

Tweedy, Browne

## Worldwide High Dividend Yield Value Fund

The Tweedy, Browne Worldwide High Dividend Yield Value Fund (“Worldwide High Dividend Yield Value Fund”) is a diversified, no-load mutual fund that focuses on investment in companies around the globe with above-average dividend yields and that the Adviser believes are reasonably valued. The efficacy of the approach has been reinforced by numerous academic studies, and empirically by Tweedy, Browne’s experience managing these kinds of portfolios since 1979.

---

TWEEDY, BROWNE FUND INC.

TWEEDY, BROWNE FUND INC.  
September 30, 2017

# Tweedy, Browne Worldwide High Dividend Yield Value Fund

---

## BACKGROUND

In early 1979, we were asked by a client to manage a trust account where current income together with capital appreciation was the investment objective. While our traditional value approach had no particular emphasis on income generation or yield, we decided to accept the challenge and accommodate him. We set up an account and focused on identifying companies that we believed were reasonably valued and which also provided above-average dividend yields. As an accommodation, we took on an additional yield-oriented assignment in 1991 and another in 2004. The investment strategy initially was focused on dividend-paying U.S. equities up until sometime in 2003, when the approach became global. Since 2003, qualified dividends have enjoyed the same attractive tax rates as long-term capital gains. In light of our favorable experience managing dividend-yield portfolios and the current tax advantaged status of dividends, we felt it made sense to make this approach more broadly available to current and prospective clients by forming the Tweedy, Browne Worldwide High Dividend Yield Value Fund.

## WHY WE BELIEVE DIVIDENDS ARE IMPORTANT

- Over the long term, the return from dividends has been a significant contributor to the total returns produced by equity securities. According to Standard & Poor's, dividends comprised an average of approximately 35% of the monthly total return of the Standard and Poor's 500 Stock Index (the "S&P 500") from 1926 to 2009.
- Stocks with apparent high and sustainable dividend yields may be more resistant to a decline in price than lower yielding stocks because the stock is in effect "yield supported."
- The reinvestment of high dividends in additional shares of high dividend yielding stocks during stock market declines may help lessen the time necessary to recoup portfolio losses.
- The ability to pay cash dividends is a positive factor in assessing the underlying health of a company and the quality of its income stream. This is particularly pertinent in light of the complexity of corporate accounting and numerous recent examples of "earnings management", including occasionally fraudulent earnings manipulation.
- Dividends treated as "qualified dividend income" received by individual taxpayers are taxed at the same favorable rates as long-term capital gains (15% Federal Tax Rate for most individuals; 20% for individuals and joint filers with incomes of at least \$400,000 and \$450,000, respectively. In addition, a 3.8% "Medicare tax" is applied to the net investment income of shareholders in higher tax brackets.) *(Note: This should not be considered tax advice. We encourage you to consult your tax advisor.)*
- Most importantly, there is an abundance of empirical evidence that suggests that portfolios consisting of high dividend yielding securities may produce attractive total returns over long measurement periods (see studies that follow).

**EMPIRICAL EVIDENCE**

In addition to our own practical experience with high dividend yield equity portfolios, there have been a number of studies which illustrate a link between high dividend yields and attractive total returns over long measurement periods. Included below are several of these studies which appear in our booklet entitled, *The High Dividend Yield Return Advantage*.

***High Dividend Yield in the United Kingdom***

Mario Levis, Professor at The School of Management, University of Bath, United Kingdom, examined a number of irregularities in the stock price behavior of firms on the London Stock Exchange, including the correlation between dividend yield and investment returns, in a paper entitled *Stock Market Anomalies: A Reassessment based on the U.K. Evidence*, **Journal of Banking and Finance**, December 1989. In a subsequent paper entitled, *Market Anomalies: A Mirage or a Bona Fide Way to Enhance Portfolio Returns?*, Michael Lenhoff

of CapelCure Myers Capital Management used data largely derived from Professor Levis' study to illustrate a strong positive relationship between dividend yield and attractive rates of return. Using a sample of 4,413 companies that were listed on the London Stock Exchange during January 1955 through December 1988, Lenhoff ranked all listed companies each year according to dividend yield and sorted the companies into deciles. The annual investment returns and the cumulative value of £1 million invested throughout the 34-year period in each of the ten groups is shown in the following table, along with descriptive information concerning each group's average dividend yield and market capitalization. In his study, there was almost a perfect correlation in the decile returns between higher dividend yields and higher annualized returns. The top decile, in terms of high yield, produced an average annualized return over 34 years of 19.3% versus 13.0% for the Financial Times Actuaries All Share Index.

