



TWEEDY, BROWNE  
GLOBAL VALUE FUND

**ANNUAL**

MARCH 31, 1996

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Investment Manager's Report*

To Our Shareholders in the Tweedy, Browne Global Value Fund:

We are pleased to present the Annual Report of Tweedy, Browne Global Value Fund (the "Fund") for the year ended March 31, 1996. The net asset value of the shares of the Fund increased from \$11.52 to \$14.28, or 25.88%\*, after adding back a dividend of \$0.2009 per share paid on December 29, 1995. During the same period, the Morgan Stanley Capital International World Indices ("MSCI") showed the following results.

	U.S. Dollars	Local Currency
Europe, Australia and the Far East ("EAFE")	12.33%	25.13%
World Index	20.02%	27.71%

Neither MSCI EAFE nor MSCI World Index is directly comparable to our portfolio. MSCI EAFE excludes the U.S. stock market, in which your Fund has approximately 15% of its assets invested, and the MSCI World Index is heavily weighted towards the U.S., which comprises approximately 34% of the index. We fall somewhere in between the two. Additionally, with respect to currency, the Fund is more directly comparable to the local currency versions of the two indices because we continue to hedge our foreign currency exposure back into U.S. Dollars, thereby eliminating the effect of fluctuations in the U.S. Dollar versus other currencies. Unlike the prior year, the relative strength of the U.S. Dollar against most foreign currencies during this fiscal year had a negative impact on unhedged portfolios. Our policy of hedging our foreign currency exposure back into U.S. Dollars is intended to reduce volatility in our investment results. A comparison of the results of the hedged versus the unhedged EAFE index shows very little difference in investment results over 25-year periods. The conclusion some investment professionals reach from this data is that hedging is not worth the bother. However, as most investors do not take a 25-year, Rip Van Winkle approach to their portfolios, the increased volatility that

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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 more or less than their original cost.

comes with an unhedged portfolio could mean millions for the makers of Prozac and Tagamet.

The U.S. Dollar has experienced significant and protracted rises against other currencies in the past and could do so again in the future, having a severe negative effect on a portfolio of foreign stocks. For example, during the five-year period from 1979 to 1984, the U.S. Dollar rose against most European currencies. The following table shows the overall decline and the annually compounded rate of decline of the British Pound, the French Franc and the Dutch Guilder for this five-year period:

<b>Currency</b>	<b>Overall Decline</b>	<b>Annually Compounded</b>
British Pound	-48.1%	-12.32%
French Franc	-58.1	-15.97
Dutch Guilder	-46.3	-11.69

All of the above rates of *decline* are greater than the long-term average annual rate of *increase* of the Standard & Poor's Composite Index of 500 stocks ("S&P 500") and almost all long-term rates of *increase* for foreign indices, which were approximately 10% to 11%. To recoup these currency losses, which averaged about 50%, your portfolio's value had to increase by 100%. If you were willing to wait another 15 years, perhaps the fall of the U.S. Dollar would have made you whole. However, in 1984 you would have needed a lot of conviction to keep investing outside the U.S. without hedging. Or, if you had to sell your stocks for retirement or some other purpose, you would have been forced to "lock-in" some rather hefty losses caused by currency exposure. This may partly explain why U.S. investment abroad was not nearly as significant in the 1980s as it is today. Moreover, even if you were willing to commit your capital for 25 years to an unhedged portfolio in order to achieve the same result as a hedged portfolio, investments in your portfolio must have the identical currency composition as the index. The result could be considerably different if, at some point, you were in or out of Japan, Germany, or the U.K.

If we now roll forward to the present, we hear a lot of talk about having "foreign currency" exposure in a diversified investment portfolio. When we question the authors of such statements, their explanations never seem quite plausible. Perhaps the relative weakness of the U.S. Dollar in the past decade, coupled with the trumpet cry of the U.S. trade and budget deficits, has



created a perception by some investors that the U.S. Dollar will continue to be a weak currency, and investors will thus benefit from having their investments in some currency other than U.S. Dollars. We simply are not capable of answering that question. There is an advantage to recognizing the limits of one's intelligence. We believe that one should not try to do things one cannot do. Moreover, this conclusion flies in the face of the empirical evidence. We are always amazed by people who can arrive at a conclusion that is inconsistent with the facts and choose to rely on their "gut feeling." If 25 years of data indicate that there is no difference between hedging or not hedging, yet hedging significantly reduces volatility at little or no cost, we are at a loss to understand why someone would not choose the less volatile option. Instead, the world focuses on the U.S. budget deficit, which in U.S. Dollar terms is quite large, on the theory that it will continue to lower the value of our currency. However, in relation to our economy, it is proportionately much smaller than the deficits of most European countries. Few care about the size of the Belgian deficit, but if the U.S. ran a deficit at the same percentage of our economy as the Belgians do, the world would be in economic chaos. Americans have an additional advantage over Europeans in that we can live and die in U.S. Dollars. We can be born in Minnesota, work in Massachusetts, live in Rhode Island, vacation in Colorado, and retire in Florida, all in one currency. We do not have to worry about currency fluctuations affecting the cost of owning a second home in another state. If you lived in Belgium, you might not have that luxury. If the Belgian Franc is devalued, which is what many people believe should occur, the cost of having someone cut your grass at your vacation home in Spain just went up. Currency speculation is just that . . . speculation.

We sometimes think that history is a better major than finance for a college student hoping to pursue a career in money management. History has a nasty way of repeating itself. History also teaches us the ebb and flow of economic tides. The U.S. Dollar rises and the U.S. Dollar falls. Good, cheap stocks generally rise with time. Why lose the rise in the price of your stocks to a currency fluctuation that you may not be able to predict? Some of our peers say they will hedge the currency "opportunistically." This means they will hedge when they think a particular currency is about to fall. In our opinion, this is no different than predicting when the S&P 500 or the Dow Jones Industrial Average is about to fall, except that it is far more complex. We believe that stock market predictions are difficult, if not



impossible, to make. What form of intellectual conceit would lead us to believe that we could predict the rise or fall of eighteen different currencies? If you factor into your decisions emerging markets, the number of currencies, economic growth rates, deficits, and governmental policies, it becomes dizzying. The human brain is a wonderful thing, but it is not *that* wonderful. If a currency is strong, by which we mean it is rising, the natural human reaction is to believe that it will continue to rise. Most currency speculation is based on momentum. After a particular currency has fallen significantly, a hedge is put on because it has fallen significantly. To paraphrase the legendary John Neff, every trend continues forever until it ends. To hedge a strong, rising currency is against human nature. Similarly, conventional wisdom holds that a bad currency can only get worse.

We are currency agnostics. We look for cheap stocks on a worldwide basis. As we have said before, we believe that the ability to pick from a shopping list of more than 20,000 companies around the world, rather than limiting ourselves to 10,000 companies located in the U.S., increases our chances twofold of finding cheap stocks. By hedging our currency positions, we believe that buying shares of a ceramic tile manufacturer in Italy is not much different than buying shares of a ceramic tile manufacturer in Iowa. While we may not be unique in our view on currencies, we believe we are certainly in the minority. Contrarians always like to be in the minority.

Another reason many money managers or mutual funds do not hedge their currency exposure is related to their “benchmark”. In our opinion, the world of money management is measured incorrectly. The concept of absolute returns has fallen victim to the world of “relative” returns. If your client measures your performance against a benchmark, such as the MSCI unhedged EAFE index, all you have to do is make sure that your performance does not “deviate” from the index benchmark. The client, usually institutional, has made the “asset allocation”. A committee usually decides what percent of the assets will be allocated to each investment class. These classes include bonds and stocks, which are subdivided into investment grade bonds and high yield (a.k.a. junk) bonds, value stocks, growth stocks, large cap stocks, small cap stocks, domestic stocks, foreign stocks, developed markets, emerging markets, and on and on. And as the managers of each class are selected, they are measured against a relevant benchmark. The world of institutional money management claims that if the S&P 500 is down 25% and the manager is only down 23%, the client should be happy. The manager beat the benchmark by 200 basis points. As human beings who cal-



culate our personal net worth at least once a year, we would not be happy to see our retirement account decline by 23%, but it could happen. Although we would not panic at such a result, we certainly would not applaud the result either. The vast majority of professionally managed money in this country is measured against benchmarks. This is because the vast majority of professionally managed money in this country is given to money managers by people who are investing other people's money, not their own. Boards of Directors and investment committees are more concerned with embarrassment than absolute results. The committee or board cannot be criticized if their managers' performance has not deviated from the index. Those of us old enough to remember the early 1970s, when one of the worst bear markets in history wiped out considerable wealth, know that the excuse then was that if everyone else did just as badly, you could explain the result. As the thinking went, if you owned IBM and it went down, you could not be blamed because everyone else owned IBM, too.

Money management today is even more cynical. If the basis of performance measurement is a benchmark, managers are safe by modelling their portfolios after the index so that their performance will never deviate significantly from the index. However, this approach imposes significant restrictions on the search for good investments. Indices are generally market capitalization weighted, which means the largest capitalization companies have the greatest influence on the results of the indices. Benchmark-focused money managers must therefore concentrate their portfolios in large capitalization companies. Next, the indices are divided into industry sectors, a segmentation called industry weighting. This means that if oil stocks are X% of the chosen index, the portfolio should not have an exposure to that industry that deviates very much from the index benchmark. If oil stocks decline, you will be riding the tide of the index. However, if oil stocks rise and you do not have the requisite exposure, your performance will lag the index. To avoid the risk of deviating from the results of the index, your portfolio will own oil stocks irrespective of whether your money managers think oil stocks are a sound investment. On an international basis, the same logic persists. Japan represents 40% of the EAFE Index. Whether or not you believe Japanese stocks represent good value, benchmark management dictates that you cannot be out of the Japanese market. When the Nikkei Index was at 40,000, despite the fact that any reasonable measurement of investment value would have driven you out of Japan, or to short the Nikkei Index, the benchmark weighted index required your portfolio to be heavily



invested in Japan. The Japanese market subsequently declined more than 60% from its highpoint.

