

# Tweedy, Browne International Value Fund TBGVX

Still a strong option for value-oriented non-U.S. equity exposure.

## Morningstar's Take TBGVX

**Morningstar Rating** ★★★★★

**Morningstar Analyst Rating** Bronze

### Morningstar Pillars

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

**PLEASE SEE IMPORTANT RANKINGS DISCLOSURES ON PAGE 3 OF THE ATTACHED.**

### Role In Portfolio

Core

### Fund Performance

Year	Total Return (%)	+/- Category
YTD	-10.86	2.44
2021	15.59	3.76
2020	-1.00	-1.88
2019	14.63	-3.17
2018	-6.67	8.77

Data through 6-30-22

6-30-22 | by Andrew Daniels

Tweedy, Browne International Value's strong management team and disciplined, risk-conscious approach make it a worthy option to own for the long term. The strategy continues to merit a Morningstar Analyst Rating of Bronze.

The seven-member investment committee that manages this strategy 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. Despite Browne stepping back, he remains a senior advisor to the committee, providing further continuity, and the committee structure naturally reduces key-person risk. Rounding out the investment team are four analysts, who average 21 years of industry experience and 11 years with the firm.

With roots dating back to 1920 when it served as Benjamin Graham's broker, the firm takes great 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. The portfolio is built with little regard for broad market indexes—resulting in high active share—while its strict valuation discipline and willingness to hold cash help make it among the least volatile options in the foreign large-value Morningstar Category. Moreover, this strategy hedges its perceived economic foreign-currency exposure, further reducing volatility.

Not surprisingly, the strategy tends to generate its best relative returns when markets falter, though investors should expect it to lag during rising markets. During the choppy market environment that has persisted in the past year through May 2022, fund's 2.7% loss was better than the core MSCI ACWI ex USA Index's 12.4% loss, the MSCI ACWI ex USA Value category index's 5.7% loss, and 78% of its foreign large-value Morningstar Category peers. The portfolio benefited from good stock selection in healthcare, namely GlaxoSmithKline and Johnson & Johnson. The hedging policy also contributed as the U.S. dollar appreciated versus most major currencies.

**Process Pillar** Above Average | Andrew Daniels 06/28/2022

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

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

The resulting portfolio is built 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 it among the least volatile options in the foreign large-value Morningstar Category. 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. Overall, this strategy comes with a predictable return profile, typically providing ballast during down markets while lagging in rallies.

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.

The strategy had long held between 70 and 90 stocks, though the team broadened it out to 93 names from 79 in the year ended March 2022. Importantly, the change does not appear related to capacity considerations, and the team remains committed to protecting current investors. Instead, the team found several small/mid-cap opportunities in Japan—including Sumitomo Heavy Industries, transcosmos, and Taikisha—and spread its bets for liquidity purposes. That helps

explain why the portfolio's allocation to small/mid-caps increased to 23% from 19% in the year ended March 2022, compared with the index's 12%. Another contributing factor is China, a market that sold off sharply in 2021-22 amid a regulatory crackdown and pandemic restrictions, attracting the team from a valuation perspective. Given the risks inherent in investing in China, however, the team diversified its bets across several companies, such as Haitian International, JD.com, and Tencent Holdings.

**Performance Pillar** | Andrew Daniels 06/28/2022

During the trailing 15 years through May 2022, the fund's 4.0% annualized gain beat the MSCI ACWI ex USA Value category index's 1.3% as well as 97% 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 0.31 Sharpe ratio beat not only the index's 0.13 but also 99% of its value-oriented peers. The fund tends to generate its best relative returns when markets falter: Indeed, its downside capture ratio of 57% 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 69% ranked near the bottom of the category.

This historical performance profile helps explain the fund's recent results. During the choppy market environment that has persisted in the past year through May 2022, the fund's 2.7% loss was not only better than the category index's 5.7% loss and 78% of its value-oriented peers but also held up better than the core MSCI ACWI ex USA Index, which fell 12.4%. The portfolio benefited from good stock selection in healthcare, namely GlaxoSmithKline and Johnson & Johnson. The fact that the portfolio hedges most of its foreign-currency exposure also helped returns as the U.S. dollar appreciated versus most major currencies.

**People Pillar**  Above Average | Andrew Daniels 06/28/2022

This strategy's investment team is experienced and stable, meriting an Above Average People rating.

Tweedy, Browne's seven-member investment committee—which averages 36 years of experience and 28 years with the firm—runs the strategy. The committee, which is among the industry's most experienced, 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 been very stable over the years, 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 experienced analysts support the committee. They average 21 years of experience and 11 years with the firm. While the overall team is not large, all members research stocks, and the team's focus on just three strategies with a similar philosophy means it 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 billion 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 06/28/2022

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 costliest quintile. Such high fees stack the odds heavily against investors. However, 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 deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Bronze.

	Average Annual Total Returns as of 12/31/2023			Total Annual Fund Operating Expense Ratios as of 03/31/2023
	1 year	5 years	10 years	
<b>International Value Fund</b>	12.47%	6.41%	4.50%	1.40% (gross); 1.40% (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](http://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, 2024, 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 during certain periods.

*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.

