Global Value Fund II - Currency Unhedged

The Tweedy, Browne Global Value Fund II - Currency Unhedged (the "Unhedged Global Value Fund") invests primarily in equity securities of foreign issuers that the Adviser believes are undervalued, but also invests on a more limited basis in U.S. equity securities when opportunities appear attractive. Investments made by the Unhedged Global Value Fund are focused for the most part in developed countries, with some exposure to emerging markets. The Unhedged Global Value Fund is diversified by issuer, industry and country, and maintains investments in a minimum of five countries. In contrast to the Tweedy, Browne Global Value Fund ("Global Value Fund"), the Unhedged Global Value Fund does not hedge its perceived foreign currency exposure back into the U.S. dollar, but rather remains exposed to currency fluctuations. In all other material respects, the Unhedged Global Value Fund is managed similarly to the Global Value Fund. The Unhedged Global Value Fund is designed for long-term value investors who wish to focus their investment exposure on foreign stock markets and their associated non-U.S. currencies.

Tweedy, Browne Fund INC.

Tweedy, Browne Fund INC.

March 31, 2020

Background

As we prepared to establish our first foreign stock fund, the Global Value Fund, back in the early 1990s, we considered a number of issues relating to foreign equity investments and currency risk. Because possible losses from changes in currency exchange rates are a risk of investing unhedged in foreign stocks, the Firm decided to hedge the Global Value Fund's perceived foreign currency exposure back into the U.S. dollar, the shareholders' base currency.

We found that currencies are often far more volatile than the underlying equity securities, and that predicting their direction was outside our circle of competence. Also, from an examination of return history included in a number of academic and empirical studies, we discovered that, over long measurement periods, exposure to foreign currency generally appeared to offer no return advantage to a U.S.-based investor. We further discovered that the additional risk of investing outside the U.S. could be significantly reduced by using forward contracts to hedge foreign currency exposure back into the U.S. dollar. The empirical data suggested that this could be done at very little to no cost over long measurement periods, because hedged returns were very similar to unhedged returns over the long-term periods that were measured. Our decision to hedge was, in essence, a decision to earn our returns in the stocks, and to manage the associated currency risk through hedging.

In the Global Value Fund, since its inception in 1993, we have been successful in managing currency risk through hedging, and have produced returns that are comfortably ahead of both the hedged and unhedged MSCI EAFE Index. Furthermore, consistent with the findings of the academic studies, the returns of both the hedged and unhedged versions of the MSCI EAFE Index, the Global Value Fund's benchmark, were roughly in line with one another, despite interim periods of great divergence.

The U.S. dollar declined vis-à-vis most major currencies in seven of the ten calendar years from 2001 to 2011, giving a large currency boost to the returns of unhedged international investors. While our absolute and relative returns have remained strong over the long term, the Global Value Fund's peer group rankings often declined substantially during periods of U.S. dollar weakness, challenging the resolve of even the most steadfast of our investors.

Prior to the Unhedged Global Value Fund's launch in 2009, we observed a growing interest from a significant number of investors for an unhedged international investment vehicle. Many of our own investors, who were happy with their investment in our flagship fund, the Global Value Fund, asked us to reassess our position on hedging, preferring to be fully exposed to currency fluctuations. After long and careful deliberation, we decided to give our existing and prospective investors a choice by establishing an unhedged version of the Global Value Fund. By establishing the Global Value Fund II – Currency Unhedged, we were acknowledging that many investors may view exposure to foreign currency as another form of diversification when investing outside the U.S., and/or may have strong opinions regarding the future direction of the U.S. dollar. We are simply offering our investors a choice as to how they want currency treated in the management of a portion of their international assets. In the words of one of our founders, Howard Browne, "Some like chocolate, some like vanilla." This is also consistent with what we offer our separately managed accounts. Over the long term, if the empirical data and our long-term experience holds, investors in the Unhedged Global Value Fund should experience returns that are quite comparable to those they would have achieved had the Fund been hedged. However, there are no guarantees regarding future returns, as the rear view mirror is always clearer than the windshield.

