TWEEDY, BROWNE AMERICAN VALUE FUND

SEMI-ANNUAL

SEPTEMBER 30, 1994

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

Investment Manager's Report

To Our Shareholders in Tweedy, Browne American Value Fund:

We are pleased to present the Semi-Annual Report to Shareholders of Tweedy, Browne American Value Fund for the six months ended September 30, 1994. During this period, the net asset value per share increased 5.7% as compared to a gain of 5.3% for the Standard & Poor's 500 Stock Index (the "S&P 500"). For the nine-month period ended September 30, 1994 our NAV is up 3.2% versus a gain of 1.3% for the S&P 500. The S&P 500 is an unmanaged index which assumes the reinvestment of dividends and which is generally considered representative of U.S. large capitalization stocks. The Fund had an average total return for the period from the Fund's inception (December 8, 1993) through September 30, 1994 of 2.60%.*

As of October 1, 1994, the name of your Fund has been changed from the Tweedy, Browne Value Fund to the Tweedy, Browne American Value Fund to better clarify the differences in our two funds. Our other Fund, the Tweedy, Browne Global Value Fund, invests primarily in non-U.S. stocks, and the Tweedy, Browne American Value Fund invests primarily in U.S. stocks. As of September 30, 1994, your Fund was invested in 73 different U.S. stocks and three non-U.S. stocks. The U.S. stocks accounted for 78.4% of total net assets, and non-U.S. stocks accounted for 6.1% of total net assets. The overall level of investment in common stocks stood at 84.4% of total net assets. In selecting investments for your Fund, our criteria fall into two principal categories: stocks selling at a discount to tangible book value; i.e., what the company itself has paid for its own assets, and stocks selling at a low price/earnings ratio. As of September 30, 1994, 30.3% of your Fund's net assets were invested in 44 stocks with a weighted average price-to-book value ratio of 70%. By comparison, the S&P 500 sells at 305% of book value. In our global database, which includes 3,345 companies in the United States, only 135 of these companies (4%) are priced at 70% of book value or less. Ninety-six percent of the companies are more expensive.

Among stocks selling at a significant discount to book value, your Fund owns shares of National Western Life Insurance Company, an Austin, Texas-based life insurance business, which has stable earnings. National Western Life also owns a U.S. government bond and municipal bond brokerage business, The Westcap Corporation, which has had a history of volatile earnings. The current price, $33.75 per share, is 45% of the company's book value at June 30, 1994, which was $74.65 per share, and 2.6x earnings for the last twelve months, which were $13.15 per share. Although most companies do not

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

pay out 100% of earnings as a dividend, when we evaluate a stock, we look at it as if we owned 100% of the company and assume that 100% of earnings will be paid out to us as a dividend. If National Western Life were to pay out 100% of earnings to us as a dividend, the earnings yield would be 39%. Of the $74.65 per share book value, $5.84 represents the company's investment in The Westcap Corporation, which is a completely stand-alone business with liabilities that are not guaranteed by National Western Life. The current stock price is 3.9x earnings from the life insurance business alone, or $8.59 per share, which is an earnings yield of 26%, without counting any earnings from the volatile brokerage business. At this earnings yield rate, we would earn back our $33.75 share price in 3.9 years. The 26% earnings yield is more than 3x the 30-year U.S. Treasury Bond yield of 7.8%, which is a fixed rate of return, and is guaranteed by the U.S. Government. The company's holdings of below investment-grade bonds, non-performing loans and foreclosed real estate, all of which equal only 1.5% of total investment assets, are among the lowest in the life insurance industry. Life insurance businesses similar to National Western Life have been valued at more than book value in corporate acquisitions. A valuation at book value is 121% more than the current stock price.

A further 41.8% of the Fund's assets is invested in 20 issues with an average price/earnings ratio of 9.8x, which is an earnings yield of 10.2%. The S&P 500 is 18.1x earnings, which is an earnings yield of 5.5%. Out of 2,925 companies in our database with a market capitalization in excess of $100 million, 235 companies (8%) were priced at 9.8x earnings or less. Ninety-two percent of the companies were more expensive.

Among companies that are valued primarily on the basis of current and prospective earnings, your Fund owns shares of First Chicago Corporation, a Chicago, Illinois-based bank holding company. At the current price, $47 per share, First Chicago is priced at 7.4x current earnings, an earnings yield of 13.5%. At this rate, we would earn back our purchase price in 7.4 years, assuming current earnings remained constant for those years. In our database, out of 2,925 companies with a market capitalization above $100 million, only 58 companies (2%) are priced at 7.4x earnings or less. Ninety-eight percent of the companies are more expensive in relation to earnings. First Chicago's stock price is 95% of book value, $48.96 per share. According to *SNL Bank Securities Monthly*, the median average valuation of publicly traded banks is 12.4x earnings and 150% of book value. In addition, banks have been valued at 15x to 20x earnings in recent acquisitions. A valuation of First Chicago at 15x earnings is 101% more than the current stock price.

