Portfolio Manager Commentary

THIRD AVENUE GLOBAL VALUE FUND UCITS

Matthew Fine, CFA

Joined Third Avenue in 2000
25 yrs investment experience

Dear Fellow Shareholders,

For the three months ended March 31, 2025, the Third Avenue Global Value Fund (the "Fund") returned 2.86%, as compared to the Solactive GBS Developed Markets Large and Mid Cap USD Index TR[1], which returned -1.64%.

During the quarter, smaller-capitalization companies continued to underperform large-cap companies, globally speaking, which has been a common occurrence over the last decade or so. For example, during the first quarter, the MSCI World Small-Cap[2] Index returned -3.62%, underperforming the MSCI World Index by roughly 2%. On the other hand, non-U.S. stocks substantially outperformed U.S. stocks during the quarter, which is a major break from a long-running pattern of U.S. dominance. For example, in this most recent quarter, the MSCI World ex USA Index[3] returned 6.35% while the S&P 500 Index[4] returned -4.27%.

PERFORMANCE REVIEW

Fund performance during the quarter was driven primarily by European and Japanese holdings. Long-held investments in Deutsche Bank, Buzzi, and Bank of Ireland performed well during the quarter and contributed meaningfully to performance. A confluence of factors, including the prospect of upward step changes in European defense spending and the easing of Germany's self-imposed debt limitations, improved the probabilities of broad European macroeconomic growth in many investors' minds. The combination of growing investor anxiety over extremely high levels of U.S. equity market valuation and concentration, along with far cheaper equity valuations available in Europe, led to a palpable rotation of capital flows from the U.S. and into Europe, the mirror image of another long-running pattern. Many European equities were positively impacted and the U.S. dollar exhibited weakness not seen in some time.

Elsewhere, Japanese equities did not perform well in the first quarter of 2025, broadly speaking. For example, the Nikkei 225 Index[5] lost 9.94% in local currency terms, and 5.59% in USD terms, the difference being a material appreciation of the Japanese yen relative to the U.S. dollar. That said, several of the Fund's Japanese holdings were among the strongest contributors to Fund performance during the period, particularly Taiheiyo Cement and Horiba, though Subaru contributed nicely as well. Today, Japan appears to be a particularly fertile hunting ground for value. It is a deep and highly diverse equity market, containing some very well-run and well-financed businesses that are, in some cases, also poorly followed. Significant corporate governance changes, a growing domestic activist investing and hostile takeover market, and the rising frequency of takeovers of listed subsidiaries, all enhance the attractiveness of the opportunity.

However, while the Fund's first quarter return was decent, there was a significant amount of performance dispersion across Fund holdings. In other words, we also own several positions that performed poorly. Energy services companies, Tidewater and Valaris, were meaningful negative contributors, as was Harbour Energy, an upstream energy producer. We sometimes describe our investment approach as "buy grey clouds and sell sunshine" and, in that vein, we had sold a meaningful portion of our Tidewater holdings at far higher prices. In hindsight, we obviously wish we had sold more given the magnitude of the recent price decline. However,

during the quarter, we began increasing our Tidewater position once again at prices we believe to be very attractive for a long-term investor, as is also true of our positions in Valaris, Harbour Energy, and a number of other holdings.

STARING INTO THE ABYSS

A draft of this letter was written prior to April 2, 2025, now infamously known as Liberation Day. That draft was rendered inconsequential by more recent developments. We felt compelled to address the elephant in the room, even knowing that the extreme fluidity of the current situation may make the shelf life of this letter astonishingly short. We have strived to keep our thoughts as succinct as possible but believe it is important to communicate our perception of recent developments and our approach to managing the Fund's capital, which demands taking on some big topics.

I would describe the recent initiation of a global tariff war as the fourth major global event, during my 25-year career, for which almost no living professional investor has any closely analogous experience. The other three events were the September 11, 2001 terror attacks on the United States, the Global Financial Crisis, and the COVID-19 pandemic. In each of these cases, long-term investors were left to intuit how the world might change in lasting ways and relate those best guesses to rapidly moving securities prices here and now. It has also consistently been my experience that, while these episodes have been stress-inducing, each of them also created some exceptional opportunities for long-term investors. If you are patient enough to get through this letter, we will cover the topic of lasting changes.