In offering the Unhedged Global Value Fund, we were in no way intending to suggest that investing on an unhedged basis is preferable. Our point of view regarding the benefits of currency hedging in managing foreign currency risk has not changed. The empirical evidence and our experience in managing the Global Value Fund continue to suggest that over long measurement periods, exposure to foreign currency is not meaningfully additive to the total returns a U.S. investor receives from investing in non-U.S. equities. In other words, the performance of hedged and unhedged indices tend to converge over long measurement periods, despite shorter interim periods of great disparity. For example, since May 31, 1993, the closest month end to the inception of the Global Value Fund, the difference between the annualized returns of the MSCI EAFE (in US$) and the MSCI EAFE (Hedged to the US$) was 107 basis points as of March 31, 2020. The hedged index returned 5.37% (annualized) and the unhedged index returned 4.30% (annualized) over this 26¾-year period. Moreover, currency movements are simply beyond our ability to predict. The frictional costs of hedging have also proven to be de minimis over the long term in developed markets. Both our experience and studies have also shown that hedging currency risk lessens the volatility of international equity returns. The Global Value Fund continues to be managed on a currency hedged basis.

Investment Approach

The investment management principles practiced by Tweedy, Browne derive from the work of the late Benjamin Graham, professor of investments at Columbia Business School and author of Security Analysis and The Intelligent Investor. Tweedy, Browne's research seeks to appraise the worth of a company, what Graham called "intrinsic value," by determining its acquisition value, or by estimating the collateral value of its assets and/or cash flow. The term "intrinsic value" may also be referred to as private market value, breakup value or liquidation value. The process is more closely related to credit analysis, for as we have said, we are more concerned with the return of our capital than we are with the return on our capital. Investments are made at a significant discount to our estimate of intrinsic value, which Graham called an investor's "margin of safety." To the extent market circumstances warrant, investments are generally sold as the market price approaches intrinsic value, with the proceeds reinvested in other situations, offering what we believe is a greater discount to intrinsic value. Adhering to the principles of intrinsic value and Graham's "margin of safety" results in an investment policy that runs counter to the general market psychology and seeks to reduce the decision to purchase or sell securities to a discipline rather than an art.

In determining intrinsic value, our research focuses on fundamental principles of balance sheet and income statement analysis, and a knowledge and understanding of actual corporate mergers, acquisitions, and liquidations. From thousands of publicly traded corporations outside the United States, we research and select for investment those issues selling at substantial discounts to our estimate of intrinsic value. To minimize errors in analysis or events which could adversely affect intrinsic values, we adhere to a policy of broad diversification, with no one issue generally accounting for more than 4% at cost of portfolio assets, and no one industry group generally accounting for more than 20% of portfolio value. Portfolios are not constrained by market capitalization considerations, with the result that a significant portion of portfolio assets may be invested in smaller (generally under $2 billion) and medium (up to $10 billion) capitalization companies.

Many stocks held in the Fund also have one or more of the following investment characteristics: low stock price in relation to book value; low price-to-earnings ratio; low price-to-cash-flow ratio; above-average dividend yield; low price-to-sales ratio as compared to other companies in the same industry; low corporate leverage; low share price; purchases of a company's own stock by the company's officers and directors; company share repurchases; a stock price that has declined significantly from its previous high price; and/or small market capitalization. Academic research and studies have indicated an historical statistical correlation between each of these investment characteristics and above-average investment rates of return over long measurement periods.

Empirical Evidence

Tweedy, Browne has compiled a white paper entitled **What Has Worked in Investing**. We encourage all current and prospective shareholders to read it. It describes over 50 academic studies of certain investment criteria that have produced high rates of return. In the studies, attractive returns were found for stocks with one or more of the following investment characteristics: low stock price in relation to book value; net current assets; earnings; cash flow; dividends or previous share price. Other characteristics include small market capitalization and a significant pattern of stock purchases by one or more insiders (officers and directors), or by the company itself. *(Please note that the performance reflected in the studies does not represent the investment performance of the Tweedy, Browne Funds.)* The studies examined in the white paper focus on mature markets from around the world. The investment characteristics explained in the paper, which are "value" oriented characteristics, have been the core of Tweedy, Browne's investment philosophy and stock selection decision-making process for more than 50 years, and are the basis for the management of not only the Global Value Fund and the Unhedged Global Value Fund, but also the Value Fund and Worldwide High Dividend Yield Value Fund.

Tax Efficiency

Historically, portfolio turnover in the Unhedged Global Value Fund has been quite low. Since inception (October 26, 2009) through fiscal year end, March 31, 2020, turnover in the Unhedged Global Value Fund averaged 8%. Low turnover tends to lead to a tax efficient portfolio that produces more long-term capital gains than short-term gains.

