



TWEEDY, BROWNE
GLOBAL VALUE FUND

SEMI-ANNUAL

SEPTEMBER 30, 1995

TWEEDY, BROWNE FUND INC.

52 Vanderbilt Avenue, NY, NY 10017

800-432-4789 or 800-873-8242

TWEEDY, BROWNE GLOBAL VALUE FUND

Investment Manager's Report

To Our Shareholders in Tweedy, Browne Global Value Fund:

We are pleased to present the Semi-Annual Report of Tweedy, Browne Global Value Fund (the "Fund") for the six months ended September 30, 1995. For this six-month period, the net asset value per share of your Fund increased 10.2%* to \$12.70 per share. For the first nine months of calendar year 1995, the net asset value of your Fund showed a gain of 6.9%.* Since your Fund is hedged back into the U.S. dollar, we believe a relevant comparison is to the Morgan Stanley Europe, Australia and Far East Index (EAFE) in local currency, which showed gains of 11.7% for the six months and 3.0% for the nine months ended September 30, 1995. For the same six and nine-month periods, the EAFE Index, translated into U.S. dollars, increased 4.9% and 6.9%, respectively.** (Results in U.S. dollars and local currencies include dividends, net of foreign withholding taxes.) Translated into U.S. dollars, currency movements had a negative impact on the U.S. dollar EAFE Index return for the six-month period but were beneficial for the nine-month period.

The fundamental financial characteristics of the Fund have not changed in any material way over the past six months. As of September 30, 1995, 37% of the portfolio was invested in 113 issues that had a weighted average price to book value ratio of 61%. Of the 6,471 stocks in one of our global databases, 181 issues, or 3% of the total, had a price to book value ratio of 61% or less. Similarly, 56 issues in the Fund representing 44% of the portfolio had a weighted average price/earnings ratio of 9.6 times, as compared to the global database where 1,192 issues, or 18% of the total had a price earnings ratio of 9.6

* The Fund had a total return for the year ended September 30, 1995 of 4.7% and an average annual total return since inception (June 15, 1993) through September 30, 1995 of 11.7%. EAFE, in local currency, net after withholding taxes, had a total return of 2.5% and 5.2%, respectively, for the year ended September 30, 1995 and for the period May 31, 1993 through September 30, 1995. (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.) 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.

** Results for the Morgan Stanley Capital International World Index (the "MSCI World Index") for the six and nine-month periods ended September 30 are 10.1% and 15.2%, respectively, in U.S. Dollars and 14.1% and 12.6%, respectively, in local currencies. Results include dividends, net of foreign withholding taxes. The MSCI World Index is comprised of EAFE plus Canada, the U.S. and South African Gold Mines. The U.S. component is 40% of the total. The Fund's U.S. component is 17%.

times or less. The total number of issues in the Fund was 209, of which 157 issues representing 53% of the amount invested in stocks had a market capitalization of less than \$1 billion. Further, 140 of these issues representing 39% of the amount invested in stocks had a market capitalization of less than \$500 million. We continue to focus our search for new investments on low price/earnings ratio and low price to book value stocks with a bias towards smaller and medium capitalization companies.

The geographic distribution of our assets has also not changed significantly over the past six months. The five largest countries for investment remain the U.S., Switzerland, Japan, France, and the Netherlands. By region, Europe continues to be the largest at 55% of net assets, with North America next at 18%, followed by the Far East and Australia at 15%. The overall level of investment has declined somewhat from 93% of net assets to 87%. This decline is not the result of any conscious decision on our part to raise cash, but a result of rising stock markets, which often have the effect of lowering the level of investment on value managed portfolios. With time, the level of investment will go back to a more fully invested position. Additionally, our preference for smaller cap companies requires a go-slow approach to investing, especially since we do not want our buy orders to be the reason for the rise in the price of a stock. This is one of the principles we follow in managing your Fund because we believe it ultimately produces better investment results.