Our team is employed with the goal of protecting and compounding your capital and having very substantial percentages of our own net worth invested directly alongside yours provides further motivation. With those goals sharply in focus, our appraisals of recent events must be purely economic, not political. In a purely economic sense, we view the very blunt instrument of very large and broad U.S. import tariffs as an economic mistake. Our best assessment of the situation is that, almost independent of what happens next, there will be lasting impacts.

First, the "reciprocal" tariffs themselves are ostensibly based on a bizarrely crude formula that sets each trading partner's reciprocal tariff rate at a level reflective of the size of the U.S. trade deficit with that country. The clear suggestion is that the U.S. should work to eliminate trade deficits with each and every country. Frankly, that goal itself appears undesirable and is, furthermore, patently unachievable. The United States is a very large country, is exorbitantly wealthy, and has very low savings rates. As a result, the United States is the largest economy in the world and is full of wealthy, voracious consumers. There is simply no way that the United States, with a population of 340 million people and a GDP per capita of roughly $87k, is ever going to eliminate a trade deficit with Vietnam, for example, which has a population of 101 million people and a GDP per capita of less than $5k. A scenario in which Vietnam buys as much "goods" from the U.S. as the U.S buys from Vietnam would almost certainly mean something has gone horrifically wrong in the U.S. economy and/or unfathomably well in Vietnam. Vietnam is merely one example among many.

Second, there are many different threads intertwined in the Gordian Knot of intentions behind the sweeping tariffs. One thread is the single-minded focus on trade deficits in "goods", while "services" are conspicuously ignored. U.S. trade deficits with a number of countries look far less lopsided, or even fairly balanced when services are included. It is true that the structure of the U.S. economy has changed considerably in recent decades, tilting towards the service sector with manufacturing representing a gradually smaller component. Certainly, that has created a difficult set of circumstances for some manufacturing-centric communities in the U.S., but it is very difficult to argue that the U.S. economy is, in total, worse off for the transition to a more service-based and knowledge-based economy.

Third, the White House press releases make repeated reference to the number of manufacturing jobs lost to foreign countries as a result of a variety of unfair trade practices. It is not mentioned that the U.S. labor force in total has grown considerably over the same periods of time referenced - 1997 to 2024, for example - and that the U.S. unemployment rate has recently been running near all-time lows. As recently as a couple of years ago, there were roughly two unfilled jobs for every unemployed person in the U.S. and wage inflation was running uncomfortably high. In February, the Bureau of Labor Statistics JOLTS release reported 7.6 million job openings, meaningfully more than the current number of unemployed people in the U.S. So, while the mix of jobs available to the U.S. labor force continues to change over decades, there is no observable shortage of U.S. jobs. Many would argue that the change in the mix of jobs has been for the better.

Furthermore, when the rubber meets the road, it is something of a mystery where all the employees needed to facilitate a manufacturing "build it here" agenda might come from, particularly from a starting point in which unemployment is very low. As a high-profile microcosm, the auto industry has been a focal point of tariff policy. Ironically, in recent decades, numerous foreign auto companies have invested very heavily to build and expand U.S. auto production facilities so that they can "build it here." In some cases, foreign auto companies have become among the most successful exporters of U.S.-made cars to other countries.

BMW for example is currently the largest exporter of vehicles from the U.S. by value. Several Japanese companies have been steadily increasing U.S. production for years. Moreover, as a practical matter, the U.S. currently imports nearly 8 million cars annually, about half of all cars sold in a year. Producing 8 million more cars domestically in modern production facilities might require as many 400,000 employees - not including the many thousand supply chain employees required - and would take many years to execute even if the initiative was eagerly supported by the global auto industry, which it is not. With unemployment currently near multi-decade lows, it is not clear where several hundred thousand employees (who desire manufacturing jobs and are willing to relocate) might come from, and this is just one industry among many.

