

MANAGER PROFILE

TWEEDY BROWNE

Background

- > Tweedy, Browne Company LLC (Tweedy) is a share manager with a strong value-based culture. It manages a number of global share mandates.
- > Tweedy & Co was established in 1920 as a broker for small, infrequently traded shares. The company worked closely with Benjamin Graham in the 1930s and 1940s, buying shares for him. Subsequently Tweedy moved to an office next to Graham and his partner Newman. As a result, the firm established relationships with Warren Buffett, Walter Schloss and Tom Knapp, employees of Graham-Newman Corp.
- > When Benjamin Graham closed his firm, a number of his analysts joined Tweedy, notably Tom Knapp. Walter Schloss worked out of Tweedy's office.
- > In 1959, the partners of what was then Tweedy, Browne & Knapp pooled their capital in a partnership investment vehicle and started holding some of the shares they researched rather than just brokering those shares. With this holding, they followed Graham's philosophy. In 1968, the firm accepted its first outside money management clients as limited partners of this vehicle. In 1975, Tweedy registered as an investment advisor and began managing separate accounts for individuals and institutions.
- > In 2006, Tweedy moved to global mandates and opened an office in London.

Background (continued)

- > In 2007, Tweedy opened the Tweedy, Browne Worldwide High Dividend Yield Value Fund, targeting shares with high dividend yields, an established history of paying dividends, and reasonable valuations.

Investment process

- > Tweedy uses a very disciplined, tried and tested, approach to investment and primarily use Graham's original concept that every share has a market price and an intrinsic value. Tweedy defines intrinsic value as the value a competitor or trade buyer would pay for the company. Shares trading at a significant discount to their calculated intrinsic price are sought for purchase.
- > In managing the high dividend yield portfolio, the company seeks out shares that have paid and will continue to pay a higher than average dividend whilst also trading at a discount to their intrinsic value. However, Tweedy's discount for the high dividend yield portfolio is lower than for its standard value funds (15–20% as opposed to 30–50%). The fund has a large capitalisation bias.

Worldwide High Dividend Yield Portfolio

- > The Tweedy, Browne Worldwide High Dividend Yield Value Fund (the Fund) is a global equity fund that invests in companies with high sustainable dividends. The Fund's net asset value is approximately US\$317 million¹.

¹ As at 30 June 2011 (this information is updated quarterly whenever information is available, otherwise the most recent information is used).