

March 20, 2020

To Our Clients and Friends:

With virtually all major market indexes around the world down 20% or more over the last couple of weeks, and market volatility at anxiety inducing levels for many, we wanted to share our thoughts with you about current market conditions and the crisis spawned by the coronavirus (COVID-19). One important benefit of having been in the investment business now for 100 years is that it can provide useful perspective when markets are running amok.

As we write, the bull market that we have enjoyed over the last 10 plus years appears to be coming to an end, at least in the near term, as the coronavirus wreaks havoc on world health and on our global economy. Coming on the heels of last year's very strong equity market, this abrupt and sharp downturn is understandably unsettling for investors. We have mentioned in our past letters that highly valued markets can sometimes fall victim to "black swan" events that were entirely unforeseeable. This time around, that dark bird has come in the form of a virus that has quickly developed into a pandemic.

While the COVID-19 virus is certainly a serious concern and not to be taken lightly, we want to assure you that we have taken what we believe are all reasonable steps to protect our business, our employees, and our clients' assets. To that end, we have directed that employees showing any signs of respiratory distress, or who are immunocompromised or have family members who are immunocompromised or showing signs of respiratory distress, stay at home. Also, we have asked commuting employees to avoid using mass transit, and to restrict all non-essential business travel. In addition, we have required key employees with similar job functions to work in separate locations, either in our offices in Stamford, our business continuity offsite in Wilton, CT, or at their homes. In this regard, we note that the majority of our employees have the ability to work remotely from home should the need arise. Our fingers are crossed, but so far, no employees have come down with the virus, and it is largely business as usual at Tweedy, Browne. With respect to our client portfolios, we are proceeding thoughtfully, and at a measured pace, to evaluate and take advantage of what we consider to be the best of an increasing number of potential pricing opportunities coming our way.

While it is too early to know when or how this crisis will be resolved, we remain confident that we are prepared for whatever may come our way. Looking back over the last several decades, the stock market has endured some pretty grim news, and persevered and prospered. One only has to think back to the meltdown in both currencies and equities in the Far Eastern markets of Indonesia, Korea, Malaysia, and Thailand in 1997, losing on average roughly 50% of their value. This was followed by the Russian bond default and the subsequent failure of Long Term Capital Management in 1998, which nearly brought the entire market to its knees. In 1999, there was the fear associated with a potential massive systems failure resulting from the digital concerns associated with the Year 2000 (Y2K). In 2000, we, of course, had the bursting of the technology bubble and the presidential "hanging chad" election crisis, followed by the terrorist attack on the World Trade Center and the collapse of Enron in 2001. In 2008, we had the subprime credit crisis, which led to the failure of some of our iconic financial institutions and nearly drove the country into a full scale depression. As Rosanna Rosannadanna (Gilda Radner) used to say on Saturday Night Live, "it's always something." And yet for the last 25 year period through year-end 2019, the MSCI World Index produced a cumulative, albeit lumpy, return of roughly 494%.

So where does all this sturm and drang associated with the coronavirus pandemic leave us? We certainly do not want to leave the impression that we are overly smug or naively optimistic about the outcome. However, while we are concerned about this unsettling turn of events, we do not believe that this threat is likely to impact our longer term approach to markets, nor do we believe that it will permanently impair the underlying intrinsic values of our holdings. Thanks to Benjamin Graham, as investors, we never lose sight of the fact that when we buy a stock, we are actually purchasing an ownership interest in a real business enterprise that has a value which is often independent of

the price at which the business trades in the stock market. To Graham, and to us, the essence of investing has always been to try to exploit discrepancies between those two prices ... to buy bargains in the market. Over time, the stock price can be quite volatile, moving up and down depending on any number of exogenous factors that often trigger overreactions from investors. The underlying estimated intrinsic value of the business tends (in our view) to be far more stable. We focus our attention on the business' intrinsic value, and when we believe the stock market misprices that value, we pounce. When the stock market prices the business at a level that meets or exceeds our estimate of its underlying value, we will often trade our shares back into the market. In the interim, we seek to capture the spread between price and value, and participate in the growth of the businesses' intrinsic value.

At times of crisis like the present, challenging markets will offer up opportunities, and taking advantage of them when they appear, is, in our view, the essence of successful long term investing. We have been very busy over the last few weeks combing through the balance sheets and income statements of a plethora of new ideas, and it may seem counterintuitive, but at times like this, we actually begin to feel better about our prospects for future returns. That said, our and your ability to have a successful investment experience depends in large part on the willingness to "stay on the bus." The ride can be bumpy, but you ultimately have to stay on board to have any chance of reaching your destination. As Margaret Thatcher famously said to George Bush Sr. just before the start of the Kuwait War in 1990, "Remember George, this is no time to go wobbly."

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

Sincerely,

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William H. Browne, Roger R. de Bree, Frank H. Hawrylak, Jay Hill,  
Thomas H. Shrager, John D. Spears, Robert Q. Wyckoff, Jr.

*Investment Committee*

Twedy, Browne Company LLC

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*Twedy, Browne Company LLC serves as the Investment Manager for the Fund. Lemanik Asset Management S.A. has been appointed the management company and global distributor of the Fund.*

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*The **MSCI World Index** is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets*