



TWEEDY, BROWNE
GLOBAL VALUE FUND

ANNUAL

MARCH 31, 1998



TWEEDY, BROWNE
AMERICAN VALUE FUND

Tweedy, Browne Fund Inc.

Investment Manager's Report	1
Tweedy, Browne Global Value Fund:	
Portfolio Highlights	19
Perspective On Assessing Investment Results	20
Portfolio of Investments	22
Schedule of Forward Exchange Contracts	32
Statement of Assets and Liabilities	39
Statement of Operations	40
Statements of Changes in Net Assets	41
Financial Highlights	42
Notes to Financial Statements	43
Report of Ernst & Young LLP, Independent Auditors	51
Tax Information (unaudited)	52
Tweedy, Browne American Value Fund:	
Portfolio Highlights	53
Perspective On Assessing Investment Results	54
Portfolio of Investments	56
Schedule of Forward Exchange Contracts	64
Statement of Assets and Liabilities	66
Statement of Operations	67
Statements of Changes in Net Assets	68
Financial Highlights	69
Notes to Financial Statements	70
Report of Ernst & Young LLP, Independent Auditors	77
Tax Information (unaudited)	78



This report is for the information of the shareholders of Tweedy, Browne Fund Inc. Its use in connection with any offering of the Company's shares is authorized only in a case of a concurrent or prior delivery of the Company's current prospectus. Tweedy, Browne Company LLC is a member of the NASD and is the Distributor of the Company.



TWEEDY, BROWNE FUND INC.

Investment Manager's Report

To Our Shareholders:

We are pleased to present the annual report for Tweedy, Browne Global Value Fund and Tweedy, Browne American Value Fund for the year ended March 31, 1998.

For the year ended March 31, 1998 the net asset value of the shares of the Tweedy, Browne Global Value Fund increased 33.09%* to \$18.98 per share. This performance includes the reinvestment of a dividend of \$1.36070



Will Browne, John Spears and Chris Browne

per share paid in December 1997. For the same period the Morgan Stanley Capital International ("MSCI") Europe, Australasia and Far East ("EAFE") Index gained 18.61%. The EAFE Index is measured in U.S. dollars so any rise in the value of the dollar vis-à-vis other currencies would reduce the reported results of the Index. Once again, this was the case over the last twelve months with the dollar appreciating against most major foreign currencies. As you know, because we believe that we are unable to predict the direction of twenty different currencies in relation to the dollar, it is our policy to remain fully hedged back into the dollar at all times with respect to our foreign currency exposure. Therefore, perhaps the most relevant comparison to our performance is the EAFE Index hedged back into the U.S. dollar. The EAFE Index hedged showed a gain of 28.67% for the twelve

*Past performance is not a guarantee of future results, and total return and principal value of investments will fluctuate with market changes. Shares, when redeemed, may be worth more or less than their original cost.



months ended March 31, 1998. Foreign currency declines against the dollar have had a significant dilutive effect on the results of unhedged international portfolios and indexes over the last two years. Our policy of being hedged has protected us from these currency effects, and allowed our shareholders to get the full benefit from the appreciation of our stocks.

The country weightings in the Global Value Fund have not changed appreciably over the last year. However, we have started to slowly increase the number of holdings in the Far East, including Japan, Hong Kong, Singapore, and Malaysia. As you would expect, with the collapse in Asian markets over the last year, there has been a corresponding increase in “value” opportunities. Many of the bargains we are finding today are reminiscent of the type of valuations we last saw in U.S. markets in 1974.

The overall financial characteristics of the Global Value Fund have changed little since our mid-year report. Currently, approximately 43% of assets are invested in stocks having a weighted average price/earnings ratio of 12.9 times earnings. Stocks with a price/earnings ratio of 12.9 times earnings are cheaper than 86.5% of the 7,459 stocks in the Worldscope database with market capitalizations above \$100 million in those countries where the Global Value Fund has investments. A further 29% of assets are invested in stocks with a weighted average price/book value ratio of .91. Stocks with an average price/book value ratio of .91 are cheaper than 89% of the issues in the database.

The performance of the American Value Fund was good on an absolute basis, although not quite as good on a relative basis to that list of stocks which we don't own, the S&P 500. For the year ended March 31, 1998 the net asset value of the American Value Fund increased 46.14%* to \$23.04 per share after adding back a dividend of .59910 per share paid in December 1997. The American Value Fund slightly underperformed the S&P 500, which was up 47.96% for the same period. On a calendar year basis, our performance in 1997 exceeded that of the S&P 500 by over 500 basis points (38.87% vs. 33.38%). As we've pointed out in previous reports, it would be nice to beat the S&P 500 each and every year, but our own research and

*Past performance is not a guarantee of future results, and total return and principal value of investments will fluctuate with market changes. Shares, when redeemed, may be worth more or less than their original cost.



experience suggests that it is simply not possible. (Please see the enclosed booklet, *Ten Ways to Beat an Index.*)

We happen to be, and have been for the last several years, in a period where large cap stocks have led the market and boosted the returns of capitalization weighted indexes, such as the S&P 500. For instance, over the last 4½ years since the American Value Fund's inception, the S&P 500 was up 22.22% annually, excluding dividends (25.04% including dividends), versus 16.24% annually for the Russell 2000 Index (excluding dividends) of smaller companies. This is quite a divergence from longer measurement periods, where empirical studies indicate an edge for smaller cap stocks (particularly small cap value stocks). As we've explained in the past, because we invest across the full spectrum of market caps (approximately 34% of the American Value Fund is invested in stocks with market caps less than \$1 billion), it is difficult for us to outperform the S&P 500 when large cap stocks are beating the overall market. The American Value Fund also has approximately 17% of its assets in undervalued foreign stocks, which have not performed quite as well on an absolute basis as U.S. stocks over the last several years. With our exposure to smaller and medium capitalization companies, including some that we think are terrific bargains outside the U.S., the portfolio of the American Value Fund bears little resemblance to the S&P 500. That's the way we like it. If we are going to have a chance to beat the index over the long term, our portfolio can't look like it. While we wait for our small cap stocks to perk up, we are quite pleased with the 23%* plus annualized returns we have been achieving. In fact, the annualized return for the American Value Fund ranks in the top 13%, based on the annualized return from December 31, 1993 to March 31, 1998 of all 393 funds measured by Lipper Analytical Services in the Growth Fund Investment Objective category. For the year ended March 31, 1998, the American Value Fund's annualized return of 46.14%* ranks in the top 40% measured by Lipper for the same category.

As with the Global Value Fund, the fundamental financial characteristics of the American Value Fund have changed little since our mid-year report. Currently, approximately 53% of assets are invested in stocks with a weighted average price/earnings ratio of 12.7 times earnings. Stocks with a

*Past performance is not a guarantee of future results, and total return and principal value of investments will fluctuate with market changes. Shares, when redeemed, may be worth more or less than their original cost.



price/earnings ratio of 12.7 times earnings are the cheapest 8% of U.S. stocks with market capitalizations above \$100 million in the Bloomberg database. Stocks bought on a low price/book value ratio comprise 19% of assets, and have a weighted average price/book ratio of 1.02. Stocks with an average price/book ratio of 1.02 are the cheapest 3% of the database.

There has been little portfolio turnover for either Fund with the turnover rates for the Global Value Fund and the American Value Fund running 16% and 6% in the past year, respectively. Even with a lower capital gains tax rate for stocks held for at least 18 months, our aversion to taxes remains the same.

The past year was obviously a good time to be invested in stocks almost anywhere with the obvious exception of the emerging markets of Asia. In fact, the last three calendar years, 1995 through 1997, have been an extraordinary time for U.S. stocks with the Standard & Poor's 500 Stock Index showing a cumulative gain of 125.8% for an average annually compounded rate of return of 31.2%. These results again bring up the question of how long this will continue. We wish we knew. Caution could have led one to have taken some money out of the market after the great results experienced in 1995 alone. Another year of well-above-average stock market returns in 1996 could only increase one's apprehension about staying in the market. Then, 1997 saw the stock market turn in one of its best years in the last twenty years. Not being invested in any or all of the past three years would have had tremendous opportunity costs to the average investor.

Stock markets do not rise all the time. Equity investing is not a pass-book savings account with returns of 10% or 20% or 30% per year where your principal is never at risk. Stock markets can decline. Investors in Asia learned that lesson last year. However, if the stock market declined 25% in 1998, we would only be giving back the gains of the previous year. The S&P 500 gain for the four years ending 1998, even after a 25% decline, would still be an impressive 69.3%. Of course, if 1998 is going to be the year the stock market drops 25%, it would be a great move to sell out now and go back in after the dust settles. Unfortunately, the economic and political tea leaves that affect stock markets are never that easy to read. From 1975 through 1997, the S&P 500 has declined on an annual basis in only three years and each decline was less than 10%. It went up in each of the other twenty years. (We will choose for our purposes to ignore interim fluctuations such as the "Crash of '87" on the assumption that we were invested



at all times, and we count our wealth once a year on December 31.) If an investor were presented with the proposition that he or she could invest his or her money for twenty-three years at an annually compounded rate greater than inflation, bonds or short-term money market instruments, but they would experience declines in three of those years that could not be predicted or avoided, it is unlikely that anyone would not make that investment.

Despite the generally accepted fact that it is impossible to predict short-term stock market trends, hope of doing so springs eternal. And our industry does not help. In our opinion, far too much attention is devoted to speculation about events that we cannot predict. With enough so-called experts making so many predictions, enough to cover every possible eventuality, someone is bound to be right. However, as a simple investor, how are we to determine who has made the correct prediction? The answer is: we cannot. This has not put a stop to people holding themselves out as experts and who claim to know what the future will bring, nor legions of others willing to accept such predictions as having validity. We recently ran into a friend who was praising the prognosticating ability of a particular money manager. This money manager specializes in selling short, picking companies that he believes will decline in the future. One of his recent picks was Oxford Health Plans. From a high in the past twelve months of \$89 per share, the stock has recently been trading around \$13. The company discovered some problems in its accounting systems which were masking enormous losses rather than the profits that had been previously reported. Our friend thought this money manager was brilliant based on this one fortuitous stock pick. When we asked our friend if he had any idea how this money manager had done overall in the past few years, he did not have a clue. The manager in question has had one up year in the past seven. Short selling is not an easy place to be in a bull market. However, our friend was willing to focus on one stock selection which worked beautifully while ignoring the sum of all the manager's selections. A stock portfolio is comprised of many stocks; it is the result of the portfolio that counts, not one stock. The same can be said for stock market predictions. Calling one movement in the stock market is of little value over the long term, and we are not aware of anyone who has compiled a long-term record of successfully predicting stock market movements.

One of the more absurd sound bites we heard recently was in one of those fifteen-second promos you hear on television for a show that will be shown later that evening. The host of the show was enticing us to tune in



to hear one of the more celebrated stock market pundits with this prediction: "So and so sees market gains in the first half of 1998, but rough sledding for investors in the second half. Find out why at ten o'clock." This statement can only mean that there now exists some reason the stock market will be in trouble four or six months from now, but for the time being, investors are unaware of it or are choosing to ignore it. If in fact there was some degree of certainty that there was going to be a war in the Middle East later in the year, or that Alan Greenspan was going to raise interest rates, or that corporate profits were going to decline in the second half, this news would already be incorporated into the level of the stock market. That is what stock markets do; they process important economic and political information, calculate their effect on the economy and adjust stock prices accordingly. Often these adjustments exaggerate the significance of the news that caused them and investment opportunities are created. We can only presume in the situation above that the news that would roil the markets in the second half of 1998 was known only to the pundit who would be appearing at ten o'clock, and that if we tuned in, this knowledge would be imparted to us.

As we have said in the past, the stock market will decline at some point in the future. We do not know when or by how much, and we do not know what event or circumstances will precipitate the decline. The current economic problems in Asia are cited as one possible cause of trouble for the U.S. markets, but so far we have weathered the storm. We could cash out now, wait for the decline and then reinvest when it reaches the bottom. This presumes one can determine when the bottom has been reached, and if the decline has been particularly disquieting, would have the courage to go back in. We could have done this last year, two years ago, or even three years ago. The same apprehension about stock prices has existed in varying degrees for several years. Cashing out one, two or three years ago would have been a costly mistake in terms of foregone profits. So far in 1998, the same holds true. Over the long term, stocks have outperformed bonds and cash. With the exceptions of the 1973-74 market and the Great Depression, it has not taken more than two years for stock prices to recover losses experienced in a bear market. Generally, recovery takes far less than two years. We find these odds favorable to investors and therefore see no reason to do anything differently than we have for many, many years.

While we have not signed on to the theory that recessions will never happen again and therefore one should throw caution to the wind because



the stock market can only go up, times are definitely better for now. Forty years ago, the auto companies dominated the American economy and “What was good for General Motors was good for America”. However, recessions occurred periodically. Cars would begin to pile up on dealers’ lots, but no one really knew how serious the situation was until they counted the inventory once a month. When there were too many unsold cars, dealers cut back on orders, the auto companies cut back production and laid off workers. The effect spilled over into the steel industry and so on down the line. Today, thanks to computers, General Motors probably knows hourly how many unsold cars are in inventory. Production can be adjusted and big inventory buildups that led to layoffs can be avoided or at least softened. Corporate raiders of the 1980s may also have benefitted American industry by breaking up the old boy network of complacency in a world that was opening up to global competition. Ten years later, the United States, which was almost given up as an inefficient, lumbering, former economic power is now the engine that is driving the world economy. We have traded places with Japan.

Technology has become one of the largest sectors of the S&P 500 and is creating new jobs every year. Corporate leaders are also acting in a more rational way. Corporations are more focused; acquisitions are now generally in their principal lines of business where two plus two does have the possibility of equaling five. Conglomeration and diversification are seldom mentioned. While companies must now compete on a global basis, they can also sell their products on a global basis. And interest rates could go lower still. We forget that for forty years, from 1926 to 1966, the Standard & Poor’s high grade bond yield was always below 6%, and for thirty-eight of those years it was below 5%. It could happen again.

We do not mean to imply that we are becoming macro-economic investors. We are merely making the observation that there may be less obvious reasons stocks have performed well and could continue to perform well. Despite the fact that we may sometimes sound somewhat skeptical, we are essentially optimists. We think you have to be optimistic to succeed in the investment business. Our optimism is not Prozac-induced but is a result of our observation that sound investment principles produce favorable results over time. We do not fret that after so many years of prosperity, we are fated to enter a period of adversity. The market is high on a historic basis, but it is not in silly land. In 1972, before one of the greatest bear markets of the century, stocks were much higher, irrationally higher. The nifty-fifty growth stocks of their day, which comprised a significant part of the stock market



indexes, were in many cases selling at fifty and sixty times earnings. A decline of 10% or 20% would not have brought those stocks back to rational levels. There was no margin of safety in a company selling cosmetics door-to-door that was trading at 68 times earnings. That company, Avon Products, went from a high of \$132 to a low of \$17 in approximately twelve months, a decline of 87%. A few declines like that in some large capitalization growth stocks and it becomes easy to see why the averages fell 60%. If we avoid owning these irrationally over-priced stocks and the growth fad stocks of the day, we do not have to worry about permanent loss of capital. The stock market can go down; the fall could even be particularly nasty. Unfortunately, this comes with the territory. Fortunately, it does not mean that you will not be better off in the long run by sticking with your investment strategy.

In our opinion, investment managers who believe they can predict stock market fluctuations are engaging in self-deception. There is a lot of self-deception in the investment business because people are often unwilling to accept the limitations of their own abilities, because they need to justify their work, or because their boss requires it. Take security analysts, which is how we generally describe ourselves. If an analyst spends a week investigating a company, visits the management and tours the plants or laboratories, he wants to make a case for buying the company. After devoting so much time to one company, he would be reluctant to tell his boss that it was a complete waste of his time because it was a lousy company. He would have to explain why he looked at it in the first place. In many large money management firms, there are numerous analysts who are each assigned to a specific industry. Can you imagine the widget industry analyst walking into the weekly or daily portfolio managers meeting and saying, "All the widget stocks are overpriced, and I don't think we should own any of them." Time to check the help wanted ads. What if one of the more successful portfolio managers loved the widget stocks? Is it likely the analyst would be willing to voice an opinion that was contrary to his superior's point of view?

As securities analysts, we believe our job is part detective and part reporter. As detectives, we look for clues that may lead us to investment opportunities. As reporters, we gather facts by reading reports and filings, and by talking to people who may be knowledgeable about a specific company. We then consider this information in the context of our particular investment "schema" and decide whether a company fits or not. The fact gathering and investigation we do is generally limited to determining if a



company has the fundamental financial characteristics of stocks that we buy. It is not unlike buying a new house. If you were in the market for a house, presumably you would make up a list of your requirements; four bedrooms, three bathrooms, a family room, a certain location, etc., etc. If a house does not meet your needs, there is no point in looking at it. If you need four bedrooms for the kids, you would probably keep looking rather than say: "We like this three bedroom house and maybe we could make the kids double up." We do the same thing when looking at stocks. Our requirements, or criteria, are what psychologists call schemas. Schemas determine how we will interpret financial information. In essence we are "scripted" to reject companies like Netscape, which has no book value and minimal earnings, but has the supposed prospects to revolutionize some field of technology. We will react positively to a Pharmacia & Upjohn which, when we bought it, had the lowest price-to-sales ratio in the industry, and a new CEO who spent approximately \$4 million of his own savings to buy stock in the company.

We are at a loss to understand why so few people in the investment business appear to have any hard schemas. Decades of data is available to determine which financial characteristics of stocks have produced superior performance, and computers can easily do the back testing. One word of caution; the characteristics must have some logical validity. We are sure that some program could produce the result that companies with blue corporate logos located west of the Mississippi beat the averages 65% of the time. This may be true, but it has no relevance. A possible explanation of why most investors have no schemas may be that many stocks that do not fit a logical set of criteria still do very well. We have to accept the fact that a lot of stocks we would never own may do very well, perhaps better than the ones we would own. Most money managers probably try to find those great performing stocks, having convinced themselves that they are smart enough to succeed where few have. Also, many investors looking for good money managers try to find just those "smart" guys.

