TWEEDY, BROWNE
GLOBAL VALUE FUND

Investment Adviser's Report

SEPTEMBER 30, 2004

TWEEDY, BROWNE
AMERICAN VALUE FUND

Investment Adviser's Report

Left to right: John Spears, Tom Shrager, Chris Browne, Bob Wyckoff and Will Browne.

To Our Shareholders:

We are pleased to present the semi-annual Investment Adviser's Report for Tweedy, Browne Global Value Fund and Tweedy, Browne American Value Fund for the period ended September 30, 2004. Investment results* for the six month, one, three, five and ten-year periods, and results since the Funds' respective inception dates are presented in the tables below:

Period Ended September 30, 2004	Tweedy, Browne Global Value Fund	MSCI EAFE[1][2] US $	MSCI EAFE[1][2] Hedged
6 Months	2.78%	-0.06%	0.87%
1 Year	23.09	22.08	14.49
3 Years	9.30	9.12	-0.03
5 Years	6.19	-0.85	-2.62
10 Years	11.33	4.02	5.13
Since Inception [3]	12.00	4.84	5.27

Period Ended September 30, 2004	Tweedy, Browne American Value Fund	S&P 500[1][4]
6 Months	-0.78%	-0.18%
1 Year	12.57	13.87
3 Years	3.90	4.03
5 Years	3.87	-1.31
10 Years	11.73	11.07
Since Inception [3]	11.06	10.46

* *The preceding performance data represents past performance and is not a guarantee of future results. Total return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance data shown. Please visit www.tweedy.com to obtain performance data which is current to the most recent month-end. See page 14 for footnotes 1 through 4, which describe the indexes and inception dates of the Funds. Results are annualized for all periods greater than one year.*

After achieving rather robust returns in the six and twelve-month periods ended last March 31st, stock markets around the world, as measured by the Standard & Poor's 500 Index in the US and the Morgan Stanley Capital International Europe Australasia and Far East Index both in local currency (hedged) and in US $ (unhedged) for international stocks, were little changed. Our Global Value Fund outperformed both EAFE hedged and unhedged in the latest six months and over all the periods presented in the table on page 1. This was not the case six months ago when the Fund was trailing the US $ index in both the six-month and one-year periods, which, in our opinion, underscores the case that short-term performance comparisons are not all that relevant. The Euro peaked against the Dollar on February 17, 2004 at $1.2842, despite dire predictions of a relentlessly falling US currency, and has been trading in a fairly narrow range ever since. The fact that EAFE hedged outperformed EAFE in US $ by only 93 basis points in the most recent six months is evidence of the relative stability of the currency. Whether this will continue, or the Dollar gloom brigade will ultimately prove to be correct is anyone's guess at this time.

As we have stated, we hedge because we are currency agnostic. We prefer to be judged on the performance of the stocks we pick and not on the effect that currencies have on our portfolios. Nevertheless, the effect of the Dollar's weakness in the past few years is obvious by the comparison of the performance of EAFE hedged and in Dollars in the table on page 1. Most obviously, in the one year ended September 30, 2004, EAFE in Dollars topped the hedged index by a whopping 759 basis points. Any money manager who beats his or her benchmark by that amount would receive accolades. One has to go back eight years for the hedged index to hold a performance advantage. The ten-year difference in the rate of compounding, 4.02% versus 5.13%, is only 111 basis points; that difference in the rate of compounding would have produced a result 11.6% greater for the hedged versus unhedged index. Winning in the arena of investing is a game of inches. Over time, a few inches can make a significant difference in how much money you have made.

Another observation we make is that in the one, three and five-year periods reported in the table on page 1, our hedging policy was subject to a fairly strong head wind. We are pleased that even with this disadvantage, we were able to outperform both indices.

