Investment Manager's Report

"We live in interesting times" is a frequently used phrase believed to derive from an earlier expression, "may you live in interesting times," the origin of which is murky. In either version the intent is to convey a sense of an uncertain, unpleasant world. While there is little doubt we live in interesting times, we hesitated using this phrase in our letter, concerned that the expression carries with it a degree of alarm that we don't necessarily share. We believe a more apt description of where we are today is that "we live in hard-to-figure-out times." And yet, many global equity markets have continued marching onwards and upwards.

Our largest single asset today is cash – an asset that causes many investors, some of whom are our shareholders, angst. Holding an asset that is producing next to nothing, or in fact nothing, is understandably a difficult proposition. The search for return in the fixed income world seems to be "running dry," with yields to maturity leaving most people scratching their heads in amazement. Many Japanese and European government bonds now have negative yields, an oddity for us, since the idea of having to pay someone to hold their debt doesn't seem right. When the U.S. government has to pay more to borrow than the Italian or Spanish governments, there are obviously factors at work that go beyond conventional economic analysis. While there are some very good explanations for this phenomenon, which have a lot to do with the actions of the European Central Bank, we won't go into these in the interest of staying on track. Suffice it to say that the status quo doesn't appear to be sustainable with the expected return from fixed income instruments having been pulled forward, leaving likely future returns pretty skimpy. In a previous letter, we mentioned a comment from *Grant's Interest Rate Observer* describing returns in the fixed income markets as "bird seed." Today, it seems investors are in many instances having to fork over some "bird seed" to own a bond.

The pricing in the fixed income markets has, in our estimation, been a factor in pricing in the equity markets, although a number of other factors are certainly at work. The search for yield in a low-yield world has led many to the equity markets as the better relative option and, as prices rise, skepticism seems to have taken a back seat.* For us, the idea of buying something with the expectation that someone will bid it up higher has never been a very comfortable proposition. We need a better case for owning something because, at some point, the music stops – and we can't predict when that will happen. If in fact we could predict, our predictions would matter more than price; but since we don't have a high degree of confidence in our predictive skills about the markets, we have to fall back on valuations and prices of shares, where we think we have some ability. In the meantime, investors drive prices and prices drive investors.

As you have probably concluded from the foregoing and from a reading of our previous letters, the search for new opportunities at attractive entry prices has been a slow process. Most of our holdings have appreciated with the general rise in equity markets, leaving us with a portfolio of fairly priced businesses, albeit businesses we believe have favorable future prospects, and in many cases a management culture of sharing some of the gains with shareholders via dividends and share buybacks. We will continue to pare back exposures where we think too much optimism has been priced into the stock. The fact that there are not a lot of opportunities shouldn't come as a surprise. We are in the seventh year of recovery from the worst financial crisis since the Great Depression, and the asset management industry is populated by a large number of able, ambitious people who come to work early as we do and scour the world for an opportunity. Perhaps what separates us from most is how we define an opportunity. Despite the fact that the economic recovery in many parts of the world has been uneven and less than hoped for (some even suggest it is sputtering in some large developing economies), there is a vocal contingent that is never at a loss for things to buy. Since we don't believe we have a corner on the good ideas we like to listen; but, in general, we do not agree with a lot of the suggestions.

Now we want to talk about what we are doing in these "hard-to-figure-out" times, as we described them at the outset. One outcome is the result of some simple arithmetic. If equity markets continue to rise and our largest asset is cash, the inescapable conclusion is that we will likely lag, for some period, the benchmark many use to measure our investment skill. We should do all right, but we probably won't match the benchmark. This is aggravated by the fact that there is an ever increasing short-term perspective at work in most markets, a focus we don't share. We recently read that the annual estimated share trading turnover rate in the largest ETF, the Spider S&P 500, is in excess of 2000% (this implies a holding period of 18 days). This focus on factors producing short-term swings in prices is at times an aggravation for us. We think it could be a real problem for those who think they can predict the short-term movements of securities and markets. Our view is that a focus on a longer-term horizon is an advantage – there is normally less competition, less investor interest, and larger discounts. Simply buying stocks because they are the least worst option available now (relative to alternatives) has never been a valid basis for us to part with your money and our money.

What we do know is that there are numerous crosscurrents at work on a macro-economic and geo-political level. Muddying already muddy waters is relentless media coverage, much of which creates a sense of alarm or is simply unhelpful in trying to make sensible investment decisions. Coupled to this is what seems to be eternal optimism coming out of Wall Street. Add to this the fact that the behavioral biases of investors (the average investor is poorly wired for objective decision making) are in direct conflict with their efforts to maintain objectivity, and the view from the windshield is not clear.

** 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.*

Our response has been, and is, to revisit the principles we have used to guide our decision making for over four decades. They have served us well in both good and difficult environments. Doing so is helpful to us – it keeps us on track so to speak – and helpful to our investors, who will at the very least have a better understanding of what we are doing every day.

The essence of what we do (and you have heard us say this before) is quite simple and based on what we refer to as Ben Graham's "Big Idea": a share of stock is a fractional interest in a business. You buy shares when the market under-prices the business relative to what your analysis indicates you would receive were it sold in an arm's-length, negotiated transaction. You spend your time trying to determine within a reasonable range the value of the business and then you wait. You wait for the market to give you the chance to buy some shares at less than your analysis indicates they are worth. We call it "thinking like an owner."

We like this model because we believe it has some inherent strengths:

- It provides an objective anchor for owning the investment.
- Businesses have values independent of the market, making the analysis a more knowable exercise to our way of thinking.
- Business valuation provides a benchmark for buying and selling.
- The process is inversely emotional or contrarian.
- The process implicitly has a longer time horizon – the further out your focus, the bigger the spread and the less competition.
- There is a universal, timeless aspect – we don't have to reinvent the wheel periodically.
- It enables us to focus on why we own something and insulates us from many of the behavioral biases which are in conflict with better decision making.
- It leads us to a redefinition of risk, which, for us, is not volatility, but whether the business can continue to compete successfully and profitably.

In the end it helps us and you manage your temperament, which we view as central to investing profitably. Now we will turn to a discussion of what has happened in the past year.

Performance Results

Presented below are the investment results of Tweedy, Browne Value Funds SICAV (the "Fund") for the six months ended March 31, 2015 with comparisons to the indices we consider relevant. In this report, we have presented the Investment Manager's Report for the four Sub-Funds in one letter, which reflects the performance details and our views on the performance, as well as the financial statements for each Sub-Fund.*

Performance results for the Tweedy, Browne Sub-Funds were mixed over the six months. All four Sub-Funds produced positive returns in local currencies; however, the Value Fund (USD) produced negative returns when translated back into U.S. dollars. Our hedging policy in the other Sub-Funds helped to dampen some of the volatility associated with large swings in global currencies, particularly the euro and Swiss franc. While the euro-based Sub-Funds would have benefited had they not been hedged, the Swiss franc Sub-Fund would have suffered considerably without the hedge. To date, we have not found a reliable way to predict wild currency fluctuations, and we are content with continuing to hedge our euro and swiss based Sub-Funds, believing that over time our shareholders will benefit from what we think is reduced volatility caused by changes in currency rates. It was a difficult period for benchmark comparisons, as above-average cash reserves, significant underweightings in Japanese and/or U.S. equities, and our oil & gas holdings weighed on nearer-term relative returns.

Tweedy, Browne Value Fund (USD)

Annualized Results* ending March 31, 2015

	Tweedy, Browne Value Fund (USD)	***MSCI World (in USD)***	***S&P 500 Index***
6 Months	-3.96%	3.35%	5.93%
1 Year	-3.90%	6.03%	12.73%
3 Years	7.78%	12.19%	16.11%
5 Years	6.97%	10.01%	14.47%
10 Years	4.75%	6.39%	8.01%
Since Inception *(10/31/96)*	6.00%	6.21%	7.99%

Performance returns are annualized and time weighted for periods greater than one year. The value of the shares and the return they generate can go down, as well as up. They are affected by market volatility and by fluctuations in exchange rates. Past performance is no indication of future results. The calculation of the Tweedy, Browne Value Fund (USD) performance complies with the "Guidelines on the Calculation and publication of Fund performance data," which were published for the Swiss Funds Association (SFA) on May 16, 2008.* ***Performance calculations are presented for Investor Shares.*

Tweedy, Browne International Value Fund (Euro)

