



# TEMPLETON GLOBAL GROWTH FUND LTD

ABN 44 006 558 149

HALF YEAR REPORT  
TO SHAREHOLDERS  
31 DECEMBER 2017



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Growth Fund Ltd.** ABN 44 006 558 149

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## CHAIRMAN'S MESSAGE

Dear Shareholders,

Overall results were positive in the six months to 31 December 17 in a broadly solid market for global investments.

The Company's investment portfolio increased 8.3% gross of expenses, and 7.5% net of expenses in the period under review. This is a solid return in absolute terms, but did slightly trail the MSCI All Country World Index return of 9.1%, due primarily to value investing underperforming the market.

The NTA per share increased from \$1.48 at 30 June 2017 to \$1.54 at 31 December 2017, after payment of a 4.5 cent per share dividend in September 2017.

The profit in the first half was \$993,675 compared to \$1,015,408 in the prior corresponding period ("pcp").

Although revenue increased slightly from the prior year (\$3,510,159 compared with \$3,424,153 in the pcp), the reduction in profit for the first half compared to the pcp was a result of a slight increase in other expenses, primarily due to the shareholder engagement and marketing activities of the Company. There were no significant transactions otherwise during the period that impacted these results.

In keeping with the distribution policy no interim dividend was declared.

The dividend/distribution target for 2017/2018 is 3% of the pre-tax NTA at 30 June 2017 or 4.5 cps. This will be paid from retained earnings and/or realized capital gains net of tax for the period. As at 31 December 2017, the retained earnings position equates to 5.6 cps and the net realized capital gains net of tax 2.2 cps.

The company has decided to re-institute a share buyback over the next 12 months to facilitate capital management in support of the stock.

In keeping with the company's recent initiatives to improve shareholder communications, shareholder briefings with the Portfolio Manager have been arranged for mid-March in Melbourne, Perth, Adelaide, Sydney and Brisbane.

We are confident that TGG still provides an efficient vehicle for investors who want international exposure in their portfolios.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'C Freeman', with a stylized flourish at the end.

**CHRISTOPHER R FREEMAN**

*Chairman*

Melbourne

22 February 2018

## 2018 INVESTMENT MANAGER'S HALF-YEARLY REPORT

The last six months of the 2017 calendar year saw continued solid returns with the MSCI All Country World Free Index ("Index") returning nine percent. The Templeton Global Growth Fund Ltd ("TGG") investment portfolio lagged somewhat with a return of 8% in the six month period.

### PERFORMANCE SUMMARY TO 31 DECEMBER 2017 - \$A

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs* %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG "	8.3	14.4	10.0	17.1	6.2	N/A
TGG ^	7.5	13.1	8.7	15.7	4.7	7.4
Index	9.1	14.8	11.0	17.3	5.9	6.7#

" Returns are pre-fees and expenses

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before corporate taxes, with dividends reinvested and adjusted for share issues and share buy-backs.

\* Annualised.

# Since inception Index uses MSCI World as the Index was not in existence at TGG's inception.

The benchmark is presented with net dividends reinvested.

Shareholders should note that past performance is not necessarily an indicator of future performance

## PERFORMANCE REVIEW

TGG's returns have been reasonable on an absolute basis, but slightly behind the index overall. Value again lagged in the December half, by around 3%, taking the performance deficit for calendar year 2017 to 11% in total, as measured by MSCI's Value and Growth indices. This is a frustrating setback given the value recovery that we had seen in 2016 and the broadening of the global economic recovery, typically an important driver of better performance from lowly valued companies.

Major Region Returns (6m to 31 December 2017)	TGG (%)	Index (%)
Asia	8.7	12.0
Europe	6.6	6.9
<i>Eurozone</i>	4.0	7.1
<i>Rest of Europe</i>	9.2	6.8
North America	11.5	8.9

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs %	Latest 5 Yrs %	Latest 10 Yrs %
MSCI AC World Value	7.9	10.3	10.1	16.7	5.6

Regional differences were not a major driver of returns in the half with pretty much all markets around the World participating in solid gains. Asia performed more strongly than the US which slightly edged out European markets. TGG's portfolio returns didn't quite match this pattern with strong stock performance for a number of US holdings making that region's stocks the largest contributor whereas TGG's holdings in Asia lagged somewhat. US companies in financials, industrials, commodities and technology all posted solid returns from a broad range of companies, whereas the portfolio has relatively few US holdings in more defensive sectors with the exception of health care where we did witness some poor returns. In Asia, holdings in more defensive companies in the telecoms sector and soft drink company, Suntory, hindered returns.

Sector Returns (6m to 31 December 2017)	TGG (%)	Index (%)
Consumer Discretionary	9.2	9.4
Consumer Staples	(3.8)	3.6
Energy	17.8	14.6
Financials	10.7	9.8
Health Care	(9.4)	1.8
Industrials	10.5	8.6
Information Technology	16.0	15.4
Materials	27.4	15.5
Real Estate	10.8	5.8
Telecommunication Services	1.8	3.7
Utilities	n/a	1.0

TGG's holdings in the two commodity sectors, energy and materials delivered returns well ahead of their sector peers. Global integrated energy companies BP and Shell were among the sector's stronger performers. Both companies are delivering an attractive yield for investors and their efforts to reduce their cash break-even levels are increasingly convincing the market that the yields are sustainable. A higher oil price has also helped. Performance in materials was boosted by Japanese base and precious metal producer Sumitomo as well as US-based Allegheny and Lyondell.

The portfolio also had a broadly strong set of returns from companies in the financials, industrials and real estate sectors. A number of the portfolio's banks performed well, but insurers Aegon and Voya were among the best financials holdings, along with Auto lender Ally and Credit Suisse. A European economy showing more economic strength and a settled industrial relations position helped Lufthansa to very strong returns, while US truck manufacturer, Navistar, was strong and aerospace company Rockwell Collins received a take-over bid from United Technologies.

The five weakest sectors were the most defensive sectors, consumer staples, health care, real estate, telecoms and utilities. TGG has been under-weight these sectors in aggregate over the last few years, but as they have lagged the broader market in the last eighteen months we have been adding somewhat to the sectors, albeit with a clear preference for the much lower valuations in the health care and telecoms sectors. The portfolio holdings in health care, in particular, have been disappointing, most notably, Allergan, Celgene and Teva. Allergan and Teva have had generics admitted for important branded drugs in their portfolios. These losses are consequential hits to near-term profits but matter much less for valuation as the drugs were reaching the expiry date for their patents. Teva's problems have been compounded by their high debt load, the lack of a CEO and their own inability to get new generic drugs approved to sell (as they are one of the World's leading generic drug manufacturers). Teva's new CEO is now in place and the shares have started to recover. Celgene's existing business is posting impressive growth, but the failure of an important drug in their pipeline led to a significant de-rating of the shares.

The portfolio's significantly different regional positioning, overweight in Europe, underweight US shares, did not significantly impact relative performance in the half.

## PORTFOLIO STRATEGY

TGG's portfolio positioning remains broadly consistent with where it was at 30 June 2017. The portfolio is regionally overweight in Europe and Asia and underweight in US stocks, while by sector is overweight in financials, energy, health care and telecommunications, and underweight in consumer discretionary, consumer staples, info tech, utilities and industrials.



## PORTFOLIO GEOGRAPHIC WEIGHTINGS

AS AT 31 DECEMBER 2017

Middle East/Africa

1.3

North America

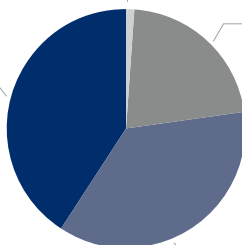
40.7

Asia

21.5

Europe

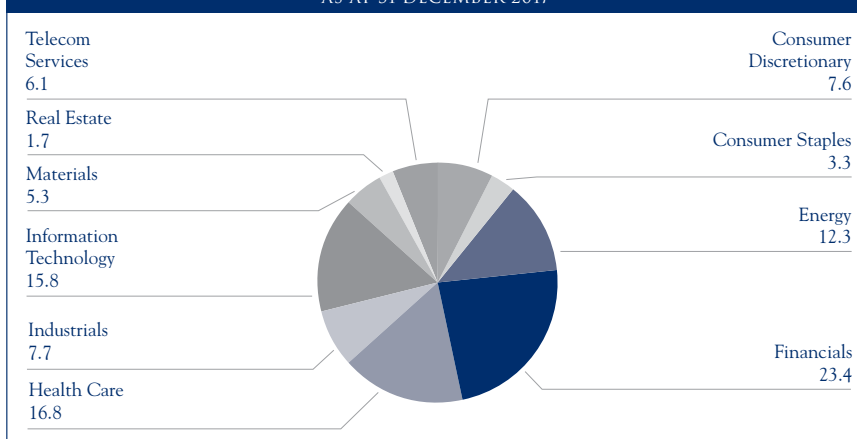
36.5



There has been very little change in the half in the overall regional or sector positioning of the portfolio. Turnover has, however, been broadly consistent with its long-term average. The weighting of energy stocks has increased somewhat, but through solid performance by the stocks in the sector, we've actually sold slightly more than we've bought in the sector in the half. Health care, in contrast is currently a lower weight than six months ago despite buying through the period.

## PORTFOLIO SECTOR WEIGHTINGS

AS AT 31 DECEMBER 2017



The new holdings in TGG's portfolio in the half are each in different sectors and include lagging names in strongly performing sectors (such as Thai energy company PTT, Bank of Ireland in financials and tech heavyweight Intel) as well as companies in sectors that have been weaker such as UK auto/aerospace parts company GKN, Japanese real estate company Mitsui Fudosan and global beauty and fragrances company Coty.

