Investment Adviser's Letter to Shareholders (Unaudited)

If you can keep your wits about you while all others are losing theirs …

- Rudyard Kipling

To Our Shareholders:

If you were to use marriage as a metaphor when writing about the financial markets over the past six months, you would have to say the relationship is going through a difficult time. While permanent damage has been limited, there have been a lot of difficult days. Volatility in the indices has been extraordinary, baffling and hard on the emotions. If your spouse was Bank of America (BAC) (a stock we do not own) you might be at wit's end trying to understand his or her behavior, despite knowing a great deal about the company's personal (financial) background. On a number of days over the past several months, the intra day spread between the high and low price has been in excess of 10%. Nor is this an isolated example, if you look at equity markets around the world as we do. There are similar examples of volatility in individual company stock prices that have far fewer questions surrounding their financial prospects than is the case with Bank of America. As an aside, if this leaves your appetite for volatility unmet, you could go to the credit default markets for BAC's senior debt where the lack of liquidity creates a pogo stick-like phenomenon. Needless to say, the credit default swap market is not a market where we invest any of your or our hard-earned money. What we do know is this is an extremely illiquid market place with all the caveats that suggests, yet it is frequently cited in the financial press as a barometer for a company's health. To us, it seems more like a place where the weekend Vegas crowd hangs out during the week.

Now value investors are frequently described as being blessedly indifferent or vaccinated against the world beyond the annual report they are reading. As a group, they go quietly to their offices, close the door and come out at a later date with their next investment. Some also subscribe to the view that in addition to being isolated from the world, value investors are, to use Warren Buffett's phrase, the "buyers of corporate cigar butts," sweeping up the corporate butts that have a puff or two left in them. Both perceptions are in large part inadequate if not inaccurate. Of course, fundamental to what we do is Graham's simple insight that a share of stock is a fractional interest in a business. We constantly remind ourselves that behind every stock is a company, and if the company does well, the stock should in time do well if we are disciplined enough to wait for an attractive entry price in the public market. As our partner, John Spears, often says, "If you own a stock in a good business, it will do most of the work for you." In other words, if you own an interest in a good business, time is on your side. On the other hand, when we believe the variables affecting a business are too hard to evaluate and the consequences of being wrong too difficult to quantify, we take a pass, which in a simplistic way, explains why we have not invested in European banks. On the numbers, they are cheap, and if things break for the better you will have a "three or four bagger" in the words of Peter Lynch. For us, it is simply a game we choose not to play and illustrates, we think, the fact that the world at large does factor into our decisions about which companies we choose to invest in or not.

The question, of course, is how and why any of the foregoing is relevant today. There seems to be a pervasive sense of gloom, relentless media coverage of the problems, and suggestions of new problems to come. In a disheartening way, it is somewhat reminiscent of the famous 1979 Business Week article on the "death of equities." Markets, in our opinion, are dealing with a confluence of factors that create enormous uncertainty and are clearly unnerving investors who, like everyone else in the world, are not hardwired to be rational and objective. The bigger problems are the macroeconomic issues, particularly in the U.S. and Western Europe, and the uncertainty surrounding them. Making matters worse are the probable side effects of some of the "technological" innovations in the markets, including high frequency trading ("HFT"), which currently accounts for over half of the trading volume in U.S. markets, and ETFs which may well be another example of Wall Street taking a good idea to not such a good place. At the very least, these innovations have redefined the concept of "short-term trading" enabling trading to occur in fractions of a second and often on a leveraged basis. Our simple take on these developments is that they can't help but ratchet up volatility as people try to guess the direction of the market or a stock in ever decreasing slices of time. Couple this with economic uncertainty and the outcome seems less confounding. From our perspective, it is valuable to keep in mind that you only have to swing when the price makes sense and that ultimately the market will be a weighing machine. We are also of the opinion that when uncertainty begins to lift, these innovations will no longer be the propellants for volatility that they are today.

Now our intention is certainly not to trivialize these problems. Several of them are years, if not decades, in the making and not susceptible to simple quick fixes. At the risk of oversimplifying, in a way, the problem boils down to too much debt at the government and personal level, and how it will be addressed while meeting the promises made to large segments of the population in the developed economies, be it jobs, pensions or healthcare. In the U.S., the need to reduce debt at the personal level is shifting behavior towards less consumption and increased savings. While necessary, it will inevitably have an impact on the rate of economic growth for some time. In contrast, the corporate sector is in good financial health across the world. It has spent a number of years strengthening its financial condition. One proposed solution to our problems is to get the corporate sector to begin investing part of the enormous liquidity which has built up on their balance sheets. As to the cause of the problems, we have no interest in getting into the business of apportioning blame for the current situation and in fact have some disagreements among ourselves on this question. Suffice it to say that there appear to be so many different strands of DNA in this problem that it would be fruitless to try to apportion the blame to any one source.

The glimmer of hope in all this is the prospect that the markets will begin to perceive a glimmer of hope. Markets do in fact, in our view, respond to change at the margin and policies that generate some confidence about the road ahead could have a salutary impact on markets. Uncertainty and confidence create their own cycles. Behaviorally, there is a tendency for those in the markets to overemphasize the current circumstances and to extrapolate. We recall an article a number of years ago in **The Economist**, which took the murder rate on a particularly bad day in Los Angeles (not to pick on L.A.), and extrapolated it out to the point where some time in the next decade the last two people in L.A. duke it out. This would be mathematically correct if the trend continued unabated, but logically only an amusing exercise at best. However, in our view, it does contain a grain of truth about the current circumstances. There are times when problems seem insolvable, and other times when problems seem almost non-existent. Yet, in either instance, the impact of a perceived change in the consensus outlook can be telescoped into a fairly short time frame.

