

Tweedy, Browne Global Value Fund II - Currency Unhedged

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

TWEEDY, BROWNE FUND INC.



Tweedy, Browne Global Value Fund II - Currency Unhedged

BACKGROUND

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

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

In the Global Value Fund, since its inception in 1993, we have been successful in managing

currency risk through hedging, and have produced returns that are comfortably ahead of both the hedged and unhedged MSCI EAFE Index. Furthermore, an observation of the returns of the hedged and unhedged MSCI EAFE Index, our benchmark, were consistent with the findings of the academic studies, finishing roughly in line with one another despite interim periods of great divergence.

Despite periods of relative strength, including late 2008/early 2009 and again in early 2010, the U.S. dollar declined vis-à-vis most major currencies in six of the last eight calendar years from 2002 to 2009, giving a large currency boost to the returns of unhedged international investors. While our absolute and relative returns have remained strong over the long term, the Global Value Fund's peer group rankings often declined substantially during periods of U.S. dollar weakness, challenging the resolve of even the most steadfast of our investors.

During this period, we observed a growing interest from a significant number of investors for an unhedged international investment vehicle. Many of our own investors, who were happy with their investment in the Global Value Fund, asked us to reassess our position on hedging, preferring to be exposed to currency fluctuations. After long and careful deliberation, we decided to give our existing and prospective investors a choice by establishing an unhedged version of our flagship fund, the Global Value Fund. By establishing the Tweedy, Browne Global Value Fund II - Currency Unhedged, we were

acknowledging that many investors may view exposure to foreign currency as another form of diversification when investing outside the U.S., and/or may have strong opinions regarding the future direction of the U.S. dollar. We are simply offering our investors a choice of how they want currency treated in the management of a portion of their international assets. In the words of one of our founders, Howard Browne, "Some like chocolate, some like vanilla." This is also consistent with what we offer our separately managed accounts. Over the long term, if the empirical data and our long-term experience holds, investors in the Global Value Fund II - Currency Unhedged should experience returns that are quite comparable to what they would have achieved had they been hedged. However, there are no guarantees regarding future returns as the rear view mirror is always clearer than the windshield.

In doing this, we are in no way intending to suggest that investing on an unhedged basis is preferable. Our point of view regarding the benefits of currency hedging in managing foreign currency risk has not changed. The empirical evidence and our experience in managing the Global Value Fund continue to suggest that over long measurement periods, exposure to foreign currency is not meaningfully additive to the total returns a U.S. investor receives from investing in non-U.S. equities. In other words, the performance of hedged and unhedged indices tend to come together over long measurement periods, despite shorter interim periods of great disparity. Moreover, currency movements are simply beyond our ability to predict. The frictional costs of hedging have also proven to be *de minimus* over the long

term in developed markets. For example, since the inception of the Global Value Fund in 1993, the difference between the annualized returns of the MSCI EAFE (in US\$) and the MSCI EAFE (Hedged to the US\$) was only 38 basis points as of June 30, 2011. The hedged index returned 5.16% annualized and the unhedged index returned 5.54% over this 18-year period. Both our experience and studies have also shown that hedging currency risk lessens the volatility of international equity returns. The Global Value Fund continues to be managed on a currency hedged basis.

INVESTMENT APPROACH

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

of intrinsic value and margin of safety results in an investment policy that runs counter to the general market psychology and seeks to reduce the decision to purchase or sell securities to a discipline rather than an art.

In determining intrinsic value, our research focuses on fundamental principles of balance sheet and income statement analysis, and a knowledge and understanding of actual corporate mergers, acquisitions, and liquidations. From more than 10,000 publicly traded corporations outside the United States, we research and select for investment those issues selling at substantial discounts to our estimate of intrinsic value. To minimize errors in analysis or events which could adversely affect intrinsic values, we adhere to a policy of broad diversification, with no one issue generally accounting for more than 3% to 4% at cost of portfolio assets, and no one industry group generally accounting for more than 15% to 20% of portfolio value. Portfolios are not constrained by market capitalization considerations, with the result that a significant portion of portfolio assets may be invested in smaller (generally under \$1 billion) and medium (up to \$5 billion) capitalization companies.

Many stocks held in the Fund also have one or more of the following investment characteristics: low stock price in relation to book value; low price-to-earnings ratio; low price-to-cash-flow ratio; above-average dividend yield; low price-to-sales ratio as compared to other companies in the same industry; low corporate leverage; low share price; purchases of a company's own stock by the company's officers and directors; company share repurchases; a stock price that has declined significantly from its previous

high price and/or small market capitalization. Academic research and studies have indicated an historical statistical correlation between each of these investment characteristics and above-average investment rates of return over long measurement periods.