Annualized Results* ending March 31, 2015

	Tweedy, Browne International Value Fund (Euro)†	*MSCI EAFE (Hedged to US$/Euro)*	*MSCI EAFE (in US$/Euro)*
6 Months	6.63%	12.56%	18.95%
1 Year	13.63%	17.36%	27.15%
3 Years	12.75%	15.90%	17.13%
5 Years	9.99%	8.48%	11.18%
10 Years	7.85%	5.73%	6.97%
Since Inception *(10/31/96)*	9.32%	5.36%	5.57%

Performance returns are annualized and time weighted for periods greater than one year. The value of the shares and the return they generate can go down, as well as up. They are affected by market volatility and by fluctuations in exchange rates. Past performance is no indication of future results. The calculation of the Tweedy, Browne International Value Fund (Euro) performance complies with the "Guidelines on the Calculation and publication of Fund performance data," which were published for the Swiss Funds Association (SFA) on May 16, 2008.* ***Performance calculations are presented for Investor Shares.*

† Prior to May 17, 2004 the sub-fund was denominated in US$ and its investments were hedged to US$. Effective May 17, 2004, the base currency of the sub-fund was changed to Euros and its investments were hedged to Euros. Performance results through June 30, 2004 are based on the percentage increase in US$ value of shares to May 17, 2004, and percentage increase in Euro value of shares thereafter. Accordingly, such performance figures do not represent the percentage increase in the US$ or Euro value of shares in the sub-fund over the whole of the indicated periods.

For comparative performance purposes, the linked MSCI EAFE (hedged to USD/Euro) and MSCI EAFE (in USD/Euro) indices are shown, and represent index performance for the applicable performance periods. Therefore, the most appropriate benchmark for the period prior to May 17, 2004 was the MSCI EAFE Index (hedged to USD) and MSCI EAFE (in USD); for the period thereafter, the most appropriate benchmark indexes are the MSCI EAFE Index (hedged to Euro) and MSCI EAFE Index (in Euro).

Tweedy, Browne International Value Fund (CHF)

Annualized Results* ending March 31, 2015

	Tweedy, Browne International Value Fund (CHF)	*MSCI EAFE (Hedged to CHF)*	*MSCI EAFE (in CHF)*
6 Months	1.40%	11.91%	2.80%
1 Year	5.39%	16.52%	8.95%
3 Years	10.00%	15.50%	11.67%
5 Years	7.63%	8.08%	4.47%
10 Years	5.42%	5.03%	3.01%
Since Inception *(10/31/96)*	7.43%	4.08%	3.39%

Performance returns are annualized and time weighted for periods greater than one year. The value of the shares and the return they generate can go down, as well as up. They are affected by market volatility and by fluctuations in exchange rates. Past performance is no indication of future results. The calculation of the Tweedy, Browne International Value Fund (CHF) performance complies with the "Guidelines on the Calculation and publication of Fund performance data," which were published for the Swiss Funds Association (SFA) on May 16, 2008.* ***Performance calculations are presented for Investor Shares.*

Tweedy, Browne Global High Dividend Value Fund

Annualized Results* ending March 31, 2015

	Tweedy, Browne Global High Dividend Value	*MSCI World (Hedged to Euro)*	*MSCI World (in Euro)*
6 Months	8.84%	7.89%	21.56%
1 Year	15.47%	13.50%	36.06%
3 Years	11.71%	14.84%	20.53%
5 Years	9.39%	10.45%	15.21%
Since Inception *(6/1/07)*	4.06%	2.85%	6.11%

Performance returns are annualized and time weighted for periods greater than one year. The value of the shares and the return they generate can go down, as well as up. They are affected by market volatility and by fluctuations in exchange rates. Past performance is no indication of future results. The calculation of the sub-Funds' performance results complies with the "Guidelines on the Calculation and Publication of Fund Performance Data," which were published for the Swiss Funds Association (SFA) on 27 May 16, 2008.* ***Performance calculations are presented for Investor Shares**.*

Our Sub-Funds' Portfolios

Please note that individual companies discussed herein represent holdings in our Sub-Funds, but are not necessarily held in all four of our Sub-Funds.

Unfortunately (or fortunately, depending on your point of view), there is very little fear in most developed global equity markets today, and as a result there is precious little margin of safety available to value investors such as ourselves. While we continue to diligently scour the globe for bargains, portfolio activity has been quite modest. It's fair to say (and it is not surprising) that we are in a rather defensive mode, as many equity indices are hitting all-time highs.

While all of our Sub-Funds participated in the advance over the six months (in local currency), and the majority of our holdings continued to make financial progress, posting in some instances double digit returns, it was a challenging period for relative results as fully invested indexes charged ahead of most actively managed funds. The stellar returns that we achieved in many of our consumer staples stocks, our media companies and several of our financial holdings, including our insurance stocks, were held back somewhat by our modestly over-weighted position in oil & gas stocks and our building store of cash reserves.

Around the middle of 2014, our global and international portfolios began to face a variety of headwinds, including an economic slowdown in Europe and a decline in the price of oil. These headwinds developed into full gales by calendar year-end, catalyzed in part by growing deflationary concerns in Europe, renewed fears about the possibility of Greece exiting the eurozone, and the Saudis' decision to no longer serve as the swing producer balancing supply and demand in the world oil markets. The result was a rather dramatic increase in volatility in equity markets around calendar year-end, wild swings in currencies, and a collapse in the price of oil. Meanwhile, U.S. markets have been buoyed by a significant pick-up in economic growth, a strong U.S. dollar, and continued low rates of inflation. Against this backdrop, it is understandable why U.S. equities have significantly outperformed their international counterparts. Now, however, as we write, sentiment seems to have once again been turned on its head with European share prices, on average, surging forward in the wake of quantitative easing.

One factor playing a significant role in the near term relative underperformance of our portfolios has been the continued strong performance of U.S. equities, which today constitute nearly 60% of the total weight of the MSCI World Index. In contrast, U.S. equities make up approximately 33% of the Tweedy, Browne Value Fund (USD) and roughly 18% of the Tweedy, Browne Global High Dividend Value Fund. Compounding the relative performance difficulties we faced in the Value Fund (USD) over the last six months was the strength of the U.S. dollar relative to most major currencies, particularly the euro, which has somewhat diluted the near term return in the Sub-Fund. Our currency hedged Sub-Funds, where we have chosen to hedge foreign currency exposure back into either the euro or Swiss franc, were protected for the most part from volatility in foreign currencies relative to their base currencies. While there are no guarantees, of course, over time we expect the currency impact on the long-term returns of our Fund portfolios, whether hedged or unhedged, to be de minimis, as it has proven to be in the past.

What began as a slow decline in oil prices late last summer turned into a runaway train in the 4th quarter, but has abated somewhat as we write this letter. This has not gone without consequences for our Sub-Funds, as we had a pretty healthy exposure to oil & gas related companies prior to the decline. With declining oil prices driving oil shares lower in the near term, it is easy to lose sight of the longer-term fundamental case for oil & gas. While we have no clue as to what will happen to oil prices in the short run, we believe that, over the longer term, the supply demand equation for oil & gas should remain relatively tight, due to declining production curves, increasing demand, and higher finding and development costs. Some experts suggest that the marginal cost today of finding and developing a barrel of oil is well north of the current price of oil. To a great extent, lower cost oil discovered and developed years ago is today being replaced by higher cost oil, i.e., oil from unconventional sources such as deep-water offshore and shale deposits. While Saudi Arabia remains a significant unknown factor in the near-term pricing of oil because of its ability to substantially increase or decrease production, longer-term factors, in our judgment, remain very favorable. Furthermore, we believe the oil & gas companies in our portfolios have significant financial resources and attractive production growth profiles. This includes fully integrated oil companies such as Total and Royal Dutch; Canadian oil sands producers such as Cenovus, mid-size exploration and production companies such as Devon Energy; and service companies such as Halliburton and National Oilwell Varco. Many of these companies also generate cash flow that is currently being used to pay what we believe are sustainable dividends as we wait for longer-term value recognition in our shares. *(Dividends are not guaranteed, and a company that is currently paying dividends may cease paying dividends at any time.)*

In contrast to the challenges we have faced in the oil patch, we had strong returns in consumer staples holdings such as Heineken, Unilever, and Henkel; financial holdings such as Provident Financial, Munich Re, SCOR, and Zurich Insurance Group; media holdings such as Axel Springer Schibsted and Tamedia; and industrial holdings such as Safran, G4S, and Teleperformance. We also had very nice returns in a variety of other holdings including Novartis, Akzo Nobel, and Imperial Tobacco.