The level of investment in equities in the Global Value Fund remained fairly constant over the past six months, rising from 88.6% of net assets to 89.4% of net assets. We can, with limited visibility, observe the reasons we performed better than the benchmark indexes, although we are not sure about the relevance of this information. Building a portfolio by trying to pick the right industries in the right countries is not something we do. Hindsight only tells you why you performed better or worse than a popular index; it does not tell you where to invest your assets for the next six months. Some money managers will attempt to build a portfolio that does not depart from the index against which their performance is measured in terms of industry categories, market-cap distribution and geographic distribution. The purpose of building a portfolio that pretty much tracks the index by these measurements is to avoid the risk of having any short-term performance which deviates significantly from the index. This is called "tracking error" in industry parlance. The problem with this is that it also makes it very difficult to perform significantly better than the index. While no one has ever complained about tracking error on the positive side, portfolio managers tend to adhere to risk-averse strategies. Performing significantly worse than the market index in a down market cycle has far more adverse consequences psychologically than beating the market significantly when it is rising. As behavioral psychologists put it, the disutility of loss is twice as great as the utility of gain.

In managing the Global Value Fund, we think we would be called "deviants" as the Fund's portfolio bears little resemblance to the MSCI EAFE Index. In the most recent six months, the best performing industry segments of the index were Energy and Health Care up 11.8% and 5.14%, respectively. Our weight in Health Care stocks exceeded that of the index and our stocks within that group outperformed those of the index. As for Energy, we had virtually no investments in this sector. Our largest industry segment was Consumer Discretionary stocks at 24% of the Fund's portfolio as compared to an index weighting of 13%. While our stocks in this segment performed better than those in the index, approximately +1.4% vs. a loss of -3.36%.

Information Technology accounted for 6.5% of the index, and we had, and continue to have, a big, fat zero invested in this segment. However, here we dodged a bullet as the IT sector of the index declined 16%. Our second largest sector was Financials at 19% of the portfolio vs. 26.5% in the index. However, our stocks did better with a weighted gain of approximately 6% vs. a loss of -2.58% for Financials in the index.[(5)]

Geographically, the Fund's assets are even less like the index. Our two largest country allocations were in the Netherlands and Switzerland at 15.7% and 13.4%, respectively, as compared to 4.9% and 7.1%, respectively, for the index. Our investments in these two countries produced returns in the low single digits vs. low single-digit losses for the index. The greatest deviation from geographic sectors was in Japan and the UK. The Fund had 7.2% of assets invested in Japanese stocks vs. 22.4% for the index. Similarly, the Fund had 8.8% of assets invested in the UK vs. 25.5% for the index. Our results in the UK were approximately equal to the index at roughly 5% for each. Japan was a different story. Our Japanese stocks turned in a gain of approximately 2.7% vs. a loss of 4.4% for the Japanese stocks in the index.

In terms of the market capitalization distribution of stocks in our portfolio as compared to the index, the contrasts are equally apparent. Stock market indexes are by their nature market-cap weighted. The performance of the smallest stock does not equal the performance of the largest stock in calculating the result of the index. A breakdown of the 1,000 stocks in the EAFE index by market-cap quintiles shows that approximately 85% of the index was invested in the two largest quintiles, which comprise stocks with market caps greater than $5.5 billion. By comparison, only 42.8% of the Global Value Fund was invested in market caps greater than $5.5 billion. The lowest quintile, stocks with market caps less than $1.6 billion, amounted to only 2.3% of the capitalization of the index, but slightly more than 27% of the stocks in the Fund.

The American Value Fund experienced a modest decline in net asset value in the most recent six months, -0.78%, as compared to a loss of -0.18% for the S&P 500 Stock Index. As with EAFE, the best performing industry sector in the S&P 500 was Energy with a gain of 18.1%. And as with the Global Value Fund, the American Value Fund had no investments in the Energy sector. The American Value Fund is certainly less diversified than the Global Value Fund geographically, but also by industry sector. As measured by market capitalization, both Funds exhibit a similar pattern. The American Value Fund has nearly 50% of its assets invested in financial stocks as compared to 21% for the S&P 500. While high, the American Value Fund's weighting in financial stocks does not cause us much concern. Financial stocks have generally been over-weighted by many value money managers. Moreover, the category of financial stocks is a catch-all term which includes several diverse types of businesses that do not necessarily have the same risk profile. "Financial" includes banks, brokerage firms, life insurance and property casualty insurance, investment managers, credit card finance and mortgage servicing companies. While financial stocks account for 22% of the total market value of all stocks, up from 5.6% twenty-five years ago, they also account for 37% of all corporate profits. (We have once again relied on our friend, Paul Miller, for these statistics on financial stocks. Please see our March 31, 2004 Investment Adviser's Report for a discussion about Paul, a highly respected value manager, and why we give credit to his opinions.) Financial companies as a group have grown faster than the overall economy for a number of years, and their ability to continue to grow may not be at an end. As Paul Miller points out, financial companies have experienced huge increases in productivity through the use of information technology which has been responsible for significant cost reductions and the introduction of new products offered on a global basis. And this trend continues. Additionally, the financial industry continues to consolidate on a global basis, realizing perhaps more than most industries the cost benefits of mergers through the elimination of duplicative functions. The American Value Fund's financial stocks produced a positive return of approximately 2% in the past six months as compared to a loss of -3.18% for financial stocks listed in the S&P 500. The second largest component of the S&P 500 is Information Technology, which carried a weight of 16%. This sector showed a decline of 7.52% which is in line with the tech-heavy NASDAQ Composite Index,(6) which declined 4.64% in the last six months. The Fund's exposure in this sector is relatively minimal as were its gains in that sector.

From a market capitalization perspective, there are similarities between the two Funds. Dividing the S&P 500 into quintiles by market cap produces a distribution not dissimilar to the EAFE Index. Not surprisingly, the greatest concentration is in the large-cap stocks. The first two quintiles of the S&P 500 account for 82.5% of the weighting in the index as compared to 85% for EAFE. However, the bottom of the second quintile of EAFE starts at a market cap of $5.5 billion, while the bottom of the second quintile of the S&P 500 starts at $12 billion. The bottom or fifth quintile of the S&P 500 accounts for only 2.6% of the index, and the comparable number for EAFE is 2.3%. Both the Global Value Fund and the American Value Fund had roughly equal investments in the top and bottom quintiles of market caps; mid-30% numbers for the American Value Fund and mid-20% for the Global Value Fund. Our conclusion is that we are fairly market-cap agnostic, preferring to make investments where we find value rather than pursuing an investment strategy that targets certain sectors or market capitalization. We further believe that efforts to place our Funds in style boxes based on market capitalization have little or no meaning.

The way we manage money, and therefore the statistical composition of our portfolios, often results in short-term performance that does not track the broader stock market indices. While our clients and shareholders have the option of changing managers at any time seeking investment strategies that may do better in any shorter-term period, we do not. "Changing horses" midway through the race for investment returns is not possible for us so long as we adhere to a policy of "eating our own cooking." For this reason, our focus is on the long term.

From 1975— the year following the disastrous bear market of 1973-1974 — through 1999, investors enjoyed unprecedented gains by just staying in the game. The returns from the S&P 500 over a twenty-five year period were solidly in the double-digit category. And from 1995 through 1999, the calendar-year performance of the S&P 500 ranged from a low of 21.0% to a high of 37.6%. Those were the glory days. One did not even have to be smart; you just had to be there.

Unfortunately, some time in late March of 2000, the technology bubble burst and with it the broad market indexes turned negative with all the predictability of an earthquake. From March 31, 2000 through September 30, 2004, a period of four years and six months, EAFE, the S&P 500 and the NASDAQ Composite all still show negative returns while the Tweedy, Browne Global Value Fund and the American Value Fund show positive returns*:

Period Ended September 30, 2004	**Tweedy, Browne Global Value Fund**	**MSCI EAFE[1] US $**	**MSCI EAFE[1] Hedged**
Since 3/31/00 cumulative	25.73%	-18.00%	-29.34%
(4 years 6 months) annualized	5.22	-4.31	-7.43

Period Ended September 30, 2004	**Tweedy, Browne American Value Fund**	**S & P 500[4]**	**NASDAQ[6]**
Since 3/31/00 cumulative	24.29%	-20.32%	-57.78%
(4 years 6 months) annualized	4.95	-4.92	-17.42

* *Returns shown are for a specific time period where the Funds outperformed their relevant indexes. Since past performance is not indicative of future results, such a record may not be duplicated in the future. Please refer to page 1 and 2 of the letter for the Funds' standardized performance results.*

If investment results for the 25 years ending in 1999 gave investors a false sense of potential returns from investing in equities, the most recent five years should be sobering. The bad news is that many stock market pundits, some we even respect, have been predicting a period of up to ten years of below historical average, single-digit returns for the popular stock market indices. The good news may be that we may already be halfway through that period if recent returns are any indication. While our most recent five-year returns have been anything but robust, they have also not been a bust.

