

TWEEDY, BROWNE  
GLOBAL VALUE FUND

**ANNUAL**

MARCH 31, 1995



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 L.P. is a member of the NASD and is the Distributor of the Company.



# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Investment Manager's Report*

To Our Shareholders in the Tweedy, Browne Global Value Fund:

We are pleased to present the Annual Report of Tweedy, Browne Global Value Fund (the "Fund") for the year ended March 31, 1995. Over these past twelve months, most developed countries' stock markets were declining from high points reached in the early months of 1994. For example, Germany declined 9.5%; France was down 7.9%; Spain and Italy both dropped more than 14%; and Japan dropped 14%.

Within this stock market environment, the net asset value per share of your Fund declined 4.74%\* to \$11.52 per share, after adding back a dividend distribution of \$0.1633 per share paid on December 30, 1994, which is a better performance than if we had proportionally invested in the indices of the 18 countries in which we have your, and our, assets invested. (As of March 31, 1995, the general partners and employees of Tweedy, Browne have \$11.8 million invested in the Fund.) A year ago, there was a rush to invest outside the United States. International exposure in a portfolio was truly in vogue. A scant 12 months later, this fad has been called into question; and with the rise of the U.S. stock market indices so far in 1995, the financial headlines are trumpeting a return to U.S. stocks. The decline in most European and Asian stock markets along with the debacle in many emerging markets did not help to encourage investment outside the United States.

However, we did not establish the Fund to appeal to some transient investment fad for the purpose of increasing our assets under management. We started this Fund because there are approximately 7,500 publicly traded companies outside the United States in addition to the more than 10,000 U.S. public companies. By investing outside the U.S., we have increased an investor's chances of finding bargain stocks by

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

approximately 75%, which is somewhat analogous to choosing to grocery shop at an A&P instead of a 7-11. The more choices you have the greater the likelihood of finding a bargain. From an investment perspective, our prospecting is further enhanced by the fact that world stock markets may not perform in sync. For example, while the Standard & Poor's 500 Stock Index (the "S&P 500") has risen 9.7% in the first three months of 1995, Germany is down 8.2%, Switzerland is down 3.8%, and Japan is down 15.2%.

Declining markets are as much a friend to value investors as rising markets. Rising markets are a time to reap profits and declining markets are a time to sow seeds of future profits. U.S. stocks, as measured by the S&P 500, have produced annually compounded rates of return of 10.2% since January 1, 1926, well in excess of long-term U.S. government bonds or cash, whose comparable rates of return have been 4.8% and 3.7%, respectively. The results of major international stock markets have been comparable to the U.S. market, if not better. Compounded annual returns in developed stock markets for the 25-year period from 1970 through 1994 were\*:

|                |       |
|----------------|-------|
| United States  | 10.2% |
| United Kingdom | 12.6% |
| Germany        | 11.5% |
| France         | 11.8% |
| Netherlands    | 15.4% |
| Switzerland    | 12.9% |
| Sweden         | 15.0% |
| Japan          | 17.1% |
| Italy          | 5.7%  |

Global stock market returns, over the 35-year period from January 1, 1960 through December 31, 1994, have been 10.6%\*. Equities are, in fact, the only investment security that can produce after-tax rates of return in excess of inflation, thus preserving the purchasing power of your net worth. Investments in equity securities and U.S. Treasury securities

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\* Returns for 1970 through 1990 were calculated from Morgan Stanley Capital International source data by Roger Ibbotson and Gary Brinson in *Global Investing, (1993)*. Returns for 1991 through 1994 were calculated from Morgan Stanley Capital International Indices. Past performance is not a guarantee of future results and total return and principal value of investments will fluctuate with market changes; and shares, when redeemed, may be worth more or less than their original cost.

involve the risk of loss of principal; unless, in the case of treasury securities, they are held to maturity.

Since 1926, the pre-tax investment returns from stocks, as measured by the S&P 500, have exceeded the loss of purchasing power from inflation in every 20-year period. The pre-tax returns from U.S. government bonds and treasury bills beat inflation in 31% and 59% of the 20-year periods, respectively. This illustrates an important point regarding protection against the risk of inflation. As Jeremy Siegal, Professor of Finance at The Wharton School of the University of Pennsylvania, points out in his excellent book, *Stocks For the Long Run, (1994)*:

*In the long run, not only do stocks have higher returns than bonds, but also lower risk. This is because bondholders can never be compensated for unexpected inflation, a factor that cannot be ignored in our current world of paper money. The fact that stocks, in contrast to bonds or bills, have never offered investors a negative real (i.e., after inflation) holding period return yield over 20 years or more is also extremely significant. Although it might appear to be riskier to hold stocks than bonds, precisely the opposite is true: the safest long-term investment has clearly been stocks, not bonds.*

Corporations can increase the prices of their products to keep up with inflation. Bondholders generally receive a fixed contractual income, which does not increase when inflation increases your cost of living. Over the 69-year period, from 1926 through 1994, inflation has pushed up the cost of living at an average rate of 3.1% per year. At this inflation rate, every ten years you need 36% more money after taxes, just to be able to buy the same amount of food, clothes, cars, houses, vacations and college educations.

In addition, stocks have enjoyed tax advantages in comparison to bonds and treasury bills: unrealized capital gains defer taxes indefinitely until the stock is sold, and capital gains tax rates have often been less than the tax rates applied to interest income from bonds and treasury bills. The reason why long-term investment returns from stocks have exceeded the returns from bonds and treasury bills over the decades is that the retained earnings, which corporations keep inside their businesses, after paying out cash dividends to shareholders, have been reinvested in productive assets such as inventory on the shelves, factories, new product lines, equipment or other businesses. These assets build up over the years, like money retained in a savings account, and increase corporate net worth (i.e., book



value) and future earnings and dividends. When a corporation keeps some of its earnings in the business rather than paying all of it out to shareholders as a dividend, the management usually believes that it can earn a good return on the money. In addition, corporations use retained earnings to purchase their own shares in the stock market. When the number of shares outstanding is reduced, all of the company's earnings from its business are spread among a smaller number of remaining shares. This increases the per share earnings and future earnings and dividends for the remaining shareholders. Corporations also use retained earnings to build up cash or pay off their debt. Similar to paying off part of the mortgage on your house, this also builds up corporate net worth for shareholders. Over time, share prices have tended to increase as book value, earnings and dividends have increased; although there is no guarantee that this trend will continue or that an investor will profit from an increase in retained earnings.

Since 1945, the greatest amount of time that has been required to recoup one's original investment after a decline in the U.S. stock market has been 3½ years. This was the December 1972 to June 1976 period. According to the brokerage firm, Edward D. Jones & Co., *"Since 1953, the [U.S.] stock market has experienced ten declines which resulted in its value dropping between 15% and 22%. Each time, the market recovered fully in an average of just six months."* Over the past 68 years, the U.S. stock market declined in 20 years, which was 29% of the time, and increased in 48 years, or 71% of the time.

While we do not have comparable data for foreign stock markets over as long a period of time, the 35 years we do have lead us to believe that stock markets of developed countries perform in similar fashion. The problem of investing in equities/common stocks becomes one of timing. Returns do not come in a steady, predictable way like the interest on your savings account. The S&P 500 does not give you your proportional return each day of its 10.2% annual, long-term rate. In a study by Nicholas-Applegate Capital Management, a San Diego-based money management firm, the annually compounded rate of return from stocks from 1983 through 1992 was 16.2%. Therefore, \$10,000 invested at the beginning of 1983 was worth \$44,880 at the end of 1992. Out of 2,526 days that comprised this period, the investment returns on the 40 best days, which was only 1.6% of the time, accounted for 12.6% per year of the 16.2% per year total return, or 78% of the return. Without the



returns generated on the 40 best days, the compounded annual return over the entire 10-year period was just 3.6%. Ten thousand dollars invested at the beginning of 1983, and compounded at 3.6%, was worth \$14,242 at the end of 1992. For 2,486 out of 2,526 days, or 98.4% of the days, the investment return averaged only 3.6% per year, which was an almost imperceptible average daily investment return of 1.4/100 of 1% (for a \$100 stock, this would be an average increase of 1.4¢ per day). In other words, for 98.4% of the days, it looked like nothing was happening: a “do-nothing” investment. The same holds true for the Fund. Since inception of the Fund on June 15, 1993 through March 31, 1995, there have been 454 days the stock markets were open, and the Fund has earned a return of 16.8%, including dividends, over this period. If we eliminate the 15 best days, the 15 days in which our net asset value rose the most, the return falls to 0%. In other words, our appreciation was earned in only 15 out of 454 days, or 3.3%. The other 96.7% of the time, we were treading water.

Quarterly, monthly and daily investment returns have always been highly variable. Although the U.S. stock market is not the primary focus of the Fund’s investments, we believe that an analysis by Sanford Bernstein & Co. of monthly investment returns of the S&P 500 from 1926 to 1993 has relevance to any stock market, including the foreign stock markets in which the Fund invests. That study found that out of 816 months, which comprised the whole 68-year period, the returns in the 60 best months, or 7% of the time, averaged 11% per month. In the other 756 months, or 93% of the time, the average return was only  $\frac{1}{100}$  of 1% per month. The big returns in the U.S. stock market came from very high returns, which occurred in short, sudden “bursts” during a small percentage of the time. To get the benefits of the U.S. stock market, you had to be in it when the high returns happened.

Picking the 40 best days out of 2,526 days, or the 60 best months out of 816 months, is an odds play no one will win. To get the long-term investment return benefits of the U.S. stock market, you had to be in it when the returns were big, which was a small part of the time. As Charles Schwab’s mutual fund newsletter states: “*The lesson: once you’re in, stay in. Don’t try to time the market, because no one knows when the best days will come.*” Or, as the saying goes, “You’ve got to be in it to win it.”



Unfortunately, and to us inscrutably, most financial pundits spend their time and expend their intellect trying to predict what stock markets will do. They try to time your investment strategies despite the fact that such timing has as much chance of success as winning at roulette. One of the advantages of being in the investment business as long as we have is that it is a humbling experience. Our ability to predict which of our stocks will go up and when, comprises a batting average that would definitely throw us out of the major leagues, if not the game completely. However, this has had little influence on our long-term investment results. We have learned that stocks ranked by financial fundamentals, such as market price as a percent of book value, price earnings ratios and market price to cash flow, form a bell curve. Most stocks fall in the middle. A small percentage are at either extreme, and those stocks at the cheapest extreme have tended over long periods of time to produce the best rates of return. We discussed this in our September 30, 1994 Semi-Annual Report in reference to *What Has Worked in Investing*, our compilation of 44 academic studies on fundamental financial characteristics of stocks that have produced superior returns. (New shareholders of the Fund who have not received a copy of this booklet may request one by calling 800-432-4789.) As of March 31, 1995, 43% of the Fund's portfolio consisted of 138 issues, with an average market price to book value ratio of 66%. In one of our global databases, of 6,121 issues, 221, or 4%, have a weighted average price to book value ratio of 66% or less. Similarly, the Fund holds shares in 76 issues, representing an additional 42% of its assets with a weighted average price/earnings ratio of 9.4 times. According to Euro Equities International Market Comparisons, the European stock market is priced at 17.5 times earnings, and the U.S. stock market is 18.3 times earnings. In our global database 1,308 issues, representing 21% of the database, have a price/earnings ratio of 9.4 times or less. Seventy-nine percent of the companies are more expensive. As we discussed in considerable detail in *What Has Worked in Investing*, these characteristics have historically produced higher than average rates of return.

