

Templeton Global Growth Fund Ltd



Shareholder Briefing Presentation
February / March 2017

Agenda

- Key Results
- Update on Company Strategy
- Market Insights and Investment Portfolio Update
- Q&A



Key Results

Templeton Global Growth Fund Ltd
ASX Code: TGG

Key Results – Half Year to 31 December 2016

- Earnings Per Share (EPS) for the period ended 31 Dec:

Ordinary Profit after tax	Comprehensive Income / (loss) after tax
2016: 0.4 cents	2016: 13.8 cents
2015: 0.4 cents	2015: (4.4 cents)
- Final dividend of 4.5 cents per share paid 25 September 2016:
 - 2.5 cents per share fully franked
 - 2.0 cents per share unfranked
 - of which, 2.5 cents per share where LIC capital gains attributable
- No interim dividend was declared by the Directors
 - Projected Dividend – 3.8 cents per share
 - Retained Earnings Dividend coverage – 120%

Key Results – Half Year to 31 December 2016

- NTA – 143 cents per share
- Share Price – \$1.225
- Discount – (14.4%)
- Performance

	6M	1 YR	3 YR	5 YR
TGG Pre-Tax Net of Fees	16.0%	7.5%	6.6%	16.9%
Benchmark	9.6%	8.4%	10.7%	17.2%
TGG Total Return	10.7%	3.9%	-0.1%	17.7%

Current Position – 31 January 2017

- NTA – 141 cents per share
- Share Price – \$1.235
- Discount – (12.4%)
- Performance

	FYTD	1 YR	3 YR	5 YR
TGG Pre-Tax Net of Fees	14.1%	11.7%	6.5%	16.0%
Benchmark	7.4%	9.9%	10.5%	16.3%
TGG Total Return	11.9%	15.9%	0.4%	17.7%

Competitor Analysis

(All global equity LICs > \$250M Market Cap)

	APL	FGG	HHV	MFF	PMC	PGF	TGG
Category							
Premium / (Disc) to NTA	-4.1%	-3.5%	-1.9%	-13.3%	2.4%	-14.6%	-14.4%
MER%	1.13%	1.00%	1.77%	1.25%	1.50%	1.00%	1.00%
Performance Fee (Y/N)	Y	N	Y	Y	Y	Y	N
Historical Distribution Yield	0.00%	0.9%	5.9%	1.1%	4.4%	3.0%	3.6%
1 Month Total Return	3.8%	1.4%	-8.7%	6.4%	1.6%	2.6%	2.9%
1 Year Total Return	n/a	-8.1%	9.1%	-7.6%	-12.3%	0.4%	3.5%
5 Year Total Return	n/a	n/a	18.8%	24.7%	15.7%	n/a	16.9%

Source: ASX Spotlight on Listed Investment Companies December 2016 and January 2017

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Update on Company Strategy

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Changes to Board and Chairman

- Tony Killen retired as Chairman and Director February 22, 2017
 - Served nearly 14 years as a Director
 - 5 years as Chairman
- Chris Freeman appointed to Board in January 2017 and appointed Chairman February 22, 2017
 - Brings over 40 years experience in financial services, specifically in wealth management distribution
- Jenny Johnson resigned as a Director February 22, 2017, following her recent appointment as President of Franklin Resources Inc.
- Alok Sethi appointed to Board February 22, 2017 as one of two Franklin Templeton representatives, replacing Jenny Johnson
- Alok Sethi, along with Greg McGowan, representing Franklin Resources Inc., are unpaid Directors

TGG Company Strategy

Mission:

To provide Australian investors with a well managed and cost effective investment vehicle to gain access to world equity markets

Priorities for the Board:

- For TGG shares to trade at or close to NTA over time
- Dividend yield of 3% per annum, with franking and LIC gains to the extent possible
- Long term investment performance based on value investment approach
- Cost effective

Shareholder Engagement Program

- Beginning of 2016, trialled Investor Briefings in Sydney, Melbourne and Perth
- From 2017, we will hold Annual Investor Briefings in all mainland capital cities
- In 2016, commenced mail-out to all shareholders and brokers/advisers of quarterly investment manager report
- Teleconference for investors and brokers/advisers following announcement of annual results in August
- Video of AGM available on Company website – www.tggf.com.au
- In 2016, undertook survey of major shareholders and in 2017 have commenced regular survey of new and departing shareholders

Buyback

- During 12 months to February 2017, bought back 19,993,364 shares, representing 8% of capital
- Shares bought added 0.9% value to shareholders
- Board has approved extension of the buyback in 2017

Update on Significant Shareholders

- On 10 May 2016, Franklin Resources announced their intention to move to become a substantial shareholder in TGG
- As at 31 December 2016, Franklin Resources Inc. holds 5.3million shares, which equates to 2.3% of the Company
- All decisions, including taking a shareholding and buying of shares in relation to TGG, are made by Franklin Resources and taken independent of the TGG Board
- Substantial Shareholders on the register currently:
 - Wilson Asset Management
 - AFIC
- TGG is in contact with all major shareholders and continues to have dialogue regarding Company objectives



Market and Investment Insights

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An Unprecedented Dry Spell for Value

