



TWEEDY, BROWNE FUND INC.

This booklet consists of two separate documents:

**INVESTMENT ADVISER'S LETTER
TO SHAREHOLDERS**

SEMI-ANNUAL REPORT

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

SEPTEMBER 30, 2007

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TWEEDY, BROWNE FUND INC.

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

INVESTMENT ADVISER'S LETTER
TO SHAREHOLDERS

September 30, 2007

Investment Adviser's Letter



Left to right: Will Browne, Bob Wyckoff, Chris Browne, Tom Shrager and John Spears.

To Our Shareholders:

We are pleased to present the Investment Adviser's Letter to Shareholders for the Tweedy, Browne Global Value Fund and Tweedy, Browne Value Fund for the six months ended September 30, 2007. Investment results* for the past six months and the last one, three, five and ten years, and results since inception of each Fund are presented in the tables below. Also included are results for our new Tweedy, Browne Worldwide High Dividend Yield Value Fund since its inception on September 5, 2007:

Period Ended 9/30/07	Tweedy, Browne Global Value Fund	MSCI EAFE Index ⁽¹⁾⁽⁴⁾	
		Hedged	US \$
6 Months	5.26%	4.25%	8.72%
1 Year	18.90	16.53	24.86
3 Years	17.91	21.39	23.24
5 Years	19.04	17.81	23.55
10 Years	11.49	6.79	7.97
Since Inception (6/15/93) ⁽²⁾	13.22	8.45	8.44
Total Annual Fund Operating Expense Ratio as of 3/31/07 was 1.37%†			

Period Ended 9/30/07	Tweedy, Browne Value Fund	MSCI World Hedged Index ⁽¹⁾⁽⁵⁾		S&P 500 ⁽¹⁾⁽³⁾
		Hedged	US \$	
6 Months	5.07%	6.27%	8.44%	
1 Year	10.46	16.71	16.44	
3 Years	9.49	NA	13.15	
5 Years	11.66	NA	15.45	
10 Years	6.38	NA	6.57	
Since Inception (12/8/93) ⁽²⁾	10.72	NA	10.95	
Total Annual Fund Operating Expense Ratio as of 3/31/07 was 1.38%†				

Period Ended 9/30/07	Tweedy, Browne Worldwide High Dividend Yield Value Fund	MSCI World (US\$) Index ⁽¹⁾⁽⁵⁾
1 Month (9/5/07 – 9/30/07)	1.20%	5.11%
Since Inception (9/5/07) ⁽²⁾	1.20	5.11
30-day standardized yield as of 9/30/07: 3.13%		
Estimated gross annual operating expenses for current fiscal year ending 3/31/08: 1.53%†‡		
Estimated net annual operating expenses for current fiscal year ending 3/31/08: 1.37%†‡		

* The preceding performance data represents past performance and is not a guarantee of future results. Total return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance data shown. Please visit www.tweedy.com to obtain performance data, which is current to the most recent month end. See pages 10 and 11 for footnotes 1 through 5, which describe the indices and inception dates of each Fund. Results are annualized for all periods greater than one year.

† The Funds do not impose any front-end or deferred sales charge. However, the Global Value Fund and the Worldwide High Dividend Yield Value Fund impose a 2% redemption fee on redemption proceeds for redemptions or exchanges made within 60 days of purchase.

‡ The Adviser has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Worldwide High Dividend Yield Value Fund to the extent necessary to maintain the total annual fund operating expenses (excluding brokerage, interest, taxes and extraordinary expenses) at no more than 1.37%. This

arrangement will continue at least through March 31, 2008. In this arrangement, the Worldwide High Dividend Yield Value Fund has agreed, during the two-year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent that after giving effect to such repayment such adjusted total annual fund operating expenses would not exceed 1.37% on an annualized basis. The performance data shown above would be lower had fees and expenses not been waived and/or reimbursed.

In our last shareholder report, we warned of a “worrisome degree of confidence and complacency among investors” fueled by an abundance of cheap credit which had led to a dramatic escalation in financial asset valuations around the globe and shrinking risk premiums for the riskiest of financial assets. Unfortunately, our worries were borne out in early August when the credit bubble burst, initially pricked by mounting losses in subprime mortgages and a “freezing up” of the leveraged loan market used to finance corporate buyouts. This was accompanied by a liquidity crisis brought on by a broad retreat from leveraged investment strategies and unprecedented equity market volatility. The chickens of fear and greed had indeed come home to roost, and roost they did for a couple of tremulous weeks before central banks doused the spreading contagion with a massive dose of monetary stimulus followed by a 50 basis point cut in the Federal Funds rate. The new “Bernanke put”, as the traders like to call it, brought much needed rate relief to a credit market that had “seized up”. Liquidity gradually returned to credit markets; equity markets recovered much of the ground they lost in August; and just after quarter end, the Dow Jones Industrial Average was hitting new all-time highs.⁽⁶⁾ Was the liquidity crisis of August much ado about nothing, or are there more shoes to drop ... more on that later. For now, how did our three Funds weather this turbulent period?

Performance: Results and Attribution

The Tweedy, Browne Global Value Fund finished the six-month and one-year period ending September 30 up 5.26% and 18.90%, respectively, while the Tweedy, Browne Value Fund gained 5.07% and 10.46% for the same respective periods. The new Tweedy, Browne Worldwide High Dividend Yield Value Fund, which opened on September 5th, finished its first three weeks of operation up 1.20% and is discussed separately below.

The Funds held up fairly well on a relative basis during the July/August tumult. Between July 19th and August 16th, when most of the carnage occurred, the MSCI EAFE Index hedged to U.S. dollars declined 10.76%. In contrast, the Global Value Fund was down 8.46%, a return that was 230 basis points better than the index. The Value Fund performed similarly, declining 7.06% versus a decline of 8.97% for the S&P 500 Index.

The Funds’ resilience, at least in part, was due to the fact that we had very little direct exposure to the subprime contagion. With the exception of financial holdings such as AIG, HSBC and BNP Paribas, each of which, we believe, had modest amounts of capital invested in subprime mortgages, we had very little investment in the areas of the market that were hit the hardest.⁽⁷⁾

The returns for our Funds over the last six months were fueled, in large part, by strong results in our food, beverage and financial holdings, and continued strength in our Dutch and South Korean stocks. Our significant underweighting in Japanese shares was also a plus in terms of our results relative to the MSCI EAFE Index, which has a much larger weighting in Japan. Japan’s stock market has been under pressure over the last 18 months, and while we have been uncovering new opportunities there, they have typically been smaller capitalization companies with small available floats. As a result, it has been hard to invest a significant amount of capital in these issues. Once again, our lack of any meaningful energy exposure and our cash positions were a drag on our relative results. Also, technology stocks, where again we have minimal exposure, turned in very robust results during the period.

Among the most significant individual contributors to our Global Value and Value Funds’ performance over the last six months were stocks such as ABN Amro, Heineken and Nestle. While ABN’s stock price retreated somewhat during the credit squeeze of August, it rebounded strongly in September as it became clearer that the Royal Bank of Scotland consortium was going to be able to finance its aggressive bid for the company. The deal closed successfully in late October. When all was said and done, we have earned a cumulative return over our average cost of roughly 130% in local currency, including dividends on the shares we tendered in October. We have been lucky with ABN Amro. On a fundamental basis, the company has done very little to significantly improve its underlying performance during the period we held the stock. As is frequently the case with us, getting into the stock at a very cheap entry price was the key to getting a good return on our investment. We originally paid 10x earnings for our shares in ABN, and at that price the company’s dividend produced an annualized yield of more than 5%. We were, in essence, paid 5% annually while we waited for value recognition, which in this case came as a result of a buyout of the company. An extremely cheap price going in can often cure a multitude of sins.

Our Dutch holdings produced gratifying returns over the last two years, and have been far and away the most significant contributors to both the Global Value and Value Funds’ results. We are sometimes asked, “Why so much in Holland?” Our Willie Sutton-esque response, is simply, because that’s where the values were. We have maintained a weighting there over the last 3 years, which on average has been nearly four times the weighting Dutch stocks hold in the EAFE Index. For the first couple of years we owned these stocks, they appeared to be asleep, but our patience was amply rewarded when they began awakening nearly two years ago. Heineken and ABN have led the group, which, for the Global Value Fund, is up approximately 17% for the last six months, and nearly 88% for the two years ending September 30, 2007.

Another area of opportunity over the last year or so has been in South Korea. In this most developed of developing nations, we have found a number of what we believe to be compellingly cheap stocks that had us “trembling with greed”, as one of our Managing Directors likes to say. In this instance, even in the short run, value has been borne out by rapidly advancing stock prices. Stocks such as Hyundai Elevator and

Taeyoung Engineering were virtual home runs for the Global Value Fund over the last six months. SK Telecom, the large South Korean wireless communications company, which is owned by the Global Value Fund and the Value Fund, also had very strong results.

As you know, in December of last year, the Value Fund's name changed from the American Value Fund to simply, the Value Fund. This gave us the added flexibility to increase the percentage of the Fund that could be invested in non-U.S. issuers. Since then, we have added a number of new non-U.S. holdings to the Fund; companies such as Mediaset Spa (Italy), Mondadori (Italy), Lloyds TSB Group PLC (UK), and Barclays (UK). As of September 30, nearly 35% of the Value Fund's assets are now invested in non-U.S. stocks, either directly or through American Depository Receipts. While the Fund will remain predominantly a U.S. equity vehicle, we are excited about the Fund's potential in light of the enlargement of its opportunity set.

Some Perspective on Investment Performance

Ben Graham once said that if you take care of the downside, the upside would take care of itself. He first focused on risk and required a significant margin of safety in each and every security in which he invested. We couldn't agree more. As we stated in our first annual letter to our separate account clients back in 1990, and which holds true today, our first objective in managing your money has been *not to lose money*. While we have not had positive returns in each and every year in our Funds, the down years have been few, and the cumulative amount lost quite modest on an absolute basis and in relation to comparable indices. After the bursting of the technology/internet bubble in 2000, global equity markets declined three years in a row. During that period (2000-2002), the MSCI EAFE Index in U.S. dollars and the S&P 500 had a cumulative decline of 43.32% and 37.59%, respectively. In comparison, the Global Value Fund and the Value Fund were down 5.87% and 2.70%, respectively.⁽⁸⁾

The second objective outlined in our 1990 letter, and again, one that holds true today, was to earn "*an adequate return, especially in relationship to the relatively risk-free returns offered by short-term U.S. government bonds.*" This, again, is vintage Ben Graham. In his investment classic, *The Intelligent Investor*, Ben wrote, "*An investment operation is one which upon thorough analysis promises safety of principal and an adequate return. Operations not meeting these requirements are speculative.*"^a

When we arrive at our desks in the morning, we are not thinking about whether or not we will be able to beat a stock market index, particularly over any stock market cycle. Rather, we are simply trying to use business-like thinking and analysis to find bargains in the stock markets. We do not buy a stock with a notion that it will necessarily outperform a market capitalization weighted index of companies. Who knows? It may, or it may not. Our portfolios are very different from the indices. We apply judgment based on valuation, which gives us comfort. An index is simply an unthinking, statistical listing of a broad group of companies, and we know that it can be a daunting competitor over various time periods despite its rather random construction.

Whether a Fund outperforms a particular index is often simply a function of a particular inception date and ending date. For example, if one were to take a look at the results of the Value Fund for standardized periods ending December 31, 2002, prior to the inception of the bull market of the past five years, you would find that our Value Fund outperformed the S&P 500 in most, if not all, of those reporting periods. What a difference five years and a raging bull market can have on the relative results of a deep value fund. While our Fund has participated solidly in the upswing, it has trailed the S&P 500 during the bull market, and now has dipped below the index in all of the standard reporting periods. As you know, our Funds have tended to gain the most ground on indices in down market years, and it has not been uncommon for us to trail the indexes in aggressively buoyant periods. If the market turmoil of August is a harbinger for a choppy environment to come, the Value Fund's day in the relative performance sun may not be far off. Meanwhile, we may have to settle for solid absolute returns.

The last five years have been heady ones for global equity markets. The more risk one has taken during this period, the more money one made. The more fully invested a fund was, and the more exposure a fund had to smaller capitalization companies, particularly outside the U.S., the better the fund performed. The more exotic the market, the better the returns have been. We have been asked of late why some of our value-oriented competitors may have had better returns during this period. After all, they would face many of the same challenges we had to confront; i.e., fewer available bargains, higher cash reserve levels, etc. We cannot answer this question fully, but we can perhaps point out how our portfolios may have differed, as they invariably do, and different stocks lead to different results. One way to address this may be to look at an investment candidate that has produced good returns for our competitors, but is also one that *we* rejected.

About eighteen months ago, we noticed that a number of our competitors, whom we respect and who have terrific long-term records, had positions in News Corporation, so we decided to take a look for ourselves. There is no doubt that Rupert Murdoch has built a media giant at News Corporation. However, large size and scope alone do not always translate into good investment returns. Setting aside the rather meager dividend the company had paid to its shareholders over the years, the underlying intrinsic value of News Corporation had grown at a disappointing compounded annual rate of 3.6% over the previous 9 1/2 years. The public stock had performed a bit better, compounding at roughly 8% during the same period. It's true that the company had a number of successes acquiring businesses and developing assets internally, but the company also had a lot of new share issuance, and had its share of business write downs. Recently, the company had spent \$1.4 billion to acquire three Internet companies with little in the way of revenues or earnings. Although these acquisitions may prove to be tomorrow's big winners, they could just as easily turn out to be tomorrow's big write-offs. (One is reminded of EBAY's recent \$900 million write-down of its investment in Skype, their Internet phone unit, which resulted in a third quarter loss for EBAY totaling over \$936 million, its first quarterly loss since 1999.)

^a Benjamin Graham, *The Intelligent Investor* (Harper & Row, Publishers Inc., 1973), p. 1.

In addition, the company's ownership structure is quite complex, involving offshore entities, re-incorporations, and minority interests that are the result of the multiple acquisitions and divestitures that have shaped the company into the entity it is today. Furthermore, it derives roughly 18% of its earnings before interest and taxes ("EBIT") from newspaper businesses, which many investors, including Warren Buffett, perceive to be an industry struggling to adapt to the new reality of the Internet. Another 20% of EBIT comes from its U.S. television business, which is largely dependent on advertising revenues that are subject long-term to what we would call "TIVO risk", or the ability of people to fast forward or change channels to avoid the advertisement. It also derives roughly 27% of its EBIT from the film business, which can be highly volatile. Finally, it adopted a poison pill in November 2004 without a shareholder vote as a precautionary defense against a possible takeover by John Malone of Liberty Media.