Most people toiling away in the investment business suffer from a conceit contradicted by the evidence that they can cherry pick the best performing stocks from a portfolio of stocks meeting the same fundamental financial criteria. We do not think you can. In the early 1980s, we had an investor in one of our investment pools who thought he could make just such a selection. Rather than paying us as managers, he redeemed his





investment of \$100,000 and bought what he believed was the cheapest stock among more than eighty in the portfolio. The company, Lazare Kaplan International, was a diamond wholesaler. At the peak of the diamond market, the market value of its inventory of stones less all liabilities on a per share basis far exceeded the market price of the stock. However, when the bottom fell out of the diamond market, an event few had predicted — including us — the value of Lazare Kaplan’s inventory plunged and the company was forced into bankruptcy. This was one of the few investments we have owned which suffered this corporate fate. We often think that investment managers would be better served to get a degree in history rather than an MBA.

The fact that the past twelve months has not produced positive returns does not concern us. Clearly, we would prefer to be up every year, year in and year out. However, that is simply not how equity/common stock returns are earned. We believe that if our portfolio has the financial characteristics that have produced satisfactory returns over long periods in the past, history is likely to repeat itself in the future. And, repatriating our investors’ money back into U.S. stocks simply because the U.S. stock market has done better in the recent past, is probably what we should not be doing.



This year, 1995, marks the 75th anniversary of Tweedy, Browne Company and we thought our fellow shareholders would enjoy reading a brief history of our firm, partly because of the characters who have been partners through the years, and partly because it helps explain why we are as committed to value investing as we are.

The firm was founded as Tweedy & Company in 1920 by Forrest Berwind Tweedy. When “Bill” Tweedy founded his firm, he concentrated in a niche market on Wall Street where he would have little or no competition. This niche was the market for closely held and inactively traded securities. At the time, he found that there were a number of companies with perhaps 50 to 150 shareholders, but no real market for their shares. Bill would attend the Annual Shareholders’ Meetings of these companies, copy down the shareholder registry, and send postcards to each of the shareholders. He hoped to find buyers and sellers within this group and act as their broker.



## FORREST BERWIND “BILL” TWEEDY (???? - 1958)

No one seems to recall where Bill Tweedy came from. He was a somewhat Dickensian character, suspenders, bushy mustache and ample pot belly. He worked at a roll-top desk covered with scraps of paper in an atmosphere reminiscent of the Collier Brothers. He ate lunch everyday — almost religiously — at the same chair, at the same table, at the same time at Schraffts Restaurant on Broad Street in downtown New York. He was not related to the famous thoroughbred horse-breeding “Tweedy” family, he never married, and he left no heirs. However, the partners have never considered dropping the name “Tweedy” from the firm’s shingle as its distinctive ring is remembered by clients, brokers, and others in the securities business.

Bill Tweedy continued his inactive securities business through the 1920s and into the 1930s, when a new and fortuitous client relationship began. Dr. Benjamin Graham was, at the time, a professor of investments at Columbia Business School, the co-author of the first textbook on securities analysis called (catchily enough!) *Security Analysis*, and author of *The Intelligent Investor*, a more layman-friendly guide to investing. Ben had a very simple investment philosophy. He believed there were two values to every share of stock:

1. The latest trade price; and
2. The value that a share would be worth if: (i) the entire company were acquired by a knowledgeable buyer; or, (ii) the assets of the company were liquidated and the proceeds, after paying off all liabilities, were paid out to the stockholders. He called this the *intrinsic value*.

Ben believed that investments should be made when large spreads between trading prices and intrinsic value were available in the market.

Ben was smart enough to realize he could make more money practicing his investment principles than writing about them, so he had a money management business with his partner, Mickey Newman. The inactive stocks in which Bill Tweedy made markets had a common characteristic: they traded at significant discounts to their intrinsic value, principally because they had no real following on Wall Street. Ben happened upon Tweedy in the early 1930s, and a brokerage relationship began. This relationship continued through the 1930s and into the 1940s

when, in 1945, Tweedy was joined by Howard Browne and Joe Reilly, then 41 and 43 years of age, respectively. The firm became Tweedy, Browne and Reilly. The three partners took office space next door to Ben Graham at 52 Wall Street. He was their largest customer and, in those days, stock certificates were delivered by hand and checks were exchanged. The new location of the firm meant they would not be exposed to the outside elements when settling trades with Ben.

Tweedy, Browne and Reilly was a fairly modest operation in those days. They had their niche of less actively traded stocks and bonds and were becoming known as a buyer of last resort for obscure stocks. The December 1950 financials showed partners' capital of approximately \$88,000 and a profit for the month of \$4,887.31: a particularly good month! Somehow, Howard and Joe managed to rear and educate four and six children, respectively, as they went about making markets in securities such as Franklin Railway Supply, Good Humor, Kentucky Boone Coal and Pocahontas Fuel.

#### *JOSEPH R. REILLY (1902 - 1992)*

The field of inactive securities has had a way of attracting its share of eccentrics, and Joe Reilly fit the mold. A charming and gracious man, he was something of a walking legend, literally. On weekends he would walk from his house in Flushing, Queens to his sister's home in Port Washington, Long Island and back, a total of 24 miles. When he later lived in Manhattan, he would walk from his home on 96th Street and Central Park West down to the office on Wall Street, about 10 miles, and he was in his seventies. He would not have a telephone in his house for years because he thought that with six kids he would never get to use it anyway. Joe retired in 1968, taking his pro-rata share of each of the firm's security positions (which numbered more than 800) and continued to come into the office to manage his own affairs until 1991, when failing health forced him to stay at home.

*HOWARD S. BROWNE (1904 - 1994)*

Howard began his career on Wall Street as a runner in 1920 at the age of sixteen so that he could support his widowed mother and three sisters. In 1928, he became a partner in the firm of Bristol and Willet, where he was in charge of bond trading. At Tweedy, Browne and Reilly, he was the trading desk partner. A man of few words, he was fond of saying, “No one ever learned anything by talking.” He and Joe were also unfailingly honest for they believed you could be “forgiven for stupidity, but not dishonesty”. These two qualities were admired by several of Howard’s customers who used him to buy and sell sensitive positions in over-the-counter stocks. Among these clients were the John W. Bristol Company, which managed the Princeton University endowment for many years; City Associates, one of the hottest hedge funds of the go-go 1960s; and Warren Buffett, for whom he acquired shares in Berkshire Hathaway.

In 1955 the firm gave desk space to Walter Schloss, who had left Ben Graham’s firm to set up his own investment fund. Walter was first lodged between the front door and the water cooler. If someone wanted a drink, Walter had to scrunch up against his desk, barely able to breath, so the one with a thirst could get by. Forty years later Walter is still lodged at Tweedy, Browne, only now he has a separate office, although not much of a view. Walter introduced Warren Buffett to the firm. He also introduced Tom Knapp, who, along with Walter and Warren, had worked for Ben Graham. In 1957, Bill Tweedy retired and Tom Knapp joined the firm as a partner.

Tom was not interested in trading undervalued stocks for a few points profit; he wanted to hold onto the best stocks for investment. After all, why buy Tremont Lumber for \$120 per share and sell it for \$125 per share when it was potentially worth much more per share? So, with Tom’s arrival, a transition began at Tweedy, Browne from being brokers to Ben Graham-style investors to being an investor ourselves.

*THOMAS P. KNAPP (1920 – )*

Tom grew upon on the south shore of Long Island, graduated from Princeton and, after a stint in the Navy in World War II, went to Columbia Business School where he studied under Ben Graham. Tom was always a bargain hunter, be it stocks, bonds, land or stamps. In 1958, Tom and Warren Buffett set out to corner the market in the then newly



out-of-print 4¢ American blue eagle airmail stamp. The theory must have been that the stamps would always be worth their postage value, and if they bought up all the surplus, they could reap the profits of the collectors' market. Letters were sent to post offices around the country, and garages were filled with stamps. As late as 1970, the firm did not have a postage meter because we were still working off Tom's supply of blue eagle stamps. Tom is now retired and living in John's Island, Florida, and we have a postage meter.

In 1968, when Joe Reilly retired, Edward L. Anderson, Jr. was invited to become a partner. Ed held a PhD in Chemistry from Washington State University and worked for the Atomic Energy Commission. After reading Ben Graham's books, Ed developed a passion for value investing. He and his friend and colleague, Dick Bechtolt, started an investment fund called Anbec Partners. They ran across Tweedy, Browne in the over-the-counter pink sheets and became a brokerage client. Ed met the value group and married Suzie Buffett's college roommate. He eventually left the Atomic Energy Commission and worked as a securities analyst for Charles Munger, currently Vice Chairman of Berkshire Hathaway. Ed brought Anbec Partners to Tweedy, Browne and, hence, they became our first investment clients. At the time of Joe Reilly's retirement and Ed's arrival, the partners decided to shorten the name to Tweedy, Browne because that was the way they answered the phone. However, Bill Maloney, the bookkeeper, assumed that Knapp would replace Reilly on the letterhead since Tom had been with the firm for eleven years. When the new stationery arrived with Tweedy, Browne & Knapp, the choice was to either: (i) throw it away and order new; or (ii) change the firm's name. The latter course was clearly less expensive and thus was born the predecessor to TBK Partners, our private investment partnership.

While Howard tended to his trading and brokerage, Tom cheerily picked the cheapest stocks for the investment portfolio. However, Ed brought a renewed enthusiasm to the investment process. He tracked down every stock in the *National Stock Summary* that our competitors were bidding on, had all the banks in *Polk's Bank Directory* cross-referenced with the pink sheets, and set out to find every stock selling for less than its net current assets (current assets less all liabilities — a favorite Graham measurement of value) on all the stock exchanges. In a world before databases, Ed was creating his own on rolodex cards.



*EDWARD L. ANDERSON, JR. (1928 - )*

Ed began his career as a scientist and has always applied the same analytical zeal to whatever field he explored. He believes in gathering all the data before making his decision, which may explain his conclusion that Ben Graham’s approach worked best. Ed brought Tweedy, Browne into the 20th Century by creating an in-house computerized portfolio management system which is still in use today. Ed retired from the firm in 1983 to pursue other interests, primarily in the field of improving American education. Ed continues to be a limited partner in TBK Partners and has left the major portion of his net worth to be managed by the current general partners. He lives in La Jolla, California, an appropriate home for a value investor as Ben Graham spent many of his retirement years there.

In 1973, Tweedy, Browne became a registered investment adviser after TBK Partners acquired working control of a closed-end mutual fund, The Cambridge Fund. Ed, assisted by Howard Browne’s son, Chris (whom Ed hired in June of 1969), engineered our first corporate takeover. The Cambridge Fund was a remnant of the go-go 1960s. It was initially offered to the public at \$10 per share and gradually lost more than 40% of its net asset value over the next few years. When we arrived on the scene, the shares were selling at 60% of net asset value. By purchasing enough shares of the fund, we were able to have the management of the portfolio changed to Tweedy, Browne, and the assets invested in stocks we selected. This was our version of a corporate takeover. However, with 510,000 shares outstanding and a total market capitalization of less than \$2 million, we are unlikely to be listed in any anthology of corporate raiders of the 1970s and 1980s.

