

Twеды, Browne is a private investment management company seeking long-term capital appreciation through the application of investment principles consistent with the goal of preserving capital. The investment principles are based upon the broad concepts of “intrinsic value” and “margin of safety” as conceived and practiced by the late Benjamin Graham. We have a history of association personally and philosophically with Graham and actual investment results over a long period of time have reinforced our commitment to this investment approach.

Benjamin Graham ranks as this century's (and perhaps history's) most important thinker on applied portfolio investment, taking it from an art, based on impressions, inside information, and flair, to a protoscience, an orderly discipline. He applied great astuteness, hard experience, and infinitely detailed labor to a field full of superstition, tips and guesswork, one in which most people who have something to say also have an incentive to deceive the listener. Employing analysis of published records, Graham explained and demolished fallacy after fallacy – often as neatly as if opening a letter.

*Graham's summa, after almost fifty [now almost ninety] years, still the basic text of the profession, is his "Security Analysis." Most useful for most readers, however, and indeed the best book ever written for the stockholder, is "The Intelligent Investor." One is ill advised to the point of folly to buy a bond or a share of stock without having read its three hundred pages. Many people, including experienced businessmen and professionals, have been financially shipwrecked because they trustingly set forth in a leaky craft captained by an incompetent. Someone who spent the few hours necessary to understand *The Intelligent Investor* would be unlikely to suffer this fate. Yet, alas, few stockholders, let alone investors, have done it.*

**John Train, *The Money Masters*
Harper & Rowe, New York, 1980**

BACKGROUND

Tweedy, Browne Company LLC is principally engaged in the management of US Equity/ADR, international, global and global high dividend yield equity portfolios for institutional and individual clients. Since our firm was founded in 1920 as Tweedy & Co., a dealer in closely held and inactively traded securities, we have pursued a value oriented approach to securities, first as a market maker, and later, as an investor and manager. (Tweedy, Browne registered as an investment adviser in 1975 and ceased operations as a broker-dealer in 2014.) For more than 100 years, through depressions, recessions, and stock market cycles, through a quadrupling of interest rates and the advent of double digit inflation, and through the emergence and disappearance of numerous investment fads, we have adhered to the same value oriented principles of analysis. The consistency of our results over many decades has confirmed our confidence in this approach.

(Past performance is no guarantee of future results. 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.)

FINANCIAL COMMITMENT

As of December 31, 2023, assets under management totaled approximately \$8.7 billion, consisting of separate accounts, partnerships, offshore funds, and SEC registered mutual funds. The 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.

PHILOSOPHY AND APPROACH

Our approach to investment derives directly from the work of Benjamin Graham, the “dean of securities analysis.” We seek long term capital appreciation. Our emphasis is on the preservation of capital while seeking a satisfactory rate of return. In the words of Graham, “An investment operation is one which upon thorough analysis promises safety of principal and an adequate return. Operations not meeting these requirements are speculative.” *(Investing involves the risk of loss, including loss of principal.)*

The basis of our investment philosophy is our belief in the existence of a two-tier price structure for the shares of any publicly traded corporation. First, there is the stock market value: the most recent price at which fractional interests or shares have traded on the stock exchange or in the over-the-counter market. Secondly, there is what we consider to be the “intrinsic value” of shares that consists of the following, individually or in combination:

BOOK VALUE » an estimate or appraisal of the historical cost of a company’s assets.

NET CURRENT ASSET VALUE » the net value of a company’s liquid assets, cash, inventories, and securities, after deducting all liabilities senior to the common stock with no value ascribed to the property, plant and equipment.

EARNINGS VALUE » the amount by which the current or normalized earnings yield of a company exceeds the long-term bond yield and justifies an intrinsic value substantially greater than the stock price.

PRIVATE MARKET VALUE » the value a knowledgeable buyer would pay in an arm’s length, negotiated purchase of 100% of the common stock of a company. While incorporating some or all of the above criteria, the determination or appraisal of private market value will take into consideration the value of the business franchise and its earning power as compared to the actual acquisition price of similar companies.