Set against these issues was a valuation at the time that simply did not look compelling to us. In March of last year, the Class A shares were trading between \$16 and \$17 per share. One methodology we use to estimate intrinsic values for businesses is to apply a multiple of 10 to the company's EBIT, and then subtract interest-bearing debt and add back any cash on the company's balance sheet. We call this 10 times EBIT calculation a "clean stream valuation". Why 10 times EBIT? An acquisition at 10 times EBIT would provide an acquirer with a 10% pre-tax yield on the total acquisition cost, and an after-tax return of 6% assuming a 40% tax rate, which seems like a reasonable to OK return for the risk of owning a business, but not a great return, in comparison to a risk-free return of around 5% from U.S. Treasuries, and roughly 10.5% for high yield bonds. Using this methodology, we calculated a debt-free intrinsic value for News Corporation of roughly \$15 to \$16 per share. With the stock trading in the market at \$16.84, there was no discernible discount to be had in purchasing the shares. Another methodology we use is to calculate the company's segment value per share. Using this approach, we looked at observable past comparable business sales to value the various components of News Corporation's business. Here one could assign higher multiples to some of News Corporation's core businesses based on recent merger and acquisition multiples. We could also assign a value to some of the newer Internet businesses that were not yet producing much in the way of steady cash flow. Using this more liberal analysis, we arrived at a segment value of roughly \$22 for News Corporation. At nearly \$17 per share in the stock market, News Corporation was trading at roughly 77% of its segment value, or a 23% discount. In addition, the stock's free cash flow yield was 5.2%, excluding unconsolidated assets, and its price/earnings ratio ("P/E ratio") was 21.1 times earnings, which would provide us, as owners, with a 4.7% earnings yield. Not that compelling. It was trading at a ratio of enterprise value ("EV") to earnings before interest, tax, depreciation, and amortization ("EBITDA") of 9 times, and an EV to EBIT of 10.9 times. For us to bite for our traditional portfolios, we like to see a discount of at least a third to forty percent from segment value.

When confronted with this fact pattern, we were not reaching for our wallets. The valuation simply wasn't compelling, particularly in light of News Corporation's rather

mediocre historical record. It also did not stack up well compared to other stocks we have purchased where the value proposition was much more attractive. We, in essence, did not feel we were being adequately compensated for the equity risk we would incur, so we passed on the idea. A number of our competitors disagreed, and at least to date their willingness to pay a higher price than we were comfortable paying has been rewarded. News Corporation currently trades around \$22 per share, up 30% from its price in March of last year. Some might characterize our unwillingness to stray from our deep discount mentality as being overly cautious or even stubborn. We prefer to view it as being disciplined.

In contrast, we have found some new investments of late for the Funds with fact patterns that we find to be quite compelling. For instance, in our Value Fund, we recently purchased shares in a small company called FinishMaster, Inc., which is the largest independent distributor of aftermarket automotive paints, coatings and related accessories to the collision repair industry with an estimated market share of 18%. The company buys automotive paint and paint-related accessories from a concentrated group of suppliers (BASF, Dupont, PPG, and 3M) and distributes the products to a highly fragmented customer base of collision repair shops, auto dealerships and organizations that maintain their own automotive fleet. Size in this industry is an important competitive advantage for FinishMaster, because it allows for price discounts and rebates only available via volume purchases from the original equipment manufacturers ("OEMs"). As the only national distributor, they have a cost advantage versus their competitors. They have an excellent long-term operating record, having compounded their intrinsic value at nearly 13% annually. Margins have been stable, and the company generates significant free cash flow, which has been used primarily to pay down debt, and secondarily, to make modest tuck-in acquisitions.

At the time of our initial purchase, the company was trading at 6.8 times trailing twelve-month earnings before interest, tax, and amortization ("EBITA"), and approximately 11 to 12 times earnings per share. At this valuation, FinishMaster provides us—as investor/owners—with an underlying pre-tax yield on our investment of 14.7% and an after-tax earnings yield of 8.3% to 9.1%. It also appeared to be trading at roughly a 40% to 50% discount from valuations paid in observable acquisitions (buyouts) of comparable companies. This company may sound somewhat boring, but it is cheap, growing, and has what appears to be a sustainable competitive advantage. We'd love to own 100 bargains like this. One caveat is in order. This company is small, and was de-listed in 2003, so it currently trades in the Pink Sheets, and has a publicly available float of only \$50 million, so the Value Fund has a very modest position.

From time to time, we have had the unusual opportunity to be able to buy stocks at valuations in the stock market which are equal to or less than the senior debt financing capacity of the business, and significantly less than the combined junior and senior financing capacity of the enterprise. For instance, in a more normalized leveraged lending environment, a company that has EBIT to interest coverage of 1.5 times interest expense has senior debt capacity of nearly 8 times debt-free after-tax

earnings, and total debt capacity of approximately 12 times debt-free after-tax earnings. Occasionally, we are able to find companies trading at debt-free multiples at or below 8 and 12 times after-tax earnings.

We have found a number of these extremely cheap companies in the last several years in Japan and South Korea. For instance, at time of purchase, SK Telecom, the large South Korean wireless telecommunications company was trading at roughly 8 times debt-free after-tax earnings, or a 12.5% earnings yield. The price we paid was also approximately 60% of estimated intrinsic value, assuming the business could be sold in an acquisition at a 10% pre-tax yield, or 10 times EBIT, to an acquirer. SK Telecom is the largest provider of communications services in South Korea, and appears to have steady earnings power supported by annual recurring revenue and competitive advantages.

SK Telecom's annual after-tax earnings yield of 12.5% is 250% greater than the 5% pre-tax yield available from 10-year government bonds, and 384% greater than the 3.25% after-tax yield from these same bonds assuming a 35% tax rate. (Investors should, of course, bear in mind that while we like to compare the earnings yields on stocks to that of bonds, unlike stocks, bonds do provide the relative safety of contractually guaranteeing the return of your principal.) We gain a great deal of comfort owning a stock with an earnings yield that is at a significant premium over that provided by bonds, particularly given that a banker would be willing to provide debt financing to the company in an amount greater than the price we are paying for the stock. In essence, we are able to make an equity investment in a company that offers what we believe is the underlying financial safety of senior and junior debt without any limitation or participation in the future income and improvement in the value of the enterprise. These kinds of statistics would no doubt appeal to Ben Graham.

If given the choice between investing in stocks with these kinds of deep value characteristics, or owning an index fund such as the S&P 500 at the current price of roughly 18 times earnings, or an earnings yield of 5.6%, we would choose the former every time. We cannot be sure that our stocks will produce a return that is better than the index alternative, or better than some other investment manager's return, particularly over any interim period, nor can any other investment manager provide such assurance. After we buy stocks, the future returns are essentially out of our control; and this is true for all investors, except controlling stockholders who can exercise control over the timing of intrinsic value recognition through the sale of the business, dividend increases, spinoffs, etc. The stocks do the work—advancing towards intrinsic value, lying fallow, or at times even going down. But we can sleep well at night knowing that we have invested at prices that appear to afford us a meaningful margin of safety, and good upside potential. We like what we believe to be the relentless, favorable arithmetic advantage of a large quantity of earnings and assets—true underlying value backing up our investment and working for us over time.

As of September 30, 2007, the current and retired principals of Tweedy, Browne and their families, and Tweedy, Browne employees had more than \$721.3 million of their personal assets invested in portfolios combined with, or similar

to their clients' portfolios, including approximately \$105 million in the Global Value Fund, \$50.9 million in the Value Fund and \$7 million in the Worldwide High Dividend Yield Value Fund.

Tweedy, Browne's Worldwide High Dividend Yield Value Fund

By now you are probably aware that we opened a new mutual fund on September 5th of this year called the Tweedy, Browne Worldwide High Dividend Yield Value Fund. Perhaps a bit of background is in order.

Back in 1979, Chris Browne, Will Browne and John Spears were asked by a long-time client and friend of the firm if they could take over the management of a trust account that had an income beneficiary as well as remaindermen. The client asked them if they could put together a portfolio of Tweedy, Browne stocks that also paid dividends. We decided to accept the challenge, and that account is still under our stewardship some 28 plus years later. Over the last 17 years, we added a couple of additional accounts that also requested this capability, and when Congress passed tax legislation in 2003 that reduced the tax on qualified dividends to 15%, we felt it was probably time to think about offering this capability more broadly.

While the approach focuses on stocks from around the world that have an above-average dividend yield, and that also trade at some discount to our estimate of intrinsic value, the objective of the strategy is not to produce income, but rather to achieve attractive total returns. The above average dividend yield is simply a very important component of the total return, and an important investment characteristic, among others, of the strategy.

There are a number of reasons why dividends are important in an investment portfolio:

- Over the long term, the return from dividends has been a significant contributor to the total returns produced by equity securities. According to Standard & Poor's, dividends comprised 34% of the monthly total return of the S&P 500 from 1926 to 2004.
- Stocks with apparent high and sustainable dividend yields that are competitive with high quality bond yields may be more resistant to a decline in price than lower yielding securities because the stock is in effect "yield supported."
- The reinvestment of high dividends in additional shares of stocks with high dividend yields during stock market declines can help lessen the time necessary to recoup portfolio losses.
- The ability to pay cash dividends is a positive factor in assessing the underlying health of a company and the quality of its income stream. This is particularly pertinent in light of the complexity of corporate accounting, and numerous recent examples of "earnings management," including occasionally fraudulent earnings manipulation.
- Since the enactment of the 2003 Jobs and Growth Tax Relief Reconciliation Act, qualified dividends received

by individual taxpayers on domestic stocks are now generally taxed at the same favorable rates as long-term capital gains (15%). One caveat is in order. This favorable tax rate is due to expire in 2010 unless extended by Congress.

- Most importantly, there is an abundance of empirical evidence which suggests that portfolios consisting of securities with high dividend yields may produce attractive total returns over long measurement periods.

In fact, we have written a paper entitled, *The High Dividend Yield Return Advantage: An Examination of Empirical Data Associating Investment in High Dividend Yield Securities with Exceptional Returns Over Long Measurement Periods*. We would be happy to send you a copy of this paper, or you can download a copy from our website, www.tweedy.com. One thing we learned from the studies reviewed in our paper is that a high dividend yield approach not only can produce attractive returns over the long term, but may also hold up better than other value strategies in difficult market environments. That has certainly been our experience.

The focus of our new Fund is on larger capitalization companies that have had a long history of paying dividends. They will typically be domiciled in more developed markets. However, from time to time, we may invest in high dividend yield companies located in the more developed emerging markets. At purchase, they must trade at reasonable valuations, although not necessarily at the same level of undervaluation required for the Global Value Fund or the Value Fund. In contrast to our other two Funds, we have chosen not to hedge the foreign currency exposure back into U.S. dollars in large part because a substantial portion of the Worldwide High Dividend Yield Value Fund's holdings will be in U.S.-domiciled companies, and in non-U.S. multinational companies that have meaningful exposure to the U.S. dollar.⁽⁹⁾

With larger capitalization companies having trailed their smaller and mid-capitalization counterparts for the most part over the last five years, we have been able to uncover a number of new undervalued high dividend yield stocks for our new Fund. For instance, we recently bought shares in U.S. Bancorp and Pearson PLC. US Bancorp (USB) is a large Minneapolis-based commercial bank that at purchase was trading at 11.7 times 2008 estimated earnings (an estimated earnings yield of 8.55%), and had an annualized dividend yield of 4.8%. The company is due in December of this year to raise its dividend for the 36th straight year, from \$1.60 per share to \$1.80 per share, or an estimated 12.5% increase. At the current price of roughly \$33 per share, this would translate into a dividend yield of 5.4%. USB has been a shareholder-friendly company, returning money to their shareholders in the form of stock buybacks and dividend distributions. Since 2003, they have bought back roughly 10% of their outstanding shares. They have a conservative balance sheet, strict underwriting standards, are well reserved for potential loan losses, and enjoy a Tier 1 ratio of 8.5%, which is very good. While they have some subprime loans, their overall exposure is quite modest. They have no outstanding bridge loans or asset-backed commercial paper conduits. They have one of the highest

returns on equity in the banking industry at 22.6% (2nd quarter 2007). Over 50% of their revenue comes from non-spread businesses, and at \$32.26 per share (our cost), the stock was trading at roughly 80% of intrinsic value--assuming the company would be worth about 15 times after-tax earnings in an acquisition, which is not without precedent in recent bank acquisition transactions. If USB can continue to grow its dividend at, say, 10% per year over the next 10 years, in year ten, we will be receiving a 14% annualized return on our original cost from the dividend alone. Our mentor in Omaha also sees the opportunity in this stock, and has invested \$1.2 billion of Berkshire Hathaway's capital in USB.

Another addition to the Worldwide High Dividend Yield Value Fund is Pearson PLC, a UK-based media company. Pearson is the leading U.S. publisher of educational books, and the world leader in English language teaching materials. It also has a consumer book division called Penguin Books, and its FT Group publishes the *Financial Times*, which rivals *The Wall Street Journal* in financial readership. At purchase, it was trading at roughly 80% of estimated intrinsic value and had a dividend yield of 3.9%. It has increased its dividend in each of its last 15 years, has a good balance sheet, and has margins which are below its competition but improving.

While we are still very much in the construction phase of our new Fund, as of September 30, the Fund was invested in 24 issues across 10 different countries, and 13 different industry groups. Approximately 69% of equity assets was invested outside the U.S. The weighted average dividend yield on the underlying stocks in the portfolio was 4.36%, and the weighted average P/E ratio for the stocks was 12.89 times trailing earnings, an earnings yield of 7.75%. [Please note that the weighted average dividend yield is not representative of the Fund's yield nor do these figures represent performance of the Fund. The figures solely represent the average weighted dividend yield and earnings yield of the common stocks held in the Fund's portfolio. Please refer to the 30-day standardized yield in the performance chart on page 2 for the Fund's yield.] This compares to a weighted average dividend yield, P/E ratio and earnings yield for the MSCI World Index of 2.2%, 16.2 times earnings, and 6.17%, respectively. Cash reserves constituted roughly 22% of assets as of September 30.

The Bursting of the Credit Bubble

So what, indeed, was the August credit crisis all about, and what does it mean for our financial markets going forward? We think John Authers, a columnist with the *Financial Times*, probably summed it up best, "...like many others over the centuries...too much greed begat too much lending on irresponsible terms." ^b Perhaps due in part to an accommodating monetary authority after 9/11 and the Japanese "carry trade", the world has been awash in credit-enhanced liquidity over the last half dozen years. This abundance of low cost credit fueled what some in our industry have described as a global asset bubble in virtually all investment asset categories, including stocks, high yield bonds, real estate, commodities and alternative assets such as private equity. As asset valuations escalated and risk premiums contracted, investors ventured further out on the risk curve in an effort to enhance their returns, pouring money into

^b John Authers, "Structured Vehicles May Be Way Forward," *Financial Times*, September 25, 2007.

new and innovative alternative strategies. Wall Street often becomes the great enabler during speculative binges, creating innovative new products to allow investors to extend their stay at the party. In the Crash of 1987, it was “portfolio insurance” that played a big role in reassuring investors in the face of high equity market valuations. This time around it was the credit markets, and the innovation was structured finance instruments known as collateralized debt obligations, or CDOs. At some point in all bubbles, a tipping point is reached, and there is a rush for the exits. In the August credit crisis, the tipping point appeared to be escalating defaults in subprime mortgages.

