

Tweedy, Browne Global Value TBGVX

A good non-U.S. equity option for conservative investors.

Morningstar's Take TBGVX

Morningstar Rating¹ ★★★★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process		Above Average
Performance	—	—
People		Above Average
Parent		Above Average
Price	—	—

Role In Portfolio

Core

Fund Performance

Year	Total Return (%)	+/- Category
YTD	12.68	1.12
2020	-1.00	-1.88
2019	14.63	-3.17
2018	-6.67	8.77
2017	15.43	-6.64

Data through 6-30-21

7-15-21 | by Andrew Daniels

Tweedy, Browne Global Value benefits from experienced leadership and a disciplined, conservative approach. The strategy maintains its Morningstar Analyst Rating of Bronze.

This strategy is collegially managed by Tweedy, Browne's seven-member investment committee, which is among the industry's most experienced teams. That said, longtime committee member Will Browne stepped down in January 2021, and several others are in the later stages of their careers. Encouragingly, the team has been laying the groundwork for succession for many years, promoting three analysts to the committee since 2013, helping to foster a seamless transition to the next generation. Despite Browne stepping back, he remains a senior advisor to the committee, providing further continuity, and the committee structure naturally reduces key-person risk.

With roots dating to 1920 when it served as Benjamin Graham's broker, the firm takes pride in its value-investing heritage as it scours the world for cheap non-U.S. stocks. The team prefers quality franchises that are appropriately capitalized and run by good management teams, though it is also willing to buy deep-value names. While it builds the 70-90-stock portfolio with little regard for broad market indexes--resulting in high active share--its strict valuation discipline and willingness to hold cash help make the fund among the foreign large-value Morningstar Category's least volatile. This strategy also hedges its perceived economic foreign-currency exposure, further reducing volatility.

The strategy tends to generate its best relative returns when markets falter, though it tends to lag during market rallies. That performance profile helps explain poor relative results as equities rose in trailing one-year period through June 2021. Still, management remains committed to the approach, and it is likely to shine on a risk-adjusted basis over a market cycle.

This strategy will be renamed Tweedy, Browne International Value (from Tweedy, Browne Global Value) on or around July 29, 2021. While there is no change to the process, the new name better reflects its non-U.S. mandate.

Process Pillar Above Average | Andrew Daniels 07/15/2021

Discipline, consistency, and a predictable return profile earns this strategy an Above Average Process rating.

The team scours the world for non-U.S. stocks that look cheap relative to estimates of intrinsic value. The team prefers quality franchises that are appropriately capitalized and run by good management teams whose interests are aligned with minority shareholders, though it is also willing

to buy deep-value names. Team members use a range of valuation techniques depending on the type of business--including enterprise value/EBITDA, price/earnings, and price/book--before presenting ideas to the investment committee, which ultimately approves stocks for purchase.

It builds a 70- to 90-stock portfolio with little regard for broad market indexes, resulting in high active share as well as significant sector and country deviations. Despite a bold portfolio, the team's strict valuation discipline and willingness to hold cash--which regularly exceeds 10% of assets--if it can't find attractively valued securities have helped make the fund among the foreign large-value Morningstar Category's least volatile. The team also hedges a portion of its foreign-currency exposure based on its estimate of economic rather than nominal currency exposure, which further limits volatility. In practice, this means that 65% to 75% of foreign-currency exposure is directly hedged.

The portfolio shows the investment committee's emphasis on quality. While its price/earnings multiples have trended above the MSCI ACWI ex USA Value Index's, the portfolio's returns on invested capital have consistently been higher than the index's. The portfolio's debt/capital ratio has also consistently trended lower than the index's, commensurate with management's emphasis on appropriately capitalized businesses.

From a sector perspective, the portfolio's 13% healthcare exposure was higher than the index's 5%. The investment committee purchased Fresenius, a German operator of kidney dialysis centers, in 2021's first quarter. They liked Fresenius for its secular growth trends and strong returns on equity, making its enterprise value/EBITDA very compelling.

¹ For the period ending June 30, 2021, the Fund received an overall Morningstar category rating of 5 stars out of 318 funds in the Foreign Large Value category. For the three, five and ten-year periods ending June 30, 2021, the fund received a star rating of 4 stars out of 318 funds in the category, a star rating of 4 stars out of 272 funds in the category, and a star rating of 5 stars out of 182 funds in the category, respectively.

From a country perspective, the portfolio's China allocation rose to 6% from 2% in the year ended March 2021, though that was still below the index's 11% allocation. In 2021's first quarter, the investment committee purchased e-commerce giant Alibaba Group, which it found looked very cheap on a sum-of-the-parts analysis. Another recent purchase was A-Living Smart City Services, a real estate services firm. Its thesis centered on the government's deregulation efforts in the sector, which has benefited market leaders like A-Living, with strong insider buying from management as an additional catalyst.

Performance Pillar | Andrew Daniels 07/15/2021

During the trailing 10 years through June 2021, the fund's 6.6% annualized gain beat the MSCI ACWI ex USA Value Index's 3.5% as well as 93% of its foreign large-value Morningstar Category peers. The fund was among the category's least volatile during the period (as measured by standard deviation of returns), so risk-adjusted returns were even better. The fund's 0.57 Sharpe ratio not only beat the index's 0.25 but also beat 99% of its value-oriented peers. The fund tends to generate its best relative returns when markets falter: Indeed, its downside capture ratio of 52% relative to the index in the trailing decade was better than all its peers. But investors should expect this fund to lag in rising markets, considering its upside capture ratio of 72% ranked near the bottom of the category.

This historical performance profile helps explain the fund's relatively poor showing in the year ended June 2021, when its 29.1% gain underperformed the value index's 37.6% gain as well as 79% of its value-oriented peers. While the portfolio benefited from good stock selection in industrials, the elevated cash stake hurt as equities rose, while the underweighting to--and poor picks within--materials and financials detracted further. The fact that the portfolio hedges most of its foreign-currency exposure also held back returns as the U.S. dollar depreciated against most major currencies.

People Pillar ● Above Average | Andrew Daniels 07/15/2021

This strategy's experience and stable investment team merits an Above Average People rating.

Tweedy, Browne's seven-member investment committee--which averages 35 years of experience and 27 years with the firm--runs the strategy. The committee, which is among the industry's most seasoned, takes a collegial approach to portfolio management, allowing multiple inputs during discussions while mitigating key-person risk. Reflecting its strong investment culture, the team has had few departures, as members rarely leave for any reason other than retirement. That said, longtime committee member Will Browne stepped down in January 2021, and several others are in the later stages of their careers, including John Spears, Bob Wyckoff, and Tom Shrager. Encouragingly, the team has been laying the groundwork for succession, promoting longtime analysts Roger de Bree and Jay Hill to the committee in July 2013, followed by Sean McDonald in January 2021. Despite Browne stepping back, he remains a senior advisor to the committee, providing further continuity. Four analysts support the committee, and they are experienced, too, averaging 20 years of experience and 10 years with the firm. While the overall team is not large, all members research stocks, and their focus on just three strategies with a similar philosophy means they can effectively scour the world for value-oriented investment ideas.

Parent Pillar ● Above Average | Andrew Daniels 07/14/2021

Tweedy, Browne sports a strong investment culture, meriting an Above Average Parent rating. The firm, which has been majority-owned by AMG since 1997, has been around since 1920 but offers only three strategies. Each is collegially managed by a seven-member investment committee, allowing multiple inputs while reducing key-person risk. The team has been remarkably stable over the years, with members rarely leaving for any reason other than retirement, and the firm has long been thoughtful about succession planning. Longtime staffer Will Browne stepped down from his leadership positions in January 2021--and several others are in the later stages of their careers--but the firm has promoted three analysts to the investment committee since 2013, helping to foster a seamless transition to the next generation. There are other positive traits, too. While all funds are currently open to new investors, the firm has a history of closing funds when they become capacity constrained. Manager investment is also

strong, and current and former employees--as well as family members--invested \$1.4 billion¹ in the firm's portfolios as of March 2021. Such solid stewardship practices make the firm's approach to fees, which are very high, that much more disappointing. They have introduced fee waivers, but such token gestures don't move the needle; there is certainly more that the firm, which managed \$12.7 billion as of March 2021, can do on this front.