All of this may sound fine: we have most of our money invested in stocks that are cheap compared to book value or earnings, or both. It would be nice, and enormously profitable, to be able to know which stocks were going to rise on any particular day, or on which days the market indices would rise or fall. Then all an investor would have to do is own those stocks on those days, or go long or short the indices, depending upon their predicted daily direction. Unfortunately, at least for us, we believe this is an impossible task. What we think we do know is that, on average, a portfolio with certain fundamental financial characteristics generally will produce satisfactory, if not superior, returns. It is a bit like planting seeds: sometimes they take longer to germinate due to a patch of bad weather; but, given good seeds and proper soil, we will eventually have a harvest. Knowing the financial characteristics of the Fund's holdings, we also sleep well. As of September 30, 1994, the general partners of Tweedy, Browne Company L.P. and their families had an investment of $7 million in Tweedy, Browne American Value Fund and have increased that amount in the month of October.

Through the years, numerous academic studies have been performed on fundamental investment criteria and characteristics that produced results better or worse than the stock market averages. We have compiled descriptions of 44 such studies in a booklet entitled, *What Has Worked in Investing*, which is included with this Semi-Annual Report to Shareholders. Our choice of studies has not been selective; we merely included most of the major studies we have seen through the years. Approximately one-half of the studies are based on U.S. stocks and the rest are based on stocks outside the U.S. Interestingly, geography had no influence on the basic conclusion: U.S. and non-U.S. stocks performed similarly based on similar financial criteria. The overall conclusion is that stocks with the following characteristics provide the best returns over long periods of time:

1. Low price in relation to book value; i.e., what the company itself has paid for its own assets.

2. Low price in relation to earnings. Included within the broad low price-to-earnings category are two additional related characteristics: high dividend yield and low price-to-cash flow. Dividends and cash flow are largely a function of earnings.

3. Insider purchases of the company's stock; i.e., purchases of the company's stock by officers, directors or the company itself.

4. A significant decline in the market price.

5. Small market capitalization.

While this conclusion comes as no surprise to us, it provides empirical evidence that Ben Graham's principles of investing, first published in 1934 in his book, *Security Analysis*, do work. More recently, in May 1993, Dr. Josef Lakonishok (University of Illinois), Dr. Robert W. Vishny (University of Chicago) and Dr. Andrei Shleifer (Harvard University) presented a paper funded by the National Bureau of Economic Research entitled, *Contrarian Investment, Extrapolation and Risk*. This paper examined investment returns from all companies listed on the New York Stock Exchange and the American Stock Exchange in relation to ratios of price-to-book value, price-to-earnings and price-to-cash flow between 1968 and 1990. In their abstract, the authors state, "This paper provides evidence that value strategies yield higher returns because these strategies exploit the mistakes of the typical investor and not because these strategies are fundamentally riskier." This paper and the other similar studies described in the sections entitled Assets Bought Cheap and Earnings Bought Cheap of the enclosed booklet, *What Has Worked in Investing*, demonstrate that, at the extreme, investors over value and under value individual stocks, and that the best returns come from buying stocks at the extreme end of the value spectrum.

We have been asked the question whether we plan to start any other funds. The answer as far as we know today is ''*No*''. We do not believe in having large cap and small cap funds. Why cheat shareholders in one fund out of owning cheap stocks just because of a market cap constraint? We certainly would not start a growth fund given the statistical evidence supporting value investing. And, to create industry specific funds makes no sense as, from time to time, specific industries may be cheap or expensive, depending upon market conditions. We believe investing should be philosophically driven, in our case by value, and that within that philosophic discipline the manager should not be constrained by industries, market caps or borders. Much as if you were seeking to fill a position in your business or place of employment, you would not want to limit your choices by gender, race, height, weight, or nationality. You would want to see all the potential candidates and choose the best. In the same manner, we want to see all the potential ''investment candidates'' worldwide, and choose those that fit our ''job description''.