For our own money, we are content to rely on the criteria that over long periods of time have outperformed the popular stock market averages, remembering that the averages beat between 75% and 85% of the money managers. We have to accept the fact that we are not capable of picking only the best performing stocks. We have to accept periods of underperformance. We must also accept the fact that we will own some clunkers despite how well they fit our criteria. We like to think that research will



enable us to weed out all the bad investments, but that is just not the case. If we had the prescience to pick out the top ten performers from among all the stocks we own, our results would be off the charts. But we cannot. Trying to identify winning stocks without a set of criteria is, in our estimation, as difficult as trying to determine whether and when the market is going up or down.

It is true that earnings generally drive individual stock prices. This explains why most Wall Street research focuses on earnings estimates. Rising earnings are equated with rising stock prices no matter how high the price/earnings ratio may be. Analysts are expected to make these estimates accurately. Again, we do not believe this is consistently possible. Numerous studies, including some by David Dreman, point to the inaccuracy of analysts' earnings estimates. The financial press is full of stories about companies whose stocks have plummeted because earnings came in below estimates. Usually these companies' valuations did not provide any margin of safety for a negative surprise. Having been members of several corporate boards through the years, we can attest to the difficulty of predicting short-term earnings results even by management, which presumably has access to more information than Wall Street analysts. Many widely followed companies lead the analysts to correct earnings projections. This makes the analyst look good, and the company is often rewarded with a higher price/earnings ratio.

In a recent telephone conversation with a reporter for a major financial publication, we were asked how many research people we employed. We responded that we had the three original principals who were all analysts, and in addition we had four other research analysts. When the reporter began to laugh, we asked what was so funny. He said he visits large mutual fund companies who proudly boast of having 100 or more analysts. We wondered what they could be doing? If a large mutual fund company is managing \$40 billion, the number of stocks large enough for them to invest even one percent of their assets in is about 300. That is one analyst for every three companies. All they can be doing is babysitting their stocks, listening for every bit of information that comes out and forwarding it on to the portfolio managers. Most information is either not significant or not really relevant. In the management of time, it is important to know what is worth knowing and what is not.

Another reporter, who seems to like us, told us that the only criticism he had heard of Tweedy, Browne was that the principals may not be as



hungry as they used to be. Given that our investment performance of late does not appear to have suffered and we do not think we are doing anything differently than we did five or ten years ago, we could not understand what would give rise to that comment. He offered one explanation. Most growth stock managers or momentum investors seem to turn over their portfolios at a much faster rate than we do. We admit that we do not arrive at work each day ready to sell and buy a significant portion of our holdings. We tend to hold stocks for a long time. That is good in our opinion. It means lower transaction costs, and for tax-paying clients, lower taxes. If our premise for buying a stock is still valid, small changes in its share price do not require new buy and sell decisions. As we do not buy stocks based on next quarter's earnings estimate, we do not have to sell if it misses its projections by a few pennies per share. We may also be a bit older than most money managers. Our five managing directors range in age from 40 to 53. We still think this is relatively young, and that we have a number of years of "tread on our tires."

There could also be a perception that following our partial sale of Tweedy, Browne to Affiliated Managers Group, our "hunger" may be diminished. There is no reason to stop doing what we have been doing; there is, in fact, greater reason to keep on doing what we have been doing because our personal net worth that is invested in the stocks our clients own is now greater. We enjoy the intellectual challenge of the investment business, and we enjoy being successful at it. We also think we picked the right partner in AMG. Other than treating us to a celebratory dinner, we have had almost no contact with them. They have been helpful when we have asked how other investment advisors have dealt with some operational problems, but otherwise the folks at AMG have done just as they said they would: left us alone.

What we do is relatively easy and does not require the stamina of a triathlon runner. Almost any Wall Street analyst has enough brains to do the kind of research we do. Again, it comes back to the kind of information we are looking for, and the use we make of that information. As we discussed with our "hungry"-comment reporter, value money managers tend not to burnout. High turnover, growth and momentum money managers lead much more stressful lives. They do not have an investment schema to fall back on for comfort when stock prices are moving against them. They also feel compelled to know every last bit of information about the stocks they own: the latest earnings information, who is buying, and who is selling the stock



on Wall Street. Physical stamina tends to peak at a fairly early age, as many Olympic athletes have learned when they become has-beens in their late twenties. Fortunately, investing requires mental stamina, and that seems to hold up much longer. This may be God’s way of compensating us for a decline in our physical abilities. Our friend, Walter Schloss, is now eighty-one years old, and his investment record spans forty-three years with no sign of diminishing returns. He is the Energizer man of the investment world: “he just keeps going and going and going.” We hope we can, too. As long as our marbles are intact, age can bring the added benefit of experience, which is both intellectual and emotional. Hopefully, we are better able to recognize investment ideas that do not work and thus not waste our time going down some dead-end path, and are better able to cope with the “agita”† which usually accompanies a bear market. We told our reporter friend that the only thing different about our attitude towards work is that we have a lower tolerance for unpleasant clients. Fortunately, we do not think we have any such clients now, but if a potential new client came along who we suspected might take up an unreasonable amount of our time, we would be reluctant to take them on. This is not complacency; it is common sense. We want to maximize the time we can devote to research and money management.

In our opinion, far too much time is devoted to keeping track of money managers. This is probably because money managers are selected because the client thinks “they are smart.” Proving to the client that a money manager is “smart” is an enormously time-intensive business. “Smart” usually means the ability to pick stocks that only go up, which requires intense research on the part of the manager. The manager must devote endless hours following his/her investments for fear some unforeseen event will result in the stock going down. The client will take away from the time the manager has to devote to investment research in order to visit with the manager to see if he/she is still hard at work and not goofing off. These visits would seem to be self-defeating. While the client will categorize managers as to investment “styles,” they often do not try to understand what the manager actually does. They do not try to figure out what investment schemas the manager uses in selecting investments because they believe smart research of indi-

†We cannot find the correct spelling of this word in our collection of dictionaries and would appreciate hearing from any of our shareholders who may be able to shed some light on this for us.



vidual companies leads to success. Estimating a company's next quarter earnings per share to the penny is more important than asking why you own that company in the first place. Analysts will attempt to estimate how much money Coca-Cola will earn in the March quarter rather than focusing on how many more hundreds of millions or billions of people around the world can be persuaded to buy Coke. The fact that there are 160 million Indonesians who do not drink alcohol is far more important to the long-term success of owning Coke than getting a three-month earnings projection right. But the investment world believes that if Coke makes next quarter's estimates, the stock will continue to rise. However, if it earns, say 32 cents, when the estimate was 34 cents, the stock might go down in the short run despite the fact the 160 million thirsty Indonesians are still out there.

We believe understanding how a money manager thinks is far more important than how accurate his/her earnings projections are or how many hours he/she spends in the office. We can look at another money manager's portfolio and almost always understand why they own what they own. Two of us sit on our alma maters' investment boards. We do not believe it is necessary to visit the managers these endowments employ to learn if they have hired a new analyst or fired an analyst, or try to determine if they are still working hard. So long as the principals are still active, we can merely look at the stocks they buy to tell if they are still doing what they told us they would. When you understand how a money manager looks at investments and have determined that the portfolio holdings are consistent with that view, you are better off leaving the manager alone to do what you are paying him/her to do.

Unfortunately, too few managers are really asked what they do, and too few could answer the question if asked. The focus is on intense, detailed research of individual stocks rather than some set of principles, or schemas, that guide the investment process. What these clients and their managers are trying to do without realizing it is pick anywhere from fifty to one-hundred-fifty stocks or more, depending on the portfolio turnover rate, every year that will outperform the market. This is a daunting task made impossible without a set of valid investment principles. Warren Buffett has been quoted as saying he only needs one good investment idea a year, and he has not done so badly. By concentrating their effort on individual stocks and earnings guesstimates, analysts are missing the big picture. Far more important is a focus on the characteristics of a group of stocks, a portfolio, that has outperformed the market over long periods of time. Once a manager has



determined those characteristics, the manager will have a schema by which to analyze individual stocks. Research becomes much easier. If you were going to take up golf, you would not take a bag of clubs and start swinging. You would learn the use of each club and the proper way to swing. You would take the time to find out what successful golfers do. Why should investing be any different?

Successful investing becomes much more quantitative than qualitative. That is what schemas will do. They will permit the manager to take a universe of stocks and quantitatively screen out those issues that do not fit the schema and, thus, should not be researched. The schema will also provide a list of stocks that should be researched because they fit some or all of the criteria. The more criteria an individual stock meets, the easier it is to analyze. If a company is analyzed from the perspective of a schema, it either fits or it does not. Facts tend not to be bent to produce a desired result. If a stock does not fit, it is difficult to make a case for buying it. If you need a house with four bedrooms, one with three bedrooms will not do no matter what. However, money managers are expected to only let winners into their portfolios. Even the best schemas will let a real dog in from time to time. As we have said, we accept this. Not every stock we buy goes up the next day. Some occasionally never go up, while others take longer than we would like. How many times has an advisor met with a client and gone through the following dialogue: “Mr. Jones, your portfolio was up 40% last year as compared to a stock market gain of 30%.” “Yeah, but why did you own Kmart? It went down last year.” Ever wonder why so many portfolios have such high turnover rates?

Quantitative investment strategies are for the most part shunned by the investment community. After all, why are we paying these money managers? We want our managers to be smart, to be able to predict if the market will go up or down, and which companies will do well. Anybody can feed a set of criteria into a database of stocks and let the computer pick the holdings. No creative brilliance there. We are at a loss to understand this aversion to quantitative investment approaches since the most widely employed one is the index fund, which we have said beats 75% to 85% of the money managers. Moreover, the benchmarks used to measure manager performance are nearly all quantitative. Part of the problem relates to the fact that a quantitative approach loses some of the time. The market has outperformed us approximately 35% of the years we have been managing money. These periods of underperformance may be more than either the client or the manager



can tolerate. The client may begin to question the validity of the strategy, and the manager may react by tweaking the criteria. Consistency is key to successful investing.

It takes time to get comfortable with an investment approach. It is only human nature to worry about losing money. We have been doing what we do for so long and have been rewarded so handsomely, that we do not think we will ever change. This may account for what some may perceive as a lack of “hunger.” We do not worry as much about how we invest. If the market drops 200 points on a given day, we do not equate this with a mile-wide asteroid heading for Manhattan.

Investing is now easier and more fun than in years past. It is easier not because there are so many cheap stocks today, but because technology has made it easier to analyze companies. Instead of scurrying around to get our hands on annual reports, 10Ks, and other research information, we can point and click and even surf the Internet for information. And, it is more fun because we can now look for investment ideas globally. We also have the camaraderie of five managing directors rather than three general partners. We think that the way we work together, the spirit of cooperation we share, and the absence of any oversized egos is special, if not unique, and makes coming to work that much more enjoyable. The two individuals who became managing directors last October are Tom Shrager and Bob Wyckoff. Their promotion is not an indication that the three original partners, Chris and Will Browne and John Spears are slowing down, but a recognition of Tom’s and Bob’s contribution to our efforts. Tom joined us in 1989 after sending us an unsolicited resumé. We were not looking for anyone, but thought his experience in corporate finance might be interesting. Interesting is an understatement. While talking with Tom, we noted an accent we could not place. He told us he was a Romanian who was kicked out of the country for the seditious activity of organizing a philosophy club at the University of Bucharest. As Tom said, “You have to understand. There wasn’t much to do in Romania under Ceausescu.” After a stay in a refugee camp in Italy, Tom arrived in New York with a political asylum visa. He took a job as a night watchman while studying English during the day. Six months later, he talked his way into Columbia University where he earned both a bachelors and a masters degree. He recognized our growing interest in international investing and zoomed in on foreign stocks. Certainly his knowledge of five languages works to our advantage. Tom currently works for us in London, where he is in closer proximity to many of the markets in which we invest.



Bob Wyckoff is a native of Florida who joined us in 1991 after working at several investment management firms. Again, Bob came to us unsolicited because he also was afflicted with the “value bug.” He is a lawyer by training, which we have never held against him, and our only Phi Beta Kappa. While his past may not be as colorful as Tom’s, his contribution is no less. He principally devotes his time to figuring out ways we can better service our investors and clients.

Some of you may have read the April 20, 1998 cover article in **FORBES** magazine entitled, “*I’ve got mine, Jack*”, which makes mention of Tweedy, Browne along with several other money managers. Rather than belabor the absurdity of the article, we have reprinted our response to the editor of **FORBES** Magazine below.

In closing, let us assure you that nothing has changed, we are thankfully all quite well, even if a bit grayer at the temples or thinner on top (primarily a John Spears problem), and hope you are the same—well, that is

Sincerely,

TWEEDY, BROWNE COMPANY LLC

Christopher H. Browne
William H. Browne
John D. Spears
Thomas H. Shrager
Robert Q. Wyckoff, Jr.
Managing Directors



April 9, 1998

Mr. James Michaels, Editor
Forbes Magazine
60 Fifth Avenue
New York, NY 10011

Dear Sir:

The cover article in Forbes' April 20, 1998 issue, "I've got mine, Jack," written by Thomas Easton contains factual errors and has created a misleading impression about the partners of Tweedy, Browne that is causing us to spend time we would otherwise spend managing our clients' assets to assure numerous clients that "it is business as usual" at Tweedy.

Fact: We continue to own a significant equity interest in our firm and have no plans or intentions of retiring. We have entered into 10-year employment contracts that provide significant financial incentives for us to remain active. We have committed to invest at least \$100 million more in the same investments we have made for our clients, which is in addition to the approximately \$275 million we, our families and retired partners, and current employees have under management at Tweedy, Browne.

Fact: Affiliated Managers Group did not pay 65 times earnings for their interest in Tweedy, Browne. The price was 10 times current pre-tax earnings, which is consistent with numerous other transactions in our industry. We took cash rather than AMG stock because, along with a desire to create liquidity for our estates, we also wanted to diversify our holdings. In addition, we believe that by increasing the money we have invested alongside our clients, we have increased our personal commitment to the investments we make on their behalf.

Fact: We know of no reason why Forbes chose to delve into our personal lives, nor what purpose it served. Chris Browne was not "recently divorced." He was divorced 23 years ago. Furthermore he is not and never



said he was leaving his money to his two dogs. His estate will be divided among relatives, friends, and charitable organizations involved in education, human rights, medical research and the care of the terminally ill.

Fact: Estate planning was the reason we chose to sell an interest in Tweedy, Browne, not the “excuse.” Before the transaction, in the event that Chris Browne were to die, or Will Browne and his wife were to die, all of their accumulated liquid net worths and their personal residences might potentially have to be sold to pay inheritance taxes leaving the estates with only an illiquid interest in a privately held company. In the case of Chris Browne, only his dogs would be directly affected. In Will Browne’s case, his four school-age children would be affected.

While references to yachts may be “cute,” they bear no relation to reality. Chris Browne does not own a yacht; he does not even own a dinghy. If you invite him on board Forbes’ yacht, the Highlander, it will be his first time on a yacht. In fact, none of us has a yacht, a horse, or a plane. As Sherlock Holmes said, “I make a point of never having prejudices and of following docilely wherever facts may lead.” He also said, “Insensibly, one begins to twist facts to suit theories instead of theories to suit facts.” Sound advice in our opinion.

Christopher H. Browne
William H. Browne
John D. Spears

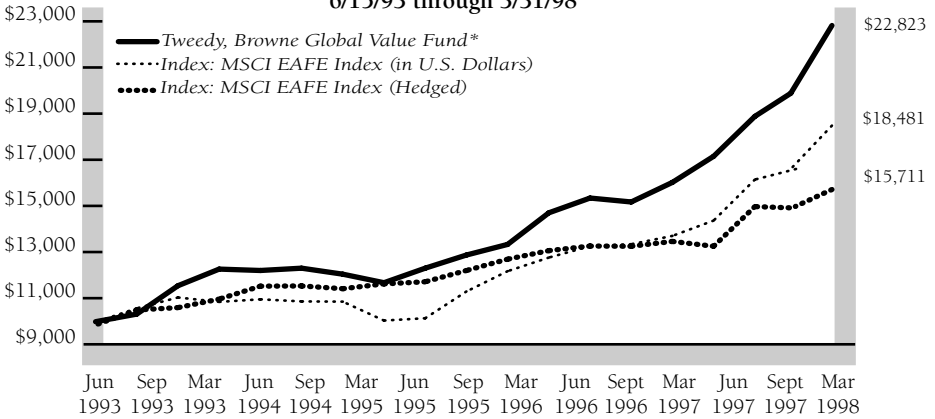


TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio Highlights

March 31, 1998

Hypothetical Illustration of \$10,000 Invested in Tweedy, Browne Global Value Fund vs. Morgan Stanley Capital International ("MSCI") Europe, Australasia and Far East ("EAFE") Index (in U.S. Dollars & Hedged) 6/15/93 through 3/31/98



MSCI EAFE Index represents the change in market capitalizations of Europe, Australasia and the Far East (EAFE), including dividends reinvested monthly, net after foreign withholding taxes.

Index information is available at month end only; therefore, the closest month end to inception date of the Fund, May 31, 1993, has been used.

AVERAGE ANNUAL TOTAL RETURN*			AGGREGATE TOTAL RETURN*		
The Fund	Actual	Without Waivers**	Year Ended 3/31/98	Inception 6/15/93-3/31/98	
Inception (6/15/93) through 3/31/98	18.79%	18.76%	The Fund	33.09%	128.23%
Year Ended 3/31/98	33.09%	33.08%	MSCI EAFE in (U.S. Dollars)	18.61%	57.11%
			MSCI EAFE (Hedged)	28.67%	84.81%

Note: The performance shown represents past performance and is not a guarantee of future results. The Fund's share price and investment return will vary with market conditions, and the principal value of shares, when redeemed, may be more or less than original cost.

