



# THIRD AVENUE

## MANAGEMENT

Third Avenue Variable  
Series Trust  
*Third Avenue Value Portfolio*  
*(formerly, FFI Strategies Portfolio)*

APRIL 30, 2021

*Prospectus*

The Securities and Exchange Commission has not approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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## Investment Objective

Third Avenue Value Portfolio (formerly, FFI Strategies Portfolio) seeks long-term capital appreciation.

## Fees and Expenses

This table describes the fees and expenses that you pay if you buy and hold shares of the Third Avenue Value Portfolio (the “Portfolio”) through a separate account (“Account”) of an insurance company (“Participating Insurance Company”) that issues variable annuity contracts or variable life insurance policies (“Contracts”). The insurance company contract through which you invest may have other additional fees and expenses. If such fees and expenses were reflected, the figures in the table would be higher.

**Annual Portfolio Operating Expenses** (expenses that you pay each year as a percentage of the net asset value of your investment):

Management (Advisory) Fee	0.90%
Other Expenses	1.20%
Total Annual Portfolio Operating Expenses (as a percentage of net assets) <sup>1</sup>	2.10%
Fee Deferred/Expenses Reimbursed <sup>1</sup>	(0.80)%
Net Annual Portfolio Operating Expenses <sup>1</sup>	1.30%

<sup>1</sup> The Portfolio's investment adviser, Third Avenue Management LLC (the “Adviser” or “Third Avenue”) has contractually agreed, for a period of one year from the date of this Prospectus, to defer receipt of advisory fees and/or reimburse Portfolio expenses in order to limit Net Annual Portfolio Operating Expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses) to 1.30% of the average daily net assets of the Portfolio, subject to later reimbursement by the Portfolio in certain circumstances (the “Expense Limitation Agreement”). In general, for a period of up to 36 months from the time of any deferral, reimbursement, or payment pursuant to the above-described contractual expense limitations, the Adviser may recover from the Portfolio fees deferred and expenses paid to the extent that such repayment would not cause the Net Annual Portfolio Operating Expenses to exceed the contractual expense limitation amounts set forth above, but any repayment will not include interest. The Adviser’s recovery is limited to the lesser of the expense limitation at the time of the waiver and the time of recapture. The Expense Limitation Agreement can only be amended by agreement of the Portfolio’s investment adviser and Independent board members to lower Net Annual Portfolio Operating Expenses and will terminate automatically in the event of termination of the Investment Management Agreement by one of the parties, effective upon the effectiveness of such termination. Beginning on October 17, 2019, the Adviser, although contractually entitled to reimbursement under the Expense Limitation Agreement, has voluntarily agreed not to request reimbursement through October 31, 2021 after which it may seek reimbursement if permitted by the terms of the Expense Limitation Agreement.

## Example

The following example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. This example does not reflect separate account charges. If these charges were included, overall expenses would be higher. The example assumes that you invest \$10,000 for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same giving effect to the Expense Limitation Agreement in year one only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Year 1	Year 3	Year 5	Year 10
\$ 132	\$ 581	\$ 1,055	\$ 2,368

The Example should not be considered a representation of past or future expenses, as actual expenses may be greater or lower than those shown.

## **Portfolio Turnover**

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in Annual Portfolio Operating Expenses or in the Example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s turnover rate was 168% of the average value of its portfolio.

## **Principal Investment Strategies**

The Portfolio seeks to achieve its objective mainly by acquiring common stocks of companies that the Adviser believes have a high probability of growing net asset value and a low probability of financial impairment. Adhering to this strict value discipline, the Portfolio generally will be concentrated in the Adviser’s highest conviction investment ideas (or investments that the Adviser believes to have the highest probability of above average returns) and will typically hold 20-40 positions. The Adviser seeks investments whose market prices are low in relation to what it believes is their intrinsic value and/or whose total return potential is considered to be high. The Adviser believes this both lowers investment risk and increases capital appreciation and total return potential. Accordingly, the Adviser seeks to identify investment opportunities through intensive research of individual companies and, generally, does not focus solely on stock market conditions and other macro factors. For these reasons, the Adviser may seek investments in the equity securities and senior securities, such as convertible securities, preferred stocks and debt instruments (including high yield and distressed securities, often referred to as “junk”, that may be in default and may have any or no credit rating) of companies in industries that are believed to be undervalued or temporarily depressed. The Portfolio also invests in both domestic and foreign securities.

Third Avenue follows a strategy of long-term investing. The Adviser will generally sell an investment when there has been a fundamental change in the business or capital structure of the company which significantly affects the investment’s inherent value or when it believes that the market value of an investment is overpriced relative to its intrinsic value.

*Temporary Defensive Positions.* In anticipation of or in response to adverse market or other conditions or atypical circumstances such as unusually large cash inflows or redemptions, the Portfolio may temporarily hold a larger than normal portion of its assets in U.S. Government securities, money market funds, cash, exchange-traded funds, cash equivalents, or short-term investments. The Adviser will determine when market conditions warrant temporary defensive measures with respect to the Portfolio. Under such conditions, the Portfolio may not invest in accordance with its investment objective or principal investment strategies and may not achieve its investment objective.

## **Principal Investment Risks**

*Market Risk.* Prices of securities (and stocks in particular) have historically fluctuated. The value of the Portfolio will similarly fluctuate and you could lose money. Markets may additionally be impacted by negative external and/or direct and indirect economic factors such as pandemics, natural disasters, global trade policies and political unrest or uncertainties. The adverse impact of any one or more of these events on market value of fund investments could be significant and cause losses.

*Management Risk.* Because the Portfolio is an actively managed investment portfolio, security selection or focus on securities in a particular style, market sector or group of companies may cause the Portfolio to incur losses or underperform relative to its benchmarks or other funds with a similar investment objective. There can be no guarantee that the Adviser’s investment techniques and risk analysis will produce the desired result.