Investing requires patience, the more so when markets are not very helpful when it comes to building your net worth. In our opinion, we are in just such a period now. If the range of new investment ideas runs from "shooting fish in a barrel" to "finding a needle in a haystack," we are a lot closer to the haystack than the barrel. We discussed this situation in our last Investment Adviser's Report (along with the Annual Report) for March 31, 2004, and little has occurred to change that situation. While stock markets have experienced some interim volatility over the past six months, from start to finish, the net change has been negligible.

Value investors seek to exploit anomalies in stock prices between stock market valuations and the managers' own value criteria. Our own principles generally tend toward comparing stock market prices to individual private market valuations. We try to estimate the value of a company in a sale of the entire enterprise in an arm's length transaction between a knowledgeable buyer and a knowledgeable seller. Ben Graham called this "intrinsic value." According to Ben Graham, the difference between market prices and intrinsic value is an investor's "margin of safety." This principle could not be easier to understand.

From time to time, a margin of safety will exist across a broad spectrum of stocks, or stock markets in general, as was the case in the depressed markets of 1974 and 1982. At other times, certain sectors or industries may be undervalued while the broader market is not. This situation can result in a greater concentration in certain industries within a particular portfolio as money flows into cheaper sectors and out of more expensive ones. Lastly, individual companies may encounter difficulties unique to them which can result in a particular stock selling at a level well below its intrinsic value to a strategic industry buyer.

As we survey the investment landscape today, we do not see any general level of undervaluation, especially in the United States, but somewhat less so outside the US. There is some general undervaluation within the financial sector, but we would not describe it as significant. There are also some valuation anomalies on a company specific basis, but even these are not significant in number.

The importance to investment returns of stock undervaluation become obvious when one examines stock market returns over long periods of time. Investment returns are comprised of three components: dividends, growth in earnings, and a higher valuation of earnings through rising price/earnings ratios. In a piece from Morgan Stanley entitled *Investment, Not Speculative Returns are Taking Hold* which Miller cites in his latest newsletter, the various forms of returns are described as:

1. Market return, which is the return an investor received.
2. Investment return, which is that portion of the market return attributable to dividends and earnings growth.
3. Speculative return, which is the portion attributable to a higher or lower valuation of earnings.

During the period 1961 through 2001, market return was equal to investment return at 11.2% annually compounded, which means that a similar price/earnings ratio in 1961 vs. 2001 eliminated any speculative return. Looking at subset time periods, a different result arises. Between 1961 and 1981, the investment return from stocks, the sum of dividends and earnings growth, was a healthy 12.1% annually compounded. However, declining valuations of earnings and dividends over that period, a period of generally rising interest rates and high inflation, reduced the market return to only 7.5% annually compounded. The speculative return reduced the investment return by a negative 4.6% annually compounded. In the early 1980s, the Federal Reserve put on the brakes, raising interest rates to their highest level in modern history in order to knock out inflation. The result was a long period of generally declining interest rates and rising stock market valuations. From 1981 through 2001, the investment return, the sum of dividends and corporate earnings growth from stocks, was 10.3%, which was lower than the investment return in the previous and economically more difficult twenty-year period. However, the speculative return, that portion of return attributable to rising valuations, added 4.9% annually compounded to the total market return. For that later twenty-year period, the market return was a robust 15.2% compounded. Money annually compounded at 15.2% doubles every five years. Compounding at 15.2% per year for twenty years turns $10,000 into slightly more than $169,000, or a 16.9-fold increase in the value of your investments. What a great time to be an investor especially as compared to the prior twenty-year period when the same $10,000 annually compounded at 7.5% would only have grown to $42,400, a far smaller 4.2-fold increase in your investment.

Where are we now and what are the implications for investors going forward? We are not economists so please use a large dose of skepticism as you continue to read this letter. However, maybe we are amateur historians, a profession we believe is much more useful in making investment decisions. Both interest rates and inflation are at historic lows as measured against the past forty years or so. There is not much room for them to decline significantly going forward unless you believe they can go below zero. Interest rates, which to a great degree are influenced by inflation, are the principal drivers of stock valuations. Investors are willing to pay a higher price for each dollar of corporate earnings if inflation is low and the return from bonds is also low. The speculative return from stocks, i.e., the portion of the return attributable to rising price/earnings ratios, has probably run its course. There may even be a greater risk that valuations as measured by the price/earnings ratio could decline going forward.