Sincerely,

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

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

October 18, 1994

Portfolio of Investments

September 30, 1994 (Unaudited)

Shares		Market Value (Note 1)
	COMMON STOCKS — 84.4%	
	Consumer Non-Durables — 15.1%	
12,400	Coca Cola Bottling	$ 356,500
42,235	Great Atlantic & Pacific Tea Company	1,071,713
6,500	Heineken Holdings, Class A	797,787
16,010	Nestle ADR	742,464
26,259	Polaroid Corporation	922,347
18,900	Reebok International Ltd.	675,675
		4,566,486
	Banking — 14.6%	
15,180	BanPonce Corporation, New	502,837
2,000	Calcasieu Marine National Bank	118,000
24,980	Chase Manhattan Corporation	864,933
28,400	Comerica, Inc.	788,100
16,500	First Chicago Corporation	756,937
9,200	Mercantile Bancorporation, Inc.	339,250
21,160	Salomon Inc.	835,820
4,300	Suffolk Bancorp	116,638
600	Wells Fargo & Company	87,075
		4,409,590
	Financial Services — 12.4%	
31,230	American Express Company	948,611
17,500	American Holdings Inc.	22,969
13,470	Federal Home Loan Mortgage Corporation	718,961
21,200	Household International Inc.	757,900
3,300	HPSC Inc.	11,138
9,000	Jefferies Group Inc.	324,000
14,000	Kent Financial Services Inc.	78,750
11,836	Lehman Brothers Holdings Inc.	174,581
34,900	Lomas Financial Corporation, New†	170,137
16,100	Value Line Inc.	527,275
		3,734,322
	Insurance — 11.7%	
15,000	Allstate Financial Corporation	91,875
15,000	American Indemnity Financial Corporation	161,250
17,825	American National Insurance Company	848,916
5,375	Amwest Insurance Group Inc.	67,187
24,400	Independent Insurance Group Inc.	329,400
7,000	Kansas City Life Insurance Company	287,000
6,000	Laurentian Capital Corporation, New†	60,000
14,900	Merchants Group Inc.	223,500

Shares		Market Value (Note 1)
	Insurance — (Continued)	
15,300	National Western Life Insurance Company	$ 566,100
17,500	RE Capital Corporation	231,875
22,000	SCOR United States	247,500
20,500	USLICO Corporation	427,938
		3,542,541
	Retail — 6.1%	
13,200	Ben Franklin Retail Stores	54,450
1,000	Dart Group, Class A	79,000
43,200	K Mart Stores	772,200
25,900	Luria (L) and Sons Inc.	191,013
8,100	Mercantile Stores	336,150
52,500	Syms Corporation	406,875
		1,839,688
	Health Care — 5.0%	
71,500	Continental Medical Systems†	643,500
16,706	Johnson & Johnson	862,447
		1,505,947
	Chemicals — 3.1%	
15,220	Philip Morris Companies Inc.	930,323
	Leisure and Entertainment — 3.0%	
29,843	Hasbro Inc.	880,369
7,500	Latin American Casinos Inc.	13,125
		893,494
	Basic Industries — 2.4%	
2,935	Binks Manufacturing Company	63,102
27,000	Monarch Machine Tool Company	259,875
11,000	Tremont Corporation, New†	115,500
2,600	Unilever NV, ADR	294,775
		733,252
	Technology — 2.3%	
24,000	Digital Equipment Corporation†	636,000
11,600	LDI Corporation	58,000
		694,000
	Real Estate — 1.8%	
18,000	American Real Estate Partners Ltd.	141,750
5,200	Arizona Land Income Corporation, Class A	23,725
19,700	Reading Company, Class A	216,700
33,600	RPS Realty Trust	147,000
		529,175

SEE NOTES TO FINANCIAL STATEMENTS

Portfolio of Investments

September 30, 1994 (Unaudited)

Shares		Market Value (Note 1)
	COMMON STOCKS	
	Business Services — 1.0%	
31,100	Duplex Products Inc.†	$ 279,900
12,500	Paris Business Forms	42,188
		322,088
	Paper — 1.0%	
7,900	Champion International Corporation	306,125
	Printing and Publishing — 0.7%	
30,000	Advanced Marketing Services Inc.†	198,750
	Engineering and Construction — 0.7%	
6,500	Atkinson (Guy F.) Company California†	65,000
15,000	Devcon International Corporation	131,250
		196,250
	Telecommunications — 0.5%	
11,200	Falcon Cable Systems Company Ltd.†	91,000
15,000	TCI International Inc.	63,750
		154,750
	Oil and Gas — 0.4%	
13,200	Pool Energy Services Company†	115,500
	Freight — 0.1%	
2,930	Carolina Freight Corporation	27,102
	Other — 2.5%	
5,000	AEL Industries Inc., Class A†	45,000
15,000	Astrosystems Inc.†	64,687
7,700	Guinness PLC, Sponsored ADR	274,043
53,800	National Education Corporation	275,725
4,080	Oilgear Company	53,040
800	Resources America	10,300
10,800	TCC Industries Inc.†	32,400
		755,195
	TOTAL COMMON STOCKS (Cost $24,843,118)	25,454,578
	PREFERRED STOCK — 0.1% (Cost $16,100)	
1,400	Grant Geophysical Inc., Pfd.	19,250

