)	2.65
Less dividends and distributions to shareholders:						
Dividends from net investment income	—	(0.92)	(0.26)	(0.43)	(0.60)	(0.89)
Distributions from realized gains	—	—	—	—	(3.25)	(2.63)
Total dividends and distributions	—	(0.92)	(0.26)	(0.43)	(3.85)	(3.52)
Net asset value, end of period	$24.46	$21.45	$22.93	$19.86	$16.21	$35.47
Total return[4]	14.03%[5]	(2.66)%	16.94%	26.16%	(47.87)%	7.68%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	$1,682,667	$1,579,121	$1,652,647	$1,381,313	$1,255,630	$2,934,708
Ratio of expenses to average net assets						
Before fee waivers/expense offset arrangement/recovery	1.11%[6]	1.13%	1.18%	1.18%	1.12%	1.10%
After fee waivers/expense offset arrangement/recovery[7]	1.11%[6]	1.15%†	1.14%#	1.18%	1.12%	1.10%
Ratio of net investment income to average net assets	0.94%[6]	0.26%	2.09%	4.00%	1.22%	1.14%
Portfolio turnover rate	2%[5]	32%	26%	24%	34%	19%

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 Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
5 Not annualized.
6 Annualized.
7 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.15% effective December 31, 2009.
† The investment adviser recovered previously waived fees.
# 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, 2012 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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Common Stocks and Warrants - 91.07%		
	Advertising - 2.27%	
958,400	Asatsu-DK, Inc. (Japan)	$ 27,719,176
	Agriculture - 1.44%	
1,088,114	Viterra, Inc. (Canada) (c)	17,524,820
	Automotive - 1.99%	
439,290	Daimler AG (Germany)	24,285,795
	Building & Construction Products/Services - 2.68%	
10,482,120	Tenon, Ltd. (New Zealand) (a) (b)	6,343,082
1,358,262	Titan Cement Co. S.A. (Greece)	26,339,632
		32,682,714
	Capital Goods - 2.06%	
503,196	Nexans S.A. (France)	25,154,471
	Corporate Services - 0.78%	
22,522,784	Boardroom, Ltd. (Singapore) (b)	9,555,120
	Diversified Operations - 4.16%	
1,204,745	Antarchile S.A. (Chile)	21,479,776
3,039,200	Hutchison Whampoa, Ltd. (Hong Kong)	29,241,721
		50,721,497
	Electronic Components - 8.41%	
37,050,140	WBL Corp., Ltd. (Singapore) (b)	102,692,509
	Forest Products & Paper - 5.12%	
51,395,523	Rubicon, Ltd. (New Zealand) (a) (b)	16,391,149
2,265,983	Weyerhaeuser Co. (d)	46,135,414
		62,526,563
	Holding Companies - 12.17%	
7,939,408	GP Investments, Ltd., BDR (Brazil)[1] (a) (b)	$ 18,326,677
3,305,400	Guoco Group, Ltd. (Hong Kong)[1]	27,691,802
1,644,208	Leucadia National Corp.	40,875,011
592,505	LG Corp. (South Korea)	30,198,684
469,645	Pargesa Holding S.A. (Switzerland)	31,433,850
		148,526,024
	Insurance - 8.71%	
284,772	Allianz SE (Germany)	31,731,802
230,350	Munich Re (Germany)	33,433,772
78,722	White Mountains Insurance Group, Ltd.[1]	41,171,606
		106,337,180
	Investment Companies - 2.12%	
7,136,445	Resolution, Ltd. (Guernsey)	25,919,965
	Investment Technology Services - 0.53%	
80,906	OTSUKA Corp. (Japan)	6,506,936
	Media - 0.16%	
296,740	Alma Media Corp. (Finland)	2,007,176
	Metals & Mining - 2.91%	
200,900	Dundee Precious Metals, Inc. (Canada) (a)	1,563,923
500,400	Dundee Precious Metals, Inc. Warrants, expires 6/29/12 (Canada) (a)	2,533
1,672,046	Kinross Gold Corp. (Canada)	14,979,609
22,869	Kinross Gold Corp. Warrants, expires 9/17/14 (Canada) (a)	13,890
397,186	Newmont Mining Corp.	18,925,913
		35,485,868

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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Common Stocks and Warrant (continued)		
	Oil & Gas Production & Services - 5.23%	
993,802	EnCana Corp. (Canada)	$ 20,810,214
1,647,210	Petroleum Geo-Services ASA (Norway)	24,853,718
1,976,600	Precision Drilling Corp. (Canada) (a)	18,208,291
		63,872,223
	Other Financial - 2.46%	
62,589,892	Yuanta Financial Holding Co., Ltd. (Taiwan) (a)	30,000,119
	Pharmaceuticals - 5.47%	
1,104,214	GlaxoSmithKline PLC (United Kingdom)	25,536,450
540,537	Sanofi (France)	41,256,140
		66,792,590
	Real Estate - 11.77%	
6,417,961	Atrium European Real Estate Ltd. (Jersey)	31,263,199
1,750,000	Mitsui Fudosan Co., Ltd. (Japan)	32,054,419
8,490,300	SEGRO PLC (United Kingdom)	30,465,210
61,235,872	Taylor Wimpey PLC (United Kingdom)	49,938,371
		143,721,199
	Securities Brokerage - 3.16%	
10,205,000	Daiwa Securities Group, Inc. (Japan)	38,564,799
	Telecommunications - 6.05%	
38,601,902	Netia S.A. (Poland) (a) (b)	73,817,737
	Transportation - 1.42%	
2,504,000	Seino Holdings Co., Ltd. (Japan)	17,345,378
	Total Common Stocks and Warrants (Cost $1,137,153,629)	1,111,759,859

Notional Amount ($)	Security†	Value (Note 1)
Purchased Options - 0.74%		
	Foreign Currency Put Options - 0.74% (a)	
106,185,000	Euro Currency, strike 1.366 Euro, expires 5/31/12	$ 3,384,647
136,315,000	Euro Currency, strike 1.366 Euro, expires 5/31/12	4,382,514
61,500,000	Japan Currency, strike 87.94 Yen, expires 3/14/13	604,237
61,500,000	Japan Currency, strike 87.94 Yen, expires 3/14/13	611,326
	Total Purchased Options (Cost $13,420,065)	8,982,724
	Total Investment Portfolio - 91.81% (Cost $1,150,573,694)	1,120,742,583
	Other Assets less Liabilities - 8.19%	99,999,654
	NET ASSETS - 100.00%	$ 1,220,742,237

Notes:
BDR: Brazilian Depositary Receipt.
(a) Non-income producing security.
(b) Affiliated issuers - as defined under the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of these issuers).
(c) 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.
(d) Security is a Real Estate Investment Trust.
† U.S. unless otherwise noted.
[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, 2012
(Unaudited)

Country Concentration

	% of Net Assets
United States	12.69%
Japan	10.11
Singapore	9.20
United Kingdom	8.68
Germany	7.33
Poland	6.05
Canada	5.99
France	5.44
Hong Kong	4.66
Switzerland	2.57
Jersey	2.56
South Korea	2.47
Taiwan	2.46
Greece	2.16
Guernsey	2.12
Norway	2.04
New Zealand	1.86
Chile	1.76
Brazil	1.50
Finland	0.16
Total	91.81%

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, 2012
(Unaudited)

Assets:	
Investments at value (Notes 1 and 5):	
Unaffiliated issuers (cost of $946,107,830)	$893,616,309
Affiliated issuers (cost of $204,465,864)	227,126,274
Total investments (cost of $1,150,573,694)	1,120,742,583
Cash	83,790,121
Foreign currency at value (cost of $3,483,818)	3,483,459
Receivable for securities sold	9,215,204
Dividends and interest receivable	9,008,421
Receivable for fund shares sold	1,166,644
Other assets	38,554
Total assets	1,227,444,986
Liabilities:	
Payable for securities purchased	3,063,595
Payable for fund shares redeemed	1,837,741
Payable to investment adviser (Note 3)	1,248,737
Accrued expenses	326,453
Payable for shareholder servicing fees (Note 3)	189,159
Distribution fees payable (Note 6)	27,845
Payable to trustees and officers	9,219
Total liabilities	6,702,749
Net assets	$1,220,742,237
Summary of net assets:	
Capital stock, $0.001 par value	$1,459,569,001
Accumulated distributions in excess of net investment income	(5,003,149)
Accumulated net realized losses on investments and foreign currency transactions	(204,051,655)
Net unrealized depreciation of investments and translation of foreign currency denominated assets and liabilities	(29,771,960)
Net assets applicable to capital shares outstanding	$1,220,742,237
Investor Class:	
Net assets applicable to 1,018,593 shares outstanding, unlimited number of shares authorized	$ 15,840,791
Net asset value, offering and redemption price per share	$15.55
Institutional Class:	
Net assets applicable to 77,438,204 shares outstanding, unlimited number of shares authorized	$1,204,901,446
Net asset value, offering and redemption price per share	$15.56

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, 2012
(Unaudited)

Investment Income:	
Interest	$ 317
Dividends - unaffiliated issuers (net of foreign withholding tax of $947,698)	11,251,300
Dividends - affiliated issuers (Note 5)	1,621,489
Total investment income	12,873,106
Expenses:	
Investment advisory fees (Note 3)	7,577,267
Shareholder servicing fees (Note 3)	388,769
Custodian fees	214,935
Transfer agent fees	152,197
Reports to shareholders	99,454
Trustees' and officers' fees and expenses	83,449
Accounting fees	63,881
Auditing fees	47,434
Administration fees (Note 3)	33,340
Registration and filing fees	26,757
Legal fees	23,778
Insurance expenses	18,546
Distribution fees (Note 6)	18,263
Miscellaneous expenses	23,077
Total expenses	8,771,147
Less: Expenses waived (Note 3)	(249,922)
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(16,423)
Net expenses	8,504,802
Net investment income	4,368,304
Realized and unrealized gain/(loss) on investments and foreign currency transactions:	
Net realized loss on investments - unaffiliated issuers	(84,475,495)
Net realized gain on investments - affiliated issuers	3,556,422
Net realized gain on swap agreements	311,652
Net realized loss on foreign currency transactions	(10,520)
Net change in unrealized appreciation/(depreciation) on investments	110,787,565
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(62,441)
Net gain on investments and foreign currency transactions	30,107,183
Net increase in net assets resulting from operations	$ 34,475,487