*CHRISTOPHER H. BROWNE (1946 - )*

Chris walked into the office in June of 1969 to borrow \$5 from his father for the train home to New Jersey. Two days out of active duty training in the Army Reserves and with one more semester at the University of Pennsylvania that coming fall, he had not focused on plans for the summer. Ed, ever the inveterate teacher, launched into a two-hour explanation of value investing after which he offered Chris a job for the summer. He’s never left. When the fall came, the University of Pennsylvania told him to stay home. They had lowered the course require-



ments for graduation as a way of appeasing student bodies that were burning down campuses in those days, and said they would mail Chris his diploma at the end of the year.

Chris spent most of his time working with Ed, reading through *Standard & Poor's*, or *Moody's*, or the *Polk's Bank Directory*, looking for stocks selling below book value, or below net current assets. There were still no computerized databases of publicly traded companies so the process of finding cheap stocks was fairly labor intensive. In 1974, Chris was joined by John Spears, effectively doubling Tweedy's research staff. Tweedy's hiring practices were never very logical. If we found someone who liked our style of investment, and we had a spare desk, we would probably hire them. That is how John Spears came to work at Tweedy.

*JOHN D. SPEARS (1948 - )*

John was an analyst for a growth stock investment group in Connecticut who moonlighted running a Ben Graham-style partnership. He met the folks at Tweedy in the early 1970s and became a brokerage client. He has probably read nearly every biography of self-made millionaires and is in the enviable position of having his vocation and avocation be the same endeavor. John and Chris wrote the firm's first investment advisory brochure and have been partners since 1975.

*JAMES M. CLARK, JR. (1938 - )*

Jim walked into the office one day in August of 1976 with an idea for taking over a closed-end fund somewhat like The Cambridge Fund. He had been in the investment business at Whitney Communication Corporation before returning to school to study architecture. He soon tired of that profession and longed to be back in the investment business. As conversations progressed, Jim came to work at Tweedy in 1976, and a sister partnership to TBK Partners, Viridian Investments, was created for clients of Jim. Viridian eventually merged with TBK, and Jim has been a partner since 1983. In the early 1980s, we made highly profitable investments in several media companies, and it was Jim's experience at Whitney Communication Corporation which taught us how to value radio and television stations and newspapers.



Will was the last of the current partners to arrive. In 1977, Howard announced his intention to retire and Will was brought on board initially to oversee the trading and brokerage side of the business, despite his training as a securities analyst. Prior to joining the firm, Will would spend lunch hours at Tweedy, Browne talking about the stocks no one would buy at the firm where he worked. (These stocks usually made a lot of sense to us.) Clearly, his conversion had occurred long before he joined the church, so to speak. He gradually extricated himself from the day-to-day aspects of trading and put his experience to better use as an analyst. Will became a partner in 1983.



In 75 years, we have had only nine general partners. Six are still living and four are still active at the firm. We are pleased to say that our two retired partners, Tom and Ed, have entrusted us to manage a significant portion of their assets. In an industry where most people believe success is based on finding a guru who can predict the vagaries of the stock market or individual stocks, at Tweedy, we like to think success in investing can be taught and passed down. We strongly believe that good investment results require continuity and the adherence to sound investment principles. We think that after seventy-five years of doing the same thing, we are unlikely to change now.

The investment approach has not changed much over the years, although certain aspects of the process have become easier. Rather than leafing through every page of *Standard & Poor's*, we now have databases we can load into a computer and see the financial information on more than 17,000 companies worldwide. We can run screens of these companies, ranking them according to any value measurement we choose, and thus focus our efforts on individual companies that may hold investment potential. Our investment criteria remain the same, only our research has become more efficient.





Today, thirty people work at Tweedy. Many, such as Frank Dulmovitz, Arlene Albert and Geri Rosenberger, have been here for more than fifteen years and are well known to many of our clients. We, the partners, would rather do investment research and manage money than manage people. In an industry where some of the oldest firms on Wall Street have disappeared over the years, Tweedy, Browne is alive and well. And, we expect to be here on our 100th anniversary, in 2020.

Sincerely,

Christopher H. Browne  
William H. Browne  
James M. Clark, Jr.  
John D. Spears

General Partners  
TWEEDY, BROWNE COMPANY L.P.  
Investment Adviser to the Fund

April 24, 1995

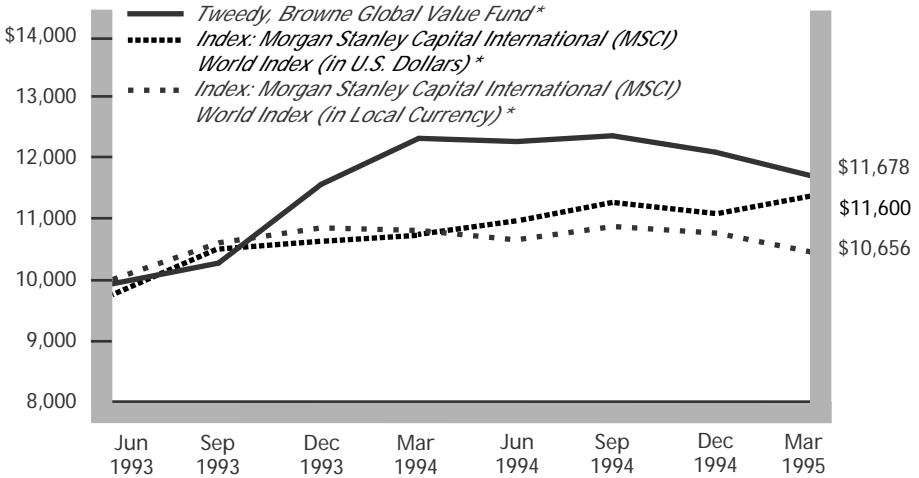


# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio Highlights

March 31, 1995

**Hypothetical Illustration of \$10,000 Invested in Tweedy, Browne Global Value Fund vs. Morgan Stanley Capital International (MSCI) World Index 6/15/93 through 3/31/95**



The Morgan Stanley Capital International (MSCI) World Index represents the monthly change in market capitalizations of Europe, Australia and the Far East (EAFE) plus Canada, the U.S. and South African Gold Mines, including dividends reinvested monthly, net after withholding taxes for foreigners. 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*        |         |                   |
|-------------------------------------|---------|-------------------|
|                                     | Actual  | Without Waivers** |
| Inception (6/15/93) through 3/31/95 | 9.04%   | 8.99%             |
| Year Ended 3/31/95                  | (4.74)% | Not Applicable    |

The Fund had an aggregate total return of 16.78%\* (16.69%\* without waivers) for the period from inception (June 15, 1993) through March 31, 1995. The Fund's benchmark index, the Morgan Stanley Capital International (MSCI) World Index, had an aggregate total return for the period May 31, 1993 through March 31, 1995 of 16.00%\* in U.S. Dollars and 6.56%\* in Local Currency.

**Note:** The performance shown represents past performance and is not a guarantee of future results. A 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 net of foreign withholding tax.

\*\* See Note 2 to Financial Statements.

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# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio Highlights

March 31, 1995

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 an index, the Morgan Stanley Capital International (MSCI) World Index, which in large measure represents the investments 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 equals 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? The Hare and the Tortoise Revisited* (an article in the Spring 1986 issue of Columbia University's *Hermes* magazine), V. Eugene Shahan analyzed the investment records of seven investment managers with exceptional long-term track records. This sample of investment managers had investment results which exceeded either the Dow Jones Industrial Average (the "DJIA") or the Standard & Poor's 500 Stock Index (the "S&P 500") by between 7.7% and 16.5% per year over periods ranging from 13 years to 28.25 years. None of the seven managers outperformed the S&P 500 each year. Six of the seven investment managers underperformed either the DJIA or the S&P 500 from between 28.3% to 42.1% of the years covered. In examining the seven long-term

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Portfolio Highlights*

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investment records, unfavorable investment results as compared to the 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, 1995