Our investment approach seeks to exploit discrepancies between stock market prices and our estimates of underlying intrinsic values. Our research focuses on the determination of intrinsic value. Fundamental principles of balance sheet and income statement analysis, and a knowledge and understanding of actual corporate mergers, acquisitions, and liquidations form the core of this research. From thousands of publicly traded corporations worldwide, we research and select for investment those issues selling at discounts to our estimates of their intrinsic value.

We define the discount from intrinsic value at which investments can be made as the investor’s “margin of safety.” A security purchased at a discount from intrinsic value is backed, in our view, by corporate net

worth, i.e. collateral, which is greater than the cost of the investment. In our view, this collateral can help to provide protection (a margin of safety) against permanent significant capital loss. *(As noted above, all investing involves the risk of loss, including loss of capital. We may be wrong in our assessment of a security's intrinsic value.)* In contrast to the "efficient market theory" of investment, which holds that at any given time stock prices reflect all relevant information and are therefore true values, we believe that the stock market, in its excesses, has and will continue to undervalue and overvalue securities in relation to their intrinsic values.

In general, our task as investment managers is to take advantage of fluctuations in stock prices by purchasing securities at prices that we believe are significantly below our estimate of intrinsic value, and generally selling securities as their market price approaches our estimate of intrinsic value unless there is a reason to continue to hold the security. To minimize errors in analysis or events which could adversely affect intrinsic values, we adhere to a policy of broad diversification within individual portfolios, with no one issue generally accounting for more than 3% to 4% at cost of portfolio assets (5% in our global high dividend strategy), and no one industry group generally accounting for more than 20% of portfolio value.

We make no differentiation between "aggressive" and "conservative" accounts. We believe such differentiation is based upon a generally accepted perception of risk to reward ratios, which equates greater potential risk with greater potential reward. The principles of intrinsic value and "margin of safety," however, produce a contrary interpretation of risk and reward. The elegance of Ben Graham's theory is that, as prices become more discounted, there is (at least theoretically) less risk of loss, along with the prospect for greater returns if prices accrete over time to estimated intrinsic values. Adhering to the principles of intrinsic value and margin of safety results in an investment policy that runs counter to the general market psychology, and reduces the decision to purchase or sell securities to a discipline rather than an art.

We believe our investment approach cannot be tested fairly on a quarter-by-quarter basis but should be measured in terms of total return over a long period of time.

We have pursued this approach to investment over many years. The accompanying charts illustrate the investment results since inception of various relevant Tweedy, Browne composites, and provide important information and disclosures.

INVESTMENT PROCESS

The stock selection process begins with the use of financial databases to screen thousands of publicly traded companies worldwide to identify a smaller universe of candidates that may meet our value criteria. These candidates are then subjected to intensive fundamental analysis by the firm's investment team. This generally includes, among other things, a thorough analysis of financial statements including the company's annual report and other relevant filings, a study of prices paid in comparable corporate mergers, acquisitions and liquidations, direct communication with the company and competitors, an examination of recent purchases and sales by corporate insiders where available, and a review of street research. Purchase and sale decisions are then made by a consensus of the available members of the Investment Committee.

Included in our supplemental materials is a booklet entitled *What Has Worked In Investing*, which identifies investment characteristics, many of which have been incorporated into Tweedy, Browne's investment process over the years and have also been associated with attractive returns both in US and non-US markets. Among the characteristics outlined in the booklet are the following: low prices in relation to book value, earnings and/or cash flow; above average dividend yield; low price to sales ratio as compared to other companies in the same industry; low corporate leverage; patterns of insider buying; company share repurchases; recent significant declines in share price and smaller capitalization size. The majority of the stocks we purchase will have one or more of these investment characteristics at the time of purchase. In addition, purchases are not constrained by market capitalization, and there is generally meaningful

exposure to small and medium-sized companies, including, in certain instances, those referred to as micro-caps. *(The market value of common stocks fluctuates significantly. The securities of small, less well-known companies may be more volatile than those of larger companies.)*

INTERNATIONAL VALUE INVESTING

When investing outside the United States, we adhere to the same principles of value investing that we apply to the management of US securities. Through investment in equities outside the United States, we are able to greatly increase the universe of potential investments for our clients, and seek to further diversify risk by investing in other economies whose returns are often not correlated with US equity returns. *(Investing in foreign securities involves greater risks than investing in securities of US issuers. 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. Diversification does not guarantee a profit and does not protect against a loss in a declining market.)*

Through the years, we have developed an understanding of foreign business practices and the different reporting and accounting procedures used by non-US companies. And, our investment team has capabilities in ten languages, including Japanese and Mandarin.