As noted above, portfolio activity has been quite modest given the limited opportunity set available in global equity markets. It is also important to note that, when we have uncovered new opportunities over the last year or so, they have almost without fail been businesses that were going through a difficult time and facing near-term challenges. High quality businesses, the likes of Nestlé and Diageo, are simply not available at prices that we believe make sense in heady bull markets. Success in the more temporarily challenged types of companies invariably takes time to play out. An example of this is a company we invested in approximately two years ago, TNT Express. As you will recall, this is the Dutch parcel company that competes with the likes of UPS and FedEx around the globe, but which holds a strong position in Europe. Many years back, TNT had ventured abroad to places like China and Brazil where its investments did

not turn out as planned. The company was approached three years ago by UPS, which made a bid to acquire TNT that was subsequently denied by the European regulators as being anti-competitive. TNT's stock price collapsed by roughly 33%. Shortly thereafter we got interested in the business, and felt that at a price of around six euros a share, it was trading at a significant discount to our conservative estimates of its intrinsic value, which we estimated at that time to be approximately nine euros per share, or a slight discount to what UPS had bid for the entirety of the business. After the takeover failed, TNT announced a restructuring in an effort to improve their margins, and we began building a position in the stock over time at prices between 4.5 and 6.4 euros a share. The restructuring in the near term proved somewhat ineffective as the European economy stalled, and its stock price made very little progress. We had concluded during our initial research that, if the restructuring did not take, the company might be ripe for an activist or another suitor such as FedEx, which did not have a large economic footprint in Europe. Kismet struck in early April, as FedEx announced that they were acquiring TNT in an all-cash deal at a price of eight euros a share, or a 35% to 40% premium over our average cost in the stock. It appears to be a win-win for all parties involved, as FedEx was able to take advantage of the extraordinarily weak euro together with very cheap financing to pay a fair price for the business. While we never count on a takeover to achieve our returns in a security, undervalued businesses such as TNT can sometimes attract potential buyers, which inures to the benefit of shareholders such as ourselves.

Another company facing headwinds over the last couple of years, and one in which we have been building a position over the last year or so, is Standard Chartered. We described this bank in considerable detail in our last Semi-Annual Report. The bank has faced challenges over the last year and has been a negative contributor to portfolio returns as growth continues to slow in emerging markets. However, Standard Chartered recently announced a change in leadership which has been favorably received in equity markets. Bill Winters, a JPMorgan alumnus and a man very familiar with the regulatory environment in the UK, is taking the helm from Peter Sands. Over the last year, Standard Chartered has been de-risking its asset base by selling off lower-returning businesses, and diligently rationalizing its loan portfolio. The bank's global network provides it with what we believe is a durable competitive advantage, and when the emerging economies begin to improve and come back into favor, we are hopeful that Standard Chartered will be able to capitalize on its strong competitive position. We have been building our position over the last year as its stock price came down, and it is currently trading at approximately 11 times what the company is expected to earn this year. Additionally, the stock is currently paying us a dividend yield in excess of 5% that appears to be sustainable while we wait for value recognition in our shares.

We have also added to our position over the last six months in Antofagasta, a premier Chilean mining company that is a low cost producer of copper, a more supply-challenged commodity, and recently (after the end of the semi-annual period) began building a new position in Hyundai Mobis, which is the after-sales, module, and core automotive parts business for Hyundai and Kia automobiles. Hyundai Mobis has had a good record of compounding its intrinsic value over the last ten years, and at purchase was trading at less than 10 times earnings, and less than 60% of our estimates of the company's intrinsic value. These additions, among a handful of others, unfortunately, have not been enough to offset the selling and trimming of existing positions in the Sub-Funds that have, in our view, reached intrinsic value.

We would remind our shareholders that each of these investments has been made in the context of a diversified portfolio. While most investments in our portfolios have worked out over time, some have not. Businesses and managements can and do disappoint us from time to time. They can perform poorly, face unanticipated competition, allocate capital in value-destructive ways, weaken their balance sheets with debt, and make ill-advised acquisitions. Even when managements and businesses perform well, it may take time for value to be recognized in market prices, and the timetable of our equity markets is not necessarily consistent with ours. That said, following Ben Graham's approach of seeking a significant "margin of safety" in a stock at the time of purchase has generally served us very well and has protected us from many unpleasant surprises. While we work extraordinarily hard to anticipate these risks, some are inevitable, and that is the why we diversify.