* Assumes the reinvestment of all dividends and distributions and is net of foreign withholding tax.

** See Note 2 to Financial Statements.

TWEEDY, BROWNE GLOBAL VALUE FUND

Perspective On Assessing Investment Results

March 31, 1998

In accordance with rules and guidelines set out by the Securities and Exchange Commission, we have provided a comparison of the historical investment results of Tweedy, Browne Global Value Fund to the historical investment results of the most appropriate broad-based securities index, the Morgan Stanley Capital International (MSCI) Europe, Australasia and the Far East Index (EAFE) in U.S. dollars and hedged into U.S. dollars. However, the historical results of the MSCI Indices in large measure represents the investment results of stocks that we do not own. Any portfolio which does not own exactly the same stocks in exactly the same proportions as the index to which the particular portfolio is being compared is not likely to have the same results as the index. The investment behavior of a diversified portfolio of undervalued stocks tends to be correlated to the investment behavior of a broad index; *i.e.*, when the index is up, probably more than one-half of the stocks in the entire universe of public companies in all the countries that are included in the same index will be up, albeit, in greater or lesser percentages than the index. Similarly, when the index declines, probably most of the stocks in the entire universe of public companies in all countries that are included in the index will be down in greater or lesser percentages than the index. But it is almost a mathematical truth that “different stocks equal different results.”

Favorable or unfavorable historical investment results in comparison to an index are not necessarily predictive of future comparative investment results. In *Are Short-Term Performance and Value Investing Mutually Exclusive?*, Eugene Shahan analyzed the investment performance of seven money managers, about whom Warren Buffett wrote in his article, *The Super Investors of Graham and Doddsville*. Over long periods of time, the seven managers significantly outperformed the market as measured by the Dow Jones Industrial Average (the “DJIA”) or the S&P 500 by between 7.7% to 16.5% annually. (The goal of most institutional money managers is to outperform the market by 2% to 3%.) However, for periods ranging from 13 years to 28 years, this group of managers underperformed the market between 7.7% to 42% of the years. Six of the seven investment managers underperformed



Perspective On Assessing Investment Results

the market between 28% to 42% of the years. In today's environment, they would have lost many of their clients during their periods of underperformance. Longer term, it would have been the wrong decision to fire any of these money managers. In examining the seven long-term investment records, unfavorable investment results as compared to either index did not predict the future favorable comparative investment results which occurred, and favorable investment results in comparison to the DJIA or the S&P 500 were not always followed by future favorable comparative results. Stretches of consecutive annual underperformance ranged from one to six years. Mr. Shahan concluded "Unfortunately, there is no way to distinguish between a poor three-year stretch for a manager who will do well over 15 years, from a poor three-year stretch for a manager who will continue to do poorly. Nor is there any reason to believe that a manager who does well from the outset cannot continue to do well, and consistently."

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998



Market
Value
(Note 1)

Shares

<u>Shares</u>		<u>Market Value (Note 1)</u>
	COMMON STOCKS—85.6%	
	Australia—0.0%††	
96,353	Carillon Development Ltd.	\$ 108,378
	Belgium—0.2%	
3,940	Ibel	252,296
2,726	Spadel SA	3,205,589
3,252	Uco Textiles SA	425,850
		<hr/> 3,883,735
	Canada—2.0%	
196,891	BRL Enterprises Inc.†	693,987
60,000	Canadian Western Bank	1,015,121
166,500	Corby Distilleries Ltd., Class A	7,453,209
104,600	Corby Distilleries Ltd., Class B	4,239,893
1,728,361	Kaufel Group NV, Class B†	5,360,959
260,700	Melcor Developments Ltd.	3,367,754
1,391,000	National Bank of Canada, Toronto	26,083,395
258,600	Shirmax Fashions†	738,310
785,883	Westfield Minerals Ltd.†	831,007
		<hr/> 49,783,635
	Denmark—0.1%	
11,390	Nordvestbank	1,299,500
	Finland—3.2%	
6,000	Atria OY	55,304
542,027	Huhtamaki Group, Class I	29,445,134
6,200	Huhtamaki Group, Class K	325,767
1,036,900	Kesko Ord	16,621,575
257,555	Kone Corporation, Class B	34,863,931
		<hr/> 81,311,711
	France—5.5%	
32,342	Bongrain SA	16,482,658
24,763	Centenaire-Blanzay SA	2,280,409
5,229	Christian Dior, SA	694,895
79,419	Compagnie Financiere de Paribas	8,030,919
45,108	Compagnie Fives-Lille	3,128,933
57,700	Compagnie Lebon SA	2,754,488
188,692	Dollfus Mieg & Cie†	4,622,581
1,150	Fiat France SA	24,111
14,896	Fin Marc de Lacharriere SA	1,756,145
60,931	Fonciere Financiere Et de Participation	4,372,921
33,250	Generali France†	8,049,069
42,900	Groupe Danone	10,350,520
52,218	Klepierre	4,379,471
5,229	LVMH Moet Hennessey	1,108,121
201,188	Lyonnaise des Eaux—Dumez†	29,040,119
21,145	Mecelec SA	296,688
3,115	Nordon Et Cie†	259,227
36,372	NSC Groupe	4,810,102

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value</u> <u>(Note 1)</u>
COMMON STOCKS		
France—(Continued)		
9,073	Paris Orleans	\$ 431,664
97,700	Peugeot SA	16,828,256
18,699	Precia†	328,714
9,340	Signaux Girod	171,571
49,723	Siparex	1,122,687
63,700	Societe Generale	12,738,973
		<hr/> 138,063,242
Germany—0.9%		
15,018	Axel Springer Verlag, Class A	12,902,132
61,660	Kaufring AG	3,298,306
41,360	Linder Holding	759,822
33,968	Sinn AG†	5,873,165
2,973	Tiag Tabbert-Industrie AG†	150,999
		<hr/> 22,984,424
Hong Kong—2.8%		
8,860,495	Asean Resources Holdings Ltd.	1,589,439
24,921,000	CDL Hotels International Ltd.	9,246,438
504,000	Grand Hotel Holdings Ltd.	104,069
2,666,000	Harbour Ring International Holdings	101,497
700,000	Jardine International Motor Holdings Ltd.	440,396
7,687,000	Jardine Strategic Holdings Ltd.	21,062,380
18,004,828	Semi-Tech (Global) Ltd.	1,928,583
10,601,000	Sing Tao Holdings	1,983,746
1,758,000	South China Morning Post (Holdings) Ltd.	1,179,759
1,687,500	Swire Pacific Ltd., Class A	8,928,917
15,986,000	Swire Pacific Ltd., Class B	15,369,765
3,026,500	Wing Hang Bank Ltd.	8,983,378
		<hr/> 70,918,367
Ireland—0.4%		
2,698,121	Crean (James) PLC	5,605,583
1,105,000	Unidare PLC	4,051,296
		<hr/> 9,656,879
Italy—4.8%		
1,782,500	Arnoldo Mondadori Editore SPA	20,519,392
150,000	Banca Popolare di Novara†	1,578,731
1,682,500	Banca Toscana	7,738,070
741,850	Banco di Sardegna Risparmio	15,331,092
472,500	Bassetti SPA	4,791,695
1,530,230	Cartiere Burgo Ord	13,588,996
447,000	Cementerie di Augusta	1,247,214
323,000	Cementerie di Barletta Ord	2,379,674
1,156,450	Cristalleria Artistica	5,895,565
209,100	Ericsson Italia	14,385,117
265,000	IMI SPA	4,299,849
494,862	Industrie Zignago	5,913,659

■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS		
Italy—(Continued)		
1,234,000	Maffei SPA	\$ 2,827,529
237,000	Marangoni SPA	948,390
8,072,735	Montefibre SPA	9,049,606
1,864,000	Tecnost SPA	6,028,560
845,000	Vianini Industria SPA	921,776
493,000	Zucchi	5,053,638
		<hr/>
		122,498,553
Japan—14.1%		
219,000	Agro-Kanesho Company Ltd.	1,511,194
735,000	Aichi Electric Manufacturing	1,929,496
6,000	Aiful Corporation	378,024
627,000	Amada Sonoike Company Ltd.	1,693,006
78,000	Amatsuji Steel Ball Manufacturing Company	625,989
228,000	Belluna Company Ltd.	1,607,500
484,000	Bunka Shutter Company Ltd.	1,441,200
46,000	CCI Corporation	316,040
36,000	Charle Company	299,719
555,500	Chiyoda Company	3,870,688
773,740	Chofu Seisakusho Company	10,446,143
156,800	Credia Company Ltd.	2,175,736
347,000	Daido Metal Company	1,067,092
763,000	Daiichi Cement Company Ltd.	1,144,572
1,202,000	Danto Corporation	8,195,147
516,000	Denkyosha	2,411,161
189,000	Denyo Company Ltd.	963,960
1,765,000	Dowa Fire & Marine Insurance Company	5,679,242
453,500	Exedy Corporation	2,727,973
500,000	Fidelity Japanese Values Trust	230,175
2,100	Fidelity Japan OTC & Regional Market Fund Ltd.	9,660
906,000	Fuji Coca-Cola Bottling Company	8,290,418
618,000	Fuji Photo Film Ltd.	22,991,037
332,000	Fujicco Company Ltd.	3,735,233
2,380,000	Fujisawa Pharmaceutical Company	21,242,828
1,264,000	Fujitec Company Ltd.	8,276,557
569,000	Fukuda Denshi	6,871,104
1,293,000	Gakken Company Ltd.	2,754,262
2,290,000	Hitachi Koki	9,790,362
569,000	Hitachi Medical Corporation	6,060,229
4,000	Idec Izumi Corporation	23,251
24,000	Inaba Denkisangyo Company Ltd.	243,015
395,000	Kansai Paint Company Ltd.	1,007,313
224,000	Katsuragawa Electric Company	898,856
218,000	Kawagishi Bridge Works	604,988
3,000	Kinki Coca-Cola Bottling Company	33,977
155,100	Kita Kyushu Coca-Cola Bottling	3,047,905
680,000	Koa Fire & Marine Insurance Company	2,896,981
1,512,000	Koito Manufacturing	6,237,390

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS		
Japan—(Continued)		
313,000	Kokura Enterprises Company	\$ 2,063,581
215,000	Koyosha Inc.	1,112,694
665,000	Mandom Corporation	5,237,202
1,941,000	Matsushita Electric Industrial Company	31,154,997
111,000	Matsumoto Yushi-Seiyaku Company	2,106,357
250,000	Meito Sangyo Company	2,212,638
2,911,000	Mitsubishi Electric Corporation	7,641,853
204,000	Mitsubishi Pencil Company Ltd.	1,866,717
424,000	Morito	2,289,743
385,000	Nankai Plywood Company Ltd.	1,501,594
1,023,000	Nippon Cable System	6,905,682
934,000	Nippon Konpo Unyu Soko	5,709,432
56,000	Nippon Typewriter Company Ltd.	175,151
1,016,400	Nissan Fire & Marine Insurance Company	3,887,973
674,000	Nisshinbo Industries	3,392,117
6,000	Nissho Electronics Corporation	39,737
138,200	Nissin Company Ltd.	2,850,553
409,000	Nittetsu Mining	1,656,554
524,000	Nitto FC Co.	3,183,499
516,000	Oak	1,141,721
323,000	Osaka Securities Finance	649,271
179,400	Osaka Steel Company Ltd.	928,453
195,503	Prospect Japan Fund Ltd.	842,618
845,000	Riken Vitamin	5,862,554
452,000	Sangetsu Company Ltd.	5,932,871
160,000	Sanko Sangyo	1,218,076
504,000	Sankyo Company Ltd.	13,986,874
339,660	Sanyo Shinpan Finance Company Ltd.	13,502,329
23,000	Shaddy Company Ltd.	134,558
674,200	Shikoku Coca-Cola Bottling	6,776,133
1,470,000	Shin Nikkei Company Ltd.†	1,554,622
34,300	Shinki Company Ltd.	504,242
452,000	SK Kaken Co., Ltd.	5,153,122
592,000	Sonton Food Industry	5,683,555
317,000	Sotoh Company Ltd.	2,163,660
507,000	Suzuki Motor Corporation	4,753,422
42,000	Tachi-S	231,224
183,000	Taisei Fire & Marine Insurance Company	440,600
546,000	Takeda Chemical Industries	13,882,918
84,800	Takefuji Corporation	4,007,050
377,000	Takigami Steel Construction	1,088,655
229,000	Teikoku Hormone Manufacturing Company	1,288,206
256,000	TENMA Corporation	2,880,180
139,000	Toa Medical Electronics Company	1,178,099
246,000	Tomita Electric Company Ltd.	1,328,483
384,000	Torii Company Ltd.	1,756,910
799,000	Torishima Pump Manufacturing	4,794,300
150,000	Toso Company Ltd.	731,296
11,000	Totech Corporation	41,170

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS		
Japan—(Continued)		
675,000	Toyo Technical Company Ltd.	\$ 3,341,459
585,500	Tsubaki Nakashima Company Ltd.	2,674,438
325,600	Tsuchiya Home Company	1,299,225
695,000	U-Shin	2,606,413
136,000	Yomeishu Seizo Company Ltd.	877,255
270,000	Zojirushi	2,025,127
		<hr/> 355,978,586
Malaysia—0.3%		
610,000	Sapura Telecommunications Berhad	262,384
4,656,000	Star Publications (Malaysia)	7,972,603
65,000	Tractor Malaysia Holdings Berhad†	30,274
		<hr/> 8,265,261
Netherlands—5.0%		
193,400	Akzo NV Ord	39,234,940
535,158	European Vinyls Corporation	11,023,350
7,500	Heineken Holdings NV, Class A	1,490,982
740,124	Holdingmaatschappij De Telegraaf NV†	15,670,753
30,000	Koninklijke Bols Wessanen NV†	475,677
828,400	Unilever NV CVA	55,794,132
131,250	Wegener NV†	2,540,059
		<hr/> 126,229,893
New Zealand—1.0%		
6,356,600	Air New Zealand Ltd.	8,776,081
3,388,000	Independent Newspaper	15,155,287
164,600	Radio Pacific Ltd.	331,786
		<hr/> 24,263,154
Norway—0.2%		
232,300	Schibsted	4,107,143
Singapore—1.3%		
5,000	CarnaudMetalbox Asia Ltd.†	5,262
2,716,500	Cycle & Carriage Ltd.†	12,275,116
2,929,000	Fraser & Neave Ltd.	12,419,468
19,000	Isetan (Singapore) Ltd.	23,522
3,033,000	Robinson and Company Ord	9,161,894
		<hr/> 33,885,262
Spain—1.2%		
79,197	Argentaria	6,552,079
133,000	Corporacion Financiera Reunida†	1,113,024
151,997	Fabrica Auto Renault de Espana	5,320,161
199,014	Grupo Anaya SA	6,585,883
31,598	Indo Internacional SA	1,807,783
51,846	Omsa	529,563
80,898	Prim SA†	556,018
250,996	Unipapel SA	8,577,647
		<hr/> 31,042,158

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS		
Sweden—4.6%		
148,685	BRIO AB, Class B	\$ 1,096,415
80,600	Invik & Company AB, Class A	4,633,921
19,179	Kinnevik Investment AB, Class B	447,055
456,383	Marieberg Tidnings AB, Class A	13,860,901
19,179	Modern Times Group AB, Class A†	170,192
55,200	Nolato AB, Class B	1,462,617
2,182,500	Pharmacia & Upjohn Inc.	94,108,549
69,200	VLT AB, Class B	1,600,050
		<hr/>
		117,379,700
Switzerland—13.6%		
23,990	Arttisholz Holding AG†	11,387,111
33	Bank of International Settlements America	205,101
36,658	Banque Cantonale Vaudoise†	15,741,815
30,260	Compagnie Financiere Richemont AG	40,669,377
2,415	Daetwyler Holding, Bearer	4,591,556
46,540	Danzas Holding AG, Registered	12,052,252
80,068	Edipresse SA, Bearer	28,188,891
8,225	Edipresse SA, Registered	576,985
6,115	Forbo Holding AG	3,371,609
2,450	Fotolabo SA	722,809
2,200	Golay Buchel Holding, Bearer	2,091,392
12,150	Helvetia Patria Holding	14,178,850
23,575	Liechtenstein Global Trust	21,298,335
29,327	Loeb Holding PC	4,705,817
57,089	Nestle SA, Registered	109,027,901
6,698	Novartis, AG, Bearer	11,900,334
10,329	Novartis, AG, Registered	18,270,269
1,180	Sarna Kunststoff Holding AG, Registered	1,790,926
6,783	Sig Schweiz Industrie, Registered	10,583,846
9,035	Swissair AG, Registered†	12,610,972
200	UMS Schweizerische Metalwerke	17,439
3,355	Vetropack Holding AG PC	624,677
17,695	Zehnder Holding, Bearer	9,106,782
11,224	Zschokke Holding AG, Registered†	2,759,457
7,340	Zuercher Ziegeleien	6,255,819
		<hr/>
		342,730,322
Thailand—0.0%††		
132,300	S & J Enterprises	55,475
United Kingdom—10.3%		
19,855,350	Aggregate Industries PLC	20,856,739
515,000	Arjo Wiggins Appleton PLC	1,702,666
2,117,400	Bernard Matthews PLC	3,243,240
455,000	British Mohair Holdings PLC	658,844
5,190,000	British Steel Ord	12,337,036
8,514,000	BTR PLC	27,934,754