We are in the enviable position of managing our own money along with our clients and fellow shareholders of the Fund, who participate in our personally motivated investment decisions. We want to see our net worth grow in a reasonable manner, above the popular indices, over long periods of time, and in a way that minimizes risk. We have accomplished this in the past, and we are perhaps naive enough to think we can continue doing so in the future. (No guarantees made or implied.) Cold comfort though it is, our shareholders know that if they lose money, we lose money. As of March 31, 1996, the Tweedy, Browne partners, employees and their families have \$19.9 million invested in the Fund. Since inception on June 15, 1993, we have seen our investment compound at an annual rate of 14.8%, which means that our investment could just about double every five years. This is slightly below the low range of our personal long-term goal for compounding our investments, but two years and nine months is not long enough to make a judgment. Additionally, from a tax standpoint, we have been reasonably efficient so far. Since inception, our investment of \$10 per share has experienced a gain of \$4.64, of which only \$0.36 has been taxable income.

When a portfolio is tailored to track a particular benchmark, there is little chance to significantly outperform the benchmark. In effect, your portfolio becomes a sort of index fund. Many money managers select investments from a rather short list of companies. Their list of potential investment opportunities may run from 400 to 800 companies. In general, these are the large capitalization companies that comprise the bulk of most stock market indices. By limiting one's universe to a list of companies that make up the index, the money manager is reasonably assured that his performance will not deviate significantly from the index. The money manager can also manage huge sums of money because it is relatively easy to invest money in large cap stocks. From the money manager's perspective, this is a win-win situation. However, it may not be a winning strategy from the investor's perspective. If one hopes to beat an index over a long period of time, one's portfolio should not look like that index.

At Tweedy, Browne, we are students of long-term investment performance. Our observations of numerous studies of financial characteristics that have produced superior long-term rates of return, both in the U.S. and internationally, indicate to us that value investing has worked well in the past over statistically significant periods of time. The characteristics that



have produced the best returns in the stock market are at the extremes — the cheapest 10% to 20% of all stocks ranked on the basis of price-to-book value, price-to-earnings, and price-to-cash flow ratios. Other areas of high return are stocks that have performed poorly in the last three to five years, stocks in which officers and directors are buying shares, and small capitalization companies. A universe of investment opportunities that is limited to the 800 largest companies, either in the U.S. or internationally, may not include a significant number of these “extreme” stocks. The 800 largest companies do not include small capitalization companies. The 800 largest companies on a global basis all have a market cap greater than \$4 billion. In the U.S. alone, the 800 largest companies all have a market cap greater than \$1.56 billion. While the largest companies may account for half of total stock market capitalization, that still leaves over 10,000 companies in the other half where many bargains may exist. Depressed stocks, by virtue of their historically low share price, may well not be numbered among the largest companies on any particular exchange.

The portfolio of the Fund has what we believe to be “extreme” financial characteristics. Approximately 40% of the Fund’s assets are invested in stocks purchased on the basis of a low price-to-book value ratio. The weighted average price-to-book value of these stocks is 72%. Of the 7,542 stocks with a market cap of \$100 million or more in World Scope global database, only 308, or 4% of the companies, are selling for 72% of book value or less. An additional 43% of the Fund’s assets are invested in stocks purchased on the basis of a low price-to-earnings ratio. This group of stocks has a weighted average price-to-earnings ratio of 10.9 times. Of the stocks in the same database, only 984, or 13% of all the companies, are selling at a price-to-earnings ratio of 10.9 times or less. Among the 800 largest capitalization companies in the World Scope global database, only four are selling at 72% of book value or less, and only 78 stocks have a price-to-earnings ratio of 10.9 times or less. By not limiting our universe of investment opportunities to a small list of large cap companies, we increase the number of companies to explore by more than tenfold. Many money managers avoid smaller cap companies for the additional reason that it is not economically efficient to invest their research dollars in companies where they cannot put large sums of money to work. Finally, from time to time, many companies outside the large cap universe are not covered by the research departments of the brokerage houses. This lack of coverage can lead to further inefficiencies in the price of stocks and thus greater values. For example, we own shares in an Italian bank, Banco di Sardegna Risparmio, which is selling at one-third





of book value. When we first bought shares a few years back, we called the president of the bank to ask some questions. The president was delighted to talk to us as we were the first call he had received from anyone in the investment community in more than a year. The absence of security analysts' coverage of a particular company can lead to more obviously cheap stocks. With a large company, there can be an army of security analysts following its progress on a quarterly basis. Moreover, we often find that smaller companies are easier to analyze because they are often in only one business rather than having numerous divisions in a myriad of sometimes unrelated businesses.

The other area in which we believe we differ from many international money managers is in the geographic distribution of our investments. Many international funds or portfolios will weight the country allocations of their investments to be similar to the country weightings of the benchmark index to which they are being compared. These money managers do not want to run the risk of being out of a particular country in their benchmark index for fear that if its market rises significantly, they will underperform. Similarly, if they overweight their investments in any particular country and it performs poorly, on a relative basis their performance will suffer. Within this framework of country weightings, money managers will variously underweight and overweight their investments to a limited degree based on their view of the macroeconomic conditions of a particular country. This is called "top down" investing. If their best guesstimate for a country's economic growth rate is for significant improvement, or the outlook for interest rates is good, they will concentrate a limited portion of their portfolio in that country.

Here again, we believe that we "deviate" from the norm. We look for cheap stocks in the universe of developed stock markets around the world, and attempt to make apples-to-apples comparisons of Dutch stocks and Japanese stocks using the same fundamental investment criteria. Just as we do not care if a U.S. company is located in Kansas or Maine, we generally do not care if an international company is in Belgium or Denmark. We do not make macroeconomic predictions. As the economist, Oskar Morgenstern, said, "Everything is unpredictable, especially the future." Or to paraphrase John Kenneth Galbraith: There are two kinds of economists. There are those who don't know, and there are those who don't know they don't know. We know we don't know when the Bundesbank will begin easing its monetary policy and cut German interest rates. However, we believe that buying Villeroy and Boch, the German manufacturer of tableware products that are sold around the world, at 66% of book value, 11 times earnings and

only 3 times its cash net of all debt, is good value. Our macroeconomic view is based on the theory of reversion to the mean. By this we mean that if things are really bad, they will eventually get better; and if they are really great, they will eventually get worse. In the meantime, when things are really bad, stocks often get cheap. When things get better, stocks generally go up and we can make money.

Our approach to investing has resulted in a portfolio for the Fund that is approximately 90% invested in 223 issues in 19 countries. The country in which we have the largest investment is tiny Switzerland, at 16.0% of net assets. Switzerland accounts for only 6.2% of the EAFE index, whereas Germany is 7.0% of EAFE but only 2.1% of our Fund. In our opinion, there are more cheap companies and more small cap companies in Switzerland than in Germany, which accounts for this geographic disparity in our portfolio. We have 56% of the Fund's assets invested in Western Europe, 16% in North America, 15% in Japan, and almost 3% in the rest of the Pacific Basin. We are often asked where we are finding values today by folks who think that particular countries or industries currently offer more value. The answer is that we are continuing to find companies everywhere in our universe of developed markets. As we say among ourselves, the idea flow is still pretty good. Despite strong markets in places like Japan and, at long last, France, we are still finding bargains around the world.

There are other good reasons for investing internationally beyond just increasing the chances of finding a cheap stock. The following table compares the 25-year annually compounded rates of return of eight foreign stock markets and the U.S. from 1970 to 1994, and the value of \$10,000 invested in each market over that time period on a local currency basis.

Country	Annual Rate of Return	Value of \$10,000
Japan	17.1%	\$517,514
Netherlands	15.4	359,042
Sweden	15.0	329,190
Switzerland	12.9	207,658
United Kingdom	12.6	194,294
France	11.8	162,572
Germany	11.5	152,010
<b>United States</b>	<b>10.2</b>	<b>113,381</b>
Italy	5.7	39,983

The preceding table indicates that rates of return in foreign markets have been competitive if not superior to the U.S. The table also makes clear the significant difference that a small increase in the rate of return can make over a period of time. The difference between the U.S. and the U.K. of only 2.4 percentage points in the annually compounded rate of return over 25 years resulted in 71.3% more money. Although 25 years may seem like a long time for someone 40 years of age, that is the normal timespan to retirement. Having 71.3% more money could make a major difference in one's lifestyle during retirement. Or, the effect can be similarly dramatic for those of you who have recently given birth to a child and are planning on setting aside money for his or her college education. The value of \$10,000 invested for 18 years at 10.2% is \$57,447, as compared to the same \$10,000 compounded over 18 years at 12.6% of \$84,662. The cost of a year at a private college in 1996 is approximately \$25,000, and it has been increasing at the rate of 6% per year. At this rate, the first year of college in 18 years will cost \$71,358. That may sound impossible, but the mother of one of our partners remembers going to the movies for a nickel, and she is still healthy and active. The difference between 10.2% and 12.6% is the difference between being able to pay for college and having to come up with more money.

Investing should have long-term goals, such as paying for college or retirement. And we believe that expanding one's investment options may increase the chances of achieving those goals. Internationally, we are seeing changes in capitalistic behavior in Europe, and to a lesser extent in Japan, that should be beneficial to investment returns. One of the major complaints that Americans have had about investing outside the U.S. is that shareholders have fewer rights, and that managements are less concerned with enhancing shareholder value than their U.S. counterparts. However, Huhtamaki Group, a food and pharmaceutical company in Finland, is talking of a restructuring by selling off several businesses as a way of increasing shareholder value. Unipapel, a Spanish paper company, is paying a special dividend to shareholders, and several other Spanish companies are considering the same action. One of our stocks in socialist Sweden, Invik & Company, a holding company for Kinnevik Investment, a company involved in several media and telecommunications businesses, is proposing to split up into several companies for the purpose of creating more value for shareholders. Takeovers, share buybacks and mergers are also increasing. The merger of Swiss chemical and pharmaceutical giants Ciba-Geigy and Sandoz would have been inconceivable only a few months ago, but their proposed combination, with significant corporate savings, sounds more like the U.S. and not Switzerland. In France, there are numerous holding companies,



some of which are holding companies of holding companies, which traditionally trade at discounts to their net asset value. One such stock owned by the Fund, Idia, sold at 50% of net asset value, and is being tendered for by its controlling shareholder at net asset value. We have had takeovers such as Lloyds Chemists in the U.K., and Cementeria di Barletta in Italy. Germany is now proposing to institute stock options for its managements. It may come as a surprise to many that Germany has not had stock options in the past, but the corporate culture of that country has always been that shareholders are only one stakeholder among several others. The concept of options is so radical in Germany that the labor unions are concerned that if management is given incentives they might consider laying off workers in an effort to maximize profits. And in Japan, tax laws that previously prohibited companies from buying back their shares have now changed. This, too, may come as a surprise to many U.S. investors, who live in a country where share buybacks are common practice, to realize that, until very recently, they were against the law in a modern country like Japan. Many Japanese companies in our portfolio have significant excess cash and securities that are not part of their operating capital structure and which can be used to buy in stock. Already several Japanese companies have announced their intention to buy in their stock. This can only be positive for Japanese stock prices. And finally, companies around the world are adopting international accounting standards which, in most cases, will increase reported earnings by eliminating some of the practices previously employed to hide income from shareholders and the tax authorities. As the globalization of the world economy increases, corporations are discovering that they need to access capital from sources beyond their own borders, and that this requires more standardized accounting and reporting. These are all encouraging signs for the international investor and part of the reason we remain optimistic about the prospects for our Fund.