| <u>Shares</u> |  | <u>Market<br/>Value<br/>(Note 1)</u> |
|---------------|--|--------------------------------------|
|               | <b>COMMON STOCKS—93.2%</b>                             |                                      |
|               | <b>Australia—0.0%</b>                                  |                                      |
| 83,000        | Allied Queensland Coal Fields .....                    | \$ 34,678                            |
|               | <b>Austria—0.6%</b>                                    |                                      |
| 8,746         | SCA Laakirchen AG .....                                | 3,468,382                            |
| 6,233         | Waagner Biro AG .....                                  | 424,380                              |
|               |  | <hr/> 3,892,762                      |
|               | <b>Belgium—0.7%</b>                                    |                                      |
| 453           | Fabrique de Fer de Charleroi .....                     | 1,092,226                            |
| 1,125         | Glaces de Charleroi .....                              | 2,256,401                            |
| 590           | Henex SA .....   | 881,223                              |
| 138           | Spadel .....   | 208,571                              |
| 605           | UCO .....  | 326,489                              |
|               |  | <hr/> 4,764,910                      |
|               | <b>Canada—1.3%</b>                                     |                                      |
| 73,012        | BRL Enterprises Inc. ....                              | 193,091                              |
| 154,700       | Corby Distilleries Ltd., Class A .....                 | 3,724,996                            |
| 104,600       | Corby Distilleries Ltd., Class B .....                 | 2,467,245                            |
| 24,400        | E.L. Financial Corporation Ltd. ....                   | 1,264,429                            |
| 127,100       | Melcor Developments Ltd. ....                          | 874,406                              |
| 83,700        | Westfield Minerals Ltd. ....                           | 65,809                               |
|               |  | <hr/> 8,589,976                      |
|               | <b>Denmark—3.5%</b>                                    |                                      |
| 74,942        | Difko Holding, Class B .....                           | 1,375,588                            |
| 50,000        | Girobank A/S .....                                     | 1,927,313                            |
| 23,930        | Gronlandsbanken .....                                  | 907,038                              |
| 20,000        | Hartmann Gebrd., Series B .....                        | 3,377,386                            |
| 1,801         | Hoejgaard Holdings, Class A .....                      | 179,174                              |
| 10,700        | Nordvestbank .....                                     | 824,890                              |
| 44,738        | Ove Arkil, Class B .....                               | 3,366,846                            |
| 194,421       | Spar Nord Holdings .....                               | 6,602,035                            |
| 124,698       | Syd Sonderjylland Holdings† .....                      | 4,142,867                            |
|               |  | <hr/> 22,703,137                     |
|               | <b>Finland—3.4%</b>                                    |                                      |
| 743,900       | Kesko Ord .....  | 7,910,811                            |
| 99,850        | Kone Corporation, Class B .....                        | 11,910,948                           |
| 28,550        | Wemer Soderstrom, Class B .....                        | 2,409,060                            |
|               |  | <hr/> 22,230,819                     |
|               | <b>France—12.2%</b>                                    |                                      |
| 104,100       | Alcatel Alsthom Compagnie Generale d'Electricite ..... | 9,403,419                            |
| 14,400        | Alspi .....  | 928,260                              |
| 24,763        | Centenaire Blanzv .....                                | 1,313,072                            |
| 5,229         | Christian Dior, SA .....                               | 482,669                              |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Shares</u>             |   | <u>Market<br/>Value<br/>(Note 1)</u> |
|---------------------------|---|--------------------------------------|
| <b>COMMON STOCKS</b>      |   |                                      |
| <b>France—(Continued)</b> |   |                                      |
| 68,480                    | Compagnie Financiere de Paribas .....         | \$ 4,086,870                         |
| 265                       | Compagnie Financiere de Rombas .....          | 24,770                               |
| 119,650                   | Compagnie Financiere de Suez .....            | 5,794,653                            |
| 49,700                    | Compagnie Lebon SA .....                      | 2,532,023                            |
| 206                       | Didot Bottin .....                            | 25,702                               |
| 737                       | Docks Lyonnais .....                          | 17,816                               |
| 31,085                    | Eurafrance .....                              | 9,178,769                            |
| 1,147                     | Fiat France SA .....                          | 35,777                               |
| 65,531                    | Fonciere Financiere Et de Participation ..... | 2,984,256                            |
| 24,372                    | France SA .....                               | 3,547,598                            |
| 40,570                    | Gan Group SA .....                            | 1,248,567                            |
| 109                       | Gantois .....                                 | 29,420                               |
| 16,298                    | Guillard Musique .....                        | 528,694                              |
| 25,500                    | Idia .....                                    | 676,076                              |
| 2,022                     | Idianova .....                                | 25,228                               |
| 34,904                    | Investissements de Paris .....                | 958,789                              |
| 6,018                     | Jouets Clairbois .....                        | 140,282                              |
| 47,500                    | Klepierre .....                               | 5,630,069                            |
| 26,728                    | La Concorde .....                             | 4,121,192                            |
| 5,229                     | LVMH Moet Hennessey .....                     | 1,025,358                            |
| 54,850                    | Marine Wendel .....                           | 4,106,051                            |
| 3,347                     | Monneret Jouets .....                         | 69,599                               |
| 37,945                    | Paluel Marmont .....                          | 2,652,757                            |
| 8,892                     | Paris Orleans .....                           | 431,379                              |
| 45,100                    | Peugeot SA .....                              | 6,339,696                            |
| 22,368                    | Rallye .....                                  | 688,389                              |
| 2,048                     | Sabeton .....                                 | 447,162                              |
| 49,464                    | Salins du Midi, Series A .....                | 4,104,000                            |
| 80,000                    | Scor SA Ord .....                             | 1,879,809                            |
| 580                       | Sediver .....                                 | 25,328                               |
| 61,500                    | Siparex .....                                 | 1,023,082                            |
| 78,400                    | Vallourec .....                               | 3,342,067                            |
|                           |   | <hr/>                                |
|                           |   | 79,848,648                           |
| <b>Germany—2.6%</b>       |   |                                      |
| 21,798                    | Axel Springer Verlag, Class A .....           | 9,739,027                            |
| 30,083                    | Sinn AG .....                                 | 7,321,326                            |
| 3,069                     | Tiag Tabbert-Industrie AG .....               | 403,552                              |
|                           |   | <hr/>                                |
|                           |   | 17,463,905                           |
| <b>Hong Kong—1.5%</b>     |   |                                      |
| 1,856,000                 | Semi Tech (Global) .....                      | 3,084,532                            |
| 8,891,000                 | Sing Tao .....                                | 6,209,441                            |
| 4,400,000                 | Tomei International Holdings .....            | 307,294                              |
|                           |   | <hr/>                                |
|                           |   | 9,601,267                            |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Shares</u>            |  | <u>Market<br/>Value<br/>(Note 1)</u> |
|--------------------------|--|--------------------------------------|
| <b>COMMON STOCKS</b>     |  |                                      |
| <b>Italy—4.7%</b>        |  |                                      |
| 1,227,000                | Arnoldo Mondadori Editore SPA .....          | \$ 7,383,558                         |
| 2,625,900                | Banca Toscana .....                          | 5,482,479                            |
| 1,490,700                | Banco di Napoli .....                        | 957,715                              |
| 6,010,000                | Banco di Napoli Risp .....                   | 3,097,394                            |
| 371,350                  | Banco di Sardegna Risp .....                 | 2,240,062                            |
| 13,000                   | Bassetti SPA .....                           | 59,385                               |
| 87,000                   | Cementerie di Augusta .....                  | 122,284                              |
| 315,000                  | Cementerie di Barletta Ord .....             | 810,791                              |
| 788,000                  | Cementerie di Sardegna Ord .....             | 2,030,571                            |
| 460,000                  | Cementerie Siciliane Ord .....               | 1,037,189                            |
| 575,000                  | Falck Ord .....                              | 825,037                              |
| 519,220                  | Franco Tosi .....                            | 4,956,536                            |
| 544,000                  | Maffei SPA .....                             | 734,360                              |
| 77,500                   | Marangoni SPA .....                          | 198,345                              |
| 58,000                   | Serfi SPA .....                              | 186,908                              |
| 1,800,000                | Vianini Industria .....                      | 917,130                              |
|                          |  | <hr/> 31,039,744                     |
| <b>Japan—12.6%</b>       |  |                                      |
| 256,000                  | Amada Sonoike Company .....                  | 2,005,530                            |
| 344,000                  | Chofu Seisakusho .....                       | 8,124,424                            |
| 107,000                  | Chubu Steel Plate Company .....              | 714,978                              |
| 731,000                  | Daiichi Cement Company .....                 | 4,370,841                            |
| 583,000                  | Dowa Fire & Marine Insurance Company .....   | 3,089,631                            |
| 603,000                  | Fuji Photo Film Ltd. Ord .....               | 14,310,829                           |
| 346,000                  | Kawagishi Bridge Works .....                 | 3,308,525                            |
| 622,000                  | Kirin Brewery Company .....                  | 6,735,945                            |
| 479,000                  | Koa Fire & Marine Insurance Company .....    | 3,090,323                            |
| 171,000                  | Kokura Enterprises Company .....             | 3,211,175                            |
| 114,000                  | Koyosha Inc. ....                            | 1,049,378                            |
| 179,000                  | Matsuo Electric .....                        | 895,000                              |
| 785,000                  | Nichimo .....                                | 4,033,525                            |
| 886,000                  | Nissan Fire & Marine Insurance Company ..... | 6,124,424                            |
| 414,000                  | Nisshinbo Industries .....                   | 3,977,834                            |
| 593,000                  | Nittetsu Mining .....                        | 5,752,373                            |
| 108,000                  | Oak .....                                    | 727,880                              |
| 107,800                  | Shikoku Coca-Cola Bottling .....             | 1,564,839                            |
| 173,000                  | Taisei Fire & Marine Insurance Company ..... | 1,046,371                            |
| 571,000                  | Takeda Chemical Industries .....             | 7,499,309                            |
| 75,000                   | Teikoku Hormone Manufacturing Company .....  | 907,258                              |
|                          |  | <hr/> 82,540,392                     |
| <b>Netherlands—10.0%</b> |  |                                      |
| 2,500                    | Akzo NV Ord .....                            | 272,601                              |
| 95,900                   | Bolswessanen, Certificates .....             | 1,830,745                            |
| 27,350                   | Crown Van Gelder CVA .....                   | 2,734,469                            |
| 81,780                   | Econosto .....                               | 1,121,941                            |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Shares</u> |   | <u>Market<br/>Value<br/>(Note 1)</u> |
|---------------|---|--------------------------------------|
|               | <b>COMMON STOCKS</b>                            |                                      |
|               | <b>Netherlands—(Continued)</b>                  |                                      |
| 14,166        | Giessen-De Noord .....                          | \$ 622,450                           |
| 310,700       | Hal Trust Units .....                           | 2,995,813                            |
| 120,684       | Heineken Holdings NV, Class A .....             | 18,743,390                           |
| 198,575       | International Nederlanden Groep .....           | 9,779,045                            |
| 26,734        | Nedschroef Holdings .....                       | 1,191,984                            |
| 7,000         | N.K.F. Holdings Certificates .....              | 932,246                              |
| 9,230         | Twentsche Kabel .....                           | 1,369,597                            |
| 182,100       | Unilever NV CVA .....                           | 23,780,353                           |
|               |   | <hr/>                                |
|               |   | 65,374,634                           |
|               | <b>Norway—0.5%</b>                              |                                      |
| 259,400       | Nordlandsbanken .....                           | 2,984,266                            |
|               |   | <hr/>                                |
|               | <b>Singapore—0.9%</b>                           |                                      |
| 1,608,000     | Jardine Strategic Holdings .....                | 6,110,400                            |
|               |   | <hr/>                                |
|               | <b>Spain—2.3%</b>                               |                                      |
| 70,525        | Banco Herrero SA .....                          | 2,393,559                            |
| 94,986        | Banco Valencia, Registered .....                | 1,155,894                            |
| 461,758       | Cofir .....                                     | 1,247,896                            |
| 46,101        | Grupo Anaya .....                               | 1,256,803                            |
| 381,818       | Grupo Fosforera .....                           | 1,988,290                            |
| 40,793        | Hullas C. Cortes .....                          | 409,381                              |
| 15,684        | Indo Internacional .....                        | 607,282                              |
| 16,200        | Mercapital SA .....                             | 151,055                              |
| 40,043        | Moulinex Espana SA .....                        | 1,265,682                            |
| 29,943        | Omsa .....                                      | 131,910                              |
| 58,353        | Prim Grupo .....                                | 403,468                              |
| 45,068        | Roberto Zubiri .....                            | 213,677                              |
| 156,511       | Unipapel .....                                  | 3,957,607                            |
|               |   | <hr/>                                |
|               |   | 15,182,504                           |
|               | <b>Sweden—2.2%</b>                              |                                      |
| 741,350       | Atle Forvaltning F .....                        | 3,298,543                            |
| 777,360       | Bure Forvaltning AB† .....                      | 4,047,491                            |
| 65,440        | Hidef Capital .....                             | 278,777                              |
| 575,020       | Partnerinvesteringar .....                      | 2,566,255                            |
| 199,800       | Pharmacia, Class A .....                        | 3,539,726                            |
| 172,500       | Vencap AB Ord† .....                            | 769,850                              |
|               |   | <hr/>                                |
|               |   | 14,500,642                           |
|               | <b>Switzerland—14.3%</b>                        |                                      |
| 33            | Bank of International Settlements America ..... | 268,079                              |
| 755           | Bobst AG, Bearer .....                          | 1,040,000                            |
| 3,800         | Ciba-Geigy AG .....                             | 2,526,623                            |
| 2,475         | Daetwyler, Bearer .....                         | 4,294,371                            |