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS		
United Kingdom—(Continued)		
3,529,666	Carclo Engineering Group PLC	\$ 10,310,606
2,103,400	Concentric PLC	4,119,674
1,470,000	Courtaulos Textiles Ord	8,674,243
766,369	Diageo PLC	9,018,792
4,222,839	Dowding & Mills PLC	4,948,319
1,408,668	Dyson (J&J) PLC, Class A, Non-voting	2,747,196
50,860	EIS Group PLC	241,371
1,741,019	Elementis PLC	4,036,532
803,000	Folkes Group PLC	873,744
427,800	Glaxo Wellcome PLC Units, ADR	23,154,675
1,668,000	Glynwed International PLC	7,902,011
850,479	Hardys & Hansons PLC	3,367,052
515,000	Intercare Group PLC	706,930
350,000	Johnston Group PLC	1,625,871
4,545,154	McAlpine (Alfred) PLC	13,010,676
1,553,545	Molins PLC	7,190,749
13,012	Nycomed, ASA, ADR, Class B	468,432
258,011	Nycomed, Class A	9,648,872
543,641	Nycomed, Class B	19,566,169
584,000	Partridge Fine Art Ord	777,204
12,093,000	Pilkington PLC	24,697,274
3,493,490	Sherwood Group PLC	2,397,720
369,200	SmithKline Beecham, PLC Units, ADR	23,098,075
779,500	Swan Hill Group PLC	1,109,150
175,000	Thistle Hotels PLC	517,056
600,000	Union PLC†	688,014
1,495,000	Watmoughs Holdings PLC	8,346,265
		<hr/> 259,975,951
United States—14.1%		
221,000	American Express Company	20,290,563
75,700	American National Insurance Company	7,442,256
257,400	Chase Manhattan Corporation	34,716,825
81,500	Coca-Cola Bottling Company	4,709,172
232,200	Comerica, Inc.	24,569,663
313,000	Darden Restaurants Inc.	4,871,063
230,400	Federal Home Loan Mortgage Corporation	10,929,600
240,000	Fingerhut Companies, Inc.	6,225,000
205,616	First Chicago Corporation	18,119,910
35,000	GATX Corporation	2,730,000
31,590	Great Atlantic & Pacific Tea Company	955,598
200,000	Harland (John H.) Company	3,112,500
129,462	Hasbro Inc.	4,571,627
65,700	Household International Inc.	9,050,175
125,000	Kmart Stores†	2,085,938
505,400	Lehman Brothers Holdings Inc.	37,841,825
383,800	McDonald's Corporation	23,028,000

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
	COMMON STOCKS	
	United States—(Continued)	
73,125	Mercantile Bancorporation, Inc.	\$ 4,008,164
150,000	NAC Re Corporation	7,865,625
319,600	Philip Morris Companies Inc.	13,323,325
460,000	PNC Bank Corporation	27,571,250
298,000	Popular, Inc.	17,488,875
169,000	Ryland Group Inc.	4,668,624
118,400	Standard Motor Products, Inc.	2,271,800
185,000	Sun Healthcare Group Inc.†	3,445,625
160,000	Syms Corporation†	2,260,000
294,600	Transatlantic Holdings Inc.	22,279,125
20,000	Tremont Corporation†	1,162,500
551,000	UST Inc.	17,769,750
52,500	Wells Fargo & Company	17,390,625
		<hr/>
	TOTAL COMMON STOCKS	
	(Cost \$1,657,704,061)	<u>2,161,176,332</u>
	PREFERRED STOCK—0.6% (Cost \$14,666,725)	
113,662	Villero & Boch AG	<u>16,397,544</u>
	COMMON STOCK WARRANTS—0.0% (Cost \$748)††	
206,795	Semi-Tech (Global) Ltd., Expires 7/31/98†	<u>267</u>
	Convertible Corporate Bonds	
	Face Value	
	Convertible Corporate Bonds—0.0%	
	(Cost \$104,110)††	
JPY 9,000,000	Shikoku Coca-Cola Bottling, 2.400% due 3/29/02	<u>72,837</u>
	Commercial Paper	
	Commercial Paper—5.2%	
\$ 20,000,000	Ford Motor Company, 6.000% due 4/1/98	20,000,000
112,066,000	General Electric Capital Corporation, 6.120% due 4/1/98	112,066,000
	TOTAL COMMERCIAL PAPER	
	(Cost \$132,066,000)	<u>132,066,000</u>
	U.S. Treasury Bill	
	U.S. Treasury Bill—0.5% (Cost \$12,576,249)	
3,000,000	5.576%** due 7/23/98	2,950,916
10,000,000	5.111%** due 1/7/99	9,625,333
		<hr/>
		<u>12,576,249</u>

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Face Value</u>		<u>Market Value (Note 1)</u>
	REPURCHASE AGREEMENT—4.7% (Cost \$120,000,000)	
\$ 120,000,000	Agreement with UBS Securities, Inc., 5.930% dated 3/31/98, to be repurchased at \$120,019,767 on 4/1/98, collateralized by \$96,095,000 U.S. Treasury Bonds, 10.000% due 5/15/10 (market value \$122,160,769)	\$ 120,000,000
TOTAL INVESTMENTS (Cost \$1,937,117,893*)	96.6%	2,442,289,229
OTHER ASSETS AND LIABILITIES (Net)	3.4	85,651,513
NET ASSETS	<u>100.0%</u>	<u>\$2,527,940,742</u>

* Aggregate cost for Federal tax purposes was \$1,939,533,007.

** Rate represents annualized yield at date of purchase.

† Non-income producing security.

†† Amount represents less than 0.1% of net assets.

Abbreviations:

ADR—American Depository Receipt

JPY—Japanese Yen

Ord—Ordinary Share

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Sector Diversification</u>	<u>Percentage of Net Assets</u>	<u>Market Value (Note 1)</u>
COMMON STOCKS:		
Food and Beverages	10.4%	\$ 262,763,666
Pharmaceuticals	9.9	250,616,201
Banking	9.8	246,586,145
Financial Services	6.9	173,552,966
Printing and Publishing	5.9	149,005,983
Manufacturing	4.2	106,319,730
Chemicals	3.0	75,298,600
Retail	2.8	70,651,377
Machinery	2.8	70,568,492
Insurance	2.6	64,854,096
Transportation	2.5	63,447,419
Consumer Non-Durables	2.4	61,031,334
Autos	2.3	58,458,459
Tobacco	2.3	58,439,127
Consumer Durables	2.2	56,187,902
Engineering and Construction	1.9	46,988,631
Holdings	1.4	36,512,083
Forest Products	1.4	35,256,420
Electronics	1.4	34,591,959
Textiles	1.3	32,918,658
Glass Products	1.2	31,217,516
Building Materials	1.1	29,058,882
Restaurants	1.1	27,899,063
Mining and Metal Fabrication	0.9	23,453,448
Leisure	0.6	15,120,046
Telecommunications	0.6	14,647,501
Real Estate	0.5	13,733,993
Construction Materials	0.5	11,418,354
Wholesale	0.4	10,768,333
Health Care	0.3	7,868,012
Other	1.0	21,941,936
Total Common Stocks	85.6	2,161,176,332
Preferred Stock	0.6	16,397,544
Common Stock Warrants	0.0††	267
Convertible Corporate Bonds	0.0††	72,837
Commercial Paper	5.2	132,066,000
U.S. Treasury Bill	0.5	12,576,249
Repurchase Agreement	4.7	120,000,000
Other Assets and Liabilities (Net)	3.4	85,651,513
Net Assets	100.0%	\$2,527,940,742

††Amount represents less than 0.1% of net assets.

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO BUY		
1,761,890 Canadian Dollar	6/15/98	\$ 1,244,279
1,320,315 Great Britain Pound Sterling	4/1/98	2,210,206
2,071,112 Great Britain Pound Sterling	4/2/98	3,467,050
314,848 Great Britain Pound Sterling	4/6/98	527,076
110,939 Great Britain Pound Sterling	4/7/98	185,722
10,201,133 Hong Kong Dollar	4/1/98	1,316,496
3,966,766 Hong Kong Dollar	4/2/98	511,927
1,500,000 Irish Pound	4/30/98	2,037,421
205,219,042 Japanese Yen	4/1/98	1,539,239
45,441,635 Japanese Yen	4/2/98	340,841
128,575,851 Japanese Yen	4/3/98	964,439
49,626,000 Japanese Yen	4/16/98	373,082
2,816,550 Netherlands Guilder	4/30/98	1,351,859
3,637,951 New Zealand Dollar	5/29/98	2,052,244
70,495,000 Norwegian Krone	7/15/98	9,277,433
18,201,250 Norwegian Krone	9/15/98	2,401,549
11,203,500 Norwegian Krone	9/30/98	1,479,112
114,960,000 Spanish Peseta	4/30/98	732,229
567,440,000 Spanish Peseta	5/29/98	3,617,932
200,268 Swiss Franc	4/1/98	131,298
TOTAL FORWARD EXCHANGE CONTRACTS TO BUY (Contract Amount \$37,180,505)		\$ 35,761,434
FORWARD EXCHANGE CONTRACTS TO SELL		
150,871 Australian Dollar	12/24/98	\$ (98,323)
34,122,000 Belgian Franc	4/6/98	(893,763)
27,656,000 Belgian Franc	5/15/98	(726,154)
44,070,000 Belgian Franc	6/15/98	(1,159,034)
34,675,000 Belgian Franc	7/15/98	(913,424)
29,690,500 Belgian Franc	12/15/98	(788,409)
36,860,000 Belgian Franc	3/5/99	(982,661)
9,608,900 Canadian Dollar	5/15/98	(6,781,224)
9,510,900 Canadian Dollar	5/22/98	(6,713,129)
1,761,890 Canadian Dollar	6/15/98	(1,244,279)
1,352,600 Canadian Dollar	7/15/98	(955,865)
8,750,950 Canadian Dollar	8/28/98	(6,189,911)
3,408,750 Canadian Dollar	9/30/98	(2,412,741)
821,100 Canadian Dollar	10/13/98	(581,337)
10,927,800 Canadian Dollar	11/16/98	(7,742,190)
7,465,700 Canadian Dollar	11/23/98	(5,290,080)
5,551,200 Canadian Dollar	12/15/98	(3,935,202)
2,094,600 Canadian Dollar	12/23/98	(1,485,077)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
2,827,000 Canadian Dollar	12/24/98	\$ (2,004,389)
4,324,200 Canadian Dollar	2/12/99	(3,068,826)
1,399,100 Canadian Dollar	3/12/99	(993,679)
4,198,500 Canadian Dollar	3/29/99	(2,982,076)
7,844,640 Danish Krona	12/23/98	(1,125,660)
4,914,500 Finnish Markka	4/14/98	(876,026)
22,459,500 Finnish Markka	4/30/98	(4,007,798)
5,039,000 Finnish Markka	5/15/98	(899,955)
22,344,750 Finnish Markka	6/15/98	(3,997,589)
55,441,100 Finnish Markka	7/15/98	(9,935,583)
25,543,500 Finnish Markka	9/15/98	(4,593,330)
21,202,000 Finnish Markka	9/30/98	(3,815,726)
38,137,400 Finnish Markka	10/13/98	(6,868,510)
33,759,300 Finnish Markka	11/16/98	(6,091,339)
19,084,600 Finnish Markka	11/23/98	(3,444,830)
10,227,800 Finnish Markka	12/15/98	(1,848,350)
36,238,300 Finnish Markka	12/23/98	(6,551,744)
10,502,400 Finnish Markka	12/28/98	(1,899,297)
24,537,150 Finnish Markka	1/19/99	(4,442,440)
16,176,000 Finnish Markka	2/12/99	(2,932,239)
26,931,500 Finnish Markka	3/12/99	(4,888,756)
49,074,300 Finnish Markka	3/26/99	(8,914,415)
21,802,800 Finnish Markka	3/29/99	(3,961,165)
64,556 French Franc	4/1/98	(10,411)
74,675 French Franc	4/2/98	(12,044)
18,419,610 French Franc	4/6/98	(2,971,052)
5,544,500 French Franc	4/14/98	(894,909)
8,431,500 French Franc	4/30/98	(1,362,353)
36,130,250 French Franc	5/29/98	(5,847,112)
45,410,400 French Franc	7/15/98	(7,367,872)
39,662,000 French Franc	8/14/98	(6,445,713)
8,729,250 French Franc	9/15/98	(1,421,070)
30,139,000 French Franc	9/30/98	(4,910,334)
45,982,500 French Franc	10/13/98	(7,496,758)
186,307,800 French Franc	11/16/98	(30,428,758)
41,998,360 French Franc	11/23/98	(6,861,875)
14,159,500 French Franc	12/15/98	(2,316,057)
5,725,000 French Franc	12/23/98	(936,815)
23,290,000 French Franc	12/24/98	(3,811,272)
17,602,500 French Franc	1/4/99	(2,882,171)
111,536,500 French Franc	1/19/99	(18,276,594)
41,902,000 French Franc	2/12/99	(6,874,503)
29,930,000 French Franc	3/5/99	(4,915,538)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
17,856,600 French Franc	3/12/99	\$ (2,933,693)
30,125,500 French Franc	3/26/99	(4,952,815)
54,126,000 French Franc	3/29/99	(8,900,082)
9,463 German Mark	4/2/98	(5,113)
2,463,000 German Mark	4/14/98	(1,331,857)
9,189,675 German Mark	4/30/98	(4,974,531)
3,353,400 German Mark	5/15/98	(1,816,775)
9,547,380 German Mark	5/29/98	(5,176,280)
4,927,800 German Mark	6/15/98	(2,674,247)
8,600,000 German Mark	9/15/98	(4,690,795)
3,570,600 German Mark	9/30/98	(1,949,121)
5,451,000 German Mark	10/13/98	(2,977,681)
5,155,500 German Mark	11/16/98	(2,821,382)
2,573,850 German Mark	11/23/98	(1,409,080)
2,736,000 German Mark	12/23/98	(1,500,217)
6,217,400 German Mark	3/5/99	(3,421,393)
6,277,600 German Mark	3/29/99	(3,458,580)
1,554,533 Great Britain Pound Sterling	4/14/98	(2,602,923)
3,707,709 Great Britain Pound Sterling	4/30/98	(6,210,339)
4,028,509 Great Britain Pound Sterling	5/15/98	(6,749,369)
2,771,960 Great Britain Pound Sterling	5/29/98	(4,645,126)
4,014,576 Great Britain Pound Sterling	7/15/98	(6,732,850)
12,905,162 Great Britain Pound Sterling	9/15/98	(21,665,825)
8,561,430 Great Britain Pound Sterling	9/30/98	(14,376,876)
9,483,396 Great Britain Pound Sterling	10/13/98	(15,928,281)
8,191,244 Great Britain Pound Sterling	10/29/98	(13,761,339)
4,117,573 Great Britain Pound Sterling	11/16/98	(6,919,395)
6,268,021 Great Britain Pound Sterling	11/23/98	(10,534,205)
3,027,551 Great Britain Pound Sterling	12/23/98	(5,090,374)
8,622,814 Great Britain Pound Sterling	12/24/98	(14,498,191)
3,042,658 Great Britain Pound Sterling	1/4/99	(5,116,609)
4,022,402 Great Britain Pound Sterling	2/12/99	(6,767,527)
19,880,716 Great Britain Pound Sterling	2/26/99	(33,454,181)
6,180,088 Great Britain Pound Sterling	3/12/99	(10,401,229)
10,805,804 Great Britain Pound Sterling	3/26/99	(18,189,354)
15,177,271 Great Britain Pound Sterling	3/29/99	(25,548,982)
7,763,500 Hong Kong Dollar	4/30/98	(1,001,587)
69,795,000 Hong Kong Dollar	5/29/98	(8,995,540)
23,290,500 Hong Kong Dollar	6/15/98	(2,999,753)
97,411,250 Hong Kong Dollar	7/31/98	(12,514,551)
68,819,100 Hong Kong Dollar	10/29/98	(8,777,992)
41,698,400 Hong Kong Dollar	11/16/98	(5,310,537)
13,370,500 Hong Kong Dollar	11/23/98	(1,701,757)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
41,237,500 Hong Kong Dollar	12/15/98	\$ (5,237,944)
20,550,000 Hong Kong Dollar	1/4/99	(2,605,157)
118,093,750 Hong Kong Dollar	3/12/99	(14,862,879)
23,828,400 Hong Kong Dollar	3/29/99	(2,993,348)
4,178,183 Irish Punt	4/30/98	(5,675,145)
2,307,489 Irish Punt	6/15/98	(3,133,945)
592,632 Irish Punt	12/15/98	(802,029)
647,757 Irish Punt	12/24/98	(876,397)
542,495 Irish Punt	1/19/99	(733,522)
431,096 Irish Punt	2/12/99	(582,544)
49,850,000 Italian Lira	4/1/98	(27,326)
332,237,500 Italian Lira	4/2/98	(182,123)
97,200,000 Italian Lira	4/3/98	(53,282)
1,709,300,000 Italian Lira	4/14/98	(936,989)
14,500,150,000 Italian Lira	4/30/98	(7,948,968)
6,894,040,000 Italian Lira	5/15/98	(3,779,840)
5,050,500,000 Italian Lira	5/29/98	(2,769,627)
13,527,200,000 Italian Lira	6/15/98	(7,420,221)
2,561,400,000 Italian Lira	7/15/98	(1,405,950)
5,184,000,000 Italian Lira	9/15/98	(2,851,164)
10,800,000,000 Italian Lira	9/30/98	(5,943,490)
33,352,500,000 Italian Lira	10/29/98	(18,375,726)
9,133,125,000 Italian Lira	11/16/98	(5,035,894)
23,771,190,000 Italian Lira	11/23/98	(13,111,345)
13,490,800,000 Italian Lira	12/15/98	(7,448,958)
6,105,750,000 Italian Lira	1/4/99	(3,374,462)
7,145,400,000 Italian Lira	2/12/99	(3,955,832)
10,662,300,000 Italian Lira	3/5/99	(5,908,665)
44,557,500,000 Italian Lira	3/29/99	(24,719,968)
2,051,932 Japanese Yen	4/1/98	(15,390)
1,368,176 Japanese Yen	4/2/98	(10,262)
1,368,176 Japanese Yen	4/3/98	(10,263)
2,198,110,000 Japanese Yen	4/6/98	(16,491,946)
2,902,375,000 Japanese Yen	4/14/98	(21,810,012)
1,960,488,750 Japanese Yen	4/30/98	(14,772,895)
2,154,780,000 Japanese Yen	5/15/98	(16,269,420)
3,037,500,000 Japanese Yen	5/22/98	(22,954,012)
1,749,760,000 Japanese Yen	6/30/98	(13,292,748)
2,098,590,000 Japanese Yen	7/31/98	(16,014,060)
3,742,550,000 Japanese Yen	8/14/98	(28,617,030)
1,894,820,000 Japanese Yen	9/30/98	(14,589,101)
1,313,820,000 Japanese Yen	10/13/98	(10,135,499)
1,060,836,500 Japanese Yen	10/29/98	(8,203,704)