Face Value			Market Value (Note 1)
	COMMERCIAL PAPER — 0.7% (Cost $224,000)		
$ 224,000	General Electric Capital Corporation, 4.950% due 10/3/94		$ 224,000
	REPURCHASE AGREEMENT — 15.3% (Cost $4,600,000)		
4,600,000	Agreement with Dean Witter, 4.740%, dated 9/30/94, to be repurchased at $4,601,817 on 10/3/94, collateralized by $4,770,000 U.S. Treasury Bill, 6.375% due 1/15/99		4,600,000
TOTAL INVESTMENTS (Cost $29,683,218*)		100.5%	30,297,828
OTHER ASSETS AND LIABILITIES (Net)		(0.5)	(140,276)
NET ASSETS		100.0%	$30,157,552

* *Aggregate cost for Federal tax purposes.*
† *Non-income producing security.*

Contracts		Contract Value Date	
FORWARD EXCHANGE CONTRACTS TO SELL (Contract Amount $515,000)			
888,787	Netherlands Guilder	09/15/95	$513,025

SEE NOTES TO FINANCIAL STATEMENTS

Statement of Assets and Liabilities

September 30, 1994 (Unaudited)

ASSETS		
Investments, at value (Cost $29,683,218) (Note 1)		
See accompanying schedule:		
Investment securities	$25,697,828	
Repurchase agreement	4,600,000	$30,297,828
Unamortized organization costs (Note 5)		81,096
Dividends and interest receivable		67,511
Receivable for Fund shares sold		7,226
Net unrealized appreciation of forward exchange contracts (Note 1)		1,975
Prepaid expense		1,866
Total Assets		30,457,502
LIABILITIES		
Payable for investment securities purchased	173,840	
Investment advisory fee payable (Note 2)	55,457	
Due to custodian	20,343	
Administration fee payable (Note 2)	18,784	
Transfer agent fees payable (Note 2)	1,073	
Accrued Directors' fees and expenses (Note 2)	4,716	
Accrued expenses and other payables	25,737	
Total Liabilities		299,950
NET ASSETS		$30,157,552
NET ASSETS consist of		
Undistributed net investment income		$ 149,709
Accumulated net realized (loss) on securities, forward exchange contracts and foreign currencies		(77,615)
Unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets		616,592
Par value		294
Paid-in capital in excess of par value		29,468,572
Total Net Assets		$30,157,552
NET ASSET VALUE, offering price and redemption price per share ($30,157,552 ÷ 2,938,927 shares of common stock outstanding)		$10.26

Statement of Operations

For the six months ended September 30, 1994 (Unaudited)

INVESTMENT INCOME		
Dividends (net of foreign withholding taxes of $4,944)		$ 219,703
Interest		111,728
Total Investment Income		331,431
EXPENSES		
Investment advisory fee (Note 2)	$142,042	
Administration fee (Note 2)	37,636	
Registration and filing fees	18,535	
Transfer agent fees (Note 2)	12,033	
Legal and audit fees	11,531	
Amortization of organization costs (Note 5)	10,681	
Directors' fees and expenses (Note 2)	3,309	
Other	9,534	
Waiver of fees by investment adviser (Note 2)	(44,480)	
Total Expenses		200,821
NET INVESTMENT INCOME		130,610
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (Notes 1 and 3):		
Net realized gain (loss) on:		
Securities		(77,612)
Forward exchange contracts		(2,608)
Foreign currencies		2,605
Net realized (loss) on investments during the period		(77,615)
Net change in unrealized appreciation (depreciation) of:		
Securities		1,156,258
Forward exchange contracts		1,975
Foreign currencies and net other assets		7
Net unrealized appreciation of investments during the period		1,158,240
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		1,080,625
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		$1,211,235