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



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Shares</u>                  |   | <u>Market<br/>Value<br/>(Note 1)</u> |
|--------------------------------|---|--------------------------------------|
| <b>COMMON STOCKS</b>           |   |                                      |
| <b>Switzerland—(Continued)</b> |   |                                      |
| 10,500                         | Danzas PC .....                             | \$ 1,854,305                         |
| 5,680                          | Danzas, Registered .....                    | 5,015,452                            |
| 2,430                          | Georg Fischer AG, Bearer .....              | 2,789,404                            |
| 750                            | Golay Buchel, Bearer .....                  | 672,185                              |
| 300                            | Harwanne Cie Part Industrielles .....       | 56,291                               |
| 6,580                          | Immuno International AG, Bearer .....       | 3,253,687                            |
| 22,277                         | Loeb Holdings PC .....                      | 4,189,846                            |
| 9,300                          | Magazin Zum Globus PC .....                 | 6,035,762                            |
| 4,700                          | Magazin Zum Globus, Registered .....        | 3,008,830                            |
| 24,439                         | Nestle SA, Registered .....                 | 23,845,559                           |
| 3,300                          | Rieter Holding PC AG .....                  | 839,205                              |
| 200                            | Sandoz AG .....                             | 128,918                              |
| 13,271                         | Saurer AG, Bearer .....                     | 4,394,371                            |
| 9,681                          | Sig Schweiz Industrie, Registered .....     | 8,975,762                            |
| 22,505                         | Swissair AG, Registered .....               | 12,419,978                           |
| 18,680                         | Swisslog Holding AG .....                   | 4,783,400                            |
| 3,050                          | Vetropack PC .....                          | 740,618                              |
| 4,849                          | Zschokke, Registered .....                  | 2,226,472                            |
|                                |   | <hr/> 93,359,118                     |
| <b>United Kingdom—5.9%</b>     |   |                                      |
| 4,990,330                      | Albert Fisher Group PLC Ord .....           | 3,394,370                            |
| 350,000                        | Budgens Ord .....                           | 189,886                              |
| 1,408,668                      | Dyson (J&J), Class A, Ord, Non-voting ..... | 1,437,242                            |
| 315,000                        | First Choice Holding .....                  | 545,852                              |
| 803,000                        | Folkes Group NV .....                       | 442,156                              |
| 1,950                          | French Property Trust .....                 | 2,179                                |
| 1,183,465                      | Guinness PLC Ord .....                      | 8,931,450                            |
| 760,500                        | Higgs & Hill .....                          | 911,405                              |
| 615,000                        | Intercare Group Ord .....                   | 537,836                              |
| 350,000                        | Johnston Group PLC .....                    | 1,745,820                            |
| 2,110,128                      | Lloyds Chemist .....                        | 6,612,572                            |
| 1,805,333                      | McAlpine (Alfred) PLC .....                 | 4,049,372                            |
| 2,169,411                      | Proudfoot Alexander .....                   | 2,143,149                            |
| 164,600                        | Smithkline Beecham, ADR .....               | 6,172,500                            |
| 1,901,288                      | Trio Holdings .....                         | 708,201                              |
| 600,000                        | Union PLC .....                             | 825,944                              |
|                                |   | <hr/> 38,649,934                     |
| <b>United States—14.0%</b>     |   |                                      |
| 221,000                        | American Express Company .....              | 7,707,375                            |
| 75,700                         | American National Insurance Company .....   | 4,125,650                            |
| 149,000                        | BanPonce Corporation, New .....             | 4,693,500                            |
| 247,500                        | Chase Manhattan Corporation .....           | 8,817,188                            |
| 68,000                         | Coca-Cola Bottling Company .....            | 1,989,000                            |
| 232,200                        | Comerica, Inc. ....                         | 6,385,500                            |
| 231,700                        | Continental Medical Systems Inc.† .....     | 1,795,675                            |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Shares</u>                    |  | <u>Market<br/>Value<br/>(Note 1)</u> |
|----------------------------------|--|--------------------------------------|
| <b>COMMON STOCKS</b>             |  |                                      |
| <b>United States—(Continued)</b> |  |                                      |
| 67,300                           | Digital Equipment Corporation†                       | \$ 2,548,988                         |
| 35,000                           | Federal Home Loan Mortgage Corporation               | 2,117,500                            |
| 113,600                          | First Chicago Corporation                            | 5,694,200                            |
| 132,590                          | Great Atlantic & Pacific Tea Company                 | 2,999,849                            |
| 193,100                          | Hasbro Inc.  | 6,517,125                            |
| 65,700                           | Household International Inc.                         | 2,857,950                            |
| 20,000                           | Independent Insurance Group Inc.                     | 250,000                              |
| 130,000                          | Kmart Corporation                                    | 1,787,500                            |
| 392,100                          | Lehman Brothers Holdings Inc.                        | 7,057,800                            |
| 48,750                           | Mercantile Bancorporation, Inc.                      | 1,779,375                            |
| 50,000                           | National Education Corporation                       | 162,500                              |
| 73,200                           | Philip Morris Companies Inc.                         | 4,776,300                            |
| 100,000                          | PNC Bank Corporation                                 | 2,437,500                            |
| 15,000                           | Polaroid Corporation                                 | 521,250                              |
| 35,000                           | RE Capital Corporation                               | 643,125                              |
| 89,300                           | Reebok International Ltd.                            | 3,181,313                            |
| 253,200                          | Salomon Inc.   | 8,577,150                            |
| 160,000                          | Syms Corporation                                     | 1,150,000                            |
| 7,500                            | Wells Fargo & Company                                | 1,172,813                            |
|                                  |  | <hr/>                                |
|                                  | <b>TOTAL COMMON STOCKS</b>                           |                                      |
|                                  | (Cost \$578,814,235)                                 | 610,617,862                          |
|                                  |  | <hr/>                                |
|                                  | <b>PREFERRED STOCK—0.1%</b>                          |                                      |
|                                  | (Cost \$348,266)                                     |                                      |
| 1,928                            | Stuttgarter Hofbrau, Preferred                       | 501,434                              |
|                                  |  | <hr/>                                |
|                                  | <b>COMMON STOCK RIGHTS—0.0%</b>                      |                                      |
|                                  | (Cost \$0)   |                                      |
| 201,000                          | Jardine Strategic Holdings, Rights, Expires 4/20/95† | 46,230                               |
|                                  |  | <hr/>                                |
|                                  | <b>COMMON STOCK WARRANTS—0.0%</b>                    |                                      |
| 20,877                           | Loeb Holdings PC, Expires 2/29/96†                   | 7,374                                |
| 105,920                          | Franco Tosi, Strike 20000, Expires 11/30/97†         | 22,673                               |
| 1,592                            | Rallye, Class A, Strike 140, Expires 12/31/95†       | 5,462                                |
| 1,592                            | Rallye, Class B, Strike 150, Expires 12/31/96†       | 6,654                                |
|                                  |  | <hr/>                                |
|                                  | <b>TOTAL COMMON STOCK WARRANTS</b>                   |                                      |
|                                  | (Cost \$22,447)                                      | 42,163                               |
|                                  |  | <hr/>                                |

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# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

Face  
Value

|  |  |                                    |
|--|--|------------------------------------|
| <b>CONVERTIBLE CORPORATE BONDS—0.1%</b>                  |  |                                    |
| ITL 24,500,000   | Grupo Anaya, Convertible Bond, 7.000% due 3/18/98 . . . . .  | \$ 193,599                         |
| SEK 2,592,000  | Kinnevik Investment, Convertible Bond, 10.500% due 7/21/97 . . . . .   | 690,564                            |
| <b>TOTAL CONVERTIBLE CORPORATE BONDS</b>                 |  |                                    |
| (Cost \$673,059) . . . . .                               |  | <u>884,163</u>                     |
| <br><b>COMMERCIAL PAPER—4.9%</b>                         |  |                                    |
| (Cost \$32,000,000)                                      |  |                                    |
| \$ 32,000,000  | Prudential Securities, 6.250% due 4/3/95 . . . . .   | <u>32,000,000</u>                  |
| <br><b>U.S. TREASURY BILLS—0.5%</b>                      |  |                                    |
| 525,000  | 4.920%** due 6/1/95 . . . . .  | 520,641                            |
| 530,000  | 5.330%** due 7/27/95 . . . . .   | 520,956                            |
| 1,054,000  | 5.460%** due 8/24/95 . . . . .   | 1,031,288                          |
| 1,100,000  | 5.900%** due 9/21/95 . . . . .   | <u>1,070,134</u>                   |
| <b>TOTAL U.S. TREASURY BILLS</b>                         |  |                                    |
| (Cost \$3,143,019) . . . . .                             |  | <u>3,143,019</u>                   |
| <br><b>REPURCHASE AGREEMENT—9.5%</b>                     |  |                                    |
| (Cost \$62,352,000)                                      |  |                                    |
| 62,352,000   | Agreement with UBS Securities, Inc., 6.150% dated 3/31/95, to be repurchased at \$62,383,955, on 4/3/95 collateralized by \$64,000,000 U.S. Treasury Notes, 6.625% due 3/31/97 . . . . . | <u>62,352,000</u>                  |
| <b>TOTAL INVESTMENTS (Cost \$677,353,026*) . . . . .</b> |  | 108.3% 709,586,871                 |
| <b>OTHER ASSETS AND LIABILITIES (Net) . . . . .</b>      |  | (8.3) (54,552,320)                 |
| <b>NET ASSETS . . . . .</b>                              |  | <u>100.0%</u> <u>\$655,034,551</u> |

\* Aggregate cost for Federal tax purposes.

\*\* Rate represents annualized yield at date of purchase (unaudited).

† Non-income producing security.

Abbreviations:

ADR—American Depositary Receipt

ITL—Italian Lira

SEK—Swedish Krona

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1995

| <u>Sector Diversification</u>            | <u>Percentage of<br/>Net Assets</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|--|-------------------------------------|--------------------------------------|
| <b>COMMON STOCKS:</b>                    |                                     |                                      |
| Food and Beverages .....                 | 11.9%                               | \$ 77,718,147                        |
| Banking .....                            | 10.3                                | 67,652,780                           |
| Holdings .....                           | 6.5                                 | 42,656,136                           |
| Financial Services .....                 | 5.8                                 | 37,948,090                           |
| Consumer Non-Durables .....              | 5.3                                 | 34,963,293                           |
| Engineering and Construction .....       | 4.1                                 | 27,099,299                           |
| Retail .....                             | 4.0                                 | 26,240,530                           |
| Insurance .....                          | 3.9                                 | 25,450,464                           |
| Printing and Publishing .....            | 3.7                                 | 24,126,529                           |
| Transportation .....                     | 3.5                                 | 22,907,999                           |
| Technology and Computers .....           | 2.5                                 | 16,240,557                           |
| Consumer Durables .....                  | 2.3                                 | 14,832,079                           |
| Mining and Metal Fabrication .....       | 2.1                                 | 14,102,322                           |
| Machinery .....                          | 1.9                                 | 12,623,780                           |
| Building Materials and Concrete .....    | 1.9                                 | 12,185,685                           |
| Communications .....                     | 1.8                                 | 11,930,041                           |
| Textiles .....                           | 1.7                                 | 11,299,160                           |
| Miscellaneous Manufacturing .....        | 1.7                                 | 11,043,785                           |
| Electronics .....                        | 1.6                                 | 10,157,856                           |
| Chemicals .....                          | 1.4                                 | 8,880,300                            |
| Health Care .....                        | 1.3                                 | 8,589,260                            |
| Paper .....                              | 1.1                                 | 7,425,990                            |
| Environmental Control .....              | 1.1                                 | 7,383,558                            |
| Pharmaceuticals .....                    | 1.1                                 | 7,208,676                            |
| Real Estate .....                        | 1.1                                 | 6,877,964                            |
| Autos .....                              | 1.0                                 | 6,779,024                            |
| Leisure .....                            | 1.0                                 | 6,727,006                            |
| Medical Research and Supplies .....      | 0.9                                 | 5,990,666                            |
| Packaging and Containers .....           | 0.5                                 | 3,377,386                            |
| Oil and Gas .....                        | 0.5                                 | 3,211,175                            |
| Utilities .....                          | 0.4                                 | 2,532,023                            |
| Consumer Services .....                  | 0.4                                 | 2,305,649                            |
| Closed-End Funds .....                   | 0.0                                 | 2,179                                |
| Other .....                              | 4.9                                 | 32,148,474                           |
| <b>Total Common Stocks .....</b>         | <b>93.2</b>                         | <b>610,617,862</b>                   |
| Preferred Stock .....                    | 0.1                                 | 501,434                              |
| Common Stock Rights .....                | 0.0                                 | 46,230                               |
| Common Stock Warrants .....              | 0.0                                 | 42,163                               |
| Convertible Corporate Bonds .....        | 0.1                                 | 884,163                              |
| Commercial Paper .....                   | 4.9                                 | 32,000,000                           |
| U.S. Treasury Bills .....                | 0.5                                 | 3,143,019                            |
| Repurchase Agreement .....               | 9.5                                 | 62,352,000                           |
| Other Assets and Liabilities (Net) ..... | (8.3)                               | (54,552,320)                         |
| <b>Net Assets .....</b>                  | <b>100.0%</b>                       | <b>\$655,034,551</b>                 |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1995