Fourth, the success of U.S. corporations and the growing wealth of the U.S consumer has, for decades, been a major force in driving large trade deficits, while the success of U.S. capital markets has been a driver of financial flows and capital account surplus. However, U.S. trade deficits with some countries, which are surpluses from their perspective, also encourage those U.S. trading partners to reinvest the surpluses into U.S. dollar-denominated assets, facilitating massive foreign purchases of U.S. government debt. The ability of the U.S. government to fund large consistent budget deficits through debt issuance is supported by foreign buying of U.S. government debt. In turn, the U.S. government deficit spending strongly supports U.S. corporate profitability. There is interesting evidence of a very strong historical connection between U.S. government deficit spending and U.S. corporate profitability, both of which are at unusually high levels today, historically speaking. The risk here is that global isolationism – which is rising in areas of trade, defense, capital, technology, and natural resources – has the potential to accelerate already declining foreign demand for U.S. government debt, challenge the ability of the U.S. government to fund large deficits at low borrowing costs, and, in turn, jeopardize the strength of the U.S. economy, U.S. corporate profitability, and asset prices.

Furthermore, it must be said that the starting point of these actions is made especially precarious by the presently elevated levels of U.S. corporate profitability, very high valuation levels present in U.S. public equity markets, and a considerable amount of indebtedness accumulated at the U.S. Federal Government and throughout public and private equity and credit markets. An economic plan designed to stamp out trade deficits, which will reduce foreign buying of U.S. debt and, in turn, hinder U.S. federal deficit spending, but replace the economic support lost from deficit spending with a massive, immediate, voluntary wave of U.S. investment by private corporations, strikes us as attempting an economic "triple-lindy." And we haven't even begun to factor in some of the most daunting and likely challenges of inflationary pressures, corporate behavioral responses to uncertainty, and incongruous timelines.

> **"U.S. trading partners' economic policies that suppress domestic wages and consumption, as indicated by large and persistent annual U.S. goods trade deficits, constitute an unusual and extraordinary threat to the national security and economy of the United States."**
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> *White House Executive Order – April 2, 2025*

However, as was clear from the White House press release quoted above and much commentary since, national security is at the heart of these tariff policies and there is a belief that the shrinking of the U.S. manufacturing sector leaves the U.S. less ready for international conflict. There is also a philosophical objection to the unfairness of a tilted playing field regarding bilateral trading of goods. As it relates to the ideological leveling of the playing field, while it may appeal to one's sense of justice, there is little reason to believe that eliminating inequities in bilateral trade agreements will have a major impact on trade deficits or produce a U.S. manufacturing renaissance. There are very good reasons that American car companies don't sell many cars to Japanese buyers, or Vietnamese buyers, and they have nothing to do with trade barriers. That said, if this is the set of goals that must be pursued to further national security and trade fairness, we would personally have preferred far less blunt instruments that do not have such a glaringly high probability of widespread damage.

Since President Trump recently announced a 90-day tariff pause on the White House lawn while surrounded by NASCAR drivers, we will use NASCAR to analogize the tariff policy. The U.S. economy is racing in the most important race of the year, it has clearly had the best and most powerful car and has led every single lap since the beginning of the race. The cars behind us are in our draft, which makes us all go much faster than we would otherwise go on our own, but the trailing cars benefit from the pull of the draft somewhat more than we benefit as lead car. We feel it is philosophically unfair, so we make it clear we are prepared to slam on the brakes, destroy all the cars, and forgo the win to address the injustice.