While the current environment remains challenging from a valuation perspective, with undervalued securities extraordinarily difficult to come by, we feel our Sub-Fund portfolios are very well positioned. We like the businesses in which we are invested. We believe that most, if not all, are reasonably valued to modestly undervalued, have strong balance sheets with conservative leverage, and have earnings power that in many instances is protected by durable competitive advantages. Our Sub-Fund portfolios remain diversified by issue, industry and country, have a developed-market focus, and maintain cash reserve levels that vary between 8% and 13% as of March 31. With this kind of profile, we believe our shareholders should participate meaningfully if equity markets continue to advance and valuations become even more extended. However, should we face added volatility or perhaps even a long-overdue correction, we are in a position to take meaningful advantage.

With respect to our Global High Dividend Value Fund, its portfolio companies as a group made significant fundamental financial progress in the last six months. Ten companies increased their dividends by 7% or more with Cisco, Imperial Tobacco, Royal Dutch, and Siemens all announcing increases of 10% or more. Twenty of 31 holdings increased their dividend over the last five years at a compound annual growth rate greater than 5% per year. Twenty of 31 holdings have increased or maintained their dividend for ten consecutive years or more. Three of our holdings have increased their dividend consecutively for 25 years or more: Emerson Electric (57 years); Johnson & Johnson (52 years); and Nestlé (25 years). For the most part, our holdings are conservatively leveraged, have demonstrable competitive advantages, moderate payout ratios and, as of March 31, 2015, traded at a weighted average price-to-earnings multiple of approximately 16 times current earnings, with a weighted average dividend yield of 3.7%. *(Please note that the weighted average dividend yield shown above is not representative of the Sub-Fund's yields, nor does it represent the Sub-Fund's performance. The figure solely represents the average dividend yield of the common stocks held in the Sub-Fund's performance.)*

In terms of portfolio attribution for the last six months, we had exceptionally strong returns in a number of our financial holdings, particularly insurance stocks such as Munich Re, SCOR, and Zurich Insurance Group. Consumer staples holdings such as Unilever, Nestlé and Imperial Tobacco also had very strong returns over the last six months as did pharmaceutical companies such as Novartis and

GlaxoSmithkline. We also had excellent results in Cisco, Michelin, G4S, and Akzo Nobel. In contrast, as with our other Sub-Funds, difficult results in our oil & gas holdings held back overall portfolio returns.

Portfolio activity was relatively modest over the last six months. As with our other Sub-Funds, we were net sellers for the period, unable to completely replace the sales and trims we made with new buys and additions to existing positions. We established one new position in the Sub-Fund during these six months, Michelin.

Michelin, the long established French tire manufacturer that produces tires for cars, commercial trucks, and mining and agricultural equipment, was added to the portfolio in November. Seventy-five percent of sales are for replacement tires with approximately one-third of revenue coming from emerging markets. At purchase, the entire enterprise, including assumption of interest bearing debt, net of cash, was trading a little over seven times estimated 2014 EBIT (earnings before deducting interest and taxes), and approximately ten times after-tax earnings, with a dividend yield of roughly 3.8%. In our judgment, the current management is shareholder friendly and focused on generating attractive returns on invested capital and free cash flow. A few of the characteristics of Michelin that caught our attention during our research process include the following:

- market leader in a relatively consolidated industry;
- beneficiary of a growing global middle class that wants to drive cars;
- demonstrated ability to compound both its book value and our estimate of intrinsic value at more than respectable rates over the last ten years (book value 12%, compounded, including dividends; intrinsic value 10%, compounded, including dividends);
- strong balance sheet with low debt to EBITDA (earnings before deducting interest, taxes, depreciation and amortization) of 0.2X;
- unique corporate governance structure with the CEO and the founding family having unlimited personal liability for the company's debts;
- shareholders who have owned the stock for more than four years get double voting rights;
- all important capital allocation policies have been rational, in our opinion; and
- the company has recently bought back shares.

With European car markets much stronger than expected and a weak euro enhancing earnings translations, Michelin's stock price is up nearly 42% since we made our first purchases last November.