| <u>Contracts</u>                               | <u>Contract<br/>Value<br/>Date</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|--|------------------------------------|--------------------------------------|
| <b>FORWARD EXCHANGE CONTRACTS TO BUY</b>       |                                    |                                      |
| 1,102,576 Australian Dollar .....              | 4/28/95                            | \$ 807,321                           |
| 1,411,632 Australian Dollar .....              | 12/29/95                           | 1,020,504                            |
| 38,645,650 French Franc .....                  | 4/28/95                            | 8,025,142                            |
| 14,275,760 French Franc .....                  | 5/31/95                            | 2,960,137                            |
| 234,792 German Mark .....                      | 4/7/95                             | 170,593                              |
| 144,828 Great Britain Pound Sterling .....     | 4/5/95                             | 234,547                              |
| 1,327,481 Great Britain Pound Sterling .....   | 4/28/95                            | 2,149,479                            |
| 3,258,596 Great Britain Pound Sterling .....   | 5/31/95                            | 5,274,149                            |
| 3,845,677 Great Britain Pound Sterling .....   | 8/15/95                            | 6,218,411                            |
| 8,155,376 Hong Kong Dollar .....               | 4/7/95                             | 1,054,786                            |
| 212,639,750 Italian Lira .....                 | 4/28/95                            | 124,127                              |
| 4,227,782,000 Italian Lira .....               | 10/16/95                           | 2,411,335                            |
| 20,686,220 Japanese Yen .....                  | 4/3/95                             | 238,334                              |
| 2,013,340 Norwegian Krone .....                | 4/28/95                            | 326,539                              |
| 123,902,431 Spanish Peseta .....               | 4/7/95                             | 978,851                              |
| 786,172 Swiss Franc .....                      | 4/7/95                             | 694,344                              |
| 18,920,200 Swiss Franc .....                   | 4/28/95                            | 16,742,251                           |
| <b>TOTAL FORWARD EXCHANGE CONTRACTS TO BUY</b> |                                    |                                      |
| (Contract Amount \$45,603,073) .....           |                                    | \$ 49,430,850                        |
| <b>FORWARD EXCHANGE CONTRACTS TO SELL</b>      |                                    |                                      |
| 1,102,576 Australian Dollar .....              | 4/28/95                            | \$ (807,321)                         |
| 1,411,632 Australian Dollar .....              | 12/29/95                           | (1,020,504)                          |
| 7,008,810 Austrian Schilling .....             | 7/31/95                            | (725,159)                            |
| 6,171,416 Austrian Schilling .....             | 8/31/95                            | (639,165)                            |
| 7,749,133 Austrian Schilling .....             | 10/31/95                           | (804,254)                            |
| 7,752,660 Austrian Schilling .....             | 11/15/95                           | (805,072)                            |
| 2,738,859 Austrian Schilling .....             | 12/29/95                           | (284,888)                            |
| 5,145,000 Austrian Schilling .....             | 1/16/96                            | (535,500)                            |
| 3,449,340 Belgian Franc .....                  | 4/28/95                            | (122,729)                            |
| 8,470,000 Belgian Franc .....                  | 5/31/95                            | (301,509)                            |
| 8,723,473 Belgian Franc .....                  | 8/31/95                            | (310,956)                            |
| 4,509,400 Belgian Franc .....                  | 9/15/95                            | (160,770)                            |
| 17,785,120 Belgian Franc .....                 | 11/15/95                           | (634,600)                            |
| 31,763,585 Belgian Franc .....                 | 11/30/95                           | (1,133,606)                          |
| 12,781,883 Belgian Franc .....                 | 12/29/95                           | (456,350)                            |
| 24,312,600 Belgian Franc .....                 | 1/16/96                            | (868,224)                            |
| 22,748,000 Belgian Franc .....                 | 1/31/96                            | (812,498)                            |
| 2,134,200 Canadian Dollar .....                | 6/30/95                            | (1,517,578)                          |
| 3,483,171 Canadian Dollar .....                | 7/31/95                            | (2,473,140)                          |
| 844,575 Canadian Dollar .....                  | 8/31/95                            | (598,871)                            |
| 554,960 Canadian Dollar .....                  | 9/15/95                            | (393,278)                            |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1995

| <u>Contracts</u>                          | <u>Contract<br/>Value<br/>Date</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|---|------------------------------------|--------------------------------------|
| <b>FORWARD EXCHANGE CONTRACTS TO SELL</b> |                                    |                                      |
| 1,085,240 Canadian Dollar .....           | 10/31/95                           | \$ (767,870)                         |
| 1,417,190 Canadian Dollar .....           | 11/15/95                           | (1,002,317)                          |
| 777,238 Canadian Dollar .....             | 11/30/95                           | (549,492)                            |
| 674,638 Canadian Dollar .....             | 12/29/95                           | (476,631)                            |
| 284,540 Canadian Dollar .....             | 1/16/96                            | (200,920)                            |
| 198,996 Canadian Dollar .....             | 1/31/96                            | (140,456)                            |
| 9,280,900 Danish Krona .....              | 4/28/95                            | (1,701,975)                          |
| 6,577,062 Danish Krona .....              | 5/31/95                            | (1,204,726)                          |
| 3,902,400 Danish Krona .....              | 6/30/95                            | (714,380)                            |
| 16,354,662 Danish Krona .....             | 8/31/95                            | (2,989,898)                          |
| 11,727,503 Danish Krona .....             | 9/15/95                            | (2,143,408)                          |
| 17,122,825 Danish Krona .....             | 10/31/95                           | (3,126,541)                          |
| 25,824,763 Danish Krona .....             | 11/15/95                           | (4,713,958)                          |
| 7,210,691 Danish Krona .....              | 11/30/95                           | (1,315,799)                          |
| 2,485,300 Danish Krona .....              | 12/29/95                           | (453,245)                            |
| 23,368,000 Danish Krona .....             | 1/16/96                            | (4,260,030)                          |
| 5,562,000 Danish Krona .....              | 1/31/96                            | (1,013,650)                          |
| 11,098,000 Finnish Markka .....           | 5/31/95                            | (2,567,183)                          |
| 1,888,020 Finnish Markka .....            | 6/30/95                            | (436,774)                            |
| 16,884,525 Finnish Markka .....           | 7/31/95                            | (3,905,935)                          |
| 16,179,728 Finnish Markka .....           | 8/31/95                            | (3,742,254)                          |
| 11,799,690 Finnish Markka .....           | 9/15/95                            | (2,728,824)                          |
| 5,671,400 Finnish Markka .....            | 10/16/95                           | (1,311,232)                          |
| 13,494,647 Finnish Markka .....           | 10/31/95                           | (3,119,567)                          |
| 3,313,800 Finnish Markka .....            | 11/15/95                           | (765,939)                            |
| 13,803,419 Finnish Markka .....           | 11/30/95                           | (3,189,930)                          |
| 3,387,465 Finnish Markka .....            | 12/29/95                           | (782,552)                            |
| 38,645,650 French Franc .....             | 4/28/95                            | (8,025,142)                          |
| 14,275,760 French Franc .....             | 5/31/95                            | (2,960,137)                          |
| 26,412,010 French Franc .....             | 6/30/95                            | (5,471,855)                          |
| 33,917,285 French Franc .....             | 7/31/95                            | (7,021,703)                          |
| 32,542,625 French Franc .....             | 8/31/95                            | (6,734,144)                          |
| 19,795,650 French Franc .....             | 9/15/95                            | (4,095,906)                          |
| 160,152,000 French Franc .....            | 9/29/95                            | (33,134,734)                         |
| 12,508,530 French Franc .....             | 10/16/95                           | (2,587,552)                          |
| 15,917,018 French Franc .....             | 10/31/95                           | (3,292,330)                          |
| 5,618,675 French Franc .....              | 11/15/95                           | (1,162,124)                          |
| 59,369,422 French Franc .....             | 12/29/95                           | (12,280,382)                         |
| 14,978,700 French Franc .....             | 1/16/96                            | (3,098,413)                          |
| 3,936,000 French Franc .....              | 1/31/96                            | (814,234)                            |
| 672,520 German Mark .....                 | 4/28/95                            | (489,150)                            |
| 5,485,649 German Mark .....               | 7/31/95                            | (4,006,911)                          |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1995