Price Pillar | Andrew Daniels 07/15/2021

It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-costliest quintile. That's poor, but based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we still think this share class will be able to overcome its high fees and deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Bronze.

¹ As of June 30, 2021, the current Managing Directors and retired principals and their families, as well as employees of Tweedy, Browne had more than \$1.5 billion in portfolios combined with or similar to client portfolios, including approximately \$156.7 million in the International Value Fund.

From its inception through July 28, 2021, the Tweedy, Browne International Value Fund was known as the Tweedy, Browne Global Value Fund. All references to the Tweedy, Browne Global Value Fund in this article should be deemed to refer to the Tweedy, Browne International Value Fund.

	Average Annual Total Returns as of 09/30/2021			Total Annual Fund Operating Expense Ratios as of 03/31/2021
	1 year	5 years	10 years	
International Value Fund	25.85%	6.48%	7.84%	1.38% (gross); 1.37% (net)

The performance data shown represents past performance and is not a guarantee of future results. Investment 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 that is current to the most recent month end, or to obtain after-tax performance information.

Tweedy, Browne has voluntarily agreed, effective May 22, 2020 through at least July 31, 2022, to waive the International Value Fund's fees whenever the Fund's average daily net assets ("ADNA") exceed \$6 billion. Under the arrangement, the advisory fee payable by the Fund is as follows: 1.25% on the first \$6 billion of the Fund's ADNA; 0.80% on the next \$1 billion of the Fund's ADNA (ADNA over \$6 billion up to \$7 billion); 0.70% on the next \$1 billion of the Fund's ADNA (ADNA over \$7 billion up to \$8 billion); and 0.60% on the remaining amount, if any, of the Fund's ADNA (ADNA over \$8 billion). The performance data shown above would have been lower had fees not been waived from May 22, 2020 to September 30, 2021.

The Funds do not impose any front-end or deferred sales charges. The expense ratios shown above reflect the inclusion of acquired fund fees and expenses (i.e., the fees and expenses attributable to investing cash balances in money market funds) and may differ from those shown in the Funds' financial statements.

Any sectors, industries, or securities discussed should not be perceived as investment recommendations. Any securities discussed may no longer be held in the Fund's portfolio. It should not be assumed that any of the securities transactions discussed were or will prove to be profitable, or that future investment recommendations will be profitable.

The MSCI EAFE Index is free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index (Hedged to US\$) consists of the results of the MSCI EAFE Index hedged 100% back into U.S. dollars and accounts for interest rate differentials in forward currency exchange rates. The MSCI EAFE Index (in US\$) reflects the return of the MSCI EAFE Index for a U.S. dollar investor. Results for each index are inclusive of dividends and net of foreign withholding taxes.

Unlike the Fund, indices are unmanaged, are not available for investment and do not incur expenses.

All holdings and sector/region allocations are subject to review and adjustment in accordance with the Fund's investment strategy and may vary in the future, and should not be considered recommendations to buy or sell any security.

Tweedy, Browne Company LLC serves as the investment adviser to the Tweedy, Browne International Value Fund. Tweedy, Browne's 100-year history is grounded in undervalued securities, first as a market maker, then as an investor and investment adviser. The firm registered as an investment adviser with the SEC in 1975 and ceased operations as a broker-dealer in 2014.

The Managing Directors and employees of Tweedy, Browne Company LLC may have a financial interest in the securities mentioned herein because, where consistent with the Firm's Code of Ethics, the Managing Directors and employees may own these securities in their personal securities trading accounts or through their ownership of various pooled vehicles that own these securities

Investment decisions for the Fund are made by Tweedy, Browne's Investment Committee, which is comprised of Roger R. de Bree, Frank H. Hawrylak, Jay Hill, Sean McDonald, Thomas H. Shrager, John D. Spears and Robert Q. Wyckoff, Jr. The Investment Committee acts by consensus of its available members. There are no lead portfolio managers. Roger de Bree and Jay Hill were appointed to the Investment Committee in 2013; Frank Hawrylak was appointed to the Investment Committee in 2014; and Sean McDonald was appointed to the Investment Committee in 2021.