Relative Performance Global Value vs. Global Growth

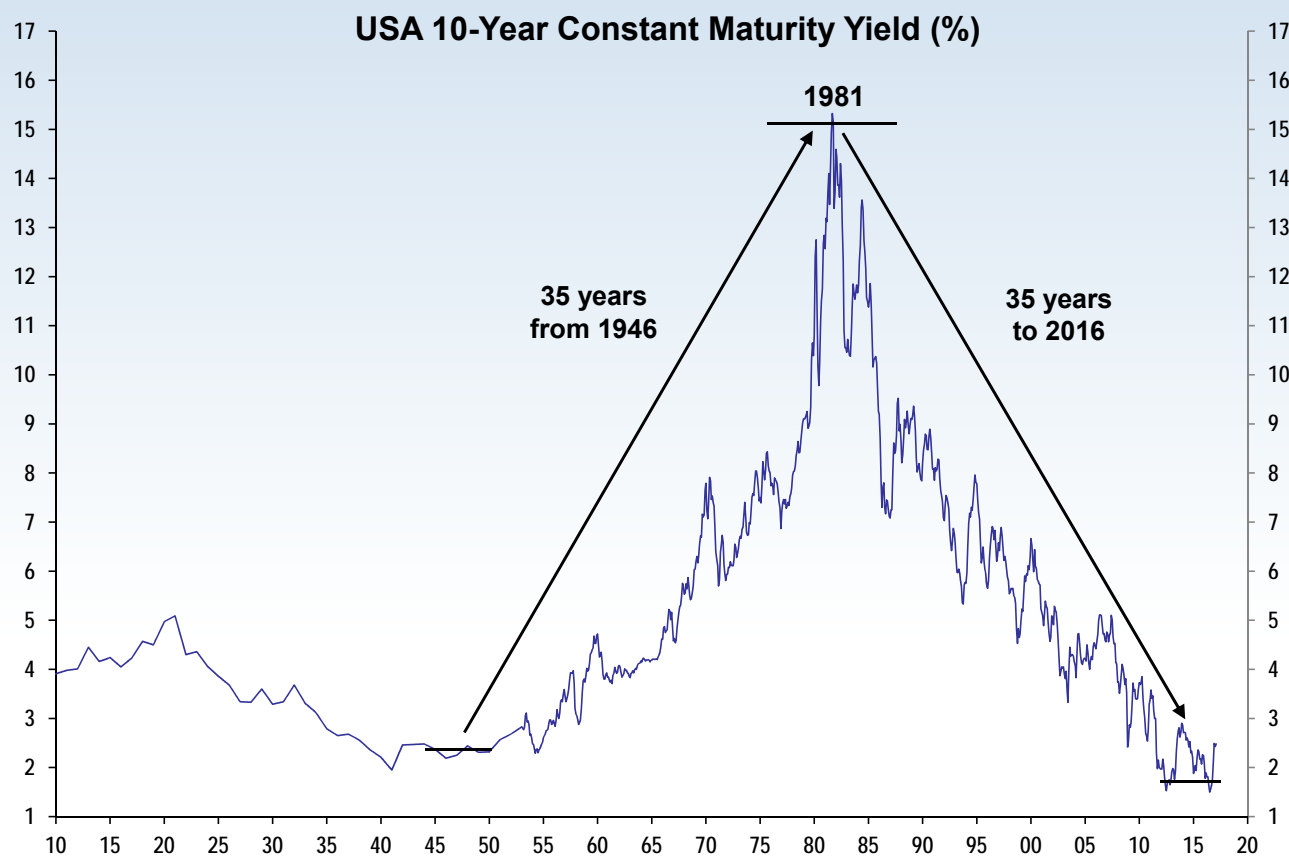
31st January, 1985 to 31st December, 2016



Source: Factset, MSCI. Rolling 10yr annualized excess returns of MSCI World Value Index vs. MSCI World Growth Index.

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US Treasuries at the End of a 35 Year Bull Market



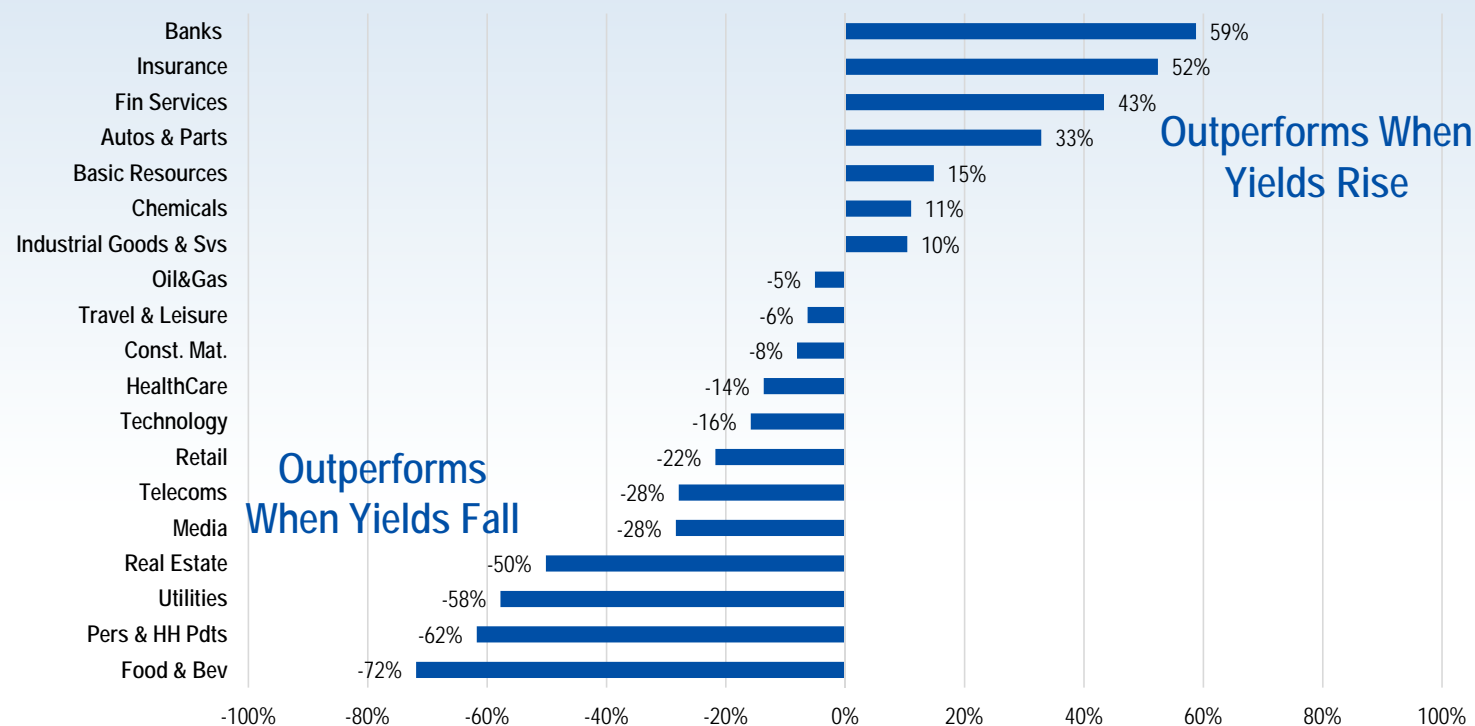
Source: Kepler Cheuvreux

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Where Do We Want To Invest When Yields Rise?