What's In Your Investment "Wallet"? Euro, pounds, Swiss francs, Canadian dollars, U.S. dollars?

As we have slowly climbed out of the economic hole created by the financial crisis, policy makers around the globe have utilized monetary expansion and currency devaluation in an effort to stimulate their respective economies. Interest rates have been artificially driven to their lowest levels in over 35 years, and yield is virtually impossible to come by except in places like Greece. Remember back to 2011, when equity markets were buffeted by Greece's travails and there were concerns about possible contagion in Southern Europe. During that tumultuous year, bond spreads on Italian and Spanish debt soared. For example, between February 2, 2011 and November 25, 2011, the yield on five year Italian bonds increased from 3.6% to 7.7%. Between March 18, 2011 and November 25, 2011, the yields on five year Spanish debt increased from 4.2% to 6.3%. In comparison, as we write this letter on April 30, Greece's problems continue; however, Italian and Spanish five year debt now yields 0.61%, and shorter term debt (two year bonds) in several countries is now trading at negative yields. Up until recently, quite remarkably, Swiss ten year bonds were at negative yields.

Against this backdrop, it is no wonder that we have had wild fluctuations in currency values of late. Over the last six months, currency fluctuations led to vastly different account performance outcomes, depending on an investor's base currency and what was in the investor's "investment wallet." Unhedged investors in the United States faced significant dilution of their returns in their non-U.S. holdings. The unhedged MSCI EAFE Index (in US$) finished the six months ending March 31 up just 1.1%, while the same index hedged back into U.S. dollars was up 12.4%. In contrast, the currency winds were at the backs of most euro, Canadian and Aussie-based investors. For example, an investor investing in a portfolio designed to mirror the components of the MSCI World Index would have finished the six months up only 3.3% in U.S. dollars, while a euro-based investor holding the same portfolio ended the period up 21.6% in euro. While Swiss-based investors also had the currency winds at their backs for most of last year, shortly into 2015 they had a significant comeuppance when the Swiss monetary authority decided to remove the cap on the Swiss franc/euro exchange rate, driving the Swiss franc up over 20% against the euro over the period between January 14th and January 16th.

So, what has this meant for investors in the Tweedy, Browne Value Funds, and is there any action to be taken? Unfortunately, the chances of an investor successfully trading currencies in the short run are slim to none. Even many professional currency traders don't get it right. The best an investor can do is to diversify and hope that over the long term the past will continue to be prologue and currency translations back into their base currencies will be a wash. Investors whose temperaments are not suited for the volatility associated with foreign currency exposure can always choose to invest in investment vehicles such as Tweedy, Browne's International Value Fund (EUR), International Value Fund (CHF), or Global High Dividend Value Fund, which hedge their foreign currency exposures back into either the euro or Swiss franc. Empirically, and from our own prior investment experience, we have found that, at least from the perspective of a developed market investor, foreign currency exposure can be hedged back into the base currency at virtually no cost over the longer term. Hedging allows investors to reap the local return of their respective equity investments, plus or minus the difference in short term interest rates between an investor's home country and the foreign country, and effectively eliminates the impact of currency on their portfolio. For those investors who do not get exercised over currency fluctuations, or who wish to have foreign currency exposure,

our unhedged Value Fund (USD) may be more appropriate, keeping in mind that this Sub-Fund is valued in U.S. dollars. It has been our experience that, over long measurement periods, hedged and unhedged returns tend to converge, so from our perspective the important thing is not whether to hedge or not, but rather choosing one approach or the other and sticking with it. Otherwise, you could get whipsawed putting on and taking off hedges, or going from a hedged to an unhedged fund at precisely the wrong time.

Comings and Goings

We are pleased to announce that in early December, one of our longest tenured analysts, Frank Hawrylak, was named to our Investment Committee. Frank has been researching both domestic and international equities at Tweedy, Browne for 28 years, and is responsible for a host of successful investments that have made their way into our portfolios over the years. He is a CFA (certified financial analyst), an equity stakeholder in our Firm, and one of the true guardians of our special culture. We look forward to working more closely with Frank in his expanded role at the Firm, and to his contributions to the continued success of Tweedy, Browne.