Yesterday’s portfolio insurance is today’s structured debt pool; i.e., CDOs. Working with the rating agencies, Wall Street figured out that by mixing higher yielding marginal subprime mortgage loans with higher quality loans in structured investment pools they could create yields that were higher than investors would ordinarily receive by investing directly in comparably rated debt securities. In a world of shrinking risk premiums (lower yields in relation to risk-free U.S. Treasuries), and record low credit spreads, this was simply too good to pass up. Homeowners were eager to finance vacation home purchases in a real estate market that was on fire, mortgage brokers were more than willing to accommodate their demand with “no doc” loans on incredibly liberal terms, and Wall Street was there to package them and sell them forward in the capital markets to CDO investors hungry for yield. The seeds of potential disaster were thus sown. As Adam Bryant of the *The New York Times* observed in an August article entitled, “The Unforgivingness of Forgetfulness”, “...lenders and financial wizards took the joker – the risk that certain borrowers might default – and hid it in the deck. They shuffled all those risky subprime mortgages into much bigger investment pools, then cut the deck twice, fanned the cards and presto, it disappeared. Magic. But then the borrowers were shown the sleight of hand. Of course, the joker was always there, and the risks were real.”^c

As subprime delinquencies inevitably escalated, the rating agencies finally took notice, and began to adjust their ratings. This led to a rapid decline in value for subprime mortgage securities held by CDOs, which in turn caused investors to back away from these new instruments. New CDO issuance came to a virtual standstill. Hedge funds and other highly leveraged financial institutions, which ran leveraged structured finance vehicles, faced margin calls and redemption requests as their collateral deteriorated—which forced panic selling. A full fledged liquidity crisis ensued.

The subprime contagion spread to the corporate lending market, where investors began to wonder whether the deteriorating lending standards in the corporate market could eventually lead to a similar surge in defaults. Investors in leveraged loans such as CLOs (collateralized loan obligations) and hedge funds, which had helped finance the private equity led buyout mania over the previous two years, suddenly backed away from these loans, leaving lead underwriting banks with roughly \$300 billion in buyout loans that could not be sold into the secondary market under pre-existing terms. The leveraged

buyout binge, which had been an enormous catalyst for public equity market valuations over the previous year, came to a sudden halt.

A number of hedge funds and financial institutions around the globe were brought to the precipice of potential disaster and several did fail. The yield spread between high yield bonds and high quality Treasuries widened dramatically—virtually overnight. The London Inter Bank Offered Rate, also known as LIBOR, shot up, and the commercial paper market went into a free fall. Unprecedented volatility engulfed global equity markets, and the Dow Jones Industrial Average plummeted nearly 1200 points over a period of weeks. It was a very unsettling time for the financial community and for investors.

Of Cockroaches and Furus^d

In a fascinating new book, *A Demon of Our Own Design*, author Richard Bookstaber, a “Wall Streeter” with over 20 years of quantitative trading experience, contends that financial innovation, complexity and globalization have combined to make our markets more crisis prone. He uses biology as a frame of reference for economic behavior, and contrasts the *cockroach* and the *furū*, a small perch-like fish, in a case study of risk management. He finds the survival of the cockroach over millions of years quite remarkable, especially in light of what he describes as their “coarse and sub-optimal behavior” when it comes to risk management. In essence, the cockroach has a rather simple defense mechanism: moving away from slight puffs of air. It completely ignores a wide range of other information and risks “...that one would think an optimal risk management system would take into account.”

He contrasts the sub-optimal behaving cockroach to the finely tuned and optimizing behavior of the *furū*, a once dominant, small, perch-like fish that survived in Africa’s Lake Victoria for thousands of years. The *furū*, over the centuries, became highly adapted to its environment, evolving into some 300 species and developing a myriad of skills, which allowed it to thrive and flourish in its habitat, rivaling “the finches that Darwin studied in the Galapagos.” It unfortunately fell victim to extinction when the Nile Perch was introduced by a Kenyan game fisheries officer into the lakes of Central Africa. Bookstaber points out that their “extinction was not the result of natural selection based on fitness in the usual sense; they were diverse and suited for almost every conceivable element of the Lake Victoria ecology...Its path toward extinction was just a result of dumb luck that someone had introduced an alien species into its waters.”

Bookstaber concludes that “the cockroach and the *furū* are just two of many examples I can cite in biology to illustrate the benefits of coarse behavior and the perils of finely-tuned behavior in reacting to a broad range of natural uncertainty.”

To carry Bookstaber’s biological case study into the capital markets, Benjamin Graham and Warren Buffett are perhaps the “cockroaches” of the investment world, eschewing leverage and demanding a substantial margin of safety in each investment they made. Their simple and elegant defense mechanism against the vast uncertainty of financial markets

^c Adam Bryant, “The Unforgivingness of Forgetfulness,” *The New York Times*, August 19, 2007.

^d Richard Bookstaber, *A Demon of Our Own Design* (John Wiley & Sons, Inc., 2007). This section of our report borrows extensively from chapter 10 entitled, “Cockroaches and Hedge Funds.”

was a cheap entry price supported by collateral value. By avoiding leverage, they were not likely to ever be untethered from their ownership of real and growing assets.

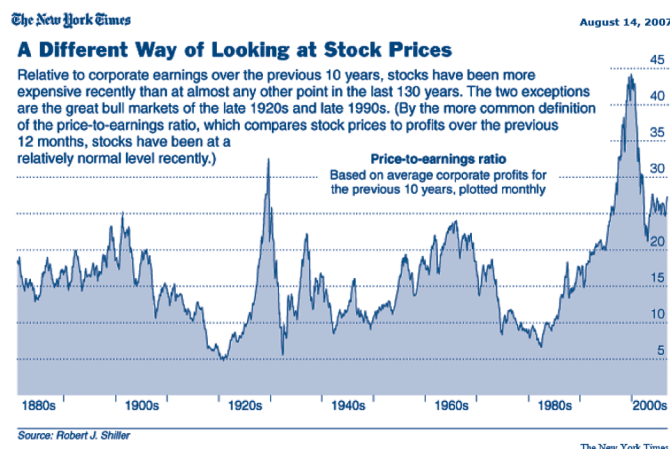
The furu, on the other hand, is akin to today's highly leveraged investor seeking to eradicate risk by fine tuning portfolios using probability theory in an attempt to ferret out and nullify any and all conceivable risks. Portfolios of high alpha generating, non-correlated assets are put together in a mosaic that is supposed to enhance return and lower volatility. With risk so theoretically constrained, investors are free to use leverage to exploit small market inefficiencies, allowing them to proverbially and safely "pick up dimes in front of steamrollers."^e With massive amounts of individual and institutional capital having moved into these finely-tuned and highly leveraged strategies, Bookstaber contends that our capital markets will from time to time be confronted with liquidity shocks that could accelerate into full blown crises. Such was the case with the credit crunch in August.

What Lies Ahead for Investors?

The dust seemed to have settled since August, and global credit and equity markets had seemingly stabilized. The easing by global central banks and the 50 basis point cut in the Federal Funds rate here in the U.S. helped to bring confidence back to our markets. Whether it is sustainable is anyone's guess. More specifically, for our purposes, global equity markets, inside of a month, made up virtually all the ground they lost in August, and, a little after quarter end, were hitting new record highs. That said, financing costs are up, credit has tightened, underwriting standards have become tougher, a significant overhang of buyout debt remains at major money center banks, and as we write, global equity markets have once again come under pressure.

We must admit, we were amused by a number of articles that appeared in August during the crisis indicating that stocks, as measured by their price/earnings ratios, were the cheapest they had been in over 10 years. From our point of view, P/E ratios of 16 to 18 times incredibly robust earnings were not an indicator of cheapness, and did not fully reflect the valuation proposition facing investors, particularly in light of the fact that these price/earnings ratios did not take into consideration the underlying debt of the companies. These multiples on a debt-free basis would be higher than 16 to 18 times earnings. As David Leonhardt pointed out in a terrific article in the August 15th edition of the *The New York Times* entitled "1934 Classic Says Be Wary Right Now", Benjamin Graham and David Dodd, the authors of the 1934 classic, *Security Analysis*, would have a problem with the way P/E's are calculated today, and would caution against putting too much emphasis on the recent past.^f They felt it was far safer and more accurate to look at today's prices in relation to earnings for not less than five years, and preferably seven to ten years. Logic would suggest low P/E ratios were only an indicator of cheapness if the underlying earnings power was sustainable, and the only way to get a grasp of that is to look back at a company's long-term earnings history.

Using Graham's techniques produces a P/E calculation that is very different from today's P/E, and one that is not terribly reassuring to investors. Robert Shiller, a professor at Yale, illustrated this in the chart below taken from the Leonhardt article, which looks at P/E ratios since the late 1800s right up until today based on an average of corporate earnings for the previous 10 years. Calculated his way, the P/E ratio for the U.S. equity market of late has been hovering around 27 times earnings. Leonhardt points out that this is "higher than it has been at any other point over last 130 years, save for the great bubbles of the 1920s and 1990s."



Robert J. Shiller, "A Different Way of Looking at Stock Prices," *The New York Times*, August 14, 2007.

Corporate profits have soared over the last three years, increasing much faster than underlying stocks prices, which has allowed P/E's to remain at relatively reasonable levels. Today, corporate profits are at their highest levels as a percentage of GDP since the 1960s. If this boom in corporate earnings proves to be short lived, today's P/E's of 16 to 18 times earnings may indeed be misleading. It is not at all clear that corporate earnings can continue to aggressively advance in the face of a tripling of oil prices, an accelerating housing crisis, and higher financing costs. The bottom line: corporate earnings are fairly volatile over time and Graham's methodology accounted for that. Modern day P/E calculations that focus on recent and projected earnings do not.

The liquidity crisis in August may have been a shot across the bow, warning investors, of the dangers inherent in highly leveraged and complex investment strategies. As human beings, we tend to become a bit anxious when confronted with an uncertain future filled with unpredictable and possibly negative outcomes. It is easy to be seduced by investment strategies that seem to tame the beast of uncertainty by incorporating the comforting probabilities associated with bell curves, and anchoring on "magical" numbers that turn the unpredictable into the probable.^g That has been the elixir afforded by many alternative investment

^e Roger Lowenstein, *When Genius Failed: The Rise and Fall of Long-Term Capital Management* (Random House New York, 2000), ch. 6, p. 102. This is a slight variation on a quote which appears on p. 102, "You're picking up nickels in front of bulldozers."

^f David Leonhardt, "1934 Classic Says Be Wary Right Now," *The New York Times*, August 15, 2007.

strategies since the technology-led market collapse of 2000. By utilizing the tools of modern portfolio theory, standard deviation, correlation coefficients and expected returns, these complex vehicles are thought to provide investors with a promise of steadier, more certain returns. For the most part, over the last three to five years, it would appear that many have delivered on that promise. Successful investors like David Swensen at Yale and Jack Meyer, formerly at Harvard, have inspired a new generation of investment professionals to pursue these strategies. The unfortunate irony is that many of these market neutral strategies, which focus on the reduction of volatility, are built on a fault-line of underlying leverage. This is the 800 pound gorilla in the room, the risk no one wants to discuss. When confronted with a liquidity crisis, the losses can be devastating.

As we have moved from crisis to crisis over the last ten years, we are constantly reminded that financial markets are far too complex to be successfully modeled by Wall Street's financial engineers. Investment returns and risks have been shown not to be subject to the normal distributions described by probability theory, and "fat tails" persist. The proverbial 100 year financial storm, which is considered a risk as remote as earthquakes or volcanic eruptions, has a habit of popping up every five or ten years to threaten these leveraged strategies.

At Tweedy, Browne, we have spent nearly 50 years staring down the beast of uncertainty. From the rise and fall of the "Nifty Fifty" in the 1970s, to the double digit interest rates of the early 1980s which peaked out at over 21%, to the market crash of 1987, to the banking and S&L crisis of the early 1990s, the Asian crisis and the Russian default of 1998, through the dot.com bubble of 1999-2000, and through the bursting of the credit bubble in August, we have survived and prospered. While we also become anxious when confronted with an unpredictable future, we simply choose to accept it for what it is. We can't do much about it. We take comfort, like Graham did, in having what we believe to be a margin of safety afforded by a cheap entry price, and collateral value. We have never used leverage to try to "goose" our results even though the rearview mirror would suggest that it might have been a wise thing to do. We simply have never wanted to face a margin call, or have to cede control of our collateral to a lender. We have refused steadfastly to view risk as volatility. Rather, we have embraced and attempted to exploit the near-term variability of our equity markets. As direct unleveraged investors, we have a claim in the future success of businesses in which we invest. We accept the fact that there is a certain amount of randomness, particularly in the near term results of businesses, and that our returns are likely to be lumpy. It's OK. Bookstaber might have referred to this as "coarse, sub-optimal" behavior. We prefer to think of it as common sense.

Thank you for investing alongside us and for your continued confidence.

Very truly yours,

TWEEDY, BROWNE COMPANY LLC
Christopher H. Browne
William H. Browne
John D. Spears
Thomas H. Shrager
Robert Q. Wyckoff, Jr.
Managing Directors

November 2, 2007

Notes:

- (1) Indexes are unmanaged, and the figures for the indexes shown include reinvestment of dividends and capital gains distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.
- (2) Inception dates for the Global Value Fund, Value Fund and Worldwide High Dividend Yield Value Fund were June 15, 1993, December 8, 1993, and September 5, 2007, respectively. Information with respect to MSCI EAFE indexes used is available at month end only; therefore the closest month end to the Global Value Fund's inception date, May 31, 1993, was used.
- (3) S&P 500 Index is an unmanaged capitalization-weighted index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange and over-the-counter market and includes the reinvestment of dividends.
- (4) MSCI EAFE Index US\$ is an unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East. MSCI EAFE Index Hedged consists of the results of the MSCI EAFE Index hedged 100% back into US dollars and accounts for interest rate differentials in forward currency exchange rates. Results for both indexes are inclusive of dividends and net of foreign withholding taxes.

§ Nassim Nicholas Taleb, [The Black Swan: The Impact of the Highly Improbable](#) (Random House, 2007)

In his book, Nassim Taleb cautions his readers about "... the numbing effect of magic numbers" when trying to predict future outcomes. Charlie Munger, Vice Chairman of Berkshire Hathaway, in a lecture in 2003 at the University of California at Santa Barbara, entitled "Interdisciplinary Wisdom Involving Economics," also pointed out the tendency of people in academia and business when confronted with complex systems that spew out "wonderful numbers" to overweight what can be counted and underweight the "hard-to-measure stuff." He goes on to state that in complex systems, "... the craving for that physics-style precision does nothing but get you in terrible trouble."

(5) The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of June 2007, the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The MSCI World Index (US\$) reflects the return of this index for a US dollar investor. MSCI World Index (Hedged to US\$) consists of the results of the MSCI World Index with its foreign currency exposure hedged 100% back into US dollars. The index accounts for interest rate differentials in forward currency exchange rates. Results for this index are inclusive of dividends and net of foreign withholding taxes.

(6) The Dow Jones Industrial Average is a price-weighted average of 30 blue chip stocks that are generally considered the leaders in their industry and includes the reinvestment of dividends.

(7) As of September 30, 2007, Tweedy, Browne Value Fund, Tweedy, Browne Global Value Fund, and Tweedy, Browne Worldwide High Dividend Yield Value Fund had invested the following percentages of its net assets, respectively, in the following portfolio holdings: *American International Group* (0.0%, 1.1%, 2.0%); *BNP* (0.0%, 0.6%, 0.0%); *ABN Amro Holdings* (0.0%, 5.8%, 0.0%); *ABN Amro Holdings ADR* (4.0%, 0.0%, 0.0%); *Heineken Holding NV* (6.8%, 3.8%, 0.0%); *Heineken NV* (0.0%, 2.3%, 0.0%); *Nestle SA ADR* (7.4%, 0.0%, 0.0%); *Nestle SA* (0.0%, 4.7%, 0.0%); *Hyundai Elevator* (0.0%, 0.0%, 0.0%); *Taeyoung Engineering* (0.0%, 0.1%, 0.0%); *SK Telecom ADR* (2.7%, 1.2%, 0.0%); *SK Telecom* (0.0%, 0.7%, 0.0%); *Mondadori* (0.5%, 1.4%, 0.0%); *Lloyds TSB Group* (1.1%, 2.1%, 4.1%); *Barclays* (1.0%, 2.0%, 3.0%); *FinishMaster* (0.4%, 0.0%, 0.0%); *U.S. Bancorp* (0.0%, 0.0%, 4.0%); and *Pearson PLC* (0.0%, 0.0%, 3.0%).

(8) Returns shown are for a specific time period where the Funds outperformed their relevant indexes. While the Funds outperformed the relevant indexes for the period shown, there have been previous periods when the Funds underperformed these indices. Since past performance is not indicative of future results, there can be no guarantee that the Funds will outperform their relevant indexes in the future. Please refer to page 2 of the letter for the Funds' standardized performance results.

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

Investing in foreign securities involves additional risks beyond the risks of investing in US securities markets. These risks include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various non-U.S. countries. In addition, the securities of small, less well-known companies may be more volatile than those of larger companies. Investors should refer to the Funds' prospectus for a description of risk factors associated with investments in securities held by the Funds.

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

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

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

TWEEDY, BROWNE FUND INC.

Tweedy, Browne Global Value Fund

Tweedy, Browne Value Fund

Tweedy, Browne Worldwide High Dividend Yield Value Fund

SEMI-ANNUAL REPORT

September 30, 2007

Expense Information

A shareholder of the Global Value Fund, Value Fund or Worldwide High Dividend Yield Value Fund (collectively, the “Funds”) incurs two types of costs: (1) transaction costs and (2) ongoing costs, including management fees and other Fund expenses. The Example below is intended to help a shareholder understand their ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period of April 1, 2007 to September 30, 2007.

Actual Expenses The first part of the table presented below, under the heading “Actual Expenses”, provides information about actual account values and actual expenses. The information in this line may be used with the amount a shareholder invested to estimate the expenses that were paid by the shareholder over the period. Simply divide the shareholder’s account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses paid during this period.

Hypothetical Example for Comparison Purposes The second part of the table presented below, under the heading “Hypothetical Expenses”, provides information about

hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not each Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses paid by the shareholder of the Funds for the period. This information may be used to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table below are meant to highlight a shareholder’s ongoing costs only and do not reflect redemption fees. Redemptions from the Global Value Fund and the Worldwide High Dividend Yield Value Fund, including exchange redemptions, within 60 days of purchase are subject to a redemption fee equal to 2% of the redemption proceeds, which will be retained by the Funds. There are no other transactional expenses associated with the purchase and sale of shares charged by the Funds, such as commissions, sales loads and/or redemption fees on shares held longer than 60 days. Other mutual funds may have such transactional charges. Therefore, the second part of the table is useful in comparing ongoing costs only, and will not help a shareholder determine the relative total costs of owning different funds. In addition, if redemption fees were included, a shareholder’s costs would have been higher.

	Actual Expenses			Hypothetical Expenses (5% Return Before Expenses)			
	Beginning Account Value 4/1/07	Ending Account Value 9/30/07	Expenses Paid During Period* 4/1/07 – 9/30/07	Beginning Account Value 4/1/07	Ending Account Value 9/30/07	Expenses Paid During Period* 4/1/07 – 9/30/07	Expense Ratio
Global Value Fund	\$1,000	\$1,053	\$6.98	\$1,000	\$1,018	\$6.86	1.36%
Value Fund	\$1,000	\$1,051	\$6.97	\$1,000	\$1,018	\$6.86	1.36%
Worldwide High Dividend Yield Value Fund ^(†)	\$1,000	\$1,012	\$0.98	\$1,000	\$1,003	\$0.97	1.37%

^(†) The Tweedy, Browne Worldwide High Dividend Yield Value Fund commenced operations on September 5, 2007.

* Expenses are equal to each Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by the number of days in the period, divided by 366 (to reflect the one-half year period).

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

September 30, 2007 (Unaudited)

<u>Shares</u>	<u>Market Value (Note 2)</u>	<u>Shares</u>	<u>Market Value (Note 2)</u>
COMMON STOCKS—90.8%		COMMON STOCKS	
Belgium—2.7%		Japan (continued)	
1,646,311	KBC Groep NV	5,251,000	Fujitec Company Ltd.
	\$225,888,966	570,600	Fukuda Denshi Company Ltd.
Canada—1.1%		1,203,000	Hi-Lex Corporation
100,000	Melcor Developments Ltd.	22,100	Hurxley Corporation
1,631,760	National Bank of Canada, Toronto	319,000	Inaba Seisakusho Company Ltd.
	2,405,152	321,000	Katsuragawa Electric Company Ltd.
	89,494,737	1,461,000	Kawasumi Laboratories Inc.
	91,899,889	1,849,500	Kuroda Electric Company Ltd.
Czech Republic—0.0%†		69,100	Mandom Corporation
2,800	Philip Morris CR a.s.	477,000	Matsumoto Yushi-Seiyaku Company Ltd.
	1,430,608	21,670	Medikit Company Ltd.
Finland—5.7%		121,800	Meito Sangyo Company Ltd.
2,435,000	Cargotec Corporation, B Share	36,240	Milbon Company Ltd.
1,000,000	Huhtamaki Oyj	307,100	Mirai Industry Company Ltd.
4,670,000	Kone Oyj, Class B	55,000	Nankai Plywood Company Ltd.
	119,332,869	40,000	Nippon Antenna Company Ltd.
	15,174,356	162,780	Nippon Kanzai Company Ltd.
	339,710,023	1,253,000	Nippon Konpo Unyu Soko Company Ltd.
	474,217,248	462,100	Nissha Printing Company Ltd.
France—6.1%		685,500	Nitto FC Company Ltd.
433,783	BNP Paribas SA	451,000	Sangetsu Company Ltd.
2,192,565	CNP Assurances	314,800	Shikoku Coca-Cola Bottling Company Ltd.
122,200	Nexans SA	289,300	Shingakukai Company Ltd.
1,000	NSC Groupe	204,000	SK Kaken Company Ltd.
1,825,000	Sanofi-Aventis	612,000	Sonton Food Industry Company Ltd.
	112,350	528,500	T. Hasegawa Company Ltd.
	154,116,417	106,300	Tenma Corporation
	501,346,469		
Germany—4.8%		Mexico—2.5%	
64,173	Boewe Systec AG	1,921,351	Coca-Cola Femsa SA de CV, Sponsored ADR †††
42,354	KSB AG	14,623,380	Embotelladoras Arca SA de CV
352,312	Linde AG	157,327	Grupo Aeroportuario del Sureste SA de CV, ADR
357,013	Merck KGaA	30,132,400	Grupo Continental SA
1,560,342	Springer (Axel) Verlag AG		
	3,074,675		
	37,646,126		
	43,635,662		
	42,953,666		
	266,285,113		
	393,595,242		
Hong Kong—1.8%		Netherlands—18.2%	
8,226,564	Jardine Strategic Holdings Ltd.	9,213,832	ABN AMRO Holding NV
42,847,281	SCMP Group Ltd.	1,830,990	Akzo Nobel NV
200,000	Swire Pacific Ltd., Class B	23,620	Crown Van Gelder Gemeenschappelijk Bezit NV
	129,979,711	5,477,810	Heineken Holding NV
	14,340,063	2,890,000	Heineken NV
	479,878	150,000	Imtech NV
	144,799,652	1,409,414	Koninklijke Grolsch NV
Ireland—0.2%		50,000	Randstad Holding NV
5,089,055	Independent News & Media PLC	4,810,555	Telegraaf Media Groep NV
1,111,317	Unidare PLC ††	288,708	TKH Group NV
	18,889,632	3,612,751	Unilever NV, CVA
	94,827	712,500	Wolters Kluwer NV, CVA
	18,984,459		
Italy—4.7%			
3,561,000	Banco Popolare Scarl ††		
925,100	Maffei SPA		
15,720,000	Mediaset SPA		
12,147,709	Mondadori (Arnoldo) Editore SPA		
2,598,000	Natuzzi SPA, Sponsored ADR ††		
1,005,000	Sol SPA		
805,250	Vincenzo Zucchi SPA ††		
	79,559,858		
	3,831,779		
	161,859,037		
	117,216,858		
	15,328,200		
	8,003,868		
	3,996,704		
	389,796,304		
Japan—2.9%			
462,100	Chofu Seisakusho Company Ltd.		
775	Coca-Cola Central Japan Company Ltd.		
410,900	Daikoku Denki Company Ltd.		
	8,035,474		
	5,949,876		
	5,537,495		
		2,302,000	Schibsted ASA
			120,571,349
			242,439,326
			82,445,171
			54,215,894
			7,806,566
			63,380,648
			207,848,279
			484,173,008
			150,508,024
			574,410
			313,169,068
			189,143,011
			12,291,655
			52,334,888
			2,695,688
			162,002,876
			7,090,829
			111,235,080
			21,096,550
			1,506,315,087

SEE NOTES TO FINANCIAL STATEMENTS

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio of Investments

September 30, 2007 (Unaudited)

<u>Face Value</u>	<u>Market Value</u> <u>(Note 2)</u>
REPURCHASE AGREEMENTS (continued)	
\$283,451,000	
Agreement with UBS Warburg LLC, 3.900% dated 9/28/07, to be repurchased at \$283,543,122 on 10/1/07, collateralized by \$278,670,000 U.S. Treasury Notes, 4.750% due 5/31/12 (market value \$289,120,125)	\$283,451,000
100,000,000	
Agreement with Bank of America Corp., 3.900% dated 9/28/07, to be repurchased at \$100,032,500 on 10/1/07, collateralized by \$22,271,987, \$27,813,619, \$16,028,533, \$19,321,146, \$1,231,169, \$13,334,202 U.S. Treasury Bonds, Notes and Strips, 4.250%, 4.500%, 4.625%, 0.000%, 7.875, 4.500% due 11/30/07, 05/15/10, 10/31/11, 02/15/16, 02/15/21 and 02/15/36 respectively (market value \$102,000,669)	<u>100,000,000</u>
TOTAL REPURCHASE AGREEMENTS (Cost \$483,451,000)	<u>483,451,000</u>
TOTAL INVESTMENTS (Cost \$4,605,373,901***)	102.9% 8,526,204,940
UNREALIZED DEPRECIATION ON FORWARD CONTRACTS (Net)	(3.0) (246,974,894)
OTHER ASSETS AND LIABILITIES (Net)	<u>0.1</u> <u>3,513,295</u>
NET ASSETS	<u>100.0%</u> <u>\$8,282,743,341</u>

- * "Undisclosed Security" represents an issuer, generally a smaller capitalization issuer, where disclosure may be disadvantageous to the Fund's accumulation or disposition program.
- ** Rate represents annualized yield at date of purchase.
- *** Aggregate cost for federal tax purposes.
- † Amount represents less than 0.1% of the net assets.
- †† Non-income producing security.
- ††† At September 30, 2007, liquid assets totaling \$109,164,552 have been designated as collateral for open forward contracts.

Abbreviations:
ADR — American Depository Receipt
CVA — Certificaaten van aandelen (Share Certificates)



Sector Diversification
September 30, 2007 (Unaudited)

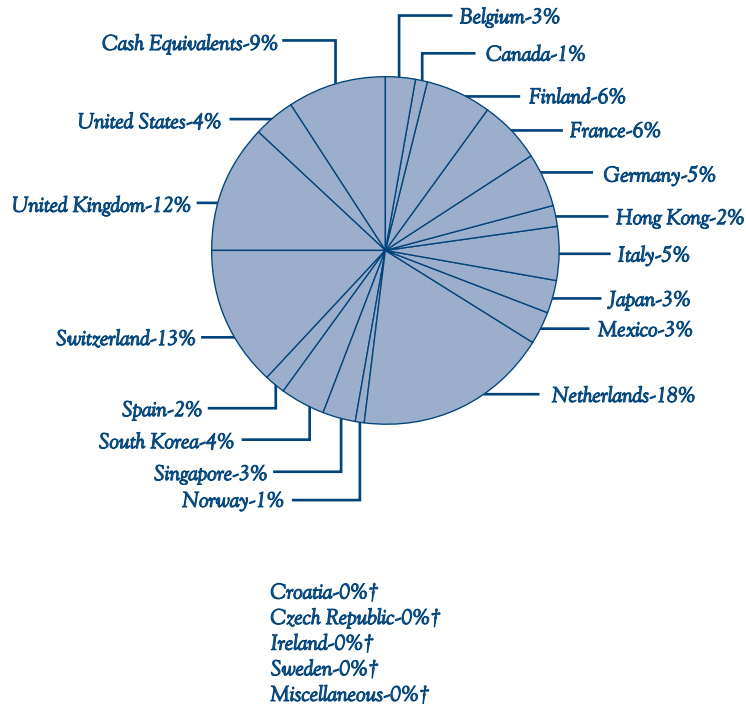
<u>Sector Diversification</u>	<u>Percentage of Net Assets</u>	<u>Market Value (Note 2)</u>
COMMON STOCKS:		
Banking	17.6%	\$1,456,184,238
Beverages	13.0	1,073,113,452
Printing and Publishing	11.5	950,739,729
Food	7.3	602,256,948
Insurance	7.1	585,269,758
Pharmaceuticals	4.6	384,275,792
Machinery	4.6	382,003,297
Chemicals	3.2	267,036,930
Electronics	2.5	209,021,840
Transportation	2.0	169,532,294
Building Materials	2.0	167,248,627
Retail	2.0	165,053,621
Media	2.0	161,859,037
Tobacco	1.9	161,205,311
Telecommunications	1.9	158,991,287
Holdings	1.7	144,609,351
Commercial Services	1.1	90,029,402
Manufacturing	0.9	76,960,004
Advertising	0.8	62,550,483
Engineering and Construction	0.7	56,186,710
Wholesale	0.6	52,432,970
Medical Research and Supplies	0.6	47,548,401
Textiles	0.3	26,414,036
Financial Services	0.3	21,856,799
Paper Products	0.2	15,748,766
Personal Products	0.2	12,663,703
Utilities	0.1	9,252,859
Leisure	0.1	5,537,495
Mining and Metal Fabrication	0.0†	3,831,779
Real Estate	0.0†	2,405,152
Autos	0.0†	1,915,527
Total Common Stocks	90.8	7,523,735,598
Preferred Stocks	0.5	40,777,598
U.S. Treasury Bills	5.8	478,240,744
Repurchase Agreements	5.8	483,451,000
Unrealized Depreciation on Forward Contracts	(3.0)	(246,974,894)
Other Assets and Liabilities (Net)	0.1	3,513,295
Net Assets	100.0%	\$8,282,743,341