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, 2012 (Unaudited)	For the Year Ended October 31, 2011
Operations:		
Net investment income	$ 4,368,304	$ 8,795,699
Net realized gain/(loss) on investments - unaffiliated issuers	(84,475,495)	114,659,830
Net realized gain on investments - affiliated issuers	3,556,422	7,520,595
Net realized gain on swap agreements	311,652	—
Net realized loss on foreign currency transactions	(10,520)	(1,011,298)
Net change in unrealized appreciation/(depreciation) on investments	110,787,565	(185,973,301)
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	(62,441)	53,679
Net increase/(decrease) in net assets resulting from operations	34,475,487	(55,954,796)
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(194,814)	(114,939)
Institutional Class	(20,012,018)	(26,082,360)
Decrease in net assets from dividends and distributions	(20,206,832)	(26,197,299)
Capital Share Transactions:		
Proceeds from sale of shares	102,980,287	213,311,078
Net asset value of shares issued in reinvestment of dividends and distributions	19,051,749	24,295,567
Redemption fees	8,280	9,022
Cost of shares redeemed	(207,238,072)	(388,008,022)
Net decrease in net assets resulting from capital share transactions	(85,197,756)	(150,392,355)
Net decrease in net assets	(70,929,101)	(232,544,450)
Net assets at beginning of period	1,291,671,338	1,524,215,788
Net assets at end of period (including accumulated distributions in excess of net investment income and accumulated undistributed net investment income of $(5,003,149) and $10,835,379, respectively)	$1,220,742,237	$1,291,671,338

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, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Period Ended October 31, 2010*
Net asset value, beginning of period	$15.29	$16.31	$15.51
Income/(loss) from investment operations:			
Net investment income[@]	0.04	0.09	0.32
Net gain/(loss) on investment transactions (both realized and unrealized)[1]	0.44	(0.85)	0.48
Total from investment operations	0.48	(0.76)	0.80
Less dividends and distributions to shareholders:			
Dividends from net investment income	(0.22)	(0.26)	—
Total dividends and distributions	(0.22)	(0.26)	—
Net asset value, end of period	$15.55	$15.29	$16.31
Total return[2]	3.29%[4]	(4.76)%	5.16%[4]
Ratios/Supplemental Data:			
Net assets, end of period (in thousands)	$15,841	$13,997	$6,920
Ratio of expenses to average net assets			
Before fee waivers and expense offset arrangement	1.69%[5]	1.69%	1.77%[5]
After fee waivers and expense offset arrangement[3#]	1.65%[5]	1.65%	1.65%[5]
Ratio of net investment income to average net assets	0.53%[5]	0.56%	2.55%[5]
Portfolio turnover rate	12%[4]	24%	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, brokerage commissions, acquired fund fees and expenses, and extraordinary items) 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.
@ 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
Financial Highlights (continued)

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

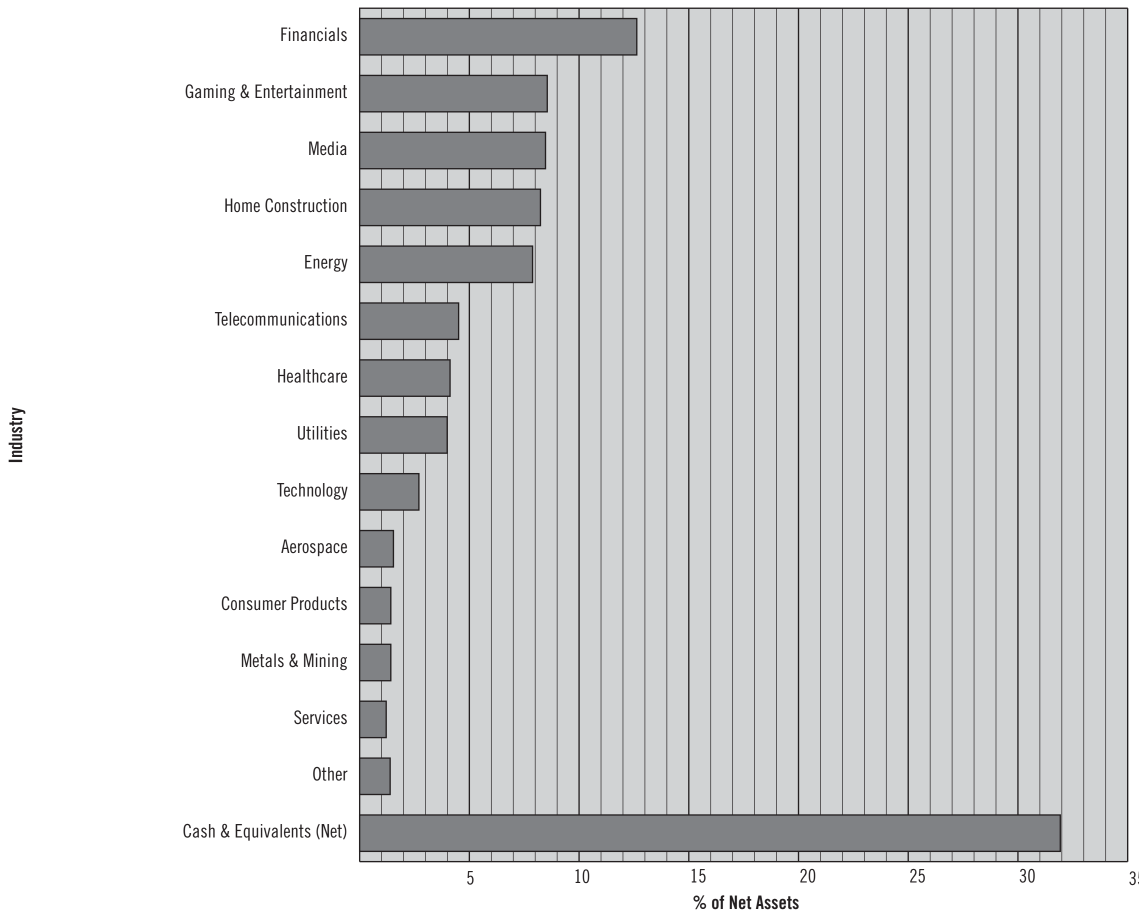
Institutional Class:	For the Six Months Ended April 30, 2012 (Unaudited)	Years Ended October 31, 2011	2010	2009	2008	2007
Net asset value, beginning of period	$15.33	$16.33	$15.18	$11.51	$25.01	$23.77
Income/(loss) from investment operations:						
Net investment income	0.05[@]	0.10[@]	0.24[@]	0.11[@]	0.10[@]	0.37
Net gain/(loss) on investment transactions (both realized and unrealized)	0.44[1]	(0.81)[1]	1.09[1]	3.73[2]	(9.76)[2]	3.69[1]
Total from investment operations	0.49	(0.71)	1.33	3.84	(9.66)	4.06
Less dividends and distributions to shareholders:						
Dividends from net investment income	(0.26)	(0.29)	(0.18)	(0.03)	(0.78)	(1.08)
Distributions from realized gains	—	—	—	(0.14)	(3.06)	(1.74)
Total dividends and distributions	(0.26)	(0.29)	(0.18)	(0.17)	(3.84)	(2.82)
Net asset value, end of period	$15.56	$15.33	$16.33	$15.18	$11.51	$25.01
Total return[3]	3.40%[4]	(4.51)%	8.84%	33.87%	(44.31)%	18.86%
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	$1,204,901	$1,277,674	$1,517,296	$1,332,360	$1,069,308	$2,328,583
Ratio of expenses to average net assets						
Before fee waivers and expense offset arrangement	1.44%[5]	1.44%	1.51%	1.51%	1.48%	1.45%
After fee waivers and expense offset arrangement[6]	1.40%[5#]	1.40%[#]	1.40%[#]	1.47%[#]	1.48%	1.45%
Ratio of net investment income to average net assets	0.72%[5]	0.58%	1.58%	0.89%	0.57%	1.48%
Portfolio turnover rate	12%[4]	24%	13%	16%	30%	23%

1 Includes redemption fees of less than $0.01 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, effective July 1, 2009, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) 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%.
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 Focused Credit Fund
Industry Diversification
(Unaudited)

The summary of the Fund's investments as of April 30, 2012 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
at April 30, 2012
(Unaudited)

Principal Amount‡	Security†	Value (Note 1)
Corporate Bonds & Notes - 58.33%		
	Consumer Products - 1.42%	
17,750,000	Armored Autogroup, Inc., 9.250%, due 11/1/18 (a)	$ 14,954,375
	Energy - 6.96%	
	Energy XXI Gulf Coast, Inc.:	
12,000,000	9.250%, due 12/15/17	13,230,000
10,000,000	7.750%, due 6/15/19	10,375,000
9,000,000	GMX Resources, Inc., PIK, 11.000%, due 12/1/17 (a)	7,695,000
	Hercules Offshore, Inc.:	
17,068,000	10.500%, due 10/15/17 (a)	17,921,400
14,500,000	10.250%, due 4/1/19 (a)	14,463,750
	Platinum Energy Solutions, Inc.:	
5,000,000	1st Lien, 14.250%, due 3/1/15	4,812,500
5,169,354	2nd Lien, 14.250%, due 3/1/15	4,975,503
		73,473,153
	Financials - 8.54%	
	Lehman Brothers Holdings, Inc.*:	
31,000,000	due 9/26/08	7,672,500
25,000,000	due 11/24/08	6,187,500
12,205,000	due 12/23/08	3,020,738
97,000,000	due 3/23/09	24,007,500
10,000,000	due 1/24/13	2,537,500
50,000,000	due 9/26/14	12,812,500
10,000,000	due 5/2/18	2,575,000
12,000,000	Marsico Holdings LLC/Marsico Co. Notes Corp., PIK, 10.625%, due 1/15/20 (a)	2,460,000
27,800,000	Nuveen Investments, Inc., 10.500%, due 11/15/15	28,842,500
		90,115,738
	Food & Beverage - 0.98%	
9,945,000	Harmony Foods Corp., 10.000%, due 5/1/16 (a)	10,342,800
	Gaming & Entertainment - 7.72%	
38,511,000	Caesars Entertainment Operating Co., Inc., 12.750%, due 4/15/18	$ 32,975,044
	CityCenter Holdings LLC/CityCenter Finance Corp., PIK:	
28,787,265	10.750%, due 1/15/17	32,097,800
880	10.750%, due 1/15/17 (a)	981
6,850,000	Marina District Finance Co., Inc., 9.875%, due 8/15/18	6,610,250
13,399,000	Shingle Springs Tribal Gaming Authority, 9.375%, due 6/15/15 (a)	9,814,768
		81,498,843
	Healthcare - 4.12%	
10,000,000	InVentiv Health, Inc., 10.000%, due 8/15/18 (a)	8,975,000
4,000,000	Kindred Healthcare, Inc., 8.250%, due 6/1/19	3,550,000
4,910,000	Multiplan, Inc., 9.875%, due 9/1/18 (a)	5,351,900
	Radiation Therapy Services, Inc.:	
2,000,000	8.875%, due 1/15/17 (a)	1,990,000
18,275,000	9.875%, due 4/15/17	14,757,062
8,808,000	Rotech Healthcare, Inc., 10.750%, due 10/15/15	8,929,110
		43,553,072
	Home Construction - 8.24%	
30,022,825	Ainsworth Lumber Co., Ltd., PIK, 11.000%, due 7/29/15 (Canada) (a)	24,168,374
24,717,000	CEMEX España Luxembourg, 9.250%, due 5/12/20 (Luxembourg)[3] (a)	22,381,243
6,500,000[EUR]	CEMEX Finance LLC, 9.625%, due 12/14/17 (a)	8,109,298