Sectoral Correlation to US Bond Yields

31st December, 2015 to 31st December, 2016



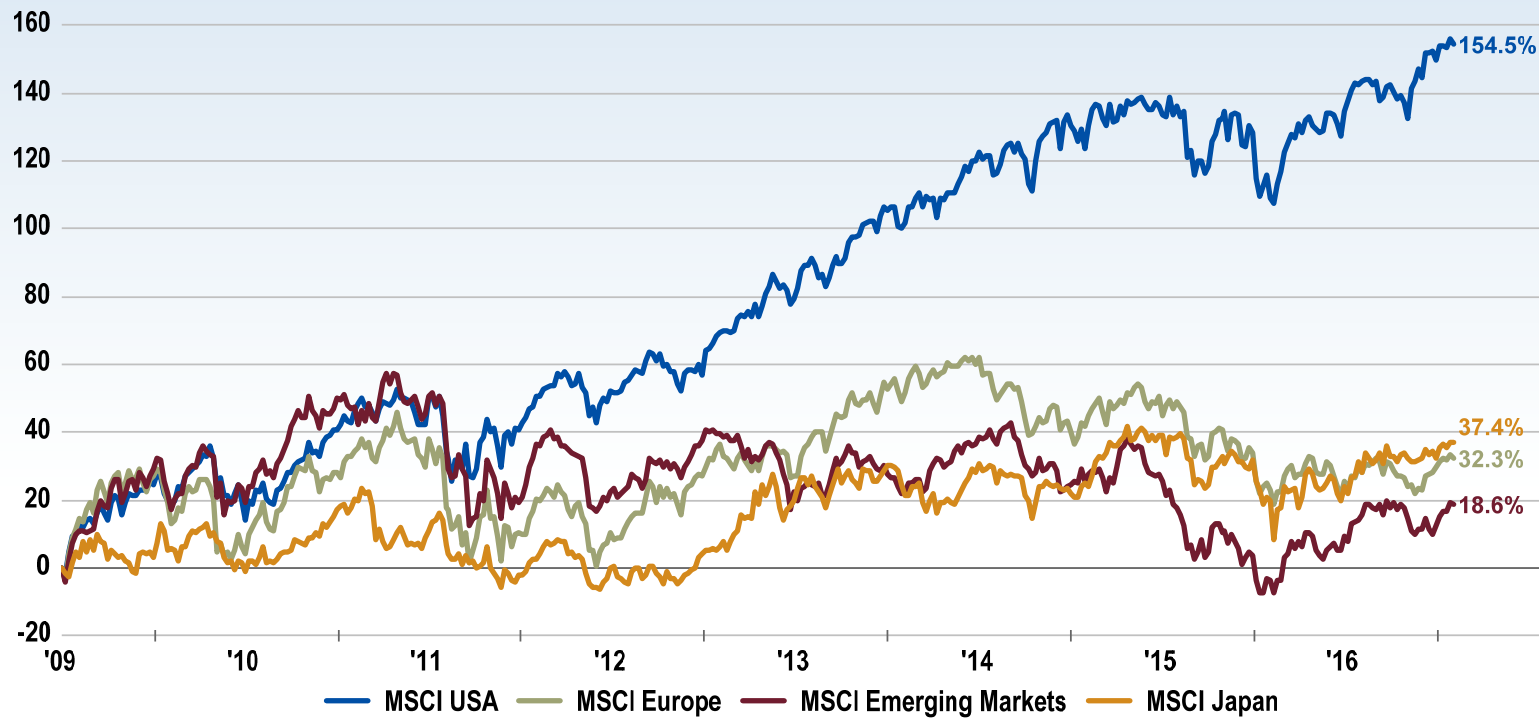
Source: Datastream, Bloomberg, JP Morgan Global Equity Strategy

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The US Has Clearly Stood Out in the Last 7 Years

Price Change, USD

30th June, 2009 to 31st December, 2016



Source: FactSet

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Regional Differences in Earnings Cycles and Valuations

MSCI USA



	Current (31 Dec. 2016)	Long Term Average (Since Jan. 1980)
P/Trend Earnings	19.7x	18.0x
P/B	2.9x	2.6x

MSCI Eurozone



	Current (31 Dec. 2016)	Long Term Average (Since Apr. 1998)
P/Trend Earnings	12.8x	17.9x
P/B	1.6x	2.0x

Source: FactSet

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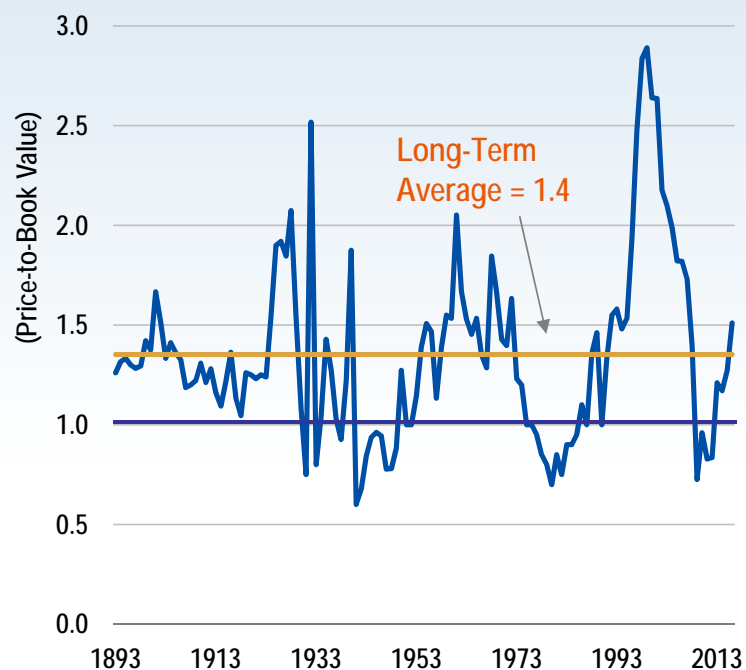
Fake News???