There is no disagreement as to the principal macroeconomic problems.

1. **The U.S. budget problem, combined with an overextended consumer, a slow growth economy, and the apparent inability of political leaders to reach any accommodation on how to address the issue.** We don't subscribe to the view, however, that nothing will ever be resolved. We do believe that while the can is becoming so heavy it can't be ignored, it is possible and likely it will be kicked down the road to the next election before meaningful progress on the problem begins.

2. **European sovereign debt problems and the future of the euro.** We believe that a solution resulting in a closer knit Europe, whether it includes Greece or not, is compelling, and is driving leaders in Europe to find a solution. Comprised of the major European economies, Europe as a single economic entity will continue to occupy an important and influential seat in a rapidly changing economic world. For better or worse, the world has changed. The world economic forum for discussion is no longer the G-7, but now the G-20. Europe returning to separate national economies would no longer have much ability to influence economic events, and this fact alone may well drive a resolution. Moreover, the parties involved in finding a solution seem able to speak with one another and look for compromises to get the problems on the road to a better day. In the meantime, traders hang on and trade on every comment, of which there is no shortage.

3. **A third intensely debated issue centers on China, but it seems the debate is not so much whether China will grow but rather how fast it will continue to grow and whether there will be a real estate bust at some point.** Most of this debate turns on your time horizon, in our judgment. There seems little doubt that over time China will grow, and relatively rapidly. We have read estimates that China's middle class could be twice the population of the U.S. in twenty years, which in our mind translates into significant economic opportunities for the global businesses we own as the Chinese continue to acquire the everyday goods and services that we take for granted. Moreover, the leadership in China doesn't seem to have to consult with every constituency in the country before moving forward.

We don't think a prolonged discussion on the market innovations such as HFT and the latest iteration of ETFs has a lot of utility for purposes of this letter. These developments have not had much impact on how we function on a day-to-day basis beyond acclimating us to a new level of volatility. Some have argued that HFT has increased liquidity and narrowed spreads (that's good). Others maintain that HFT has reduced depth in markets (that's bad), and on a worst case basis, drives up the cost of acquiring stock for people with a short-term time horizon. The liquidity argument is a bit puzzling because if, as reported, high frequency traders account for over half the volume, are they doing this just for themselves? For perspective, we bought over 90,000 shares of 3M for our Value Fund between October 2008 and February 2009 at an average cost of $50.05 per share. We can't quantify what the impact of HFT might have been on our cost basis. We always try to buy as shrewdly and carefully as possible, but our perspective was that 3M was worth a whole lot more money as a business than $50 per share. A price at a penny higher or lower would not have changed our thinking at all. We are happy holding our stock at the current price of $77. European regulators are now proposing a series of curbs on this type of trading, and from what we read in the press, it is also under the regulatory microscope in the U.S. markets. This discussion is "to be continued." As for ETFs, we'd like to bring your attention to a recent article by Andrew Ross Sorkin from the October 10, 2011 business section of **The New York Times** entitled, "Volatility, Thy Name is E.T.F.," which relates to the possible impact of ETFs on volatility. To read it, follow this link (user name and password may be required): http://nyti.ms/vhQ8Dr

Volatility, in our view, does have the potential for being a serious financial problem if you have to sell your investment by a certain date in order to make a college tuition payment or pay for a wedding. Our view has been that if you know you will need some money in the next 12 to 24 months or so for an important financial obligation, put it aside. If your horizon is longer term, we engage in a different type of investment arithmetic. First, we accept that we will not be able to predict with any consistency when markets will change direction. Moreover, even if we thought we could do it, we wonder if we would have the conviction to take the next step.

Our perspective is to ask ourselves where we are likely to be over the next three to five years. That nothing gets addressed at the macro level and corporation profits and cash flows will not matter as underpinnings to the market is not an outcome we are inclined to subscribe to. While we are not starry-eyed optimists, we don't see the world in some state of terminal economic decline. Moreover, we own businesses; they are adaptive, competitive organizations with enormous financial and human resources that are able to constantly adjust to changing circumstances and markets. So, through all this we stay very focused on the progress of the businesses we own while constantly looking for better opportunities.

To shed some light on our thinking about how the investment return math could ultimately work in our favor, we use the example of Johnson & Johnson, a security we own across our Funds. Our confidence about earning good returns in companies like J&J is high. Our confidence in predicting the timing of when this might happen is low.

Favorable Return Mathematics Working in the Investors Favor Today

Johnson & Johnson (JNJ)

	1999	2011
Earnings per share	$1.45	$4.96(est)
P/E ratio	32x	13x
Dividend yield	1.2%	3.5%

1999-2011 EPS Growth rate	=	10.8%
P/E contraction 1999-2011 (cumulative)	=	59.0%
Dividend growth rate 1999-2011	=	12.7%

Average annual total return for JNJ stock 1999-2011	=	5.1%
Average annual total return for S&P 500 1999-2011	=	-0.4%

Back in 1999, some 12 years ago, J&J was trading at $46 per share, produced earnings per share of $1.45, had a price earnings ratio of 32X EPS, with a dividend yield of 1.2%. Today, nearly twelve years later, J&J is on schedule to earn $4.96 per share, or nearly three and a half times what it earned in 1999. So, during the lost decade for equities, and during a period that saw the bursting of the technology bubble, the Y2K crisis, the 9/11 tragedy, the Iraq and Afghanistan wars, the bursting of the credit and housing bubble of 2008, and perhaps the worst economic crisis since the Great Depression, this company was able to compound its earnings per share at a 10.8% annual rate. The business performed beautifully during this period, but what about its stock price?