We have access to databases that permit us to screen thousands of non-US securities in order to identify those same value-oriented characteristics we look for in US securities. Nearly half of the studies contained in *What Has Worked In Investing* illustrate the success of these characteristics in non-US securities' markets. While it came as no surprise to us, it was fascinating to discover that certain value-oriented investment characteristics that had formed the core of Ben Graham's, and our own, investment approach for many decades, performed as well, or better, in non-US equity markets. Our long-term empirical experience confirms the viability of the approach. *(Past performance is no guarantee of future results.)*

As with our domestic investment process, portfolio construction, including regional and country allocation, is residual to a strict bottom-up research process focused principally on stock-by-stock valuation analysis. Portfolios are generally diversified

by country (except for the US Equity/ADR and global high dividend strategies, which will generally have a greater concentration of securities of issuers located in the United States), sector and issue, and consist primarily of equity securities in developed markets, although there will often be some exposure to emerging markets. The range of market capitalizations is broad with significant exposure to small and medium capitalization companies.

We do not attempt to predict the movement of various currencies in reaching a decision about the appropriateness or prudence of an individual investment. Currency fluctuations are often more extreme than stock market fluctuations, and from our perspective completely unpredictable. As a result, some of our clients choose to direct us to seek to reduce currency risk on foreign investments by hedging perceived foreign currency exposure back to their base currency, where practicable. *(Although hedging perceived foreign currency risk reduces the risk of loss from exchange rate movements, it also reduces the ability of a portfolio to gain from favorable exchange rate movements and may impose costs on a portfolio.)*

ACCOUNT MANAGEMENT

Our separate account minimums range from \$1 million or a US Equity/ADR account to \$10 million for a global or international account. All accounts are managed on a fully discretionary basis with the common objective of long-term capital growth.

Accounts are not assigned to individual portfolio managers as is more commonly the practice within the investment advisory industry, but are managed by the firm's Investment Committee, which makes purchase and sale decisions based on the consensus of available members.

Cash and securities are not held directly with Tweedy, Browne, but rather they are held by the client's own qualified custodian. Tweedy, Browne provides clients with monthly and/or quarterly portfolio statements. Clients also receive statements from their custodians.

Advisory fees may be deducted from a client's account, at the client's direction, or may be paid directly by the client.

We are registered as an investment adviser with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, and are subject to SEC reporting requirements and examinations.

INVESTMENT TEAM

Our investment team is comprised of the firm's Investment Committee and three analysts. Investment decisions are made by a consensus of opinion, rather than as individual portfolio managers. All members of the Investment Committee have spent the major part of their careers in the investment business and share a common belief in the intrinsic value approach to investment. Members have equal say in discussing all matters related to account management and are available to every client. The Management Committee, which consists of Jay Hill, Thomas H. Shrager, John D. Spears and Robert Q. Wyckoff, Jr., oversees the operations and business matters of the firm. In the 103-year history of the firm, there have been only twelve principals, four of whom are currently active. No member of Tweedy, Browne's Management Committee has ever left Tweedy, Browne to join another investment firm.

Roger R. de Bree, *Managing Director*, has been with Tweedy, Browne since 2000. He is a member of the firm's Investment Committee as well as Treasurer of Tweedy, Browne Fund Inc. In 2011, he became an equity stakeholder in the firm and a Managing Director in 2020. Before joining Tweedy, Browne Roger worked at ABN AMRO Bank and MeesPierson Inc. He has an undergraduate degree in business administration from Nijenrode, the Netherlands School of Business in Breukelen, the Netherlands as well as a M.B.A. from IESE, University of Navarre in Barcelona, Spain.