LIFE IN THE ABYSSAL ZONE

One simple, but significant, problem with the approach of launching a sweeping trade war, in order to facilitate a wave of manufacturing investment in the U.S., is the simple problem of incongruous timelines. For many industries - such as autos, cement, metals production, semiconductors – the timescale for increasing production materially is in years but high levels of tariff-driven inflation and supply shortage will cause consumer and economic pain almost immediately. That pain may well cost some Americans their jobs long

before a wave of new jobs could be created. For example, a reasonable estimate for the time to construct a modern cement plant is three or more years. This is an industry that produces a product irreplaceable in almost all forms of construction activity - homes, office buildings, logistics centers, data centers, highways, bridges, dams, airports – and the U.S. is fundamentally undersupplied in a significant way. During the years in which a supply response would theoretically develop, tariff-driven price increases would almost certainly be passed through to cement users. The scenario in which price increases are not passed through is one in which price increases render some construction projects economically unviable, thereby producing price-driven demand destruction. It is entirely conceivable this could produce a net loss of jobs, rather than gains, depending upon the scale of the impact on the construction sector. Keep in mind, cement is just one building product among very many that would be subjected to tariff-driven price hikes. It is disconcertingly easy to see the high risk of a stagflationary environment marked by low real growth and high inflation.

Furthermore, the cement example above assumes that cement company executives, as one example, perceive there to be a clear and present investment opportunity in the U.S., begin efforts to invest immediately, and the permitting process is instantaneous and without frustration. For cement specifically, one of the primary reasons that the U.S. is structurally undersupplied and imports a huge amount of cement, contributing directly to trade deficits, is that it is very widely perceived as undesirable to live near a cement plant. In other words, cement has a major N.I.M.B.Y. problem in the U.S. and, in that way, importation of cement and its contribution to trade deficits is arguably a societal choice. So, in practice, even eager investment in any number of industries would likely run into the ever-present practical impediments of constructing new large-scale manufacturing capacity.

However, possibly the biggest impediment to successfully creating a U.S. manufacturing renaissance, funded by private enterprise, is the breakdown of trust, reliability, and predictability. Chief executive officers, and the boards of directors who oversee them, are fiduciaries to the shareholders who own the companies they represent. Even prior to the actual tariff announcements, the CEOs and CFOs we meet with daily very consistently conveyed some version of the message that they are proverbially "sitting on their hands," given the extreme uncertainty. That is a direct reaction to a lack of trust and predictability, and it has very real implications for the U.S. and global economies. Very few executives are in a position to make large, multi-decade, capital investments anywhere without a reasonable economic basis, which is inherently contingent upon one's understanding of the new and extraordinary tariff regime, among many other things, and whether it might change.

Speaking directly to those CEOs and would-be factory builders on April 4th, President Trump offered the following assurances: "To the many investors coming into the United States and investing massive amounts of money, my policies will never change. This is a great time to get rich, richer than ever before!!!" We sense some verbal three-card monte here. While the policy may indeed never change, let's look at what the policy says. In the Liberation Day executive orders declaring a national emergency, the new policies were laid out, detailing that, "These tariffs will remain in effect until such a time as President Trump determines that the threat posed by the trade deficit and underlying nonreciprocal treatment is satisfied, resolved, or mitigated.[6]" As fiduciary of other people's money, how would you feel about committing to spend billions of dollars on a multi-decade investment to take advantage of the new U.S. import restrictions with that as the "guarantee"? Maybe, as CEO, you take a little time to understand the incredibly complex real-world implications of the new tariff regime, including some details that today remain unclear even to industry experts, and their impact on your global supply chain? Maybe, even if you can model the known details quickly and clearly, you begin to consider the Pandora's box of second order and third order effects from things like tariff retaliation, significant changes in currency exchange rates, and others not yet imagined?

> **"The tariffs give us great power to negotiate," Trump said, adding that "every country has called us." Asked if that meant he was considering relenting, Trump said it "depends." "If somebody said that we're going to give you something that's so phenomenal, as long as they're giving us something that's good," Trump said.**
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> *Bloomberg – April 3, 2025*

And yet there is also the brutally simple observation that any factory built in the U.S. today will spend most of its useful life operating under a different presidential administration. As if the private market reticence to invest needed any more validation, on the one-week anniversary of Liberation Day, President Trump announced a 90 day pause on reciprocal tariffs for everyone other than China, admittedly in response to capital market strains. "People were getting a bit yippy", as the President described it.