Some market observers make the case that stocks are not overvalued at current levels. They do not say stocks are undervalued, and they seem to agree that the difference between the highest priced stocks and lowest priced stocks as measured by price/earnings ratios is the narrowest it has been in decades. If inflation stays in check, which for now seems to be the case and could be for some time due to global competition, and if the world is able to avoid a major shock to the economy such as some extreme terror attack, current valuation levels could hold. Therefore, the risk of negative speculative returns, a declining price/earnings ratio which reduces investment returns *appears* low. But who knows? Forecasts are difficult to make, especially about the future.

An investment environment where investors' market returns will depend on the investment return, the sum of dividends and earnings growth, is not all bad. Remember, from 1961 through 2001, the market return an investor received was equal to investment return at 11.2% annually compounded. Also, remember these returns are for the broad market which we assume means the return from investing in an index fund like the S&P 500. In our opinion, there are only two ways an investor can beat the broader market rate of return over an extended time period:

1. Own stocks with prospects of above-average earnings growth; and,
2. Buy stocks selling for less than their intrinsic worth that could provide some speculative return through an increase in their price/earnings ratio.

The caveat to the first approach is to be careful that you are not overpaying for better earnings growth prospects. So-called growth stocks that do not meet investors' expectations can be rated downward, wiping out any potential gain from earnings increases. This is called negative speculative return. When the technology bubble burst a few years back, the re-rating of "growth" stocks resulted in negative speculative returns from which investors have yet to recover.

Buying stocks selling for less than their intrinsic net worth is the *raison d'etre*, reason for being, of value money managers. Unfortunately, undervalued stocks in today's market are few and far between. We keep looking, but the market is not accommodating our search. Some of our peers have expressed similar sentiments, which we believe is a responsible reaction to current market conditions. We are reminded of a statement made by one of our friends and respected competitors in the value arena, Jean-Marie Eveillard, co-manager of the First Eagle Global Fund. After racking up a highly respectable record in the early and mid-1990s, his performance began to lag other funds in the 1998-1999 period as technology soared. Rather than change his investment principles to accommodate the "new paradigm" of the day, Jean-Marie saw the assets of his funds decline significantly as investors migrated to more aggressive managers. True to his convictions, Jean-Marie made the statement at the time that he would "rather lose half my shareholders than lose half my shareholders' money." Shareholders who stayed with Jean-Marie were amply rewarded after the tech and telecom bubble burst in early 2000.

Our approach to managing both the Global Value Fund and the American Value Fund in this environment is two-fold:

1. We have a significant portion of our assets invested in the stocks of companies we believe have the ability to grow faster than the average stock and which are generally selling at or slightly below our estimate of their intrinsic value. If we are correct in our analysis, prospective gains would come from "investment returns," a rise in earnings plus dividends. We have little expectation that these stocks will have an increase in their price/earnings ratio.
2. We also invest in the stocks of companies that have "stumbled" or disappointed investor or market expectations, or are just plain cheap for no particular reason that we can fathom. These are issues we believe are selling for less than the value we would expect to receive in a corporate transaction currently. If and when improvement comes in these companies' operations and profitability, or were a deal to be done, we would anticipate a rise in the stock price that reflects that improvement or acquisition.

We would prefer a climate of greater new idea flow, which would allow us to pick and choose between competing investment opportunities, or to further diversify the Funds' portfolios, but that is not the case at this time. Our only alternative is to bide our time until market conditions provide more opportunities rather than to change our investment principles. In the meantime, we believe that generally our holdings for the most part are chugging along piling up dividends and retained earnings and generally increasing their intrinsic values.