| <u>Contracts</u>                              | <u>Contract<br/>Value<br/>Date</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|---|------------------------------------|--------------------------------------|
| <b>FORWARD EXCHANGE CONTRACTS TO SELL</b>     |                                    |                                      |
| 6,168,990 German Mark .....                   | 8/31/95                            | \$ (4,512,817)                       |
| 1,746,359 German Mark .....                   | 9/15/95                            | (1,278,470)                          |
| 300,600 German Mark .....                     | 10/31/95                           | (220,567)                            |
| 2,380,070 German Mark .....                   | 11/16/95                           | (1,747,804)                          |
| 2,489,110 German Mark .....                   | 11/30/95                           | (1,829,183)                          |
| 1,180,820 German Mark .....                   | 12/29/95                           | (869,042)                            |
| 2,237,460 German Mark .....                   | 1/16/96                            | (1,648,071)                          |
| 2,047,500 German Mark .....                   | 1/31/96                            | (1,509,201)                          |
| 139,719 Great Britain Pound Sterling .....    | 4/12/95                            | (226,260)                            |
| 1,327,480 Great Britain Pound Sterling .....  | 4/28/95                            | (2,149,479)                          |
| 3,258,596 Great Britain Pound Sterling .....  | 5/31/95                            | (5,274,149)                          |
| 397,062 Great Britain Pound Sterling .....    | 6/30/95                            | (642,497)                            |
| 2,208,366 Great Britain Pound Sterling .....  | 7/31/95                            | (3,571,795)                          |
| 15,467,626 Great Britain Pound Sterling ..... | 8/15/95                            | (25,010,956)                         |
| 548,768 Great Britain Pound Sterling .....    | 8/31/95                            | (887,094)                            |
| 3,348,534 Great Britain Pound Sterling .....  | 9/15/95                            | (5,411,396)                          |
| 909,241 Great Britain Pound Sterling .....    | 10/16/95                           | (1,468,472)                          |
| 341,912 Great Britain Pound Sterling .....    | 10/31/95                           | (552,036)                            |
| 140,883 Great Britain Pound Sterling .....    | 12/29/95                           | (227,158)                            |
| 8,155,376 Hong Kong Dollar .....              | 4/7/95                             | (1,054,786)                          |
| 7,740,600 Hong Kong Dollar .....              | 6/30/95                            | (1,001,174)                          |
| 7,759,500 Hong Kong Dollar .....              | 9/29/95                            | (1,002,967)                          |
| 95,447,505 Hong Kong Dollar .....             | 11/30/95                           | (12,335,004)                         |
| 492,240,000 Italian Lira .....                | 6/30/95                            | (284,839)                            |
| 955,196,170 Italian Lira .....                | 8/31/95                            | (548,122)                            |
| 1,200,833,500 Italian Lira .....              | 9/15/95                            | (687,665)                            |
| 36,104,405,000 Italian Lira .....             | 10/16/95                           | (20,592,316)                         |
| 815,100,000 Italian Lira .....                | 10/31/95                           | (464,033)                            |
| 986,550,000 Italian Lira .....                | 11/15/95                           | (560,606)                            |
| 3,837,518,000 Italian Lira .....              | 11/30/95                           | (2,176,696)                          |
| 5,736,695,358 Italian Lira .....              | 12/29/95                           | (3,242,592)                          |
| 862,250,000 Italian Lira .....                | 1/16/96                            | (486,283)                            |
| 7,132,000,000 Italian Lira .....              | 1/31/96                            | (4,014,590)                          |
| 181,677,000 Japanese Yen .....                | 4/28/95                            | (2,100,922)                          |
| 428,761,000 Japanese Yen .....                | 5/31/95                            | (4,977,987)                          |
| 89,830,000 Japanese Yen .....                 | 6/30/95                            | (1,047,016)                          |
| 2,835,750,000 Japanese Yen .....              | 7/14/95                            | (33,113,522)                         |
| 408,859,000 Japanese Yen .....                | 7/31/95                            | (4,785,190)                          |
| 764,249,039 Japanese Yen .....                | 8/31/95                            | (8,982,394)                          |
| 385,323,400 Japanese Yen .....                | 9/15/95                            | (4,538,187)                          |
| 58,134,000 Japanese Yen .....                 | 10/16/95                           | (687,723)                            |
| 537,884,000 Japanese Yen .....                | 10/31/95                           | (6,377,270)                          |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1995

| <u>Contracts</u>                          | <u>Contract<br/>Value<br/>Date</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|---|------------------------------------|--------------------------------------|
| <b>FORWARD EXCHANGE CONTRACTS TO SELL</b> |                                    |                                      |
| 383,920,000 Japanese Yen .....            | 11/15/95                           | \$ (4,562,087)                       |
| 325,672,700 Japanese Yen .....            | 11/30/95                           | (3,878,777)                          |
| 162,806,397 Japanese Yen .....            | 12/29/95                           | (1,947,688)                          |
| 296,821,000 Japanese Yen .....            | 1/16/96                            | (3,559,994)                          |
| 1,889,900 Netherlands Guilder .....       | 4/28/95                            | (1,224,331)                          |
| 10,286,248 Netherlands Guilder .....      | 5/31/95                            | (6,672,722)                          |
| 5,247,775 Netherlands Guilder .....       | 7/31/95                            | (3,413,065)                          |
| 6,623,980 Netherlands Guilder .....       | 8/31/95                            | (4,314,060)                          |
| 866,350 Netherlands Guilder .....         | 9/15/95                            | (564,619)                            |
| 1,556,820 Netherlands Guilder .....       | 10/16/95                           | (1,016,024)                          |
| 3,047,010 Netherlands Guilder .....       | 10/31/95                           | (1,989,886)                          |
| 7,111,430 Netherlands Guilder .....       | 11/15/95                           | (4,647,313)                          |
| 9,054,729 Netherlands Guilder .....       | 11/30/95                           | (5,921,239)                          |
| 4,407,148 Netherlands Guilder .....       | 12/29/95                           | (2,885,766)                          |
| 20,612,640 Netherlands Guilder .....      | 1/16/96                            | (13,507,531)                         |
| 10,724,000 Netherlands Guilder .....      | 1/31/96                            | (7,032,044)                          |
| 2,013,340 Norwegian Krone .....           | 4/28/95                            | (326,539)                            |
| 9,853,129 Norwegian Krone .....           | 7/31/95                            | (1,602,149)                          |
| 7,218,840 Norwegian Krone .....           | 10/31/95                           | (1,175,364)                          |
| 2,497,334 Norwegian Krone .....           | 11/15/95                           | (406,714)                            |
| 174,766,500 Spanish Peseta .....          | 5/31/95                            | (1,372,908)                          |
| 271,863,664 Spanish Peseta .....          | 8/31/95                            | (2,116,708)                          |
| 1,137,157,500 Spanish Peseta .....        | 10/16/95                           | (8,812,612)                          |
| 40,260,000 Spanish Peseta .....           | 11/15/95                           | (311,098)                            |
| 40,710,000 Spanish Peseta .....           | 11/30/95                           | (314,120)                            |
| 131,569,589 Spanish Peseta .....          | 12/29/95                           | (1,012,307)                          |
| 9,463,140 Swedish Krona .....             | 4/28/95                            | (1,277,435)                          |
| 9,888,450 Swedish Krona .....             | 5/31/95                            | (1,331,409)                          |
| 4,841,880 Swedish Krona .....             | 6/30/95                            | (650,629)                            |
| 1,544,600 Swedish Krona .....             | 7/31/95                            | (207,083)                            |
| 18,176,660 Swedish Krona .....            | 8/31/95                            | (2,431,243)                          |
| 21,110,810 Swedish Krona .....            | 9/15/95                            | (2,820,465)                          |
| 16,032,600 Swedish Krona .....            | 11/15/95                           | (2,131,215)                          |
| 15,502,083 Swedish Krona .....            | 11/30/95                           | (2,057,997)                          |
| 4,309,697 Swedish Krona .....             | 12/29/95                           | (570,664)                            |
| 12,606,650 Swedish Krona .....            | 1/16/96                            | (1,666,651)                          |
| 2,245,530 Swedish Krona .....             | 1/31/96                            | (296,471)                            |
| 18,920,200 Swiss Franc .....              | 4/28/95                            | (16,742,251)                         |
| 6,817,130 Swiss Franc .....               | 5/31/95                            | (6,049,663)                          |
| 413,130 Swiss Franc .....                 | 6/30/95                            | (367,468)                            |
| 7,163,524 Swiss Franc .....               | 7/31/95                            | (6,387,449)                          |
| 5,208,265 Swiss Franc .....               | 8/31/95                            | (4,655,374)                          |

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



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1995

| <u>Contracts</u>                                | <u>Contract<br/>Value<br/>Date</u> | <u>Market<br/>Value<br/>(Note 1)</u> |
|---|------------------------------------|--------------------------------------|
| <b>FORWARD EXCHANGE CONTRACTS TO SELL</b>       |                                    |                                      |
| 5,252,854 Swiss Franc .....                     | 9/15/95                            | \$ (4,700,759)                       |
| 759,780 Swiss Franc .....                       | 10/16/95                           | (681,700)                            |
| 5,431,625 Swiss Franc .....                     | 10/31/95                           | (4,879,973)                          |
| 8,462,450 Swiss Franc .....                     | 11/15/95                           | (7,613,321)                          |
| 1,221,225 Swiss Franc .....                     | 11/30/95                           | (1,100,202)                          |
| 42,569,600 Swiss Franc .....                    | 12/27/95                           | (38,447,594)                         |
| 391,950 Swiss Franc .....                       | 12/29/95                           | (354,054)                            |
| 8,259,600 Swiss Franc .....                     | 1/16/96                            | <u>(7,471,820)</u>                   |
| <b>TOTAL FORWARD EXCHANGE CONTRACTS TO SELL</b> |                                    |                                      |
| (Contract Amount \$483,520,432) .....           |                                    | <u><u>\$(533,485,061)</u></u>        |

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Assets and Liabilities

March 31, 1995

### ASSETS

|   |                      |
|---|----------------------|
| Investments, at value (Cost \$677,353,026) (Note 1) |                      |
| See accompanying schedule                           | \$709,586,871        |
| Foreign currency (Cost \$1,147,214)                 | 1,151,701            |
| Receivable for Fund shares sold                     | 2,730,899            |
| Dividends and interest receivable                   | 1,829,604            |
| Receivable for investment securities sold           | 226,275              |
| Unamortized organization costs (Note 5)             | 70,641               |
| Prepaid expense                                     | 6,262                |
| Other assets  | 39,444               |
| <b>Total Assets</b>                                 | <u>\$715,641,697</u> |

### LIABILITIES

|  |                     |
|--|---------------------|
| Net unrealized depreciation of forward exchange contracts (Note 1) | \$46,136,852        |
| Due to custodian   | 10,383,881          |
| Payable for investment securities purchased                        | 2,593,314           |
| Investment advisory fee payable (Note 2)                           | 692,414             |
| Payable for Fund shares redeemed                                   | 377,499             |
| Administration fee payable (Note 2)                                | 174,206             |
| Transfer agent fees payable (Note 2)                               | 75,554              |
| Accrued Directors' fees and expenses (Note 2)                      | 1,500               |
| Accrued expenses and other payables                                | 171,926             |
| <b>Total Liabilities</b>   | <u>\$60,607,146</u> |

**NET ASSETS** \$655,034,551

### NET ASSETS consist of

|  |                      |
|--|----------------------|
| Undistributed net investment income  | \$ 5,458,087         |
| Accumulated net realized gain on securities, forward exchange contracts, and foreign currencies                | 3,341,225            |
| Net unrealized depreciation of securities, forward exchange contracts, foreign currencies and net other assets | (13,824,237)         |
| Par value  | 5,688                |
| Paid-in capital in excess of par value   | <u>660,053,788</u>   |
| <b>Total Net Assets</b>  | <u>\$655,034,551</u> |

**NET ASSET VALUE**, offering price and redemption price per share (\$655,034,551 ÷ 56,878,782 shares of common stock outstanding)

\$11.52

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Operations

For the year ended March 31, 1995

### INVESTMENT INCOME

|   |                   |
|---|-------------------|
| Dividends (net of foreign withholding taxes of \$1,095,101) ..... | \$ 9,243,280      |
| Interest (net of foreign withholding taxes of \$2,067) .....      | 4,302,119         |
| <b>Total Investment Income</b> .....                              | <u>13,545,399</u> |