*Style Risk.* Value securities involve the risk that they may never reach their expected full market value, either because the market fails to recognize the securities’ intrinsic value or the expected value was misgauged. The Adviser may identify opportunities in industries that appear to be temporarily depressed. The prices of securities in these industries may tend to go down more than those of companies in other industries. Since the Portfolio is not limited to investing in stocks, the Portfolio may own significant non-equity instruments in a rising stock market, thereby producing smaller gains than a fund invested solely in stocks. Because of the Portfolio’s disciplined and deliberate investing approach, there may be times when the Portfolio will have a significant cash position. A substantial cash position can adversely

impact Portfolio performance in certain market conditions and may make it more difficult for the Portfolio to achieve its investment objective.

*Small- and Mid-Cap Risk.* The Portfolio may invest from time to time in smaller and mid-size companies whose securities tend to be more volatile and less liquid than securities of larger companies. This can adversely affect the prices at which the Portfolio can purchase and sell these securities and, thus, the value of the Portfolio's shares.

*Foreign Securities and Emerging Markets Risk.* Foreign securities from a particular country or region may be subject to currency fluctuations and controls, or adverse political, social, economic or other developments that are unique to that particular country or region. Therefore, the prices of foreign securities in particular countries or regions may, at times, move in a different direction than those of U.S. securities. Emerging market countries can generally have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries, and, as a result, the securities markets of emerging markets countries can be more volatile than more developed markets may be. Recent statements by U.S. securities and accounting regulatory agencies have expressed concern regarding information access and audit quality regarding issuers in China and other emerging market countries, which could present heightened risks associated with investments in these markets.

*Currency Risk.* The Portfolio's investments are usually denominated in or tied to the currencies of the countries in which they are primarily traded. Because the Portfolio may determine not to hedge its foreign currency risk, the U.S. Dollar value of the Portfolio's investments may be harmed by declines in the value of foreign currencies in relation to the U.S. Dollar.

*Currency Hedging Risk.* The Adviser may seek to hedge all or a portion of the Portfolio's foreign currency risk. However, the Adviser cannot guarantee that it will be practical to hedge these risks in certain markets or conditions or that any efforts to do so will be successful.

*Liquidity Risk.* Liquidity risk exists when particular investments are difficult to sell. The Portfolio may not be able to sell these investments at the best prices or at the value the Portfolio places on them. In such a market, the value of such investments and the Portfolio's share price may fall dramatically. Investments that are illiquid or that trade in lower volumes may be more difficult to value. The market for high-yield debt securities ("junk bonds") may be less liquid and therefore these securities may be harder to value or sell at an acceptable price, especially during times of market volatility or decline. Investments in foreign securities tend to have greater exposure to liquidity risk than U.S. securities. Liquidity can decline unpredictably in response to overall economic conditions or credit tightening. An unexpected increase in Portfolio redemption requests, including requests from Participating Insurance Companies who may own a significant percentage of the Portfolio's shares, could cause the Portfolio to sell its holdings at a loss or at undesirable prices and adversely affect the Portfolio's share price and increase the Portfolio's liquidity risk and/or Portfolio expenses.

*Debt Securities Risk.* The market value of a debt security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The debt securities market can be susceptible to increases in volatility and decreases in liquidity. Increases in volatility and decreases in liquidity may be caused by a rise in interest rates (or the expectation of a rise in interest rates). Prices of bonds and other debt securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect debt securities and, accordingly, will cause the value of the Portfolio's investments in these securities to decline. When interest rates fall, the values of already-issued securities generally rise, although investments in new securities may be at lower yields. The prices of high-yield debt securities ("junk bonds"), unlike investment grade debt securities, may fluctuate unpredictably and not necessarily inversely with changes in interest rates. Economic and other developments can adversely affect debt securities markets.

*High-Yield Risk.* The Portfolio's investments in high-yield debt securities (commonly known as "junk bonds") may expose the Portfolio to greater risks than if the Portfolio only owned higher-grade securities. The value of high-yield, lower quality securities is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. Issuers of high-yield securities are not as strong financially as issuers of securities with higher credit ratings, so the securities are usually considered speculative investments.

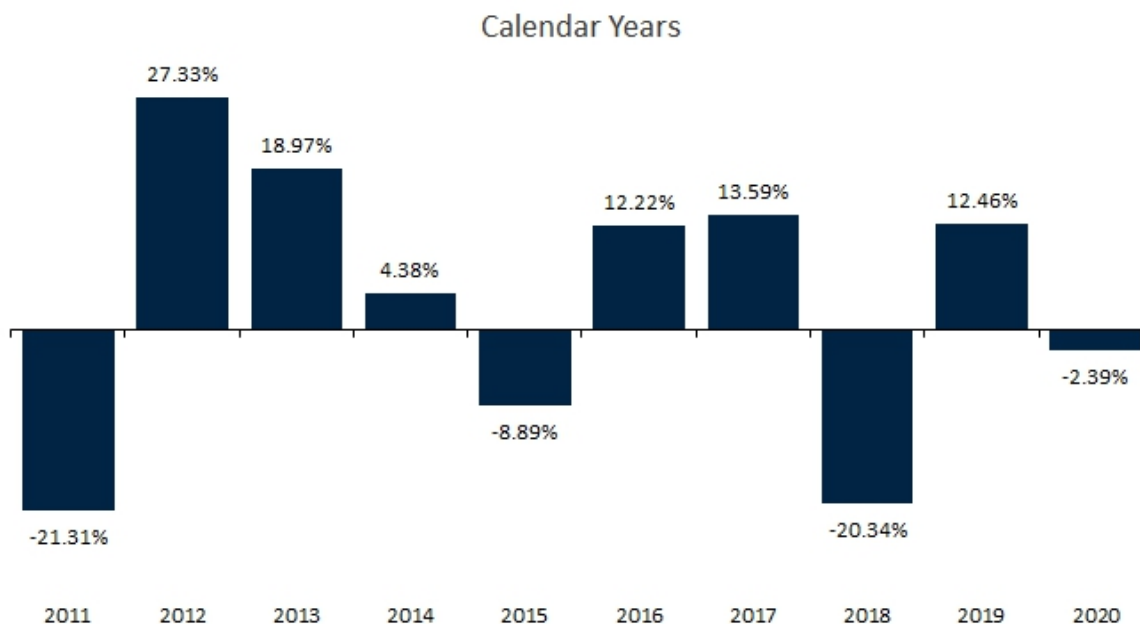
*Insolvency and Bankruptcy Risk.* The Portfolio's investments in obligations of stressed, distressed and bankrupt issuers, including debt obligations that are in default, generally trade significantly below par and are considered speculative. There is even a potential risk of loss by the Portfolio of its entire investment in such securities. There are a number of significant risks inherent in the bankruptcy process. A bankruptcy filing by an issuer may adversely and permanently affect the market position and operations of the issuer. The Adviser, on behalf of the Portfolio, may also participate on committees formed by creditors to negotiate with debtors with respect to restructuring issues. There can be no assurance that the Adviser's participation would yield favorable results for the Portfolio, and such participation may subject the Portfolio to additional duties, liabilities and trading restrictions in a particular investment.