Source:  
***Market Anomalies: A Mirage Or a Bona Fide Way to Enhance Portfolio Returns?***  
 Michael Lenhoff, Capel-Cure Myers Capital Management, Revised Print, March 1991

*Please note that the information in this chart reflects past performance of stocks in the referenced study and is not intended to predict or project future investment results.*

**Investment Results of U.K. Companies According to Dividend Yields, January 1955 through December 1988**

Dividend Yield Group	Yield	Annual Investment Return	Cumulative Value of £1 Million in Jan 1955 at Dec 1988	Average Market Cap (£ million)
1	13.6%	19.3%	£403.4	£283.4
2	10.9	17.7	254.9	278.5
3	8.7	16.8	196.4	337.2
4	7.4	16.0	155.4	266.4
5	6.4	15.4	130.3	223.1
6	5.5	14.1	88.7	206.5
7	4.7	12.4	53.2	112.1
8	4.0	11.9	45.7	95.4
9	3.1	11.5	40.5	94.4
10	1.4	13.8	81.1	74.6
Financial Times-Actuaries All Share Index	5.3%	13.0%	£63.8	£503.5

Mr. Lenhoff noted that, "... there is a near perfect inverse correlation between the ratio of price to net asset value [i.e., book value] for the U.K. equity market and yield. When price stands significantly at a discount [premium] to the net asset value, the yield available from U.K. plc is significantly above [below] the long run range." Mr. Lenhoff also went on to observe that the price/earnings ratios of high dividend yield companies are usually low in relation to the price/earnings ratio of the entire stock market and that the high yield companies are often takeover candidates.

While it is not the case in all instances, in Tweedy, Browne's experience, high dividend yields are often associated with stocks selling at low prices in relation to earnings, book value and specific appraisals of the value that shareholders would receive in a sale of the entire company based upon valuations of similar businesses in corporate transactions.

### ***Companies Throughout the World: High Dividend Yield***

In *The Importance of Dividend Yields in Country Selection*, **Journal of Portfolio Management**, Winter 1991, A. Michael Keppler examined the relationship between dividend yield and investment returns for companies throughout the world. Mr. Keppler's study assumed an equal-weighted investment each quarter in each of the following eighteen Morgan Stanley Capital International equity indexes over the 20-year period, December 31, 1969 through December 31, 1989: Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Norway, Singapore/Malaysia, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Each quarter, the country indexes were ranked

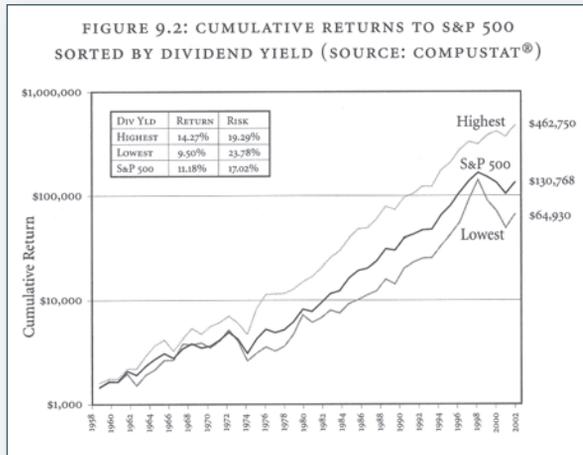
according to dividend yield and sorted into four quartiles. The total investment return was measured for each of the four quartile groups over the subsequent three months.

The study indicated that the most profitable strategy was investment in the highest yield quartile. The compound annual investment return for the countries with the highest yielding stocks was 18.49% in local currencies (and 19.08% in U.S. dollars) over the 20-year period, December 31, 1969 through December 31, 1989. The least profitable strategy was investment in the lowest yield quartile, which produced a 5.74% compound annual return in local currency (and 10.31% in U.S. dollars). The Morgan Stanley Capital International World Index return over the same period was 12.14% in local currency (and 13.26% in U.S. dollars).