### EXPENSES

|   |                  |
|---|------------------|
| Investment advisory fee (Note 2) .....            | \$6,221,404      |
| Administration fee (Note 2) .....                 | 1,218,308        |
| Transfer agent fees (Note 2) .....                | 336,457          |
| Legal and audit fees .....                        | 41,114           |
| Amortization of organization costs (Note 5) ..... | 22,285           |
| Directors' fees and expenses (Note 2) .....       | 4,522            |
| Other .....                                       | <u>341,483</u>   |
| <b>Total Expenses</b> .....                       | <u>8,185,573</u> |

|                                    |                  |
|------------------------------------|------------------|
| <b>NET INVESTMENT INCOME</b> ..... | <u>5,359,826</u> |
|------------------------------------|------------------|

### REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

(Notes 1 and 3)

|  |                     |
|--|---------------------|
| Net realized gain (loss) on:                                     |                     |
| Securities .....   | 18,225,687          |
| Forward exchange contracts .....                                 | (20,045,081)        |
| Foreign currencies .....   | <u>(1,050,042)</u>  |
| Net realized loss on investments during the year .....           | <u>(2,869,436)</u>  |
| Net change in unrealized appreciation (depreciation) of:         |                     |
| Securities .....   | 1,582,144           |
| Forward exchange contracts .....                                 | (38,188,261)        |
| Foreign currencies and net other assets .....                    | <u>112,012</u>      |
| Net unrealized depreciation of investments during the year ..... | <u>(36,494,105)</u> |

|  |                     |
|--|---------------------|
| <b>NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS</b> ..... | <u>(39,363,541)</u> |
|--|---------------------|

|  |                              |
|--|------------------------------|
| <b>NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS</b> .. | <u><u>\$(34,003,715)</u></u> |
|--|------------------------------|

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Changes in Net Assets

|   | Year<br>Ended<br>3/31/95 | Period<br>Ended<br>3/31/94* |
|---|--------------------------|-----------------------------|
| Net investment income (loss) .....  | \$ 5,359,826             | \$ (4,043)                  |
| Net realized gain (loss) on securities, forward exchange<br>contracts and foreign currencies during the period .....  | (2,869,436)              | 2,792,934                   |
| Net unrealized appreciation (depreciation) of securities,<br>forward exchange contracts, foreign currencies and net<br>other assets during the period ..... | <u>(36,494,105)</u>      | <u>22,669,868</u>           |
| Net increase (decrease) in net assets resulting from operations..   | (34,003,715)             | 25,458,759                  |
| Distributions:  |                          |                             |
| Distributions to shareholders from net realized gain on<br>investments .....  | (3,010,114)              | —                           |
| Distributions in excess of net realized gain on investments ....  | (4,759,223)              | —                           |
| Net increase in net assets from Fund share<br>transactions (Note 4).....  | <u>399,373,423</u>       | <u>271,875,421</u>          |
| Net increase in net assets .....  | 357,600,371              | 297,334,180                 |
| <b>NET ASSETS</b>   |                          |                             |
| Beginning of period .....   | <u>297,434,180</u>       | <u>100,000</u>              |
| End of period (including undistributed net investment income<br>(accumulated net investment loss) of \$5,458,087 and<br>\$(221,223), respectively) .....    | <u>\$655,034,551</u>     | <u>\$297,434,180</u>        |

\* The Fund commenced operations on June 15, 1993.

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Financial Highlights

For a Fund share outstanding throughout each period.

|  | Year<br>Ended<br>3/31/95 | Period<br>Ended<br>3/31/94(a) (h) |
|--|--------------------------|-----------------------------------|
| Net asset value, beginning of period .....                     | \$ 12.26                 | \$ 10.00                          |
| Income from investment operations:                             |                          |                                   |
| Net investment income (loss) (c) .....                         | 0.10                     | (0.00) (f)                        |
| Net realized and unrealized gain (loss) on investments .....   | (0.68)                   | 2.26                              |
| Total from investment operations .....                         | (0.58)                   | 2.26                              |
| Distributions:   |                          |                                   |
| Distributions from net realized gains .....                    | (0.06)                   | —                                 |
| Distributions in excess of net realized gains .....            | (0.10)                   | —                                 |
| Total distributions .....                                      | (0.16)                   | —                                 |
| Net asset value, end of period .....                           | \$ 11.52                 | \$ 12.26                          |
| Total return (d) .....   | (4.74)%                  | 22.60%                            |
| Ratios/Supplemental Data:                                      |                          |                                   |
| Net assets, end of period (in 000's) .....                     | \$655,035                | \$297,434                         |
| Ratio of operating expenses to average net assets (e) .....    | 1.65%                    | 1.73% (b)                         |
| Ratio of net investment income (loss) to average net assets .. | 1.08%                    | (0.00)% (b) (g)                   |
| Portfolio turnover rate .....                                  | 16%                      | 14%                               |

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

(b) Annualized.

(c) Net investment (loss) for a Fund share outstanding, before the waiver of fees by the investment adviser was \$(0.01) for the period ended March 31, 1994.

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

(e) Annualized expense ratio before the waiver of fees by the investment adviser was 1.83% for the period ended March 31, 1994.

(f) Amount represents less than \$(0.01).

(g) Amount represents less than (0.01) %.

(h) 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.

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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *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 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 with respect to any portfolio securities, at fair value as determined by or under the direction of the Company’s Board of Directors. Portfolio securities that are traded primarily on a domestic exchange are valued at the last sale price on that exchange or, if there were no sales during the day, at the mean between the last ask price and the last bid price prior to the close of regular trading. Over-the-counter securities and securities listed or traded on certain foreign exchanges whose operations are similar to the United States (“U.S.”) over-the-counter market are valued at the mean between the current bid and ask prices. Portfolio securities that are traded primarily on foreign exchanges generally are valued at the preceding closing values of such securities on their respective exchanges, except that when an occurrence subsequent to the time that a value was so established is likely to have changed such value, then the fair value of those securities will be determined by consideration of other factors by or under the direction of the Company’s Board of Directors. Short-term investments that mature in 60 days or less are valued at amortized cost.

**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

## *Notes to Financial Statements*

collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its right 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 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 purposes other than trading 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 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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Notes to Financial Statements*

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.

**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. Accordingly, for the year ended March 31, 1995, permanent reclassification adjustments for forward exchange contracts and currency transactions were made between undistributed net investment income and accumulated net realized loss. In addition permanent differences resulting from a tax basis net operating loss were reclassified to paid-in capital. These adjustments increased undistributed net investment income by \$319,484, decreased accumulated net realized loss by \$10,969,884 and decreased paid-in capital by \$11,289,368.

The Fund designates distributions to shareholders of \$4,759,223 as long term capital gain dividends.

**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



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Notes to Financial Statements

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, Administration Fee and Other Related Party Transactions

The Company on behalf of the Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with Tweedy, Browne Company L.P. (“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.

The general partners and employees of Tweedy, Browne, the investment adviser to the Fund, have approximately \$11.8 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 The Shareholders Services Group, Inc. (“TSSG”), a wholly owned subsidiary of First Data Corporation. Under the Administration Agreement, the Company pays TSSG 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<br>\$200 Million | Between<br>\$200 and<br>\$500 Million | Exceeding<br>\$500 Million |
| Administration Fees | 0.12%                  | 0.10%                                 | 0.08%                      |
|                     | Up to<br>\$50 Million  | Between<br>\$50 and<br>\$100 Million  | Exceeding<br>\$100 Million |
| Accounting Fees     | 0.08%                  | 0.06%                                 | 0.04%                      |

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Notes to Financial Statements*

Under the terms of the Administration Agreement, the Company will pay for Fund Administration Services, a minimum fee of \$40,000 per Fund per annum, not to be aggregated with fees for Fund Accounting Services. The Company will pay for Fund Accounting Services a minimum fee of \$20,000 per Fund per annum, not to be aggregated with fees for Fund Administration Services.

Prior to the close of business on May 6, 1994, The Boston Company Advisors, Inc. ("Boston Advisors"), a wholly owned subsidiary of Mellon Bank Corporation ("Mellon"), served as the Fund's administrator and received fees equivalent to the current rate for its services. On May 6, 1994, Mellon sold the assets comprising Boston Advisors' third party mutual fund business to TSSG. Effective as of the close of business on that day, TSSG became the administrator pursuant to an assignment to TSSG by Boston Advisors of the Fund's administration agreement.

No officer, director or employee of Tweedy, Browne, TSSG or any parent or subsidiary of those corporations receives any compensation from the Company for serving as a director or officer of the Company. The Company pays each director who is not an officer, director or employee of Tweedy, Browne, TSSG or any of their affiliates \$2,000 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, serves as the Fund's custodian pursuant to a custody agreement (the "Custody Agreement"). Unified Advisers, Inc., serves as the Fund's transfer agent. Tweedy, Browne also serves as the distributor to the Fund. For the year ended March 31, 1995, no distribution fees were incurred by the Fund.

Notwithstanding the foregoing, TSSG and Boston Safe had each agreed to limit fees charged pursuant to the Administration Agreement and Custody Agreement to 0.42% of the value of the Fund's average daily net assets during the Fund's first 12 months of operation, which expired on June 15, 1994.

For the year ended March 31, 1995, the Fund incurred total brokerage commissions of \$1,336,935 of which \$7,960 was paid to its affiliates.

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Notes to Financial Statements

### 3. Purchases and Sales of Securities

Cost of purchases and proceeds from sales, excluding short-term investments, for the year ended March 31, 1995 aggregated \$404,653,433 and \$67,490,881, respectively.

At March 31, 1995, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$62,614,775 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$30,380,930.

### 4. Capital Stock

The Company is authorized to issue one billion shares of \$.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:

|              | Year Ended 3/31/95 |                | Period Ended 3/31/94* |               |
|--------------|--------------------|----------------|-----------------------|---------------|
|              | Shares             | Amount         | Shares                | Amount        |
| Sold         | 43,211,400         | \$ 526,880,460 | 26,617,894            | \$300,748,974 |
| Reinvested   | 610,480            | 7,251,537      | —                     | —             |
| Redeemed     | (11,196,210)       | (134,758,574)  | (2,374,782)           | (28,873,553)  |
| Net increase | 32,625,670         | \$ 399,373,423 | 24,243,112            | \$271,875,421 |

\* The Fund commenced operations on June 15, 1993.

### 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**

On April 29, 1994, the Fund and Mellon Bank, N.A. entered into a Line of Credit Agreement (the "Agreement") which provided the Fund with a \$30 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. Effective January 31, 1995, this Agreement was amended to provide the Fund with a \$50 million line of credit. 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, 1995, 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 the Tweedy, Browne Global Value Fund (one of the funds of Tweedy, Browne Fund Inc.) as of March 31, 1995, the related statement of operations for the year then ended and the related statement of changes in net assets and financial highlights for the year then ended and for the period from June 15, 1993 (date of commencement) 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. Our procedures included confirmation of securities owned as of March 31, 1995, by correspondence with the custodian and brokers and 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 the Tweedy, Browne Global Value Fund, a fund of Tweedy, Browne Fund Inc., at March 31, 1995, the results of its operations for the year then ended and the changes in its net assets and its financial highlights for the year then ended and for the period from June 15, 1993 to March 31, 1994, in conformity with generally accepted accounting principles.

Boston, Massachusetts  
May 8, 1995

*Ernst & Young LLP*

TWEEDY, BROWNE FUND INC.  
52 Vanderbilt Avenue, NY, NY 10017  
800-432-4789 or 800-873-8242