In summary, we view the success of inducing a massive wave of private market investment spending in the U.S in response to a tariff regime as exceedingly remote. We are also of the view that even in the scenario in which all playing fields are levelled, we are more likely than not to continue to run large "goods" trade deficits and it is not obvious that is a problem we should be trying to solve. Further, to say that attempting to eliminate the U.S. trade deficit - thereby reducing the ability and desire of foreign entities to reinvest U.S. dollars in U.S. sovereign debt, which enables large and consistent

U.S. government deficit spending - is playing with fire would be an understatement. Even if one is supportive of the set of goals identified, the essential problem with the plan is that it pursues long-dated future goals with very low probability of success, in exchange for an extreme set of clear and present risks with a very high probability of transpiring. The risk and reward calculus stinks.

WHAT NEXT?

To the extent that high trade tariffs are kept in place, whatever the ultimate levels, we believe there will be significant negative implications. If there is a silver lining to the amount of contrivance used to create the reciprocal tariffs, it is that, as the policy explicitly says, the tariffs can be wiped away with the wave of a pen at the unilateral discretion of a single person. Contrivance can just as easily be used to declare progress or victories. However, even if all tariffs are ultimately removed, even in short order, it will be incredibly difficult to fully put the genie back into the bottle. Trust, as they say, is built in drops and broken in buckets. There will be consequences.

As we look forward, we are focusing on several thoughts we believe to be worthy of attention. The path forward will not be linear and is likely to remain uncertain. First and foremost, Third Avenue Management's approach to buying businesses always entails seeking significantly discounted prices, often produced by difficult near-term operating environments. An indispensable aspect of that approach is that the businesses we purchase must be strongly financed so that they can endure until the headwinds abate. So, it should not be forgotten that, even on a normal day, we are building portfolios of companies that are built for a lot of turbulence because that is typically the environment in which we are purchasing them. Furthermore, in our experience, it is often the case that the most volatile times produce the most exceptional investment opportunities.

However, as we said earlier, the genie is out of the bottle in some regards. It appears very likely that some already observable changes may endure or even accelerate. The concepts of isolationism and self-reliance have quickly risen to the fore, globally. One manifestation is a weakening of NATO alliances and a very rapidly rising motivation for European governments to cooperate more closely to accelerate European military self-reliance because it is now understood that partnership from the U.S. can no longer be depended upon. It seems reasonable that the developed world may begin to spend a lot more on defense, now that the synergistic benefits realized through cooperation are breaking down. Every man for himself is expensive. That is a consequence of degraded trust.

Further, a close cousin of military self-reliance is energy self-reliance. Both the U.K. and the E.U. found themselves in a very precarious energy supply position in 2022 when Russia invaded Ukraine and Russian natural gas flows to Europe were curtailed. When European natural gas prices spiked in response, the physical and economic safety of U.K. and E.U. citizens were threatened. U.S. energy supplies were the cavalry that came to the rescue. A reasonable European politician would have recognized the precariousness of that position then, but now it would take sheer willful ignorance not to recognize the undesirability of being dependent upon Vladamir Putin and Donald Trump for the safety and well-being of your citizens.

In response to skyrocketing energy prices in 2022, the U.K. put in place an Energy Profits Levy ("EPL"), an aggressive windfall tax. The U.K. government has since increased and extended the EPL, in spite of a complete absence of any windfall. The result has been a severe decline in U.K. North Sea energy investment, which has hurt investment and employment in the U.K. and worsened its energy dependencies. Under current policies, it is explicitly clear that U.K. North Sea energy production is in run-off. It is entirely imaginable, even highly advisable, that the U.K. would reverse its EPL policy to spur domestic investment, employment, and energy security. They now live in a world in which energy trade flows have been significantly disrupted and have good reason to question whether the U.K. can depend upon America, historically its closest political ally. An elimination of the EPL and increasing investment activity in the U.K. North Sea would have a positive impact on Fund investment Harbour Energy, which has a portfolio of U.K. assets that are unnecessarily in run-off, as well as most global offshore oil and gas service companies, such as Fund investments Tidewater and Valaris.