- ✓ Euro area employment is near an all-time high
- ✓ Euro area inflation is little different to other major economies
- ✓ The Euro area (*excluding Germany*) is among the World's top-performing major economies

U.S. Banks are Above Long-Term Average Valuations while Euro Banks Remain Discounted

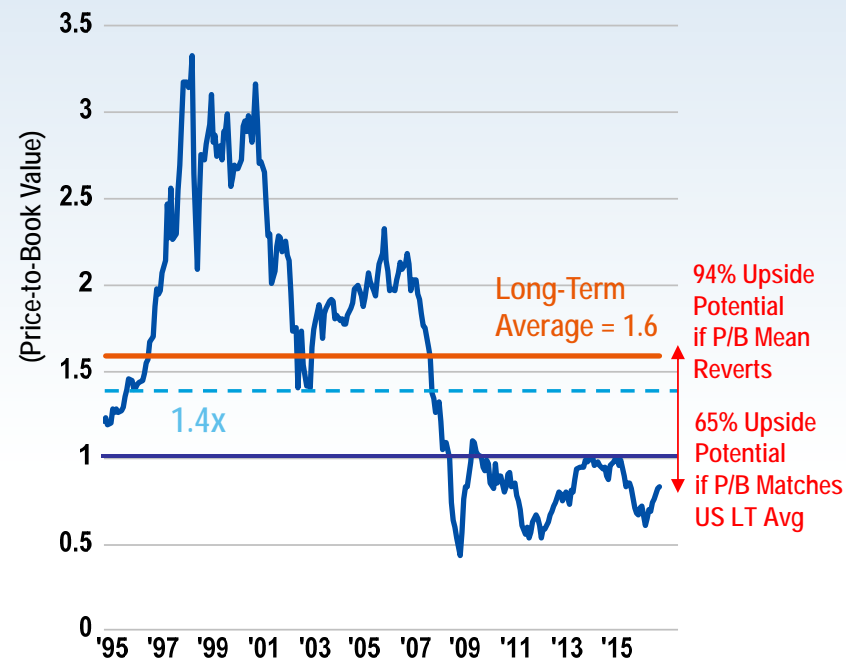
U.S. Banks Price-to-Book Value¹

As of 31st December 2016



European Banks Price-to-Book Value²

31st January, 1995 to 31st December, 2016



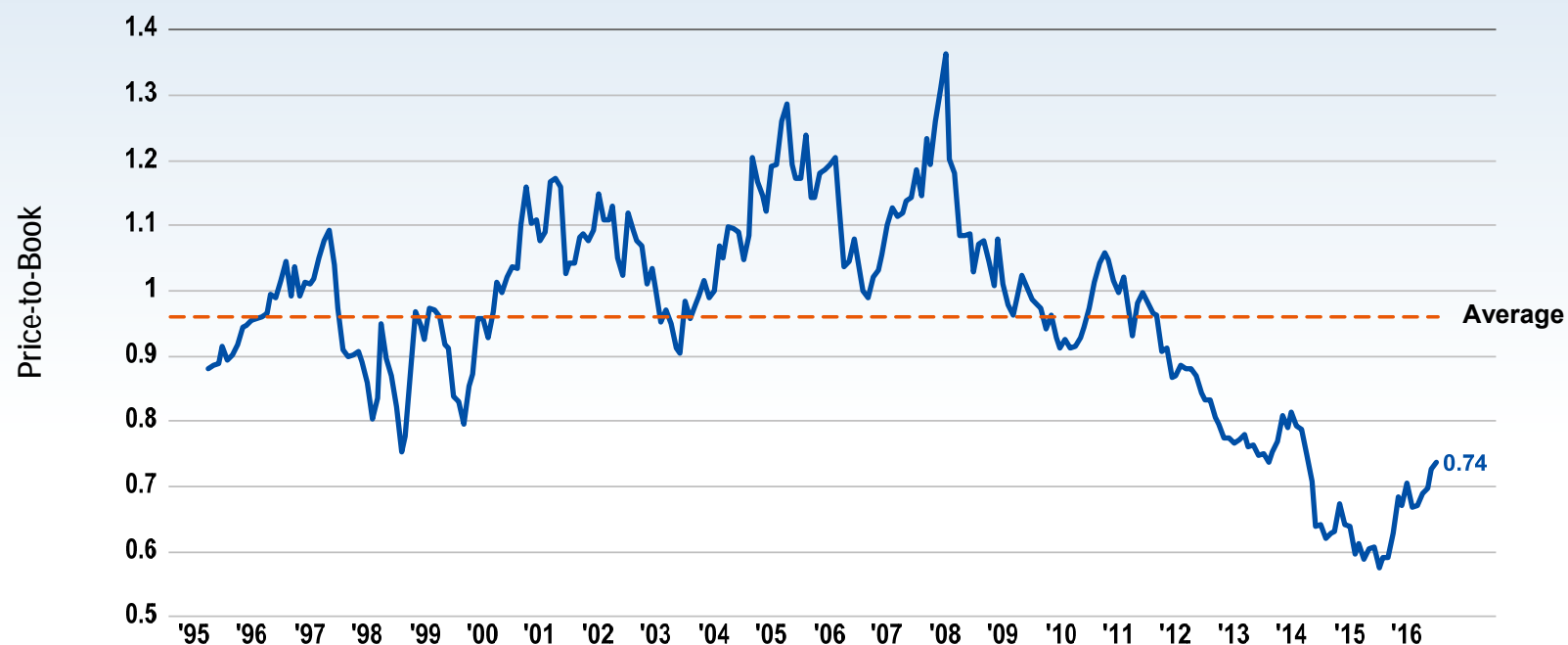
1 Source: Anthony Saunders & Berry Wilson, Impact of consolidation and safety net support on Canadian, US and UK banks, 1892-1992 (1999). Michael Keeley, Deposit Insurance, Risk and Market Power in Banking (1990). FDIC – History of the 1980s. Datastream, SNL. Autonomous Research.

2 Source: FactSet, MSCI.

Energy: Full of Opportunity

MSCI All Country World Energy Index Relative Price-to-Book

29th September, 1995 to 31st December, 2016



Source: FactSet, MSCI.