■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
943,550,000 Japanese Yen	11/16/98	\$ (7,316,786)
712,350,000 Japanese Yen	12/15/98	(5,548,751)
2,222,035,000 Japanese Yen	12/24/98	(17,332,552)
2,849,355,000 Japanese Yen	1/19/99	(22,308,098)
4,788,000,000 Japanese Yen	2/26/99	(37,685,577)
7,629,930,000 Japanese Yen	3/5/99	(60,112,319)
709,890,000 Japanese Yen	3/12/99	(5,598,286)
367,440,000 Japanese Yen	3/29/99	(2,904,581)
17,718,750 Malaysian Ringgit	12/24/98	(4,688,660)
4,260,000 Malaysian Ringgit	2/12/99	(1,120,598)
14,262,500 Malaysian Ringgit	3/12/99	(3,739,623)
214,355 Netherlands Guilder	4/3/98	(102,685)
5,578,200 Netherlands Guilder	4/6/98	(2,672,482)
2,816,550 Netherlands Guilder	4/30/98	(1,351,859)
12,241,400 Netherlands Guilder	5/15/98	(5,880,768)
11,118,000 Netherlands Guilder	5/29/98	(5,345,287)
7,399,600 Netherlands Guilder	6/15/98	(3,561,118)
1,888,300 Netherlands Guilder	7/15/98	(910,351)
28,109,700 Netherlands Guilder	8/28/98	(13,585,984)
5,823,600 Netherlands Guilder	10/29/98	(2,824,380)
19,233,000 Netherlands Guilder	11/16/98	(9,336,915)
7,729,200 Netherlands Guilder	11/23/98	(3,753,659)
17,159,400 Netherlands Guilder	12/15/98	(8,343,195)
5,591,490 Netherlands Guilder	12/23/98	(2,719,828)
16,064,000 Netherlands Guilder	2/12/99	(7,833,824)
8,012,000 Netherlands Guilder	2/26/99	(3,909,799)
6,007,800 Netherlands Guilder	3/5/99	(2,932,744)
6,030,300 Netherlands Guilder	3/12/99	(2,944,705)
6,073,800 Netherlands Guilder	3/26/99	(2,967,896)
1,457,938 New Zealand Dollar	4/14/98	(809,162)
3,637,951 New Zealand Dollar	5/29/98	(2,052,244)
3,021,604 New Zealand Dollar	8/28/98	(1,750,944)
785,793 New Zealand Dollar	9/30/98	(459,075)
1,617,599 New Zealand Dollar	11/16/98	(955,697)
7,104,515 New Zealand Dollar	11/23/98	(4,204,007)
1,631,854 New Zealand Dollar	12/15/98	(970,220)
10,680,250 New Zealand Dollar	12/23/98	(6,360,491)
3,516,174 New Zealand Dollar	3/12/99	(2,126,090)
12,435,601 New Zealand Dollar	3/26/99	(7,537,267)
70,495,500 Norwegian Krone	7/15/98	(9,277,433)
18,201,250 Norwegian Krone	9/15/98	(2,401,549)
11,203,500 Norwegian Krone	9/30/98	(1,479,112)
20,896,500 Norwegian Krone	11/16/98	(2,763,578)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
10,506,000 Norwegian Krone	12/23/98	\$ (1,391,183)
1,413,000 Singapore Dollar	4/14/98	(874,300)
1,412,900 Singapore Dollar	4/30/98	(872,969)
2,840,400 Singapore Dollar	5/15/98	(1,754,348)
1,404,500 Singapore Dollar	6/15/98	(867,313)
2,101,950 Singapore Dollar	8/14/98	(1,297,191)
726,250 Singapore Dollar	9/30/98	(448,147)
4,501,500 Singapore Dollar	10/13/98	(2,777,306)
1,514,400 Singapore Dollar	10/29/98	(934,175)
3,183,000 Singapore Dollar	12/15/98	(1,962,571)
8,740,000 Singapore Dollar	12/24/98	(5,388,496)
4,273,750 Singapore Dollar	1/4/99	(2,634,382)
2,772,000 Singapore Dollar	1/19/99	(1,708,156)
8,662,500 Singapore Dollar	2/26/99	(5,333,562)
6,788,000 Singapore Dollar	3/12/99	(4,178,084)
4,990,500 Singapore Dollar	3/26/99	(3,070,699)
571,600,000 Spanish Peseta	4/14/98	(3,639,384)
114,960,000 Spanish Peseta	4/30/98	(732,229)
144,420,000 Spanish Peseta	5/14/98	(920,302)
567,440,000 Spanish Peseta	5/29/98	(3,617,932)
568,680,000 Spanish Peseta	6/15/98	(3,628,140)
289,040,000 Spanish Peseta	7/15/98	(1,846,308)
370,075,000 Spanish Peseta	8/28/98	(2,368,750)
440,730,000 Spanish Peseta	11/16/98	(2,832,115)
431,692,500 Spanish Peseta	12/15/98	(2,778,074)
218,340,000 Spanish Peseta	12/23/98	(1,405,661)
297,080,000 Spanish Peseta	12/24/98	(1,912,684)
151,370,000 Spanish Peseta	3/12/99	(978,240)
303,620,000 Spanish Peseta	3/12/99	(1,962,166)
764,350,000 Spanish Peseta	3/29/99	(4,943,757)
75,152,000 Swedish Krona	4/14/98	(9,396,789)
23,018,400 Swedish Krona	5/15/98	(2,881,201)
48,906,000 Swedish Krona	5/29/98	(6,123,919)
18,871,250 Swedish Krona	6/15/98	(2,364,159)
26,754,700 Swedish Krona	8/28/98	(3,359,209)
39,267,500 Swedish Krona	9/30/98	(4,935,209)
39,676,000 Swedish Krona	10/13/98	(4,988,289)
22,499,700 Swedish Krona	10/29/98	(2,829,979)
33,651,000 Swedish Krona	11/16/98	(4,234,528)
14,961,800 Swedish Krona	12/15/98	(1,884,096)
34,151,850 Swedish Krona	12/23/98	(4,301,474)
27,328,000 Swedish Krona	1/4/99	(3,443,071)
60,187,500 Swedish Krona	2/26/99	(7,593,546)

■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
9,634,800 Swedish Krona	3/12/99	\$ (1,216,007)
23,798,400 Swedish Krona	3/26/99	(3,004,659)
31,452,000 Swedish Krona	3/29/99	(3,971,298)
5,595,200 Swiss Franc	4/6/98	(3,669,207)
7,682,400 Swiss Franc	4/14/98	(5,044,540)
6,302,475 Swiss Franc	4/30/98	(4,147,388)
14,063,000 Swiss Franc	5/15/98	(9,269,965)
22,743,600 Swiss Franc	5/22/98	(15,003,285)
24,949,100 Swiss Franc	6/30/98	(16,530,509)
10,988,800 Swiss Franc	7/31/98	(7,306,815)
9,586,500 Swiss Franc	8/14/98	(6,384,603)
13,213,550 Swiss Franc	8/28/98	(8,814,287)
14,477,000 Swiss Franc	9/30/98	(9,693,396)
10,845,200 Swiss Franc	10/29/98	(7,285,557)
10,772,800 Swiss Franc	12/15/98	(7,275,350)
20,304,750 Swiss Franc	12/23/98	(13,725,018)
15,163,500 Swiss Franc	12/24/98	(10,250,928)
34,782,500 Swiss Franc	1/4/99	(23,542,108)
10,076,500 Swiss Franc	1/19/99	(6,831,187)
23,953,000 Swiss Franc	2/12/99	(16,280,216)
25,203,600 Swiss Franc	3/5/99	(17,168,325)
33,720,750 Swiss Franc	3/12/99	(22,987,011)
42,810,000 Swiss Franc	3/26/99	(29,225,833)
45,894,400 Swiss Franc	3/29/99	(31,342,297)
TOTAL FORWARD EXCHANGE CONTRACTS TO SELL (Contract Amount \$1,695,933,714)		<u><u>\$ (1,616,351,213)</u></u>

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Statement of Assets and Liabilities

March 31, 1998

ASSETS

Investments, at value (Cost \$1,937,117,893) (Note 1)	
<i>See accompanying schedule</i>	\$2,442,289,229
Cash and foreign currency (Cost \$2,394,804)	2,299,242
Net unrealized appreciation of forward exchange contracts (Note 1)	78,163,430
Receivable for Fund shares sold	13,425,129
Dividends and interest receivable	6,961,742
Receivable for investment securities sold	3,628,410
Unamortized organization costs (Note 5)	3,785
Prepaid expenses	7,771
Total Assets	<u>2,546,778,738</u>

LIABILITIES

Payable for investment securities purchased	\$14,823,097
Payable for Fund shares redeemed	1,521,566
Investment advisory fee payable (Note 2)	1,648,779
Transfer agent fees payable (Note 2)	141,483
Custodian fees payable (Note 2)	154,439
Accrued expenses and other payables	<u>548,632</u>
Total Liabilities	<u>18,837,996</u>

NET ASSETS \$2,527,940,742

NET ASSETS consist of

Undistributed net investment income	\$ 16,475,676
Accumulated net realized gain on securities, forward exchange contracts and foreign currencies	61,515,113
Net unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets	583,195,359
Par value	13,320
Paid-in capital in excess of par value	<u>1,866,741,742</u>
Total Net Assets	<u>\$2,527,940,742</u>

NET ASSET VALUE, offering and redemption price per share
($\$2,527,940,742 \div 133,197,435$ shares of common stock
outstanding) \$18.98

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Statement of Operations

For the Year Ended March 31, 1998

INVESTMENT INCOME

Dividends (net of foreign withholding taxes of \$5,085,836)	\$ 38,322,693
Interest (net of foreign withholding taxes of \$92)	<u>8,593,019</u>
Total Investment Income	<u>46,915,712</u>

EXPENSES

Investment advisory fee (Note 2)	\$23,717,001	
Administration fee (Note 2)	820,141	
Custodian fees (Note 2)	830,400	
Transfer agent fees (Note 2)	556,099	
Legal and audit fees	92,767	
Amortization of organization costs (Note 5)	22,286	
Directors' fees and expenses (Note 2)	24,878	
Other	1,018,098	
Waiver of fees by administrator (Note 2)	<u>(86,035)</u>	
Total Expenses		<u>26,995,635</u>

NET INVESTMENT INCOME	<u>19,920,077</u>
--	-------------------

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

(Notes 1 and 3):

Net realized gain (loss) on:		
Securities		85,939,033
Forward exchange contracts		97,491,059
Foreign currencies and net other assets		<u>(462,935)</u>
Net realized gain on investments during the year		<u>182,967,157</u>
Net change in unrealized appreciation of:		
Securities	340,589,403	
Forward exchange contracts	15,699,783	
Foreign currencies and net other assets	<u>144,365</u>	
Net unrealized appreciation on investments during the year		<u>356,433,551</u>

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS . .	<u>539,400,708</u>
--	--------------------

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$559,320,785</u></u>
---	-----------------------------

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE GLOBAL VALUE FUND

Statements of Changes in Net Assets

	Year Ended 3/31/98	Year Ended 3/31/97
Net investment income	\$ 19,920,077	\$ 8,308,612
Net realized gain on securities, forward exchange contracts and currency transactions during the year	182,967,157	120,005,899
Net unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets during the year	<u>356,433,551</u>	<u>54,898,049</u>
Net increase in net assets resulting from operations	559,320,785	183,212,560
Distributions:		
Dividends to shareholders from net investment income . . .	(87,707,202)	(14,614,831)
Dividends in excess of net investment income	(8,964,368)	(28,673,453)
Distributions to shareholders from net realized gain on investments	(54,368,991)	(44,555,478)
Net increase in net assets from Fund share transactions (Note 4)	<u>678,450,026</u>	<u>394,930,728</u>
Net increase in net assets	1,086,730,250	490,299,526
NET ASSETS		
Beginning of year	<u>1,441,210,492</u>	<u>950,910,966</u>
End of year (including undistributed net investment income of \$16,475,676 and \$11,956,516, respectively)	<u><u>\$2,527,940,742</u></u>	<u><u>\$1,441,210,492</u></u>

TWEEDY, BROWNE GLOBAL VALUE FUND

Financial Highlights

For a Fund share outstanding throughout each period.

	Year Ended 3/31/98	Year Ended 3/31/97	Year Ended 3/31/96(a)	Year Ended 3/31/95	Year Ended 3/31/94(a)(b)
Net asset value, beginning of year . . .	\$ 15.46	\$ 14.28	\$ 11.52	\$ 12.26	\$ 10.00
Income from investment operations:					
Net investment income (loss)(c)	0.26	0.12	0.15	0.10	(0.00)(d)
Net realized and unrealized gain (loss) on investments	4.62	2.18	2.81	(0.68)	2.26
Total from investment operations	4.88	2.30	2.96	(0.58)	2.26
Distributions:					
Dividends from net investment income	(0.79)	(0.19)	—	—	—
Dividends in excess of net investment income	(0.08)	(0.36)	—	—	—
Distributions from net realized gains	(0.49)	(0.57)	(0.05)	(0.06)	—
Distributions in excess of net realized gains	—	—	(0.15)	(0.10)	—
Total distributions	(1.36)	(1.12)	(0.20)	(0.16)	—
Net asset value, end of period	\$ 18.98	\$ 15.46	\$ 14.28	\$ 11.52	\$ 12.26
Total return(e)	33.09%	16.66%	25.88%	(4.74)%	22.60%
Ratios/Supplemental Data:					
Net assets, end of year (in 000's) . . .	\$2,527,941	\$1,441,210	\$950,911	\$655,035	\$297,434
Ratio of operating expenses to average net assets(f)	1.42%	1.58%	1.60%	1.65%	1.73%(g)
Ratio of net investment income (loss) to average net assets	1.05%	0.73%	1.15%	1.08%	(0.00)%(g)(h)
Portfolio turnover rate	16%	20%	17%	16%	14%
Average commission rate (per share of security)(i)	\$ 0.0142	\$ 0.0249	\$ 0.0206	N/A	N/A

(a) Per share amounts have been calculated using the monthly average share method, which more appropriately presents the per share data for the period since the use of the undistributed income method does not accord with results of operations.

(b) The Fund commenced operations on June 15, 1993.

(c) Net investment income (loss) for a Fund share outstanding, before the waiver of fees by the administrator and/or investment adviser for the years ended March 31, 1998, and 1997 and for the 7.5-month period ended March 31, 1994 were \$0.26, \$0.11, and \$(0.01) per share, respectively.

(d) Amount represents less than \$(0.01) per share.

(e) Total return represents aggregate total return for the periods indicated.

(f) Annualized expense ratio before the waiver of fees by the administrator and/or investment adviser for the years ended March 31, 1998, and 1997, and for the 7.5-month period ended March 31, 1994 were 1.43%, 1.58%, and 1.83%, respectively.

(g) Annualized.

(h) Amount represents less than (0.01)% per share.

(i) Average commission rate (per share of security) as required by amended disclosure requirements effective September 1, 1995.

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

Notes to Financial Statements

1. Significant Accounting Policies

Tweedy, Browne Global Value Fund (the “Fund”) is a diversified series of Tweedy, Browne Fund Inc. (the “Company”). The Company is an open-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Company was organized as a Maryland corporation on January 28, 1993. The Fund commenced operations on June 15, 1993. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

Portfolio Valuation Generally, the Fund’s investments are valued at market value or, in the absence of market value, by the Investment Adviser or at fair value as determined by or under the direction of the Company’s Board of Directors. Portfolio securities or other assets, listed on a U.S. national securities exchange or through any system providing for same day publication of actual prices (and not subject to restrictions against sale by the Fund on such exchange or system) are valued at the last quoted sale price prior to the close of regular trading. Portfolio securities and other assets listed on a foreign exchange or through any system providing for same day publication of actual prices are valued at the last quoted sale price available before the time when assets are valued. Portfolio securities and other assets for which there are no reported sales on the valuation date are valued at the mean between the last asked price and the last bid price prior to the close of regular trading. When the Investment Adviser determines that the last sale price prior to valuation does not reflect current market value, the Investment Adviser will determine the market value of those securities or assets in accordance with industry practice and other factors considered relevant by the Investment Adviser. All other securities and assets for which current market quotations are not readily available and those securities which are not readily marketable due to significant legal or contractual restrictions will be valued by the Investment Adviser or at fair value as

Notes to Financial Statements

determined by or under the direction of the Board of Directors. Debt securities with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, or by reference to other factors (i.e. pricing services or dealer quotations) by the Investment Adviser.

Repurchase Agreements The Fund engages in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund's investment adviser, acting under the supervision of the Company's Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Foreign Currency The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation (depreciation) of currencies and net other assets. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and

Notes to Financial Statements

the difference between the amounts of interest and dividends recorded on the books of the Fund and the amount actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

Forward Exchange Contracts The Fund has entered into forward exchange contracts for non-trading purposes in order to reduce its exposure to fluctuations in foreign currency exchange on its portfolio holdings. Forward exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time that it was opened and the value of the contract at the time that it was closed.