Yet, growing resource nationalism is much broader than just energy security. After years of neglect and low investment, there is a growing appreciation for the extent to which modern economies rely upon various metals. Several of Trump's executive orders have explicitly addressed steel, aluminum, copper and rare earths in the context of national security and the need for self-reliance. An interesting example is the publicly mooted plan to decrease U.S. reliance on foreign copper and copper product imports. An increase in domestic copper mining and the construction of several copper smelters in the U.S. would be required to fulfill this goal. Copper smelters are industrial facilities that would make people dream of living next to a cement plant. But, even before Liberation Day, U.S. copper futures prices spiked in anticipation of tariffs. Global commodity traders began shipping large amounts of physical copper to the U.S. to take advantage of very unusual arbitrage spreads, copper inventories in exchange warehouses outside of the U.S.

began to decline as a result, and copper prices on global exchanges were driven upward as well. Particularly for resources that are economically critical and inherently scarce, such as copper, small disruptions to normal and free trading patterns can cause significant price changes. Depleted inventories of essential economic inputs create economic vulnerability. A growing consciousness of vulnerability to a lack of supply of critical economic inputs may well begin to change behavior in more lasting ways. Much broader strategic stockpiling of copper, which some countries do already, seems entirely plausible in coming years as a result of a breakdown of trust and dependability of global trading relationships. As with almost any good, impediments to free flow of trade and stockpiling of inventory lead directly to strains on supply, higher prices, and a higher probability of shortages.

> **"We're seeing really strong demand from China in this second quarter," Codelco chairman Maximo Pacheco said on the sidelines of the CRU copper conference in Santiago. "China is buying at these prices."**
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> *Reuters – April 10, 2025*

Furthermore, there are currently many visible geopolitical flash points surrounding natural resource supply. It is no accident that President Trump has used America's attempt to broker peace in Ukraine as an opportunity to secure access to Ukraine's valuable mineral resources, some of which America lacks. Further, recent events in Democratic Republic of Congo ("DRC") are also worthy of notice. The DRC is by far the world's largest producer of cobalt and one of the world's largest producers of copper. The DRC has, for decades, been unable to effectively defend itself from incursions and occupations by Rwandan militants. The DRC government, in a plea for help, recently engaged the U.S. government, allegedly offering a deal to provide minerals in exchange for security. What makes this particularly interesting is that the DRC has, in recent decades, increasingly become part of China's sphere of influence as a result of China's purchase and construction of a number of large mines and significant infrastructure investment as part of its global "Belt and Road" program.

There are a number of geopolitical tests of historical spheres of influence underway today and the scrap over Panama Canal container terminals is but one more. Further south from the Panama Canal, across Latin America, lies an incredible concentration of many of the world's most prodigious industrial metals deposits and agricultural resources. After two or three decades of resource purchases and heavy investment, Chinese activity has increasingly become part of the Latin American economic fabric. To the extent that spheres of influence are increasingly tested, resource nationalism would increasingly be at the heart of it.

Which brings us back to the topic of increased inflationary pressures, which could prove lasting. Whether observable inflationary pressures are offset by lower demand as a result of a potential recession is an unknown but almost every paragraph written above is suggestive of higher prices. Tariffs that can't be passed through due to lack of domestic supply, demand for millions of U.S. employees that are not obviously available, disrupted supply chains, resource nationalism and isolationism, stockpiling, and increased defense spending are all inflationary.