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, 2012
(Unaudited)

Principal Amount‡	Security†	Value (Note 1)
	Corporate Bonds & Notes (continued)	
	Home Construction (continued)	
5,410,000	K. Hovnanian Enterprises, Inc., 10.625%, due 10/15/16	$ 4,896,050
9,600,000	New Enterprise Stone & Lime Co., Inc., PIK, 13.000%, due 3/15/18 (a)	9,888,000
16,591,000	Nortek, Inc., 10.000%, due 12/1/18	17,586,460
		87,029,425
	Media - 8.47%	
	Clear Channel Communications, Inc.:	
10,000,000	9.000%, due 3/1/21	9,100,000
32,367,289	PIK, 11.000%, due 8/1/16	23,709,039
7,519,000	Cumulus Media Holdings, Inc., 7.750%, due 5/1/19	7,152,449
38,450,000	Intelsat Luxembourg SA, 11.250%, due 2/4/17 (Luxembourg)	39,988,000
9,000,000	Spanish Broadcasting System, Inc., 12.500%, due 4/15/17 (a)	9,450,000
		89,399,488
	Metals & Mining - 1.42%	
15,750,000	Murray Energy Corp., 10.250%, due 10/15/15 (a)	15,041,250
	Paper & Packaging - 0.10%	
1,000,000	Reynolds Group Issuer Inc. / Reynolds Group Issuer LLC, 9.000%, due 4/15/19 (a)	1,010,000
	Services - 1.21%	
12,294,000	EnergySolutions, Inc. / EnergySolutions LLC, 10.750%, due 8/15/18	12,816,495
	Technology - 2.70%	
16,250,000	EVERTEC, Inc., 11.000%, due 10/1/18	$ 17,712,500
10,000,000	TransUnion Holding Co., Inc., PIK, 9.625%, due 6/15/18 (a)	10,775,000
		28,487,500
	Telecommunications - 3.04%	
1,409,000	Digicel Group, Ltd., 10.500%, due 4/15/18 (Jamaica)[1] (a)	1,558,636
40,600,000	Sprint Capital Corp., 6.875%, due 11/15/28	30,551,500
		32,110,136
	Transportation Services - 0.07%	
26,145,000	General Maritime Corp., due 11/15/17[2]*	784,350
	Utilities - 3.34%	
5,060,000	Dynegy Holdings LLC, due 2/15/12*	3,390,200
	Energy Future Holdings Corp.:	
6,750,000	10.875%, due 11/1/17	5,703,750
6,120,000	PIK, 11.250%, due 11/1/17	5,293,800
20,000,000	Energy Future Intermediate Holding Co. LLC, 11.750%, due 3/1/22 (a)	20,850,000
		35,237,750
	Total Corporate Bonds & Notes (Cost $643,809,080)	615,854,375

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, 2012
(Unaudited)

Principal Amount‡	Security†	Value (Note 1)
	Term Loans - 5.44%	
	Aerospace - 1.53%	
	Aveos Fleet Performance, Inc. (Cayman Islands)*:	
2,574,468	Revolving Credit, due 3/12/13	$ 2,381,383
3,180,308	Term Loan, due 3/12/13	3,005,391
6,985,729	Term Loan B, PIK, due 3/12/15	5,309,154
7,167,231	Term Loan B2, PIK, due 3/12/15	5,447,095
		16,143,023
	Financials - 1.86%	
	Marsico Parent Co. LLC, Term Loan B:	
578,258	5.250%, due 12/14/14 (c)	234,917
47,780,501	5.500%, due 12/14/14 (c)	19,410,829
		19,645,746
	Gaming & Entertainment - 0.58%	
	Dallas Stars L.P., Term Loan:	
2,384,050	3.490%, due 10/19/16 (c)	2,252,927
1,536,458	due 10/19/16 (h)	1,451,953
8,596,651	Hicks Sport Group LLC, Term Loan B, due 12/22/10*	2,450,046
		6,154,926
	Telecommunications - 1.47%	
15,000,000	Lonestar Intermediate Super Holdings LLC, Term Loan, 11.000%, due 8/7/19 (c)	15,453,750
	Total Term Loans (Cost $83,761,793)	57,397,445
	Municipal Bonds - 0.25%	
	Gaming & Entertainment - 0.25%	
5,200,000	New York City, NY, Industrial Development Agency Civic Facility Revenue, Bronx Parking Development Co. LLC, OID, 5.750%, due 10/1/37	$ 2,640,456
	Total Municipal Bonds (Cost $3,050,779)	2,640,456
Shares		
	Preferred Stocks - 1.34%	
	Financials - 1.34%	
280,000	Ally Financial Inc., Series A, 8.500% (c)	6,272,000
500,000	Federal Home Loan Mortgage Corp., Series Z, 8.375% (c) (d)	651,250
208,000	Federal National Mortgage Association, Series M, 4.750% (d)	387,400
417,000	Federal National Mortgage Association, Series O, 7.000% (c) (d)	859,020
500,000	Federal National Mortgage Association, Series S, 8.250% (c) (d)	646,250
1,000,000	Federal National Mortgage Association, Series T, 8.250% (d)	1,300,000
170,000	GMAC Capital Trust I, 8.125% (c)	4,071,500
	Total Preferred Stocks (Cost $18,101,800)	14,187,420

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, 2012
(Unaudited)

Shares	Security†	Value (Note 1)
Private Equities - 0.80%		
	Aerospace - 0.01%	
284,571	Aveos Holding Co. (Cayman Islands) (d)	$ 88,928
	Financials - 0.14%	
4,568,957	Cerberus CG Investor I LLC (d)	605,387
4,568,918	Cerberus CG Investor II LLC (d)	605,381
2,284,632	Cerberus CG Investor III LLC (d)	302,714
		1,513,482
	Utilities - 0.65%	
14,956	Bosque Power Co., LLC	6,879,760
	Total Private Equities (Cost $9,623,967)	8,482,170

Shares or Units	Security†	Value (Note 1)
Common Stocks & Warrants - 1.91%		
	Energy - 0.92%	
45,681	Compton Petroleum Corp., Warrants, expires 8/23/14 (Canada) (d)	35,144
25	Platinum Energy Solutions, Inc. Units (b) (d) (f) (g)	8,685,600
8,000	Platinum Energy Solutions, Inc., Warrants (b) (d)	974,320
		9,695,064
	Financials - 0.75%	
4,091,292	Centro Retail Australia (Australia) (d)	7,886,398
3,268,312	Centro Retail Australia, Class Action True-Up Securities (Australia) (b) (d) (i)	—
		7,886,398
	Transportation Services - 0.24%	
374,795	Scorpio Tankers, Inc. (Monaco)[2] (d)	$ 2,537,362
	Total Common Stocks & Warrants (Cost $13,999,492)	20,118,824

Number of Contracts	Security†	Value (Note 1)
Purchased Options - 0.03%		
	Equity Put Options - 0.03% (d)	
1,000	Overseas Shipping Group, strike $12, expires 10/20/12	300,000
	Total Purchased Options (Cost $522,029)	300,000
	Total Investment Portfolio - 68.10% (Cost $772,868,940)	718,980,690
	Other Assets less Liabilities - 31.90% (e)	336,786,406
	NET ASSETS - 100.00%	$1,055,767,096

Notes:
EUR: Euro.
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) Fair-valued security.
(c) Variable rate security. The rate disclosed is in effect as of April 30, 2012.
(d) Non-income producing security.
(e) Includes $340,000 of cash restricted as collateral for forward foreign currency contracts to broker.

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

(f) Restricted security subject to restrictions on resale.

Units	Issuer	Acquisition Date	Acquisition Cost	Carrying Value Per Unit
25	Platinum Energy Solutiuons, Inc. Units	2/28/11	$2,500,000	$347,424.00

At April 30, 2012, the restricted security had a total market value of $8,685,600 or 0.82% of net assets of the Fund.

(g) Includes 6,185,600 shares of common stock and 2,500 shares of preferred stock.
(h) Unsettled security. Coupon rate is undetermined at April 30, 2012.
(i) Class Action True-up Securities were issued to Centro Retail Australia holders who were not exposed to related shareholder class action suits against certain pre-aggregation Centro entities on behalf of existing group members.
* Issuer in default.
† U.S. unless otherwise noted.
‡ Denominated in U.S. Dollars unless otherwise noted.
[1] Incorporated in Bermuda.
[2] Incorporated in Marshall Islands.
[3] Incorporated in Spain.