† Amount represents less than 0.1% of net assets

TWEEDY, BROWNE GLOBAL VALUE FUND

Portfolio Composition

September 30, 2007 (Unaudited)



† Amount represents less than 1% of net assets



Schedule of Forward Exchange Contracts
September 30, 2007 (Unaudited)

Contracts	Contract Value Date	Market Value (Note 2)	Contracts	Contract Value Date	Market Value (Note 2)		
FORWARD EXCHANGE CONTRACTS TO BUY							
100,000,000	Hong Kong Dollar	10/22/07	\$12,869,599	22,000,000	Great Britain Pound Sterling	9/15/08	\$(44,354,246)
90,000,000	Hong Kong Dollar	12/17/07	11,588,879	20,000,000	Great Britain Pound Sterling	10/1/08	(40,302,746)
100,000,000	Hong Kong Dollar	1/8/08	12,879,100	100,000,000	Hong Kong Dollar	10/22/07	(12,869,599)
40,000,000	Swiss Franc	10/1/07	34,248,892	90,000,000	Hong Kong Dollar	12/17/07	(11,588,879)
				100,000,000	Hong Kong Dollar	1/8/08	(12,879,100)
				120,000,000	Hong Kong Dollar	1/15/08	(15,455,655)
TOTAL (Contract Amount \$71,533,943)			\$71,586,470	135,000,000	Hong Kong Dollar	2/20/08	(17,391,861)
				170,000,000	Hong Kong Dollar	5/14/08	(21,908,965)
FORWARD EXCHANGE CONTRACTS TO SELL							
4,500,000	Canadian Dollar	10/16/07	\$(4,529,350)	130,000,000	Hong Kong Dollar	5/23/08	(16,754,318)
18,000,000	Canadian Dollar	11/13/07	(18,122,421)	210,000,000	Hong Kong Dollar	7/29/08	(27,069,542)
15,500,000	Canadian Dollar	11/26/07	(15,607,399)	165,000,000	Hong Kong Dollar	8/19/08	(21,270,129)
8,000,000	Canadian Dollar	1/15/08	(8,058,817)	195,000,000	Hong Kong Dollar	9/2/08	(25,138,374)
17,000,000	Canadian Dollar	3/3/08	(17,126,229)	55,000,000	Hong Kong Dollar	10/2/08	(7,090,766)
7,500,000	Canadian Dollar	3/31/08	(7,555,937)	2,300,000,000	Japanese Yen	10/16/07	(20,042,088)
4,000,000	Canadian Dollar	4/23/08	(4,029,796)	3,000,000,000	Japanese Yen	1/29/08	(26,460,848)
7,000,000	Canadian Dollar	5/5/08	(7,052,108)	2,000,000,000	Japanese Yen	4/17/08	(17,779,099)
7,000,000	Canadian Dollar	5/23/08	(7,052,057)	3,550,000,000	Japanese Yen	5/16/08	(31,642,760)
9,500,000	Canadian Dollar	6/3/08	(9,570,606)	5,600,000,000	Japanese Yen	5/23/08	(49,947,759)
32,000,000	Czech Koruna	11/26/07	(1,660,879)	4,000,000,000	Japanese Yen	6/16/08	(35,756,594)
34,000,000	Danish Krone	4/17/08	(6,500,941)	3,000,000,000	Japanese Yen	8/19/08	(26,978,006)
70,000,000	Danish Krone	5/14/08	(13,384,172)	2,500,000,000	Japanese Yen	9/2/08	(22,511,155)
48,000,000	Danish Krone	5/16/08	(9,177,712)	900,000,000	Japanese Yen	9/16/08	(8,114,657)
83,000,000	Danish Krone	5/23/08	(15,869,758)	135,000,000	Mexican Peso	10/18/07	(12,328,673)
40,000,000	European Union Euro	10/4/07	(56,894,941)	206,000,000	Mexican Peso	12/17/07	(18,738,744)
45,000,000	European Union Euro	10/9/07	(64,015,141)	130,000,000	Mexican Peso	1/8/08	(11,806,476)
42,000,000	European Union Euro	10/16/07	(59,758,354)	265,000,000	Mexican Peso	1/15/08	(24,053,660)
20,000,000	European Union Euro	10/18/07	(28,457,841)	195,000,000	Mexican Peso	1/16/08	(17,698,456)
55,000,000	European Union Euro	10/22/07	(78,267,215)	145,000,000	Mexican Peso	1/29/08	(13,146,810)
68,000,000	European Union Euro	11/13/07	(96,807,792)	125,000,000	Mexican Peso	3/31/08	(11,277,320)
50,000,000	European Union Euro	12/4/07	(71,204,237)	264,000,000	Mexican Peso	4/4/08	(23,809,118)
30,000,000	European Union Euro	12/17/07	(42,728,713)	170,000,000	Mexican Peso	4/17/08	(15,313,696)
100,000,000	European Union Euro	12/21/07	(142,435,371)	295,000,000	Mexican Peso	5/16/08	(26,504,611)
38,000,000	European Union Euro	1/8/08	(54,133,013)	165,000,000	Mexican Peso	5/20/08	(14,819,294)
54,000,000	European Union Euro	1/15/08	(76,929,082)	145,000,000	Mexican Peso	9/2/08	(12,901,478)
55,000,000	European Union Euro	1/16/08	(78,354,164)	45,000,000	Norwegian Krone	10/4/07	(8,298,757)
60,000,000	European Union Euro	1/22/08	(85,480,338)	74,000,000	Norwegian Krone	10/22/07	(13,644,965)
60,000,000	European Union Euro	1/25/08	(85,481,873)	139,000,000	Norwegian Krone	1/29/08	(24,861,697)
45,000,000	European Union Euro	1/29/08	(64,112,939)	100,000,000	Norwegian Krone	5/16/08	(18,366,904)
30,000,000	European Union Euro	2/19/08	(42,747,331)	115,000,000	Norwegian Krone	6/11/08	(21,105,754)
25,000,000	European Union Euro	2/20/08	(35,622,989)	145,000,000	Norwegian Krone	9/16/08	(26,535,736)
35,000,000	European Union Euro	3/3/08	(49,875,866)	18,000,000	Singapore Dollar	10/9/07	(12,135,742)
140,000,000	European Union Euro	3/31/08	(199,534,515)	21,000,000	Singapore Dollar	11/13/07	(14,195,642)
20,000,000	European Union Euro	4/17/08	(28,505,898)	27,000,000	Singapore Dollar	11/14/07	(18,252,907)
47,000,000	European Union Euro	4/23/08	(66,989,661)	40,000,000	Singapore Dollar	1/15/08	(27,158,800)
100,000,000	European Union Euro	5/5/08	(142,534,607)	13,000,000	Singapore Dollar	1/16/08	(8,827,156)
50,000,000	European Union Euro	5/14/08	(71,268,584)	30,000,000	Singapore Dollar	1/25/08	(20,381,707)
45,000,000	European Union Euro	5/16/08	(64,141,981)	36,000,000	Singapore Dollar	1/29/08	(24,464,105)
30,000,000	European Union Euro	5/20/08	(42,761,662)	22,000,000	Singapore Dollar	2/19/08	(14,969,748)
82,000,000	European Union Euro	5/23/08	(116,882,576)	30,000,000	Singapore Dollar	3/31/08	(20,464,196)
100,000,000	European Union Euro	7/7/08	(142,552,793)	16,500,000	Singapore Dollar	4/23/08	(11,268,568)
100,000,000	European Union Euro	7/15/08	(142,555,231)	15,000,000	Singapore Dollar	8/19/08	(10,306,445)
100,000,000	European Union Euro	7/22/08	(142,557,365)	65,000,000	Singapore Dollar	9/16/08	(44,725,796)
30,000,000	European Union Euro	8/7/08	(42,768,673)	15,000,000	Singapore Dollar	10/2/08	(10,329,945)
115,000,000	European Union Euro	9/2/08	(163,955,695)	11,250,000,000	South Korean Won	10/4/07	(12,295,888)
145,000,000	European Union Euro	9/15/08	(206,732,493)	28,000,000,000	South Korean Won	10/9/07	(30,608,954)
100,000,000	European Union Euro	10/1/08	(142,581,736)	35,000,000,000	South Korean Won	10/18/07	(38,274,373)
26,000,000	Great Britain Pound Sterling	10/9/07	(52,958,844)	22,300,000,000	South Korean Won	11/13/07	(24,411,960)
20,000,000	Great Britain Pound Sterling	10/16/07	(40,731,370)	30,000,000,000	South Korean Won	12/26/07	(32,898,825)
6,000,000	Great Britain Pound Sterling	10/22/07	(12,217,816)	17,000,000,000	South Korean Won	1/31/08	(18,659,333)
9,500,000	Great Britain Pound Sterling	11/13/07	(19,334,592)	34,000,000,000	South Korean Won	3/7/08	(37,351,464)
34,500,000	Great Britain Pound Sterling	11/26/07	(70,192,179)	10,151,200,000	South Korean Won	4/23/08	(11,159,103)
23,000,000	Great Britain Pound Sterling	12/17/07	(46,773,978)	30,000,000,000	South Korean Won	5/16/08	(32,983,766)
11,000,000	Great Britain Pound Sterling	1/8/08	(22,356,897)	18,000,000,000	South Korean Won	7/7/08	(19,797,177)
7,000,000	Great Britain Pound Sterling	1/22/08	(14,220,766)	21,000,000,000	South Korean Won	9/25/08	(23,108,857)
24,000,000	Great Britain Pound Sterling	1/29/08	(48,746,026)	40,000,000	Swiss Franc	10/1/07	(34,248,892)
20,000,000	Great Britain Pound Sterling	2/19/08	(40,594,472)	25,000,000	Swiss Franc	10/4/07	(21,410,672)
12,000,000	Great Britain Pound Sterling	3/31/08	(24,324,768)	25,000,000	Swiss Franc	10/9/07	(21,419,202)
7,000,000	Great Britain Pound Sterling	4/23/08	(14,178,951)	27,000,000	Swiss Franc	10/16/07	(23,145,648)
12,000,000	Great Britain Pound Sterling	5/14/08	(24,290,342)	20,000,000	Swiss Franc	10/22/07	(17,153,129)
5,000,000	Great Britain Pound Sterling	5/20/08	(10,119,020)	37,000,000	Swiss Franc	11/13/07	(31,784,615)
30,000,000	Great Britain Pound Sterling	7/7/08	(60,620,193)	25,000,000	Swiss Franc	12/4/07	(21,507,511)
16,000,000	Great Britain Pound Sterling	7/29/08	(32,307,784)	25,000,000	Swiss Franc	12/21/07	(21,531,822)

SEE NOTES TO FINANCIAL STATEMENTS

TWEEDY, BROWNE GLOBAL VALUE FUND

Schedule of Forward Exchange Contracts September 30, 2007 (Unaudited)

<u>Contracts</u>	<u>Contract Value Date</u>	<u>Market Value (Note 2)</u>
FORWARD EXCHANGE CONTRACTS TO SELL		
34,000,000 Swiss Franc	1/8/08	\$(29,314,216)
20,000,000 Swiss Franc	1/15/08	(17,250,278)
13,000,000 Swiss Franc	1/29/08	(11,221,299)
50,000,000 Swiss Franc	1/31/08	(43,163,580)
25,000,000 Swiss Franc	2/19/08	(21,604,327)
31,000,000 Swiss Franc	3/3/08	(26,808,552)
50,000,000 Swiss Franc	3/31/08	(43,304,141)
24,000,000 Swiss Franc	4/17/08	(20,801,668)
24,000,000 Swiss Franc	4/23/08	(20,807,209)
41,000,000 Swiss Franc	7/15/08	(35,677,222)
13,000,000 Swiss Franc	7/22/08	(11,315,833)
27,000,000 Swiss Franc	7/29/08	(23,509,477)
90,000,000 Swiss Franc	8/7/08	(78,396,502)
30,000,000 Swiss Franc	9/2/08	(26,162,623)
75,000,000 Swiss Franc	9/16/08	(65,447,630)
65,000,000 Swiss Franc	9/25/08	(56,743,453)
40,000,000 Swiss Franc	10/2/08	(34,929,251)
TOTAL (Contract Amount \$5,468,077,936)		<u><u>\$(5,715,105,357)</u></u>

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Sector Diversification
September 30, 2007 (Unaudited)

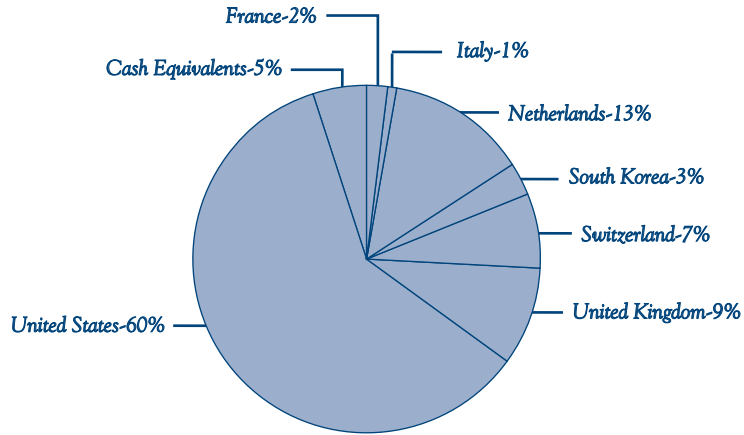
<u>Sector Diversification</u>	<u>Percentage of</u>	<u>Market Value</u>
	<u>Net Assets</u>	<u>(Note 2)</u>
COMMON STOCKS:		
Insurance	20.7%	\$105,244,016
Banking	17.0	85,847,025
Beverages	11.8	59,732,984
Food	11.3	57,527,654
Diversified Financial Services	10.6	53,744,733
Retail	6.4	32,206,395
Broadcast, Radio and TV	4.6	23,179,888
Telecommunications	2.7	13,874,741
Transportation	2.5	12,662,046
Pharmaceuticals	1.8	9,332,400
Basic Industries	1.8	8,891,628
Health Care	1.6	8,349,447
Media	0.8	4,028,429
Computer Services	0.6	2,847,390
Distribution	0.4	2,213,080
Real Estate	0.3	1,725,229
Automotive Parts	0.3	1,588,108
Energy	<u>0.2</u>	<u>877,700</u>
Total Common Stocks	<u>95.4</u>	<u>483,872,893</u>
U.S. Treasury Bills	2.9	14,855,067
Repurchase Agreement	2.4	12,428,000
Unrealized Depreciation on Forward Contracts	(0.7)	(3,886,777)
Other Assets and Liabilities (Net)	<u>0.0†</u>	<u>157,869</u>
Net Assets	<u>100.0%</u>	<u>\$507,427,052</u>