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

Securities Transactions and Investment Income Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Dividend income and interest income may be subject to foreign withholding taxes. The Fund's custodian applies for refunds where available. If the Fund meets the requirements of Section 853 of the Internal Revenue Code of 1986, as amended, the Fund may elect to pass through to its shareholders credits for foreign taxes paid.



Notes to Financial Statements

Dividends and Distributions to Shareholders Dividends from net investment income, if any, and distributions from realized capital gains after utilization of capital loss carryforwards, if any, will be declared and paid annually. Additional distributions of net investment income and capital gains from the Fund may be made at the discretion of the Board of Directors in order to avoid the application of a 4% non-deductible Federal excise tax on certain undistributed amounts of ordinary income and capital gains. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences and differing characterization of distributions made by the Fund.

Federal Income Taxes The Fund intends to qualify as a regulated investment company, if such qualification is in the best interest of its shareholders, by complying with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and by distributing substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

Expenses Expenses directly attributable to each Fund as a diversified series of the Company are charged to that Fund. Other expenses of the Company are allocated to each Fund based on the average net assets of each Fund.

2. Investment Advisory Fee, Other Related Party Transactions, and Administration Fee

The Company, on behalf of the Fund, has entered into an investment advisory agreement (the “Advisory Agreement”) with Tweedy, Browne Company LLC (“Tweedy, Browne”). Under the Advisory Agreement, the Company pays Tweedy, Browne a fee at the annual rate of 1.25% of the value of its average daily net assets. The fee is payable monthly, provided the Fund will make such interim payments as may be requested by the



TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements

adviser not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid.

The current and retired general partners and their families, as well as employees of Tweedy, Browne, the investment adviser to the Fund, have approximately \$31.1 million of their own money invested in the Fund.

The Company, on behalf of the Fund, has entered into an administration agreement (the "Administration Agreement") with First Data Investor Services Group, Inc. ("the Administrator"), a wholly owned subsidiary of First Data Corporation. Under the Administration Agreement, the Company pays the Administrator an administrative fee and a fund accounting fee computed daily and payable monthly at the following annual rates of the value of the average daily net assets of the Fund:

	Fees on Assets		
	Up to \$500 Million	Between \$500 and \$1 Billion	Exceeding \$1 Billion
Administration Fees	0.06%	0.04%	0.02%

	Up to \$100 Million	Exceeding \$100 Million
	Accounting Fees	0.03%

For the period from April 1, 1997 to May 15, 1997, the Administrator voluntarily waived administration and fund accounting fees of \$86,035. For the period from May 16, 1997 to March 31, 1998, the Administrator did not waive any administration fees.

Under the terms of the Administration Agreement, the Company will pay for fund administration services a minimum fee of \$40,000 per annum, not to be aggregated with fees for fund accounting services. The Company will pay a minimum monthly fee of \$4,000 for fund accounting services for the Fund, not to be aggregated with fees for fund administration services.

No officer, director or employee of Tweedy, Browne, the administrator or any parent or subsidiary of those corporations receives any compensation

Notes to Financial Statements

from the Company for serving as a director or officer of the Company. The Fund pays each director who is not an officer, director or employee of Tweedy, Browne, the administrator or any of their affiliates \$8,000 per annum plus \$500 per Regular or Special Board Meeting attended in person or by telephone, plus out-of-pocket expenses.

Boston Safe Deposit and Trust Company ("Boston Safe"), an indirect wholly owned subsidiary of Mellon Trust, serves as the Fund's custodian pursuant to a custody agreement (the "Custody Agreement"). On May 12, 1997, First Data Investors Services Group, Inc. replaced Unified Advisors, Inc. as the Fund's transfer agent. Tweedy, Browne also serves as the distributor to the Fund and pays all distribution fees. No distribution fees are paid by the Fund.

3. Securities Transactions

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments, for the year ended March 31, 1998, aggregated \$748,422,268 and \$263,066,996, respectively.

At March 31, 1998, the aggregate gross unrealized appreciation for all securities, in which there was an excess of value over tax cost, was \$661,020,228 and the aggregate gross unrealized depreciation for all securities, in which there was an excess of tax cost over value, was \$158,264,006.

For the year ended March 31, 1998, the Fund incurred total brokerage commissions of \$2,670,257.

4. Capital Stock

The Company is authorized to issue one billion shares of \$0.0001 par value capital stock, of which 600,000,000 of the unissued shares have been designated as shares of the Fund. Changes in shares outstanding for the Fund were as follows:

TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements

	Year Ended 3/31/98		Year Ended 3/31/97	
	Shares	Amount	Shares	Amount
Sold	58,530,975	\$1,007,774,368	35,117,166	\$ 522,414,402
Reinvested	8,222,804	133,167,149	5,409,129	78,324,194
Redeemed	(26,794,022)	(462,491,491)	(13,856,018)	(205,807,868)
Net increase	39,959,757	\$ 678,450,026	26,670,277	\$ 394,930,728

5. Organization Costs

The Fund bears all costs in connection with its organization including the fees and expenses of registering and qualifying its shares for distribution under Federal and state securities regulations. All such costs have been deferred and are being amortized over a five-year period using the straight-line method from the commencement of operations of the Fund. In the event that any of the initial shares of the Fund are redeemed during such amortization period, the Fund will be reimbursed for any unamortized organization costs in the same proportion as the number of shares redeemed bears to the number of initial shares held at the time of redemption.

6. Foreign Securities

Investing in securities of foreign companies and foreign governments involves economic and political risks and considerations not typically associated with investing in U.S. companies and the U.S. Government. These considerations include changes in exchange rates and exchange rate controls (which may include suspension of the ability to transfer currency from a given country), costs incurred in conversions between currencies, non-negotiable brokerage commissions, less publicly available information, different accounting standards, lower trading volume, delayed settlements and greater market volatility, the difficulty of enforcing obligations in other countries, less securities regulation, different tax provisions (including withholding on dividends paid to the Fund), war, expropriation, political and social instability and diplomatic developments.

7. Line of Credit

The Company and Mellon Trust, N.A. have entered into a Line of Credit Agreement (the “Agreement”) which provides the Fund with a \$50 million line of credit, primarily for temporary or emergency purposes, including the meeting of redemption requests that might otherwise require the untimely disposition of securities. The Fund may borrow up to the lesser of \$50 million or one-third of its net assets. Interest is payable at the bank’s money market rate plus 0.75% on an annualized basis. Under the Agreement, the Fund is charged a facility fee equal to 0.10% annually of the unutilized credit. The Agreement requires, among other provisions, the Fund to maintain a ratio of net assets (not including funds borrowed pursuant to the Agreement) to aggregated amount of indebtedness pursuant to the Agreement of no less than three to one. For the year ended March 31, 1998, the Fund did not borrow under this Agreement.

TWEEDY, BROWNE GLOBAL VALUE FUND

Report of Ernst & Young LLP, Independent Auditors

To the Shareholders and Board of Directors of
Tweedy, Browne Fund Inc.:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments and the schedule of forward exchange contracts, of Tweedy, Browne Global Value Fund (the "Fund") (one of the series of Tweedy, Browne Fund Inc.) as of March 31, 1998, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and financial highlights for each of the four years in the period then ended and for the period from June 15, 1993 (commencement of operations) to March 31, 1994. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of March 31, 1998, by correspondence with the custodian and brokers, or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tweedy, Browne Global Value Fund, a series of Tweedy, Browne Fund Inc., at March 31, 1998, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and financial highlights for each of the four years in the period then ended and for the period from June 15, 1993 (commencement of operations) to March 31, 1994, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Boston, Massachusetts
May 12, 1998

TWEEDY, BROWNE GLOBAL VALUE FUND

Tax Information (unaudited)

Year Ended March 31, 1998

For the fiscal year ended March 31, 1998, the amount of long-term capital gain designated by the Fund was \$45,461,377, of which \$24,813,397 and \$20,647,980 is taxable as 28% rate gain and 20% rate gain, respectively, for federal income tax purposes.

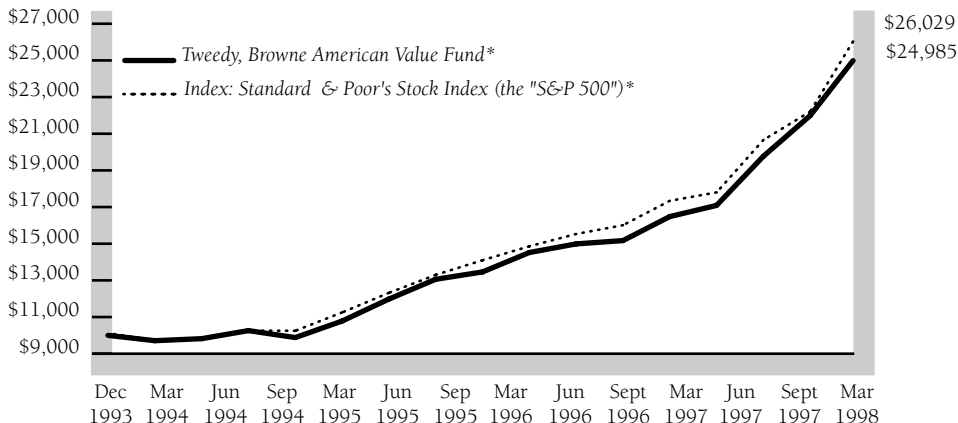
Of the ordinary income (including short-term capital gain) distributions made by the Fund during the fiscal year ended March 31, 1998, 2.04% qualify for the dividend received deduction available to corporate shareholders.

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio Highlights

March 31, 1998

Hypothetical Illustration of \$10,000 Invested in
Tweedy, Browne American Value Fund vs.
Standard & Poor's 500 Stock Index 12/8/93 through 3/31/98



The S&P 500 is an index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange and over-the-counter market and includes the reinvestment of dividends. Index information is available at month end only; therefore, the closest month end to inception date of the Fund, November 30, 1993, has been used.

AVERAGE ANNUAL TOTAL RETURN*			AGGREGATE TOTAL RETURN*		
The Fund	Actual	Without Waivers**	Year Ended 3/31/98	Inception 12/8/93-3/31/98	
Inception (12/8/93) through 3/31/98	23.66%	23.41%	The Fund 46.14%	149.85%	
Year Ended 3/31/98	46.14%	46.11%	S&P 500 47.96%	160.29%	

Note: The performance shown represents past performance and is not a guarantee of future results. The Fund's share price and investment return will vary with market conditions, and the principal value of shares, when redeemed, may be more or less than original cost.

* Assumes the reinvestment of all dividends and distributions.

** See Note 2 to Financial Statements.

Perspective On Assessing Investment Results

March 31, 1998

In accordance with rules and guidelines set out by the Securities and Exchange Commission, we have provided a comparison of the historical investment results of Tweedy, Browne American Value Fund to the historical investment results of the most appropriate broad-based securities market index, the Standard & Poor's 500 Stock Index (the "S&P 500"). However, the historical results of the S&P 500 in large measure represent the investment results of stocks that we do not own. Any portfolio which does not own exactly the same stocks in exactly the same proportions as the index to which the particular portfolio is being compared is not likely to have the same results as the index. The investment behavior of a diversified portfolio of undervalued stocks tends to be correlated to the investment behavior of a broad index; *i.e.*, when the index is up, probably more than one-half of the stocks in the entire universe of public companies that are included in the same index will be up, albeit, in greater or lesser percentages than the index. Similarly, when the index declines, probably most of the stocks in the entire universe of public companies that are included in the index will be down in greater or lesser percentages than the index. But it is almost a mathematical truth that "different stocks equal different results."

Favorable or unfavorable historical investment results in comparison to an index are not necessarily predictive of future comparative investment results. In *Are Short-Term Performance and Value Investing Mutually Exclusive?*, Eugene Shahan analyzed the investment performance of seven money managers, about whom Warren Buffett wrote in his article, *The Super Investors of Graham and Doddsville*. Over long periods of time, the seven managers significantly outperformed the market as measured by the Dow Jones Industrial Average (the "DJIA") or the S&P 500 by between 7.7% to 16.5% annually. (The goal of most institutional money managers is to outperform the market by 2% to 3%.) However, for periods ranging from 13 years to 28 years, this group of managers underperformed the market between 7.7% to 42% of the years. Six of the seven investment managers underperformed the market between 28% to 42% of the years. In today's environment, they would have lost many of their clients during their periods



Perspective On Assessing Investment Results

of underperformance. Longer term, it would have been the wrong decision to fire any of these money managers. In examining the seven long-term investment records, unfavorable investment results as compared to either index did not predict the future favorable comparative investment results which occurred, and favorable investment results in comparison to the DJIA or the S&P 500 were not always followed by future favorable comparative results. Stretches of consecutive annual underperformance ranged from one to six years. Mr. Shahan concluded “Unfortunately, there is no way to distinguish between a poor three-year stretch for a manager who will do well over 15 years, from a poor three-year stretch for a manager who will continue to do poorly. Nor is there any reason to believe that a manager who does well from the outset cannot continue to do well, and consistently.”

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998



<u>Shares</u>		<u>Market Value (Note 1)</u>
	COMMON STOCKS—DOMESTIC—72.4%	
	Advertising—0.2%	
6,680	Grey Advertising Inc.	\$ 2,461,580
	Apparel/Textiles—0.1%	
45,900	Chic by H.I.S. Inc.†	415,969
9,400	Garan Inc.	260,850
2,000	Thomaston Mills, Inc., Class A	16,874
		693,693
	Automotive Parts—0.5%	
170,400	Standard Motor Products, Inc.	3,269,550
23,300	Standard Products Company	767,444
5,200	Woodward Governor Company	146,575
		4,183,569
	Banking—11.3%	
56,700	BancFirst Corporation	2,275,088
10,200	Cape Cod Bank & Trust Company	439,875
259,207	Chase Manhattan Corporation	34,960,544
75,100	Comerica, Inc.	7,946,519
4,500	Community Financial Group—Bank of Nashville	63,844
156,110	First Chicago NBD Corporation	13,757,194
20,400	First Mortgage Corporation†	84,150
50,850	Mercantile Bancorp, Inc.	2,787,216
42,080	Mid-America Bancorp.	1,351,820
18,000	Peoples Bank Corporation of Indianapolis	679,500
246,700	PNC Bank Corporation	14,786,581
401,260	Popular, Inc.	23,548,946
36,000	Wells Fargo & Company	11,925,000
		114,606,277
	Basic Industries—2.5%	
100,500	ACX Technologies Inc.†	2,405,719
163,900	Alamo Group Inc.	2,970,688
155,000	Blessings Corporation	2,790,000
121,700	Gorman-Rupp Company	2,373,150
61,400	Monarch Machine Tool Company	491,200
70,200	Sequa Corporation, Class A†	5,194,800
16,000	Tecumseh Products Company, Class A	860,000
66,100	Tecumseh Products Company, Class B	3,726,388
78,000	Tremont Corporation†	4,533,750
		25,345,695
	Business and Commercial Services—1.3%	
716,000	Harland (John H.) Company	11,142,750
5,200	IIC Industries Inc.†	56,305
51,000	Norwood Promotional Products, Inc.†	1,013,625
12,500	Paris Corporation†	28,125
38,600	PriceSmart, Inc.†	620,013
		12,860,818

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS—DOMESTIC		
Chemicals—1.9%		
680,700	Lilly Industries Inc., Class A	\$ 13,443,825
232,900	Oil-Dri Corporation of America	3,726,400
77,500	Stepan Chemical Company	2,354,063
		<hr/> 19,524,288
Consumer Non-Durables—9.2%		
142,400	Bairnco Corporation	1,566,400
130,400	Coca-Cola Bottling Company	7,534,675
209,200	EKCO Group Inc.†	1,477,475
426,035	Great Atlantic & Pacific Tea Company, Inc.	12,887,559
19,000	Hyde Athletic Industries Inc., Class A†	86,688
25,000	Hyde Athletic Industries Inc., Class B†	107,031
248,000	M & F Worldwide Corporation†	2,247,500
49,800	OroAmerica Inc.†	317,475
869,470	Philip Morris Companies, Inc.	36,246,031
910,900	UST Inc.	29,376,525
57,200	Village Super Market Inc., Class A†	750,750
		<hr/> 92,598,109
Consumer Services—1.9%		
512,900	Jones Intercable Inc., Class A†	9,328,369
406,850	Pinkerton's, Inc.	9,382,978
		<hr/> 18,711,347
Electronic Equipment—0.0%††		
8,000	Espey Manufacturing and Electronics Corporation	123,000
Engineering and Construction—2.5%		
12,700	Atkinson (Guy F.) Company California†	1,389
42,700	Devcon International Corporation†	162,794
107,300	Harding Lawson Associates Group†	1,005,938
150,500	Hovnanian Enterprises, Inc.†	1,589,656
22,900	Liberty Homes, Inc., Class A	224,706
10,000	Liberty Homes, Inc., Class B	108,750
61,300	M/I Schottenstein Homes Inc.†	1,340,938
6,120	Oilgear Company	107,483
42,000	Oriole Homes Corporation, Class A†	217,875
91,500	Oriole Homes Corporation, Class B†	451,781
459,700	Ryland Group, Inc.	12,699,213
489,300	Standard-Pacific Corporation	7,431,243
55,000	Washington Homes, Inc.†	254,375
		<hr/> 25,596,141
Financial Services—12.5%		
369,030	American Express Company	33,881,567
332,300	Credit Acceptance Corporation†	3,094,544
684,380	Federal Home Loan Mortgage Corporation	32,465,276
126,800	Household International Inc.	17,466,700