While Morningstar chose to compare the Fund to the MSCI ACWI ex USA Value Index in the attached report, the Fund's primary benchmark is the **MSCI EAFE Index (Hedged to US\$)**. 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. The **MSCI ACWI ex USA Index** is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of large- and mid-cap securities in developed and emerging market countries excluding the United States. The **MSCI ACWI ex USA Value Index** captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries.

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 Funds are made by Tweedy, Browne's Investment Committee, which is comprised of Roger R. de Bree, Frank H. Hawrylak, Andrew Ewert, Jay Hill, 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 Andrew Ewert was appointed to the Investment Committee in 2022. Sean McDonald was replaced by Andrew Ewert on the Investment Committee effective July 1, 2022. The Investment Committee is supported by three additional analysts. Over the past 5 years, one member of the Investment Committee resigned and one member stepped down.

years (an average of 29 years of industry experience). The firm's analysts have relevant investment industry experience ranging from 7 to 21 years (an average of 14 years of industry experience). The members of Tweedy, Browne's Investment Committee have relevant investment industry experience ranging from 7 to 49. As of December 31, 2023, Tweedy, Browne's current Managing Directors, one of our retired principals, current employees, and their immediate family members had more than \$1.6 billion invested in portfolios combined with or similar to client portfolios. As of March 31, 2021, this amount was \$1.4 billion; however, some of this amount was invested in portfolios similar to client portfolios, and not "in firm Portfolios" as the attached reprint states.

As of December 31, 2023, the International Value Fund had invested the following percentage of its net assets in the following portfolio holdings: GSK PLC (0.0%), Johnson & Johnson (2.0%), Sumitomo Heavy Industries (0.6%); Taikisha (0.1%); Haitian International (0.4%), JD.com (0.0%), and Tencent Holdings (1.0%). Portfolio holdings are subject to change at any time without notice and may not be representative of the Fund's current or future investments.

While at times the Fund's cash position has exceeded 10% of assets, as of December 31, 2023 the Fund's cash position was 2.20% of assets.

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 Fund 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 may impose costs on the Fund. As a result of practical considerations, fluctuations in a security's prices, and fluctuations in currencies, the Fund's hedges are expected to approximate, but will not generally equal, the Fund's perceived foreign currency risk.

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 US markets. These risks, which are more pronounced in emerging markets, include economic and political considerations not typically found in US markets, including currency fluctuation, political uncertainty and different financial standards, regulatory environments, and overall market and economic factors in the countries. 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. 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 is no assurance that the Fund will achieve its investment objective.

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.

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 in the report is as of December 31, 2023 unless otherwise noted.

As of December 31, 2023, the Fund holds an overall four-star rating out of 341 Foreign Large Value Funds and a bronze rating from Morningstar. For the 3-, 5-, and 10-year periods ending December 31, 2023, the Fund received a four-star rating (out of 341 Funds), a three-star rating (out of 320 Funds), and a five-star rating (out of 204 Funds), 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.

Morningstar has ranked the International Value Fund among its peers in the Foreign Large Value Category. As of December 31, 2023, the International Value Fund was ranked in the top 91% (out of 380 funds in the Morningstar Large Value Category) for the 1-year period; the top 71% (out of 320 funds in the category) for the 5-year period; the top 12% (out of 204 funds in the category) for the 10-year period; and the top 6% (out of 134 funds in the category) for the 15-year period. Percentile rank in a category is the Fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. The "out of" number represents the total number of funds in the category for the listed time period. Percentile rank in a category is based on total returns, which include reinvested dividends and capital gains, if any, and exclude sales charges. The rankings may have been lower had fees not been waived. The preceding performance data represents past performance and is not a guarantee of future results.

The Morningstar Analyst Rating™ 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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***Price/earnings (or P/E)*** ratio is a comparison of the company's closing stock price and its trailing 12-month earnings per share. ***Price-to-book value (P/B)*** is the ratio of the market value of a company's shares to the value of the company's assets as expressed on its balance sheet. ***Enterprise Value (or EV)*** is a measure of a company's total value (market value of common stock + market value of preferred equity + market value of debt + minority interest – cash and investments). ***Earnings before interest, taxes, depreciation and amortization (or EBITDA)*** is used to gauge a company's operating profitability, adding back the non-cash expenses of depreciation and amortization to a firm's operating income (EBIT + depreciation + amortization expense). ***Downside Capture Ratios*** are calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return. ***Upside Capture Ratios*** are calculated by taking the fund's monthly return during months when the benchmark had a positive return and dividing it by the benchmark return during that same month. ***Standard Deviation*** is a statistical measurement of dispersion about an average that depicts how widely a mutual fund's returns varied over a certain

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period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility. Standard deviation is most appropriate for measuring the risk of a fund that is an investor's only holding. The figure cannot be combined for more than one fund because the standard deviation for a portfolio of multiple funds is a function of not only the individual standard deviations, but also of the degree of correlation among the funds' returns. If a fund's returns follow a normal distribution, then approximately 68% of the time they will fall within one standard deviation of the mean return for the fund, and 95% of the time within two standard deviations. *Sharpe Ratio* is a way to measure a fund's risk-adjusted returns. It is calculated by dividing a fund's annualized excess returns over the risk-free rate by its annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance has been.

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***This material must be preceded or accompanied by a prospectus for Tweedy, Browne Fund Inc. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. [Click here](#) or call (800) 432-4789 to obtain a free prospectus, which contains this and other information about the Fund. Please read the prospectus carefully before investing.***