No matter where in the world one is investing, in our opinion it is essential to first have a set of investment principles to guide you. Here at Tweedy, Browne, we are fortunate in having a set of principles developed by individuals far smarter than we, and proven time and again in academic studies of historical stock market performance.

In the United States, the investment business is a highly developed industry where information of all sorts is readily available to anyone. However, one of the most successful approaches to investing was developed by Benjamin Graham in the pre-Bloomberg, pre-Compustat, pre-derivatives dark ages of the 1920s and 1930s. Ben determined that there were two values to every share of stock. The first value was the most recent price at which shares of that stock had traded. The second value was that which would accrue to that share of stock in the event the business was sold or liquidated in an arms' length transaction involving knowledgeable buyers and sellers, or what Ben called **intrinsic value**. The first value, market value, is influenced by many emotional factors, such as greed and fear, and thus is more volatile. Intrinsic value has generally been more stable because it involves a pragmatic business investment decision, and the decision makers generally have a better frame of reference, a better knowledge tree, for making their valuations.

According to Ben, the essence of investment was to take advantage of discrepancies between market prices of stocks and their intrinsic values, usually at a discount of 40% to 50% or more. The determination of intrinsic value follows two models. The first is statistical, for which we like to use an analogy of an automobile insurance company. If you were going to go into the auto insurance business intelligently, and we emphasize the word intelligently, you would first set the standards for those motorists to whom you would be willing to issue a policy. For example, let's say you only insure married couples between the ages of 35 and 55, who live in the suburbs, take public transportation to work, don't



have any children who drive, and whose car is a Volvo station wagon. If you only issue policies to motorists who meet these criteria, you will do far better than Allstate, which also insures Hot Rod Harry, who believes the measure of his manhood is how much rubber he can burn while racing his Camaro from 0 to 60 mph, or dear old Aunt Doris in Boca Raton who, at 86 is a tad forgetful and is unwilling to give up her license.

In the same way that Ben Graham did before us, we have established “underwriting” criteria for stocks we are willing to buy. For example, we like to buy stocks selling at two-thirds of net current assets, or stocks selling at one-half of book value when equity is greater than all liabilities, or stocks with fairly reliable earnings that are selling at an earnings yield at least 50% greater than the long-term bond yield. And like the insurance company that wants to issue as many policies as it can that meet its criteria to achieve the desired statistical result that such underwriting standards should produce, we want to own a diversified portfolio of stocks meeting our criteria. A portfolio that in total meets these criteria will be priced in total at a substantial discount to intrinsic value.

Another method of determining intrinsic value is the appraisal method. This method is company specific; i.e., it is done company by company. It is analogous to putting your house on the market. You call a real estate broker and ask for an appraisal of your house based on recent comparable sales. A board of directors does the same thing when it puts the company up for sale. Basically, investment bankers are fancy real estate brokers dealing in high priced merchandise. They track sales of similar businesses, or do discounted cash flow analyses to come up with the value of a business. In this way, intrinsic valuation models can be determined for different kinds of businesses. For example, the average television station currently sells for 10 times cash flow less any debt and plus any cash. Banks are currently being acquired for approximately 15 times earnings. Branded consumer products companies are currently being acquired on average for 10 times pre-tax earnings, again adjusted for debt and cash. If we construct a portfolio of companies selling at a 40% to 50% discount from what they would be worth in a sale of the entire business, we end up making money. Value investors are successful primarily because they set up their models before setting out to buy their stocks.

Value investors also have the advantage of knowing what they **cannot** do. We recognize the futility of trying to predict stock market movements, and the absurdity of technical analysis with its shoulders and heads, etc. To us, this is no more than garbage in, garbage out. We are sure that if someone gathered the information, some correlation between the weather and the stock markets could probably be drawn, such as 52% of the time the stock market declines following five straight days of rain in the Mississippi Delta. The real beauty of value investing, beyond its financial rewards, is that it is possible to be successful without being a rocket scientist. If you have figured out what has worked, and then do that, it can be relatively easy to succeed.