## OUTLOOK

Overall as we head into calendar year 2018 there are both opportunities and challenges for global markets. The key opportunity for TGG shareholders is from a broadening of the economic and therefore earnings recovery to more sectors (financials and commodities most notably) and regions (outside the US). This should further support TGG's value approach. Historically broader economic growth and Central banks raising interest rates have supported value stocks.

The last five years have seen 17% p.a. compound returns for TGG's portfolio and the Index in AUD. The overall macro-economic outlook is about as positive as we've seen since the onset of the global financial crisis, but after the share price rises we've seen over that five year period we are being asked to pay significantly higher prices to access that more positive environment. In other words, the outlook is good, but value is not as abundant as it was five years ago.

The positives include broad economic strength (not one of the 45 OECD economies is contracting right now), significant earnings upgrades, buoyant consumer and corporate confidence, falling unemployment and still low interest rates.

With the Fed continuing to raise rates, however, and Central Banks likely to be reducing their balance sheets by this time next year the interest rate outlook is currently undergoing something of a sea change in its state since the start of the GFC. That represents something of a risk for equity markets, albeit less so for ones outside the US where economies continue to have more “slack” and therefore room to expand (and take earnings with them) before central bankers need to act more decisively. Rising rates should also be beneficial for the positioning of TGG’s portfolio from a sector perspective. Inflation is probably the key macro variable to watch. Were it to accelerate meaningfully and central banks be perceived as behind the curve then markets would be at risk of a sharp move higher in bond yields, which would, in turn, pose risks for equities.

A handwritten signature in blue ink, appearing to read 'P. Wilmschurst', with a stylized flourish at the end.

**Peter M Wilmschurst CFA**

*Portfolio Manager*

12 February 2018

## TOP 15 PORTFOLIO HOLDINGS AS AT 31 DECEMBER 2017

Security	Sector	Country	% of Portfolio
Microsoft	Information Technology	United States	2.4
Samsung Electronics	Information Technology	South Korea	2.4
Oracle	Information Technology	United States	2.2
Royal Dutch Shell	Energy	United Kingdom	2.1
BP	Energy	United Kingdom	2.1
Alphabet	Information Technology	United States	2.0
Citigroup	Financials	United States	1.8
JPMorgan	Financials	United States	1.7
SoftBank Group	Telecom. Services	Japan	1.7
Apple	Information Technology	United States	1.6
Capital One Financial	Financials	United States	1.5
Comcast	Consumer Discretionary	United States	1.5
HSBC	Financials	United Kingdom	1.5
Vodafone	Telecom. Services	United Kingdom	1.4
Siemens	Industrials	Germany	1.4
			<u>27.3</u>

## INDICATIVE PORTFOLIO CHARACTERISTICS

TGG VS MSCI AC WORLD FREE INDEX AS AT 31 DECEMBER 2017

Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	14.8	17.6
Price to Cash Flow (times)	6.5	12.2
Price to Book Value (times)	1.5	2.3
Dividend Yield (%)	2.3	2.3
Market Capitalisation (\$Aust m.)	155,737	143,343

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Directors of Templeton Global Growth Fund Ltd ("Company") submit their report for the half year ended 31 December 2017 ("the reporting period").

#### DIRECTORS

The following persons were Directors of the Company during the half year and up to the date of this report:

**CHRISTOPHER R. FREEMAN**, CA, MAICD - Non-Executive Chairman

**GREGORY E. McGOWAN**, JD – Non-Executive Director

**MARTIN F. WARWICK**, CA, MBA, ACIS, AGIA, BSc, MAICD –  
Non-Executive Director

**MICHAEL J. O'BRIEN**, CFA, FIAA, GAICD – Non-Executive Director

**JOANNE DAWSON**, B.Com, MBA, CA, CFP, GAICD – Non-Executive Director

**ALOK SETHI**, B.Com, ACA – Non-Executive Director

#### RESULTS AND REVIEW OF OPERATIONS

The Company invests in a globally diversified portfolio of primarily international securities. The Company does not hedge the underlying currencies in which the portfolio is invested. The Company's operations did not change during the reporting period.

The key elements of this half-year report are referred to below.

##### Revenue:

Revenue is represented by dividends from investments, interest income and other sundry receipts. In total, revenue for the reporting period was \$3,510,159 up from \$3,424,153 in the previous corresponding period ("pcp"). Dividend income for the reporting period was \$3,222,501 compared to \$3,212,949 in the pcp.

##### Profit after income tax for the half year:

The profit after tax for the reporting period was \$993,675 compared to a profit after tax of \$1,015,408 in the pcp.

##### Other comprehensive income:

The after tax effect of realised and unrealised capital gains or losses are recorded directly to equity and disclosed in the statement of comprehensive income. In the reporting period \$16,216,760 of realised and unrealised capital gains (net of tax) were reported as other comprehensive income compared to realised and unrealised capital gains (net of tax) of \$30,788,851 in the pcp.