In 1999, J&J had a price earnings ratio of 32 times earnings. Today, it trades at roughly 13 times earnings. Its price earnings ratio (P/E) has fallen off a cliff since 1999. Despite this collapse in its P/E ratio, J&J produced a compound return for its shareholders of a little over 5% per year over the last twelve years. This, by the way, compared to a compound return for the S&P 500 for the same period of approximately -0.4%. It was certainly not a lost decade for J&J investors. The stock price compounded at roughly half the rate of the company's earnings compound, and as a result J&J, today, appears to be pretty attractively valued.

So what should the next five years or so hold for J&J's stock performance. That is very hard to know. What we do know is that the stock currently trades at 13 times earnings, which equates to an after tax earnings yield of 7.7% and compares quite favorably to fixed income alternatives. The ten year treasury currently trades with a pre-tax yield of approximately 2%. While you cannot put J&J's earnings yield in your pocket each year, it still presents a compelling fundamental advantage over the yield of risk free treasuries, and one that Ben Graham would have likely taken advantage of.†† The current cash dividend yield today is 3.5%, up from 1.2% in 1999 for an annual dividend growth rate during the period of approximately 12.7%. J&J's P/E ratio during this almost twelve-year period averaged around 20X, but is at 13 today. If the current P/E ratio is simply maintained going forward, the return for shareholders would be the earnings growth of the company coupled with its dividend yield. Over the next five years, that translates into a 13% to 14% annual total return if the company is able to continue to grow its earnings annually at a 10% rate, and maintain its dividend yield at 3.5%. If we lower our expectations of the company's future earnings to a more conservative growth rate of 5%, and simply maintain the dividend yield, the investor would still receive an annual return of roughly 8.5% in the stock over the next five years. But let's assume that the P/E ratio for J&J continues to decline, to say, 10 times earnings over the next five years coupled with more modest 5% earnings growth and a 3.5% dividend yield, the investor would still receive a 3.4% average annual return. Again, your downside is limited by the strength of the company's earnings power and its dividend. If, as we feel, the more likely scenario is modest P/E expansion coupled with solid growth in its earnings and dividends, we could earn a very attractive double digit return in the stock. That said, this analysis relies on a number of assumptions that might not come to fruition, and J&J might just be the stock that doesn't work for one reason or another. That is why we diversify.

This kind of math is working for us in any number of companies in which we are invested today. We cannot stress enough that the robustness of this potential return math is largely a function of attractive entry point pricing in larger, steadier, higher quality and globally diversified businesses like J&J. As we have said in previous letters, these are businesses that are attractively valued, underleveraged, pay an attractive dividend yield and sell a multitude of products to a growing middle class that aspires to the kind of life style that we in the West sometimes take for granted. More importantly, these are the types of companies that have the financial strength to weather severe market turbulence, and come out the other side bigger and stronger.

Performance Results

Market volatility had a roller coaster impact on equity indices over the last six months with the MSCI World Index topping out at 3,422.5 on or about May 2nd only to face a precipitous drop to 2,703.7 on September 22nd. This is a peak to trough decline during the period of approximately 21%. Recovering somewhat just prior to quarter end, the MSCI

†† Stocks and bonds are subject to different risks. In general, stocks are subject to greater price fluctuations and volatility than bonds and can decline significantly in value in response to adverse issuer, political, regulatory, market, or economic developments. Unlike stocks, bonds, if held to maturity, generally offer to pay both a fixed rate of return and a fixed principal value. Bonds are subject to interest rate risk (as interest rates rise bond prices generally fall), the risk of issuer default, issuer credit risk, and inflation risk, although U.S. Treasuries are backed by the full faith and credit of the U.S. government.

World Index finished the full six month period down 16.22% in U.S. dollars. In comparison, the MSCI EAFE Index, a gauge for non-U.S. stocks, finished the six month period down 17.7% in U.S. dollars. While all four of our Funds produced negative returns as well over the last six months, which is difficult to crow about, we take some solace in the fact that they all outdistanced their respective benchmark indices by a considerable margin, and ranked near the top in various Morningstar universes. For example, both our hedged and unhedged Global Value Funds finished in the top 4% and 3%, respectively, of Morningstar's Foreign Large Value universe over the last six months. The Worldwide High Dividend Yield Value Fund and Value Fund finished in the top 6% and 14%, respectively, of Morningstar's World Stock Funds universe. Longer term comparisons (more than 1 year) for all of our Funds remain positive and quite favorable versus benchmark indices.

Morningstar has ranked each Fund among its peers based on average annual total return. For the 1-, 5-, and 10-year periods ended September 30, 2011, the Global Value Fund has ranked in the top 5% (out of 362 funds in the Foreign Large Value category), the top 4% (out of 258 funds), and the top 26% (out of 151 funds), respectively. For the 1-, 5-, and 10-year periods ended September 30, 2011, the Value Fund has ranked in the top 24% (out of 895 funds in the World Stock Fund category), the top 28% (out of 491 funds), and the top 79% (out of 276 funds), respectively. For the 1-year period ending September 30, 2011, the Worldwide High Dividend Yield Value Fund ranked in the top 6% (out of 895 funds in the World Stock Fund category) and the Global Value Fund II – Currency Unhedged ranked in the top 4% (out of 362 funds in the Foreign Large Value category). Past performance is no guarantee of future results. The rankings of the Worldwide High Dividend Yield Value Fund and Global Value Fund II – Currency Unhedged may have been lower had fees not been waived and/or reimbursed.

We are also pleased to report that two of our Funds, the Tweedy, Browne Worldwide High Dividend Yield Value Fund and the Tweedy, Browne Value Fund, won the Silver and Bronze Awards, respectively, in the Global Equity category (out of three nominees), for the Standard & Poor's Mutual Fund Excellence Awards in 2011, which recognizes funds that have achieved the highest overall ranking of five-star in their category on the most consistent basis during the 12-month period ending August 31, 2011, based on S&P's proprietary, quantitative research methodology.

S&P Capital IQ's 2011 Mutual Fund Excellence Awards were derived from an initial universe of over 19,000 funds and were given to funds recognized as having most consistently achieved the highest overall quantitative ranking of five-star funds in their respective categories using S&P Capital IQ's proprietary, holdings-based research during the 12-month period ending August 31, 2011. To be considered, a fund must be open to retail investors with a minimum initial investment of $25,000 or less and must have an overall S&P Capital IQ ranking of five stars with positive indications for Performance Analytics, Risk Considerations and Cost Factors as of August 31, 2011. Among the factors considered are consistent strong performance; high quality holdings as measured by S&P STARS research, S&P Credit Ratings, and S&P Quality Ranks; and favorable cost factors. The methodology includes a look back at the consistency of the funds' S&P five-star overall ranking for each week during the one-year period ending August 31, 2011. The three funds with the highest consistency score in each category are declared Gold, Silver and Bronze Award recipients of S&P Capital IQ Mutual Fund Excellence Awards. 1,283 funds were in the Global Equity category at the end of the period.

As of September 30, 2011, both the Tweedy, Browne Value Fund and Tweedy, Browne Worldwide High Dividend Yield Value Fund received an overall S&P Mutual Fund Ranking of 5 stars out of 1,285 Global Equity funds. The overall S&P Mutual Fund Ranking is based on a weighted average computation of three components – performance analytics, risk considerations and cost factors that evaluate, relative to its peers, a fund's underlying holdings, its historical performance, and characteristics of the fund. The S&P rankings do not take into account sales loads or any other sales charges. The top 10% of funds in each category receive 5 stars, the next 20% receive 4 stars, the middle 40% receive 3 stars, the next 20% receive 2 stars and the bottom 10% receive 1 star.

Presented below are investment results of the four Tweedy, Browne Funds, through September 30, 2011, with comparisons to the indices we consider relevant.*

	Tweedy, Browne Global Value Fund				
Period Ended 9/30/11	**Return before Taxes***	**Return after Taxes on Distributions****	**Return after Taxes on Distributions & Sale of Fund Shares****	**MSCI EAFE Index(1)(2) (Hedged to US$)**	**MSCI EAFE Index(1)(2) (in US$)**
6 Months	**-10.60%**	-10.60%	-6.89%	-16.49%	-17.74%
1 Year	**-3.06**	-3.01	-1.46	-10.92	-9.36
3 Years	**5.26**	4.67	4.66	-2.59	-1.13
5 Years	**0.41**	-0.24	0.55	-5.29	-3.46
10 Years	**6.27**	5.76	5.57	1.57	5.03
15 Years	**8.36**	7.17	6.95	3.05	3.27
Since Inception (6/15/93)(3)	**9.27**	8.23	7.95	4.12	4.26
Total Annual Fund Operating Expense Ratio as of 3/31/11: 1.40%†					

	Tweedy, Browne Global Value Fund II – Currency Unhedged				
Period Ended 9/30/11	**Return before Taxes***	**Return after Taxes on Distributions****	**Return after Taxes on Distributions & Sale of Fund Shares****	**MSCI EAFE Index(1)(2) (in US$)**	**MSCI EAFE Index(1)(2) (Hedged to US$)**
6 Months	**-9.38%**	-9.38%	-6.09%	-17.74%	-16.49%
1 Year	**-1.15**	-1.26	-0.59	-9.36	-10.92
Since Inception (10/26/09)(3)	**2.67**	2.61	2.28	-4.15	-4.59
Gross Annual Fund Operating Expense Ratio as of 3/31/11: 1.63%†‡					
Net Annual Fund Operating Expense Ratio as of 3/31/11: 1.42%†‡					

Period Ended 9/30/11	Tweedy, Browne Value Fund Return before Taxes*	Return after Taxes on Distributions**	Return after Taxes on Distributions & Sale of Fund Shares**	MSCI World Index(1)(4) (Hedged to US$)	S&P 500(1)(5)
6 Months	**-12.23%**	-12.23%	-7.95%	-15.36%	-13.78%
1 Year	**-2.95**	-3.82	-0.57	-5.05	1.14
3 Years	**2.42**	1.39	2.00	-0.75	1.23
5 Years	**0.09**	-1.08	0.06	-	-1.18
10 Years	**2.96**	2.01	2.44	-	2.81
15 Years	**6.15**	5.15	5.18	-	5.23
Since Inception (12/8/93)(3)	**7.64**	6.76	6.63	-	7.12
Total Annual Fund Operating Expense Ratio as of 3/31/11: 1.40%†‡					