Country Concentration

	% of Net Assets
United States	57.23%
Luxembourg	5.90
Canada	2.29
Cayman Islands	1.54
Australia	0.75
Monaco	0.24
Jamaica	0.15
Total	68.10 %

Schedule of Forward Foreign Currency Contracts

Contracts to Sell	Currency	Counterparty	Settlement Date	Settlement Value	Value at 4/30/12	Unrealized Appreciation
4,000,000	Euro	JPMorgan Chase Bank, N.A.	10/3/12	$5,422,400	$5,301,513	$120,887
1,000,000	Euro	JPMorgan Chase Bank, N.A.	10/9/12	$1,336,400	$1,325,466	$10,934
						$131,821

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, 2012
(Unaudited)

Assets:	
Investments at value (cost of $772,868,940) (Notes 1 and 5)	$ 718,980,690
Cash	279,749,278
Restricted cash pledged to counterparty for collateral management	340,000
Foreign currency at value (cost of $10,330)	10,128
Receivable for securities sold	63,816,324
Dividends and interest receivable	16,945,552
Receivable for fund shares sold	2,520,129
Unrealized appreciation on forward foreign currency contracts	131,821
Other assets	44,767
Total assets	1,082,538,689
Liabilities:	
Payable for securities purchased	23,886,189
Payable for fund shares redeemed	1,066,864
Distribution fees payable (Note 6)	785,227
Payable to investment adviser (Note 3)	647,056
Accrued expenses	218,755
Payable for shareholder servicing fees (Note 3)	158,303
Payable to trustees and officers	9,199
Total liabilities	26,771,593
Net assets	$1,055,767,096
Summary of net assets:	
Capital stock, $0.001 par value	$1,122,400,095
Accumulated undistributed net investment income	24,669,261
Accumulated net realized losses on investments and foreign currency transactions	(37,548,696)
Net unrealized depreciation of investments and translation of foreign currency denominated assets and liabilities	(53,753,564)
Net assets applicable to capital shares outstanding	$1,055,767,096
Investor Class:	
Net assets applicable to 32,433,575 shares outstanding, unlimited number of shares authorized	$ 325,900,811
Net asset value, offering and redemption price per share	$10.05
Institutional Class:	
Net assets applicable to 72,706,336 shares outstanding, unlimited number of shares authorized	$ 729,866,285
Net asset value, offering and redemption price per share	$10.04

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, 2012
(Unaudited)

Investment Income:	
Interest	$50,075,581
Dividends	718,998
Other income	297
Total investment income	50,794,876
Expenses:	
Investment advisory fees (Note 3)	3,808,202
Distribution fees (Note 6)	384,289
Transfer agent fees	155,954
Legal fees	132,569
Shareholder servicing fees (Note 3)	111,383
Auditing fees	80,986
Accounting fees	76,482
Trustees' and officers' fees and expenses	71,725
Reports to shareholders	67,628
Registration and filing fees	49,647
Administration fees (Note 3)	27,927
Custodian fees	19,179
Insurance expenses	14,920
Miscellaneous expenses	28,935
Total expenses	5,029,826
Expenses reduced by custodian fee expense offset arrangement (Note 3)	(9,408)
Net expenses	5,020,418
Net investment income	45,774,458
Realized and unrealized gain/(loss) on investments and foreign currency transactions:	
Net realized loss on investments - unaffiliated issuers	(34,621,989)
Net realized loss on foreign currency transactions	(61,259)
Net change in unrealized appreciation/(depreciation) on investments	27,296,607
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	283,280
Net loss on investments and foreign currency transactions	(7,103,361)
Net increase in net assets resulting from operations	$38,671,097

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, 2012 (Unaudited)	For the Year Ended October 31, 2011
Operations:		
Net investment income	$ 45,774,458	$ 87,188,378
Net realized gain/(loss) on investments - unaffiliated issuers	(34,621,989)	41,773,493
Net realized loss on investments - affiliated issuers	—	(229,000)
Net realized loss on foreign currency transactions	(61,259)	(402,941)
Net change in unrealized appreciation/(depreciation) on investments and unfunded commitments	27,296,607	(133,019,229)
Net change in unrealized appreciation/(depreciation) on translation of other assets and liabilities denominated in foreign currency	283,280	(145,458)
Net increase/(decrease) in net assets resulting from operations	38,671,097	(4,834,757)
Dividends and Distributions to Shareholders from:		
Net investment income:		
Investor Class	(12,283,967)	(22,349,140)
Institutional Class	(29,062,057)	(57,219,166)
Net realized gains:		
Investor Class	(13,523,752)	(2,378,123)
Institutional Class	(30,842,555)	(7,065,161)
Decrease in net assets from dividends and distributions	(85,712,331)	(89,011,590)
Capital Share Transactions:		
Proceeds from sale of shares	206,563,907	615,362,700
Net asset value of shares issued in reinvestment of dividends and distributions	70,997,622	75,295,393
Redemption fees	60,311	289,629
Cost of shares redeemed	(278,377,752)	(502,178,413)
Net increase/(decrease) in net assets resulting from capital share transactions	(755,912)	188,769,309
Net increase/(decrease) in net assets	(47,797,146)	94,922,962
Net assets at beginning of period	1,103,564,242	1,008,641,280
Net assets at end of period (including accumulated undistributed net investment income of $24,669,261 and $20,240,827, respectively)	$1,055,767,096	$1,103,564,242

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, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Year Ended October 31, 2010	For the Period Ended October 31, 2009*
Net asset value, beginning of period	$10.51	$11.36	$10.25	$10.00
Income/(loss) from investment operations:				
Net investment income@	0.44	0.85	0.83	0.07
Net gain/(loss) on investment transactions (both realized and unrealized)	(0.05)[1]	(0.81)[2]	0.89[3]	0.18[1]
Total from investment operations	0.39	0.04	1.72	0.25
Less dividends and distributions to shareholders:				
Dividends from net investment income	(0.40)	(0.79)	(0.60)	—
Distributions from realized gains	(0.45)	(0.10)	(0.01)	—
Total dividends and distributions	(0.85)	(0.89)	(0.61)	—
Net asset value, end of period	$10.05	$10.51	$11.36	$10.25
Total return[4]	4.33%[5]	0.24%	17.19%	2.50%[5]
Ratios/Supplemental Data:				
Net assets, end of period (in thousands)	$325,901	$338,098	$248,975	$90,913
Ratio of expenses to average net assets				
Before fee waivers/expense offset arrangement/recovery	1.16%[6]	1.18%	1.20%	1.53%[6]
After fee waivers/expense offset arrangement/recovery[7]	1.16%[6]	1.18%	1.21%†	1.40%[6#]
Ratio of net investment income to average net assets	8.81%[6]	7.64%	7.69%	4.18%[6]
Portfolio turnover rate	21%[5]	105%	129%	12%[5]

1 Includes redemption fees of less than $0.01 per share.
2 Includes redemption fees of $0.01 per share.
3 Includes redemption fees of $0.02 per share.
4 Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
5 Not annualized.
6 Annualized.
7 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 1.40%. Effective March 1, 2011, the expense limitation has been reduced to 1.20%.
† The investment adviser recovered previously waived fees.
# The investment adviser waived a portion of its fees.
* Period from August 31, 2009 (commencement of operations) to October 31, 2009.
@ 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
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, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Year Ended October 31, 2010	For the Period Ended October 31, 2009*
Net asset value, beginning of period	$10.50	$11.36	$10.26	$10.00
Income/(loss) from investment operations:				
Net investment income[@]	0.45	0.88	0.86	0.08
Net gain/(loss) on investment transactions (both realized and unrealized)	(0.04)[1]	(0.83)[1]	0.87[1]	0.18
Total from investment operations	0.41	0.05	1.73	0.26
Less dividends and distributions to shareholders:				
Dividends from net investment income	(0.42)	(0.81)	(0.62)	—
Distributions from realized gains	(0.45)	(0.10)	(0.01)	—
Total dividends and distributions	(0.87)	(0.91)	(0.63)	—
Net asset value, end of period	$10.04	$10.50	$11.36	$10.26
Total return[2]	4.47%[3]	0.37%	17.38%	2.60%[3]
Ratios/Supplemental Data:				
Net assets, end of period (in thousands)	$729,866	$765,467	$759,666	$191,926
Ratio of expenses to average net assets				
Before fee waivers/expense offset arrangement/recovery	0.91%[4]	0.92%	0.93%	1.18%[4]
After fee waivers/expense offset arrangement/recovery[5]	0.91%[4]	0.92%	0.94%[†]	0.95%[4#]
Ratio of net investment income to average net assets	9.10%[4]	7.87%	7.99%	4.59%[4]
Portfolio turnover rate	21%[3]	105%	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. Total return would have been lower if the Adviser had not waived certain expenses. Conversely, total return would have been higher if the adviser had not recovered previously waived expenses.
3 Not annualized.
4 Annualized.
5 As a result of an expense limitation, the ratio of expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to average net assets will not exceed 0.95%.
† The investment adviser recovered previously waived fees.
# The investment adviser waived a portion of its fees.
* Period from August 31, 2009 (commencement of operations) to October 31, 2009.
@ 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
Notes to Financial Statements
April 30, 2012
(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 conservative levels of liabilities) at a discount to what the Adviser believes is their intrinsic value. The Fund may invest in companies of any market capitalization. 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), that the Adviser believes are undervalued. The Fund 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 conservative levels 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), 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) 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 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) 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 including common stocks and convertible securities, of well-financed real estate companies (meaning companies with high quality assets and conservative levels of liabilities) of 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), that the Adviser believes are undervalued. The Fund 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 conservative levels 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) 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), 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) 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, Inc., Standard & Poor's Rating Group and Fitch Ratings. Credit instruments include high-yield bonds (commonly known as "junk bonds" or "junk debt"), bank debt, convertible bonds or preferred stock, loans made to bankrupt companies (including debtor-in-possession loans), loans made to refinance distressed companies and other types of debt instruments. In making these investments, the Adviser will seek to purchase instruments that the Adviser believes are undervalued. The Fund may have significant investments in distressed and defaulted securities and intends to focus on a relatively small number of issuers. The Fund may also purchase equity securities or hold positions in equity or other assets that the Fund receives as part of a reorganization process, and may hold those assets until such time as the Adviser believes that a disposition is most advantageous.

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 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 have retained a third party provider that, under certain circumstances, applies a statistical model to provide fair value pricing for foreign equity securities with principal markets that are no longer open when a Fund calculates its net asset value ("NAV"), and certain events have occurred after the principal markets have closed but prior to the time as of which the Funds compute their NAVs. 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, 2012, such securities had a total fair value of $95,051,722 or 3.19% of net assets of Third Avenue Value Fund, $9,547,500 or 1.30% of net assets of Third Avenue Small-Cap Value Fund, $46,855,469 or 2.71% of net assets of Third Avenue Real Estate Value Fund and $9,659,920 or 0.91% of net assets of Third Avenue Focused Credit Fund. There were no fair valued securities for Third Avenue International Value Fund at April 30, 2012. Among the factors that may be 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 stocks 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). The three levels of the fair value hierarchy are as follows:

- 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 are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with U.S. GAAP.