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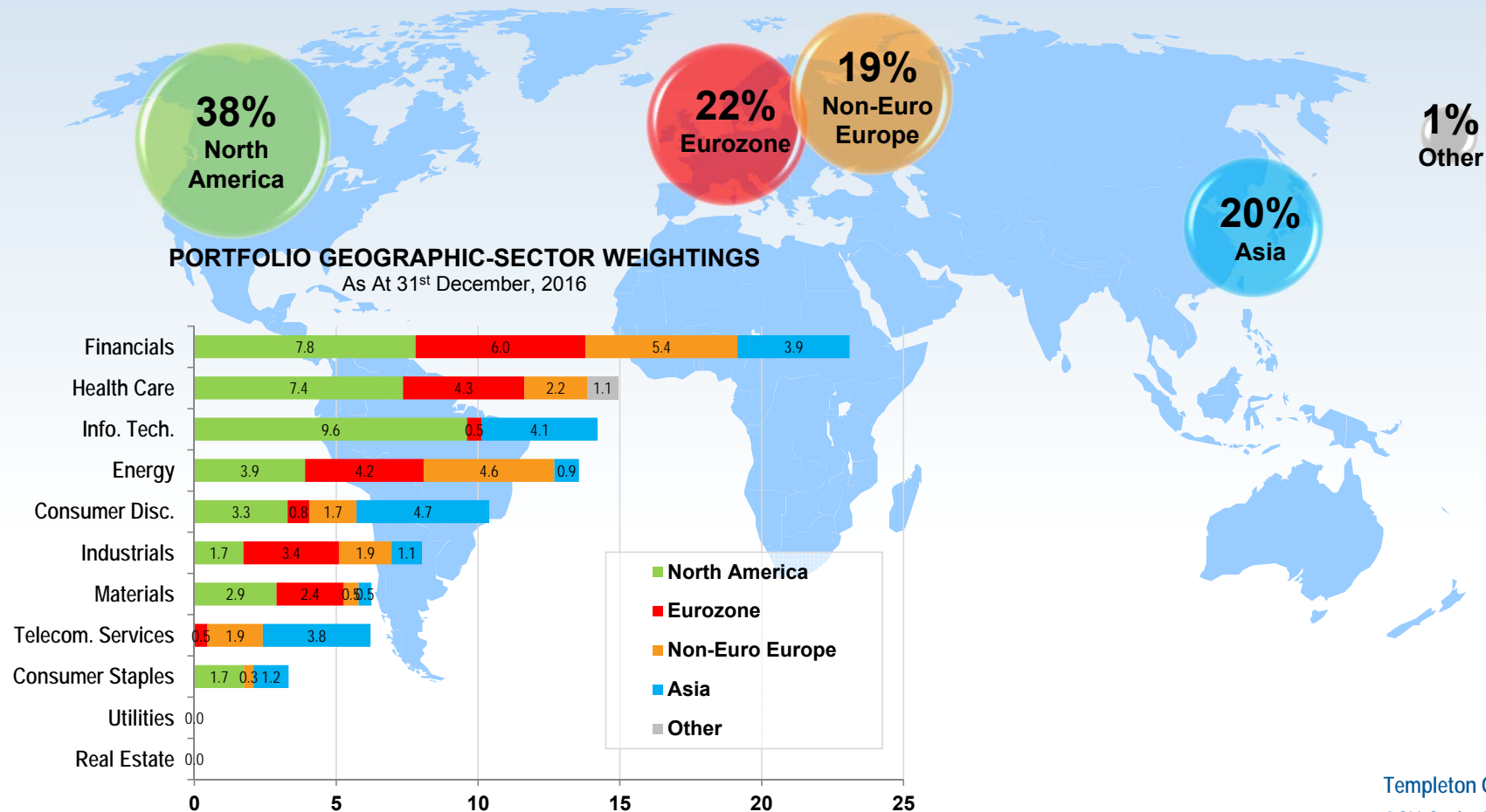
Investment Portfolio

A large, modern glass and steel dome structure, likely a museum or cultural center, with people walking on the plaza in front of it. The sky is overcast.

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TGG Weights

As of 31 December 2016

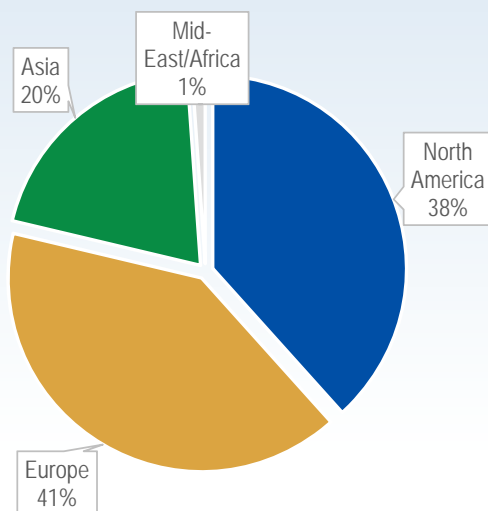


Weightings as percent of equity.

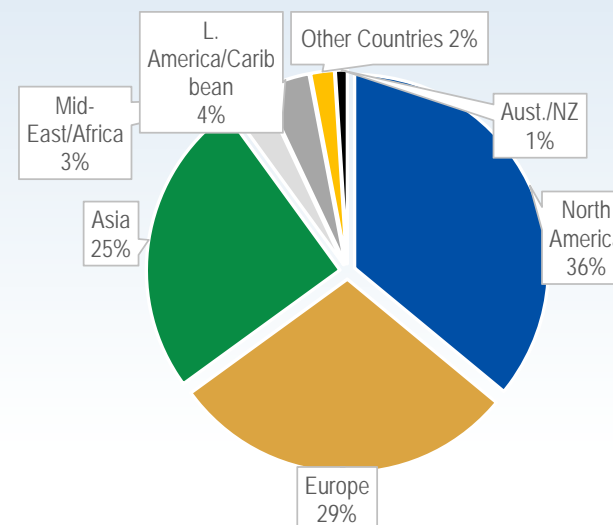
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A Focus on Economic Exposure

TGG Portfolio Weight



TGG Economic Exposure



Source: FactSet, MSCI. TGG Weight represents the geographical distribution of the country of domicile and primary listing of the companies held while the Economic Exposure represents the revenue exposure of the companies.

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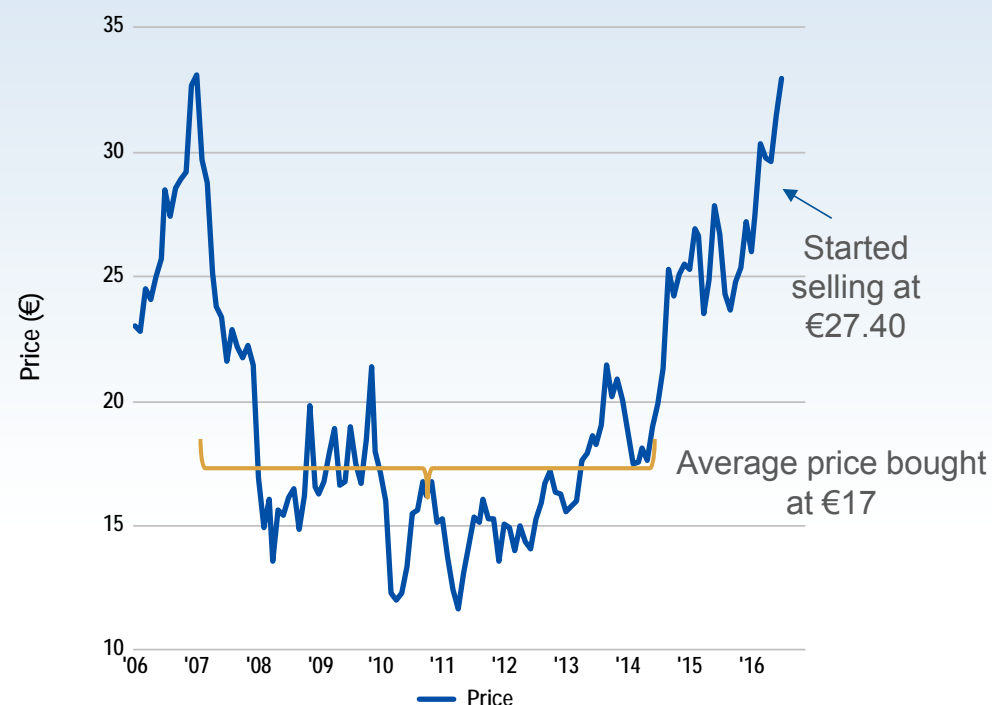
US / European Building Materials