Period Ended 9/30/11	Tweedy, Browne Worldwide High Dividend Yield Value Fund Return before Taxes*	Return after Taxes on Distributions**	Return after Taxes on Distributions & Sale of Fund Shares**	MSCI World Index (1)(4) (in US$)
6 Months	**-7.26%**	-7.66%	-4.69%	-16.22%
1 Year	**2.43**	1.85	1.81	-4.35
3 Years	**5.13**	4.61	4.20	-0.07
Since Inception (9/5/07)(3)	**-1.02**	-1.59	-1.11	-6.05
Gross Annual Fund Operating Expense Ratio as of 3/31/11: 1.40%†‡				
Net Annual Fund Operating Expense Ratio as of 3/31/11: 1.38%†‡				

** The preceding performance data represents past performance and is not a guarantee of future results. Total return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance data shown. Please visit www.tweedy.com to obtain performance data, which is current to the most recent month end. See page I-8 for footnotes 1 through 5, which describe the indices and inception dates of the Funds. Results are annualized for all periods greater than one year.*

*** After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Returns after taxes on distributions are adjusted for federal income taxes associated with fund distributions, but do not reflect the federal income tax impact of gains or losses recognized when fund shares are sold. Returns after taxes on distributions and sale of fund shares are adjusted for federal income taxes associated with fund distributions and reflect the federal income tax impact of gains or losses recognized when fund shares are sold. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and the after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.*

† The Funds do not impose any front-end or deferred sales charge. However, the Tweedy, Browne Global Value Fund, Tweedy, Browne Global Value Fund II – Currency Unhedged and Tweedy, Browne Worldwide High Dividend Yield Value Fund impose a 2% redemption fee on redemption proceeds for redemptions or exchanges made within 60 days of purchase. Performance data does not reflect the deduction of the redemption fee, and if reflected, the redemption fee would reduce the performance data quoted for periods of 60 days or less. The expense ratios shown above reflect the inclusion of acquired fund fees and expenses (i.e., the fees and expenses attributable to investing cash balances in money market funds) and may differ from those shown in the Funds' financial statements.

‡ Tweedy, Browne Company LLC (the "Adviser") has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Worldwide High Dividend Yield Value Fund and Global Value Fund II – Currency Unhedged to the extent necessary to maintain the total annual fund operating expenses (excluding fees and expenses from investments in other investment companies, brokerage, interest, taxes and extraordinary expenses) at no more than 1.37%. This arrangement will continue at least through December 31, 2012. In this arrangement the Worldwide High Dividend Yield Value Fund and Global Value Fund II – Currency Unhedged have agreed, during the two-year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent that after giving effect to such repayment such adjusted total annual fund operating expenses would not exceed 1.37% on an annualized basis. The performance data shown above would be lower had fees and expenses not been waived and/or reimbursed.

Please note that individual companies discussed herein represent holdings in our Funds, but are not necessarily held in all four of our Funds. Refer to footnote 6 on pages I-8 and I-9 for the individual weightings of these companies in the respective Funds.

We would remind our shareholders that as you compare the returns of your various investments to not lose sight of just how the returns were achieved. Howard Marks, a highly noted investor, in his recent book, **The Most Important Thing**, which we highly recommend, speaks eloquently to this issue:

> When you boil it all down, it's the investor's job to intelligently bear risk for profit. Doing it well is what separates the best from the rest … great investors are those who take risks that are less than commensurate with the returns they earn.

We could not have said it better. From our perspective, the truly great investors have been able to generate attractive absolute and index beating returns while significantly reducing the probabilities for permanent loss of capital. Their records have been built often over decades, and the returns have typically been more defensive, holding up better than most in difficult market environments. While most have made no overt efforts to manage return variance, their returns, more often than not, are characterized by a level of volatility less than that of market indices. Furthermore, they were not produced with lots of transaction activity exposing their clients to large tax bills. These are the kinds of factors which we believe separate the wheat from the chaff when it comes to a great investment record. We have done our absolute best over the years to take this kind of a path in managing your money, and you can rest assured that we will continue to do so.

We also believe this kind of approach to investing allows our clients the ability to hang in there during turbulent times in the market such as we have had of late, which is absolutely critical for their and our long term success. We have spoken before about the actual return earned by our Funds over time and the "investor's return" as defined and measured by Morningstar.[7] If you will recall, the investors' return is the return experienced by the average investor over a period of time in a fund, and takes into consideration the comings and goings of investors during the period. For example, in highly volatile funds it is not unusual for the average investor's return to be quite different from the return earned by investors who remained invested during the entire period. We have seen this phenomenon play out once again recently as some very highly regarded managers were flooded with assets after sailing through the financial crisis of 2008 quite adeptly, only to be faced with massive outflows as their performance cratered in recent months. We are reminded of Peter Lynch's observation many years ago that more than half of all the people who purchased the Magellan Fund, the best performing mutual fund in history when he was running it, lost money. This is because most investors bought the fund after it had a strong run, and sold it as it contracted. As you can see, it's not just the return, but how it is produced that determines what the average investor is likely to experience when investing in a mutual fund. Although each investor's return will naturally depend on the particular facts surrounding their own investments and redemptions, we'd like to think that the value approach that we practice, which has tended to produce a less volatile return over time, has allowed our investors to behave a bit more rationally. At least, to date, that appears to have been the case over longer measurement periods, as our average investor's return in the Global Value Fund and the Value Fund has been quite comparable to the actual return of these Funds. Our other two Funds do not have long enough records for meaningful comparisons.