■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS—DOMESTIC		
Financial Services—(Continued)		
18,600	HPSC Inc.†	\$ 104,625
20,800	Kent Financial Services Inc.†	122,200
345,550	Lehman Brothers Holdings Inc.	25,873,056
10,000	Letchworth Independent Bancshares Corporation	572,500
675,900	Phoenix Duff & Phelps Corporation	6,336,563
109,030	ReliaStar Financial Corporation	5,022,194
29,800	Value Line Inc.	1,271,155
1,604	Whitney Holding Corporation	95,538
		<hr/> 126,305,918 <hr/>
Food and Beverages—0.0%††		
2,177	United Foods, Inc., Class A†	7,620
3,269	United Foods, Inc., Class B†	11,237
		<hr/> 18,857 <hr/>
Furniture—0.9%		
29,900	Flexsteel Industries Inc.	411,125
147,450	O'Sullivan Corporation	1,382,344
598,400	O'Sullivan Industries Holdings, Inc.†	7,629,600
		<hr/> 9,423,069 <hr/>
Health Care—2.0%		
33,412	Johnson & Johnson	2,449,517
877,600	Sun Healthcare Group Inc.†	16,345,300
64,000	United Dental Care, Inc.†	1,156,000
8,000	Wyant Corporation†	66,875
		<hr/> 20,017,692 <hr/>
Insurance—9.4%		
15,200	Allstate Financial Corporation†	110,200
448,500	American Annuity Group Inc.	10,035,188
90,450	American General Corporation	5,850,984
77,400	American Indemnity Financial Corporation	948,150
115,125	American National Insurance Company	11,318,227
8,260	Kansas City Life Insurance Company	713,458
366,500	Leucadia National Corporation	14,430,938
21,600	Merchants Group Inc.	475,200
278,500	MMI Companies, Inc.	6,701,406
83,000	National Western Life Insurance Company†	8,805,780
239,200	NAC Re Corporation	12,543,050
13,200	RLI Corporation	712,800
69,900	TransFinancial Holdings, Inc.†	655,313
282,400	Transatlantic Holdings, Inc.	21,356,500
		<hr/> 94,657,194 <hr/>

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value</u> <u>(Note 1)</u>
	COMMON STOCKS—DOMESTIC	
	Leisure and Entertainment—0.3%	
35,100	Cable Michigan, Inc.†	\$ 908,213
93,600	C-TEC Corporation†	2,626,650
		<hr/> 3,534,863
	Metals and Metal Products—1.5%††	
562,100	ASARCO Inc.	15,001,044
	Oil and Gas—0.6%	
80,000	Isramco, Inc.†	46,250
5,600	Lufkin Industries, Inc.	182,000
41,460	Matrix Service Company†	312,246
175,200	Penn Virginia Corporation	5,113,650
10,000	Wiser Oil Company	127,500
		<hr/> 5,781,646
	Real Estate—1.3%	
600,600	American Real Estate Partners Ltd.	6,418,913
26,100	Arizona Land Income Corporation, Class A	166,387
18,012	Atlantic Realty Trust Inc.†	211,641
102,000	Koger Equity Inc.	2,295,000
13,200	Mays (J.W.), Inc.†	188,100
154,400	Price Enterprises Inc.	2,957,725
3,623	Public Storage, Inc.	111,860
36,025	Ramco-Gershenson Properties	734,009
20,000	Reading Entertainment†	263,750
		<hr/> 13,347,385
	Restaurant Chains—5.6%	
766,500	Darden Restaurants Inc.	11,928,656
713,900	McDonald's Corporation	42,834,000
83,400	Vicorp Restaurants Inc.†	1,537,688
		<hr/> 56,300,344
	Retail—3.8%	
99,000	Burlington Coat Factory Warehouse	1,720,125
1,000	Dart Group Corporation, Class A	137,500
217,000	Discount Auto Parts Inc.†	5,262,250
117,900	EZCORP Inc., Class A†	1,392,694
432,900	Fingerhut Companies, Inc.	11,228,344
90,100	Government Technology Services, Inc.	481,472
654,000	Jan Bell Marketing Inc.†	3,229,125
164,000	Kmart Corporation†	2,736,750
9,900	Mercantile Stores Company Inc.	665,156
89,600	Pennney (J.C.) Company, Inc.	6,781,600
130,100	Swiss Army Brands, Inc.†	1,496,150
158,700	Syms Corporation†	2,241,638
138,000	United Retail Group, Inc.†	875,438
		<hr/> 38,248,242

■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
	COMMON STOCKS—DOMESTIC	
	Technology—0.0%††	
44,600	Astrosystems Inc.	\$ 91,291
	Telecommunications—0.7%	
140,400	RCN Corporation†	7,011,225
15,300	TCI International Inc.†	81,281
		7,092,506
	Transportation/Transportation Services—2.4%	
303,200	GATX Corporation	23,649,600
53,100	KLLM Transport Services Inc.†	677,025
		24,326,625
	TOTAL COMMON STOCKS—DOMESTIC	
	(Cost \$498,749,771)	730,851,193
	COMMON STOCKS—FOREIGN—16.7%	
	Finland—0.3%	
18,300	Huhtamaki Group, Class I	994,131
15,500	Kone Corporation, Class B†	2,098,157
		3,092,288
	France—0.2%	
900	Bongrain SA	458,673
2,000	Compagnie Fives-Lille	138,731
2,725	Klepierre	437,283
3,512	Lyonnais des Eaux—Dumez†	506,933
2,300	Peugeot SA	396,162
		1,937,782
	Hong Kong—0.4%	
1,210,000	CDL Hotels International Ltd.	448,946
478,000	Jardine Strategic Holdings Ltd., ADR	1,309,720
1,952,000	Semi-Tech (Global) Ltd.	209,088
1,300,000	South China Morning Post (Holdings) Ltd.	872,404
525,000	Swire Pacific Ltd., Class B	504,762
182,000	Wing Hang Bank Ltd.	540,220
		3,885,140
	Ireland—0.0%††	
200,000	Crean (James) PLC	415,518
	Italy—0.1%	
72,100	Arnoldo Mondadori Editore SPA	829,985
	Japan—5.1%	
56,000	Agro-Kanesho Company Ltd.	386,424
63,000	Aichi Electric Company Ltd.	165,385
255,000	Amada Sonoike Company Ltd.	688,543
17,000	Amatsuji Steel Ball Manufacturing Company	136,434
104,000	Belluna Company Ltd.	733,246
62,000	Bunka Shutter Company Ltd.	184,617
33,000	CCI Corporation	226,724
1,000	Charle Company	8,326

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS—FOREIGN		
Japan—(Continued)		
89,000	Chiyoda Company	\$ 620,146
221,800	Chofu Seisakusho Company	2,994,487
56,000	Credia Company Ltd.	777,049
73,000	Daido Metal Company	224,489
105,000	Danto Corporation	715,882
179,000	Denkyosha	836,430
61,000	Denyo Company Ltd.	311,119
58,000	Dowa Fire & Marine Insurance Company	186,627
101,500	Exedy Corporation	610,561
93,000	Fuji Coca-Cola Bottling Company	851,003
76,800	Fuji Photo Film Company Ltd., ADR	2,832,000
17,000	Fuji Photo Film Ltd.	632,440
86,000	Fujicco Company Ltd.	967,560
88,000	Fujisawa Pharmaceutical Company	785,449
118,000	Fujitec Company Ltd.	772,653
262,000	Fukuda Denshi	3,163,848
310,000	Gakken Company Ltd.	660,341
160,000	Hitachi Koki	684,043
68,000	Hitachi Medical Corporation	724,245
31,000	Inaba Denkisangyo Company Ltd.	313,895
92,000	Katsuragawa Electric Company	369,173
269,000	Kawagishi Bridge Works	746,522
130,000	Koito Manufacturing	536,284
53,000	Koyosha Inc.	274,292
251,000	Mandom Corporation	1,976,749
95,000	Matsumoto Yushi-Seiyaku Company	1,802,738
19,000	Matsushita Electric Industrial Company	304,969
34,000	Meito Sangyo Company	300,919
54,000	Mitsubishi Electric Corporation	141,759
91,000	Mitsubishi Pencil Company Ltd.	832,702
200,000	Morito	1,080,068
58,000	Nankai Plywood Company Ltd.	226,214
107,000	Nippon Cable System	722,295
118,000	Nippon Konpo Unyu Soko	721,320
45,150	Nissan Fire & Marine Insurance Company	172,710
38,000	Nissin Company Ltd.	783,799
48,000	Nitto FC Company	291,618
139,000	Oak	307,557
64,100	Osaka Steel Company Ltd.	331,738
185,000	Prospect Japan Fund Ltd., ADR	797,350
119,000	Riken Vitamin	825,614
19,000	Sangetsu Company Ltd.	249,391
27,000	Sanko Sangyo Company	205,550
32,000	Sankyo Company Ltd.	888,055
73,100	Sanyo Shinpan Finance Company Ltd.	2,905,907
51,500	Shikoku Coca-Cola Bottling	517,607
99,000	Shin Nikkei Company Ltd.	104,699
73,000	SK Kaken Company Ltd.	832,252
155,000	Sonton Food Industry	1,488,093
200,000	Sotoh Company Ltd.	1,365,085

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
COMMON STOCKS—FOREIGN		
Japan—(Continued)		
139,000	Tachi-S	\$ 765,243
17,000	Takefuji Corporation	803,300
140,000	Teikoku Hormone Manufacturing Company	787,549
59,000	TENMA Corporation	663,791
90,000	Toa Medical Electronics Company	762,798
66,000	Tomita Electric Company Ltd.	356,422
10,000	Torii Company Ltd.	45,753
141,000	Torishima Pump Manufacturing	846,053
64,000	Toso Company Ltd.	312,019
78,000	Toyo Technical Company Ltd.	386,124
150,000	Tsubaki Nakashima Company Ltd.†	685,168
220,800	Tsuchiya Home Company	881,047
153,000	U-Shin	573,786
33,000	Yomeishu Seizo Company Ltd.	212,863
32,000	Zojirushi	240,015
		<hr/> 52,618,926
	Malaysia—0.1%	
485,000	Star Publications (Malaysia)	830,479
	Netherlands—1.1%	
21,000	European Vinyls Corporation	432,564
10,000	Heineken Holdings NV, Class A	1,987,976
36,500	Holdingmaatschappij De Telegraaf NV	772,820
120,800	Unilever NV, ADR	8,289,900
		<hr/> 11,483,260
	Singapore—0.3%	
518,000	Cycle & Carriage Ltd.	2,340,699
150,000	Fraser & Neave Ltd.	636,026
94,800	Robinson and Company Ord	286,366
		<hr/> 3,263,091
	Spain—0.1%	
7,600	Argentaria	628,759
16,000	Unipapel SA	546,791
		<hr/> 1,175,550
	Sweden—3.5%	
17,000	Marieberg Tidnings AB, Class A	516,310
804,300	Pharmacia & Upjohn, Inc., Depository Shares	34,681,102
		<hr/> 35,197,412
	Switzerland—2.8%	
3,650	Compagnie Financiere Richemont AG	4,905,592
2,000	Danzas Holding AG PC	517,931
2,000	Edipresse SA, Bearer	704,124
219,000	Nestle, ADR	20,912,180
10,666	Novartis AG, ADR	943,318
500	Swissair AG, Registered†	697,896
		<hr/> 28,681,041

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Portfolio of Investments

March 31, 1998

<u>Shares</u>		<u>Market Value (Note 1)</u>
	COMMON STOCKS—FOREIGN	
	United Kingdom—2.7%	
875,000	British Steel Ord	\$ 2,079,943
359,800	BTR Ord	1,180,517
274,000	Carlo Engineering Group PLC	800,389
172,000	Concentric PLC	336,877
445,000	Dowding & Mills PLC	521,451
60,000	Elementis PLC	139,109
163,670	Glaxo Wellcome PLC, Sponsored ADR	8,858,639
142,000	Hardys & Hansons PLC	562,178
189,385	McAlpine (Alfred) PLC	542,122
50,000	Molins PLC	231,430
187,307	Nycomed ASA, ADR, Class B	6,743,052
360,000	Pilkington PLC	735,220
65,000	SmithKline Beecham, PLC Units, ADR	4,066,563
150,000	Thistle Hotels PLC	443,190
		<hr/>
		27,240,680
	TOTAL COMMON STOCKS—FOREIGN	
	(Cost \$138,870,967)	<hr/> <u>170,651,152</u>
	COMMERCIAL PAPER—3.1% (Cost \$31,107,000)	
\$31,107,000	General Electric Capital Corporation, 6.120% due 4/1/98	<hr/> <u>31,107,000</u>
	U.S. TREASURY BILLS—0.1%	
200,000	5.873%** due 4/30/98	199,105
1,000,000	5.089%** due 1/7/99	962,689
		<hr/>
	TOTAL U.S. TREASURY BILLS	
	(Cost \$1,161,794)	<hr/> <u>1,161,794</u>
	REPURCHASE AGREEMENT—7.1%	
	(Cost \$71,684,000)	
71,684,000	Agreement with UBS Securities, Inc., 5.930% dated 3/31/98, to be repurchased at \$71,695,808 on 4/1/98, collateralized by \$57,405,000 U.S. Treasury Bonds, 10.000% due 5/15/10 (market value \$72,976,106)	<hr/> <u>71,684,000</u>
	TOTAL INVESTMENTS (Cost \$741,573,532*)	99.4% 1,005,455,139
	OTHER ASSETS AND LIABILITIES (Net)	<u>0.6 5,782,581</u>
	NET ASSETS	<u><u>100.0% \$1,011,237,720</u></u>

* Aggregate cost for Federal tax purposes was \$741,575,365.

** Rate represents annualized yield at date of purchase.

† Non-income producing security.

†† Amount represents less than 0.1% of net assets.

Abbreviations:

ADR—American Depository Receipt

Ord—Ordinary Share

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO BUY		
38,991,859 Japanese Yen	4/1/98	\$ 292,457
45,268,400 Japanese Yen	4/2/98	339,542
11,928,305 Japanese Yen	4/3/98	89,473
195,157 Great Britain Pound Sterling	4/2/98	326,693
945,239 Great Britain Pound Sterling	9/30/98	1,587,303
942,868 Great Britain Pound Sterling	10/29/98	1,584,025
6,727,742 Hong Kong Dollar	4/2/98	868,241
16,588,800 Norwegian Krone	10/29/98	2,192,465
TOTAL FORWARD EXCHANGE CONTRACTS TO BUY (Contract Amount \$7,336,282)		<u>\$ 7,280,199</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
2,994,600 Finnish Markka	4/30/98	(534,373)
7,879,250 Finnish Markka	10/29/98	(1,420,292)
2,156,800 Finnish Markka	2/12/99	(390,965)
2,726,350 Finnish Markka	3/26/99	(495,245)
8,051,715 French Franc	10/29/98	(1,313,816)
1,795,800 French Franc	2/12/99	(294,622)
945,239 Great Britain Pound Sterling	9/30/98	(1,587,303)
942,868 Great Britain Pound Sterling	10/29/98	(1,584,025)
6,478,959 Great Britain Pound Sterling	12/23/98	(10,893,400)
1,423,311 Great Britain Pound Sterling	2/12/99	(2,394,664)
1,358,780 Great Britain Pound Sterling	3/5/99	(2,286,668)
740,969 Great Britain Pound Sterling	3/26/99	(1,247,270)
303,545 Great Britain Pound Sterling	3/29/99	(510,980)
8,429,000 Hong Kong Dollar	1/19/99	(1,066,930)
10,603,450 Hong Kong Dollar	2/12/99	(1,338,742)
3,971,000 Hong Kong Dollar	3/29/99	(498,891)
325,497 Irish Punt	1/19/99	(440,113)
861,150,000 Italian Lira	10/29/98	(474,455)
357,270,000 Italian Lira	2/12/99	(197,792)
116,095,000 Japanese Yen	4/14/98	(872,400)
83,172,250 Japanese Yen	4/30/98	(626,729)
107,930,000 Japanese Yen	7/15/98	(821,699)
114,850,000 Japanese Yen	9/30/98	(884,284)
209,531,000 Japanese Yen	10/29/98	(1,620,354)
2,765,650,000 Japanese Yen	12/24/98	(21,572,915)
371,655,000 Japanese Yen	1/19/99	(2,909,752)
719,880,000 Japanese Yen	2/12/99	(5,655,028)
731,760,000 Japanese Yen	3/5/99	(5,765,163)
490,800,000 Japanese Yen	3/26/99	(3,878,003)
367,440,000 Japanese Yen	3/29/99	(2,904,581)
1,968,750 Malaysian Ringgit	12/24/98	(520,962)
1,256,400 Malaysian Ringgit	3/26/99	(328,901)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Schedule of Forward Exchange Contracts

March 31, 1998

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
3,968,000 Netherlands Guilder	10/29/98	\$ (1,924,435)
1,928,100 Netherlands Guilder	12/23/98	(937,872)
3,947,700 Netherlands Guilder	12/30/98	(1,920,944)
3,036,900 Netherlands Guilder	3/26/99	(1,483,948)
2,022,700 Netherlands Guilder	3/29/99	(988,536)
16,588,800 Norwegian Krone	10/29/98	(2,192,465)
1,721,500 Singapore Dollar	12/30/98	(1,061,258)
2,789,600 Singapore Dollar	2/12/99	(1,718,113)
499,050 Singapore Dollar	3/26/99	(307,070)
117,064,000 Spanish Peseta	10/29/98	(751,590)
34,537,500 Swedish Krona	7/15/98	(4,330,553)
14,603,300 Swedish Krona	10/29/98	(1,836,781)
28,080,410 Swedish Krona	12/23/98	(3,536,767)
15,597,800 Swedish Krona	12/30/98	(1,964,915)
28,105,000 Swedish Krona	2/12/99	(3,544,584)
19,657,500 Swedish Krona	3/29/99	(2,482,061)
2,064,000 Swiss Franc	7/15/98	(1,369,905)
2,794,900 Swiss Franc	9/30/98	(1,871,387)
2,425,900 Swiss Franc	10/29/98	(1,629,663)
2,030,475 Swiss Franc	12/23/98	(1,372,502)
6,252,075 Swiss Franc	12/30/98	(4,229,350)
2,879,000 Swiss Franc	1/19/99	(1,951,768)
1,409,000 Swiss Franc	2/12/99	(957,660)
2,854,000 Swiss Franc	3/26/99	(1,948,389)
2,151,300 Swiss Franc	3/29/99	(1,469,170)
TOTAL FORWARD EXCHANGE CONTRACTS TO SELL		
(Contract Amount \$129,275,000)		<u><u>\$(125,113,003)</u></u>