† Amount represents less than 0.1% of net assets

TWEEDY, BROWNE VALUE FUND

Portfolio Composition

September 30, 2007 (Unaudited)





Schedule of Forward Exchange Contracts
September 30, 2007 (Unaudited)

<u>Contracts</u>	<u>Contract Value</u>	<u>Contract Date</u>	<u>Market Value (Note 2)</u>
FORWARD EXCHANGE CONTRACTS TO BUY			
600,000	Great Britain Pound Sterling	12/17/07	\$1,220,191
500,000	Great Britain Pound Sterling	4/4/08	1,013,401
2,500,000	Great Britain Pound Sterling	4/23/08	5,063,911
TOTAL (Contract Amount \$7,256,600)			<u><u>\$7,297,503</u></u>
FORWARD EXCHANGE CONTRACTS TO SELL			
6,000,000	European Union Euro	10/4/07	\$(8,534,241)
3,000,000	European Union Euro	11/14/07	(4,271,003)
1,900,000	European Union Euro	12/17/07	(2,706,152)
750,000	European Union Euro	1/8/08	(1,068,415)
4,000,000	European Union Euro	1/22/08	(5,698,689)
1,500,000	European Union Euro	3/3/08	(2,137,537)
1,650,000	European Union Euro	3/31/08	(2,351,657)
1,700,000	European Union Euro	5/14/08	(2,423,132)
5,250,000	European Union Euro	7/14/08	(7,484,133)
8,000,000	European Union Euro	7/22/08	(11,404,589)
600,000	Great Britain Pound Sterling	12/17/07	(1,220,191)
500,000	Great Britain Pound Sterling	4/4/08	(1,013,402)
4,500,000	Great Britain Pound Sterling	4/23/08	(9,115,040)
1,800,000	Great Britain Pound Sterling	5/14/08	(3,643,551)
4,000,000	Great Britain Pound Sterling	7/22/08	(8,078,774)
9,850,000,000	South Korean Won	3/7/08	(10,820,939)
1,700,000,000	South Korean Won	5/14/08	(1,869,055)
3,000,000	Swiss Franc	10/4/07	(2,569,281)
2,000,000	Swiss Franc	1/25/08	(1,725,975)
5,000,000	Swiss Franc	3/3/08	(4,323,960)
1,500,000	Swiss Franc	4/16/08	(1,300,046)
4,000,000	Swiss Franc	5/14/08	(3,471,104)
2,500,000	Swiss Franc	7/22/08	(2,176,122)
2,500,000	Swiss Franc	9/2/08	(2,180,219)
TOTAL (Contract Amount \$97,659,527)			<u><u>\$(101,587,207)</u></u>

TWEEDY, BROWNE WORLDWIDE HIGH DIVIDEND YIELD VALUE FUND

Portfolio of Investments

September 30, 2007 (Unaudited)

<u>Shares</u>	<u>Market Value (Note 2)</u>	<u>Shares</u>	<u>Market Value (Note 2)</u>
COMMON STOCKS—78.3%		United Kingdom—19.2%	
Canada—1.7%		71,675	Barclays PLC
9,225	IGM Financial, Inc.	99,300	BP PLC
	<u>\$488,311</u>	38,200	GlaxoSmithKline PLC
France—4.0%		31,300	HSBC Holdings PLC
14,300	Total SA	105,000	Lloyds TSB Group PLC
	<u>1,159,602</u>	56,000	Pearson PLC
Germany—6.0%			<u>5,628,709</u>
30,000	Deutsche Post AG		United States—24.5%
4,545	Muenchener Rueckversicherungs- Gesellschaft AG	16,625	Altria Group, Inc.
	<u>870,356</u>	22,850	Bank of America Corporation
	<u>871,110</u>	17,145	Genuine Parts Company
	<u>1,741,466</u>	37,165	Masco Corporation
Ireland—3.3%		18,000	Reynolds American Inc.
262,000	Independent News & Media PLC	35,115	US Bancorp
	<u>972,496</u>	17,650	UST Inc.
Italy—6.9%			<u>7,185,320</u>
31,200	Eni SPA		TOTAL COMMON STOCKS
83,800	Mediaset SPA		(Cost \$22,717,972).....
	<u>1,153,206</u>		<u>22,925,327</u>
	<u>862,836</u>		TOTAL INVESTMENTS
	<u>2,016,042</u>		(Cost \$22,717,972*)
Mexico—2.9%			78.3%
231,825	Embotelladoras Arca SA de CV		<u>22,925,327</u>
	<u>859,487</u>		OTHER ASSETS AND LIABILITIES (Net) <u>21.7</u>
Netherlands—6.9%			<u>6,363,918</u>
19,350	ING Groep NV, CVA		NET ASSETS
37,500	Unilever NV, CVA		<u>100.0%</u>
	<u>856,655</u>		<u>\$29,289,245</u>
	<u>1,154,609</u>		
	<u>2,011,264</u>		
Spain—2.9%			
30,900	Telefonica SA		
	<u>862,630</u>		

* Aggregate cost for federal tax purposes.

Abbreviation:

CVA — Certificaaten van aandelen (Share Certificates)



Sector Diversification

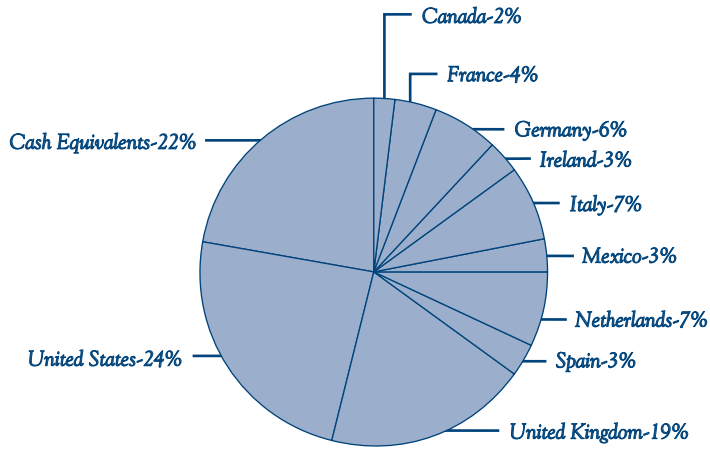
September 30, 2007 (Unaudited)

<u>Sector Diversification</u>	<u>Percentage of Net Assets</u>	<u>Market Value (Note 2)</u>
COMMON STOCKS:		
Banking	16.7%	\$4,897,888
Energy	11.9	3,460,919
Tobacco	10.9	3,175,996
Media	9.2	2,699,582
Insurance	6.0	1,727,765
Food	3.9	1,154,609
Pharmaceuticals	3.4	1,009,421
Transportation	3.0	870,356
Telecommunications	2.9	862,630
Building Materials	2.9	861,113
Beverages	2.9	859,487
Wholesale	2.9	857,250
Diversified Financial Services	1.7	488,311
Total Common Stocks	<u>78.3</u>	<u>22,925,327</u>
Other Assets and Liabilities (Net)	<u>21.7</u>	<u>6,363,918</u>
Net Assets	<u>100.0%</u>	<u>\$29,289,245</u>

TWEEDY, BROWNE WORLDWIDE HIGH DIVIDEND YIELD VALUE FUND

Portfolio Composition

September 30, 2007 (Unaudited)



TWEEDY, BROWNE FUND INC.

Statements of Assets and Liabilities

September 30, 2007 (Unaudited)

	Global Value Fund	Value Fund	Worldwide High Dividend Yield Value Fund
ASSETS			
Investments, at cost	\$4,605,373,901	\$264,815,724	\$22,717,972
Investments, at value (Note 2)			
Securities	\$8,042,753,940	\$498,727,960	\$22,925,327
Repurchase Agreements	483,451,000	12,428,000	-
Total Investments	8,526,204,940	511,155,960	22,925,327
Cash	377	184	10,112,172
Foreign currency (a)	14,486	13	193,475
Dividends and interest receivable	15,377,650	555,144	28,027
Receivable for investment securities sold	5,833,981	110,594	-
Recoverable foreign withholding taxes	4,511,404	-	-
Receivable for Fund shares sold	3,120,970	-	1,966,694
Receivable from Advisor	-	-	3,735
Unrealized appreciation of forward exchange contracts (Note 2) ..	1,235,221	43,729	-
Prepaid expense	179,987	11,005	51,489
Total Assets	<u>8,556,479,016</u>	<u>511,876,629</u>	<u>35,280,919</u>
LIABILITIES			
Unrealized depreciation of forward exchange contracts (Note 2) ..	\$248,210,115	\$3,930,506	\$-
Payable for Fund shares redeemed	18,451,510	87,841	5,000
Payable for investment securities purchased	-	-	5,973,911
Investment advisory fee payable (Note 3)	5,265,730	324,937	-
Custodian fees payable (Note 3)	686,450	6,479	3,939
Transfer agent fees payable (Note 3)	356,955	31,780	2,773
Administration and accounting fees payable (Note 3)	146,245	8,998	413
Accrued expenses and other payables	619,271	59,036	5,638
Total Liabilities	<u>273,735,675</u>	<u>4,449,577</u>	<u>5,991,674</u>
NET ASSETS	<u>\$8,282,743,341</u>	<u>\$507,427,052</u>	<u>\$29,289,245</u>
NET ASSETS consist of			
Undistributed net investment income	\$115,999,743	\$3,116,888	\$12,420
Accumulated net realized gain on securities, forward exchange contracts and foreign currencies	704,649,283	35,208,988	637
Net unrealized appreciation of securities, forward exchange contracts, foreign currencies and net other assets	3,674,107,300	242,453,461	195,993
Par value	24,353	1,959	289
Paid-in capital in excess of par value	3,787,962,662	226,645,756	29,079,906
Total Net Assets	<u>\$8,282,743,341</u>	<u>\$507,427,052</u>	<u>\$29,289,245</u>
CAPITAL STOCK , (common stock outstanding)	<u>243,526,421</u>	<u>19,590,830</u>	<u>2,894,902</u>
NET ASSET VALUE , offering and redemption price per share	<u>\$34.01</u>	<u>\$25.90</u>	<u>\$10.12</u>

(a) Foreign currency held at cost for the Global Value Fund, Value Fund and Worldwide High Dividend Yield Value Fund were \$14,459, \$11 and \$202,609, respectively.

TWEEDY, BROWNE FUND INC.

Statements of Operations

For the Six Months Ended September 30, 2007 (Unaudited)

	Global Value Fund	Value Fund	Worldwide High Dividend Yield Value Fund (a)
INVESTMENT INCOME			
Dividends	\$149,940,514	\$5,795,472	\$31,922
Foreign withholding taxes	(16,143,294)	(383,458)	(411)
Interest	21,335,543	1,257,908	—
Total Investment Income	155,132,763	6,669,922	31,511
EXPENSES			
Investment advisory fee (Note 3)	53,114,475	3,265,726	17,408
Custodian fees (Note 3)	2,312,169	19,671	3,939
Transfer agent fees (Note 3)	966,081	123,465	2,773
Administration and accounting fees (Note 3)	912,998	56,635	413
Legal and audit fees	150,121	9,551	421
Directors' fees and expenses (Note 3)	119,497	30,222	3,551
Other	415,613	47,764	11,729
Total Expenses before waivers	57,990,954	3,553,034	40,234
Less: Investment advisory fees waived and/or expenses reimbursed (Note 3)	—	—	(21,143)
Net Expenses	57,990,954	3,553,034	19,091
NET INVESTMENT INCOME	97,141,809	3,116,888	12,420
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
(Notes 2 and 4):			
Net realized gain (loss) on:			
Securities	488,786,268	14,930,414	—
Forward exchange contracts	(96,465,956)	(2,009,749)	—
Foreign currencies and net other assets	(332,813)	31,735	637
Net realized gain on investments during the period	391,987,499	12,952,400	637
Net unrealized appreciation (depreciation) of:			
Securities	104,429,661	11,648,287	205,126
Forward exchange contracts	(156,320,275)	(1,843,980)	—
Foreign currencies and net other assets	61,167	2	(9,133)
Net unrealized appreciation (depreciation) of investments during the period	(51,829,447)	9,804,309	195,993
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	340,158,052	22,756,709	196,630
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$437,299,861	\$25,873,597	\$209,050

(a) The Tweedy, Browne Worldwide High Dividend Yield Value Fund commenced operations on September 5, 2007.

TWEEDY, BROWNE FUND INC.

Statements of Changes in Net Assets

	Global Value Fund		Value Fund		Worldwide High Dividend Yield Value Fund
	Six Months Ended 9/30/2007 (Unaudited)	Year Ended 3/31/2007	Six Months Ended 9/30/2007 (Unaudited)	Year Ended 3/31/2007	Period Ended 9/30/2007 (a) (Unaudited)
Net investment income	\$97,141,809	\$121,325,157	\$3,116,888	\$4,239,259	\$12,420
Net realized gain on securities, forward exchange contracts and currency transactions during the period.	391,987,499	531,631,518	12,952,400	48,644,928	637
Net unrealized appreciation (depreciation) of securities, forward exchange contracts, foreign currencies and net other assets during the period.	(51,829,447)	539,412,026	9,804,309	1,187,224	195,993
Net increase in net assets resulting from operations.	437,299,861	1,192,368,701	25,873,597	54,071,411	209,050
Distributions:					
Dividends to shareholders from net investment income	—	(113,448,043)	—	(5,549,495)	—
Distributions to shareholders from net realized gain on investments	—	(92,487,665)	—	(39,621,758)	—
Net increase (decrease) in net assets from Fund share transactions	(478,358,971)	(723,921,015)	(33,973,117)	(41,542,642)	29,080,195
Redemption Fees	113,766	214,209	—	—	—
Net increase (decrease) in net assets	(40,945,344)	262,726,187	(8,099,520)	(32,642,484)	29,289,245
NET ASSETS					
Beginning of period.	8,323,688,685	8,060,962,498	515,526,572	548,169,056	—
End of period	<u>\$8,282,743,341</u>	<u>\$8,323,688,685</u>	<u>\$507,427,052</u>	<u>\$515,526,572</u>	<u>\$29,289,245</u>
Undistributed Net Investment Income at end of period/year	<u>\$115,999,743</u>	<u>\$18,857,934</u>	<u>\$3,116,888</u>	<u>\$—</u>	<u>\$12,420</u>

(a) The Tweedy, Browne Worldwide High Dividend Yield Value Fund commenced operations on September 5, 2007.

TWEEDY, BROWNE FUND INC.

Financial Highlights

Tweedy, Browne Global Value Fund

For a Fund share outstanding throughout each period.