Not only is sticking with it important for the investor's success over the long term, it is also critically important to our ability to manage assets effectively. We would have a difficult time intelligently implementing our investment strategy if during difficult times in the market we faced rampant redemptions just as equities were getting cheap. While we do have redemptions from time to time, the flow of redemptions has generally been quite manageable over the years and is indicative of a more intelligent shareholder base, and for that we are very grateful.

Our Fund Portfolios

In this section of our report, we always try to provide you with some indication of what drove our returns during the period. Quite frankly, we do not put a lot of stock in "investment archeology" or attempts to explain what moved stock prices during a particular period. In some respects, it is like trying to explain the unexplainable, particularly during volatile periods such as we have recently experienced. More often than not, in volatile periods, stock price movements can become completely divorced from what is going on fundamentally in the underlying businesses of the stocks that we own, reflecting the anxieties of investors rather than how the companies are actually doing. Such has been the case over the last six months. Even in more stable periods for stocks, the somewhat random short-term movements of individual stock prices often reflect near-term developments at the company that in our opinion may not weigh on the longer term prospects for the business. Attribution analysis becomes even more difficult when the portfolio under review is a diversified one, and holds 30 or more securities as our portfolios do. With that in mind, we will try to provide you with what we feel is a more rational description of what happened during the period in question, and the portfolio decisions we made on your behalf, always mindful that a more detailed analysis is probably not all that meaningful.

As market volatility spiked up over the last three to six months, it was the more traditionally defensive stocks that held up best and produced the best returns in our Fund portfolios; i.e., the food, beverage, tobacco, and healthcare holdings. This included companies such as Coca-Cola, Diageo, Nestle, Unilever, British American Tobacco, Roche, and Johnson & Johnson. The earnings of these companies typically hold up relatively better in recessions, as consumers generally resist cutting back on these types of expenditures, and that has proven to be the case over the last few months. We also had good relative results in Cisco and MasterCard whose businesses performed well in a difficult period.

As concerns about the debt crisis both in Southern Europe and the U.S. resurfaced, the financial stocks in which our Funds were invested began to contract, especially a number of our insurance stocks, such as Zurich Financial, Munich Re, and Berkshire Hathaway. One bright light in the financial group was Provident Financial, the UK consumer lender, whose business is somewhat insulated from the macro factors affecting more mainstream financials. The company also continued to post steady and growing results during the period particularly in their credit card business. Their dividend yield of nearly 9% was another contributing factor. In the wake of new forecasts suggesting a significant slowdown in economic growth, our media holdings declined led by Axel Springer and Mediaset España. Also, our oil and gas stocks, including ConocoPhillips, Devon Energy and Total, contracted in price as the price for crude oil came down, again impacted by what appeared to the prospects for a more sluggish recovery near term.

In terms of the actions we have been taking in the Fund portfolios of late, they have been somewhat incremental. In pessimistic, volatile environments such as this, you sometimes find pricing opportunities in great businesses. We are trying to pick our spots carefully so as to really take advantage, and enhance the overall profile of our portfolios with our remaining cash reserves. The level of investment currently ranges from roughly 78% in our newer unhedged Global Value Fund II, which is still in the construction phase, all the way up to 90% in the Value Fund. In most instances, we only need a few new securities to reach a rather fully invested posture. That said, we have added to and trimmed a number of pre-existing positions, and also established a few new positions over the last six months.

For example, we recently established a position in UK-based Imperial Tobacco, the fourth largest tobacco company in the world, and have begun to build a position in a company we have owned in the past, United Overseas Bank (UOB), a large, growing and conservatively managed bank in Singapore. At purchase, Imperial was trading at roughly 11X 2011 earnings; had a long record of producing high free cash flow; paid a dividend yield north of 4% with a conservative 50% payout ratio; had increased its dividend for 14 consecutive years; had a consistent earnings record even during recessions; and had a history of intelligently buying in its shares. Of the big four tobacco companies, it is the one that is from time to time the subject of press conjecture that it may be a takeover candidate, but that is not why we own the stock.

UOB is one of the three leading commercial and consumer banks in Singapore, which is widely regarded as one of the strongest national banking systems in the world. By almost any metric, this is a conservatively managed bank with a strong financial position, and without the balance sheet issues facing Western banks. Its return on equity has been around 16% and it has grown its loan book at a conservative 7% annually over the last 10 years. It is self funding with a loan to deposit ratio of less than 80%, which is much lower than most Western banks, and has loans to tangible book value of just 6.5X, whereas at most Western banks that ratio would be greater than 10X. At initial purchase, the shares were trading at roughly 10X earnings, and it had a current dividend yield, including special dividends, of around 4%. We believe an acquirer would reasonably pay more than 14X earnings for this franchise today.

At the end of the third quarter, the price of crude oil was down over 30% from its highs back in early May, and that contributed to a considerable correction in oil stocks. We added to several of our existing holdings, including Devon Energy and Total. We also had a chance to buy some shares in Royal Dutch Shell (RDS), the global oil giant, at roughly 7.4X 2011 earnings with over a 5% dividend yield. We think that RDS is among the cheapest of the major oil and gas producers with a current and prospective production growth profile that is attractive. Downstream, Royal Dutch has begun to rationalize its refining assets, which should lead to margin improvement in the not too distant future. While the decline in crude oil prices no doubt reflect the prospects for a slowing global economy near term, we believe the supply demand equation for oil and gas should remain tight over the long term, improving the prospects for our oil stocks.