SEE NOTES TO FINANCIAL STATEMENTS

Statement of Changes in Net Assets

	Six Months Ended 9/30/94 (Unaudited)	Period Ended 3/31/94*
Net investment income	$ 130,610	$ 19,131
Net realized (loss) on securities, forward exchange contracts and foreign currencies during the period	(77,615)	(32)
Net unrealized appreciation (depreciation) of securities, forward exchange contracts, foreign currencies and net other assets during the period	1,158,240	(541,648)
Net increase (decrease) in net assets resulting from operations	1,211,235	(522,549)
Net increase in net assets from Fund share transactions (Note 4)	12,813,234	14,135,632
Net increase in net assets	14,024,469	13,613,083
NET ASSETS		
Beginning of period	16,133,083	2,520,000
End of period (including undistributed net investment income of $149,709 and $19,099, respectively)	$30,157,552	$16,133,083

* *The Fund commenced operations on December 8, 1993.*

Financial Highlights

For a Fund share outstanding throughout each period.

	Six Months Ended 9/30/94 (Unaudited)	Period Ended 3/31/94*(a)*
Net asset value, beginning of period	$ 9.71	$ 10.00
Income from investment operations:		
Net investment income*(c)*	0.04	0.01
Net realized and unrealized gain (loss) on investments	0.51	(0.30)
Total from investment operations	0.55	(0.29)
Net asset value, end of period	$ 10.26	$ 9.71
Total return*(d)*	5.66%	(2.90)%
Ratios/Supplemental Data:		
Net assets, end of period (in 000's)	$30,158	$16,133
Ratio of operating expenses to average net assets*(e)*	1.77%*(b)*	2.26%*(b)*
Ratio of net investment income to average net assets	1.15%*(b)*	0.64%*(b)*
Portfolio turnover rate	4%	0%

(a) *The Fund commenced operations on December 8, 1993.*
(b) *Annualized.*
(c) *Net investment income (loss) for a Fund share outstanding, before the waiver of fees by the investment adviser for the six months ended September 30, 1994 and the period ended March 31, 1994 was $0.03 and $(0.01), respectively.*
(d) *Total return represents aggregate total return for the periods indicated.*
(e) *Annualized expense ratios before waiver of fees by investment adviser for the six months ended September 30, 1994 and the period ended March 31, 1994 were 2.17% and 3.51%, respectively.*

SEE NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

Tweedy, Browne American Value Fund (formerly known as Tweedy, Browne Value Fund (see Note 6)) (the "Fund") is a diversified series of Tweedy, Browne Fund Inc. (the "Company"). The Company is an open-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Company was organized as a Maryland corporation on January 28, 1993. The Fund commenced operations on December 8, 1993. The 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 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 to reduce its exposure to fluctuations in foreign currency exchange on its portfolio holdings. Forward exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time that it was opened and the value at the time that it was closed.

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

Securities Transactions and Investment Income Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

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

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

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. From time to time, Tweedy, Browne may voluntarily waive a portion of its fee otherwise payable to it. For the six months ended September 30, 1994, Tweedy, Browne voluntarily waived fees of $44,480.

The four general partners of Tweedy, Browne, the investment adviser to the Fund and their families, have approximately $7 million of their own money invested in the Fund.

The Company on behalf of the Fund has entered into an administration agreement (the "Administration Agreement") with The Shareholder 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	0.10%	0.08%	0.06%

	Up to $100 Million	Exceeding $100 Million
Accounting Fees	0.06%	0.04%

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

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

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, 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.

Notwithstanding the foregoing, TSSG and Boston Safe have each agreed to limit fees charged pursuant to the Administration Agreement and Custody Agreement to 0.21% of the value of the Fund's average daily net assets during the Fund's first 12 months of operation.

3. Purchases and Sales of Securities

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments for the six months ended September 30, 1994, aggregated $12,652,808 and $684,297, respectively.

At September 30, 1994, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was $1,344,155 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was $729,545.

4. Capital Stock

The Company is authorized to issue one billion shares of $.0001 par value capital stock, of which 400,000,000 of the unissued shares have been designated as shares of the Fund. Changes in shares outstanding for the Fund were as follows:

	Six Months Ended 9/30/94		Period Ended 3/31/94*	
	Shares	Amount	Shares	Amount
Sold	1,422,371	$14,249,892	1,425,062	$14,297,308
Redeemed	(144,317)	(1,436,658)	(16,189)	(161,676)
Net Increase	1,278,054	$12,813,234	1,408,873	$14,135,632

** The Fund commenced operations on December 8, 1993.*

Notes to Financial Statements (Unaudited)

5. Organization Costs

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

6. Subsequent Event

Effective October 1, 1994, the Tweedy, Browne Value Fund will change its name to the Tweedy, Browne American Value Fund.