Why we bought

- Cyclical downturn in construction markets in US and Europe after the GFC
- Depressed earnings, but strong balance sheet supported. 4.5% yield, 1x BV
- Strong management team with proven cost-cutting and M&A skills

Why it worked

- Strong balance sheet and cash flow used to make acquisitions during the downturn
- US demand improved and Europe showing early signs of recovery





Leading Global Commercial and Investment Bank

Why we bought

- Emerged from the GFC as a pre-eminent US universal bank
- Price had fallen because of large legal settlements
- We believed the market failed to capture its superior characteristics ("Fortress" balance sheet, stable management, market leadership and growth opportunities)
- Valuation was 1.1x P/TBV and 8.6x FY1 PE

Why it worked

- Global leader in: investment banking fees (#1), US credit card issuance (#1), top private bank (#1) and asset management (#3)
- Growing dividends and capital returns following capital build up and profit recovery
- Fed rate rises, less regulation and lower taxes under President Trump point to better returns ahead

Source: FactSet



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SAMSUNG

Global Manufacturer of Semi-Conductors, Telecom Equipment and Consumer Electronics

Why we bought

- In the aftermath of the TMT bubble the market was selling down tech stocks aggressively, but Samsung had a sustainable business, most notably as a leading player in DRAM
- Shares were trading at 1.5x P/BV and 6.7x FY2 PE

Why it worked

- Samsung's culture drove their capital investment to maintain their cost leadership
- Management used cash flows from DRAM to grow a leading position in NAND, displays, semiconductors and smartphones
- Net cash on the balance sheet of ~KRW75tn and the share still trades on a 9x 2017 P/E



Source: FactSet

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A close-up, low-angle shot of a large industrial turbine, likely from a jet engine or power generator. The image shows several concentric rings of curved, metallic blades. The blades are highly polished and reflect light, creating a series of bright, curved highlights. The perspective is from within the turbine, looking towards the center, which creates a sense of depth and scale. The background is blurred, focusing attention on the intricate details of the blades.








Templeton Investment Philosophy

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Experienced Team of Global Analysts

- Bottom-up; Value stock pickers
- 36 Portfolio Managers and Research Analysts
- Average 20 years of industry experience and 14 years with Templeton
- Global focus uncovers the best opportunities across sectors and geographies



NASSAU	TORONTO	FORT LAUDERDALE	EDINBURGH	SINGAPORE	MELBOURNE	HONG KONG
						
6 PM/Analysts 1 Analyst	6 PM/Analysts 2 Analysts	6 PM/Analysts 3 Analysts	1 PM/Analyst 2 Analysts	1 PM/Analyst 2 Analysts	2 PM/Analysts	4 PM/Analysts 1 Analyst

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Questions

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Phone: 1 800 673 776

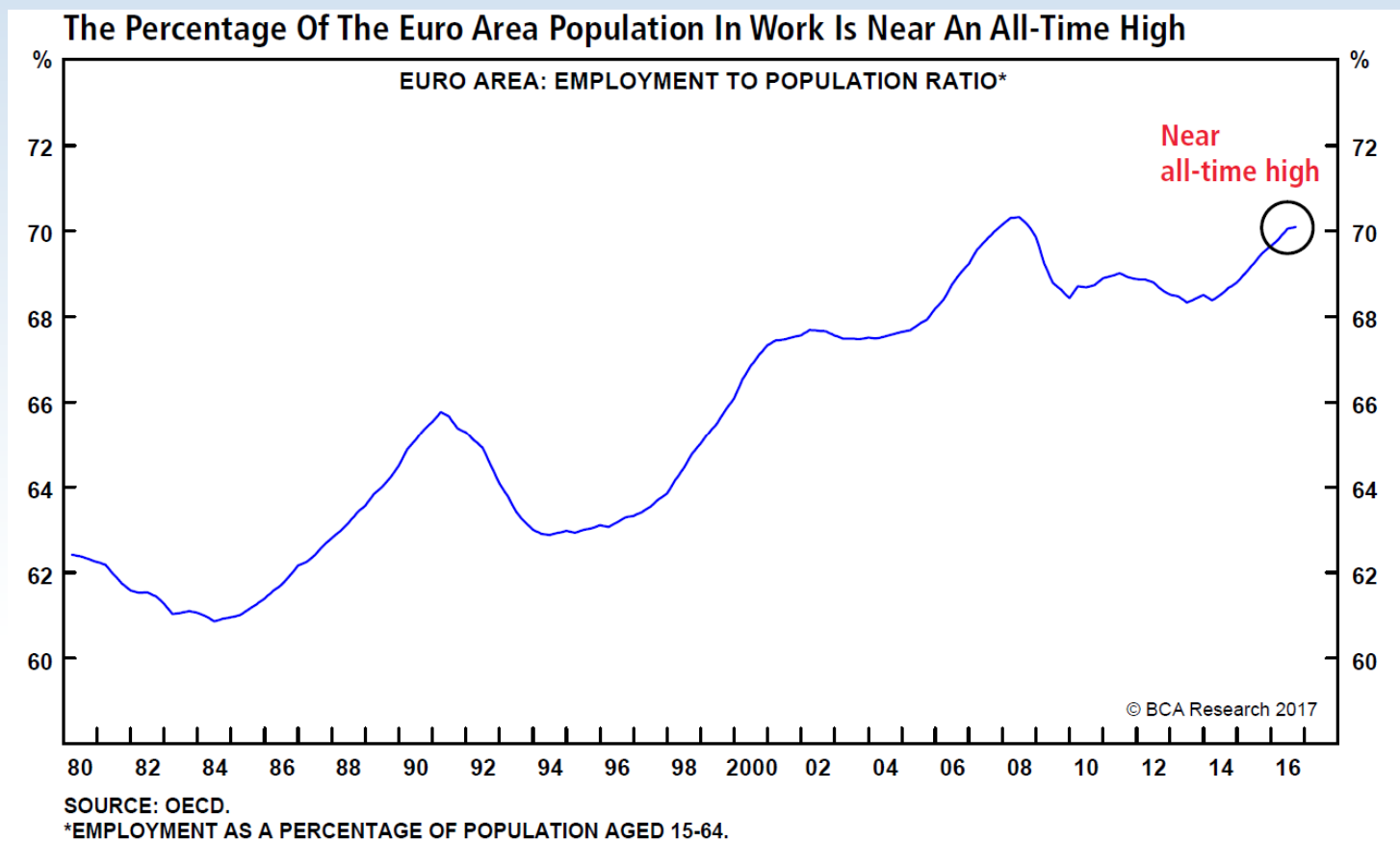
Level 19, 101 Collins Street
Melbourne VIC 3000