Last year we sent our shareholders a collection of academic studies that we compiled on fundamental financial criteria that produced superior investment returns. A total of 44 studies were included in our

booklet, which is entitled, *What Has Worked in Investing** . The studies are split fairly evenly between U.S. stocks and foreign stocks and were not selected because they reached a conclusion supporting value investing. These were all the studies we found. However, the results are very similar. Low price to book value, low price/earnings ratios, low price to cash flow, stocks that had declined significantly, stocks with significant insider purchases, etc., all criteria that on the surface seem logical, did in fact provide superior investment returns.

One of our favorite studies, *Contrarian Investment, Extrapolation and Risk*, by Professors Lakonishok, Vishny and Shliefier does not reach any investment conclusions that surprise us after more than 25 years of value investing. What is different about this study, and highly important, is that it addresses the question of why more people are not value investors despite the empirical evidence. Starting with Ben Graham in the 1930s, through the decades and numerous other studies, many of which are included in our booklet, the empirical data demonstrates the superior performance of value investing. The reason seems to be that it runs against human nature to be a contrarian, which is key to value investing. We are often buying out of favor stocks, stocks that the investment community is avoiding because of past poor performance. It is similar to drawing up a list of potentially good spouses and saying you only want to see the ones that all your peers have rejected. In the world of institutional money management, if you go against the consensus and perform badly, you're dead. If you go with the consensus, you have a much better chance of surviving even if you perform poorly because most others will have performed poorly, too. Being a contrarian may simply be too great a risk despite empirical evidence supporting this approach. We believe most investors who are not contrarians have not taken the time to figure out how to play the game, learn what has worked and then build models for successful investing, so they lack any convictions from which to draw the strength to go against the crowd. As John Train wrote in his chapter on Ben Graham in **The Money Masters**: “*Many people, including experienced businessmen and professionals, have been financially shipwrecked because they trustingly set forth in a leaky craft captained by an incompetent. Someone who spent the few hours necessary to understand The Intelligent Investor would be unlikely to suffer this fate. Yet alas, few stockholders, let alone investors, have done it.*”

Having adopted investment models based on Ben Graham's investment principles, we at Tweedy, Browne had little difficulty making the transition to investing in foreign stocks. We just applied the same investment principles, models, to non-U.S. stocks while developing a few additional models to deal with the particular peculiarities of foreign markets. Our first investments abroad were in Japan in the early 1980s when we bought shares in several Japanese property/casualty insurance companies. These companies had large portfolios of Japanese marketable securities which were carried at cost. However, if you could read Japanese (which we couldn't, but found someone who could) you could determine the “latent profits”, or unrealized gains in these portfolios and adjust the book values to market. That calculation led to the discovery of a number of companies that were selling at less than one-third of book

* If you would like a copy of *What Has Worked in Investing*, call Shareholder Services at (800) 873-8242.

value. At the time, the entire Japanese stock market was selling for about 15 times earnings. Buying the insurers at one-third of book value effectively let you buy the Japanese market at roughly 5 times earnings. Tracing back through the history of Tweedy, Browne to the days when our principal business was as a market maker in inactively traded securities, the lack of standard information on a company or a concern for liquidity in its shares was never an obstacle to investment. Indeed, the greater the absence of these two factors, the greater the possibility of finding a bargain. Having profitably invested in hundreds, if not thousands, of obscure securities over the years, we knew that if something was cheap, we shouldn't ask why, we should just buy it! When the Japanese market began to take off in the early to mid-1980s, these stocks appreciated significantly and we made handsome profits.

Our next investments in non-U.S. stocks came in the mid-1980s. This time the bargains were in Europe. Having developed a group of European clients in the late 1970s and early 1980s, we traveled to Europe frequently. In our discussions with our clients, we learned of the particular problems of managing money in a multi-national, multi-currency environment. We also learned that while different, European business people are also much the same as their American counterparts. They all go to work every day and try to figure out how to make a profit. When we began to see particularly cheap stocks in rather basic industries, we were not put off by their foreignness, but rather intrigued. For instance, at about the time that U.S. consumer products companies like Carnation and General Foods were being acquired at 6 to 10 times pre-tax earnings, we found companies like Distillers Corp. in the U.K. selling at 4.5 times *after-tax* earnings. Distillers had a truly international list of brands. The only negative for the company was that it happened to be incorporated in the U.K., which was in the doldrums at the time. Distillers was ultimately acquired within less than a year at a price twice its market price from twelve months earlier. We found tobacco companies, insurance companies, insurance brokers, banks, etc., all at compellingly cheap valuations.

However, investing abroad in the mid-1980s was not as much a disciplined process as we would have liked for a very simple reason. While the U.S. had for many years a comprehensive database of all publicly traded, SEC filing companies, a comparable database did not exist outside the U.S. partly because of differences in accounting conventions from country to country, partly because these markets were not as mature as the U.S. This made the task of screening the universe of non-U.S. stocks impossible. Without the ability to screen, it was not possible to construct as diversified a portfolio as we like. At the time we had a foreign client, a U.K. investment banker, for whom we managed money in the U.S. He kept asking us why we couldn't apply the same value criteria outside the U.S. He knew a large part of the London investment management community, and he said no one was practicing bottom-up value investing. Everyone was top down, macro-economic global asset allocators. Our answer was always the same: we had no database. This situation began to change in the early 1990s. Different databases began to appear covering different countries or regions with varying degrees of depth. By piecing together these various databases, we were finally able to screen a sufficiently large universe of stocks outside the U.S., and we decided to begin managing dedicated foreign portfolios. We called our U.K. investment banker/friend who became our first international investment management client, and we were off.

However, before we started we asked ourselves a few basic questions, like why are we investing in foreign stocks. The answer was simple. We were merely increasing our chances of finding a bargain by opening our horizons to markets that, in total, had a market capitalization as large as the United States. It was like switching from an investment grocery store that had 10,000 items on the shelf to one that had 20,000 items from which to choose.

Consultants are advising their clients to invest in foreign stocks because of a lack of correlation between stock markets. This means that if the U.S. market is plunging, some other markets may be rising, thereby smoothing out your results. (Trying to eliminate volatility in a portfolio at times seems more important than making profits.) However, this lack of correlation, markets not moving in the same direction at any particular point in time, turns out to be more a factor of currency movements than stock index movements, at least as far as markets in developed countries are concerned. During the crash of 1987, all markets participated fully in the plunge. The bear market of 1973-74 also seems to have been highly democratic worldwide. Nevertheless, there will be times when economic factors peculiar to one country or region can result in cheap stocks in one part of the world as opposed to another. For example, following the reunification of Germany and the printing of good West German Marks that were exchanged for not so good East German Marks, the Bundesbank drove up German interest rates precipitously, which in turn drove up all European interest rates because of the European Monetary Union. Rising interest rates are one of the stock market's worst enemies, which resulted in an abundance of cheap stocks all across Europe at a time when U.S. stocks were not particularly undervalued. And the first nine months of this year have also seen a significant divergence in performance of the U.S. market versus most major world markets.

Next, we had to decide in which countries to invest. We determined that we would only invest in developed markets, not emerging markets. Emerging markets in our opinion were countries with low per-capita income and little or no history of political stability. Or, as a friend of ours likes to say, "Why send your hard earned dollars to a country you are afraid to visit?" Remember not so long ago when Mexico (not that we would be afraid to visit Mexico) was the darling of the investment community; it had finally found capitalist religion and was ready to take its rightful place among the developed economies of the world? Then we found out the Mexican economy was being funded by global fixed income fund managers and the whole thing imploded. Additionally, in emerging markets, valuations are often very high, at times at super growth stock levels, which means there is little investment opportunity for a value investor. For example, Singapore Telephone which serves a nation of 3 million citizens had a market capitalization at one time greater than Pacific Telesis, which serves California and Nevada.

The final consideration was currency, which also led us to developed markets. This was the last decision we had to make. We decided to hedge all of our foreign stock investments back into the U.S. Dollar, effectively becoming what we call currency agnostics. By hedging currency exposure we could invest anywhere we found cheap stocks without concern for the macro-economic issues that drive most global money managers. If, as value investors, we do not believe that we can predict stock market movements, why would we begin to think we could predict currency movements. As Warren Buffett

would say, we decided to stay within our circle of competence. And as one of our clients observed, hedging is like the farmer growing corn. He doesn't care what the price of corn is until the day he decides to take his corn to market. In the same way, if one of our foreign stocks has reached our sell target in its local currency, we may find out that currency fluctuations have wiped out our profit when translated back into dollars. Our decision to hedge currency also affected our decision as to which countries to invest in because a forward market for currency does not exist for many emerging markets. With this framework in place, our universe became all countries in Europe west of the former Iron Curtain, Canada, Japan, Hong Kong, Singapore, Australia and New Zealand, a total of 20 markets outside the United States.

With the major decisions on foreign investing made, we were ready to begin looking at some stocks. One of the principal complaints, or questions, we frequently hear about investing outside the U.S. is about the accounting. Yes, it is different, especially in Europe. And it is different from country to country in Europe, although becoming less so as they switch to international accounting standards. Once upon a time, to be a securities analyst in the U.S., we had to develop a basic understanding of what we call GAAP (generally accepted accounting principles) accounting.

Likewise, analysts in Switzerland had to learn Swiss accounting conventions. While the Swiss are pretty smart, their accounting methods are not unfathomable to their U.S. counterparts. However, it is helpful to understand the motivation behind their accounting conventions, part of the cultural understanding referred to earlier. Unlike U.S. companies that get to keep two sets of books, one for stockholders and one for the IRS, one which shows tremendous earnings and one which shows a company barely breaking even, our European counterparts only get to keep one set of books. Given their inherent distrust of governments, (remember Europeans have been through world wars, dictatorships, nationalizations and other forms of official confiscation of wealth; why else would the Swiss banking system exist?) their accounting is designed to hide earnings and understate asset values. While their accounting may not be as transparent as ours, it is in the so-called Anglo countries with their more highly developed accounting standards that one finds the great accounting frauds like Phar Mor and Polly Peck and Barings.

For example, in 1991 we invested in the Swiss company, Lindt and Sprungli, makers of the well-known Lindt chocolates. When we discovered Lindt and Sprungli, the shares were trading at 12,000 SF, down perhaps 60% from their previous high. Earnings per share were reported as 1,121 SF for a price/earnings ratio of 10.7. This was not bad for a company with Lindt's market position and in light of acquisitions of other European candy companies at multiples of pre-tax earnings in excess of 10 times. However, upon closer examination, it appeared that some adjustments might be in order. Annual depreciation and amortization were running nearly 47 million SF on a fixed asset base of 124 million SF, or 37.7% per year. The assets were being depreciated every 2.6 years which seems a little short especially the way the Swiss build things. We looked at other candy companies. We spoke to someone at Nestle and asked them how they looked at depreciation. We were told that Nestle considered depreciation as a percent of sales and they were among the highest at 3.5%. Lindt was at 6% of sales. The industry average was 2.5%, and we chose an average of Nestle and the industry for Lindt, or 3% of sales. Using 3% cut

Lindt's depreciation about in half from 46.9 million SF to 23.1 million SF, adding 23.8 million SF to pre-tax earnings. Taxing this additional income at the Swiss corporate rate of 35% increased earnings by 15.5 million SF or 469 SF per share. Adjusted earnings per share was then 1,590 SF for an adjusted price/earnings ratio of 7.5, which was one of the lowest price/earnings ratios for a major consumer franchise in the world. In our estimation, we expected that a company like Phillip Morris would bid aggressively for Lindt and Sprungli if given the chance.