*Cybersecurity Risk.* As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Portfolio. The Adviser and Portfolio may be susceptible to operational and information security risk. Cybersecurity failures or breaches of the Portfolio or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties and/or reputational damage. The Portfolio and its shareholders could be negatively impacted as a result.

*Focused Investing Risk.* Although the Portfolio is classified as a diversified investment company under the Investment Company Act of 1940, as amended ("1940 Act"), the Portfolio's investments will normally be more focused than its peers and may emphasize investments in some issuers, industries, sectors or geographic regions more than others. To the extent that the Portfolio increases the relative emphasis of its investments in a particular issuer, industry, sector or geographic region, its share values may fluctuate in response to events affecting such issuer, industry, sector or geographic region. The Portfolio does not lose its status as a diversified investment company because of any subsequent discrepancy between the value of its various investments and the diversification requirements of the 1940 Act, so long as any such discrepancy existing immediately after the Portfolio's acquisition of any security or other property is neither wholly nor partly the result of such acquisition. Therefore, the Portfolio from time to time may be considered "non-diversified" by the 1940 Act despite its classification as a diversified investment company.

## **Performance**

The following bar chart and table provide an indication of the risks of investing in the Portfolio. The bar chart shows changes in the Portfolio's performance from year to year for the past 10 years. The table compares the Portfolio's average annual total returns to broad measure of market performance. These figures do not reflect charges assessed at the contract or separate account level. If any such charges were included, returns would be lower. The Portfolio's past performance is not necessarily an indication of how the Portfolio will perform in the future.



During the period shown in the above bar chart, the highest return for a quarter was 27.36% (quarter ended December 31, 2020) and the lowest return for a quarter was (40.25%) (quarter ended March 31, 2020).

**Average Annual Total Returns for the periods ending 12/31/20**

	One Year	Five Years	Ten Years	Since Inception (9/21/1999)
Third Avenue Value Portfolio	(2.39)%	2.19%	2.37%	6.66%
MSCI World Index (reflects no deductions for fees, expenses or taxes) <sup>1</sup>	16.50%	12.82%	10.48%	6.22%

<sup>1</sup> An index is a hypothetical measure of performance based on the ups and downs in the values of securities representative of a particular market. The MSCI World Index is a broad global equity index that represents large and mid-cap equity performance across all 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**Investment Adviser**

Third Avenue Management LLC serves as the Portfolio's investment adviser.

**Portfolio Manager**

Matthew Fine, CFA, Portfolio Manager since September 2017.

**Tax Information**

You should consult the Account prospectus for specific information regarding the federal tax consequences of buying and holding a Contract and of investing in the Portfolio through an Account. The Statement of Additional Information for the Portfolio provides more specific information regarding the tax treatment of the Portfolio and of a Participating Insurance Company with respect to its ownership of shares of the Portfolio.

**Potential Conflicts of Interest - Financial Intermediary Compensation**

*Payments to Participating Insurance Companies and Financial Intermediaries.*

The Portfolio and the Adviser and its affiliates may pay Participating Insurance Companies, or their affiliates, for services related to investments in Portfolio shares. Participating Insurance Companies, or their affiliates, may similarly pay broker-dealers or other financial intermediaries that sell Contracts. When received by a Participating Insurance Company, such payments may be a factor that the Participating Insurance Company considers in including the Portfolio as an investment option in its Contract. The prospectus or other disclosure document for the Contracts may contain additional information about these payments. When received by a financial intermediary, such payments may create a conflict of interest by influencing the financial intermediary and salesperson to recommend the Portfolio over other mutual funds available as investment options under a Contract. Ask the salesperson or visit the financial intermediary's website for more information.

## **ABOUT THIRD AVENUE VALUE PORTFOLIO**

### **Who May Want to Invest**

The Portfolio may be appropriate for investors seeking long-term capital appreciation. The Portfolio is not appropriate for short-term investors or for those investors who cannot withstand the risk of loss.

### **Investment Risks**

*Market Risk.* Prices of securities have historically fluctuated. The value of the Portfolio will similarly fluctuate and you could lose money. The market value of a security may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect the particular company, such as management performance, financial leverage, and reduced demand for the company's products or services, or factors that affect the company's industry, such as labor shortages or increased production costs and competitive conditions within an industry. Markets may additionally be impacted by negative external and/or direct and indirect economic factors such as pandemics, natural disasters, global trade policies and political unrest or uncertainties. The adverse impact of any one or more of these events on market value of fund investments could be significant and cause losses. Recently, the outbreak of a novel and contagious form of coronavirus ("COVID-19") has adversely impacted global economic activity and contributed to significant volatility in certain markets.