### Net tangible asset backing per share (“NTA”):

The NTA increased from \$1.48 per share at 30 June 2017 to \$1.54 per share at 31 December 2017. This was after the payment of a 4.5 cent per share final dividend in September 2017. The NTA over the previous five years has been:

As at 31 December	NTA cents per share After Actual Tax*	After Estimated Tax**
2017	154	146
30 June 2017	148	143
2016	143	138
2015	139	135
2014	142	138
2013	142	139

\* “Actual Tax” is all Australian and Foreign income tax for which a liability has arisen and therefore excludes deferred tax assets and liabilities arising from unrealised gains or losses.  
\*\* “Estimated Tax” is estimated tax if the company disposed of its total investment portfolio at its market value. However, the company is a long-term investor and does not intend to dispose of its total investment portfolio.

## INVESTMENT PERFORMANCE

The Company’s investment portfolio increased by \$12,163,380 over the reporting period. When taking into account the impact of the dividend paid and the on-market share buy-back, the investment performance for the period was 8.3% gross of expenses and 7.5% net of expenses, compared to the MSCI All Country World Index (“index”) of 9.1% over the six months to 31 December 2017.

## DIVIDENDS

On 22 August 2017 the Directors declared a final dividend in respect of the year ended 30 June 2017 of 4.5 cents per share fully franked, which was paid from current year realised capital gains net of tax and retained earnings. The dividend also included a LIC capital gains component of 4.5 cents per share. The dividend was paid to shareholders on 22 September 2017.

No interim dividend has been declared in respect of the half-year to 31 December 2017 (31 December 2016: nil).

The dividend/distribution target for 2017/2018 will be a minimum of 3% of the value of

the Company's estimated pre-tax Net Tangible Assets ("NTA") at 30 June 2017, which equates to 4.5 cents per share. This dividend will be paid from retained earnings and/or realised capital gains (net of tax) for the period. As at 31 December 2017, the retained earnings position equates to 5.6 cents per share and realised capital gains (net of tax) of 2.2 cents per share.

## **CAPITAL MANAGEMENT**

The Company had in place an on-market share buy-back which operated during the reporting period. There were 255,321 shares (2016: 10,279,680) at cost of \$335,110 purchased for the half-year ended 31 December 2017 (2016: \$12,104,702).

## **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration given under Section 307C of the *Corporations Act 2001* forms part of the Directors' Report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



**CHRISTOPHER R FREEMAN**

*Chairman*

Melbourne

22 February 2018



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Templeton Global Growth Fund Ltd for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Elizabeth O'Brien'.

Elizabeth O'Brien  
Partner  
PricewaterhouseCoopers

Melbourne  
22 February 2018

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## INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
Revenue	3	3,510,159	3,424,153
Investment expenses	4	(1,651,553)	(1,635,140)
Salaries and employee benefit expenses		(149,713)	(131,266)
Shareholder and regulatory costs		(131,405)	(119,140)
Other expenses		(162,801)	(97,694)
<b>Profit before income tax</b>		<b>1,414,687</b>	<b>1,440,913</b>
Income tax expense	5	(421,012)	(425,505)
<b>Profit after income tax for the half year</b>		<b>993,675</b>	<b>1,015,408</b>

## EARNINGS PER SHARE (CENTS)

Basic and diluted earnings per share		0.4	0.4
Dividend paid per share (cents)	6	4.5	4.5

*The above income statement should be read in conjunction with the accompanying notes.*

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
Profit after income tax for the half year	993,675	1,015,408
<b>Other comprehensive income</b>		
<i>Items that will not be recycled through the Income Statement</i>		
Unrealised gains on investments in the portfolio at 31 December	16,241,608	41,952,370
Income tax expense on the above	(4,872,483)	(12,585,711)
Realised gains on investments during the period	6,925,193	2,031,703
Income tax expense on the above	(2,077,558)	(609,511)
<b>Total other comprehensive income after tax</b>	<b>16,216,760</b>	<b>30,788,851</b>
<b>Total comprehensive income after tax</b>	<b>17,210,435</b>	<b>31,804,259</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# TEMPLETON GLOBAL GROWTH FUND LTD

## BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	As at 31 December 2017 \$	As at 30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	7,162,289	10,175,721
Receivables		1,724,860	1,495,122
Total current assets		8,887,149	11,670,843
<b>NON-CURRENT ASSETS</b>			
Investments		341,407,072	329,243,692
Total non-current assets		341,407,072	329,243,692
Total assets		350,294,221	340,914,535
<b>CURRENT LIABILITIES</b>			
Payables		396,860	373,430
Current tax liabilities		2,039,248	4,272,822
Total current liabilities		2,436,108	4,646,252
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		17,217,245	12,306,671
Total non-current liabilities		17,217,245	12,306,671
Total liabilities		19,653,353	16,952,923
<b>NET ASSETS</b>		<b>330,640,868</b>	<b>323,961,612</b>
<b>EQUITY</b>			
Contributed equity	8	289,375,517	289,710,627
Reserves		29,344,045	22,492,197
Retained profits		11,921,306	11,758,788
<b>Total equity</b>		<b>330,640,868</b>	<b>323,961,612</b>