Equity Securities (Common and Preferred Stocks)—Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

U.S. Treasury Obligations—U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Corporate Bonds & Notes—Corporate bonds and notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector specific trends. To the extent that these inputs are observable, the values of corporate bonds and notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Forward Foreign Currency Contracts—Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Term Loans—Term Loans are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. To the extent that these inputs are observable, the values of Term Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Municipal Bonds—Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-ask lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Options—Options are valued by independent pricing services or by brokers based on pricing models that take into account, among other factors, changes in the price of the underlying securities, time until expiration, and volatility of the underlying security. To the extent that these inputs are observable, the values of options are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Equity Swaps—Equity Swap values are based on the performance of the underlying security which is valued by independent pricing services. The performance is based on the change in the price of the underlying securities. To the extent that this input is observable, the value of the equity swap is categorized as Level 2. To the extent that this input is unobservable, the value is categorized as Level 3.

The following is a summary by level of inputs used to value the Funds' investments as of April 30, 2012:

	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
Level 1: Quoted Prices†					
Investments in Securities:					
Common Stocks & Warrants:					
Auto Supply	$ —	$ 6,938,618	$ —	$ —	$ —
Consumer Products	—	11,884,937	—	—	—
Energy	—	—	—	—	35,144
Financials	—	—	—	—	7,886,398
Insurance & Reinsurance	24,992,468	36,163,998	—	—	—
Non-U.S. Real Estate Investment Trusts	—	11,849,256	310,339,140	—	—
U.S. Real Estate Operating Companies	186,032,372	35,510,740	219,830,408	—	—
Others#	2,301,660,409	473,952,129	781,807,318	989,569,151	2,537,362
Purchased Options –					
Equity Put Options	—	—	—	—	300,000
Preferred Stocks:					
Insurance & Reinsurance	8,634	—	—	—	—
Others#	—	1,875,555	—	—	14,187,420
Total for Level 1 Securities	**2,512,693,883**	**578,175,233**	**1,311,976,866**	**989,569,151**	**24,946,324**
Level 2: Other Significant Observable Inputs†					
Investments in Securities:					
Common Stocks:					
U.S. Real Estate Operating Companies	—	—	39,842,740	—	—
Others#	139,715,406	—	26,454,452	122,190,708	—

Third Avenue Trust
Notes to Financial Statements (continued)
April 30, 2012
(Unaudited)

Summary of level of inputs (continued)

	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
Level 2 (continued)					
Debt Securities issued by the U.S. Treasury and other government corporations and agencies:					
Municipal Bonds#	$ —	$ —	$ —	$ —	$ 2,640,456
Corporate Bonds & Notes#	—	—	10,244,600	—	606,404,375
Term Loans#	—	—	—	—	48,861,136
Private Equities#	—	—	—	—	8,393,242
Purchased Options –					
Foreign Currency Put Options	—	—	899,976	8,982,724	—
Short Term Investments –					
U.S. Government Obligations	—	89,964,436	—	—	—
Total for Level 2 Securities	**139,715,406**	**89,964,436**	**77,441,768**	**131,173,432**	**666,299,209**
Level 3: Significant Unobservable Inputs					
Investments in Securities:					
Common Stocks & Warrants:					
Auto Supply	—*	—	—	—	—
Consumer Products	26,318	—	—	—	—
Energy	—	—	—	—	9,659,920
Financial Insurance	555,000	—	—	—	—
Financials	—	—	—	—	—*
Insurance & Reinsurance	142,022	—	—	—	—
Manufactured Housing	82,570,207	—	—	—	—
Non-U.S. Real Estate Investment Trusts	—	—	—*	—	—
U.S. Real Estate Operating Companies	6,641,537	—	4,543,605	—	—
Limited Partnerships:					
Holding Companies	—	9,547,500	—	—	—
Insurance & Reinsurance	353,635	—	—	—	—
Investment Fund	—	—	42,311,864	—	—
Preferred Stocks –					
Insurance & Reinsurance	194,023	—	—	—	—
Corporate Bonds & Notes#	4,568,980	—	—	—	9,450,000
Term Loans#	—	—	—	—	8,536,309

Summary of level of inputs (continued)

	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
Level 3 (continued)					
Private Equities – Aerospace	$ —	$ —	$ —	$ —	$ 88,928
Total for Level 3 Securities	**95,051,722**	**9,547,500**	**46,855,469**	**—**	**27,735,157**
Total Value of Investments	**$2,747,461,011**	**$677,687,169**	**$1,436,274,103**	**$1,120,742,583**	**$718,980,690**
Investments in Other Financial Instruments:					
Level 2: Other Significant Observable Inputs					
Call Options Written	$ —	$ —	$ (1,080,881)	$ —	$ —
Forward Foreign Currency Contracts	—	—	(5,598,006)	—	131,821
Total Appreciation/(Depreciation) of Other Financial Instruments	$ —	$ —	$ (6,678,887)	$ —	$ 131,821

† Transfers between Level 1 and Level 2 included securities valued at $1,784,515,205, $94,718,250, $844,389,470, $787,998,239 at October 31, 2011 for Third Avenue Value Fund, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund and Third Avenue International Value Fund respectively which are currently included in Level 1 at April 30, 2012 that had previously been included in Level 2 at October 31, 2011. These changes were primarily the result of certain securities trading outside the U.S. whose values were adjusted by the application of fair value factors as a result of significant market movements following the close of local trading at October 31, 2011.

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

* Securities have zero value.

Transfers from Level 1 to Level 2, or from Level 2 to Level 1 are valued utilizing values as of the beginning of the period.

Following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 10/31/11 (fair value)	Net change in unrealized appreciation/ (depreciation)	Net purchases/ (sales)	Payment-in-kind interest	Realized gain/(loss)	Balance as of 4/30/12 (fair value)	Net change in unrealized appreciation/ (depreciation) attributable to assets still held at period end
Third Avenue Value Fund							
Common Stocks:							
Auto Supply	$ —*	$ —	$ —	$ —	$ —	$ —*	$ —
Consumer Products	26,318	—	—	—	—	26,318	—
Financial Insurance	555,000	—	—	—	—	555,000	—
Insurance & Reinsurance	145,847	(3,825)	—	—	—	142,022	(3,825)
Manufactured Housing	80,843,000	3,941,307	(2,657,793)†	—	443,693	82,570,207	4,248,256
U.S. Real Estate Operating Companies	6,641,537	—	—	—	—	6,641,537	—
Corporate Bonds & Notes#	1,593,899	2,434,776	—	540,305	—	4,568,980	2,434,776
Limited Partnerships –							
Insurance & Reinsurance	534,952	(181,317)	—	—	—	353,635	(181,317)
Preferred Stocks –							
Insurance & Reinsurance	194,023	—	—	—	—	194,023	—
Total	$90,534,576	$ 6,190,941	$(2,657,793)	$540,305	$ 443,693	$95,051,722	$6,497,890
Third Avenue Small-Cap Value Fund							
Common Stocks –							
Forest Products & Paper	$ 1,375,955	$41,392,353	$ (2,153)	$ —	$(42,766,155)	$ —	$ —
Limited Partnerships –							
Holding Companies	9,167,500	380,000	—	—	—	9,547,500	380,000
Total	$10,543,455	$41,772,353	$ (2,153)	$ —	$(42,766,155)	$ 9,547,500	$ 380,000

* Securities have zero values.
† Redemption-in-kind transaction.
\# Please refer to the Portfolios of Investments for industry specifics of the portfolio holdings.

	Balance as of 10/31/11 (fair value)	Net change in unrealized appreciation/ (depreciation)	Net purchases/ (sales)	Realized gain/(loss)	Transfer in/(out) Level 3	Balance as of 4/30/12 (fair value)	Net change in unrealized appreciation/ (depreciation) attributable to assets still held at period end
Third Avenue Real Estate Value Fund							
Common Stocks:							
Non-U.S. Real Estate Investment Trusts	$ —	$ —	$ —**	$ —	$ —	$ —*	$ —
U.S. Real Estate Operating Companies	4,543,605	—	—	—	—	4,543,605	—
Limited Partnerships –							
Investment Fund	37,324,299	3,987,565	1,000,000	—	—	42,311,864	3,987,565
Total	$41,867,904	$ 3,987,565	$ 1,000,000	$ —	$ —	$46,855,469	$ 3,987,565
Third Avenue International Value Fund							
Common Stocks –							
Forest Products & Paper	$ 4,618,680	$132,027,855	$ (7,227)	$(136,639,308)	$ —	$ —	$ —
Third Avenue Focused Credit Fund							
Common Stocks & Warrants:							
Energy	$13,119,000	$ (3,459,080)	$ (125,000)	$ 125,000	—	$ 9,659,920	$ (3,369,080)
Financials	—	—	—**	—	—	—*	—
Services	—*	—	—†	—	—	—	—
Corporate Bonds & Notes#	—	683,009	8,766,991‡	—	—	9,450,000	683,009
Private Equities:							
Aerospace	10,891,763	(6,305,201)	(1,443,400)	(3,054,234)	—	88,928	(5,317,915)
Financials	1,599,151	—	—	—	(1,599,151)	—	—
Utilities	5,065,900	—	—	—	(5,065,900)	—	—
Term Loans#	27,607,381	(2,719,356)	(255,161)±	491,320	(16,587,875)	8,536,309	(3,555,223)
Total	$58,283,195	$(11,800,628)	$ 6,943,430	$ (2,437,914)	$(23,252,926)	$27,735,157	$(11,559,209)

* Securities have zero values.
** Security received through corporate action with zero cost.
† Securities sold with $0 proceeds.
‡ Includes amortization discount of $11,991.
± Includes amortization discount of $140,213.
\# 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 are due to the lack of quoted prices or other observable inputs. Transfers from Level 3 to Level 2 are due to the availability of quoted prices or other observable inputs.

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.

Security transactions and investment income:

Security transactions are accounted for 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 market values using the foreign exchange rates 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 gain/(loss) 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 net 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.

Term loans:
The Funds typically invest in loans which are structured and administered by a third party entity (the "Agent") that acts on behalf of a group of lenders that make or hold interests in the loan. These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the London Interbank Offered Rate ("LIBOR") or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted, as the Funds are ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of term loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on April 30, 2012.

Forward foreign currency contracts:
The Funds may be exposed to foreign currency risks associated with portfolio investments and therefore may use forward foreign currency contracts to hedge or manage these exposures. The Funds also may buy forward foreign currency con-

tracts 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.