EMPIRICAL EVIDENCE

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

FEES

Tweedy, Browne Company LLC, the Adviser, has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Global Value Fund II – Currency Unhedged to the extent necessary to maintain the total annual fund operating expenses (excluding fees and expenses from investments in other investment companies, brokerage, interest, taxes and extraordinary expenses) at no more than 1.37% of average daily net assets. This arrangement will continue at least through December 31, 2012, and from year to year thereafter subject to the approval of the Board of Directors.

TAX EFFICIENCY

Historically, portfolio turnover in the Global Value Fund has been quite low. The Global Value Fund's fiscal year turnover since inception has averaged below 14% and the highest fiscal year turnover was 23% (through March 31, 2010). Average holding periods for stocks have been between 5 and 6 years. Low turnover tends to lead to a tax efficient portfolio that produces more long-term capital gains than short-term gains. We expect the turnover in the Global Value Fund II – Currency Unhedged to be very similar to the Global Value Fund over time.

PORTFOLIO MANAGEMENT TEAM

The management team for the Global Value Fund II – Currency Unhedged consists of the Firm's Investment Committee, supported by nine equity analysts.

*Investment Committee**

WILLIAM H. BROWNE

1978 to present: Tweedy, Browne Company LLC
1973 to 1977: Drexel Burnham Lambert
B.A. Colgate University (1967)
M.B.A. Trinity College, Dublin (1970)
Affiliations: Chairman of the Board of Directors and Vice President, Tweedy, Browne Fund Inc.;
Trustee Emeritus, Colgate University.

THOMAS H. SHRAGER

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

JOHN D. SPEARS

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

ROBERT Q. WYCKOFF, JR.

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

** Members of the Investment Committee are also the four Managing Directors of the Firm and comprise the Firm's Management Committee, which oversees operations and business matters of Tweedy, Browne Company LLC.*

Analysts

OLIVIER BERLAGE

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

DAVID BROWNE, CFA

2005 to present: Tweedy, Browne Company LLC
5/2003 to 8/2003: Tweedy, Browne Company LLC
Tuck Business Bridge Program, Tuck School of
Business at Dartmouth (2004)
B.A. Colgate University (2005)

ROGER R. de BREE

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

FRANK H. HAWRYLAK, CFA

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

J. JAY HILL, CFA

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

LAURA JERESKI

1998 to present: Tweedy, Browne Company LLC
1993 to 1998: Wall Street Journal
1990 to 1993: Forbes Magazine
1989 to 1990: Business Week
1985 to 1989: Forbes Magazine
1983 to 1985: Marketing & Media Decisions
B.A. Harvard University (1983)

DAVE KRASNE, CFA

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

ELLIOT H. LARNER

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

SEAN McDONALD, CFA

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

Client Services

JASON J. MINARD

Executive Vice President

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

FREQUENTLY ASKED QUESTIONS

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

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

2. What expenses do shareholders incur in the Global Value Fund II – Currency Unhedged, and how do they compare to the Global Value Fund?

Tweedy, Browne Company LLC, the Adviser, has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Global Value Fund II – Currency Unhedged to the extent necessary to maintain the total annual fund operating expenses (excluding fees and expenses from investments in other investment companies, brokerage, interest, taxes and extraordinary expenses) at no more than 1.37% of average daily net assets. This arrangement will continue at least through December 31, 2012. We expect that the Global Value Fund II – Currency Unhedged to have very similar expenses to the Global Value Fund over time without fees being waived or expenses reimbursed. As of March 31, 2011, the Global Value Fund had an expense ratio of 1.42%. As of March 31, 2011, before the waiver of the advisory fee and reimbursement of expenses, the Global Value Fund II – Currency Unhedged had a gross expense ratio of 1.63%. Neither Fund has a sales load or 12(b)-1 fee. To prevent short term trading, a 2% redemption fee is imposed on redemption proceeds for redemptions or exchanges made within 60 days of purchase on both Funds.

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

No. In doing this, we are in no way suggesting that investing on an unhedged basis is preferable. Our point of view regarding the benefits of currency hedging in managing foreign currency risk has not changed. The

empirical evidence and our experience in managing the Global Value Fund continue to suggest that over long measurement periods, exposure to foreign currency is not meaningfully additive to the total return a U.S. investor receives from investing in non-U.S. equities. In other words, based on historical data, the performance of hedged and unhedged indices tend to come together over long measurement periods despite shorter interim periods of great disparity. The frictional costs of hedging have also proven to be *de minimus* over the long term in developed markets. For example, since the inception of the Global Value Fund in 1993, the difference between the annualized returns of the MSCI EAFE (in US\$) and the MSCI EAFE (Hedged to the US\$) was only 38 basis points as of June 30, 2011. The hedged index returned 5.16% annualized and the unhedged index returned 5.54% over this 18-year period. Both the Adviser's experience and studies have also shown that hedging currency risk lessens the volatility of international equity returns. The Global Value Fund continues to be managed on a currency hedged basis.