While recent measurements of inflation have come down in the United States, the very large COVID-related surge in inflation remains fresh in most people's minds. It also serves as a fantastic warning of the inflationary pressures which result from off-again, on-again disruptions to supply chains, which may result from tariffs. However, what recent U.S. Fed commentary acknowledges is that consumers do not draw much of a distinction between high inflation and high prices. To an economist the former is a growth rate and the latter is a level, but to most consumers inflation and high prices are all just price-related pain and reduction of well-being. Why does that matter? In a recent press conference, Fed Chair Powell recently reconjured the word "transitory" in describing the inflationary forces from tariffs. We have been loath to be among the people taking potshots at the Fed, but the idea that consumers in the U.S., or elsewhere for that matter, would view two significant inflationary surges within five or six years, separated by an intermezzo of very high price levels that feel indistinguishable from inflation, as discrete, transitory events and restrain themselves from concluding they just live in a higher inflationary world now, seems very wishful. Central bankers strive to control inflation because once the expectation of high inflation becomes psychologically embedded it begins to impact consumer and investor behavior in ways that can exacerbate inflation in a self-fulfilling way, making it very hard for central bankers to combat. The point is that we seem to be at something of a fork in the road, where one more bout of inflation carries a high risk of sending us down the path of more inflation that is deeply embedded and difficult to control. This could be one more reason to focus on owning scarce natural resources that may have the added tailwind of the resource nationalism trend described above.

CONCLUSION

In summary, our approach is to appreciate that periods of acute uncertainty have historically been the times at which the most money is made. In any period of time, our approach is long-term in nature and demands that we focus on investing in companies with financial positions that allow them to weather a lot of turmoil and prolonged periods of

lack of access to capital. Further, an investment approach which generally focuses on a three-to-five-year investment horizon inherently focuses on a horizon spanning well beyond this current Presidential term. We also want to keep an open mind to the idea that sharp changes of course, with regard to tariff policy, are distinctly possible, and may even have begun already. We also want to be conscious of the probability that the specters of isolationism, resource nationalism, nationalism of capital, and inflation have been breathed into the world by recent actions and appear likely to be part of the long-term investing landscape in a way not seen in six or seven decades.

QUARTERLY ACTIVITY

During the quarter ending March 31, 2025, the Fund initiated a new position in JEOL Ltd. ("JEOL") and added to a number of positions including Subaru, Tidewater, Valaris, Ultrapar, Warrior Met Coal, Genting Singapore, Harbour Energy, Close Brothers, and S4 Capital. The Fund also reduced positions in Deutsche Bank, Bank of Ireland, Buzzi, Old Republic, Subsea7, and Horiba, several of which were strong performers during the quarter and all of which continue to be held by the Fund. Trading activity during the quarter resulted in a reduction in the Fund's cash position to approximately 8.00%, compared to about 14.25% at the end of the previous quarter.

JEOL is a Japanese company that produces semiconductor production equipment, electron microscopes, mass spectrometers, and other devices with high technology content. Of note, JEOL has important exposure to globally growing investment in leading-edge extreme ultraviolet (EUV) lithography equipment. JEOL is one of two dominant companies making multi-beam mask writers, which are used to draw circuit patterns on photomasks in EUV lithography.

Founded in 1949 by Kenji Kazato, JEOL began operations as Japan Electron Optics Laboratory Co. with a mission to promote basic science in post war Japan. The company began producing electron microscopes and eventually expanded into other business lines, including semiconductor and medical equipment. Over the last ten years, the company has generated mid-to-high teens income growth, expanded EBITDA margins by more than 1,200 basis points, and generated respectable returns on invested capital. Going forward, JEOL has substantial room for further improvement as the company is still operating at profitability and capital efficiency levels well below global peers. Moreover, management is due to publish a new medium-term management plan for fiscal years 2025 to 2027, which is expected to include updated growth targets, higher capital efficiency hurdles, and greater capital return commitments.

Fund Management became interested in JEOL Common after a sizable derating associated with expectations for slower near-term adoption of EUV lithography equipment for advanced nodes and general apathy towards Japanese equity markets. While we acknowledge that the near-term outlook appears clouded, we believe the longer-term growth outlook for multi-beam mask writers and other business lines is attractive. To this point, while semiconductor capital equipment may be the main event, JEOL's electron microscope business is also a very attractive business in its own right. As one of the makers of extremely sophisticated scientific microscopes, JEOL has end market exposure to a wide array of applications, such as drug discovery, food safety, and contaminant analysis, putting it in competition with extremely well-regarded companies like Thermo Fisher and Carl Zeiss.