Andrew Ewert, *Managing Director*, has been associated with the Investment Manager since 2016. He is a Managing Director of the Investment Manager and a member of its Investment Committee. Prior to joining the Investment Manager, he held positions at Equinox Partners, L.P., Ruane, Cunniff & Goldfarb Inc., MTS Health Partners, L.P., and Bear Stearns. Mr. Ewert holds a B.B.A. from Emory University and an M.B.A. from Columbia Business School.

Frank Hawrylak, *CFA, Managing Director*, has been with Tweedy, Browne since 1986 and is a member of the firm's Investment Committee. In 2011, he became an equity stakeholder in the firm and a Managing Director in 2020. Prior to joining Tweedy, Browne, Frank worked in the investment department at Royal Insurance. Mr. Hawrylak received a B.S. from the University of Arizona and an M.B.A. from the University of Edinburgh, Scotland.

Jay Hill, *CFA, Managing Director*, has been with Tweedy, Browne since 2003. He is a member of the firm's Investment and Management Committees and has been an equity stakeholder in the firm since 2011. Prior to joining Tweedy, Browne, Jay held positions with Banc of America Securities LLC, Credit Lyonnais Securities(USA) Inc., and Providence Capital, Inc. Jay received a B.B.A. from Texas Tech University.

Thomas H. Shrager, *Managing Director*, has been with Tweedy, Browne since 1989. He is a member of the firm's Investment and Management Committees, and is the President and a Director of Tweedy, Browne Fund Inc. Previously he had worked in mergers and acquisitions at Bear Stearns, and as a consultant for Arthur D. Little. He received a B.A. and a Masters in International Affairs from Columbia University.

John D. Spears, *Managing Director*, has been with Tweedy, Browne since 1974 and is a member of the firm's Investment and Management Committees. He is also Vice President of Tweedy, Browne Fund Inc. Additionally, he is a member of the Board of Managers of Haverford College. Previously, he had been in the investment business with Berger, Kent Associates; Davic Associates; and Hornblower & Weeks-Hemphill, Noyes & Co. Mr. Spears studied at the Babson Institute of Business Administration, Drexel Institute of Technology and the University of Pennsylvania - The Wharton School.

Robert Q. Wyckoff, Jr., *Managing Director*, has been with Tweedy, Browne Company since 1991. He is a member of the firm's Investment and Management Committees, and is the Treasurer of Tweedy, Browne Fund Inc. Prior to joining Tweedy, Browne, Mr. Wyckoff held positions with Bessemer Trust, C.J. Lawrence, J&W Seligman, and Stillrock Management. He received a B.A. from Washington & Lee University and a J.D. from the University of Florida School of Law.

FEES AND MINIMUM REQUIREMENTS

Annual fees for separately managed accounts, payable in quarterly installments, are based upon invested equity with no charge on cash reserves. Our standard fee schedules for private and institutional accounts are as follows:

Private Accounts

DOMESTIC

- » 1.5% applied against invested equity on the first \$25 million
- » 1.25% on the remaining balance

INTERNATIONAL & GLOBAL

- » 1.5% applied against invested equity

GLOBAL HIGH DIVIDEND YIELD

- » 1.25% applied against invested equity

Minimum private account sizes have been set at \$1 million for a US Equity/ADR account, \$5 million for a global high dividend yield account, and \$10 million for international and global accounts. (An additional 10% discount may be available for eleemosynary private accounts.)

Institutional Accounts

DOMESTIC, INTERNATIONAL, GLOBAL, & GLOBAL HIGH DIVIDEND YIELD

- » 0.85% applied against invested equity on the first \$100 million
- » 0.75% on the remaining balance

Minimum institutional account sizes have been set at \$50 million for a US Equity/ADR account, \$25 million for a global high dividend yield account, and \$50 million for an international or global account. Accounts that meet these minimums are considered "institutional accounts."

This material is intended as a broad overview of our style, process and philosophy, which may change without notice. Past performance is not an indication of future results, which may vary.

intentionally blank

Tweedy, Browne Company LLC

One Station Place | Stamford, CT 06902 | 203.703.0600 | www.tweedy.com