Sincerely,

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

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

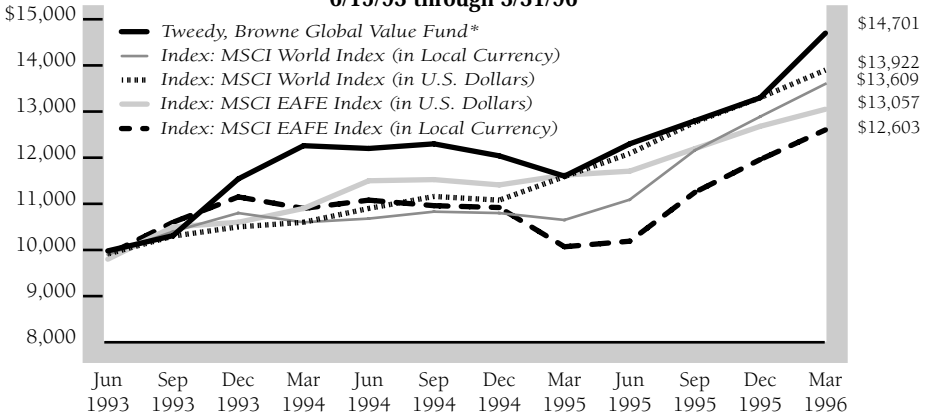
April 26, 1996

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio Highlights

March 31, 1996

### Hypothetical Illustration of \$10,000 Invested in Tweedy, Browne Global Value Fund vs. Morgan Stanley Capital International ("MSCI") World Index and MSCI Europe, Australia and Far East ("EAFE") Index 6/15/93 through 3/31/96



MSCI World Index represents the change in market capitalizations of Europe, Australia and the Far East (EAFE) plus Canada, the U.S. and South African Gold Mines, including dividends reinvested monthly, net after foreign withholding taxes.

MSCI EAFE Index represents the change in market capitalizations of EAFE, including dividends reinvested monthly, net after foreign withholding taxes.

Index information is available at month end only; therefore, the closest month end to inception date of the Fund, May 31, 1993, has been used.

AVERAGE ANNUAL TOTAL RETURN*			AGGREGATE TOTAL RETURN*			
The Fund	Actual	Without Waivers**	Inception (6/15/93) through 3/31/96		U.S. Dollars	Local Currency
			Actual	U.S. Dollars		
Inception (6/15/93) through 3/31/96	14.80%	14.79%	The Fund	47.01%	—	—
Year Ended 3/31/96	25.88%	N/A	MSCI World	—	39.22%	36.09%
			MSCI EAFE	—	30.57%	26.03%

Note: The performance shown represents past performance and is not a guarantee of future results. A Fund's share price and investment return will vary with market conditions, and the principal value of shares, when redeemed, may be more or less than original cost.

\* Assumes the reinvestment of all dividends and distributions and is net of foreign withholding tax.

\*\* See Note 2 to Financial Statements.

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In accordance with rules and guidelines set out by the Securities and Exchange Commission, we have provided a comparison of the historical investment results of Tweedy, Browne Global Value Fund to the historical investment results of the two most appropriate broad based securities indices, the Morgan Stanley Capital International (MSCI) World Index and MSCI Europe, Australia and the Far East (EAFE). However the historical results of the MSCI Indices in large measure represents the investment results of stocks that we do not own. Any portfolio which does not own exactly the same stocks in exactly the same proportions as the index to which the particular portfolio is being compared is not likely to have the same results as the index. The investment behavior of a diversified portfolio of undervalued stocks tends to be correlated to the investment behavior of a broad index; i.e., when the index is up, probably more than one-half of the stocks in the entire universe of public companies in all the countries that are included in the same index will be up, albeit, in greater or lesser percentages than the index. Similarly, when the index declines, probably most of the stocks in the entire universe of public companies in all countries that are included in the index will be down in greater or lesser percentages than the index. But it is almost a mathematical truth that “different stocks equal different results.”

Favorable or unfavorable historical investment results in comparison to an index are not necessarily predictive of future comparative investment results. In *Are Short-Term Performance and Value Investing Mutually Exclusive?*, Eugene Shahan analyzed the investment performance of seven money managers, about whom Warren Buffett wrote in his article, *The Super Investors of Graham and Doddsville*. Over long periods of time, the seven managers significantly outperformed the market as measured by the Dow Jones Industrial Average (the “DJIA”) or the S&P 500 by between 7.7% to 16.5% annually. (The goal of most institutional money managers is to outperform the market by 2% to 3%.) However, for periods ranging from 13 years to 28 years, this group of managers underperformed the market between 7.7% to 42% of the years. Six of the seven investment managers underperformed

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the market between 28% to 42% of the years. In today's environment, they would have lost many of their clients during their periods of underperformance. Longer term, it would have been the wrong decision to fire any of these money managers. In examining the seven long-term investment records, unfavorable investment results as compared to either Index did not predict the future favorable comparative investment results which occurred, and favorable investment results in comparison to the DJIA or the S&P 500 were not always followed by future favorable comparative results. Stretches of consecutive annual underperformance ranged from one to six years. Mr. Shahan concluded "Unfortunately, there is no way to distinguish between a poor three-year stretch for a manager who will do well over 15 years, from a poor three-year stretch for a manager who will continue to do poorly. Nor is there any reason to believe that a manager who does well from the outset cannot continue to do well, and consistently."

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
	<b>COMMON STOCKS—89.7%</b>	
	<b>Australia—0.0%††</b>	
83,000	Allied Queensland Coalfields Ltd.†	\$ 39,565
96,353	Carillon Development Ltd.	124,237
		<hr/> 163,802
	<b>Austria—0.7%</b>	
48,700	Bau Holding AG	3,242,750
8,746	Papierfabrik Laakirchen AG	3,207,218
1,030	Steyr-Daimler-Puch AG†	15,208
		<hr/> 6,465,176
	<b>Belgium—0.7%</b>	
453	Fabrique de Fer de Charleroi	936,984
1,650	Glaces de Charleroi	3,279,604
720	Henex SA	1,002,126
541	Spadel SA	724,008
777	Uco SA	384,818
		<hr/> 6,327,540
	<b>Canada—1.5%</b>	
196,891	BRL Enterprises Inc.†	556,128
166,500	Corby Distilleries Ltd., Class A	5,206,751
104,600	Corby Distilleries Ltd., Class B	3,059,994
42,900	E.L. Financial Corporation Ltd.	2,958,512
253,900	Melcor Developments Ltd.	2,014,082
772,383	Westfield Minerals Ltd.†	750,822
		<hr/> 14,546,289
	<b>Denmark—1.8%</b>	
9,000	Bikuben Girobank A/S	315,873
4,474	Foras Holding A/S, Class B	142,107
23,930	Gronlandsbanken	1,058,236
1,801	Hojgaard Holdings, Class A	169,086
10,700	Nordvestbank	886,268
44,738	Ove Arkil, Class B	3,493,623
235,571	Spar Nord Holding A/S	6,944,973
124,698	Syd-Sonderjylland Holdings†	3,851,338
		<hr/> 16,861,504
	<b>Finland—4.4%</b>	
6,000	Atria OY	64,759
216,314	Huhtamaki Group, Class I	6,910,767
3,200	Huhtamaki Group, Class K	100,161
764,900	Kesko Ord	9,659,183
214,385	Kone Corporation, Class B	22,213,425
171,300	Wemer Soderstrom, Class B	3,124,597
		<hr/> 42,072,892

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
<b>COMMON STOCKS</b>		
<b>France—9.0%</b>		
14,053	Alcatel Alsthom Compagnie Generale d'Electricite . . . . .	\$ 1,302,500
14,400	Alspi . . . . .	1,356,387
24,763	Centenaire-Blanzy SA . . . . .	2,133,428
5,229	Christian Dior, SA . . . . .	696,508
71,019	Compagnie Financiere de Paribas . . . . .	4,314,008
131,684	Compagnie Financiere de Suez . . . . .	5,110,515
57,700	Compagnie Lebon SA . . . . .	2,668,804
206	Didot-Bottin . . . . .	27,358
737	Docks Lyonnais . . . . .	21,141
26,087	Dollfus Mieg & Cie . . . . .	1,402,872
29,677	Eurafrance SA . . . . .	11,758,867
1,150	Fiat France SA . . . . .	29,906
60,931	Fonciere Financiere Et de Participation† . . . . .	2,703,341
31,875	France SA . . . . .	7,150,124
109	Gantois . . . . .	31,569
2,022	Idianova SA† . . . . .	28,097
35,674	Investissements de Paris . . . . .	1,026,137
52,218	Klepierre . . . . .	6,685,977
27,558	La Concorde† . . . . .	3,823,929
10,535	Legris Industries SA† . . . . .	541,232
5,229	LVMH Moet Hennessey . . . . .	1,326,583
44,973	Marine-Wendel . . . . .	3,633,550
20,945	Mecolec SA . . . . .	382,519
3,347	Monneret Jouets† . . . . .	47,174
3,723	Nordon Et Cie . . . . .	357,704
38,018	Paluel Marmont SA . . . . .	2,294,287
9,073	Paris Orleans . . . . .	495,300
58,800	Peugeot SA . . . . .	8,964,447
22,534	Rallye† . . . . .	939,383
49,464	Salins du Midi, Series A . . . . .	4,811,387
13,082	Sediver . . . . .	610,277
61,500	Siparex . . . . .	1,226,948
161,562	Vallourec† . . . . .	7,668,382
		<hr/> 85,570,641
<b>Germany—2.1%</b>		
15,018	Axel Springer Verlag, Class A . . . . .	9,919,755
33,395	Sinn AG . . . . .	5,565,456
3,069	Tiag Tabbert-Industrie AG . . . . .	291,078
13,250	Weru AG . . . . .	4,497,155
		<hr/> 20,273,444
<b>Hong Kong—1.6%</b>		
2,333,000	Jardine Strategic Holdings Ltd.† . . . . .	7,372,280
1,953,173	Semi-Tech (Global) Ltd. . . . .	2,942,134