### ***Performance of High Dividend Yielding Stocks in the S&P 500, 1957-2002***

In a more recent study contained in his book, *The Future for Investors*, Professor Jeremy Siegel, the noted finance professor at the University of Pennsylvania, examined the performance of S&P 500 component stocks ranked by dividend yield from 1957 to 2002. In his study, on December 31 of each year, the S&P 500 stocks were sorted into five quintiles ranked by dividend yield. He then calculated the returns of the stocks and quintiles over the next year, re-sorting at year-end. He found that better results were directly correlated with higher dividend yields. The highest yielding quintile (top 20% of the S&P 500 based on yield) produced an annualized return of 14.27% versus an annualized return of 11.18% for the S&P 500, and resulted in three times the wealth accumulation of the index.

## Tweedy, Browne Worldwide High Dividend Yield Value Fund



Source:  
*The Future for Investors*  
Jeremy J. Siegel, 2005

*Please note that the information in this chart reflects past performance of the S&P 500 and is not intended to predict or project future investment results.*

### OUR APPROACH

Our focus is on companies with above-average yields selling at reasonable valuations; i.e., some level of discount from our estimate of intrinsic value, whether defined as book value, earnings value or private market value. While this approach generally produces a portfolio with overall characteristics that would be considered value oriented, it is not the same deep value discipline that the Firm practices in its three other mutual funds, Tweedy, Browne Global Value Fund, Tweedy, Browne Global Value Fund II – Currency Unhedged and Tweedy, Browne Value Fund.

In general, for the Worldwide High Dividend Yield Value Fund, we target two types of companies for further study:

- *Companies with growing dividends:* These are successful companies with improving fundamentals that have a history of increasing dividends with few, if any, cuts and payout ratios that are stable.
- *Companies with above-average dividends where expectations have been low but are*

*improving:* These are generally companies with stable or improving fundamentals that have been through a difficult period but are on the mend. The dividend yields for these companies are often higher than those of companies that have grown dividends over time.

We generally avoid companies with high dividend yields that are highly cyclical or have secular problems where fundamentals are not improving. Although these companies often have some of the highest dividend yields available in the equity markets, they may also be at significant risk for dividend cuts. While we may participate in special situations from time to time, we generally have minimal exposure to fixed income securities, convertible bonds/preferreds, and certain utilities where we believe the potential for capital appreciation may be constrained.

Historically, stocks with the highest dividend yields were often concentrated in just a few sectors such as financials, energy and tobacco stocks, and our high dividend yield portfolios have not been

immune to such concentration risks. In seeking to lessen the potential risks associated with sector concentration, we strive to diversify the Worldwide High Dividend Yield Value Fund by country, issue, and to the extent we can, by sector, with no one issue at cost generally accounting for more than 5% of portfolio value. In addition, the Fund does not invest more than 20% of its portfolio in any one industry (measured at the time of purchase). Cash is residual to the Fund's ability to find equities meeting its criteria, and the average holding period for an equity security is expected to be approximately five years or longer. While the geographic focus is primarily on developed markets, there may be at times some modest exposure to companies in emerging markets.

## **INVESTMENT PROCESS**

Similar to our traditional investment approach, the investment process for our Worldwide High Dividend Yield Value Fund is a bottom-up, stock-by-stock discipline, which includes database screening and fundamental analysis by our analytical team, with ultimate decision making authority resting with our Investment Committee, which consists of the Firm's four Managing Directors and three analysts. First, we use financial databases to screen for companies around the globe that have dividend yields greater than the yield of a relevant index such as the S&P 500 or the MSCI World Index. We generally exclude from this screen fixed income-type securities and utilities. We then go through the remaining securities, issue by issue, looking for companies with a history of increasing earnings and dividends, or companies with stable to improving fundamentals. We finally eliminate those that appear to be overvalued, and those with poor balance sheets.

The remaining issues are then subjected to a more intensive fundamental review by one or more of our analysts. This generally includes a thorough analysis of financial statements including the company's annual report and other relevant filings, and may also include direct communication with the company and competitors, and a review of available third party research. Purchase and sale decisions are then made by our Investment Committee.

Aside from an emphasis on yield, this bottom-up process is quite similar to the one used in the management of our traditional mutual fund portfolios and, from time to time, stocks held in our traditional mutual fund portfolios also qualify for inclusion in the Worldwide High Dividend Yield Value Fund.