Sitting still is not easy in the investment management business. After all, if a money manager is worth what he or she is being paid, shouldn't they be able to find ways to beat the market under all circumstances? Isn't the purpose of active management to be active? In the August 5, 2004 edition of *The Wall Street Journal*, an article entitled "Professional Help Can Prove to Be a Hindrance" discussed a study conducted by Morningstar that examined the returns of 15 of the largest actively managed stock funds starting at the end of 1999. What the study found was that over the next four and one-half years, returns for 11 of the funds would have been better had the manager made no changes in the portfolio. In some cases the difference was significant. Two funds in the same mutual fund family that were studied "would have had annual losses of about 2% and 3%, respectively...." Instead, "the funds both averaged double-digit annual losses over this bumpy stretch." The May 7, 2004 issue of *Grant's Interest Rate Observer* reported some comments made by Berkshire Hathaway Chairman, Warren Buffett, and Vice Chairman, Charles Munger, at the most recent Berkshire Hathaway annual shareholders meeting. *Grant's* reported that these two oracles of investing think "that intelligence in investing is overrated. Mr. Munger said, 'Isaac Newton lost an enormous amount of money in the South Sea Bubble. He was the smartest person in the world. Being smart won't get you by alone.' " Buffett added his own thoughts: "Investing doesn't require extraordinary intelligence, but it does require an extraordinary temperament." We keep prospecting for new opportunities, and monitoring the stocks we own and selling stocks when their prices reach our estimate of their intrinsic value. It is still a full-time job.

The lack of new investment opportunities is not as pronounced in non-US markets although we are still not shooting fish in a barrel. This may be explained in part because over the past 10 years US stocks as measured by the S&P 500 have enjoyed a rate of compounding roughly twice that of non-US stocks as measured by EAFE. In addition, values outside the US have not been mined or exploited to the same extent as they have been in the US. If the US can be described as a mature market, foreign markets by comparison are in their adolescence. Our Global Value Fund, which was started in 1993, was among the first style-specific funds investing internationally whereas growth and value funds, and large, medium and small-cap funds were commonplace in the US at the time. While the penchant to slice and dice the universe of stocks into more and more narrow categories according to investment style and market cap has spread to international stocks, this practice is still not nearly as widespread overseas as it is in the US. In the past six months, we have established new positions in the Global Value Fund in Barclays Bank in the UK; in Fraport, which operates airports in Germany including Frankfurt; and in Korean Electric Power.(7) We have also added to a number of positions in issues that were new to the portfolio in the previous six months, and there are more ideas in the pipeline.

We see ourselves to some extent as hunters sitting in a duck blind. We can't control when the ducks will fly by. We just have to stay awake and be ready when the opportunities present themselves. It would be a futile exercise to waste our ammo, cash, shooting at the wrong target.

HOLLINGER INTERNATIONAL

The long anticipated report of the Special Committee of the Board of Directors of Hollinger International, a portfolio holding of both of our Funds, investigating the conduct of the company's management, a report that resulted from a demand we had made of the Board to investigate certain levels of executive compensation we considered excessive, was rendered on August 30, 2004. The report, running to some 530 pages, alleges numerous instances of excessive compensation totaling in the range of $400 million. It makes for great reading. Were it not for the fact that the shareholders of Hollinger International were the victims in this situation, the whole affair would make a great HBO movie. How this will all ultimately be resolved is anyone's guess at this point. The company has sold its crown jewel asset, *The Daily Telegraph* newspaper in London, for a price at the high end of estimates. Presumably a significant measure of the proceeds will be returned to the shareholders in one form or another. We feel a degree of vindication in initiating this process as it would appear that the findings of the Special Committee confirm our early suspicions about excessive compensation and poor corporate governance. A fuller description of the Hollinger International situation can be found in our March 31, 2004 Investment Adviser's Report, which is available on our web site.

MUTUAL FUND GOVERNANCE AND COMMUNICATION

Recently, Morningstar, Inc., the mutual fund rating organization, instituted *The Morningstar Fiduciary Grade for Funds*.[8] The Morningstar web site says that this grading system "is designed to help investors further research, identify, and compare managers and fund companies that do a good job—or poor job—of aligning their interests with those of fund shareholders." We are pleased to report that both the Tweedy, Browne Global Value Fund and the Tweedy, Browne American Value Fund received an overall grade of "A", scoring 9 points out of a total possible score of 10 points. In the categories of Regulatory Issues, Board Quality and Corporate Culture we were rated excellent. In the categories of Manager Incentives and Fees we were rated good. In the category of manager incentives, our structure is different than most mutual funds in that we do not employ portfolio managers who may be compensated according to fund performance. In our case, we are both the owners of the investment advisor and the portfolio managers. There is no differentiation in our roles. As for fees, there are other funds that charge less. As regards the Global Value Fund, Morningstar says that the "fund is among the cheaper no-load options in the category..." They just think our fees should have declined over the years as assets have risen. As regards the American Value Fund, Morningstar believes our fees are above-average but reasonable, and the low turnover keeps brokerage transaction costs lower.