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

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

Currency Unhedged, gain access to a diversified portfolio of foreign stocks, and remain exposed to their associated foreign currencies.

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

Yes, there will be significant overlap between the two Funds over time. However, the Global Value Fund II – Currency Unhedged has not simply “mirrored” the Global Value Fund by taking positions in the same securities. All Tweedy, Browne portfolios are cautiously constructed from the ground up, stock by stock with careful attention paid to the entry price of each security. During the initial construction phase of the Global Value Fund II -- Currency Unhedged, there were several stocks in the Global Value Fund that we were comfortable holding as they had not yet reached our estimate of their intrinsic values. But these securities were not trading at a level of discount that met our strict deep value criteria for purchase. So, while we held and may continue to hold many of these securities in the Global Value Fund, we will not purchase new shares for the Global Value Fund II – Currency Unhedged, or any portfolio, unless they provide the margin of safety that we require for purchase. As time goes by and these older securities are sold off in the Global Value Fund as they reach intrinsic value, and shares of new securities are purchased by both Funds, we believe that the portfolios will gradually become more and more similar. The only major difference in the management of the two Funds is that the Global Value Fund generally hedges against all perceived foreign currency risk and the Global Value Fund II – Currency Unhedged generally does not hedge its currency exposure.

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

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

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

7. Who manages this Fund?

The Fund is managed by the same management team that oversees the three other Tweedy, Browne Funds. Our management team consists of the firm's four Managing Directors, supported by nine equity analysts.

8. Does management invest alongside shareholders in this Fund?

Of course. The Managing Directors of Tweedy, Browne have always invested right alongside the Firm's clients. As of June 30, 2011, the current Managing Directors and retired principals and their families, as well as employees of Tweedy, Browne had more than \$656 million

in portfolios combined with or similar to client portfolios, including approximately \$97 million in the Global Value Fund, \$56 million in the Value Fund, \$5 million in the Worldwide High Dividend Yield Value Fund and \$3 million in the Global Value Fund II -- Currency Unhedged. We have always owned what our clients own.

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

Yes. However, our advice is to stick with the Fund you have chosen. Moving assets back and forth between the Global Value Fund and the Global Value Fund II - Currency Unhedged could lead to unfortunate timing errors. Tweedy, Browne also reserves the right to exclude investors who violate our short-term trading policy and a 2% redemption fee will be imposed for shares sold or exchanged within 60 days of purchase. *All shareholders are encouraged to carefully evaluate potential realized gain tax consequences, which could be a result of selling shares of either Fund.*

10. Does the Fund impose a short-term redemption fee?

A 2% redemption fee is imposed on redemption proceeds for redemptions or exchanges made within 60 days of purchase.

11. When are capital gain and dividend distributions paid?

Distributions are paid on the same schedule as the Global Value Fund - once per year, typically in late December.

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

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

13. Which Fund should Tweedy, Browne investors choose for international stock exposure? The hedged Global Value Fund or the Global Value Fund II – Currency Unhedged?

Investors should bear in mind that both Funds own a similar underlying portfolio of stocks that meet the Firm's value investment criteria. Both Funds are managed by the same investment team. The only material difference is that in one Fund investors will be exposed to currency risk while in the other they generally will not be. If past experience holds, the two Funds are likely to produce similar rates of return over the long term. Ultimately, the choice whether or not to accept currency risk is a personal one, and one which we cannot make for the investor.

Endnotes

Current and future portfolio holdings are subject to risk. Investing in foreign securities involves additional risks beyond the risks of investing in U.S. securities markets. These risks include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various non-U.S. countries. In addition, the securities of small, less well-known companies may be more volatile than those of larger companies. Value investing involves the risk that the market will not recognize a security's intrinsic value for a long time, or that a security thought to be undervalued may actually be appropriately priced when purchased. Please refer to the Funds' prospectus for a description of risk factors associated with investments in securities which may be held by the Funds.

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

The Tweedy, Browne Global Value Fund, Tweedy, Browne Global Value Fund II – Currency Unhedged, Tweedy, Browne Value Fund and Tweedy, Browne Worldwide High Dividend Yield Value Fund are distributed by Tweedy, Browne Company LLC.

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

TWEEDY, BROWNE FUND INC.

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