	Six Months Ended 9/30/07 (Unaudited)	Year Ended 3/31/07	Year Ended 3/31/06	Year Ended 3/31/05	Year Ended 3/31/04	Year Ended 3/31/03
Net asset value, beginning of period	\$32.31	\$28.56	\$24.08	\$21.23	\$14.44	\$19.79
Income from investment operations:						
Net investment income	0.40	0.47	0.34	0.31 ^(a)	0.20	0.19
Net realized and unrealized gain (loss) on investments	1.30	4.06	4.51	2.81	6.78	(5.07)
Total from investment operations	1.70	4.53	4.85	3.12	6.98	(4.88)
Distributions:						
Dividends from net investment income	—	(0.43)	(0.37)	(0.27)	(0.20)	(0.20)
Distributions from net realized gains	—	(0.35)	—	—	—	(0.27)
Total distributions	—	(0.78)	(0.37)	(0.27)	(0.20)	(0.47)
Redemption fees	0.00 ^(b)	0.00 ^(b)	0.00 ^(b)	0.00 ^(b)	0.01	—
Net asset value, end of period	\$34.01	\$32.31	\$28.56	\$24.08	\$21.23	\$14.44
Total return ^(c)	5.26%	16.01%	20.24%	14.75%	48.53%	(24.86)%
Ratios/Supplemental Data:						
Net assets, end of period (in 000s)	\$8,282,743	\$8,323,689	\$8,060,962	\$6,707,322	\$5,352,702	\$3,736,624
Ratio of operating expenses to average net assets	1.36% ^(d)	1.37%	1.38%	1.39%	1.39%	1.37%
Ratio of net investment income to average net assets	2.29% ^(d)	1.53%	1.33%	1.41% ^(a)	1.08%	1.17%
Portfolio turnover rate	2%	13%	6%	13%	8%	8%

(a) For year ended 3/31/05, investment income per share reflects a special dividend which amounted to \$0.13 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.78% per share.

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

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

(d) Annualized.

Tweedy, Browne Value Fund

For a Fund share outstanding throughout each period.

	Six Months Ended 9/30/07 (Unaudited)	Year Ended 3/31/07	Year Ended 3/31/06	Year Ended 3/31/05	Year Ended 3/31/04	Year Ended 3/31/03
Net asset value, beginning of period	\$24.65	\$24.27	\$24.67	\$24.38	\$18.53	\$24.08
Income from investment operations:						
Net investment income	0.16	0.21	0.30 ^(a)	0.35 ^(b)	0.27	0.13
Net realized and unrealized gain(loss) on investments	1.09	2.38	1.49	0.69	5.68	(5.21)
Total from investment operations	1.25	2.59	1.79	1.04	5.95	(5.08)
Distributions:						
Dividends from net investment income	—	(0.27)	(0.33)	(0.39)	(0.10)	(0.10)
Distributions from net realized gains	—	(1.94)	(1.86)	(0.36)	—	(0.37)
Total distributions	—	(2.21)	(2.19)	(0.75)	(0.10)	(0.47)
Net asset value, end of period	\$25.90	\$24.65	\$24.27	\$24.67	\$24.38	\$18.53
Total return ^(c)	5.07%	10.76%	7.41%	4.18%	32.13%	(21.16)%
Ratios/Supplemental Data:						
Net assets, end of period (in 000s)	\$507,427	\$515,527	\$548,169	\$659,077	\$728,668	\$659,884
Ratio of operating expenses to average net assets	1.36% ^(d)	1.38%	1.36%	1.37%	1.38%	1.36%
Ratio of net investment income to average net assets	1.19% ^(d)	0.80%	1.08% ^(a)	1.30% ^(b)	1.09%	0.59%
Portfolio turnover rate	5%	9%	9%	4%	3%	8%

(a) For year ended 3/31/06, investment income per share reflects a special dividend which amounted to \$0.05 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.88% per share.

(b) For year ended 3/31/05, investment income per share reflects a special dividend which amounted to \$0.22 per share. Excluding the special dividend, the ratio of net investment income to average net assets would have been 0.45% per share.

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

(d) Annualized.

TWEEDY, BROWNE FUND INC.

Financial Highlights

Tweedy, Browne Worldwide High Dividend Yield Value Fund

For a Fund share outstanding throughout the period.

	Period Ended 9/30/07 (a) (Unaudited)
Net asset value, beginning of period	<u>\$10.00</u>
Income from investment operations:	
Net investment income	0.00 ^(b)
Net realized and unrealized gain (loss) on investments	<u>0.12</u>
Total from investment operations	<u>0.12</u>
Distributions:	
Dividends from net investment income	—
Distributions from net realized gains	<u>—</u>
Total distributions	<u>—</u>
Redemption fees	<u>—</u>
Net asset value, end of period	<u>\$10.12</u>
Total return (c)	<u>1.20%</u>
Ratios/Supplemental Data:	
Net assets, end of period (in 000s)	\$29,289
Ratio of operating expenses to average net assets	1.37% ^(d)
Ratio of operating expenses to average net assets excluding waivers and/or reimbursement of expenses	2.89% ^(d)
Ratio of net investment income to average net assets	0.89% ^(d)
Portfolio turnover rate	0%

(a) The Tweedy, Browne Worldwide High Dividend Yield Value Fund commenced operations on September 5, 2007.

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

(c) Total return represents aggregate total return for the period indicated.

(d) Annualized.

Notes to Financial Statements (Unaudited)

1. Organization

Tweedy, Browne Fund Inc. (the “Company”) is an open-end management investment company registered with the United States (U.S.) 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. Tweedy, Browne Global Value Fund (“Global Value Fund”), Tweedy, Browne Value Fund (“Value Fund”), and Tweedy, Browne Worldwide High Dividend Yield Value Fund (“Worldwide High Dividend Yield Value Fund”), (collectively, the “Funds”), are each a diversified series of the Company.

The Funds commenced operations as follows:

Fund	Commencement of Operations
Global Value Fund	06/15/93
Value Fund	12/08/93
Worldwide High Dividend Yield Value Fund	09/05/07

The Global Value Fund seeks long-term capital growth by investing primarily in foreign securities that Tweedy, Browne Company LLC (“Tweedy, Browne” or the “Investment Adviser”) believes are undervalued. The Value Fund seeks long-term capital growth by investing primarily in U.S. and foreign securities that Tweedy, Browne believes are undervalued. The Worldwide High Dividend Yield Value Fund seeks long-term capital growth by investing in U.S. and foreign securities that Tweedy, Browne believes to have above-average dividend yields and valuations that are reasonable.

2. Significant Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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 Funds in the preparation of their financial statements.

Portfolio Valuation Generally, the Funds’ investments are valued at market value or at fair value as determined by, or under the direction of, the Company’s Board of Directors. Portfolio securities and other assets, listed on a U.S. national securities exchange, comparable foreign securities exchange or through any system providing for contemporaneous publication of actual prices (and not subject to restrictions against sale by the Fund on such exchange or system) are valued at the last sale price prior to the close of regular trading on the principal exchange or system for such security or asset or, if applicable, the NASDAQ Official Closing Price (“NOCP”). Portfolio securities and other assets, which are readily marketable but for which there are no reported sales on the valuation date, whether because they are not traded in a system providing for same day publication of sales or because

there were no sales reported on such date, are generally valued at the mean between the last asked price and the last bid price prior to the close of regular trading. Securities and other assets for which current market quotations are not readily available and those securities which are generally not readily marketable due to significant legal or contractual restrictions, will be valued at fair value as determined by the Investment Adviser under the direction of the Board of Directors. Securities and other assets for which the most recent market quotations may not be reliable (including because the last sales price does not reflect current market value at the time of valuing the Funds’ asset due to developments since such last price) may be valued at fair value if the Investment Adviser concluded that fair valuation will likely result in a more accurate net asset valuation. Debt securities purchased with a remaining maturity of 60 days or more are valued through pricing obtained by pricing services approved by the Funds’ Board of Directors. Debt securities purchased with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, or by reference to other factors (i.e., pricing services or dealer quotations) by the Investment Adviser.

Repurchase Agreements The Funds may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, a Fund acquires an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell the obligation at an agreed-upon price and time, thereby determining the yield during the Fund’s holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Funds’ holding period. The value of the collateral held on behalf of the Fund is at all times at least equal 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 Funds’ Investment Adviser reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Foreign Currency The books and records of the Funds are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into US 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

Notes to Financial Statements (Unaudited)

transactions and the difference between the amounts of interest and dividends recorded on the books of the Funds 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 Funds may enter into forward exchange contracts for non-trading purposes in order to reduce their exposure to fluctuations in foreign currency exchange on their 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 Funds' investment securities, but it does establish a rate of exchange that can be achieved in the future. Although forward exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

Securities Transactions and Investment Income Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Large, nonrecurring dividends recognized by a Fund are presented separately on the Statement of Operations as "special dividends" and the impact of these dividends to net investment income per share is presented in the financial highlights. Interest income is recorded on the accrual basis. Dividend income and interest income may be subject to foreign withholding taxes. The Funds' custodian applies for refunds on behalf of each Fund where available.

Tweedy, Browne is reimbursed by the Funds for the cost of settling transactions in U.S. securities for the Funds through its clearing broker. For the six months ended September 30, 2007, Global Value Fund and Value Fund reimbursed Tweedy, Browne \$899, and \$1,145, respectively, for such transaction charges. There were no reimbursements for the Worldwide High Dividend Yield Fund in the three week period from September 5, 2007 through September 30, 2007.

Dividends and Distributions to Shareholders Dividends from net investment income, if any, will be declared and paid annually for the Global Value Fund and Value Fund and semi-annually for the Worldwide High Dividend Yield Value Fund. Distributions from realized capital gains after utilization of

capital loss carryforwards, if any, will be declared and paid annually for each of the Funds. Additional distributions of net investment income and capital gains from the Fund may be made at the discretion of the Board of Directors in order to avoid the application of a 4% non-deductible federal excise tax on certain undistributed amounts of ordinary income and capital gains. Income dividends and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States. 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 Each Fund has qualified and intends to continue to qualify as a regulated investment company 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.

On July 13, 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Recent SEC guidance allows for implementation of FIN 48 in fund NAV calculations as late as the fund's last NAV calculation in the first required financial statement reporting period. As of September 30, 2007, management has evaluated the application of FIN 48 to the Funds, and has determined that there is no material impact on the Funds' financial statements.

Expenses Expenses directly attributable to each Fund as a diversified series of the Company are charged to such Fund. Other expenses of the Company are allocated to each series based on the average net assets of each series or other equitable allocation.

3. Investment Advisory Fee, Other Related Party Transactions and Administration Fee

The Company, on behalf of each Fund, has entered into separate investment advisory agreements with Tweedy, Browne (each, an "Advisory Agreement"). Under each Advisory Agreement, the Company pays Tweedy, Browne a fee at the annual rate of 1.25% of the value of each Fund's average daily

Notes to Financial Statements (Unaudited)

net assets. The fee is payable monthly, provided each Fund will make such interim payments as may be requested by the Investment Adviser not to exceed 75% of the amount of the fee then accrued on the books of the Fund and unpaid. For the six months ended September 30, 2007, Tweedy, Browne received \$53,114,475 and \$3,265,726 for Global Value Fund and Value Fund, respectively. In the three week period from September 5, 2007 through September 30, 2007, Tweedy Browne waived \$17,408 for Worldwide High Dividend Yield Value Fund.

The Adviser has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Worldwide High Dividend Yield Value Fund to the extent necessary to maintain the total annual fund operating expenses (excluding brokerage, interest, taxes and extraordinary expenses) at no more than 1.37%. This arrangement will continue at least through March 31, 2008. In this arrangement, the Worldwide High Dividend Yield Value Fund has agreed, during the two-year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent that after giving effect to such repayment such adjusted total annual fund operating expenses would not exceed 1.37% on an annualized basis. Tweedy, Browne voluntarily waived and/or reimbursed \$21,143 for the period ended September 30, 2007.

The current and retired managing directors and their families, as well as employees of Tweedy, Browne, have approximately \$105.0 million, \$50.9 million and \$7.0 million of their own money invested in Global Value Fund, Value Fund and Worldwide High Dividend Yield Value Fund, respectively, as of September 30, 2007.

The Company, on behalf of the Funds, has entered into an administration agreement (the "Administration Agreement") with PFPC Inc. (the "Administrator"), an indirect, majority-owned subsidiary of PNC Financial Services Group Inc. Under the Administration Agreement, the Company pays the Administrator an administration fee and a fund accounting fee computed daily and payable monthly at the following annual rates of the aggregate average daily net assets of the Funds, allocated according to each Funds' net assets:

	Up to \$1 Billion	Between \$1 Billion and \$5 Billion	Between \$5 Billion and \$10 Billion	Exceeding \$10 Billion
Administration Fees	0.0300%	0.0180%	0.0100%	0.0090%
Accounting Fees	0.0075%	0.0060%	0.0050%	0.0040%

No officer, director or employee of Tweedy, Browne, the Administrator 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 Non-Interested Director \$75,000 annually to be paid quarterly in \$18,750 increments plus out-of-pocket expenses for their

services as directors. The annual fee of \$75,000 paid to each Non-Interested Director is divided proportionately between the Funds. The current allocation ratio of the annual fee is 80% paid by Global Value Fund, 15% paid by Value Fund, and 5% paid by Worldwide High Dividend Yield Value Fund. Total Directors' fees paid by each Fund for the six months ended September 30, 2007, excluding any out-of-pocket expenses, were \$120,000, \$26,250 and \$3,750, respectively.

Mellon Bank, N.A., an indirect, wholly-owned subsidiary of The Bank of New York Mellon Corporation, serves as the Funds' custodian pursuant to a custody agreement (the "Custody Agreement"). PFPC Inc. also serves as the Funds' transfer agent. Tweedy, Browne also serves as the distributor to the Funds and pays all distribution fees. No distribution fees are paid by the Funds.

4. Securities Transactions

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments, for the six months ended September 30, 2007, are as follows:

	Global Value Fund	Value Fund	Worldwide High Dividend Yield Value Fund
Purchases	\$132,001,074	\$22,604,328	\$22,717,972
Sales	770,561,542	35,772,048	—

The aggregate gross unrealized appreciation and depreciation and net unrealized appreciation/(depreciation) as computed on a federal income tax basis, at September 30, 2007 for each Fund is as follows:

	Gross Appreciation	Gross Depreciation	Net Appreciation/ (Depreciation)
Global Value Fund	\$4,045,065,517	\$(124,234,478)	\$3,920,831,039
Value Fund	\$254,368,750	\$(8,028,514)	\$246,340,236
Worldwide High Dividend Yield Value Fund	\$410,230	\$(202,875)	\$207,355

5. Capital Stock

The Company is authorized to issue \$1.4 billion shares of \$0.0001 par value capital stock, of which 600,000,000, 400,000,000 and 400,000,000 of the unissued shares have been designated as shares of the Global Value Fund, Value Fund and Worldwide High Dividend Yield Value Fund, respectively. Redemptions from the Global Value Fund and the Worldwide High Dividend Yield Value Fund, including exchange redemptions, within 60 days of purchase are subject to a redemption fee equal to 2% of the redemption proceeds, which will be retained by each Fund.