The members of Tweedy, Browne's Investment Committee have relevant investment industry experience ranging from 18-53 years (an average of 35 years of industry experience). The firm's analysts have relevant investment industry experience ranging from 11 to 26 years (an average of 20 years of industry experience).

As of September 30, 2021, the International Value Fund had invested the following percentages of its net assets in the following portfolio holdings: Fresenius (1.7%), Alibaba (1.8%), and A-Living Smart City Services (0.8%).

Where practicable, in light of operational and regulatory considerations, the Fund seeks to reduce currency risk by hedging its perceived foreign currency exposure back into the U.S. dollar (generally through the use of forward currency contracts) based on the Adviser's judgment of such exposure, after taking into account various factors, such as the sources of the portfolio companies' earnings and the currencies in which their securities trade.

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

Current and future portfolio holdings are subject to risk. The securities of small, less well-known companies may be more volatile than those of larger companies. In addition, investing in foreign securities involves additional risks beyond the risks of investing in securities of U.S. markets. These risks include economic and political considerations not typically found in U.S. markets, including currency fluctuation, political uncertainty, and different financial and accounting standards, regulatory environments, and overall market and economic factors. Force majeure events such as pandemics and natural disasters are likely to increase the risks inherent in investments and could have a broad negative impact on the world economy and business activity in general.

Value investing involves the risk that the market will not recognize a security's intrinsic value for a long time, or that a security thought to be undervalued may actually be appropriately priced when purchased. Stocks and bonds are subject to different risks. In general, stocks are subject to greater price fluctuations and volatility than bonds and can decline significantly in value in response to adverse issuer, political, regulatory, market or economic developments. Unlike stocks, if held to maturity, bonds generally offer to pay both a fixed rate of return and a fixed principal value. Bonds are subject to interest rate risk (as interest rates rise, bond prices generally fall), the risk of issuer default, issuer credit risk, and inflation risk, although U.S. Treasuries are backed by the full faith and credit of the U.S. Government.

Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time. Diversification does not guarantee a profit or protect against a loss in declining markets. There can be no guarantee of safety of principal or a satisfactory rate of return. Investors should refer to the prospectus for a description of risk factors associated with investments in securities held by the Funds.

The views and opinions expressed within this report are those of Morningstar and are subject to change based on market, economic, and other conditions. All information referenced herein is as of 7/21/21 unless otherwise noted.

For the period ending September 30, 2021, the Fund received an overall Morningstar category rating of 5 stars out of 317 funds in the Foreign Large Value category. For the three-, five- and ten-year periods ending September 30, 2021, the fund received a star rating of 4 stars out of 317 funds in the category, a star rating of 4 stars out of 269 funds in the category, and a star rating of 5 stars out of 180 funds in the category, respectively. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics.

Morningstar Rating is for the share class indicated only (see ticker); other share classes may have different performance characteristics. The Ranking may reflect the waiver of all or a portion of the fund's fees. Without such waiver, the Rankings may have been lower.

The Morningstar Analyst RatingTM is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five-pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors in their research. For actively managed strategies, people and process each receive a 45% weighting in their analysis, while parent receives a 10% weighting. For passive strategies, process receives an 80% weighting, while people and parent each receive a 10% weighting. For both active and passive strategies, performance has no explicit weight as it is incorporated into the analysis of people and process; price at the share-class level (where applicable) is directly subtracted from an expected gross alpha estimate derived from the analysis of the other pillars. The impact of the weighted pillar scores for people, process and parent on the final Analyst Rating is further modified by a measure of the dispersion of historical alphas among relevant peers. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, the modification by alpha dispersion is not used.

The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. For active funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that an active fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The level of the rating relates to the level of expected positive net alpha relative to Morningstar category peers for active funds. For passive funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will be able to deliver a higher alpha net of fees than the lesser of the relevant Morningstar category median or 0. The level of the rating relates to the level of expected net alpha relative to Morningstar category peers for passive funds. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will deliver a weighted pillar score above a predetermined threshold within its peer group. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. [Click here](#) for more detailed information about Morningstar's Analyst Rating, including its methodology.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

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This material must be preceded or accompanied by a current prospectus for Tweedy, Browne Fund Inc. Please [click here](#) for a free copy of the prospectus. You should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the Fund. The prospectus should be read carefully before investing.