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
<b>COMMON STOCKS</b>		
<b>Hong Kong—(Continued)</b>		
8,891,000	Sing Tao Holdings . . . . .	\$ 4,425,957
5,780,000	Tomei International Holdings Ltd.† . . . . .	302,676
		<hr/> 15,043,047
<b>Italy—4.5%</b>		
1,210,500	Arnoldo Mondadori Editore SPA . . . . .	10,036,705
2,750,400	Banca Toscana† . . . . .	5,499,414
3,708,000	Banco di Napoli di Risp† . . . . .	975,544
592,850	Banco di Sardegna Risp† . . . . .	4,301,097
17,000	Bassetti SPA . . . . .	62,887
122,000	Cementerie di Augusta† . . . . .	186,747
323,000	Cementerie di Barletta Ord . . . . .	1,082,576
810,500	Cementerie di Sardegna SPA . . . . .	1,576,652
465,000	Cementerie Siciliane SPA . . . . .	904,557
575,000	Falck Ord† . . . . .	1,686,975
642,920	Franco Tosi SPA . . . . .	5,084,657
566,750	IMI SPA . . . . .	3,882,208
113,000	Industrie Zignago . . . . .	691,883
669,000	Maffei SPA . . . . .	1,109,386
897,200	Magneti Marelli SPA . . . . .	1,213,132
136,000	Marangoni SPA . . . . .	511,769
58,000	Serfi SPA . . . . .	218,994
1,553,500	Tecnost SPA . . . . .	2,571,175
1,825,000	Vianini Industria SPA . . . . .	827,591
78,000	Zucchi Inc. . . . .	388,036
		<hr/> 42,811,985
<b>Japan—14.9%</b>		
18,000	Agro-Kanesho Company Ltd. . . . .	223,843
139,000	Aichi Electric Company Ltd. . . . .	727,817
611,000	Amada Sonoike Company Ltd. . . . .	4,341,842
344,000	Chofu Seisakusho Company . . . . .	8,459,280
291,000	Chubu Steel Plate Company Ltd. . . . .	1,599,888
39,000	Daidoh Ltd. . . . .	310,323
819,000	Daiichi Cement Company Ltd. . . . .	3,951,416
26,000	Denkyosh & Company Ltd. . . . .	238,972
604,000	Dowa Fire & Marine Insurance Company . . . . .	3,332,024
330,000	Fuji Coca-Cola Bottling Company . . . . .	4,196,354
618,000	Fuji Photo Film Ltd. . . . .	17,681,907
162,000	Fujico Company Ltd. . . . .	2,044,881
153,000	Hitachi Medical Corporation . . . . .	2,389,060
322,000	Kawagishi Bridge Works . . . . .	3,432,258
3,000	Kinki Coca-Cola Bottling Company . . . . .	42,076
667,000	Kirin Brewery Company Ltd. . . . .	8,045,161
479,000	Koa Fire & Marine Insurance Company . . . . .	2,978,354
225,000	Kokura Enterprises Company . . . . .	2,734,923
213,000	Koyosha Inc.† . . . . .	1,615,175

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
<b>COMMON STOCKS</b>		
<b>Japan—(Continued)</b>		
315,000	Matsushita Electric Industrial Company . . . . .	\$ 5,124,825
7,000	Morito . . . . .	68,724
870,000	Nichimo Co. Ltd.† . . . . .	3,847,686
42,000	Nippon Cable System . . . . .	363,647
968,000	Nissan Fire & Marine Insurance Company . . . . .	6,878,728
657,000	Nisshinbo Industries . . . . .	6,327,349
488,000	Nittetsu Mining . . . . .	4,791,024
169,000	Oak . . . . .	1,102,964
127,000	Osaka Securities Finance . . . . .	771,856
116,000	Riken Vitamin . . . . .	1,670,313
204,000	Sangetsu Company Ltd. . . . .	4,921,178
338,000	Sankyo Company Ltd. . . . .	7,742,871
336,800	Shikoku Coca-Cola Bottling . . . . .	4,188,350
61,000	Shin Nikkei Company Ltd. . . . .	415,792
16,000	Shinmei Electric . . . . .	306,685
194,000	Sotoh Company Ltd. . . . .	2,339,972
25,000	Tachi-S Company Ltd. . . . .	181,159
183,000	Taisei Fire & Marine Insurance Company . . . . .	1,009,537
630,000	Takeda Chemical Industries . . . . .	9,837,307
201,000	Takigami Steel Construction . . . . .	2,311,641
162,000	Teikoku Hormone Manufacturing Company . . . . .	2,211,501
263,000	Torishima Pump Manufacturing . . . . .	2,176,297
11,000	Totech Corporation . . . . .	88,967
410,000	Toyo Technical Company Ltd. . . . .	4,408,602
40,000	Zojirushi . . . . .	448,808
		<hr/>
		141,881,337
<b>Netherlands—8.9%</b>		
87,100	Akzo NV Ord . . . . .	9,684,807
201,600	Hal Trust Units . . . . .	2,269,693
150,855	Heineken Holdings NV, Class A . . . . .	29,676,094
207,869	International Nederlanden Groep . . . . .	15,098,529
207,100	Unilever NV CVA . . . . .	28,242,619
		<hr/>
		84,971,742
<b>New Zealand—1.0%</b>		
2,471,300	Independent Newspaper . . . . .	9,123,629
		<hr/>
<b>Singapore—0.3%</b>		
716,500	Robinson and Company Ord . . . . .	3,003,019
		<hr/>
<b>Spain—2.6%</b>		
189,031	Argentaria . . . . .	7,997,846
125,927	Banco de Valencia, Registered . . . . .	1,968,799
10,227	Banco Pastor SA . . . . .	583,529

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
<b>COMMON STOCKS</b>		
<b>Spain—(Continued)</b>		
521,942	Corporacion Financiera Reunida . . . . .	\$ 1,850,784
10,000	Fabrica Auto Renault de Espana . . . . .	216,787
168,514	Grupo Anaya SA . . . . .	3,782,177
381,818	Grupo Fosforera SA† . . . . .	1,458,530
22,108	Indo Internacional SA . . . . .	641,406
47,943	Omsa . . . . .	169,038
79,728	Prim SA† . . . . .	481,895
45,068	Roberto Zubirif . . . . .	181,601
244,796	Unipapel SA . . . . .	5,010,935
		<hr/>
		24,343,327
<b>Sweden—1.9%</b>		
711,350	Atle AB . . . . .	4,733,858
83,685	BRIO AB, Class B . . . . .	775,910
777,360	Bure Forvaltning AB . . . . .	5,521,890
269,000	Forsheda AB, Class B . . . . .	4,666,402
80,600	Invik & Company AB, Class A . . . . .	2,169,599
		<hr/>
		17,867,659
<b>Switzerland—16.0%</b>		
5,075	Attisholz Holding AG† . . . . .	2,099,382
33	Bank of International Settlements America . . . . .	321,856
6,200	Ciba-Geigy AG, Bearer . . . . .	7,689,074
9,375	Ciba-Geigy AG, Registered . . . . .	11,736,978
2,685	Daetwyler Holding, Bearer . . . . .	5,779,291
23,610	Danzas Holding AG PC . . . . .	5,538,479
8,296	Danzas Holding AG, Registered . . . . .	10,393,106
31,650	Edipresse SA, Bearer . . . . .	9,047,799
3,225	Edipresse SA, Registered . . . . .	178,963
2,111	Golay Buchel Holding, Bearer . . . . .	1,464,308
300	Industrie Holding, Cham Registered . . . . .	176,567
27,827	Loeb Holding PC . . . . .	4,749,553
21,195	Magazine Zum Globus PC . . . . .	11,280,477
5,000	Magazine Zum Globus, Registered . . . . .	3,110,943
27,439	Nestle SA, Registered . . . . .	30,960,725
200	Sandoz AG . . . . .	234,582
10,771	Saurer AG, Registered . . . . .	4,573,385
11,003	Sig Schweiz Industrie, Registered . . . . .	12,211,679
17,235	Swissair AG, Registered† . . . . .	18,113,886
20,130	Swisslog Holding AG . . . . .	6,245,403
3,050	Vetropack Holding AG PC . . . . .	987,304
3,750	Zehnder Holding, Bearer . . . . .	1,671,081
11,224	Zschokke Holding AG, Registered† . . . . .	3,822,020
		<hr/>
		152,386,841