During the six months ended April 30, 2012, Third Avenue Real Estate Value Fund and Third Avenue Focused Credit Fund used forward foreign currency contracts for hedging against foreign currency risks.

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 over-the-counter 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 purchased 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 on written options. 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 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.

During the six months ended April 30, 2012, Third Avenue Small-Cap Value Fund, Third Avenue Real Estate Value Fund, Third Avenue International Value Fund and Third Avenue Focused Credit Fund used purchased options on equity, index and foreign currency to gain long exposure to the underlying instruments and/or to protect against losses in foreign currencies. As of April 30, 2012, Third Avenue Small-Cap Value Fund and Third Avenue Real Estate Value Fund no longer held any purchased options on foreign currency and purchased options on index respectively.

During the six months ended April 30, 2012, Third Avenue Real Estate Value Fund used written put options on foreign currency for hedging against foreign currency risks.

Swap Agreements:

The Funds may enter into total return, interest rate, equity and other swap agreements. Interest rate swap agreements generally involve the agreement by a fund to pay a counterparty a fixed or floating rate on a fixed notional amount and to receive a fixed or floating rate on a fixed notional amount, but may also include an agreement to pay or receive payments derived from changes in interest rates. Periodic payments are generally made during the life of the swap agreement according to the terms and conditions of the agreement and at termination or maturity. Total return swap agreements involve the commitments to pay or receive an amount generally determined by reference to a security, index or other measure in exchange for a specific market linked return, based on notional amounts. To the extent that the total return of the security, index or other measure underlying the transaction exceeds or falls short of the offsetting interest rate-based obligation, the fund will receive or make a payment to the counterparty. Interim payments or receipts are recorded as interest expense and interest income in the Statements of Operations. Payments received or made by a Fund at the expiration or other termination of the swap agreements are recorded in the Statements of Operations as realized gains or losses, respectively. Swap agreements are marked-to-market daily based on dealer-supplied valuations, and changes in value, including the periodic amounts of interest to be paid or received on swaps, are recorded as unrealized appreciation/(depreciation). Risks may exceed amounts recognized on the Statements of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts’ terms and the possible lack of liquidity with respect to the swap agreements.

During the six months ended April 30, 2012, Third Avenue International Value Fund used equity swaps to gain exposure to the underlying investments. As of April 30, 2012, the Fund no longer had any swap agreement.

Swaptions:

The Funds may purchase or write swap options ("swaptions") in an attempt to gain additional protection against the effects of interest rate fluctuations. 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 an interest rate swap agreement at or before the expiration date of the option, determined by the style of the swaption (see Note 9). 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 is the premium paid (as purchaser) or the unrealized gain 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.

During the six months ended April 30, 2012, Third Avenue Small-Cap Value Fund used purchased swaptions to gain additional protection against the effects of interest rate fluctuations. At April 30, 2012, the Fund no longer held any swaptions.

Summary of derivatives information:

The following tables present the value of derivatives held as of April 30, 2012, 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, 2012 for the Third Avenue Real Estate Value Fund:

Derivative Contracts	Statement of Assets and Liabilities Location	Fair Value
Foreign Currency Put Options	Assets, Investments at value	$ 899,976
Foreign Currency - Written Call Options	Liabilities, Written options at value	(1,080,881)
Forward Foreign Currency Contracts	Liabilities, Unrealized depreciation on forward foreign currency contracts	(5,598,006)
Total		$(5,778,911)

Fair Values of Derivative Instruments as of April 30, 2012 for the Third Avenue International Value Fund:

Derivative Contracts	Statement of Assets and Liabilities Location	Fair Value
Foreign Currency Put Options	Assets, Investments at value	$8,982,724

Fair Values of Derivative Instruments as of April 30, 2012 for the Third Avenue Focused Credit Fund:

Derivative Contracts	Statement of Assets and Liabilities Location	Fair Value
Equity Put Options	Assets, Investments at value	$300,000
Forward Foreign Currency Contracts	Assets, Unrealized appreciation on forward foreign currency contracts	131,821
Total		$431,821

The following tables present the effect of derivatives on the Statement of Operations during the six months ended April 30, 2012, by primary risk exposure:

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2012 for the Third Avenue Small-Cap Value Fund:

Derivative Contracts	Realized Gain/(Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation/(Depreciation) on Derivatives Recognized in Income
Foreign Currency Put Options	$(3,258,750)	$2,820,857
Foreign Currency Swaptions	(1,191,706)	1,174,770
Total	$(4,450,456)	$3,995,627

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2012 for the Third Avenue Real Estate Value Fund:

Derivative Contracts	Realized Gain/(Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation/(Depreciation) on Derivatives Recognized in Income
Equity Contracts - Written Call Options	$ 292,849	$ 1,278,505
Foreign Currency Put Options	(3,516,724)	(1,459,410)
Forward Foreign Currency Contracts	—	728,359
Index Call Options	13,184,938	(7,479,367)
Total	$ 9,961,063	$(6,931,913)

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2012 for the Third Avenue International Value Fund:

Derivative Contracts	Realized Gain/(Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation/(Depreciation) on Derivatives Recognized in Income
Foreign Currency Put Options	$(9,589,497)	$5,342,552
Swap Agreements	311,652	—
Total	$(9,277,845)	$5,342,552

Effect of Derivative Instruments on the Statement of Operations during the six months ended April 30, 2012 for the Third Avenue Focused Credit Fund:

Derivative Contracts	Realized Gain/(Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation/(Depreciation) on Derivatives Recognized in Income
Equity Put Options	$(3,190,331)	$(2,252,937)
Forward Foreign Currency Contracts	—	286,457
Total	$(3,190,331)	$(1,966,480)

Derivative volume:

The tables below disclose the volume of the Funds' forward foreign currency contracts, options and swaps activities during the period ended April 30, 2012 (amounts denominated in U.S. Dollars unless otherwise noted, except number of contracts). Please refer to the tables in the Summary of derivatives information for derivative-related gains and losses associated with volume activity.

	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
Forward Foreign Currency Contracts:				
Average Settlement Value Purchased	—	110,299,945	—	—
Average Settlement Value Sold	—	145,000,000	—	6,758,800
Ending Value Purchased	—	125,297,166	—	—
Ending Value Sold	—	145,000,000	—	6,758,800
Exchanged-Traded Options:				
Average Number of Contracts Purchased	—	23,544	—	7,971
Average Number of Contracts Written	—	—	—	—
Ending Number of Contracts Purchased	—	—	—	1,000
Ending Number of Contracts Written	—	—	—	—

	Third Avenue Small-Cap Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund	Third Avenue Focused Credit Fund
OTC Options:				
Average Notional Balance Purchased	67,857,143	94,285,714	544,428,571	—
Average Notional Balance Written	—	94,285,714	—	—
Ending Notional Balance Purchased	—	135,000,000	365,500,000	—
Ending Notional Balance Written	—	135,000,000	—	—
Swaptions:				
Average Notional Balance Purchased	14,319,578,286 JPY	—	—	—
Average Notional Balance Written	—	—	—	—
Ending Notional Balance Purchased	—	—	—	—
Ending Notional Balance Written	—	—	—	—
Equity Swaps:				
Average Notional Balance - Pays Variable Rate	—	—	3,553,578	—
Average Notional Balance - Receives Variable Rate	—	—	—	—
Ending Notional Balance - Pays Variable Rate	—	—	—	—
Ending Notional Balance - Receives Variable Rate	—	—	—	—

JPY: Japanese Yen

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.

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 $195,570 for the six months ended April 30, 2012. 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 each Trustee attends, in addition to reimbursing all Trustees for travel and incidental expenses incurred by them in connection with their attendance at meetings. If a special meeting is required, Trustees will each receive $2,500. The Trust, together with Third Avenue Variable Series Trust, also pays each independent Trustee an annual retainer of $65,000 (the lead independent Trustee receives an additional retainer of $12,000). 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.

2. INVESTMENTS

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 of 1940 as ownership of 5% or more of the outstanding voting securities of these issuers) for the six months ended April 30, 2012 were as follows:

	Purchases	Sales
Third Avenue Value Fund:		
Affiliated	$ 540,305	$ 55,571,442†
Unaffiliated	98,083,611	798,355,407†
Third Avenue Small-Cap Value Fund:		
Affiliated	—	1,675,390
Unaffiliated	80,276,883	202,875,584
Third Avenue Real Estate Value Fund:		
Unaffiliated	33,396,668	290,408,663
Third Avenue International Value Fund:		
Affiliated	21,172,573	6,582,093
Unaffiliated	110,542,348	228,509,473
Third Avenue Focused Credit Fund:		
Unaffiliated	183,740,904	405,310,558

† Includes $14,412,179 and $88,697,801 from redemption-in-kind transaction for affiliated and unaffiliated issuers, respectively, resulting in realized gains of $19,193,298.

Unrealized appreciation/(depreciation):

The following information is based upon the book basis of investment securities as of April 30, 2012:

	Value Fund	Small-Cap Value Fund	Real Estate Value Fund	International Value Fund	Focused Credit Fund
Gross unrealized appreciation	$ 724,647,659	$119,959,992	$ 270,607,117	$ 106,831,267	$ 34,022,694
Gross unrealized depreciation	(510,600,508)	(58,495,495)	(119,358,733)	(136,662,378)	(87,910,944)
Net unrealized appreciation/(depreciation)	$ 214,047,151	$ 61,464,497	$ 151,248,384	$ (29,831,111)	$ (53,888,250)
Aggregate book cost	$2,533,413,860	$616,222,672	$1,285,025,719	$1,150,573,694	$772,868,940

Written options transactions during the period are summarized as follows:

Third Avenue Real Estate Value Fund

	Call Options Written	
	Number of Contracts	Premiums Received
Options outstanding at October 31, 2011	—	$ —
Options written	300,000,000	6,236,110
Options terminated in closing purchase transactions	(165,000,000)	(3,876,724)
Options outstanding at April 30, 2012	135,000,000	$ 2,359,386

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, 2012, 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 $428,358, $112,580, $221,873, $119,936 and $83,442 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 taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items, 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 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:

		Expenses Waived through Fiscal Periods ending			
		October 31, 2009	October 31, 2010	October 31, 2011	April 30, 2012
		Subject to Repayment until October 31,			
Fund	Expiration Date	2012	2013	2014	2015
Third Avenue Value Fund	2/28/2013	$ —	$1 ,382,280	$ —	$ —
Third Avenue Small-Cap Value Fund	2/28/2013	—	—	—	—
Third Avenue Real Estate Value Fund	2/28/2013	—	—	—	—
Third Avenue International Value Fund	2/28/2013	427,922	1,525,043	582,479	249,922
Third Avenue Focused Credit Fund	2/28/2013	—	—	—	—

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 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 of $146,487 and $24,680 for Third Avenue Value Fund and Third Avenue Small-Cap Value Fund, respectively, for the six months ended April 30, 2012.