*Management Risk.* The Portfolio is subject to management risk because it is an actively managed investment portfolio. Management risk is the chance that security selection or focus on securities in a particular style, market sector or group of companies will cause the Portfolio to incur losses or underperform relative to its benchmarks or other funds with a similar investment objective. The Adviser will apply its investment technique and risk analysis in making investment decisions for the Portfolio, but there can be no guarantee that these will produce the desired result.

*Style Risk.* Value securities involve the risk that they may never reach their expected full market value, either because the market fails to recognize the securities' intrinsic value or the expected value was misgauged. The Adviser may identify opportunities in industries that appear to be temporarily depressed. The prices of securities in these industries may tend to go down more than those of companies in other industries. Since the Portfolio is not limited to investing in stocks, the Portfolio may own significant non-equity instruments in a rising stock market, thereby producing smaller gains than a portfolio invested solely in stocks. Because of the Portfolio's disciplined and deliberate investing approach, there may be times when the Portfolio will have a significant cash position. A substantial cash position can adversely impact the Portfolio's performance in certain market conditions, and may make it more difficult for the Portfolio to achieve its investment objective.

*Small- and Mid-Cap Risk.* The Portfolio may invest from time to time in smaller and mid-size companies whose securities tend to be more volatile and less liquid than those of larger companies. This can adversely affect the prices at which the Portfolio can purchase and sell these securities, and thus the value of the Portfolio's shares.

*Foreign Securities and Emerging Markets Risk.* Foreign securities from a particular country or region may be subject to currency fluctuations and controls or adverse political, social, economic or other developments that are unique to that particular country or region. Therefore, the prices of foreign securities in particular countries or regions may, at times, move in a different direction from those of U.S. securities. From time to time, foreign capital markets may



exhibit more volatility than those in the U.S., and the securities markets of emerging market countries can be extremely volatile. Emerging market countries can generally have economic structures that are less diverse and mature, and political systems that are less stable than those of developed countries and as a result, the securities markets of emerging market countries can be more volatile than more developed markets may be. Recent statements by U.S. securities and accounting regulatory agencies have expressed concern regarding information access and audit quality regarding issuers in China and other emerging market countries, which could present heightened risks associated with investments in these markets.

*Currency Risk.* The Portfolio's investments are denominated in or tied to the currencies of the countries in which they are primarily traded. Because the Portfolio may determine not to hedge its foreign currency risk, the U.S. Dollar value of the Portfolio's investments may be harmed by declines in the value of foreign currencies in relation to the U.S. Dollar. This may occur even if the value of the investment in the currency's home country has not declined.

*Currency Hedging Risk.* The Adviser may seek to hedge all or a portion of the Portfolio's foreign currency risk. However, the Adviser cannot guarantee that it will be practical to hedge these risks in certain markets or conditions or that any effort to do so will be successful.

*Liquidity Risk.* Liquidity risk exists when particular investments are difficult to sell. The Portfolio may not be able to sell these investments at the best prices or at the value the Portfolio places on them. In such a market, the value of such investments and the Portfolio's share price may fall dramatically. Investments that are illiquid or that trade in lower volumes may be more difficult to value. The market for high-yield debt securities ("junk bonds") may be less liquid and therefore these securities may be harder to value or sell at an acceptable price, especially during times of market volatility or decline. Investments in foreign securities tend to have greater exposure to liquidity risk than U.S. securities.

Liquidity can decline unpredictably in response to overall economic conditions or credit tightening. Investments in private debt instruments, restricted securities, and securities having substantial market and/or credit risk may involve greater liquidity risk. An unexpected increase in Portfolio redemption requests, including requests from participating insurance companies who may own a significant percentage of the Portfolio's shares, which may be triggered by, among other things, market turmoil or an increase in interest rates, could cause the Portfolio to sell its holdings at a loss or at undesirable prices and adversely affect the Portfolio's share price and increase the Portfolio's liquidity risk and/or Portfolio expenses.

*Debt Securities Risk.* The market value of a debt security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The debt securities market can be susceptible to increases in volatility and decreases in liquidity. Increases in volatility and decreases in liquidity may be caused by a rise in interest rates (or the expectation of a rise in interest rates), which are at or near historic lows in the United States and in other countries. Other market developments can adversely affect debt securities markets. Regulations and business practices, for example, have led some financial intermediaries to curtail their capacity to engage in trading (i.e. "market making") activities for certain debt securities, which could have the potential to decrease liquidity and increase volatility in the debt securities markets. During periods of reduced market liquidity, the Portfolio may not be able to readily sell debt securities at prices at or near their perceived value. If the Portfolio needed to sell large blocks of debt securities to meet shareholder redemption requests or to raise cash, those sales could further reduce the prices of such securities.

Prices of bonds and other debt securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect debt securities and, accordingly, will cause the value of the Portfolio's investments in these securities to decline. As interest rates are at or near historic lows in the United States and other countries, this risk may be heightened. When interest rates fall, the values of already-issued securities generally rise, although investments in new securities may be at lower yields. Longer-term securities may be more sensitive to interest rate changes. The prices of high-yield debt securities ("junk bonds"), unlike investment grade securities, may fluctuate unpredictably and not necessarily inversely with changes in interest rates. The rates on floating debt instruments adjust periodically with changes in market interest rates. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of floating rate loans and other floating rate securities may decline if their interest

rates do not rise as quickly, or as much, as general interest rates. Economic and other developments can adversely affect debt securities markets.

*High-Yield and Distressed Risk.* The Portfolio's investments in high-yield debt securities (commonly known as "junk bonds") and distressed securities may expose the Portfolio to greater risks than if the Portfolio only owned higher-grade securities. The value of high-yield, lower quality securities is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. The prices of high yield securities can fall in response to negative news about the issuer or its industry, or the economy in general to a greater extent than those of higher rated securities.