■ ■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

Shares		Market Value (Note 1)
<b>COMMON STOCKS</b>		
<b>United Kingdom—3.2%</b>		
1,408,668	Dyson (J&J) PLC, Class A, Non-voting . . . . .	\$ 1,698,540
803,000	Folkes Group PLC . . . . .	710,859
1,950	French Property Trust PLC . . . . .	2,202
131,965	Guinness PLC . . . . .	958,751
760,500	Higgs & Hill PLC . . . . .	1,033,069
615,000	Intercare Group PLC . . . . .	572,591
350,000	Johnston Group PLC . . . . .	2,136,821
580,128	Lloyds Chemist PLC . . . . .	4,223,595
2,831,333	McAlpine (Alfred) PLC . . . . .	7,173,632
400,000	Partridge Fine Art Ord . . . . .	409,048
1,852,839	Proudfoot Alexander . . . . .	919,096
184,600	SmithKline Beecham, PLC Units, ADR . . . . .	9,506,900
600,000	Union PLC . . . . .	943,254
		<hr/>
		30,288,358
<b>United States—14.6%</b>		
221,000	American Express Company . . . . .	10,911,875
75,700	American National Insurance Company . . . . .	5,109,750
149,000	BanPonce Corporation, New . . . . .	6,891,250
247,500	Chase Manhattan Corporation . . . . .	18,191,250
68,000	Coca-Cola Bottling Company . . . . .	2,295,000
232,200	Comerica, Inc. . . . .	9,694,350
47,300	Digital Equipment Corporation† . . . . .	2,607,413
35,000	Federal Home Loan Mortgage Corporation . . . . .	2,983,750
90,000	Fingerhut Companies, Inc. . . . .	1,158,750
205,616	First Chicago Corporation . . . . .	8,533,064
62,590	Great Atlantic & Pacific Tea Company . . . . .	1,940,290
193,100	Hasbro Inc. . . . .	7,144,700
98,063	Horizon/CMS Healthcare Corporation† . . . . .	1,372,882
65,700	Household International Inc. . . . .	4,418,325
15,000	Kindercare Learning Centers, Inc.† . . . . .	187,500
392,100	Lehman Brothers Holdings Inc. . . . .	10,488,675
48,750	Mercantile Bancorporation, Inc. . . . .	2,230,312
50,000	National Education Corporation† . . . . .	587,500
73,200	Philip Morris Companies Inc. . . . .	6,423,300
460,000	PNC Bank Corporation . . . . .	14,145,000
15,000	Polaroid Corporation . . . . .	675,000
146,075	Reebok International Ltd. . . . .	4,035,322
253,200	Salomon Inc. . . . .	9,495,000
185,000	Sun Healthcare Group Inc.† . . . . .	2,451,250
160,000	Syms Corporation† . . . . .	1,320,000
12,500	Wells Fargo & Company . . . . .	3,262,500
		<hr/>
		138,554,008
<b>TOTAL COMMON STOCKS</b>		
	(Cost \$707,861,937) . . . . .	<hr/> 852,556,240

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Shares</u>		<u>Market Value (Note 1)</u>
	<b>PREFERRED STOCKS—0.4%</b>	
603	Stuttgarter Hofbrau, Preferred . . . . .	\$ 147,472
23,835	Villeroy & Boch AG, Preferred . . . . .	3,390,929
	<b>TOTAL PREFERRED STOCKS</b>	
	(Cost \$3,490,299) . . . . .	<u>3,538,401</u>
	<b>COMMON STOCK WARRANTS—0.0%††</b>	
105,920	Franco Tosi, Strike 20,000, Expires 11/30/97† . . . . .	10,809
9,073	Paris Orleans, Strike 330, Expires 4/30/98† . . . . .	26,386
1,592	Rallye, Class B, Strike 150, Expires 12/31/96† . . . . .	15,896
	<b>TOTAL COMMON STOCK WARRANTS</b>	
	(Cost \$11,945) . . . . .	<u>53,091</u>
	<b>CONVERTIBLE CORPORATE BONDS—0.1%</b>	
ESP 29,870,000	Grupo Anaya SA, Convertible Bond, 7.000% due 3/18/98 . . . . .	223,847
SEK 2,592,000	Kinnevik Investment, Convertible Bond, 10.500% due 7/21/97 . . . . .	786,870
JPY 9,000,000	Shikoku Coca-Cola Bottling, Convertible Bond, 2.400% due 3/29/02 . . . . .	92,819
	<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>	
	(Cost \$738,524) . . . . .	<u>1,103,536</u>
	<b>COMMERCIAL PAPER—6.8%</b>	
\$20,000,000	Ford Motor Credit Company, 5.500% due 4/1/96 . . . . .	20,000,000
30,000,000	General Electric Capital Corporation, 5.450% due 4/1/96 . . . . .	30,000,000
15,113,000	Prudential Securities, 5.430% due 4/1/96 . . . . .	15,113,000
	<b>TOTAL COMMERCIAL PAPER</b>	
	(Cost \$65,113,000) . . . . .	<u>65,113,000</u>

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Face Value</u>		<u>Market Value (Note 1)</u>
	<b>U.S. TREASURY BILLS—0.4%</b>	
\$ 525,000	5.780%** due 5/30/96 .....	\$ 520,311
550,000	5.638%** due 7/25/96 .....	540,627
1,000,000	5.764%** due 8/22/96 .....	978,351
1,500,000	5.533%** due 9/19/96 .....	<u>1,462,665</u>
	<b>TOTAL U.S. TREASURY BILLS</b>	
	(Cost \$3,501,954) .....	<u>3,501,954</u>
	<b>TOTAL INVESTMENTS (Cost \$780,717,659*)</b> .....	97.4% 925,866,222
	<b>OTHER ASSETS AND LIABILITIES (Net)</b> .....	<u>2.6</u> 25,044,744
	<b>NET ASSETS</b> .....	<u>100.0%</u> <u>\$950,910,966</u>

\* Aggregate cost for Federal tax purposes.

\*\* Rate represents annualized yield at date of purchase.

† Non-income producing security.

†† Amount represents less than 0.1% of net assets.

### Abbreviations:

ADR—American Depository Receipt

ESP—Spanish Peseta

JPY—Japanese Yen

SEK—Swedish Krona

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Portfolio of Investments

March 31, 1996

<u>Sector Diversification</u>	<u>Percentage of Net Assets</u>	<u>Market Value (Note 1)</u>
<b>COMMON STOCKS:</b>		
Food and Beverages . . . . .	11.0%	\$104,788,201
Banking . . . . .	10.3	97,938,801
Financial Services . . . . .	6.4	60,883,757
Holdings . . . . .	6.3	60,038,915
Printing and Publishing . . . . .	5.2	49,666,940
Insurance . . . . .	5.1	48,339,489
Machinery . . . . .	5.0	47,916,431
Retail . . . . .	4.7	44,357,610
Chemicals . . . . .	3.6	34,146,089
Transportation . . . . .	3.6	34,045,470
Consumer Non-Durables . . . . .	3.4	32,277,940
Pharmaceuticals . . . . .	3.3	31,203,474
Engineering and Construction . . . . .	2.8	26,295,972
Manufacturing . . . . .	2.5	23,747,206
Mining and Metal Fabrication . . . . .	2.5	23,700,541
Consumer Durables . . . . .	2.4	22,806,732
Textiles . . . . .	1.8	16,781,713
Electronics . . . . .	1.4	13,742,318
Real Estate . . . . .	1.2	11,282,842
Autos . . . . .	1.2	11,230,250
Forest Products . . . . .	1.1	10,675,703
Building Materials . . . . .	0.9	8,529,539
Leisure . . . . .	0.8	7,967,783
Wholesale . . . . .	0.5	4,989,902
Health Care . . . . .	0.5	4,403,348
Technology and Computers . . . . .	0.4	3,909,913
Basic Industries . . . . .	0.4	3,432,258
Other . . . . .	1.4	13,457,103
<b>Total Common Stocks . . . . .</b>	<b>89.7</b>	<b>852,556,240</b>
Preferred Stocks . . . . .	0.4	3,538,401
Common Stock Warrants . . . . .	0.0†	53,091
Convertible Corporate Bonds . . . . .	0.1	1,103,536
Commercial Paper . . . . .	6.8	65,113,000
U.S. Treasury Bills . . . . .	0.4	3,501,954
Other Assets and Liabilities (Net) . . . . .	2.6	25,044,744
<b>Net Assets . . . . .</b>	<b>100.0%</b>	<b>\$950,910,966</b>

† Amount represents less than 0.1% of net assets.

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1996

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
<b>FORWARD EXCHANGE CONTRACTS TO BUY</b>		
483,045 Belgian Franc . . . . .	4/2/96	\$ 15,923
49,496 Canadian Dollar . . . . .	4/3/96	36,313
3,977,400 Danish Kroner . . . . .	4/30/96	698,726
6,629,088 Danish Kroner . . . . .	5/31/96	1,165,788
3,985,560 Danish Kroner . . . . .	6/28/96	701,501
5,529,665 Finnish Markka . . . . .	4/3/96	1,193,724
2,053,317 German Mark . . . . .	4/3/96	1,391,152
2,000,000 Great Britain Pound Sterling . . . . .	7/31/96	3,046,876
1,010,955,281 Italian Lira . . . . .	4/1/96	644,750
615,694,900 Italian Lira . . . . .	4/3/96	392,619
62,198,425 Italian Lira . . . . .	4/4/96	39,659
81,213,200 Japanese Yen . . . . .	4/1/96	759,401
28,659,798 Japanese Yen . . . . .	4/2/96	268,005
29,402,633 Japanese Yen . . . . .	4/3/96	274,973
12,505,000 Norwegian Krone . . . . .	6/28/96	1,954,008
2,497,800 Norwegian Krone . . . . .	11/15/96	391,577
486,380,755 Spanish Peseta . . . . .	4/2/96	3,919,454
27,148,500 Spanish Peseta . . . . .	4/3/96	218,763
1,393,744 Spanish Peseta . . . . .	4/9/96	11,225
46,780,469 Spanish Peseta . . . . .	4/10/96	376,702
1,099,665 Swedish Krona . . . . .	4/3/96	164,438
635,000 Swiss Franc . . . . .	4/2/96	533,953
53,180 Swiss Franc . . . . .	4/3/96	44,720
<b>TOTAL FORWARD EXCHANGE CONTRACTS TO BUY</b>		<b>\$ 18,244,250</b>
(Contract Amount \$18,271,180) . . . . .		
<b>FORWARD EXCHANGE CONTRACTS TO SELL</b>		
7,708,800 Austrian Schilling . . . . .	7/31/96	\$ (749,211)
6,136,800 Austrian Schilling . . . . .	8/30/96	(597,476)
12,435,600 Austrian Schilling . . . . .	9/13/96	(1,211,721)
14,610,000 Austrian Schilling . . . . .	10/31/96	(1,427,725)
7,908,800 Austrian Schilling . . . . .	11/15/96	(773,582)
2,979,000 Austrian Schilling . . . . .	1/16/97	(292,463)
4,989,950 Austrian Schilling . . . . .	1/31/97	(490,286)
7,093,030 Austrian Schilling . . . . .	2/28/97	(697,970)
15,456,100 Belgian Franc . . . . .	5/31/96	(511,358)
8,959,200 Belgian Franc . . . . .	8/30/96	(298,027)
4,530,000 Belgian Franc . . . . .	9/13/96	(150,816)
17,268,000 Belgian Franc . . . . .	11/15/96	(577,151)
28,900,000 Belgian Franc . . . . .	11/29/96	(966,788)
11,564,000 Belgian Franc . . . . .	1/16/97	(387,969)
24,709,500 Belgian Franc . . . . .	1/31/97	(829,687)
23,882,400 Belgian Franc . . . . .	2/14/97	(802,533)
29,630,000 Belgian Franc . . . . .	2/28/97	(996,435)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1996