Important Disclosures

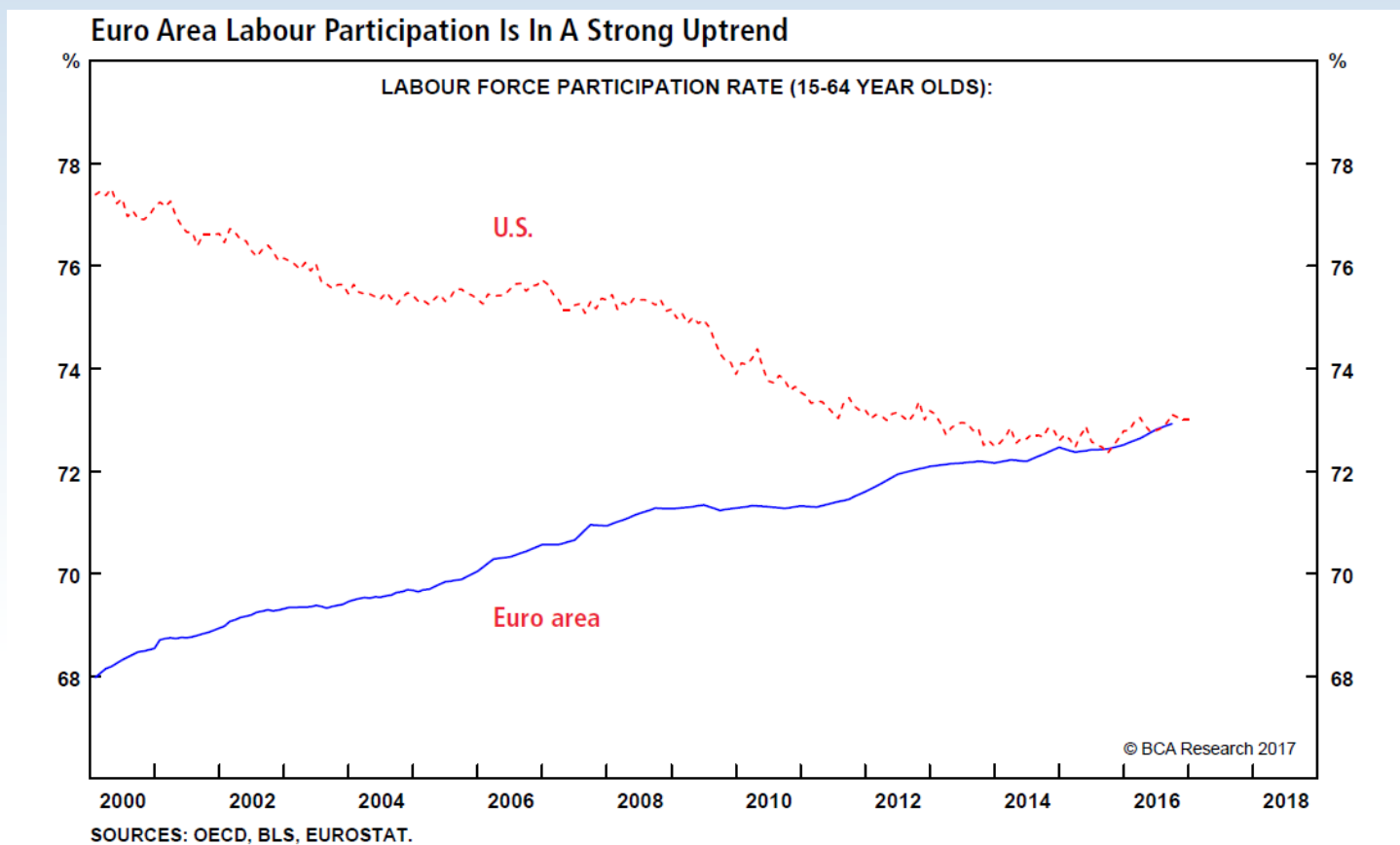
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Appendix