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 total annual operating expense ratio as of March 31, 2019, as disclosed in the Fund's most recent prospectus: 1.38% (gross); 1.38% (after fee waiver and/or expense reimbursement).

Tweedy, Browne has voluntarily agreed, effective December 1, 2017 through at least July 31, 2021, to waive a portion of the Fund's investment advisory fees and/or reimburse a portion of the Fund's expenses to the extent necessary to keep the Fund's expense ratio in line with the expense ratio of the Tweedy, Browne Global Value Fund. (For purposes of this calculation, the Fund's acquired fund fees and expenses, brokerage costs, interest, taxes and extraordinary expenses are disregarded, and the Fund's expense ratio is rounded to two decimal points.)

Investment Team

Olivier Berlage
Analyst

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 †
Managing Director

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 and Director, Tweedy, Browne Fund Inc.; Member, Executive Advisory Board of the Heilbrunn Center for Graham & Dodd Investing; Trustee Emeritus, Colgate University.

Roger R. de Bree †
Managing Director

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
Analyst

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)

† *Investment Committee member*

Frank H. Hawrylak, CFA †
Managing Director
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 †
Managing Director
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
Analyst
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
Analyst
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)

Sean McDonald, CFA
Analyst
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)

† *Investment Committee member*

Thomas H. Shrager †
Managing Director
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 †
Managing Director
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. †
Managing Director
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
Managing Director
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)

Frequently Asked Questions

1. Tweedy, Browne has long advocated the merits of hedging foreign currency risk. Why would Tweedy, Browne create a mutual fund that does not hedge away foreign currency risk?

As we previously mentioned in this brochure, over the several years prior to launching the Unhedged Global Value Fund, we had observed a growing interest on the part of both our existing and prospective investors for unhedged international investment vehicles. Many of our own investors, who were happy with their investment in the Global Value Fund, asked us to reassess our position on hedging, preferring to be exposed to currency fluctuations. After long and careful deliberation, we decided to give our existing and prospective investors a choice by establishing an unhedged version of our flagship fund, the Global Value Fund. By taking this step, we were acknowledging that many investors may view exposure to foreign currency as another form of diversification when investing outside the U.S., and/or may have strong opinions regarding the future direction of the U.S. dollar. We are simply offering our investors a choice as to how they want currency treated in the management of a portion of their international assets. In the words of one of our founders, Howard Browne, "Some like chocolate, some like vanilla." This is also consistent with what we offer our separately managed accounts. Over the long term, if the empirical data and our long-term experience holds, investors should experience returns that are quite comparable to those they would have achieved had the Unhedged Global Value Fund been hedged. However, there are no guarantees regarding future returns.

2. Has Tweedy, Browne's view regarding the benefits of currency hedging changed?

No. In offering the Unhedged Global Value Fund, we are in no way suggesting that investing on an unhedged basis is preferable. Our point of view regarding the benefits of currency hedging in managing foreign currency risk has not changed. The empirical evidence and our experience in managing the Global Value Fund continue to suggest that over long measurement periods, exposure to foreign currency is not meaningfully additive to the total return a U.S. investor receives from investing in non-U.S. equities. In other words, based on historical data, the performance of hedged and unhedged indices tend to converge over long measurement periods despite shorter interim periods of great disparity. For example, since May 31, 1993, the closest month end to the inception of the Global Value Fund, the difference between the annualized returns of the MSCI EAFE (in US$) and the MSCI EAFE (Hedged to the US$) was 107 basis points as of March 31, 2020. The hedged index returned 5.37% (annualized) and the unhedged index returned 4.30% (annualized) over this 26¾-year period. The frictional costs of hedging have also proven to be de minimis over the long term in developed markets. Both the Adviser's experience and studies have also shown that hedging currency risk lessens the volatility of international equity returns. The Global Value Fund continues to be managed on a currency hedged basis.

3. Did the launching of the Global Value Fund II – Currency Unhedged mean that Tweedy, Browne has an opinion about the direction of foreign currencies relative to the U.S. dollar?

Absolutely not. We have no idea where the dollar will trade relative to a number of foreign currencies over time. It is completely outside our circle of competence. However, many of our investors may have a strong opinion about the near and longer term direction of foreign currencies. These investors can now invest with Tweedy, Browne in the Unhedged Global Value Fund, gain access to a diversified portfolio of foreign stocks, and remain exposed to their associated foreign currencies.