## **SELL DISCIPLINE**

While the average holding period for a security can generally be quite long, stocks may be sold at any time for a variety of reasons:

- The stock price has reached or exceeded our estimate of intrinsic value and the company's future prospects are uncertain.
- A more attractive security (cheaper and/or higher yielding) is uncovered, which may force the sale of a less attractive security.
- A deterioration in a security's fundamentals that may or may not have led to a reduction or elimination of the dividend.
- The receipt of new information that alters the valuation picture so that, in our view, the stock no longer has an attractive price to value relationship.
- To meet redemption requests.

## **Tweedy, Browne Worldwide High Dividend Yield Value Fund**

---

We are also sensitive to holding period requirements in an effort to achieve more advantageous tax treatment on security sales.

### **CURRENCY RISK**

At Tweedy, Browne, we pick stocks, and we do not pretend to be able to value currencies or predict the future direction of currencies. There is an abundance of empirical data that suggests that, over long measurement periods, at least from a U.S. investor's perspective, gains or losses from a broad basket of currencies tend to be minimal, although shorter-term fluctuations versus particular securities may be even more dramatic than swings in the stock market. In contrast to the Tweedy, Browne Global Value Fund and Tweedy, Browne Value Fund where the Funds' perceived foreign currency exposure is hedged, where practicable, back into the U.S. dollar, the Tweedy, Browne Worldwide High Dividend Yield Value Fund is generally managed on an unhedged basis, in part because a substantial portion of the Fund's holdings are in U.S. domiciled companies and in non-U.S. multinational companies that have meaningful exposure to the U.S. dollar. For this reason, attempting to reduce currency risk through hedging appears to be of little apparent benefit. In addition, we wanted to provide investors interested in Tweedy, Browne's investment approach with a vehicle that does not seek to hedge away non-U.S. currency exposure. Our newest fund, the Tweedy, Browne Global Value Fund II - Currency Unhedged, launched in October, 2009, is also managed on an unhedged basis.

### **TAX EFFICIENCY**

Dividends are generally tax advantaged. Dividends treated as "qualified dividend income" received by individual taxpayers are taxed at the same favorable rates as long-term capital gains (15% Federal Tax Rate for most individuals; 20% for individuals and joint filers with incomes of at least \$400,000 and \$450,000, respectively. In addition, a 3.8% "Medicare tax" is applied to the net investment income of shareholders in higher tax brackets.) The increase in rates on dividends and capital gains is not applicable for individuals with incomes below these thresholds. Furthermore, the level of annual turnover in our high dividend yield portfolio has been generally low (below 20%).

### **FEES**

Pursuant to its investment advisory agreement with Tweedy, Browne Company LLC, the Fund pays the Adviser an annual fee equal to 1.25% of the Fund's average daily net assets. The Fund's annual operating expense ratio as of March 31, 2017 was 1.38%.

**INVESTMENT TEAM****Olivier Berlage**

2002 to present: Tweedy, Browne Company LLC  
 1998 to 2002: McKinsey & Co., Brussels/  
 Amsterdam  
 1995 to 1997: NEC Corporation, Tokyo  
 ULB Solvay Business School, Brussels (1991)  
 M.E.E. The University of Tokyo (1995)

**William H. Browne \*†**

1978 to present: Tweedy, Browne Company LLC  
 1973 to 1977: Drexel Burnham Lambert  
 B.A. Colgate University (1967)  
 M.B.A. Trinity College, Dublin (1970)  
 Affiliations: Vice President, Tweedy, Browne Fund  
 Inc.; Member, Executive Advisory Board of the  
 Heilbrunn Center for Graham & Dodd Investing;  
 Trustee Emeritus, Colgate University.

**Roger R. de Bree †**

2000 to present: Tweedy, Browne Company LLC  
 1997 to 2000: MeesPierson Securities  
 1988 to 1997: ABN AMRO Bank  
 1986 to 1988: Royal Dutch Navy  
 B.B.A. Nijenrode Business University,  
 The Netherlands (1984)  
 M.B.A. Instituto de Estudios Superiores de la  
 Empresa (IESE), Spain (1986)  
 Affiliation: Treasurer, Tweedy, Browne Fund Inc.