*The above balance sheet should be read in conjunction with the accompanying notes.*

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Retained Profits \$	Investment Revaluation Reserve \$	Investment Realisation Reserve \$	Total Equity \$
<b>At 1 July 2017</b>	289,710,627	11,758,788	28,811,501	(6,319,304)	323,961,612
<b>Profit after income tax for the half year</b>	–	993,675	–	–	993,675
<b>Other comprehensive income</b>					
Net revaluation increase on the investment portfolio	–	–	16,216,760	–	16,216,760
Transfer of net cumulative realised gains for the half year	–	–	(4,847,635)	4,847,635	–
<b>Total other comprehensive income for the period</b>	–	–	11,369,125	4,847,635	16,216,760
<b>Transactions with shareholders</b>					
Dividends paid	–	(831,157)	–	(9,364,912)	(10,196,069)
Shares bought back	(335,110)	–	–	–	(335,110)
<b>At 31 December 2017</b>	<b>289,375,517</b>	<b>11,921,306</b>	<b>40,180,626</b>	<b>(10,836,581)</b>	<b>330,640,868</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (CONT)

	Issued Capital \$	Retained Profits \$	Investment Revaluation Reserve \$	Investment Realisation Reserve \$	Total Equity \$
<b>At 1 July 2016</b>	306,549,306	10,529,224	(1,424,816)	(7,444,468)	308,209,246
<b>Profit after income tax for the half year</b>	–	1,015,408	–	–	1,015,408
<b>Other comprehensive income</b>					
Net revaluation increase on the investment portfolio	–	–	30,788,851	–	30,788,851
Transfer of net cumulative realised gains for the half year	–	–	(1,422,192)	1,422,192	–
<b>Total other comprehensive income for the period</b>	–	–	29,366,659	1,422,192	30,788,851
<b>Transactions with shareholders</b>					
Dividends paid	–	(2,428,438)	–	(8,239,749)	(10,668,187)
Shares bought back	(12,104,702)	–	–	–	(12,104,702)
<b>At 31 December 2016</b>	<b>294,444,604</b>	<b>9,116,194</b>	<b>27,941,843</b>	<b>(14,262,025)</b>	<b>317,240,616</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## STATEMENT OF CASH FLOWS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	6 months to 31 December 2017 \$ Inflows/ (Outflows)	6 months to 31 December 2016 \$ Inflows/ (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends received	3,082,740	2,834,657
Interest received	243,684	187,074
Custodian fees paid	(25,226)	(21,638)
Investment manager's fees paid	(1,784,608)	(1,716,595)
Goods and services tax refunded	397,586	138,490
Income taxes paid	(4,464,697)	(2,202,886)
Administrative, regulatory, legal and other payments in the normal course of operations	(412,861)	(337,609)
<b>Net cash outflow from operating activities</b>	<b>(2,963,382)</b>	<b>(1,118,507)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of listed shares	(33,725,212)	(25,793,670)
Proceeds received from realisation of listed shares	44,149,893	47,346,857
<b>Net cash inflow from investing activities</b>	<b>10,424,681</b>	<b>21,553,187</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares purchased (on-market buy-back)	(335,110)	(12,104,702)
Net dividend paid	(10,196,069)	(10,668,187)
<b>Net cash outflow from financing activities</b>	<b>(10,531,179)</b>	<b>(22,772,889)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,069,880)</b>	<b>(2,338,209)</b>
Cash and cash equivalents at the beginning of the half-year	10,175,721	5,089,894
Effects of exchange rate changes on cash and cash equivalents	56,448	32,650
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>7,162,289</b>	<b>2,784,335</b>

*The above cash flows statement should be read in conjunction with the accompanying notes.*

## NOTES TO AND FORMING PART OF THE HALF YEAR FINANCIAL REPORT 31 DECEMBER 2017

### 1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd (“the Company”) for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 22 February 2018.

The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (“ASX”).

The nature of operations and principal activities of the Company are described in Note 9.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with the requirements of the AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report has been prepared on a historical cost basis except for financial assets (“Investments”) which have been measured at fair value through other comprehensive income.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The financial report is presented in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### **New accounting standards or amendments**

There are no new accounting standards, interpretations or amendments that are effective for the first time for the half-year beginning 1 July 2017 that would be expected to have a material impact on the Company.

#### **Compliance with IFRS**

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (“IFRS”) applicable to interim reporting as issued by the International Accounting Standards Board.