Switzerland has generally been an easy country to invest in even for the top down investors. A bucolic republic, we often think if the Disney Company were asked to create a country it would be Switzerland. And from an investor's perspective, it is also ideal. It has one of the most stable governments in Europe with a federalist system so strong that few Swiss can tell you who is president of their nation simply because it does not matter. It has one of the strongest currencies in the world, which makes managing money for clients who want their results denominated in Swiss Francs very difficult. They have to import workers, and their inflation and interest rates are among the lowest in the world.

To the south of Switzerland lies Italy which, from a governance or economic perspective, is Switzerland turned inside out. The economy is a disaster, social benefits are bankrupting the government, corruption is rampant, and not even the Italians want to hold the currency. While from a top down perspective it would be difficult, if not impossible, to make a case for investing in Italy, there are some real bargains. After all, there are 55 million Italians and even the ones who can afford to leave, don't. It has one of the largest economies in Europe, and if you add in the black market economy, it increases significantly. Italian business people, just like their American counterparts, go to work trying to figure out how to earn a profit. And like everywhere else, their stocks go up and down. For example, your Fund owns shares in an Italian company called Franco Tosi, which is in the packaging business and operates a water utility. The shares are currently trading at about 13,900 Lira per share. The shares have a tangible book value of 30,663 Lira, which includes 27,455 Lira per share of cash and marketable securities net of all debts. Thus, these shares are selling for 45% of book value and 51% of net liquid assets.

We are also finding a number of cheap stocks in Japan. Your Fund has purchased shares in a company called Toyo Tec which, despite the sound of its name, is not a technology stock. It is in the mechanical and personal security business, a sort of Pinkerton's of Japan. At a market price of 850 Yen per share, the shares were trading at 55% of book value and about two-thirds of their net cash and equivalents per share of 1,260 Yen. Earnings are currently estimated at about 41 Yen per share, and the stock has traded as high as 2,400 Yen in the past three years. Its market capitalization is \$120 million.

Every day we continue to look for similar undervalued stocks, and we attempt to build a diversified portfolio from these stocks. We cannot predict when we will realize gains from these investments. Our U.S. investments are doing very well in 1995 as evidenced by the increase of 32.2% in the net asset value of shares of the Tweedy, Browne American Value Fund for the first nine months of this year. In our opinion, most market pundits were not predicting that U.S. stock markets would have such a good year.



Rather than try to time stock markets, we prefer to buy cheap stocks and wait. In time, we have been rewarded; we have no reason to believe that times have changed. As of the date of this letter, the current and retired partners and their families, as well as employees of Tweedy, Browne, have more than \$15.5 million invested in the Fund, of which approximately \$1.9 million has been added since the Annual Report to Shareholders at March 31, 1995.

Sincerely,

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

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

October 31, 1995

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

September 30, 1995 (Unaudited)