We find further comfort in the company's net cash balance sheet, which provides staying power, operational flexibility, and optionality. Furthermore, an activist investor has amassed a significant stake in the company, which could put pressure on management to continue to improve operations and capital efficiency, return capital to shareholders, or even consider strategic alternatives.

Fund Management believes that the Fund acquired shares at a discount to estimated NAV, with a double-digit free cash flow yield and prospects for double-digit free cash flow growth. In addition, prospective returns could be amplified by value-accretive share repurchases as well as other corporate developments designed to surface shareholder value.

Thank you for your confidence and trust. We look forward to writing again next quarter. In the interim, please do not hesitate to contact us with questions or comments at clientservice@thirdave.com.

Sincerely,

Matthew Fine

IMPORTANT INFORMATION

This publication does not constitute an offer or solicitation of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this publication has been obtained from sources we believe to be reliable, but cannot be guaranteed.

The information in this portfolio manager letter represents the opinions of the portfolio manager(s) and is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed are those of the portfolio manager(s) and may differ from those of other portfolio managers or of the firm as a whole. Also, please note that any discussion of the Fund's holdings, the Fund's performance, and the portfolio manager(s) views are as of March 31, 2025 (except as otherwise stated), and are subject to change without notice. Certain information contained in this letter constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof (such as "may not," "should not," "are not expected to," etc.) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any fund may differ materially from those reflected or contemplated in any such forward-looking statement. Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

Date of first use of portfolio manager commentary: April 24, 2025

[1] The Solactive GBS Developed Markets Large & Mid Cap USD Index TR intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the Developed Markets. It is calculated as a total return index in USD and weighted by free-float market capitalization

[2] The MSCI World Small Cap Index captures small cap representation across 23 Developed Markets (DM) countries*. With 3,908 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

[3] The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries–excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

[4] The S&P 500 Index is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of the available market capitalization.

[5] The Nikkei 225 is a price weighted equity index, which consists of 225 stocks in the Prime Market of the Tokyo Stock Exchange.

[6] Fact Sheet: President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, Protect our Sovereignty, and Strengthen our National and Economic Security – The White House

For the Third Avenue Glossary please visit here.

TOP TEN HOLDINGS

Bayerische Motoren Werke AG	5.1%
Bank of Ireland Group PLC	4.9%
Captstone Copper Corp.	4.7%
Deutsche Bank AG	4.3%
Subaru Corp.	4.1%
Buzzi SpA	3.9%
Tidewater, Inc.	3.9%
EasyJet PLC	3.8%
Warrior Met Coal, Inc.	3.8%
Taiheiyo Cement	3.5%
TOTAL	**42.0%**

Allocations are subject to change without notice

FUND RISKS

The Fund intends to find value in industries that appear to be suffering from temporary difficulties and which it believes to be presently out-of-favour. The prices of securities in these industries may tend to go down more than those of companies in other industries. Since the Fund is not limited to investing in stocks, the Fund may own significant non-equity instruments in a rising stock market, thereby producing 6 smaller gains than a Fund invested solely in stocks. As a result of the implementation of the Fund's investment policies, there may be times when the Fund will have a significant cash position. A substantial cash position can impact Fund performance in certain market conditions, and may make it more difficult for the Fund to achieve its investment objective. Adverse movements in exchange rates could result in a loss to the Fund. For a full disclosure of principal investment risks, please refer to the Fund's Prospectus and key investor information document.

ALL DOCUMENTATION INCLUDING THE PROSPECTUS AND RELEVANT KIID(S) CAN BE FOUND ON HYPERLINK http://www.geminicapital.ie/ WWW.GEMINICAPITAL.IE

This material is issued and approved by Third Avenue Management LLC, an investment adviser registered with the United States Securities and Exchange Commission.

THIRD AVENUE MANAGEMENT

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