**Andrew Ewert**

6/2016 to present: Tweedy, Browne Company LLC  
 2009 to 2016: Equinox Partners, L.P.  
 2007 to 2009: Ruane, Cunniff & Goldfarb Inc.  
 2003 to 2005: MTS Health Partners, L.P.  
 2000 to 2003: Bear, Stearns & Co.  
 B.B.A. Emory University (2000)  
 M.B.A. Columbia Business School (2007)

**Frank H. Hawrylak, CFA †**

1986 to present: Tweedy, Browne Company LLC  
 1982 to 1986: Royal Insurance  
 B.S. University of Arizona (1977)  
 M.B.A. University of Edinburgh, Scotland (1980)

**Jay Hill, CFA †**

2003 to present: Tweedy, Browne Company LLC  
 2001 to 2003: Providence Capital, Inc.  
 1999 to 2001: Credit Lyonnais Securities (USA) Inc.  
 1998 to 1999: Banc of America Securities LLC  
 B.B.A. Texas Tech University (1997)

**Amelia Koh**

6/2016 to present: Tweedy, Browne Company LLC  
 2008 to 2014: Deutsche Bank Securities Inc.  
 B.A. Macalester College (2008)  
 M.B.A. Columbia Business School (2016)

**Dave Krasne, CFA**

2009 to present: Tweedy, Browne Company LLC  
 1999 to 2007: Capital Group Companies  
 B.A. Cornell University (1998)  
 M.B.A. Columbia Business School (2009)

**Elliot H. Larner**

1986 to present: Tweedy, Browne Company LLC  
 1984 to 1986: Donaldson, Lufkin & Jenrette  
 1979 to 1984: Mickelberry Corporation  
 1978 to 1978: T. Rowe Price Associates  
 1975 to 1978: Mutual of New York  
 B.A. George Washington University (1973)  
 M.B.A. University of Michigan (1975)

**Sean McDonald, CFA**

2009 to present: Tweedy, Browne Company LLC  
 2004 to 2007: The Capital Group Companies, Inc.  
 2002 to 2004: Stonefield Josephson, Inc.  
 2001 to 2002: Sanli Pastore & Hill, Inc.  
 1995 to 1997: US Army, 101st Airborne Division  
 B.A. University of California, Los Angeles (2001)  
 M.B.A. Columbia Business School (2009)

\* *Managing Director*

† *Investment Committee member*

**Tweedy, Browne**  
**Worldwide High Dividend Yield Value Fund**

---

**INVESTMENT TEAM**

**Thomas H. Shrager \*†**

1989 to present: Tweedy, Browne Company LLC  
1987 to 1989: Bear, Stearns & Co.  
1985 to 1986: Arthur D. Little  
B.A. Columbia University (1983)  
M.A. School of International & Public Affairs,  
Columbia University (1985)  
Affiliations: President and Director, Tweedy,  
Browne Fund Inc.

**John D. Spears \*†**

1974 to present: Tweedy, Browne Company LLC  
1968 to 1973: Berger, Kent Associates  
University of Pennsylvania, Wharton School  
Babson Institute of Business Administration  
Drexel Institute of Technology  
Affiliation: Vice President, Tweedy, Browne Fund Inc.

**Robert Q. Wyckoff, Jr. \*†**

1991 to present: Tweedy, Browne Company LLC  
1989 to 1990: Stillrock Management  
1987 to 1988: J & W Seligman & Co.  
1986 to 1987: C. J. Lawrence  
1980 to 1985: Bessemer Trust Co.  
B.A. Washington & Lee University (1975)  
J.D. University of Florida School of Law (1978)  
Affiliations: Chairman and Vice President, Tweedy,  
Browne Fund Inc.; Member of Florida Bar; Board of  
Advisors, Williams School of Commerce, Economics  
and Politics, Washington & Lee University.

**CLIENT SERVICES**

**Jason J. Minard**

*Executive Vice President*

1999 to present: Tweedy, Browne Company LLC  
1994 to 1998: Warburg Pincus Asset Management  
1992 to 1994: Zweig/Avatar Capital Management  
B.A. State University of New York at Albany (1992)  
M.B.A. Fordham University (1998)

\* *Managing Director*

† *Investment Committee member*

## FREQUENTLY ASKED QUESTIONS

***1. Tweedy, Browne has a long history of investing in stocks priced at large discounts to the firm's estimates of intrinsic value.***

***Given this, why did Tweedy, Browne decide to manage portfolios on a yield-oriented basis?***

By accident, really. In the late 1970s, we were approached by an accountant/client who asked whether we would be willing to manage a trust account that paid deference to income as well as capital appreciation. We accepted the assignment. The investment goal was to achieve an attractive rate of capital appreciation for the remaindermen, while providing current income for the income beneficiary. Looking back, we were quite pleased to discover that this yield-oriented strategy produced attractive compound rates of total return.