<u>Shares</u>	<u>Market Value (Note 1)</u>	<u>Shares</u>	<u>Market Value (Note 1)</u>
COMMON STOCKS			
France — (Continued)			
61,500	Siparex	\$ 1,111,483	
127,340	Vallourec	5,507,853	
		83,372,271	
Germany — 2.6%			
21,798	Axel Springer Verlag, Class A.....	13,164,223	
30,335	Sinn AG	7,026,512	
3,069	Tiag Tabbert-Industrie AG	386,578	
		20,577,313	
Hong Kong — 1.8%			
1,933,000	Jardine Strategic Holdings	5,644,360	
1,953,173	Semi Tech (Global)	2,943,009	
8,891,000	Sing Tao	5,289,729	
6,480,000	Tomei International Holdings	347,815	
		14,224,913	
Italy — 4.5%			
1,564,500	Arnoldo Mondadori Editore SPA	9,605,302	
2,735,400	Banca Toscana	5,699,810	
1,490,700	Banco di Napoli	818,152	
6,010,000	Banco di Napoli di Risp	2,471,088	
371,350	Banco di Sardegna Risp	2,717,476	
13,000	Bassetti SPA	54,822	
87,000	Cementerie di Augusta	144,326	
323,000	Cementerie di Barletta Ord	941,457	
788,000	Cementerie di Sardegna Ord	2,097,668	
460,000	Cementerie Siciliane Ord	1,068,341	
575,000	Falck Ord	1,408,527	
541,720	Franco Tosi	4,871,281	
669,000	Maffei SPA	983,274	
193,500	Marangoni SPA	696,000	
58,000	Serfi SPA	214,015	
1,810,000	Vianini Industria	1,155,033	
60,000	Zucchi Inc.	299,535	
		35,246,107	
Japan — 12.6%			
11,000	Agro-Kanesho Company	\$ 149,917	
67,000	Aichi Electric Company	321,286	
591,000	Amada Sonoike Company	3,758,821	
344,000	Chofu Seisakusho	8,438,948	
217,000	Chubu Steel Plate Company	1,121,640	
818,000	Daiichi Cement Company	3,839,988	
604,000	Dowa Fire & Marine Insurance Company	2,969,542	
133,000	Fuji Coca-Cola Bottling Company ...	1,423,250	
618,000	Fuji Photo Film Ltd. Ord	15,410,227	
376,000	Kawagishi Bridge Works	2,770,986	
3,000	Kinki Coca-Cola Bottling Company ..	36,343	
667,000	Kirin Brewery Company	7,002,978	
479,000	Koa Fire & Marine Insurance Company	2,712,826	
180,000	Kokura Enterprises Company	2,416,839	
167,000	Koyosha Inc.	959,295	
225,000	Matsuo Electric	1,285,649	
106,000	Matsushita Electric Industrial Company	1,626,571	
12,000	Meito Sangyo Company	163,546	
4,000	Morito	40,382	
823,000	Nichimo	3,157,236	
909,000	Nissan Fire & Marine Insurance Company	5,496,855	
657,000	Nisshinbo Industries	5,757,165	
643,000	Nittetsu Mining	5,647,469	
159,000	Oak	930,998	
81,000	Osaka Securities Finance	400,686	
168,000	Sankyo Company Ltd.	3,833,022	
202,800	Shikoku Coca-Cola Bottling	2,579,658	
183,000	Taisei Fire & Marine Insurance Company	969,916	
630,000	Takeda Chemical Industries	8,776,942	
162,000	Teikoku Hormone Manufacturing Company	2,420,473	
288,000	Toyo Technical Company Ltd.	2,820,251	
		99,239,705	

SEE NOTES TO FINANCIAL STATEMENTS

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

September 30, 1995 (Unaudited)