Notes to Financial Statements (Unaudited)

Changes in shares outstanding for the six months ended September 30, 2007 were as follows:

Global Value Fund		
	Shares	Amount
Sold	8,176,462	\$277,722,281
Reinvested	137	4,246
Redeemed	(22,251,695)	(756,085,498)
Net Decrease	(14,075,096)	\$(478,358,971)

Value Fund		
	Shares	Amount
Sold	312,051	\$8,057,441
Reinvested	—	—
Redeemed	(1,634,709)	(42,030,558)
Net Decrease	(1,322,658)	\$(33,973,117)

Worldwide High Dividend Yield Value Fund		
	Shares	Amount
Sold	2,901,363	\$29,145,883
Reinvested	—	—
Redeemed	(6,461)	(65,688)
Net Increase	2,894,902	\$29,080,195

Changes in shares outstanding for the Global Value Fund and the Value Fund for the year ended March 31, 2007 were as follows:

	Global Value Fund		Value Fund	
	Shares	Amount	Shares	Amount
Sold	21,616,948	\$640,713,070	710,487	\$17,777,508
Reinvested	6,186,427	191,284,317	1,736,914	42,467,545
Redeemed	(52,475,756)	(1,555,918,402)	(4,119,879)	(101,787,695)
Net Decrease	(24,672,381)	\$(723,921,015)	(1,672,478)	\$(41,542,642)

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 US 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, not generally being subject to uniform standards, practices and requirements with respect to accounting, auditing and financial reporting, 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 a Fund), war, seizure, political and social instability and diplomatic developments.

7. Securities Lending

The Funds may lend securities to brokers, dealers and other financial organizations to earn additional income. Each security out on loan is collateralized with segregated assets held with the borrower in an amount equal to or greater than the current market value of the loaned securities. At September 30, 2007, the Funds did not have any securities out on loan.

8. New Accounting Pronouncements

In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157") was issued by the FASB and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Funds' financial statement disclosures.

9. Portfolio Information

The Company files the Funds' complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Company's Form N-Q is available (1) on the SEC's website at <http://www.sec.gov>; (2) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC; or (3) by calling the Fund at 1-800-432-4789. Information regarding the operation of the PRR may be obtained by calling 1-202-551-8090.

10. Proxy Voting Information

The policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities held by the Funds are included in the Company's Statement of Additional Information, which is available without charge and upon request by calling the Fund at 1-800-432-4789. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available, without charge, at <http://www.sec.gov>.

11. Advisory Agreements

Tweedy, Browne Global Value Fund and Tweedy, Browne Value Fund

On May 24, 2007, the Company's Board of Directors (the "Board"), including a majority of the Independent Directors, approved the renewal of the Advisory Agreements for the Tweedy, Browne Global Value Fund and the Tweedy, Browne Value Fund (each a "Fund", and together, the "Funds") with Tweedy, Browne for an additional one-year term. In considering whether to approve the continuance of the Advisory Agreements, the Board reviewed materials provided for its evaluation, and the Independent Directors were advised by independent legal counsel with respect to these and other

Notes to Financial Statements (Unaudited)

relevant matters. The information, material factors and conclusions that formed the basis for the Board's approval are described below.

A. Information Received

During the course of each year, the Independent Directors receive a wide variety of materials relating to the services provided by Tweedy, Browne. In considering whether to approve the renewal of the Advisory Agreement for each Fund, the Board reviewed reports on each Fund's investment results, portfolio composition, portfolio trading practices and shareholder services, as well as other information relating to the nature, extent and quality of services provided by Tweedy, Browne to the Funds. In addition, the Board reviewed supplementary information, including comparative industry data with regard to advisory fees and expenses, financial and profitability information regarding Tweedy, Browne, and information about the personnel providing investment management and administrative services to the Funds.

In addition to reviewing and evaluating the list of materials described above, the Independent Directors also received assistance and advice regarding legal and industry standards from independent counsel to the Independent Directors. In deciding to recommend the renewal of each Fund's Advisory Agreement, the Board did not identify any single factor or particular information that, in isolation, was controlling. This summary describes many, but not all, of the factors considered by the Board.

B. Nature, Extent and Quality of Services

The Board reviewed materials concerning the depth and quality of Tweedy, Browne's investment management process. The Board considered a variety of "behind the scenes" services provided by Tweedy, Browne to the Funds, including significant involvement in monitoring, oversight and communication functions, as well as the development and enforcement of trading procedures and the preparation of various regulatory filings for the Funds. In addition, the Board noted that Tweedy, Browne provides a wide variety of administrative services not otherwise provided by third parties and generally assists each Fund in the conduct of its business. The Board also noted Tweedy, Browne's commitment to staff development and long-term planning with regard to its advisory business. In considering Tweedy, Browne's services, both in managing the Funds' portfolios and in overseeing all aspects of the Funds' business, the Board concluded that Tweedy, Browne was providing essential services to the Funds. Ultimately, the Board concluded that the nature, extent and quality of the services provided by Tweedy, Browne have benefited and likely will continue to benefit the Funds and their shareholders.

C. Investment Performance

The Board examined the short-term and long-term investment performance of the Funds, both in absolute terms

and relative to the various benchmarks against which the Funds were compared. After reviewing and comparing each Fund's performance to its benchmark indices over various periods of time, the Board concluded that it was satisfied with the Funds' performance, and further concluded that Tweedy, Browne's performance record in managing the Funds warranted the continuation of each Fund's Advisory Agreement.

D. Advisory Fees and Total Expenses

The Board reviewed the advisory fees and total expenses of the Funds. In so doing, the Board compared such amounts with the average fee and expense levels of funds pursuing comparable investment objectives. In considering comparative fee data, the Board reviewed the expense ratios for each Fund alongside those of its direct competitors and of its relevant category averages. The Board also compared the advisory fee paid by each Fund against Tweedy, Browne's standard fee rate for separate account portfolios. The Board noted that the Funds do not charge a Rule 12b-1 fee or separate shareholder service fee, and compared each Fund's expense ratio to funds that do not charge Rule 12b-1 fees in excess of 0.25% of assets under management. The Board also noted that because the Funds had a low level of annual portfolio turnover, tax liabilities and trading expenses had been kept to a minimum in the past year. After reviewing this fee and expense data, together with the Board's observation that Tweedy, Browne provided a high level of integrity and service to the Funds' shareholders, the Board determined that the fees charged under the Advisory Agreement are fair and reasonable and that the Funds' shareholders received acceptable value in return for the advisory fees paid to Tweedy, Browne by the Funds.

E. Adviser Costs, Level of Profits and Economies of Scale

The Board reviewed information regarding Tweedy, Browne's costs of providing services to the Funds, as well as the resulting level of profits to Tweedy, Browne. In so doing, the Board reviewed materials relating to Tweedy, Browne's financial condition and reviewed the wide variety of services performed for the Funds. In considering this analysis, the Board noted that Tweedy, Browne's expenses had been presented in such a manner as to focus solely on the profitability of its services without regard to marketing expenses that had been absorbed by Tweedy, Browne. The Board also noted that Tweedy, Browne had absorbed the entire expense of the Funds' Chief Compliance Officer since her appointment in June 2004. The Board reviewed profitability data provided by Tweedy, Browne with respect to Tweedy, Browne's relationship with the Company as a whole, and with each Fund separately.

The Board considered Tweedy, Browne's research process and, in particular, Tweedy, Browne's extensive research with regard to non-U.S. securities. The Board also noted that a consequence of Tweedy, Browne's investment disciplines for the Funds, which focus on smaller market capitalization issues, is that its cost of research per dollar is likely to be higher than

Notes to Financial Statements (Unaudited)

would be the case for an investment adviser that invests concentrated positions and/or only in larger market capitalization companies that have broad analyst coverage. The Board noted that this research process is likely not conducive to economies of scale that would be potentially realizable in the management of large pools of capital invested in large market capitalization stocks. Finally, the Board noted Tweedy, Browne's effectiveness at managing internal costs. The Board concluded that Tweedy, Browne's profitability from its client relationships, including its relationship with the Funds, is reasonable.

F. Ancillary Benefits

The Board considered a variety of other benefits received by Tweedy, Browne as a result of its relationship with the Funds, including benefits derived by Tweedy, Browne from "soft dollar" arrangements with broker-dealers. In particular, the Board considered materials concerning Tweedy, Browne's brokerage allocation policies, noting that while Tweedy, Browne receives nominal research benefits provided by broker-dealers executing portfolio transactions on behalf of each Fund, with one exception it does not obtain third-party research or other services in return for allocating brokerage to such broker-dealers.

G. Conclusion

Based on its review, including consideration of each of the factors referred to above, the Board concluded that the nature, extent and quality of the services rendered to each Fund by Tweedy, Browne continued to be excellent and favored renewal of each Fund's Advisory Agreement. The Board concluded that the Advisory Agreements continued to be fair and reasonable to the Funds and their shareholders, that the Funds' shareholders received reasonable value in return for the advisory fees and other amounts paid to Tweedy, Browne by each Fund, and that the renewal of the Advisory Agreements at the present contractual rate was in the best interests of each Fund and its shareholders.

Worldwide High Dividend Yield Value Fund

On April 20, 2007, the Company's Board of Directors (the "Board"), including a majority of the Independent Directors, approved the proposed Advisory Agreement between the Company, on behalf of the Tweedy, Browne Worldwide High Dividend Yield Value Fund (the "Fund"), and Tweedy, Browne. In considering whether to approve the Advisory Agreement, the Board reviewed materials provided for its evaluation, and the Independent Directors were advised by independent legal counsel with respect to these and other relevant matters. The information, material factors and conclusions that formed the basis for the Board's approval are described below.

A. Information Received

In considering whether to approve the Advisory Agreement, the Board reviewed a memorandum prepared by

Tweedy, Browne regarding the Fund's proposed investment strategy and fee structure, detailed reports on Tweedy, Browne's performance in managing private accounts employing the same investment strategy as that proposed for the Fund, and other information relating to the nature and the extent of services proposed to be provided to the Fund by Tweedy, Browne. In addition, the Board reviewed supplementary information, including industry data on advisory fees and expenses for potential competitor funds, financial and profitability information regarding Tweedy, Browne, and information about Tweedy, Browne's investment management and administrative personnel.

In addition to reviewing and evaluating the list of materials described above, the Independent Directors also received assistance and advice regarding legal and industry standards regarding consideration of an advisory agreement from independent counsel to the Independent Directors. In deciding to approve the Advisory Agreement, the Board did not identify any single factor or particular information that, in isolation, was controlling. This summary describes the most important, but not all, of the factors considered by the Board.

B. Nature, Extent and Quality of Services

The Board reviewed materials concerning the depth and quality of Tweedy, Browne's investment management process in managing other funds. The Board considered a variety of "behind the scenes" services that were proposed to be provided to the Fund by Tweedy, Browne, including significant involvement in monitoring, oversight and communication functions, as well as the development and enforcement of trading procedures and the preparation of various regulatory filings for the Fund. In addition, the Board noted that Tweedy, Browne proposed to provide a wide variety of administrative services not otherwise provided by third parties and would generally assist the Fund in the conduct of its business. The Board also noted Tweedy, Browne's commitment to staff development and long-term planning with regard to its advisory business. In considering Tweedy, Browne's proposed services to the Fund, both in managing the Fund's portfolios and in overseeing all aspects of the Fund's business, the Board concluded that Tweedy, Browne had proposed to provide essential services to the Fund that would benefit the Fund and its future shareholders.

C. Investment Performance

The Board noted that the Fund did not yet have an operating history, and thus the Board could not consider the Fund's investment performance. However, the Board noted that the materials provided by Tweedy, Browne included information regarding the proposed investment strategy for the Fund, which is currently employed for certain private accounts advised by Tweedy, Browne, and the Board considered the performance record of those similarly-managed accounts. The Board also briefly considered the investment performance of Tweedy, Browne in serving the other two funds that currently

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comprise the Company using performance statistics provided by Tweedy, Browne.

D. Advisory Fees and Total Expenses

The Board reviewed the proposed advisory fee for the Fund. In so doing, the Board compared such amount with the advisory fees paid by other funds served by Tweedy, Browne and its affiliates. The Board noted that the proposed advisory fee for the Fund is the same fee charged to the other two funds comprising the Company. The Board further noted the Fund's anticipated expense ratio and compared it against the average expense ratios of funds pursuing comparable investment strategies. The Board also noted that the Fund would not charge a Rule 12b-1 fee or separate shareholder service fee, and compared the Fund's anticipated expense ratio to those of funds that do not charge Rule 12b-1 fees in excess of 0.25% of assets under management. After reviewing the proposed fee and expense data, the Board determined that the proposed advisory fee and anticipated expense ratio were fair and reasonable.

E. Adviser Costs, Level of Profits and Economies of Scale

The Board reviewed information regarding Tweedy, Browne's potential profitability from its proposed relationship with the Fund. In so doing, the Board reviewed materials relating to Tweedy, Browne's financial condition and reviewed the wide variety of services proposed to be provided to the Fund by Tweedy, Browne, noting that Tweedy, Browne currently provides those services for the other two funds comprising the Company. The Board also noted that Tweedy, Browne had absorbed the entire expense of the Chief Compliance Officer of the Company since her appointment in June 2004. The Board considered Tweedy, Browne's research process and, in particular, Tweedy, Browne's extensive research with regard to non-U.S. securities. The Board also noted that a result of Tweedy, Browne's investment discipline with respect to smaller

market capitalization issues, its cost of research per dollar of assets under management is likely to be higher than it would be for an investment adviser that invests in concentrated positions and/or only in larger market capitalization companies for which there is broad analyst coverage. The Board noted that this research process is likely not conducive to economies of scale that would be potentially realizable in the management of large pools of capital invested in large market capitalization stocks. The Board concluded that Tweedy, Browne's profitability from its client relationships, including its proposed relationship with the Fund, is reasonable.

F. Ancillary Benefits

The Board considered a variety of other benefits that would potentially be received by Tweedy, Browne as a result of its proposed relationship with the Fund, including minor benefits that may be derived by Tweedy, Browne from "soft dollar" arrangements with broker-dealers. In particular, the Board considered materials concerning Tweedy, Browne's brokerage allocation policies, noting that while Tweedy, Browne expects to receive nominal research benefits provided by broker-dealers executing portfolio transactions on behalf of the Fund, it would not obtain third-party research or other services in return for allocating brokerage to such broker-dealers.

G. Conclusion

Based on its review, including consideration of each of the factors referred to above, the Board concluded that the nature, extent and quality of the proposed services to the Fund by Tweedy, Browne favored approval of the Advisory Agreement. The Board concluded that the Advisory Agreement was fair and reasonable to the Fund and its future shareholders, and that approval of the Advisory Agreement at the proposed contractual rate was in the best interests of the Fund and its future shareholders.

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