As an accommodation, we took on an additional yield-oriented assignment in 1991 and another in 2004; however, we did not formally decide to make this strategy available to prospective clients until 2006. The Fund was launched in September of 2007. The catalyst, in part, was the change in the taxation of dividends afforded by the 2003 Jobs and Growth Tax Relief Reconciliation Act. In light of the excellent historical results and the relative tax advantaged status of dividends, we felt it made sense to bring this strategy to the attention of our friends and clients.

Most importantly, from our point of view, there is an abundance of empirical evidence which suggests that portfolios consisting of high dividend yielding securities may produce attractive total returns over long measurement periods.

*Note:* Investors interested in yield should bear in mind that our focus in managing this Fund is not about producing income, but about trying to produce an attractive total rate of return over time.

Income is simply a by-product of the approach. Any dividend or other income produced by our Fund holdings is distributed twice a year and is reduced by the fees and expenses associated with the management of the Fund, so investors cannot expect a payout consistent with the weighted average dividend yield of the Fund's underlying holdings (see also Question #7).

***2. What impact has the new American Taxpayer Relief Act of 2012 had on the Fund?***

We have been successfully managing private accounts using this strategy since 1991, long before the tax rate for dividends was lowered in 2003. Dividends treated as "qualified dividend income" remain tax advantaged for investors under the new Act (15% Federal Tax Rate for most individuals; 20% for individuals and joint filers with incomes of at least \$400,000 and \$450,000, respectively. In addition, a 3.8% "Medicare tax" is applied to the net investment income of shareholders in higher tax brackets.) A company's ability to pay cash dividends is a positive factor in assessing the underlying health of a company and the quality of its income stream. We believe our focus on companies with above-average dividend yields that trade at reasonable valuations should continue to serve our investors well, even in a higher tax environment.

## FREQUENTLY ASKED QUESTIONS

### ***3. How does this Fund differ from the firm's more traditional "deep value" strategy employed in the Tweedy, Browne Value Fund, the Tweedy, Browne Global Value Fund and the Tweedy, Browne Global Value Fund II – Currency Unhedged?***

The Tweedy, Browne Worldwide High Dividend Yield Value Fund focuses on companies with above average dividend yields that are trading at what we believe are reasonable valuations in the stock market. In our more traditional "deep value" approach, the determining factor for investment is valuation; i.e. stocks trading at significant discounts from our estimate of the underlying intrinsic value. It is not unusual for "deep value" stocks to have below average dividend yields. This segment of the "deep value" world would not be considered appropriate for the Worldwide High Dividend Yield Value Fund. That said, there is generally some overlap between the two strategies. Many of the qualitative skills that we apply to our traditional strategy such as studying competitive dynamics, analyzing business risk, judging the potential for product obsolescence, evaluating the trustworthiness of management, etc. are also brought to bear in vetting high-yield stock candidates. The difference is that we balance the emphasis on value investing with an emphasis on seeking above-average dividend yields in the Fund. While valuation is not the determining factor for us in high-yield stock selection, it is fair to say that the approach produces a portfolio with overall characteristics that would be considered value-oriented.

### ***4. Why are dividends important?***

Aside from our own experience in managing a limited number of high dividend portfolios, there are a number of other reasons this strategy is compelling. It turns out that dividends have constituted a significant portion of the total returns produced by the S&P 500 Index over the long term (roughly an average of approximately 35% of monthly total returns for the S&P 500 from 1926-2009). We believe that an above average dividend yield also has risk reducing and return enhancing attributes. For instance, if a stock's dividend yield appears to be sustainable, and it is competitive with the yield available on high quality bonds, the stock may be more resistant to a significant decline in price because the stock is in effect "yield supported." From a portfolio management standpoint, the reinvestment of high dividends in additional shares of high dividend stocks during stock market declines can help lessen the time necessary to recoup portfolio losses. For instance, if stock prices decline by 10%, a portfolio with a 3-5% dividend yield may recover more quickly than a portfolio with a lower dividend yield. The ability to pay cash dividends is a positive factor in assessing the underlying health of a company and the quality of its income stream. This is particularly pertinent in light of the increasing complexity of corporate accounting, and numerous recent examples of "earnings management," including occasionally fraudulent earnings manipulation. One proof of "real earnings" is a cash dividend. Increases in dividend payments are often indicative management's confidence in the company's future prospects. As previously mentioned, dividends and capital gains remain tax advantaged for investors.