<u>Shares</u>	<u>Market Value (Note 1)</u>	<u>Shares</u>	<u>Market Value (Note 1)</u>
COMMON STOCKS		TOTAL COMMON STOCKS	
United Kingdom — (Continued)		(Cost \$618,986,004)	
1,852,839	Proudfoot Alexander \$ 1,053,962		\$685,886,998
184,600	Smithkline Beecham, PLC units, ADR 9,345,375		PREFERRED STOCK — 0.1%
2,506,288	Trio Holdings 435,620		(Cost \$312,862)
600,000	Union PLC 1,090,270	1,732	Stuttgarter Hofbrau, Preferred 333,310
	32,403,815		COMMON STOCK WARRANTS — 0.0%††
United States — 15.8%		105,920	Franco Tosi, Strike 20000, Expires 11/30/97† 21,348
221,000	American Express Company 9,806,875	20,877	Loeb Holdings PC, Expires 2/29/96† 16,254
75,700	American National Insurance Company 4,409,525	9,073	Paris Orleans, Expires 4/30/98† 25,978
149,000	BanPonce Corporation, New 5,773,750	1,592	Rallye, Class A, Strike 140, Expires 12/31/95† 2,271
247,500	Chase Manhattan Corporation 15,128,438	1,592	Rallye, Class B, Strike 150, Expires 12/31/96† 6,142
68,000	Coca-Cola Bottling Company 2,397,000	3,300	Rieter Holding AG, Expires 3/13/96† 9,135
232,200	Comerica, Inc. 8,388,225		TOTAL COMMON STOCK WARRANTS
67,300	Digital Equipment Corporation† 3,070,563		(Cost \$22,447) 81,128
35,000	Federal Home Loan Mortgage Corporation 2,419,375		Face Value
113,600	First Chicago Corporation 7,795,800		CONVERTIBLE
132,590	Great Atlantic & Pacific Tea Company 3,712,520		CORPORATE BONDS — 0.1%
193,100	Hasbro Inc. 6,010,238	ITL 29,870,000	Grupo Anaya, Convertible Bond, 7.000% due 3/18/98 219,595
98,063	Horizon/CMS Healthcare Corporation 2,230,933	SEK 2,592,000	Kinnevik Investment, Convertible Bond, 10.500% due 7/21/97 721,501
65,700	Household International Inc. 4,073,400	JPY 9,000,000	Shikoku Coca-Cola Bottling, Convertible Bond, 2.400% due 3/29/02 93,948
20,000	Independent Insurance Group Inc. 500,000		TOTAL CONVERTIBLE CORPORATE BONDS
130,000	K mart Stores 1,885,000		(Cost \$778,363) 1,035,044
392,100	Lehman Brothers Holdings Inc. 9,067,313		
48,750	Mercantile Bancorporation, Inc. 2,181,562		
50,000	National Education Corporation 400,000		
73,200	Philip Morris Companies Inc. 6,112,200		
460,000	PNC Bank Corporation 12,822,500		
15,000	Polaroid Corporation 596,250		
89,300	Reebok International Ltd. 3,069,688		
253,200	Salomon Inc. 9,684,900		
160,000	Syms Corporation 1,460,000		
7,500	Wells Fargo & Company 1,392,188		
	124,388,243		

SEE NOTES TO FINANCIAL STATEMENTS

TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements (Unaudited)

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 collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund’s investment adviser, acting under the supervision of the Company’s Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Foreign Currency The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates

TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements (Unaudited)

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 of the contract at the time that it was closed.

The use of forward exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's investment securities, but it does establish a rate of exchange that can be achieved in the future. Although forward exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund currently enters into such contracts with Mellon Bank Corporation ("Mellon Bank") and Brown, Brothers Harriman & Co.

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

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.

TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements (Unaudited)

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

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

2. Investment Advisory Fee, Administration Fee and Other 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 current and retired general partners and their families, as well as employees of Tweedy, Browne, the investment adviser to the Fund, have approximately \$15.5 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 \$200 Million	Between \$200 and \$500 Million	Exceeding \$500 Million
Administration Fees	0.12%	0.10%	0.08%

	Up to \$50 Million	Between \$50 and \$100 Million	Exceeding \$100 Million
	Accounting Fees	0.08%	0.06%

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.

TWEEDY, BROWNE GLOBAL VALUE FUND

Notes to Financial Statements (Unaudited)

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 Bank, 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 and pays all distribution fees. No distribution fees are paid by the Fund.

For the six months ended September 30, 1995, the Fund incurred total brokerage commissions of \$415,098.

3. Purchases and Sales of Securities

Cost of purchases and proceeds from sales, excluding short-term investments, for the six months ended September 30, 1995 aggregated \$83,130,894 and \$54,661,240, respectively.

At September 30, 1995, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$104,139,621 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$36,902,817.

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:

	Six Months Ended 9/30/95		Year Ended 3/31/95	
	Shares	Amount	Shares	Amount
Sold	15,259,281	\$ 186,209,393	43,211,400	\$ 526,880,460
Reinvested	—	—	610,480	7,251,537
Redeemed	(10,214,599)	(125,426,225)	(11,196,210)	(134,758,574)
Net Increase	5,044,682	\$ 60,783,168	32,625,670	\$ 399,373,423

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