Issuers of high-yield securities are not as strong financially as those with higher credit ratings, so the securities are usually considered speculative investments. These issuers are more vulnerable to financial setbacks and recession than are more creditworthy issuers, which may impair their ability to make interest and principal payments. The Portfolio may also invest in distressed securities, which the Adviser considers to be issued by companies that are, or might be, involved in reorganizations or financial restructurings, either out of court or in bankruptcy. The Portfolio's investments in distressed securities typically may involve the purchase of high-yield bonds, bank debt or other indebtedness of such companies.

*Insolvency and Bankruptcy Risk.* The Portfolio's investments in obligations of stressed, distressed and bankrupt issuers, including debt obligations that are in default, generally trade significantly below par and are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted obligation for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative. There is even a potential risk of loss by the Portfolio of its entire investment in such securities. There are a number of significant risks inherent in the bankruptcy process. A bankruptcy filing by an issuer may adversely and permanently affect the market position and operations of the issuer. Many factors of the bankruptcy process, including court decisions, the size and priority of other claims, and the duration and costs of the bankruptcy process, are beyond the control of the Portfolio and can adversely affect the Portfolio's return on investment. For example, a court could invalidate or subordinate a debt obligation of, or reclaim amounts paid by a debtor to, the Portfolio. To the extent that any such payments are recaptured from the Portfolio the resulting loss will be borne by the Portfolio and its investors. The Adviser, on behalf of the Portfolio, may also participate on committees formed by creditors to negotiate with debtors with respect to restructuring issues. There can be no assurance that the Adviser's participation would yield favorable results for the Portfolio, and such participation may subject the Portfolio to additional duties, liabilities and trading restrictions in a particular investment.

*Real Estate Risk.* In addition to general market conditions, the value of the Portfolio will be affected by the strength of the real estate markets.

Factors that could affect the value of the Portfolios' holdings include the following:

- overbuilding and increased competition;
- increases in property taxes and operating expenses;
- declines in the value of real estate;
- lack of availability of equity and debt financing to refinance maturing debt;
- vacancies due to economic conditions and tenant bankruptcies;
- losses due to costs resulting from environmental contamination and its related clean-up;
- changes in interest rates impacting property values borrowing costs, and real estate security prices;
- changes in zoning laws;

- casualty or condemnation losses;
- variations in rental income;
- changes in neighborhood values; and
- functional obsolescence and appeal of properties to tenants.

*Cybersecurity Risk.* As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Portfolio. The Adviser and Portfolio may be susceptible to operational and information security risk. Cybersecurity failures or breaches of the Portfolio or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties and/or reputational damage. The Portfolio and its shareholders could be negatively impacted as a result.

*Focused Investing Risk.* Although the Portfolio is a diversified investment company under the 1940 Act, the Portfolio's investments will normally be more focused than its peers and may emphasize investments in some issuers, industries, sectors or geographic regions more than others. To the extent that the Portfolio increases the relative emphasis of its investments in a particular issuer, industry, sector or geographic region, its share values may fluctuate in response to events affecting such issuer, industry, sector or geographic region. The Portfolio does not lose its status as a diversified investment company because of any subsequent discrepancy between the value of its various investments and the diversification requirements of the Act, so long as any such discrepancy existing immediately after the Portfolio's acquisition of any security or other property is neither wholly nor partly the result of such acquisition. Therefore, the Portfolio from time to time may have an investment portfolio that is considered "non-diversified" by the 1940 Act despite its classification as a diversified investment company.

## MANAGEMENT

### The Investment Adviser and Distributor

Third Avenue Management LLC, 622 Third Avenue, New York, NY 10017, is an investment adviser registered with the SEC that provides advisory services for the Portfolio. The Adviser manages the Portfolio's investments, provides various administrative services and supervises the Portfolio's daily business affairs, subject to the oversight of the Board of Trustees of Third Avenue Variable Series Trust (the "Trust"). The Adviser provides investment advisory services to 4 other open-end U.S. mutual funds with assets of approximately \$1.3 billion as of March 31, 2021. The Adviser or its predecessor has been an investment adviser for mutual funds since its organization in 1986.

Forside Fund Services, LLC (the "Distributor"), serves as the distributor of the Portfolio. The Distributor is not affiliated with the Adviser or Affiliated Managers Group Inc., which owns an indirect-majority equity interest in the Adviser. The Distributor receives no compensation from the Portfolio, although the Adviser pays the Distributor a fee for certain distribution-related services.

### Advisory Fees

The Portfolio paid the Adviser a fee equal to 0.90% of its average daily net assets (effective rate of 0.10% after fee deferral) for the fiscal year ended December 31, 2020. The Portfolio's Annual Report to Shareholders for the year ended December 31, 2020 contains a discussion of the basis of the Board of Trustees' determination to continue the investment advisory arrangement.

The Adviser has contractually agreed, in the Expense Limitation Agreement, for a period of one year from the date of this Prospectus, to defer receipt of advisory fees and/or reimburse Portfolio expenses in order to limit Net Annual Portfolio Operating Expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary items) to 1.30% of average daily net assets subject to later reimbursement in certain circumstances. In general, for a period of up to 36 months from the time of any deferral, reimbursement, or payment pursuant to the

above-described contractual expense limitations, the Adviser may recover from the Portfolio fees deferred and expenses paid to the extent that such repayment would not cause the Net Annual Portfolio Operating Expenses to exceed the contractual expense limitation amounts set forth above, but any repayment will not include interest. The Adviser's recovery is limited to the lesser of the expense limitation at the time of the waiver and the time of recapture. The Expense Limitation Agreement can only be amended by agreement of the Adviser and the Independent Trustees to lower Net Annual Portfolio Operating Expenses and will terminate automatically in the event of termination of the Investment Management Agreement by one of the parties, effective upon the effectiveness of such termination. Beginning on October 17, 2019, the Adviser, although contractually entitled to reimbursement under the Expense Limitation Agreement, has voluntarily agreed not to request reimbursement through October 31, 2021 after which it may seek reimbursement if permitted by the terms of the Expense Limitation Agreement.