We also began building a position in NGK, a Japanese spark plug maker. NGK is exactly the kind of company we look for in Japan today. It has significant international operations, good market positions and decent margins, and has behaved rationally with its shareholders, but has a valuation that more than reflects the challenges facing the country today. After net cash of around ¥150 per share, the stock currently trades at only about 7.8X estimated 2011 earnings of ¥115 per share. All four of these companies have durable franchises, what we believe to be sustainable competitive advantages, are conservatively financed, trade at sizeable discounts to what an acquirer would be willing to pay in a buyout of the company, and pay an attractive current dividend while we wait for value recognition in their shares.

From our point of view, the debt problems that have consumed the attention of our policy makers over the last several months are not likely to be resolved in short order. It took a long time to get into the position we are in, and it will take a long time to get out. As we mentioned earlier in this letter, it is hard to see the problems in the U.S. being addressed prior to the election next year, and the European issue, which is far more difficult, will likely take even longer to work through. That said, we think that positive policy changes at the margin that would offer some clarity for business people would more than likely be very favorable for our equity markets. But until we get that, our markets are likely to remain somewhat more volatile than normal. It is important in this type of environment to have portfolios that are designed to weather virtually any kind of turbulence that may come our way, and that is precisely what we have tried to do. Our Fund holdings today continue to be comprised in large part of larger, less cyclical, steadier companies with more sustainable demand characteristics that are globally diversified, have solid balance sheets, sell products to an aspiring and growing middle class, and pay an attractive dividend yield while we wait for value recognition. In general, these companies are attractively priced and discount a cautious expectation of the future. We are quite confident that they should be able to withstand significant adversity, and over time come out the other side stronger and more valuable. In times like these we take great comfort in those principles that form the bedrock of our approach: a cautious valuation methodology; a rigorous pricing discipline that demands a significant discount from our estimates of intrinsic value in each and every security at purchase; a focus on sustainable competitive advantages; diversification by issue, industry, and country; low leverage; a long-term investment horizon; and a willingness to hold residual cash reserves when bargains are less plentiful. These principles have allowed us to compound our own wealth and that of our shareholders quite reliably over long measurement periods, and we remain confident that they should continue to serve us well going forward.

Looking Forward

So, here we are some two and a half years out from perhaps the most severe financial implosion we have experienced since the Great Depression, and the global economy once again is in crisis mode. Economic indicators suggest the global recovery is slowing, inflation is on the rise in the emerging markets, China's momentum is slowing, and the debt crisis in both Southern Europe and the U.S. is once again dominating headlines.

It would appear that we are at an inflection point today with respect to the "social contract" between governments and the people that they serve. Promises have been made that will be hard to keep, and capital markets are forcing the hands of policy makers around the globe. Like a persistent bill collector, the markets are now demanding payment for the profligacy that has built up over time.

Deregulation over the years in the financial services industry and advances in technology have spawned a plethora of innovative investment strategies and vehicles designed to take advantage, often on a highly leveraged basis, of short term market fluctuations, which further accentuates the daily pricing volatility in equity markets. The confluence of too much debt, the absence of near-term political will, and highly leveraged financial instruments has created a level of stress in public equity markets that tests the resolve of even the most resolute of investors. Until policy makers formulate a credible long term workout plan, equity markets are likely to remain volatile. As we stated earlier, the proverbial can which has been kicked down the road for some time now has suddenly become a lot heavier.

In the interim, what can investors do to try to intelligently keep their capital working for them in such a volatile macro environment? On the one hand, you could call it a day and retreat from markets and go to cash, which by the way pays you virtually nothing, and simply wait for a better time. But how will you know when to return? Think of all those investors today who were forced out by comparable volatility in 2008 and missed the last two-year run-up. We are sensitive to the fact that market volatility can be devastating for those who frequently need access to their capital. However, for those with more patient capital, markets such as these can afford investors with rare pricing opportunities, which over longer measurement periods, should prove to be quite advantageous. It is our job, as stewards of your hard earned savings, to try to remain objective so as to exploit these opportunities.

We recently had the privilege to attend Walter Schloss' 95th birthday party. Walter, as many of you know, worked alongside Benjamin Graham in the 1950s and is a great friend of Warren Buffett. He became a legendary investor in his own right, running his own partnership for nearly fifty years. In an evening full of toasts and accolades for Walter, perhaps Sandy Gottesman, another great investor and Berkshire billionaire, said it best when he toasted Walter for the trait he felt he did not have, and the trait Sandy felt made Walter a great investor, his optimism. To a certain degree, value investors, while ever skeptical even in times of crisis, generally believe the world is not coming to an end. Warren Buffett tries to remind us of this frequently during times of stress. Walter, if he were still managing his partnership today, would be leaning against the wind and opportunistically buying stocks. We will be leaning as well in the weeks and months ahead.

Thank you for investing with us, and for your continued confidence.