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
<b>FORWARD EXCHANGE CONTRACTS TO SELL</b>		
1,389,800 Canadian Dollar . . . . .	5/31/96	\$ (1,020,357)
2,150,470 Canadian Dollar . . . . .	6/28/96	(1,579,029)
3,855,880 Canadian Dollar . . . . .	7/31/96	(2,831,531)
851,886 Canadian Dollar . . . . .	8/30/96	(625,567)
686,250 Canadian Dollar . . . . .	9/13/96	(503,916)
1,077,200 Canadian Dollar . . . . .	10/15/96	(790,958)
1,935,780 Canadian Dollar . . . . .	10/31/96	(1,421,380)
1,428,315 Canadian Dollar . . . . .	11/15/96	(1,048,746)
3,406,250 Canadian Dollar . . . . .	11/29/96	(2,500,991)
956,690 Canadian Dollar . . . . .	1/16/97	(702,360)
342,375 Canadian Dollar . . . . .	1/31/97	(251,348)
688,250 Canadian Dollar . . . . .	2/14/97	(505,245)
1,108,880 Canadian Dollar . . . . .	2/28/97	(813,992)
89,640 Danish Kroner . . . . .	4/1/96	(15,731)
63,097 Danish Kroner . . . . .	4/3/96	(11,073)
3,977,400 Danish Kroner . . . . .	4/30/96	(698,726)
6,629,088 Danish Kroner . . . . .	5/31/96	(1,165,788)
3,985,560 Danish Kroner . . . . .	6/28/96	(701,501)
5,775,500 Danish Kroner . . . . .	9/13/96	(1,018,890)
38,493,700 Danish Kroner . . . . .	11/15/96	(6,805,725)
12,175,900 Danish Kroner . . . . .	11/29/96	(2,153,841)
4,144,125 Danish Kroner . . . . .	1/16/97	(734,301)
16,575,000 Danish Kroner . . . . .	1/31/97	(2,938,311)
15,926,400 Danish Kroner . . . . .	2/14/97	(2,824,554)
13,814,968 Finnish Markka . . . . .	5/31/96	(2,990,708)
10,818,650 Finnish Markka . . . . .	6/28/96	(2,344,839)
21,171,760 Finnish Markka . . . . .	7/31/96	(4,594,702)
21,160,800 Finnish Markka . . . . .	8/30/96	(4,597,329)
4,441,900 Finnish Markka . . . . .	9/13/96	(965,498)
5,589,610 Finnish Markka . . . . .	10/15/96	(1,216,349)
16,900,000 Finnish Markka . . . . .	10/31/96	(3,679,729)
7,655,580 Finnish Markka . . . . .	11/15/96	(1,667,785)
12,640,500 Finnish Markka . . . . .	11/29/96	(2,755,119)
17,228,000 Finnish Markka . . . . .	12/16/96	(3,757,221)
2,146,500 Finnish Markka . . . . .	1/16/97	(468,609)
12,201,300 Finnish Markka . . . . .	2/14/97	(2,666,166)
25,075,050 Finnish Markka . . . . .	2/28/97	(5,481,650)
18,227,200 Finnish Markka . . . . .	3/14/97	(3,986,339)
16,319,365 French Franc . . . . .	4/30/96	(3,243,520)
22,811,250 French Franc . . . . .	4/30/96	(4,533,801)
27,153,800 French Franc . . . . .	6/28/96	(5,407,416)
37,067,800 French Franc . . . . .	7/31/96	(7,389,498)
8,557,970 French Franc . . . . .	8/15/96	(1,706,831)
24,336,960 French Franc . . . . .	8/30/96	(4,856,052)
23,666,540 French Franc . . . . .	9/13/96	(4,724,241)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1996

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
<b>FORWARD EXCHANGE CONTRACTS TO SELL</b>		
147,892,500 French Franc . . . . .	9/30/96	\$ (29,537,042)
12,442,500 French Franc . . . . .	10/15/96	(2,486,253)
4,903,000 French Franc . . . . .	10/31/96	(980,238)
14,725,200 French Franc . . . . .	11/15/96	(2,945,429)
5,889,360 French Franc . . . . .	11/29/96	(1,178,580)
48,807,000 French Franc . . . . .	1/16/97	(9,782,693)
10,080,000 French Franc . . . . .	2/14/97	(2,022,269)
7,515,900 French Franc . . . . .	2/28/97	(1,508,525)
34,933,500 French Franc . . . . .	3/14/97	(7,014,655)
6,508,190 French Franc . . . . .	3/26/97	(1,307,345)
392,683 German Mark . . . . .	4/4/96	(266,058)
1,337,700 German Mark . . . . .	4/30/96	(907,795)
1,927,380 German Mark . . . . .	5/31/96	(1,310,675)
5,467,600 German Mark . . . . .	7/31/96	(3,731,307)
1,738,680 German Mark . . . . .	8/15/96	(1,187,637)
6,095,670 German Mark . . . . .	8/30/96	(4,167,620)
1,325,070 German Mark . . . . .	9/13/96	(906,744)
689,800 German Mark . . . . .	10/31/96	(473,426)
2,224,960 German Mark . . . . .	11/15/96	(1,528,448)
3,242,540 German Mark . . . . .	11/29/96	(2,229,402)
281,320 German Mark . . . . .	1/16/97	(193,989)
2,119,350 German Mark . . . . .	1/31/97	(1,462,753)
1,451,500 German Mark . . . . .	2/14/97	(1,002,655)
4,335,600 German Mark . . . . .	3/14/97	(2,999,961)
387,272 Great Britain Pound Sterling . . . . .	6/28/96	(590,284)
2,214,629 Great Britain Pound Sterling . . . . .	7/31/96	(3,373,850)
7,680,000 Great Britain Pound Sterling . . . . .	8/15/96	(11,697,260)
555,302 Great Britain Pound Sterling . . . . .	8/30/96	(845,571)
897,148 Great Britain Pound Sterling . . . . .	10/15/96	(1,365,086)
1,597,852 Great Britain Pound Sterling . . . . .	10/31/96	(2,430,597)
1,964,637 Great Britain Pound Sterling . . . . .	12/16/96	(2,986,092)
453,838 Great Britain Pound Sterling . . . . .	1/16/97	(689,367)
2,648,831 Great Britain Pound Sterling . . . . .	3/26/97	(4,017,343)
104,652,950 Hong Kong Dollar . . . . .	6/28/96	(13,533,256)
11,619,000 Hong Kong Dollar . . . . .	12/27/96	(1,500,136)
1,776,000,000 Italian Lira . . . . .	4/30/96	(1,128,154)
518,700,000 Italian Lira . . . . .	6/28/96	(327,104)
1,255,875,000 Italian Lira . . . . .	7/31/96	(788,896)
2,877,080,000 Italian Lira . . . . .	8/15/96	(1,804,137)
1,001,812,500 Italian Lira . . . . .	8/30/96	(627,129)
1,685,500,000 Italian Lira . . . . .	9/13/96	(1,053,443)
21,761,350,000 Italian Lira . . . . .	10/15/96	(13,554,443)
8,370,000,000 Italian Lira . . . . .	10/31/96	(5,204,981)
4,008,480,000 Italian Lira . . . . .	11/29/96	(2,485,680)
5,800,200,000 Italian Lira . . . . .	1/16/97	(3,580,387)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1996

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
<b>FORWARD EXCHANGE CONTRACTS TO SELL</b>		
907,775,000 Italian Lira . . . . .	1/31/97	\$ (559,563)
7,488,000,000 Italian Lira . . . . .	2/14/97	(4,609,676)
1,661,620,000 Italian Lira . . . . .	2/28/97	(1,021,596)
6,459,400,000 Italian Lira . . . . .	3/14/97	(3,966,357)
513,308,000 Japanese Yen . . . . .	4/30/96	(4,820,466)
586,342,000 Japanese Yen . . . . .	5/31/96	(5,530,807)
330,360,000 Japanese Yen . . . . .	6/28/96	(3,127,502)
2,835,750,000 Japanese Yen . . . . .	7/15/96	(26,907,968)
652,938,000 Japanese Yen . . . . .	7/31/96	(6,209,084)
923,100,000 Japanese Yen . . . . .	8/15/96	(8,796,035)
930,900,000 Japanese Yen . . . . .	8/30/96	(8,888,383)
771,300,000 Japanese Yen . . . . .	9/13/96	(7,378,445)
331,835,000 Japanese Yen . . . . .	10/15/96	(3,188,511)
867,600,000 Japanese Yen . . . . .	10/31/96	(8,355,406)
579,960,000 Japanese Yen . . . . .	11/15/96	(5,597,213)
587,491,000 Japanese Yen . . . . .	11/29/96	(5,681,241)
1,457,850,000 Japanese Yen . . . . .	12/16/96	(14,132,357)
1,385,020,000 Japanese Yen . . . . .	1/16/97	(13,481,411)
279,244,000 Japanese Yen . . . . .	1/31/97	(2,723,245)
354,025,000 Japanese Yen . . . . .	2/28/97	(3,464,616)
405,480,000 Japanese Yen . . . . .	3/14/97	(3,975,029)
559,033,750 Japanese Yen . . . . .	3/26/97	(5,488,588)
139,820 Netherlands Guilder . . . . .	4/3/96	(84,639)
1,597,100 Netherlands Guilder . . . . .	4/29/96	(968,641)
12,162,400 Netherlands Guilder . . . . .	5/31/96	(7,392,869)
5,197,920 Netherlands Guilder . . . . .	7/31/96	(3,172,030)
4,544,960 Netherlands Guilder . . . . .	8/30/96	(2,779,097)
5,298,425 Netherlands Guilder . . . . .	9/13/96	(3,242,840)
1,563,000 Netherlands Guilder . . . . .	10/15/96	(958,659)
4,633,800 Netherlands Guilder . . . . .	10/31/96	(2,845,151)
10,161,775 Netherlands Guilder . . . . .	11/15/96	(6,245,571)
8,819,440 Netherlands Guilder . . . . .	11/29/96	(5,425,625)
3,968,000 Netherlands Guilder . . . . .	12/16/96	(2,443,848)
4,722,900 Netherlands Guilder . . . . .	1/16/97	(2,914,527)
20,155,200 Netherlands Guilder . . . . .	1/31/97	(12,449,458)
11,356,100 Netherlands Guilder . . . . .	2/14/97	(7,020,486)
9,698,400 Netherlands Guilder . . . . .	3/14/97	(6,005,934)
11,822,194 New Zealand Dollar . . . . .	12/16/96	(7,872,745)
2,114,804 New Zealand Dollar . . . . .	3/26/97	(1,398,925)
12,505,000 Norwegian Krone . . . . .	6/28/96	(1,954,008)
2,497,800 Norwegian Krone . . . . .	11/15/96	(391,577)
2,091,000 Singapore Dollar . . . . .	8/30/96	(1,502,790)
833,700 Singapore Dollar . . . . .	10/15/96	(601,233)
1,031,400 Singapore Dollar . . . . .	2/28/97	(749,582)
490,152,000 Spanish Peseta . . . . .	5/31/96	(3,929,570)