## **Portfolio Manager**

The Statement of Additional Information ("SAI") provides additional information about the portfolio manager's compensation, additional accounts that they manage, and ownership of shares in the Portfolio. The Portfolio is managed by a single portfolio manager. The portfolio manager is supported by Third Avenue's full complement of securities analysts.

### **Matthew Fine, CFA**

Mr. Fine is the Portfolio Manager of the Third Avenue Value Portfolio. Mr. Fine also serves as a member of Third Avenue's Management Committee.

Mr. Fine joined Third Avenue in 2000 and began working with Third Avenue's international team in an effort to identify investment opportunities in the wake of the Argentine crisis of 2001. He was promoted to Senior Research Analyst in 2008 and became Portfolio Manager of the Third Avenue International Value Fund in 2014. Mr. Fine assumed portfolio management responsibilities for the Third Avenue Value Fund and related portfolios in 2017. During his career, he has accumulated extensive global investment experience across developed and developing markets throughout North America, Latin America, Europe and Asia.

Mr. Fine holds a B.A. in Economics from Hamilton College. He is a member of The Economic Club of New York and a member of the Board of Trustees of Suffield Academy, where he serves as Chairman of the Investment Committee. Mr. Fine is a CFA Charterholder, and a member of the New York Society of Security Analysts.

## **SHAREHOLDER GUIDE**

### **Purchase of Shares**

The Portfolio is open for business each day the New York Stock Exchange ("NYSE") is open for trading. The Portfolio offers its shares only to Accounts of Participating Insurance Companies taxed as domestic insurance companies for U.S. federal income tax purposes to fund the benefits of Contracts. The Participating Insurance Company is responsible for properly transmitting purchase orders and funding such purchases. Contract owners should consult the prospectus of the relevant Account for more information about buying Portfolio shares. The Portfolio reserves the right to reject any order for the purchase of shares.

The Adviser utilizes a portion of its assets to pay certain Participating Insurance Companies that make the Portfolio available as an investment option in its insurance products for shareholder servicing and administrative services. Subject to tax limitations and approval by the Board of Trustees, the Portfolio pays a portion of these charges representing savings of expenses the Portfolio would otherwise incur in maintaining fully separate shareholder accounts for those who invest in the Portfolio through these programs.

### **Price of Shares**

The price of the Portfolio's shares is based on its NAV. The Portfolio values its assets, based on current market values when such values are available. The NAV per share of the Portfolio is calculated as follows:

$$\text{NAV} = \frac{\text{Value of Assets Attributable to the Shares} - \text{Value of Liabilities Attributable to the Shares}}{\text{Number of Outstanding Shares}}$$

The Portfolio's NAV per share is calculated once daily as of the close of regular trading on the Exchange (typically 4:00 p.m., Eastern time) on each business day (i.e., a day that the Exchange is open for business). The Exchange is generally open on Monday through Friday, except national holidays. The price at which a purchase, redemption or exchange is effected is based on the next calculation of NAV after the order is received in good form by an authorized financial institution or the transfer agent, plus any applicable sales charges.

The Portfolio's equity securities listed on an exchange market system will generally be valued at the last sale price. Equity securities traded in the over-the-counter market are valued at their closing sale or official closing price. If there were no transactions on that day, securities traded principally on an exchange will be valued at the mean of the last bid and ask prices prior to the market close. Prices for equity securities normally are supplied by an independent pricing service approved by the Trust's Board of Trustees. Fixed income securities are valued based on market quotations, which are furnished by an independent pricing service. Fixed income securities having remaining maturities of 60 days or less are valued at amortized cost, which approximates market value. Any assets held by the Portfolio that are denominated in foreign currencies are valued daily in U.S. dollars at the foreign currency exchange rates that are prevailing at the time that such Portfolio determines the daily NAV per share. Foreign securities may trade on weekends or other days when a Portfolio does not calculate NAV. As a result, the market value of these investments may change on days when you cannot buy or sell shares of the Portfolio. Investments in any mutual fund are valued at their respective NAVs as determined by those mutual funds each business day (which may use fair value pricing as disclosed in their prospectuses).

Securities that do not have a readily available current market value or that have been subject to a significant event occurring between the time of the last sales price and the close of the Exchange are valued in good faith under the direction of the Trust's Board of Trustees. The Board of Trustees has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available and has delegated to the Adviser the responsibility for applying the valuation methods. In the event that market quotes are not readily available, and the security or asset cannot be valued pursuant to one of the valuation methods, the value of the security or asset will be determined in good faith by the Adviser. On a quarterly basis, the Adviser's fair valuation determinations will be reviewed by the Trust's Valuation Committee. The Trust's policy is intended to result in a calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing. However, fair values determined pursuant to a Portfolio's procedures may not accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/asked information, broker quotes), including where events occur after the close of the relevant market, but prior to the close of the Exchange, that materially affect the values of the Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, an exchange or market on which a security trades does not open for trading for the entire day and no other market prices are available.

Securities listed on certain non-U.S. exchanges that close at a substantially earlier time than the Exchange (such as most European or Asian exchanges) are fair valued daily by an independent fair value pricing service approved by the Board of Trustees. The fair valuations for these securities may not be the same as quoted or published prices of the securities on their primary markets. Securities for which daily fair value prices from the independent fair value pricing service are not available are generally valued at the last quoted sale price at the close of an exchange on which the security is traded. Values of foreign securities, currencies, and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate of said currencies against the U.S. dollar, as of Valuation Time, as provided by an independent pricing service approved by the Board of Trustees.

The Portfolio may fair value foreign securities if significant events that appear likely to affect the value of those securities occur between the time a foreign exchange closes and the time that the Portfolio prices its shares. Significant events may include: (i) a substantial gap between the closing time of a non-U.S. exchange and the close of the

Exchange, (ii) events impacting a single issuer, (iii) governmental actions that affect securities in one sector or country, (iv) natural disasters or armed conflict, or (v) significant domestic or foreign market fluctuations. The Board of Trustees has delegated to the Adviser the responsibility for monitoring significant events that may materially affect the values of the Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events.