## FREQUENTLY ASKED QUESTIONS

Finally, the high dividend strategy has proven efficacy. Not only has it worked for us but there is an abundance of empirical evidence which suggests that high dividend equities have produced attractive returns over long measurement periods.

### ***5. For what type of client is this Fund suitable?***

We think the Fund has broad appeal. We are hopeful that the Fund will have an attractive pre-tax rate of return over time, and we believe it is suitable for both taxable and tax-deferred accounts.

### ***6. Does management invest alongside shareholders in this Fund?***

Of course. The Managing Directors of Tweedy, Browne have always invested right alongside the Firm's clients. As of September 30, 2017, the current Managing Directors and retired principals and their families, as well as employees of Tweedy, Browne had more than \$1.1 billion in portfolios combined with or similar to client portfolios, including approximately \$133.9 million in the Global Value Fund, \$77.7 million in the Value Fund, \$7.8 million in the Worldwide High Dividend Yield Value Fund and \$6.1 million in the Global Value Fund II – Currency Unhedged. We have always owned what our clients own.

### ***7. Will the Fund's shareholders receive regular income distributions?***

The name of the Fund, the Tweedy, Browne Worldwide High Dividend Yield Value Fund, reflects the type of stocks that the Fund targets. It does not mean that shareholders of the Fund can rely on regular high dividend distributions. The

objective of the Fund is capital appreciation, of which income is a component. We believe that the ability to pay cash dividends is a positive factor in assessing the underlying health of a company and the quality of its income stream. Dividends are not viewed as an end unto themselves, merely as an indicator of potential undervaluation. While we do expect the Fund to continue to pay income to its shareholders, owning a portfolio of stocks that pay above average dividends does not necessarily translate into high dividend distributions to shareholders of the Fund. The dividend income paid by the securities is captured in the return of the Fund and is reflected in the Fund's NAV. However, fund expenses are charged against income which reduces the per share distributed amount. Also keep in mind that an expanding number of outstanding shares will generally reduce distributions (actual dividends from the stocks are divided by a larger number of shares at the time of the distribution to shareholders). Investors should also look at the Fund's 30-day SEC Yield (available on the Fund Fact Sheet at [www.tweedy.com](http://www.tweedy.com)), which provides a better estimate of net dividend income earned.

### ***9. Who manages this Fund?***

The Fund is managed by the same Investment Committee that oversees the three other Tweedy, Browne Funds. (See pages 7-8 for more information about our Investment Committee.)

## FREQUENTLY ASKED QUESTIONS

***10. Does the Worldwide High Dividend Yield Value Fund have overlap in stocks that are held in the other Tweedy, Browne Funds?***

Yes. The Fund generally has some investments in stocks that also qualify for our other three Funds. These are stocks that are trading at a significant discount from our estimates of intrinsic value and also pay a high dividend yield. The Fund also owns above-average dividend paying stocks that did not make the “cut” for our traditional value Funds. These are stocks that pay above-average dividend yields that are still trading at a reasonable but more modest discount to our estimate of intrinsic value. The difference is that a component of the Worldwide High Dividend Yield Value Fund is purchased at less of a discount from our estimate of intrinsic value when compared to the stocks of our traditional value funds. Also, many of the stocks that are held in the Tweedy, Browne Value Fund, Tweedy, Browne Global Value Fund and Tweedy, Browne Global Value Fund II - Currency Unhedged are not candidates for the Worldwide High Dividend Value Fund. These are stocks that trade at a deeper discount from our estimate of intrinsic value, may be cyclical in nature, and may not have above-average dividend yields.

***Endnotes***

*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. Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Diversification does not guarantee a profit and does not protect against a loss in a declining market. 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 hedging against currency exchange rate changes reduces the risk of loss from exchange rate movements, it also reduces the ability of a fund to gain from favorable exchange rate movements when the U.S. dollar declines against the currencies in which the fund's investments are denominated and in some interest rate environments may impose out-of-pocket costs on the fund.*

*The 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 AMG Distributors, Inc., Member FINRA/ SIPC.*

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

**TWEEDY, BROWNE FUND INC.**

One Station Place, Stamford, CT 06902

800-432-4789

[www.tweedy.com](http://www.tweedy.com)

---