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 $200,819.

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, 2012, such fees amounted to $1,896,534 for Third Avenue Value Fund, $422,291 for Third Avenue Small-Cap Value Fund, $783,851 for Third Avenue Real Estate Value Fund, $388,769 for Third Avenue International Value Fund and $111,383 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, 2012. These amounts are reflected as "Expenses reduced by custodian fee expense offset arrangement" in the Statements of Operations.

Fund	Custody Credit
Third Avenue Value Fund	$35,632
Third Avenue Small-Cap Value Fund	14,335
Third Avenue Real Estate Value Fund	31,237
Third Avenue International Value Fund	16,423
Third Avenue Focused Credit Fund	9,408

4. LINE OF CREDIT

Each Fund and Third Avenue Variable Series Trust are participants in a single committed, unsecured $100,000,000 line of credit with The Bank of Nova Scotia, to be used only for temporary or emergency purposes. The interest on the loan is calculated at a variable rate based on the Overnight London Interbank Offered, Federal Funds or Prime Rates. A commitment fee of 0.10% per annum of the available line of credit is charged, of which each participating Fund pays its pro rata share, based on the ratio of its individual net assets to the net assets of all participants at the time the fee is due and payable. The fee is paid quarterly in arrears. Because all of the Funds in Third Avenue Trust and Third Avenue Variable Series Trust participate, there is no assurance that an individual Fund will have access to all or any part of the $100,000,000 at any particular time. During the six months ending April 30, 2012, there were no loans outstanding under the line of credit.

5. 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, 2012, the Funds paid no brokerage commissions to M.J. Whitman LLC.

Investments in affiliates:

A summary of the Funds' transactions in securities of affiliated issuers for the six months ended April 30, 2012 is set forth below:

Third Avenue Value Fund

Name of Issuer:	Shares/ Principal Amount Held at Oct. 31, 2011	Gross Purchases and Additions	Gross Sales and Reductions[1]	Shares/ Principal Amount Held at Apr. 30, 2012	Value at Apr. 30, 2012	Investment Income Nov. 1, 2011 - Apr. 30, 2012
Carver Bancorp, Inc. *	218,500	—	213,041[2]	5,459	$ 26,476	$ —
Covanta Holding Corp.	8,816,889	—	274,971	8,541,918	137,097,784	1,942,554
FedFirst Financial Corp. *	232,032	—	232,032	—	—	—
Fleetwood Homes, Inc.	1,014	—	31	983	82,570,207	—
FNC Realty Corp.	9,487,910	—	—	9,487,910	6,641,537	—
Forest City Enterprises, Inc., Class A	8,764,203	—	523,328	8,240,875	131,441,956	—
Forest City Enterprises, Inc., Class B	22,500	—	702	21,798	345,934	—
Gouverneur Bancorp, Inc. *	205,511	—	205,511	—	—	—
Home Federal Bancorp, Inc. *	249,757	—	249,757	—	—	—
Home Products International, Inc.	526,368	—	—	526,368	26,318	—
Home Products International, Inc., 2nd Lien, Convertible, PIK, 6.000%, due 3/20/17	18,010,162	540,305[3]	—	18,550,467	4,568,980	539,789[3]
Lai Sun Garment International, Ltd.	160,000,000	—	4,990,000	155,010,000	12,586,764	—
Manifold Capital Holdings, Inc.	37	—	—	37	555,000	—
RS Holdings Corp., Class A	9,337	—	—	9,337	1,772	—
RS Holdings Corp., Convertible Pfd., Class A	1,022,245	—	—	1,022,245	194,023	—
SFSB, Inc.	242,800	—	38,872	203,928	484,329	—
Sycamore Networks, Inc.	1,871,861	—	58,377	1,813,484	28,272,216	—
Tejon Ranch Co.	3,420,106	—	1,603,479	1,816,627	54,244,482	—
Total Affiliates					$459,057,778	$2,482,343

PIK: Payment-in-kind

1. Includes transactions from redemption-in-kind.
2. Share reduction of 203,933 due to reverse stock split.
3. Payment-in-kind interest.

* As of April 30, 2012, no longer an affiliate.

Third Avenue Small-Cap Value Fund

Name of Issuer:	Shares Held at Oct. 31, 2011	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2012	Value at Apr. 30, 2012	Investment Income Nov. 1, 2011 - Apr. 30, 2012
Bel Fuse, Inc., Class B	741,242	—	85,750	655,492	$11,661,203	$91,769
Catalyst Paper Corp. *	21,530,352	—	21,530,352	—	—	—
Cross Country Healthcare, Inc. *	1,762,844	—	707,204	1,055,640	4,866,500	—
PYI Corp., Ltd.	475,780,230	—	1,796,000	473,984,230	12,218,214	—
Total Affiliates					$28,745,917	$91,769

* As of April 30, 2012, no longer an affiliate.

Third Avenue Real Estate Value Fund

Name of Issuer:	Shares/Investment Amount/Units Held at Oct. 31, 2011	Gross Purchases and Additions	Gross Sales and Reductions	Shares/Investment Amount/Units Held at Apr. 30, 2012	Value at Apr. 30, 2012	Investment Income Nov. 1, 2011 - Apr. 30, 2012
Alliance Bernstein Legacy Securities (C1) L.P. *	36,000,000	1,000,000	—	37,000,000	$ 42,311,864	$ —
Consolidated-Tomoka Land Co.	500,500	—	—	500,500	14,714,700	10,010
Forest City Enterprises, Inc., Class A	8,846,798	—	—	8,846,798	141,106,428	—
Newhall Holding Co. LLC, Class A Units	29,513,141	—	—	29,513,141	39,842,740	—
Thomas Properties Group, Inc.	7,354,979	—	—	7,354,979	35,892,298	220,649
Total Affiliates					$273,868,030	$230,659

* As of April 30, 2012, no longer an affiliate.

Third Avenue International Value Fund

Name of Issuer:	Shares Held at Oct. 31, 2011	Gross Purchases and Additions	Gross Sales and Reductions	Shares Held at Apr. 30, 2012	Value at Apr. 30, 2012	Investment Income Nov. 1, 2011 - Apr. 30, 2012
Boardroom, Ltd.	22,522,784	—	—	22,522,784	$ 9,555,120	$ 179,400
Catalyst Paper Corp. *	72,271,095	—	72,271,095	—	—	—
GP Investments, Ltd., BDR	—	7,939,408	—	7,939,408	18,326,677	—
Netia S.A.	42,909,495	—	4,307,593	38,601,902	73,817,737	—
Rubicon, Ltd.	51,395,523	—	—	51,395,523	16,391,149	—
Tenon, Ltd.	10,482,120	—	—	10,482,120	6,343,082	—
WBL Corp., Ltd.	37,050,140	—	—	37,050,140	102,692,509	1,442,089
Total Affiliates					$227,126,274	$1,621,489

BDR: Brazilian Depositary Receipt
* As of April 30, 2012, no longer an affiliate.

Third Avenue Focused Credit Fund

Name of Issuer:	Shares/ Principal Amount Held at Oct. 31, 2011	Gross Purchases and Additions	Gross Sales and Reductions	Shares/ Principal Amount Held at Apr. 30, 2012	Value at Apr. 30, 2012	Investment Income Nov. 1, 2011 - Apr. 30, 2012
Aveos Fleet Performance, Inc.:						
Revolving Credit,						
due 3/12/13 *	2,574,468	—	—	2,574,468	$ 2,381,383	$ —
Term Loan, due 3/12/13 *	3,180,308	—	—	3,180,308	3,005,391	—
Term Loan B, PIK,						
due 3/12/15 *	6,800,924	184,805†	—	6,985,729	5,309,154	—
Term Loan B2, PIK,						
due 3/12/15 *	6,977,623	189,608†	—	7,167,231	5,447,095	—
Aveos Holding Co. *	573,251	—	288,680	284,571	88,928	—
Total Affiliates					$16,231,951	$ —

PIK: Payment-in-kind
† Includes payment-in-kind interest.
* As of April 30, 2012, no longer an affiliate.

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, 2012, the Funds received the following board member fees from these companies that board members employed by the Adviser agreed to have paid directly to the benefit of the Funds. These fees are included in "Other Income" on the accompanying Statements of Operations.

Fund	Fees
Third Avenue Value Fund	$39,194
Third Avenue Small-Cap Value Fund	6
Third Avenue Real Estate Value Fund	5,937

On February 29, 2012, Third Avenue Value Fund processed in-kind redemptions totalling $106,255,348 from certain investors affiliated with the Advisor. The investors contributed the redeemed securities to a newly created fund affiliated with the Adviser. The investments redeemed in-kind have been valued in accordance with the valuation methods set forth in the Fund documents and the policies described in these financial statements.

6. DISTRIBUTION EXPENSES

The Board 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 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 distribution services. The amount of fees paid during any period may be more or less than the cost of distribution and other services provided. Financial Industry Regulatory Authority ("FINRA") rules impose a ceiling on the cumulative distribution fees paid. The Plan complies with those rules.