■ ■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Statement of Assets and Liabilities

March 31, 1998

ASSETS

Investments, at value (Cost \$741,573,532) (Note 1)		
<i>See accompanying schedule</i>		\$1,005,455,139
Cash and foreign currency (Cost \$46,826)		46,408
Receivable for Fund shares sold		9,453,632
Net unrealized appreciation of forward exchange contracts (Note 1)		4,105,914
Dividends and interest receivable		1,203,981
Unamortized organization costs (Note 5)		12,980
Prepaid expenses		2,129
Total Assets		<u>1,020,280,183</u>

LIABILITIES

Payable for investment securities purchased	\$6,466,656	
Payable for Fund shares redeemed	1,729,824	
Investment advisory fee payable (Note 2)	661,748	
Transfer agent fees payable (Note 2)	17,570	
Custodian fees payable (Note 2)	16,795	
Accrued expenses and other payables	<u>149,870</u>	
Total Liabilities		<u>9,042,463</u>

NET ASSETS \$1,011,237,720

NET ASSETS consist of

Undistributed net investment income	\$	1,863,348
Accumulated net realized gain on securities, forward exchange contracts and foreign currencies		3,396,288
Net unrealized appreciation on securities, forward exchange contracts, foreign currencies and net other assets		267,988,488
Par value		4,389
Paid-in capital in excess of par value		<u>737,985,207</u>
Total Net Assets		<u>\$1,011,237,720</u>

NET ASSET VALUE, offering and redemption price per share

(\$1,011,237,720 ÷ 43,890,504 shares of common stock
outstanding) \$23.04

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Statement of Operations

For the Year Ended March 31, 1998

INVESTMENT INCOME

Dividends (net of foreign withholding taxes of \$259,372)	\$ 9,689,519
Interest	3,076,982
Total Investment Income	<u>12,766,501</u>

EXPENSES

Investment advisory fee (Note 2)	\$7,652,123
Administration fee (Note 2)	276,624
Transfer agent fees (Note 2)	233,519
Custodian fees (Note 2)	99,912
Legal and audit fees	36,388
Amortization of organization costs (Note 5)	19,469
Directors' fees and expenses (Note 2)	18,190
Other	325,572
Waiver of fees by investment adviser and administrator (Note 2)	<u>(128,269)</u>
Total Expenses	<u>8,533,528</u>

NET INVESTMENT INCOME	<u>4,232,973</u>
--	------------------

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

(Notes 1 and 3)

Net realized gain (loss):	
Securities	12,672,600
Forward exchange contracts	2,539,174
Foreign currencies and net other assets	<u>(24,251)</u>
Net realized gain on investments during the year	<u>15,187,523</u>
Net change in unrealized appreciation (depreciation) of:	
Securities	200,994,165
Forward exchange contracts	2,625,383
Foreign currencies and net other assets	<u>31,849</u>
Net unrealized appreciation of investments during the year	<u>203,651,397</u>

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	<u>218,838,920</u>
--	--------------------

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$223,071,893</u></u>
---	-----------------------------

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Statements of Changes in Net Assets

	Year Ended 3/31/98	Year Ended 3/31/97
Net investment income	\$ 4,232,973	\$ 2,332,921
Net realized gain on securities, forward exchange contracts and currency transactions during the year	15,187,523	11,510,445
Net unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets during the year	<u>203,651,397</u>	<u>26,815,015</u>
Net increase in net assets resulting from operations	223,071,893	40,658,381
Distributions:		
Distributions to shareholders from net investment income	(5,448,502)	(2,924,069)
Distributions to shareholders from net realized gain on investments	(13,982,759)	(7,097,006)
Net increase in net assets from Fund share transactions (Note 4)	<u>465,129,709</u>	<u>110,231,566</u>
Net increase in net assets	668,770,341	140,868,872
NET ASSETS		
Beginning of year	<u>342,467,379</u>	<u>201,598,507</u>
End of year (including undistributed net investment income of \$1,863,348 and \$1,039,581, respectively)	<u><u>\$1,011,237,720</u></u>	<u><u>\$342,467,379</u></u>

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

TWEEDY, BROWNE AMERICAN VALUE FUND

Financial Highlights

For a Fund share outstanding throughout each year.

	Year Ended <u>3/31/98</u>	Year Ended <u>3/31/97</u>	Year Ended <u>3/31/96(a)</u>	Year Ended <u>3/31/95(a)</u>	Period Ended <u>3/31/94(b)</u>
Net asset value, beginning of year	\$ 16.22	\$ 14.29	\$ 10.71	\$ 9.71	\$ 10.00
Income from investment operations:					
Net investment income(c) . . .	0.11	0.13	0.15	0.13	0.01
Net realized and unrealized gain (loss) on investments . . .	<u>7.31</u>	<u>2.39</u>	<u>3.56</u>	<u>0.93</u>	<u>(0.30)</u>
Total from investment operations	<u>7.42</u>	<u>2.52</u>	<u>3.71</u>	<u>1.06</u>	<u>(0.29)</u>
Distributions:					
Dividends from net investment income	(0.17)	(0.17)	(0.11)	(0.06)	—
Distributions from net realized gains	<u>(0.43)</u>	<u>(0.42)</u>	<u>(0.02)</u>	—	—
Total distributions	<u>(0.60)</u>	<u>(0.59)</u>	<u>(0.13)</u>	<u>(0.06)</u>	—
Net asset value, end of year . . .	<u>\$ 23.04</u>	<u>\$ 16.22</u>	<u>\$ 14.29</u>	<u>\$ 10.71</u>	<u>\$ 9.71</u>
Total return(d)	<u>46.14%</u>	<u>17.75%</u>	<u>34.70%</u>	<u>11.02%</u>	<u>(2.90)%</u>
Ratios/Supplemental Data:					
Net assets, end of year (in 000's)	\$1,011,238	\$342,467	\$201,599	\$ 58,856	\$ 16,133
Ratio of operating expenses to average net assets(e) . . .	1.39%	1.39%	1.39%	1.74%	2.26%(f)
Ratio of net investment income to average net assets	0.69%	0.92%	1.13%	1.25%	0.64%(f)
Portfolio turnover rate	6%	16%	9%	4%	0%(g)
Average commission rate (per share of security)(h) . . .	\$ 0.0232	\$ 0.0302	\$ 0.0341	N/A	N/A

(a) Per share amounts have been calculated using the monthly average share method, which more appropriately presents the per share data for the period since the use of the undistributed income method does not accord with results of operations.

(b) The Fund commenced operations on December 8, 1993.

(c) Net investment income (loss) for a Fund share outstanding, before the waiver of fees by the investment adviser and/or administrator and/or custodian for the years ended March 31, 1998, 1997, 1996 and 1995 and the 3.75-month period ended March 31, 1994 was \$0.11, \$0.11, \$0.12, \$0.11 and \$(0.01), respectively.

(d) Total return represents aggregate total return for the periods indicated.

(e) Annualized expense ratios before the waiver of fees by the investment adviser and/or administrator and/or custodian for the years ended March 31, 1998, 1997, 1996 and 1995 and the 3.75-month period ended March 31, 1994 were 1.41%, 1.52%, 1.61%, 1.94% and 3.51%, respectively.

(f) Annualized.

(g) Amount rounds to less than 1.0%.

(h) Average commission rate (per share of security) as required by amended disclosure requirements effective September 1, 1995.

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

*Notes to Financial Statements***1. Significant Accounting Policies**

Tweedy, Browne American Value Fund (the “Fund”) is a diversified series of Tweedy, Browne Fund Inc. (the “Company”). The Company is an open-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Company was organized as a Maryland corporation on January 28, 1993. The Fund commenced operations on December 8, 1993. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

Portfolio Valuation Generally, the Fund’s investments are valued at market value or, in the absence of market value, by the Investment Adviser or at fair value as determined by or under the direction of the Company’s Board of Directors. Portfolio securities or other assets, listed on a U.S. national securities exchange or through any system providing for same day publication of actual prices (and not subject to restrictions against sale by the Fund on such exchange or system) are valued at the last quoted sale price prior to the close of regular trading. Portfolio securities and other assets listed on a foreign exchange or through any system providing for same day publication of actual prices are valued at the last quoted sale price available before the time when assets are valued. Portfolio securities and other assets for which there are no reported sales on the valuation date are valued at the mean between the last asked price and the last bid price prior to the close of regular trading. When the Investment Adviser determines that the last sale price prior to valuation does not reflect current market value, the Investment Adviser will determine the market value of those securities or assets in accordance with industry practice and other factors considered relevant by the Investment Adviser. All other securities and assets for which current market quotations are not readily available and those securities which are not readily marketable due to significant legal or contractual restrictions will be valued by the Investment Adviser or at fair value as

Notes to Financial Statements

determined by or under the direction of the Board of Directors. Debt securities with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, or by reference to other factors (i.e. pricing services or dealer quotations) by the Investment Adviser.

Repurchase Agreements The Fund engages in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund's Investment Adviser, acting under the supervision of the Company's Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Foreign Currency The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation (depreciation) of currencies and net other assets. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and

Notes to Financial Statements

the difference between the amounts of interest and dividends recorded on the books of the Fund and the amount actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

Forward Exchange Contracts The Fund has entered into forward exchange contracts for non-trading purposes in order to reduce its exposure to fluctuations in foreign currency exchange on its portfolio holdings. Forward exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time that it was opened and the value of the contract at the time that it was closed.

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

Securities Transactions and Investment Income Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Dividend income and interest income may be subject to foreign withholding taxes. The Fund's custodian applies for refunds where available. If the Fund meets the requirements of Section 853 of the Internal Revenue Code of 1986, as amended, the Fund may elect to pass through to its shareholders credits for foreign taxes paid.



Notes to Financial Statements

Dividends and Distributions to Shareholders Dividends from net investment income, if any, and distributions from realized capital gains after utilization of capital loss carryforwards, if any, will be declared and paid annually. Additional distributions of net investment income and capital gains from the Fund may be made at the discretion of the Board of Directors in order to avoid the application of a 4% non-deductible Federal excise tax on certain undistributed amounts of ordinary income and capital gains. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences and differing characterization of distributions made by the Fund.

Federal Income Taxes The Fund intends to qualify as a regulated investment company, if such qualification is in the best interest of its shareholders, by complying with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and by distributing substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

Expenses Expenses directly attributable to each Fund as a diversified series of the Company are charged to that Fund. Other expenses of the Company are allocated to each Fund based on the average net assets of each Fund.

2. Investment Advisory Fee, Other Related Party Transactions, and Administration Fee

The Company, on behalf of the Fund, has entered into an investment advisory agreement (the “Advisory Agreement”) with Tweedy, Browne Company LLC (“Tweedy, Browne”). Under the Advisory Agreement, the Company pays Tweedy, Browne a fee at the annual rate of 1.25% of the value of its average daily net assets. The fee is payable monthly, provided the Fund will make such interim payments as may be requested by the adviser not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid. From time to time, Tweedy, Browne may



TWEEDY, BROWNE AMERICAN VALUE FUND

Notes to Financial Statements

voluntarily waive a portion of its fee otherwise payable to it. For the year ended March 31, 1998, Tweedy, Browne voluntarily waived fees of \$105,730.

The current and retired general partners and their families, as well as employees of Tweedy, Browne, the investment adviser to the Fund, have approximately \$29.7 million of their own money invested in the Fund.

The Company, on behalf of the Fund, has entered into an administration agreement (the "Administration Agreement") with First Data Investor Services Group, Inc. ("the Administrator"), a wholly owned subsidiary of First Data Corporation. Under the Administration Agreement, the Company pays the Administrator an administrative fee and a fund accounting fee computed daily and payable monthly at the following annual rates of the value of the average daily net assets of the Fund.

	Fees on Assets		
	Up to \$500 Million	Between \$500 and \$1 Billion	Exceeding \$1 Billion
Administration Fees	0.06%	0.04%	0.02%
	Up to \$100 Million	Exceeding \$100 Million	
Accounting Fees	0.03%	0.01%	

For the period from April 1, 1997 to May 15, 1997, the Administrator voluntarily waived administration fees of \$22,539. For the period from May 16, 1997 to March 31, 1998, the Administrator did not waive any administration fees.

Under the terms of the Administration Agreement, the Company will pay for fund administration services a minimum fee of \$40,000 per annum, not to be aggregated with fees for fund accounting services. The Company will pay for a minimum monthly fee of \$3,000 for fund accounting services for the Fund, not to be aggregated with fees for fund administration services.

No officer, director or employee of Tweedy, Browne, the Administrator or any parent or subsidiary of those corporations receives any compensation

TWEEDY, BROWNE AMERICAN VALUE FUND

Notes to Financial Statements

from the Company for serving as a director or officer of the Company. The Fund pays each director who is not an officer, director or employee of Tweedy, Browne, the Administrator or any of their affiliates \$8,000 per annum plus \$500 per Regular or Special Board Meeting attended in person or by telephone, plus out-of-pocket expenses.

Boston Safe Deposit and Trust Company ("Boston Safe"), an indirect wholly owned subsidiary of Mellon Trust, serves as the Fund's custodian pursuant to a custody agreement (the "Custody Agreement"). From time to time, Boston Safe may voluntarily waive a portion of its fee otherwise payable to it. For the year ended March 31, 1998, Boston Safe did not waive any custody fees. On May 12, 1997, First Data Investors Services Group, Inc. replaced Unified Advisors, Inc. as the Fund's transfer agent. Tweedy, Browne also serves as the distributor to the Fund and pays all distribution fees. No distribution fees are paid by the Fund.

3. Securities Transactions

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments for the year ended March 31, 1998, aggregated \$406,746,627 and \$31,400,244, respectively.

At March 31, 1998, the aggregate gross unrealized appreciation for all securities, in which there was an excess of value over tax cost, was \$274,028,673 and the aggregate gross unrealized depreciation for all securities, in which there was an excess of tax cost over value, was \$10,148,899.

For the year ended March 31, 1998, the Fund incurred total brokerage commissions of \$636,393.

4. Capital Stock

The Company is authorized to issue one billion shares of \$0.0001 par value capital stock, of which 400,000,000 of the unissued shares have been designated as shares of the Fund. Changes in shares outstanding for the Fund were as follows:



TWEEDY, BROWNE AMERICAN VALUE FUND

Notes to Financial Statements

	Year Ended 3/31/98		Year Ended 3/31/97	
	Shares	Amount	Shares	Amount
Sold	29,306,959	\$ 598,418,949	9,381,470	\$146,286,093
Reinvested	854,761	17,761,820	599,957	9,419,276
Redeemed	(7,390,306)	(151,051,060)	(2,966,055)	(45,473,803)
Net Increase	22,771,414	\$ 465,129,709	7,015,372	\$110,231,566

5. Organization Costs

The Fund bears all costs in connection with its organization including the fees and expenses of registering and qualifying its shares for distribution under Federal and state securities regulations. All such costs have been deferred and are being amortized over a five-year period using the straight-line method from the commencement of operations of the Fund. In the event that any of the initial shares of the Fund are redeemed during such amortization period, the Fund will be reimbursed for any unamortized organization costs in the same proportion as the number of shares redeemed bears to the number of initial shares held at the time of redemption.

6. Line of Credit

Effective October 1, 1996, the Company and Mellon Trust, N.A. have entered into a Line of Credit Agreement (the "Agreement") which provides the Fund with a \$50 million line of credit, primarily for temporary or emergency purposes, including the meeting of redemption requests that might otherwise require the untimely disposition of securities. The Fund may borrow up to the lesser of \$50 million or one-third of its net assets. Interest is payable at the bank's money market rate plus 0.75% on an annualized basis. Under the Agreement, the Company is charged a facility fee equal to 0.10% annually of the unutilized credit. The Agreement requires, among other provisions, the Fund to maintain a ratio of net assets (not including funds borrowed pursuant to the Agreement) to aggregated amount of indebtedness pursuant to the Agreement of no less than three to one. For the year ended March 31, 1998, the Fund did not borrow under this Agreement.

TWEEDY, BROWNE AMERICAN VALUE FUND

Report of Ernst & Young LLP, Independent Auditors

To the Shareholders and Board of Directors of
Tweedy, Browne Fund Inc.:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments and schedule of forward exchange contracts, of Tweedy, Browne American Value Fund (the "Fund") (one of a series of Tweedy, Browne Fund Inc.) as of March 31, 1998, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and financial highlights for each of the four years in the period then ended and for the period from December 8, 1993 (commencement of operations) to March 31, 1994. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of March 31, 1998, by correspondence with the custodian and brokers, or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tweedy, Browne American Value Fund, a series of Tweedy, Browne Fund Inc., at March 31, 1998, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and financial highlights for each of the four years in the period then ended and for the period from December 8, 1993 (commencement of operations) to March 31, 1994, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Boston, Massachusetts
May 12, 1998

TWEEDY, BROWNE AMERICAN VALUE FUND

Tax Information (unaudited)

Year Ended March 31, 1998

For the fiscal year ended March 31, 1998, the amount of long-term capital gain designated by the Fund was \$7,211,443, of which \$5,992,206 and \$1,219,237 is taxable as 28% rate gain and 20% rate gain, respectively, for federal income tax purposes.

Of the ordinary income (including short-term capital gain) distributions made by the Fund during the fiscal year ended March 31, 1998, 59.95% qualify for the dividend received deduction available to corporate shareholders.

TWEEDY, BROWNE FUND INC.
2 Vanderbilt Avenue, NY, NY 10017
800-432-4789