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Schedule of Forward Exchange Contracts

March 31, 1996

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 1)</u>
<b>FORWARD EXCHANGE CONTRACTS TO SELL</b>		
79,260,000 Spanish Peseta . . . . .	9/13/96	\$ (630,663)
380,400,000 Spanish Peseta . . . . .	10/15/96	(3,020,433)
190,005,000 Spanish Peseta . . . . .	10/31/96	(1,507,103)
44,478,000 Spanish Peseta . . . . .	11/15/96	(352,459)
37,944,000 Spanish Peseta . . . . .	11/29/96	(300,420)
100,648,000 Spanish Peseta . . . . .	1/16/97	(794,468)
386,850,000 Spanish Peseta . . . . .	2/14/97	(3,047,891)
637,000,000 Spanish Peseta . . . . .	3/14/97	(5,009,830)
178,430,000 Spanish Peseta . . . . .	3/26/97	(1,402,228)
22,711,500 Swedish Krona . . . . .	4/30/96	(3,391,190)
4,758,600 Swedish Krona . . . . .	10/31/96	(707,166)
20,143,500 Swedish Krona . . . . .	11/29/96	(2,991,880)
6,803,000 Swedish Krona . . . . .	12/16/96	(1,010,154)
4,445,415 Swedish Krona . . . . .	1/16/97	(659,713)
13,514,600 Swedish Krona . . . . .	1/31/97	(2,005,065)
14,174,000 Swedish Krona . . . . .	2/14/97	(2,102,387)
40,554,000 Swedish Krona . . . . .	3/14/97	(6,012,522)
8,726,250 Swiss Franc . . . . .	4/30/96	(7,360,967)
12,459,510 Swiss Franc . . . . .	5/31/96	(10,545,020)
9,625,980 Swiss Franc . . . . .	7/31/96	(8,195,839)
2,722,970 Swiss Franc . . . . .	8/15/96	(2,321,943)
7,425,810 Swiss Franc . . . . .	8/30/96	(6,341,800)
7,776,875 Swiss Franc . . . . .	9/13/96	(6,651,046)
666,600 Swiss Franc . . . . .	10/15/96	(571,991)
1,857,250 Swiss Franc . . . . .	10/31/96	(1,596,346)
11,036,500 Swiss Franc . . . . .	11/15/96	(9,501,209)
4,461,600 Swiss Franc . . . . .	11/29/96	(3,846,681)
6,735,000 Swiss Franc . . . . .	12/16/96	(5,817,338)
41,384,500 Swiss Franc . . . . .	12/27/96	(35,786,986)
389,235 Swiss Franc . . . . .	1/16/97	(337,241)
7,828,100 Swiss Franc . . . . .	1/31/97	(6,792,213)
34,561,000 Swiss Franc . . . . .	2/28/97	(30,067,607)
2,301,800 Swiss Franc . . . . .	3/26/97	(2,007,476)
<b>TOTAL FORWARD EXCHANGE CONTRACTS TO SELL</b>		
(Contract Amount \$702,890,903) . . . . .		<u><u>\$(676,113,735)</u></u>

■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Assets and Liabilities

March 31, 1996

### ASSETS

Investments, at value (Cost \$780,717,659) (Note 1)	
<i>See accompanying schedule</i> . . . . .	\$925,866,222
Cash and foreign currency (Cost \$928,420) . . . . .	927,395
Net unrealized appreciation of forward exchange contracts (Note 1) . . . . .	26,750,238
Receivable for investment securities sold . . . . .	3,617,038
Receivable for Fund shares sold . . . . .	3,231,221
Dividends and interest receivable . . . . .	2,758,218
Unamortized organization costs (Note 5) . . . . .	48,356
Prepaid expense . . . . .	7,669
<b>Total Assets</b> . . . . .	<u>\$963,206,357</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	\$10,286,158
Investment advisory fee payable (Note 2) . . . . .	978,189
Payable for Fund shares redeemed . . . . .	616,476
Custodian fees payable (Note 2) . . . . .	119,390
Administration fee payable (Note 2) . . . . .	105,542
Transfer agent fees payable (Note 2) . . . . .	32,000
Accrued expenses and other payables . . . . .	<u>157,636</u>
<b>Total Liabilities</b> . . . . .	<u>12,295,391</u>

**NET ASSETS** . . . . . \$950,910,966

### NET ASSETS consist of

Undistributed net investment income . . . . .	\$ 14,504,033
Accumulated net realized loss on securities, forward exchange contracts and foreign currencies . . . . .	(10,403,439)
Distributions in excess of net realized gain on securities, forward exchange contracts and foreign currencies . . . . .	(9,099,176)
Net unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets . . . . .	171,863,759
Par value . . . . .	6,657
Paid-in capital in excess of par value . . . . .	<u>784,039,132</u>
<b>Total Net Assets</b> . . . . .	<u>\$950,910,966</u>

**NET ASSET VALUE**, offering and redemption price per share  
    (\$950,910,966 ÷ 66,567,401 shares of common stock outstanding) \$14.28

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Operations

For the year ended March 31, 1996

### INVESTMENT INCOME

Dividends (net of foreign withholding taxes of \$2,065,477) . . . . .	\$ 16,146,043
Interest (net of foreign withholding taxes of \$1,466) . . . . .	5,563,538
<b>Total Investment Income</b> . . . . .	<u>21,709,581</u>

### EXPENSES

Investment advisory fee (Note 2) . . . . .	\$9,864,278
Administration fee (Note 2) . . . . .	1,116,971
Custodian fees (Note 2) . . . . .	664,245
Transfer agent fees (Note 2) . . . . .	486,019
Legal and audit fees . . . . .	80,913
Amortization of organization costs (Note 5) . . . . .	22,285
Directors' fees and expenses (Note 2) . . . . .	8,908
Other . . . . .	<u>420,016</u>
<b>Total Expenses</b> . . . . .	<u>12,663,635</u>

<b>NET INVESTMENT INCOME</b> . . . . .	<u>9,045,946</u>
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### REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

(Notes 1 and 3)

Net realized gain (loss) on:	
Securities . . . . .	25,616,751
Forward exchange contracts . . . . .	(35,790,543)
Foreign currencies . . . . .	<u>(229,647)</u>
Net realized loss on investment during the year . . . . .	<u>(10,403,439)</u>
Net change in unrealized appreciation (depreciation) of:	
Securities . . . . .	112,914,718
Forward exchange contracts . . . . .	72,887,090
Foreign currencies and net other assets . . . . .	<u>(113,812)</u>
Net unrealized appreciation of investments during the year . . . . .	<u>185,687,996</u>

<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b> . .	<u>175,284,557</u>
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<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u><u>\$184,330,503</u></u>
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■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■

# TWEEDY, BROWNE GLOBAL VALUE FUND

## Statement of Changes in Net Assets

	Year Ended 3/31/96	Year Ended 3/31/95
Net investment income . . . . .	\$ 9,045,946	\$ 5,359,826
Net realized loss on securities, forward exchange contracts and foreign currencies during the year . . . . .	(10,403,439)	(2,869,436)
Net unrealized appreciation (depreciation) of securities, forward exchange contracts, foreign currencies and net other assets during the year . . . . .	<u>185,687,996</u>	<u>(36,494,105)</u>
Net increase (decrease) in net assets resulting from operations . . . . .	184,330,503	(34,003,715)
<b>Distributions:</b>		
Distributions to shareholders from net realized gain on investments . . . . .	(3,341,225)	(3,010,114)
Distributions in excess of net realized gain on investments . .	(9,099,176)	(4,759,223)
Net increase in net assets from Fund share transactions (Note 4)	<u>123,986,313</u>	<u>399,373,423</u>
Net increase in net assets . . . . .	295,876,415	357,600,371
<b>NET ASSETS</b>		
Beginning of year . . . . .	<u>655,034,551</u>	<u>297,434,180</u>
End of year (including undistributed net investment income of \$14,504,033 and \$5,458,087, respectively) . . . . .	<u>\$950,910,966</u>	<u>\$655,034,551</u>

■ ■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■ ■



# TWEEDY, BROWNE GLOBAL VALUE FUND

## Financial Highlights

For a Fund share outstanding throughout each year.