Unfortunately, David Browne, an analyst who also served on our Investment Committee, recently announced that he would be leaving the firm in May to go out on his own. David has been a valuable member of our research team over the last decade as well as a respected friend and colleague to us all, and he will be sorely missed. We wish him great success in his new entrepreneurial endeavor. Over the next several months, we will be initiating a search for one and possibly two new analysts to add to our talented research team.

With Frank's addition to our Investment Committee and David's departure, we will now have seven members who collaborate on investment decisions at Tweedy, Browne – three analysts and the four Managing Directors. Roger De Bree, Frank Hawrylak, and Jay Hill are all highly talented, intellectually curious, and value-convicted analysts, and any one of them could take a seat at the Managing Director table in the event something were to happen to one of us. Collectively, they have logged over 50 years working at Tweedy, Browne. They are veterans of our culture and investment methodology, and while each brings a unique perspective to evaluating common stocks, they are all very much on the same page when it comes to their investment philosophy and approach. We have always felt that a collaborative, team-oriented approach is the best framework for investment decision-making and organizational stability. Diversity of perspective often leads to unique insights, deeper understanding, and breakthroughs in research, resulting ultimately in higher quality decisions. We have also worked hard to maintain a balance of personalities, which helps to preserve the interpersonal harmony necessary for long and successful careers. It is not an accident that, in our 94-year history, no Managing Director has ever left Tweedy, Browne to take another job. Our current Managing Directors have no plans for retirement in the immediate future, but when the time comes for any of them to do so, our shareholders should take great comfort in the fact that the transition should be seamless.

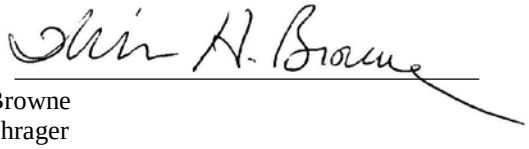
Looking Forward

As we commented in the introduction of this letter, interest rates around the globe are at unprecedentedly low levels, and as a result, investors starved for yield have been forced out on the risk curve, bidding up the valuations of risk assets and making our job of finding undervalued equity investments inordinately difficult. At times like these, we harken back to our roots, and try to remind ourselves how Ben Graham would have behaved in such an environment. We believe the following passage from Chapter 20 of Graham's ***The Intelligent Investor*** entitled "Margin of Safety as the Central Concept of Investment" is particularly instructive:

> *Probably most speculators believe they have the odds in their favor when they take their chances, and therefore they may lay claim to a safety margin in their proceedings. Each one has the feeling that the time is propitious for his purchase, or that his skill is superior to the crowd's, or that his advisor or system is trustworthy. But such claims are unconvincing. They rest on subjective judgment, unsupported by any body of favorable evidence or any conclusive line of reasoning. We greatly doubt whether the man who stakes money on his view that the market is heading up or down can ever be said to be protected by a margin of safety in any useful sense of the phrase.*
>
> *By contrast, the investor's concept of the margin of safety – as developed earlier in this chapter – rests upon simple and definite arithmetical reasoning from statistical data. We believe, also, that it is well supported by practical investment experience. There is no guarantee that this fundamental quantitative approach will continue to show favorable results under the unknown conditions of the future. But, equally, there is no valid reason for pessimism on this score.*
>
> *Thus, in sum, we say that to have a true investment there must be present a true margin of safety. And a true margin of safety is one that can be demonstrated by figures, by persuasive reasoning, and by reference to a body of actual experience.*

Thank you for investing with us, and for your continued confidence.

Sincerely,



William H. Browne
Thomas H. Shrager
John D. Spears
Robert Q. Wyckoff, Jr.
Managing Directors*, Tweedy, Browne Company LLC*

May 2015

Current and future portfolio holdings are subject to risk. Investing in foreign securities involves additional risks which include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various 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 Fund's prospectus for a description of risk factors associated with investments in securities which may be held by the Sub-Funds.

Although the practice of hedging against currency exchange rate changes utilized by the Tweedy, Browne International Value Fund (Euro), Tweedy, Browne International Value Fund (CHF) and Tweedy, Browne Global High Dividend Value Fund reduces the risk of loss from exchange rate movements, it also reduces the ability of the Sub-Funds to gain from favorable exchange rate movements when the currency to which the Sub-Fund is being hedged declines against the currencies in which the Sub-Funds' investments are denominated and in some interest rate environments may impose out-of-pocket costs on the Sub-Funds.