For the six months ended April 30, 2012, distribution expenses were as follows:

Fund	Distribution Fees
Third Avenue Value Fund	$ 30,654
Third Avenue Small-Cap Value Fund	10,669
Third Avenue Real Estate Value Fund	56,188
Third Avenue International Value Fund	18,263
Third Avenue Focused Credit Fund	384,289

7. CAPITAL SHARE TRANSACTIONS

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

Transactions in capital stock of each class were as follows:

Third Avenue Value Fund:

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Investor Class		Investor Class	
	Shares	Amount	Shares	Amount
Shares sold	127,452	$ 5,600,201	446,995	$ 22,587,661
Shares issued upon reinvestment of dividends and distributions	11,053	437,197	7,214	367,337
Shares redeemed*	(182,354)	(8,191,705)	(243,977)	(12,237,560)
Net increase/(decrease)	(43,849)	$ (2,154,307)	210,232	$ 10,717,438

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	1,818,200	$ 78,740,123	5,127,067	$ 258,905,978
Shares issued upon reinvestment of dividends and distributions	1,613,300	63,789,873	1,741,956	88,686,591
Shares redeemed*	(14,926,617)	(649,508,217)	(29,108,672)	(1,444,815,317)
Shares redeemed-in-kind	(2,230,381)	(106,255,348)	—	—
Net decrease	(13,725,498)	$(613,233,569)	(22,239,649)	$(1,097,222,748)

Third Avenue Small-Cap Value Fund:

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Investor Class		Investor Class	
	Shares	Amount	Shares	Amount
Shares sold	103,261	$ 2,121,537	241,849	$ 5,127,535
Shares issued upon reinvestment of dividends and distributions	1,666	32,863	2,292	47,738
Shares redeemed*	(62,679)	(1,327,730)	(107,234)	(2,297,147)
Net increase	42,248	$ 826,670	136,907	$ 2,878,126

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	1,048,593	$ 21,572,291	3,017,774	$ 63,843,002
Shares issued upon reinvestment of dividends and distributions	243,004	4,794,477	502,224	10,466,329
Shares redeemed*	(6,813,848)	(140,105,651)	(18,578,333)	(386,647,936)
Net decrease	(5,522,251)	$(113,738,883)	(15,058,335)	$ (312,338,605)

Third Avenue Real Estate Value Fund:

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Investor Class		Investor Class	
	Shares	Amount	Shares	Amount
Shares sold	630,231	$ 14,209,994	1,468,101	$ 34,437,218
Shares issued upon reinvestment of dividends and distributions	—	—	48,263	1,098,477
Shares redeemed*	(882,501)	(18,967,771)	(506,653)	(11,266,051)
Net increase/(decrease)	(252,270)	$ (4,757,777)	1,009,711	$ 24,269,644

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Institutional Class		Institutional Class	
	Shares	Amount	Shares	Amount
Shares sold	7,404,073	$ 165,858,791	15,516,901	$ 361,514,800
Shares issued upon reinvestment of dividends and distributions	—	—	2,629,170	59,865,785
Shares redeemed*	(12,206,773)	(265,660,135)	(16,604,692)	(378,348,436)
Net increase/(decrease)	(4,802,700)	$ (99,801,344)	1,541,379	$ 43,032,149

Third Avenue International Value Fund:

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Investor Class		Investor Class	
	Shares	Amount	Shares	Amount
Shares sold	266,708	$ 4,069,928	1,280,048	$ 22,864,723
Shares issued upon reinvestment of dividends and distributions	13,771	191,418	6,877	114,010
Shares redeemed*	(177,406)	(2,657,014)	(795,698)	(13,235,091)
Net increase	103,073	$ 1,604,332	491,227	$ 9,743,642

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Institutional Class		Institutional Class	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold	6,546,403	$ 98,910,359	11,130,629	$ 190,446,355
Shares issued upon reinvestment of dividends and distributions	1,357,835	18,860,331	1,457,602	24,181,557
Shares redeemed*	(13,835,310)	(204,572,778)	(22,122,812)	(374,763,909)
Net decrease	(5,931,072)	$ (86,802,088)	(9,534,581)	$(160,135,997)

Third Avenue Focused Credit Fund:

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Investor Class		Investor Class	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold	8,148,523	$ 81,402,693	23,917,225	$ 267,034,377
Shares issued upon reinvestment of dividends and distributions	2,330,344	22,280,770	1,971,089	21,672,598
Shares redeemed*	(10,212,799)	(101,837,576)	(15,637,023)	(169,794,805)
Net increase	266,068	$ 1,845,887	10,251,291	$ 118,912,170

	For the Six Months Ended April 30, 2012		For the Year Ended October 31, 2011	
	Institutional Class		Institutional Class	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold	12,549,794	$ 125,161,214	31,012,475	$ 348,328,323
Shares issued upon reinvestment of dividends and distributions	5,099,682	48,716,852	4,877,322	53,622,795
Shares redeemed*	(17,825,235)	(176,479,865)	(29,901,735)	(332,093,979)
Net increase/(decrease)	(175,759)	$ (2,601,799)	5,988,062	$ 69,857,139

* 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.

8. COMMITMENTS AND CONTINGENCIES

At April 30, 2012, Third Avenue Real Estate Value Fund had the following commitment and contingency:

Issuer	Type	Amount of Commitment	Funded Commitment	Value of Segregated Securities
Alliance Bernstein Legacy Securities (C1) L.P.	Limited Partnership	$40,000,000	$37,000,000	$3,000,000

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.

9. 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.

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.

Credit and interest rate risk:
The market value of debt securities is affected by changes in prevailing interest rates and the perceived credit quality of the issuer. When prevailing interest rates fall or perceived credit quality improves, the market value of the affected debt securities generally rises. Conversely, when interest rates rise or perceived credit quality weakens, the market value of the affected debt securities generally declines.

Market risk:
Prices of securities (and stocks in particular) have historically fluctuated. The value of the Fund will similarly fluctuate and you could lose money.

Counterparty risk:
The Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. The Adviser seeks to minimize the Funds' counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation. At April 30, 2012, the Funds had counterparty concentration of credit risk primarily with JPMorgan Chase Bank, N.A., Macquarie Bank Ltd. and Morgan Stanley Capital Services LLC.

The Funds are party to International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") with select counterparties that govern transactions, over-the-counter derivatives and foreign exchange contracts entered into by the Funds and those counterparties. The ISDA Master Agreements contain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements of the Funds.

The considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis are governed by Master Securities Forward Transaction Agreements ("Master Forward Agreements") between the Funds and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

The counterparty risk associated with certain contracts may be reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Funds' overall exposure to counterparty risk with respect to transactions subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

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.

Off-balance sheet risk:
The Fund enters into derivatives which may represent off-balance sheet risk. Off-balance sheet risk exists when the maximum potential loss on a particular investment is greater than the value of such investment as reflected in the Statement of Assets and Liabilities.

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.

10. FEDERAL INCOME TAXES

The difference between book and tax basis total unrealized appreciation/(depreciation) is primarily attributable to mark-to-market treatment of investments in certain passive foreign investment companies, investments in REITs and partnerships, differences in the treatment of amortization of discount on certain debt instruments, deferred losses on wash sales and other timing differences. Other cost basis adjustments are primarily attributable to unrealized appreciation/(depreciation) on foreign currencies.

As of October 31, 2011, certain Funds have capital loss carryforwards which should be available to offset certain gains generated in future years prior to their expiration date as follows:

Expiration Date	Third Avenue Value Fund	Third Avenue Real Estate Value Fund	Third Avenue International Value Fund
10/31/2017	$407,198,562	$14,589,926	$ 67,126,072
10/31/2018	—	—	56,307,639
	$407,198,562	$14,589,926	$123,433,711

Therefore, no distributions of capital gains are expected to be paid to shareholders of the above Funds until either capital gains in excess of such carryforwards are recognized or such carryforwards expire. It is uncertain whether the Funds will be able to realize the full benefit of such carryforwards prior to their expiration date.

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. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses.

11. SUBSEQUENT EVENTS

The Adviser has notified The Bank of Nova Scotia that the Funds' have elected not to renew the line of credit. Accordingly, the commitment will terminate on June 28, 2012.

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

Third Avenue Trust
Schedule of Shareholder Expenses
(Unaudited)

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, 2011, and held for the six month period ended April 30, 2012.

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.

Third Avenue Trust
Schedule of Shareholder Expenses (continued)
(Unaudited)

	Beginning Account Value November 1, 2011	Ending Account Value April 30, 2012	Expenses Paid During the Period November 1, 2011 to April 30, 2012*	Annualized Expense Ratio
Third Avenue Value Fund				
Investor Class				
Actual	$1,000.00	$1,059.20	$7.17	1.40%
Hypothetical	$1,000.00	$1,017.90	$7.02	1.40%
Institutional Class				
Actual	$1,000.00	$1,060.20	$5.89	1.15%
Hypothetical	$1,000.00	$1,019.14	$5.77	1.15%
Third Avenue Small-Cap Value Fund				
Investor Class				
Actual	$1,000.00	$1,070.90	$7.21	1.40%
Hypothetical	$1,000.00	$1,017.90	$7.02	1.40%
Institutional Class				
Actual	$1,000.00	$1,071.60	$5.92	1.15%
Hypothetical	$1,000.00	$1,019.14	$5.77	1.15%
Third Avenue Real Estate Value Fund				
Investor Class				
Actual	$1,000.00	$1,138.80	$7.23	1.36%
Hypothetical	$1,000.00	$1,018.10	$6.82	1.36%
Institutional Class				
Actual	$1,000.00	$1,140.30	$5.91	1.11%
Hypothetical	$1,000.00	$1,019.34	$5.57	1.11%
Third Avenue International Value Fund				
Investor Class				
Actual	$1,000.00	$1,032.90	$8.34	1.65%
Hypothetical	$1,000.00	$1,016.66	$8.27	1.65%
Institutional Class				
Actual	$1,000.00	$1,034.00	$7.08	1.40%
Hypothetical	$1,000.00	$1,017.90	$7.02	1.40%
Third Avenue Focused Credit Fund				
Investor Class				
Actual	$1,000.00	$1,043.30	$5.89	1.16%
Hypothetical	$1,000.00	$1,019.10	$5.82	1.16%
Institutional Class				
Actual	$1,000.00	$1,044.70	$4.63	0.91%
Hypothetical	$1,000.00	$1,020.34	$4.57	0.91%

* Expenses (net of fee waivers, expense offset arrangement and/or 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 year (182) divided by 366.

TRANSFER AGENT

BNY Mellon Investment Servicing (U.S.) Inc.
P.O. Box 9802
Providence, RI 02940-8002
610-239-4600
800-443-1021 (toll-free)

INVESTMENT ADVISER

Third Avenue Management LLC
622 Third Avenue
New York, NY 10017

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
300 Madison Avenue
New York, NY 10017

CUSTODIAN

JPMorgan Chase Bank, N.A.
14201 Dallas Parkway, 2nd Floor
Dallas, TX 75254

THIRD AVENUE FUNDS

Third Avenue Funds
622 Third Avenue
New York, NY 10017
Phone 212-888-5222
Toll Free 800-443-1021
Fax 212-888-6757
www.thirdave.com