	Year Ended <u>3/31/96(h)</u>	Year Ended <u>3/31/95</u>	Period Ended <u>3/31/94(a)(h)</u>
Net asset value, beginning of year . . . .	\$ 11.52	\$ 12.26	\$ 10.00
Income from investment operations:			
Net investment income (loss) . . . . .	0.15	0.10	(0.00)(c)(f)
Net realized and unrealized gain (loss) on investments . . . . .	2.81	(0.68)	2.26
Total from investment operations . . .	<u>2.96</u>	<u>(0.58)</u>	<u>2.26</u>
<b>Distributions:</b>			
Distributions from net realized gains	(0.05)	(0.06)	—
Distributions in excess of net realized gains . . . . .	(0.15)	(0.10)	—
Total distributions . . . . .	<u>(0.20)</u>	<u>(0.16)</u>	<u>—</u>
Net asset value, end of year . . . . .	<u>\$ 14.28</u>	<u>\$ 11.52</u>	<u>\$ 12.26</u>
Total return(d) . . . . .	<u>25.88%</u>	<u>(4.74)%</u>	<u>22.60%</u>
<b>Ratios/Supplemental Data:</b>			
Net assets, end of year (in 000's) . . . .	\$950,911	\$655,035	\$297,434
Ratio of operating expenses to average net assets . . . . .	1.60%	1.65%	1.73%(b)(e)
Ratio of net investment income (loss) to average net assets . . . . .	1.15%	1.08%	(0.00)%(b)(g)
Portfolio turnover rate . . . . .	17%	16%	14%
Average commission rate (per share of security)(i) . . . . .	\$ 0.0206	N/A	N/A

(a) The Fund commenced operations on June 15, 1993.

(b) Annualized.

(c) Net investment loss for a Fund share outstanding, before the waiver of fees by the investment adviser was \$(0.01) for the 7.5-month period ended March 31, 1994.

(d) Total return represents aggregate total return for the periods indicated.

(e) Annualized expense ratio before the waiver of fees by the investment adviser was 1.83% for the 7.5-month period ended March 31, 1994.

(f) Amount represents less than \$(0.01) per share.

(g) Amount represents less than (0.01)% per share.

(h) Per share amounts have been calculated using the monthly average share method, which more appropriately presents the per share data for the period since the use of the undistributed income method does not accord with results of operations.

(i) Average commission rate (per share of security) as required by amended disclosure requirements effective September 1, 1995.

■ ■ ■ ■ ■ ■ ■ SEE NOTES TO FINANCIAL STATEMENTS ■ ■ ■ ■ ■ ■ ■

## 1. Significant Accounting Policies

Tweedy, Browne Global Value Fund (the “Fund”) is a diversified series of Tweedy, Browne Fund Inc. (the “Company”). The Company is an open-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The Company was organized as a Maryland corporation on January 28, 1993. The Fund commenced operations on June 15, 1993. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. 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 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

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Notes to Financial Statements*

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 credit-worthiness 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 investments securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amount actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

**Forward Exchange Contracts** The Fund has entered into forward exchange contracts for non-trading purposes in order to reduce its exposure

*Notes to Financial Statements*

to fluctuations in foreign currency exchange on its portfolio holdings. Forward exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time that it was opened and the value of the contract at the time that it was closed.

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

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

**Dividends and Distributions to Shareholders** Dividends from net investment income, if any, and distributions from realized capital gains after utilization of capital loss carryforwards, if any, will be declared and paid annually. Additional distributions of net investment income and capital gains from the Fund may be made at the discretion of the Board of Directors in order to avoid the application of a 4% non-deductible Federal excise tax

*Notes to Financial Statements*

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.

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

**2. Investment Advisory Fee, Administration Fee and Other Related Party Transactions**

The Company on behalf of the Fund has entered into an investment advisory agreement (the "Advisory Agreement") with Tweedy, Browne Company L.P. ("Tweedy, Browne"). Under the Advisory Agreement, the Company pays Tweedy, Browne a fee at the annual rate of 1.25% of the value of its average daily net assets. The fee is payable monthly, provided the Fund will make such interim payments as may be requested by the adviser not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid.

The current and retired general partners and their families, as well as employees of Tweedy, Browne, the investment adviser to the Fund, have approximately \$19.9 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 First Data Investor



# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Notes to Financial Statements*

Services Group, Inc. (“FDISG”), a wholly owned subsidiary of First Data Corporation. Under the Administration Agreement, the Company pays FDISG an administrative fee and a fund accounting fee computed daily and payable monthly at the following annual rates of the value of the average daily net assets of the Fund.

	Fees on Assets		
	Up to \$200 Million	Between \$200 and \$500 Million	Exceeding \$500 Million
Administration Fees	0.12%	0.10%	0.08%

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

Under the terms of the Administration Agreement, the Company will pay for Fund Administration Services, a minimum fee of \$40,000 per Fund per annum, not to be aggregated with fees for Fund Accounting Services. The Company will pay for Fund Accounting Services a minimum fee of \$20,000 per Fund per annum, not to be aggregated with fees for Fund Administration Services.

No officer, director or employee of Tweedy, Browne, FDISG 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, FDISG or any of their affiliates \$2,000 per annum plus \$500 per Regular or Special Board Meeting attended in person or by telephone, plus out-of-pocket expenses.

Boston Safe Deposit and Trust Company (“Boston Safe”), an indirect wholly owned subsidiary of Mellon Bank, serves as the Fund’s custodian pursuant to a custody agreement (the “Custody Agreement”). Unified Advisers, Inc., serves as the Fund’s transfer agent. Tweedy, Browne also serves

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Notes to Financial Statements*

as the distributor to the Fund and pays all distribution fees. No distribution fees are paid by the Fund.

For the year ended March 31, 1996, the Fund incurred total brokerage commissions of \$1,135,039.

### **3. Purchases and Sales of Securities**

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments for the year ended March 31, 1996, aggregated \$229,070,934 and \$122,365,578, respectively.

At March 31, 1996, the aggregate gross unrealized appreciation for all securities, in which there was an excess of value over tax cost was \$172,545,775 and the aggregate gross unrealized depreciation for all securities, in which there was an excess of tax cost over value was \$27,397,212.

### **4. Capital Stock**

The Company is authorized to issue one billion shares of \$0.0001 par value capital stock, of which 600,000,000 of the unissued shares have been designated as shares of the Fund. Changes in shares outstanding for the Fund were as follows:

	Year Ended 3/31/96		Year Ended 3/31/95	
	Shares	Amount	Shares	Amount
Sold	29,891,616	\$381,433,296	43,211,400	\$526,880,460
Reinvested	854,225	11,062,218	610,480	7,251,537
Redeemed	(21,057,222)	(268,509,201)	(11,196,210)	(134,758,574)
Net increase	9,688,619	\$123,986,313	32,625,670	\$399,373,423

### **5. Organization Costs**

The Fund bears all costs in connection with its organization including the fees and expenses of registering and qualifying its shares for distribution under Federal and state securities regulations. All such costs have been deferred and are being amortized over a five-year period using the straight-line method from the commencement of operations of the Fund. In the event that any of the initial shares of the Fund are redeemed during such

*Notes to Financial Statements*

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. Foreign Securities**

Investing in securities of foreign companies and foreign governments involves economic and political risks and considerations not typically associated with investing in U.S. companies and the U.S. Government. These considerations include changes in exchange rates and exchange rate controls (which may include suspension of the ability to transfer currency from a given country), costs incurred in conversions between currencies, non-negotiable brokerage commissions, less publicly available information, different accounting standards, lower trading volume, delayed settlements and greater market volatility, the difficulty of enforcing obligations in other countries, less securities regulation, different tax provisions (including withholding on dividends paid to the Fund), war, expropriation, political and social instability and diplomatic developments.

**7. Line of Credit**

The Fund and Mellon Bank, N.A. have entered into a Line of Credit Agreement (the "Agreement") which provides the Fund with a \$50 million line of credit, primarily for temporary or emergency purposes, including the meeting of redemption requests that might otherwise require the untimely disposition of securities. The Fund may borrow up to the lesser of \$50 million or one-third of its net assets. Interest is payable at the bank's Money Market Rate plus 0.75% on an annualized basis. Under the Agreement, the Fund is charged a facility fee equal to 0.10% annually of the unutilized credit. The Agreement requires, among other provisions, the Fund to maintain a ratio of net assets (not including funds borrowed pursuant to the Agreement) to aggregated amount of indebtedness pursuant to the Agreement of no less than three to one. For the year ended March 31, 1996, the Fund did not borrow under this Agreement.



# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Report of Ernst & Young LLP, Independent Auditors*

To the Shareholders and Board of Directors of  
Tweedy, Browne Fund Inc.:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments and the schedule of forward exchange contracts of the Tweedy, Browne Global Value Fund (one of the series of Tweedy, Browne Fund Inc.) as of March 31, 1996, the related statement of operations for the year then ended and the related statement of changes in net assets for each of the two years in the period then ended and financial highlights for each of the two years in the period then ended and for the period from June 15, 1993 (commencement of operations) to March 31, 1994. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 1996, by correspondence with the custodian and brokers and other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tweedy, Browne Global Value Fund, a series of Tweedy, Browne Fund Inc., at March 31, 1996, the results of its operations for the year then ended and the changes in its net assets for each of the two years in the period then ended and financial highlights for each of the two years in the period then ended and for the period from June 15, 1993 to March 31, 1994, in conformity with generally accepted accounting principles.

Boston, Massachusetts  
May 3, 1996

*Ernst & Young LLP*

# TWEEDY, BROWNE GLOBAL VALUE FUND

## *Tax Information (unaudited)*

### **Year Ended March 31, 1996**

For the fiscal year ended March 31, 1996, the total amount of income received by the Fund from sources within foreign countries and possessions of the United States was \$0.33 per share (representing a total of \$21,709,581). The total amount of taxes paid by the Fund to foreign countries was \$0.03 per share (representing a total of \$2,066,943).



This report is for the information of the shareholders of Tweedy, Browne Fund Inc. Its use in connection with any offering of the Company's shares is authorized only in a case of a concurrent or prior delivery of the Company's current prospectus. Tweedy, Browne Company L.P. is a member of the NASD and is the Distributor of the Company.



TWEEDY, BROWNE FUND INC.

52 Vanderbilt Avenue, NY, NY 10017  
800-432-4789 or 800-873-8242