Very truly yours,

TWEEDY, BROWNE COMPANY LLC

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

November 2011

Footnotes:

(1) *Indexes are unmanaged and the figures for the indexes shown include reinvestment of dividends and capital gains distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.*

(2) *MSCI EAFE Index US$ is an unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East. MSCI EAFE Index Hedged consists of the results of the MSCI EAFE Index hedged 100% back into US dollars and accounts for interest rate differentials in forward currency exchange rates. Results for both indexes are inclusive of dividends and net of foreign withholding taxes.*

(3) *Inception dates for the Global Value Fund, Global Value Fund II – Currency Unhedged, Value Fund and Worldwide High Dividend Yield Value Fund were June 15, 1993, October 26, 2009, December 8, 1993, and September 5, 2007, respectively. Information with respect to MSCI EAFE indexes is available at month end only; therefore the closest month end to the Global Value Fund's inception date, May 31, 1993, was used.*

(4) *The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index (US$) reflects the return of this index for a US dollar investor. MSCI World Index (Hedged to US$) consists of the results of the MSCI World Index with its foreign currency exposure hedged 100% back into US dollars. The index accounts for interest rate differentials in forward currency exchange rates. Results for this index are inclusive of dividends and net of foreign withholding taxes.*

(5) *S&P 500 Index is an unmanaged capitalization weighted index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange and over-the-counter market and includes the reinvestment of dividends.*

(6) *As of September 30, 2011, Tweedy, Browne Global Value, Tweedy, Browne Global Value Fund II – Currency Unhedged, Tweedy, Browne Value and Tweedy, Browne Worldwide High Dividend Yield Value Fund had invested the following percentages of its net assets, respectively, in the following portfolio holdings: Bank of America (0.0%, 0.0%, 0.0%, 0.0%); 3M (0.0%, 0.0%, 1.7%, 0.0%); Johnson & Johnson (0.8%, 2.6%, 3.5%, 3.3%); Coca-Cola (0.0%, 0.0%, 0.0%, 1.3%); Diageo (3.8%, 3.2%, 4.4%, 3.0%); Nestle (4.3%, 3.1%, 4.1%, 1.4%); Unilever (3.1%, 3.3%, 3.1%, 3.3%); British American Tobacco (1.9%, 0.8%, 2.0%, 2.8%); Roche (3.9%, 3.4%, 3.8%, 3.5%); Cisco (0.0%, 0.0%, 1.4%, 0.0%); MasterCard (0.0%, 1.1%, 1.5%, 0.0%); Zurich Financial (3.0%, 3.6%, 2.8%, 3.7%); Munich Re (3.2%, 3.2%, 3.5%, 3.3%); Berkshire Hathaway (1.1%, 0.0%, 2.7%, 0.0%); Provident Financial (1.3%, 0.7%, 0.0%, 1.3%); Axel Springer (3.1%, 2.8%, 1.4%, 0.0%); Mediaset España (1.3%, 1.0%, 1.0%, 0.0%); ConocoPhillips (0.9%,*

1.2%, 2.5%, 2.2%); Devon Engery (0.1%, 0.0%, 1.9%, 0.0%); Total (3.5%, 3.5%, 3.6%, 3.5%); Imperial Tobacco (0.8%, 2.3%, 0.0%, 2.1%); United Overseas Bank (0.0%, 1.4%, 0.0%, 1.0%); Royal Dutch Shell (0.4%, 2.3%, 0.0%, 2.0%); and NGK Spark Plug (0.0%, 0.3%, 0.0%, 0.0%).

(7) *Investor return measures the experience of the average investor in a fund as defined by Morningstar. Investor return does not represent the performance of any one individual investor or the actual performance of a fund as a whole. The investor return is a dollar weighted return that incorporates the impact of cash flows and outflows from purchases and sales and the growth of fund assets. The return takes into account the fact that not all of a fund's investors bought it at the beginning of the period and held it to the end. In order to calculate the investor return, Morningstar first calculates monthly cash inflows and outflows for a fund and then calculates the returns earned on those flows. Investor return is the constant monthly rate of return that makes the beginning assets equal to the ending assets with all monthly cash flows accounted for. Results are annualized. The gap between investor return and total return indicates how well investors timed their fund purchases and sales.*

Current and future portfolio holdings are subject to risk. Investing in foreign securities involves additional risks beyond the risks of investing in U.S. securities markets. These risks include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various non-U.S. countries. In addition, the securities of small, less well known companies may be more volatile than those of larger companies. Value investing involves the risk that the market will not recognize a security's intrinsic value for a long time, or that a security thought to be undervalued may actually be appropriately priced when purchased. Please refer to the Funds' prospectus for a description of risk factors associated with investments in securities which may be held by the Funds.

Although the practice of hedging against currency exchange rate changes utilized by the Tweedy, Browne Global Value Fund and Tweedy, Browne Value Fund reduces the risk of loss from exchange rate movements, it also reduces the ability of the Funds to gain from favorable exchange rate movements when the U.S. dollar declines against the currencies in which the Funds' investments are denominated and in some interest rate environments may impose out-of-pocket costs on the Funds.

This letter contains opinions and statements on investment techniques, economics, market conditions and other matters. Of course there is no guarantee that these opinions and statements will prove to be correct, and some of them are inherently speculative. None of them should be relied upon as statements of fact.

Tweedy, Browne Global Value Fund, Tweedy, Browne Global Value Fund II – Currency Unhedged, Tweedy, Browne Value Fund, and Tweedy, Browne Worldwide High Dividend Yield Value Fund are distributed by Tweedy, Browne Company LLC.

This material must be preceded or accompanied by a prospectus for Tweedy, Browne Fund Inc.