4. Is there significant overlap of stock holdings with the Global Value Fund?

Even though there is significant overlap between the two Funds, one will never be a perfect clone of the other, given the differences in capital flows and hedging policy. The major difference between these two vehicles will remain that the Global Value Fund generally hedges against perceived foreign currency risk and the Unhedged Global Value Fund generally does not do so.

5. How does Tweedy, Browne expect this Fund to perform over time?

Our experience in managing both hedged and unhedged international portfolios is that these portfolios have produced returns that are quite similar over long measurement periods. We expect the Unhedged Global Value Fund to have similar returns to the Global Value Fund over the long term. However, over shorter periods of time, foreign currency fluctuations could create substantial differences in performance between these two Funds. Of course, differences in portfolio holdings could also result in performance differences.

Investors should bear in mind that we are primarily concerned with achieving attractive absolute returns over time for our clients. We do not consider an index in the construction of our portfolio, nor are we concerned with tracking error relative to an index. It is likely that our returns will look very different from an index over time.

6. Who manages this Fund?

The Fund is managed by the same Investment Committee that oversees the three other Tweedy, Browne Funds. *(See pages 4-5 for more information about our Investment Committee.)*

7. Does management invest alongside shareholders in this Fund?

Yes. The Managing Directors of Tweedy, Browne have always invested right alongside the Firm's clients. As of March 31, 2020, 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 $113.8 million in the Global Value Fund, $66.3 million in the Value Fund, $6.6 million in the Worldwide High Dividend Yield Value Fund and $5.2 million in the Unhedged Global Value Fund. We have always owned what our clients own.

8. Can shareholders exchange between this Fund and other Tweedy, Browne Funds?

Yes. However, our advice is to stick with the Fund you have chosen. Moving assets back and forth between the Global Value Fund and the Unhedged Global Value Fund could lead to unfortunate timing errors. All shareholders are encouraged to carefully evaluate potential realized capital gain tax consequences, which could be a result of selling shares of either Fund.

9. When are capital gain and dividend distributions paid?

Distributions are paid once per year, typically in early December.

10. For what type of investor is this strategy suitable?

All long-term, equity-oriented, patient investors could benefit from this strategy. The key, in our view, is to be willing to stick with the strategy.

11. Which Fund should a Tweedy, Browne investor choose for international stock exposure? The hedged Global Value Fund or the Unhedged Global Value Fund?

Investors should bear in mind that both Funds generally invest in a similar underlying portfolio of stocks that meet the Firm's value investment criteria. Both Funds are managed by the same investment team. However, in one Fund investors will be fully exposed to currency risk while in the other they will not be. Ultimately, the choice whether or not to accept currency risk is a personal one, and one which we cannot make for the investor.

Endnotes

Past performance is no guarantee of future results. A Fund's portfolio characteristics are subject to change at any time.

Current and future portfolio holdings are subject to risk. The securities of small, less well-known companies may be more volatile than those of larger companies. In addition, investing in foreign securities involves additional risks beyond the risks of investing in securities of U.S. markets. These risks include economic and political considerations not typically found in U.S. markets, including currency fluctuation, political uncertainty and different financial standards, regulatory environments, and overall market and economic factors in the countries. Force majeure events such as pandemics and natural disasters are likely to increase the risks inherent in investments and could have a broad negative impact on the world economy and business activity in general. 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 or protect against a loss in declining markets. Investors should refer to the prospectus for a description of risk factors associated with investments in securities 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 MSCI EAFE Index is an unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East. The MSCI EAFE Index (US$) reflects the return of the MSCI EAFE Index for a U.S. dollar investor. The MSCI EAFE Index (Hedged to US$) consists of the results of the MSCI EAFE Index 100% hedged back into U.S. dollars and accounts for interest differentials in forward currency exchange rates. Index results are inclusive of dividends and net of foreign withholding taxes. Index performance is not representative of Fund performance. Please call (800) 432-4789 or visit www.tweedy.com to obtain Fund performance information. An investor cannot invest directly in an index.

Tweedy, Browne Global Value Fund
Tweedy, Browne Global Value Fund II – Currency Unhedged
Tweedy, Browne Value Fund
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.

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