### **Redemption of Shares**

Shares of the Portfolio generally may be redeemed by the Accounts of the Participating Insurance Companies on any day during which the NYSE is open. Individuals may not place sell orders directly with the Portfolio. Portfolio shares will be redeemed at the NAV next calculated after the redemption order, in proper form, is received in good order by the Participating Insurance Companies. The Participating Insurance Company is responsible for properly transmitting redemption orders. Contract owners should consult the prospectus of the relevant Account of the Participating Insurance Company for more information about selling Portfolio shares.

### **Payment of Redemption Proceeds**

The Portfolio will usually make payment for redemptions of shares to the Accounts of the participating insurance companies within one business day, but not later than seven calendar days, after receipt of a redemption request.

Under normal circumstances, the Portfolio expects to meet redemption requests by using cash it holds in its portfolio or selling portfolio securities to generate cash. The Portfolio also reserves the right to pay redemption proceeds in securities rather than cash (i.e., "redeem in kind"), to the extent the composition of the Portfolio's investment portfolio enables it to do so. Generally, a redemption in-kind may be made under the following circumstances: (1) the Adviser determines that a redemption in-kind (i) is more advantageous to the Portfolio (e.g., due to advantageous tax consequences or lower transaction costs) than selling/purchasing portfolio securities, (ii) will not favor the redeeming shareholder to the detriment of any other shareholder or the Portfolio and (iii) is in the best interests of the Portfolio; (2) to manage liquidity risk (i.e., the risk that the Portfolio could not meet redemption requests without significant dilution of remaining investors' interests in the Portfolio); (3) in stressed market conditions; or (4) subject to the approval of the Trust's board in other circumstances identified by the Adviser. Securities distributed in connection with any such redemption in-kind are expected to generally represent your pro rata portion of assets held by the Portfolio immediately prior to the redemption, with adjustments as may be necessary in connection with, for example, certain derivatives, restricted securities, odd lots or fractional shares. Any securities distributed in-kind will remain exposed to market risk until sold, and you may incur transaction costs and taxable gain when selling the securities.

### **Frequent Trading**

The Portfolio is intended for long-term investors and not for those who wish to trade frequently in its shares. The Portfolio discourages frequent purchases and redemptions of Portfolio shares and will not knowingly accommodate frequent trading in Portfolio shares. The Board of Trustees of the Trust has adopted policies and procedures designed to prevent frequent trading in Portfolio shares, commonly referred to as "market timing," because such activities are disruptive to the management of the Portfolio, and may increase Portfolio expenses and negatively affect the Portfolio's performance. The Portfolio believes that excessive short-term trading of Portfolio shares creates risks for the Portfolio and its long-term investors, including interference with efficient portfolio management, increased administrative and brokerage costs, and dilution in the value of its shares from traders seeking short-term profits from market momentum, time-zone arbitrage and other timing strategies.

The procedures of the Portfolio require that the Adviser monitor the trading activities of the Accounts on a regular basis. If the Adviser determines, in its sole discretion, that an Account shows a pattern of excessive trading and/or excessive exchanging in the Portfolio, it will then consult with the relevant Participating Insurance Company and will seek to have future purchases of Portfolio shares by the relevant Contract owners restricted. The Adviser will keep the Board of Trustees informed quarterly regarding the implementation of these frequent trading policies and procedures. The Portfolio reserves the right to refuse a purchase order for any reason if the Adviser believes, in its sole discretion that an Account is engaging in short-term trading activities that may be harmful to the Portfolio and its investors.

Transactions accepted by a Participating Insurance Company from an investor who has previously been barred from future purchases are not deemed accepted by the Portfolio and may be cancelled or revoked within two days of detection by the Portfolio. In the event that any purchase order is refused or revoked, the purchase price will be refunded as soon as practicable, which may be as little as one day or as long as 15 days, depending on the type and status of payment at the time of detection.

If the Portfolio determines that a Participating Insurance Company may not be acting properly to prevent short-term trading, the Portfolio has the right to access information about beneficial shareholder transactions in Accounts of Participating Insurance Companies held through omnibus accounts, benefit plans or other intermediaries and intends to do so. Utilizing these information rights will assist the Portfolio in preventing short-term trading, although there is always some risk that a Contract owner acting through an Account might be able to engage in short-term trading to the detriment of the Portfolio.

### **Certain Expenses**

Contract owners will bear various distribution-related and insurance-related costs at the Account level and should refer to the accompanying Account prospectus for a summary of such fees and expenses.

### **General**

The Portfolio expects to pay dividends from its investment company taxable income (which includes short-term capital gains) and to distribute any realized net capital gains to the Accounts, in each case at least annually. All dividends and capital gain distributions from the Portfolio are automatically reinvested by the Accounts in additional shares of such Portfolio. Net capital gains represent the excess of net long-term capital gains over net short-term capital losses.

### **GENERAL INFORMATION ABOUT TAXES**

The Portfolio has elected to be treated, has qualified and intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As long as the Portfolio so qualifies and distributes each year to its shareholders at least 90% of its investment company taxable income, the Portfolio will not be required to pay federal income taxes on any income it distributes to shareholders. The Portfolio expects to distribute substantially all of its investment company taxable income and net capital gains at least annually.