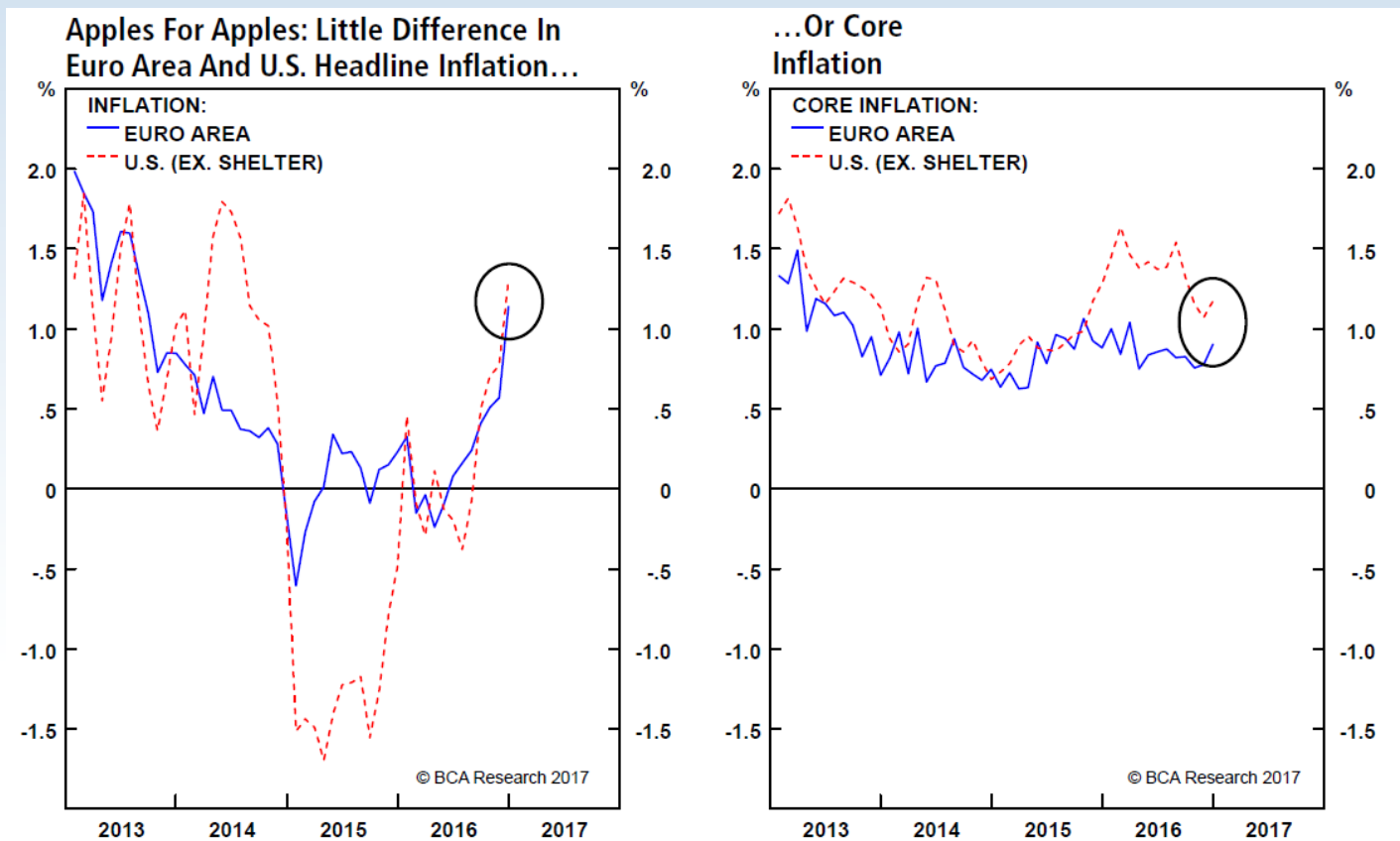
Appendix



Source: BCA Research

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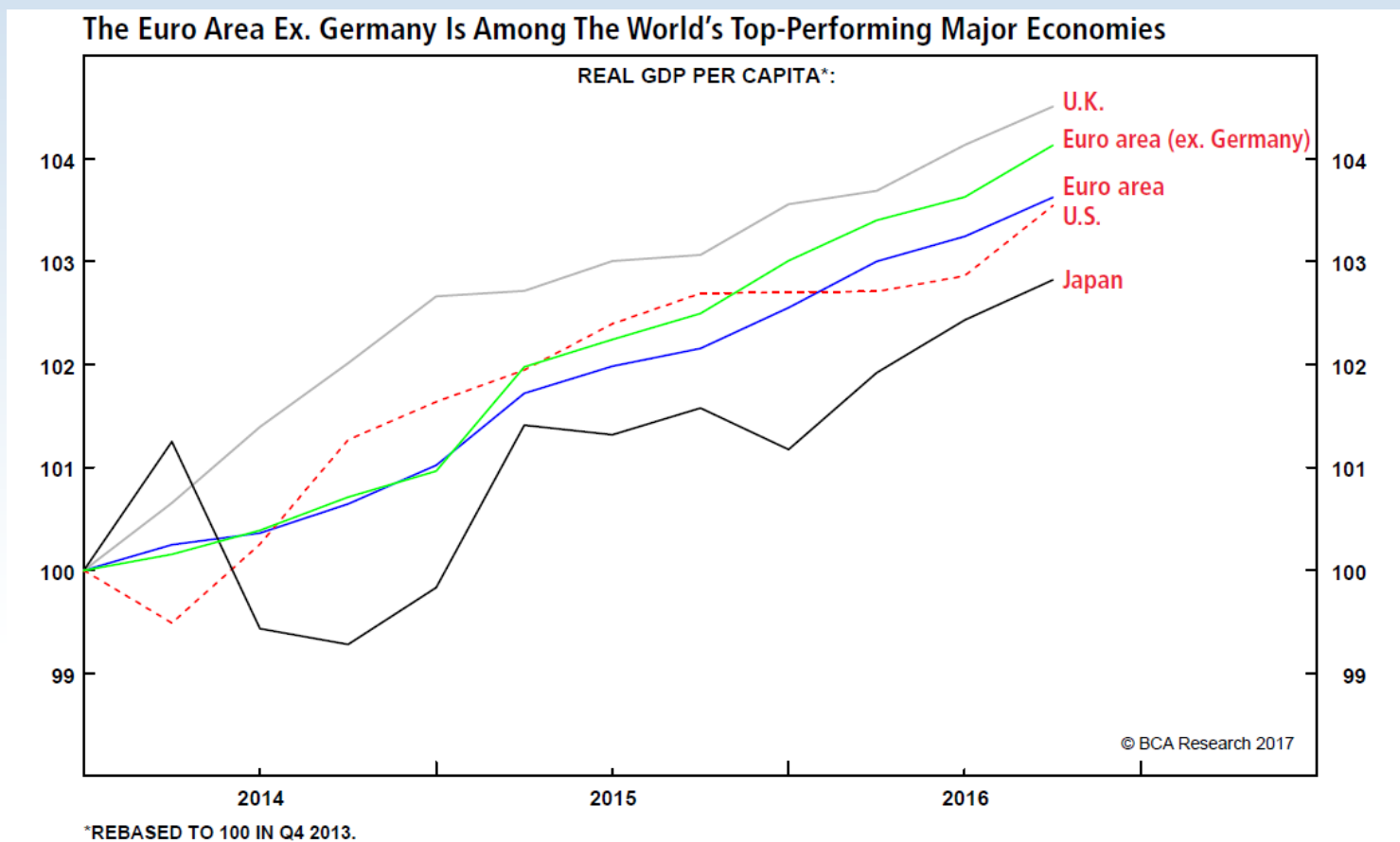
Appendix



Source: BCA Research

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Source: BCA Research

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