Additionally, we were recently given a STAR Award (Shareholders Trust And Responsibility) by the Mutual Fund Education Alliance for Excellence in Shareholder Communications in the category of Educational Brochure—Medium Size Company. The Mutual Fund Education Alliance, a not-for-profit trade association of the no-load mutual fund industry, which, since 1971, has helped shareholders understand mutual funds and the benefits of long-term investing. In making this award, the Alliance cited three of our brochures, all of which are available on our web site. Complimentary copies of the brochures may also be obtained from us by calling 1-800-432-4789. The three brochures are: "10 Ways to Beat an Index," "What Has Worked in Investing," and "Investing For Higher After Tax Returns." We are very pleased to have received this recognition as we believe it is important to educate the investing public regardless of whether they are investors in our Funds.

Very truly yours,

TWEEDY, BROWNE COMPANY LLC

Christopher H. Browne
William H. Browne
John D. Spears
Thomas H. Shrager
Robert Q. Wyckoff, Jr.
Managing Directors

October 22, 2004

Footnotes:

(1) Indexes are unmanaged, and the figures for the indexes shown include reinvestment of dividends and capital gains distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

(2) MSCI EAFE US $ is an unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East. MSCI EAFE Hedged consists of the results of the MSCI EAFE Index hedged 100% back into US Dollars and accounts for interest rate differentials in forward currency exchange rates. Results for both indexes are inclusive of dividends and net of foreign withholding taxes.

(3) Inception dates for the Global Value Fund and the American Value Fund were June 15, 1993 and December 8, 1993, respectively. Except for the S&P 500 Index, information with respect to all other indexes used is available at month-end only; therefore the closest month-end to each Fund's inception date, May 31, 1993 and November 30, 1993, respectively, was used.

(4) S&P 500 is an unmanaged capitalization-weighted index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange and over-the-counter market and includes the reinvestment of dividends.

(5) The market capitalization data referred to above is calculated by the Adviser using quarter-end market capitalization data provided by Bloomberg. The market capitalizations for non-US Dollar-based companies are determined by converting the market capitalization for each such company back into US Dollars using the quarter-end exchange rates provided by Bloomberg. The division of an index into quintiles is performed by ranking the companies contained in the index by market capitalization and then dividing them into five equal groups with the first quintile (or top 20% of companies) consisting of the largest companies. The percentage of a Fund's portfolio included within any particular quintile of an index is determined by reference to the market capitalization breakpoints which define the particular quintile of the index. The Funds' sector and industry returns are calculated using average month-end market values for each security, which are assumed to have remained constant throughout the month.

(6) NASDAQ Composite Index is an unmanaged capitalization-weighted index composed of all NASDAQ domestic and non-US based common stocks listed on the NASDAQ Stock Market.

(7) As of September 30, 2004, Tweedy, Browne American Value Fund and Tweedy, Browne Global Value Fund had invested the following percentages of their respective net assets, in the following portfolio holdings: Barclays Bank (0%, 1.06%), Fraport (0%, 0.45%), Korean Electric Power (0%, 0.56%) and Hollinger (3.86%, 2.04%).

(8) The Morningstar Fiduciary Grade is based on Morningstar analysts' evaluation for the following five components for each fund: Regulatory Issues, Board Quality, Manager Incentives, Fees, and Corporate Culture. Each component is worth a maximum of 2 points: Excellent = 2 points; Good = 1.5 points; Fair = 1 point; poor = 0.5 points; and very poor = 0 points or fewer. The Overall Fiduciary Grade is based on the sum of the five component scores: A = 9-10 points; B = 7-8.5 points; C = 5-6.5 points; D = 3-4.5 points; and F = 2.5 points or fewer.

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 involve 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. Investors should refer to the Funds' prospectus for description of risk factors associated with investments in securities held by the Funds.

Tweedy, Browne American Value Fund and Tweedy, Browne Global Value Fund are distributed by Tweedy, Browne Company LLC.

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

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