The Participating Insurance Company that issued the Contract (and not the holder of the Contract) will generally be treated as the owner of the Portfolio shares for U.S. federal income tax purposes, as long as there is compliance with certain rules, described below. This permits the holder of the Contract to defer recognition of any income or gain distributed by the Portfolio or of any gain from the sale of appreciated Portfolio shares credited to the value of the Contract until the holder takes a distribution from the Contract. For this purpose, the Code requires that certain diversification and investor control requirements be satisfied. The diversification rules generally provide that if by the end of a calendar quarter (or within 30 days thereafter) no more than 55% of the total assets of the Portfolio are represented by any one investment, no more than 70% by any two investments, no more than 80% by any three investments, and no more than 90% by any four investments, the Portfolio will be treated as adequately diversified. Under these rules, all securities of the same issuer are considered a single investment, but in the case of Government securities, each Government agency or instrumentality is considered to be a separate issuer. An alternative asset diversification test may be satisfied under certain circumstances. In addition, to satisfy the investor control rules, the Code requires that all Portfolio shares be owned exclusively by Participating Insurance Companies in support of Contracts (certain other permitted investors, such as qualified pension funds, may also own Portfolio shares) and that the Portfolio maintain its tax status as a regulated investment company. The Portfolio intends to satisfy the diversification and investor control requirements of the Code and to maintain its status as a regulated investment company.

You should consult the Account prospectus for specific information regarding the U.S. federal income tax consequences of buying and holding a Contract and of investing in the Portfolio through an Account. The Statement of Additional Information for the Portfolio contains a more detailed summary of the U.S. federal income tax rules that apply to the Portfolio and its Participating Insurance Company shareholders. The preceding discussion is meant to

provide only a general summary of the potential U.S. federal income tax consequences of an investment in the Portfolio through the purchase of a Contract. Legislative, judicial or administrative action may change the tax rules that apply to the Portfolio, its Participating Insurance Company shareholders and/or the Contract holders. Any such change may be retroactive. You should consult your tax advisor concerning the tax consequences of the purchase of a Contract and an investment in the Portfolio.



## FINANCIAL HIGHLIGHTS

The following Financial Highlights table is intended to help you understand the Portfolio's financial performance for the last five fiscal years. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Portfolio (assuming reinvestment of all dividends and distributions). The Financial Highlights for the fiscal years included herein have been derived from financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose unqualified report on the December 31, 2020 financial statements appear in the Portfolio's 2020 Annual Report to Shareholders. These figures do not reflect charges assessed at the Contract or Account level. If any such charges were included, returns would be lower.

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

	2020	2019	2018	2017	2016
Net asset value, beginning of year	\$ 16.20	\$ 14.45	\$ 18.48	\$ 16.41	\$ 14.74
Income/(loss) from investment operations:					
Net investment income <sup>@</sup>	0.10	0.21**	0.15‡	0.07*	0.15+
Net gain/(loss) on investment transactions (both realized and unrealized)	(0.59)	1.58	(3.84)	2.15	1.65
Total from investment operations	(0.49)	1.79	(3.69)	2.22	1.80
Less dividends and distributions to shareholders:					
Dividends from net investment income	(0.35)	(0.04)	(0.34)	(0.15)	(0.13)
Distributions from net realized gain	(0.09)	-	-	-	-
Total dividends and distributions	(0.44)	(0.04)	(0.34)	(0.15)	(0.13)
Net asset value, end of year	\$ 15.27	\$ 16.20	\$ 14.45	\$ 18.48	\$ 16.41
Total return <sup>1</sup>	(2.39)%	12.46%	(20.34)%	13.59%	12.22%
Ratios/Supplemental Data:					
Net assets, end of year (in thousands)	\$ 55,459	\$ 62,641	\$ 61,610	\$ 87,029	\$ 88,670
Ratio of expenses to average net assets					
Before fee waivers/expense offset arrangement	2.10%	1.64%	1.48%	1.42%	1.41%
After fee waivers/expense offset arrangement <sup>2, #</sup>	1.30%	1.30%	1.30%	1.30%	1.30%
Ratio of net investment income to average net assets	0.77%	1.34%**	0.83%‡	0.38%*	0.99%+
Portfolio turnover rate	168%^	31%	72%	28%	24%

1 Performance figures may reflect fee waivers, expense offset arrangement and/or recovery of previously waived fees. Past performance is no guarantee of future results. Total return would have been lower in certain periods if the Adviser had not waived certain fees. Conversely, total return would have been higher in certain periods if the Adviser had not recovered previously waived fees. Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period and redemption on the last day of the period and is not annualized. Total return does not reflect charges pursuant to the terms of insurance contracts funded by separate accounts that invest in the Portfolio's shares.

2 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 1.30%.

<sup>@</sup> Calculated based on the average number of shares outstanding during the year.

- \*\* Investment income per share reflects a special dividend received during the period which amounted to \$0.14 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.41%.
- ‡ Investment income per share reflects a special dividend received during the period which amounted to \$0.12 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.16%.
- \* Investment income per share reflects a special dividend received during the period which amounted to \$0.04 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.12%.
- + Investment income per share reflects a special dividend received during the period which amounted to \$0.06 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.58%.
- ^ Increase in Portfolio turnover rate attributable to sub-advisory arrangement in place from March 16, 2020 through November 30, 2020.
- # The Adviser waived a portion of its fees.

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#### **FOR MORE INFORMATION**

More information on the Portfolio is available free upon request, including the following:

- Shareholder Reports - Additional information about the Portfolio's investments is available in the Portfolio's Annual and Semi-Annual Reports to Shareholders. The Portfolio's Annual Report to Shareholders contains a discussion of the market conditions and investment strategies that significantly affected the Portfolio's performance during the last fiscal year.
- Statement of Additional Information (SAI) - The SAI provides more detailed information about the Portfolio, is on file with the SEC, and is incorporated by reference (is legally considered part of this Prospectus).

You can obtain the Portfolio's SAI and Shareholder Reports without charge, upon request, and otherwise make inquiries to the Portfolio by writing or calling the Portfolio at 622 Third Avenue, New York, NY 10017, (800) 443-1021 or (212) 888-5222.

Reports and other information about the Portfolio may be obtained, upon payment of a duplicating fee, by electronic request at the email address [publicinfo@sec.gov](mailto:publicinfo@sec.gov). Reports and other information about the Portfolio are also available on the SEC's Internet Web site <http://www.sec.gov>.

The Trust's SEC file number is 811-09395.