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
<b>3. REVENUE</b>		
Dividends	3,222,501	3,212,949
Interest	268,983	211,126
Other investment income	18,675	78
<b>Total revenue</b>	<b>3,510,159</b>	<b>3,424,153</b>

#### 4. INVESTMENT EXPENSES

Investment management fees	1,625,223	1,580,848
Custodian fees	21,000	23,000
Net foreign currency losses	5,330	31,292
<b>Total investment expenses</b>	<b>1,651,553</b>	<b>1,635,140</b>

#### 5. INCOME TAX EXPENSE

The major components of income tax expense for the half year ended 31 December 2017 and 31 December 2016 are:

##### Income Statement

##### *Current income tax*

Current income tax charge	424,406	432,273
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##### *Deferred income tax*

Relating to originating and reversal of temporary differences	(3,394)	(6,768)
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<b>Income tax reported in the income statement</b>	<b>421,012</b>	<b>425,505</b>
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	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
<b>6. DIVIDENDS PAID OR PROPOSED</b>		
<b>Equity dividends on ordinary shares:</b>		
<b>(a) Dividends declared and paid during the half year:</b>		
Final dividend for the financial year 30 June 2017:		
4.5 cents fully franked (2016: 4.5 cents per share at		
2.5 cents fully franked and 2.0 cents unfranked)	10,196,069	10,668,187
<b>(b) Dividends proposed and not yet recognised as a liability:</b>		
Interim franked dividend for		
financial year 30 June 2018: 0.0 cents per share.		
(2017: 0.0 cents per share)	—	—
<b>(c) Listed investment company (LIC) capital gain account</b>		
Balance of the LIC capital gain account	7,423,601	1,422,192
This equates to an attributable amount of	10,605,144	2,031,703

The attributable amount is effectively the pre tax capital gain amount. Generally, individuals and superannuation funds can deduct in their tax returns 50% or 33.3%, respectively, of the attributable amount advised to them in their dividend statement.

	31 December 2017 \$	30 June 2017 \$
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## 7. CASH AND CASH EQUIVALENTS

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank	7,162,289	10,175,721
--------------	-----------	------------

	31 December 2017	30 June 2017
	\$	\$

## 8. CONTRIBUTED EQUITY

### *(a) Issued and paid-up capital*

Ordinary shares fully paid	289,375,517	289,710,627
----------------------------	-------------	-------------

	Number	\$
<i>(b) Movements in shares on issue</i>		
At 1 July 2017	226,579,182	289,710,627
Share cancelled via share buy-back	(255,321)	(335,110)
At 31 December 2017	<u>226,323,861</u>	<u>289,375,517</u>

### *(c) Terms and conditions of contributed capital*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of (and amounts paid up on) shares held.

Ordinary shares entitle their holders to one vote, either in person or by proxy, at a meeting of the Company.

## 9. SEGMENT INFORMATION

### *(a) Operating segment*

The Company is domiciled and incorporated in Australia. The Company has a single operating segment which is the business of investing in and managing a worldwide portfolio of investments listed on international stock exchanges.

### *(b) Segment reporting*

The Company reports net profit (or loss) after income tax. This excludes the impact of realised and unrealised gains or losses in the value of investments which are reported in the statement of comprehensive income.

## 9. SEGMENT INFORMATION (cont.)

### (b) Segment reporting (cont.)

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
Profit after income tax (excluding realised and unrealised gains/(losses))	993,675	1,015,408

The Company also reports the net asset value per share both before and after provision for deferred tax on realised and unrealised gains or losses in the value of the Company's investment portfolio.

	31 December 2017 cents	30 June 2017 cents
<b>Net tangible asset backing per share</b>		
After actual tax	154	148
After estimated tax	146	143

### (c) Other segment information

#### Segment revenue

Revenue from external parties are derived from the receipt of dividend, distribution and interest income.

The Company is domiciled in Australia and all of the Company's dividend and distribution income is from entities which maintain a listing on a stock exchange.

The Company has a diversified portfolio of investments.

## 9. SEGMENT INFORMATION (cont.)

### (c) Other segment information (cont.)

Dividend revenue by geographic location:

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
<b>Country</b>		
Canada	51,353	34,462
China	—	21
France	113,676	102,875
Hong Kong	301,789	58,602
Ireland	93,166	83,078
Israel	17,157	—
Italy	115,853	95,843
Japan	209,081	218,364
Netherlands	158,739	118,246
Norway	—	58,564
Singapore	175,330	166,948
South Korea	207,341	314,588
Spain	36,930	98,139
Thailand	30,409	30,406
United Kingdom	755,816	763,024
United States of America	955,861	1,069,789
<b>Total</b>	<b>3,222,501</b>	<b>3,212,949</b>

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices ("Level 1"), those involving valuation techniques where all the model inputs are observable in the market ("Level 2") and those where the valuation technique involves the use of non-market observable inputs ("Level 3"). The Company has no financial liabilities measured at fair value.

	31 December 2017			30 June 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets at fair value through other comprehensive income</b>	\$	\$	\$	\$	\$	\$
Listed equity securities	339,140,883		339,140,883	325,368,456		325,368,456
Other liquid securities		2,266,189	2,266,189		3,875,236	3,875,236
<b>Total</b>	<b>339,140,883</b>	<b>2,266,189</b>	<b>341,407,072</b>	<b>325,368,456</b>	<b>3,875,236</b>	<b>329,243,692</b>

There were no transfers between levels during the period. The Company's policy is to recognise transfers in to and transfers out of fair value hierarchy levels as at the end of the reporting period.

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety.

The instruments included in level 1, listed equities have their fair value based on quoted market bid prices at the reporting date, without any deduction for transaction costs.

The instrument included in level 2, other liquid securities, is quoted based on valuation techniques where all the model inputs are observable in the market, without any deduction for transaction costs.

### Other disclosures – Investment portfolio

The Company's portfolio of investments has, since the Company's inception, consisted of securities chosen primarily on the basis of their long-term appreciation potential. The Company is a long-term holder of investments. Accordingly each investment within the portfolio of investments on adoption of AASB 9 was designated to be measured at fair value through other comprehensive income.

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the half-year was \$44,787,554 (2016: \$47,410,721). The cumulative gain on these realised investments after tax was \$4,847,635 (2016: \$1,422,192) which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

## 11. RELATED PARTY DISCLOSURE

### Shareholding of related party entities

During the half year, Franklin Resources Incorporated and/or affiliates held shares in the Company.

	Balance	Net Change	Balance
Shares held in the Company	1 July 2017	Other	31 December 2017
(number)	Ord	Ord	Ord
Franklin Resources Inc. and/or affiliates	7,163,124	1,684,033	8,847,157

## 12. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

## 13. EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2018 the Directors determined not to pay an interim dividend on ordinary shares in respect of the December 2017 half-year

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Templeton Global Growth Fund Ltd ("the Company"), I state that:

In the Directors' opinion:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



**CHRISTOPHER R FREEMAN**

*Chairman*

Melbourne

22 February 2018



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Templeton Global Growth Fund Ltd (the Company), which comprises the balance sheet as at 31 December 2017, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Templeton Global Growth Fund Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD (CONT)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD (CONT)

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Templeton Global Growth Fund Ltd is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Elizabeth O'Brien'.

Elizabeth O'Brien  
Partner

Melbourne  
22 February 2018

# TEMPLETON GLOBAL GROWTH FUND LTD

## LIST OF INVESTMENTS AS AT 31 DECEMBER 2017 (UNAUDITED)

*(Note: Certain investments which are dual listed have been treated as if listed in their home countries.)*

	Shares/Units Held	AUD Value	% of Total
<b>CANADA</b>			
Goldcorp Inc	110,400	1,804,711	
Husky Energy Inc	109,800	1,987,614	
Suncor Energy Inc	45,900	2,161,058	
Wheaton Precious Metals Corp	88,093	2,497,180	
		<u>8,450,563</u>	2.48
<b>CHINA</b>			
Baidu Inc Sponsored ADR Class A	11,630	3,480,004	
China Life Insurance Co Ltd Class H	409,000	1,642,207	
China Merchants Port Holdings Co Ltd	53,123	177,676	
China Mobile Ltd	205,330	2,661,367	
China Telecom Corp Ltd Class H	5,840,000	3,543,561	
KunLun Energy Co Ltd	1,888,000	2,510,416	
		<u>14,015,231</u>	4.11
<b>FRANCE</b>			
AXA SA	107,479	4,081,468	
BNP Paribas SA Class A	50,017	4,770,896	
Compagnie de Saint-Gobain SA	48,735	3,438,760	
CGDE Michelin SCA	11,641	2,133,907	
Credit Agricole SA	94,874	2,007,139	
Sanofi	26,446	2,917,210	
Total SA	60,327	4,264,569	
		<u>23,613,949</u>	6.92

	Shares/Units Held	AUD Value	% of Total
<b>GERMANY</b>			
Bayer AG	21,420	3,411,839	
Draegerwerk AG & Co KGaA Pref	13,900	1,540,966	
Merck KGaA	16,650	2,293,169	
MorphoSys AG	18,860	2,228,951	
Siemens AG	27,070	4,822,967	
		<u>14,297,892</u>	4.19
<b>HONG KONG</b>			
CK Hutchison Holdings Ltd	220,000	3,527,958	
Goldpac Group Ltd	3,051,000	1,182,616	
NewOcean Energy Holdings Ltd	2,394,000	798,744	
		<u>5,509,318</u>	1.61
<b>IRELAND</b>			
Bank of Ireland Group Plc	197,470	2,159,762	
CRH Plc	70,129	3,235,363	
		<u>5,395,125</u>	1.58
<b>ISRAEL</b>			
Teva Pharmaceutical Industries Ltd			
Sponsored ADR	89,116	2,159,110	
Teva Pharmaceutical Industries Ltd 7%			
Conv Cum Pfd Shs Mandatory			
Conv 15.12.2018	5,000	2,266,189	
		<u>4,425,299</u>	1.30
<b>ITALY</b>			
Eni SpA	164,223	3,479,317	
UniCredit SpA	129,047	3,086,713	
		<u>6,566,030</u>	1.92

# TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value	% of Total
<b>JAPAN</b>			
IHI Corp	43,300	1,842,883	
Mitsui Fudosan Co Ltd	83,400	2,388,152	
Nissan Motor Co Ltd	265,000	3,377,570	
OMRON Corp	31,800	2,421,745	
Panasonic Corp	192,000	3,592,269	
SoftBank Group Corp	55,700	5,637,692	
Sumitomo Metal Mining Co Ltd	55,800	3,276,087	
Suntory Beverage & Food Ltd	66,100	3,758,529	
		<u>26,294,927</u>	7.70
<b>NETHERLANDS</b>			
AEGON NV	258,215	2,094,320	
ING Groep NV	73,515	1,729,647	
QIAGEN NV	45,092	1,805,807	
SBM Offshore NV	117,358	2,631,450	
		<u>8,261,224</u>	2.42
<b>SINGAPORE</b>			
Singapore Telecommunications Ltd	751,000	2,564,967	
United Overseas Bank Ltd (Singapore)	91,282	2,305,487	
		<u>4,870,454</u>	1.43
<b>SOUTH KOREA</b>			
DGB Financial Group Co Ltd	135,006	1,701,016	
Hana Financial Group Inc	39,280	2,333,821	
Hyundai Mobis Co Ltd	5,646	1,773,371	
KB Financial Group Inc	31,227	2,356,950	
Samsung Electronics Co Ltd	2,706	8,234,366	
		<u>16,399,524</u>	4.80

	Shares/Units Held	AUD Value	% of Total
SPAIN			
Telefonica SA	118,072	1,472,644	0.43
		1,472,644	
SWEDEN			
Arjo AB Class B	136,765	497,610	0.89
Getinge AB Class B	136,765	2,539,308	
		3,036,918	
SWITZERLAND			
ABB Ltd	67,210	2,303,219	3.21%
Basilea Pharmaceutica AG	10,660	1,061,518	
Credit Suisse Group AG	174,772	3,987,490	
Roche Holding Ltd Genussch	11,120	3,594,791	
		10,947,018	
THAILAND			
Bangkok Bank Public Co Ltd NVDR	404,600	3,190,417	1.66
PTT Public Co Ltd(Alien Mkt)	144,200	2,489,107	
		5,679,524	

# TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value	% of Total
UNITED KINGDOM			
Aviva Plc	201,457	1,759,547	
BAE Systems Plc	468,207	4,635,969	
Barclays Plc	1,205,496	4,234,507	
BP Plc	791,363	7,145,895	
Cobham Plc	676,520	1,475,445	
GKN Plc	474,710	2,615,781	
HSBC Holdings Plc	388,641	5,081,831	
Kingfisher Plc	793,039	4,631,832	
Royal Dutch Shell Plc Class A	10,833	464,277	
Royal Dutch Shell Plc Class B	156,806	6,790,851	
Shire Plc	54,444	3,663,385	
Standard Chartered Plc	273,280	3,686,631	
Vodafone Group Plc	1,214,296	4,932,218	
		<u>51,118,169</u>	14.97
UNITED STATES			
Allegheny Technologies Inc	54,940	1,694,946	
Allergan Plc	18,460	3,862,404	
Ally Financial Inc	91,730	3,419,864	
Alphabet Inc Class A	5,130	6,909,086	
American International Group Inc	42,100	3,207,491	
Amgen Inc	18,820	4,184,361	
Apache Corp	40,520	2,187,764	
Apple Inc	25,580	5,536,583	
Capital One Financial Corp	41,310	5,259,413	
Celgene Corp	20,200	2,695,486	
Citigroup Inc	64,760	6,161,784	
Comcast Corp Class A	99,960	5,121,009	
CommScope Holding Co Inc	55,700	2,694,024	
ConocoPhillips	55,570	3,900,522	
Coty Inc Class A	78,770	2,002,107	

	Shares/Units Held	AUD Value	% of Total
CVS Health Corp	18,740	1,738,269	
DXC Technology Co	17,270	2,095,628	
Eastman Chemical Co	14,500	1,717,420	
Eli Lilly and Co	32,760	3,539,663	
Gilead Sciences Inc	51,500	4,717,733	
Halliburton Co	23,700	1,480,814	
Intel Corp	38,100	2,249,515	
Ionis Pharmaceuticals Inc	20,030	1,287,615	
Jones Lang LaSalle Inc	17,440	3,320,546	
JPMorgan Chase & Co	43,510	5,962,842	
Knowles Corp	114,530	2,146,660	
LyondellBasell Industries NV	27,090	3,820,966	
Medtronic Plc	26,370	2,723,478	
Microsoft Corp	75,940	8,310,047	
Navistar International Corp	63,160	3,462,636	
Nutanix Inc Class A	30,500	1,375,356	
Oracle Corp	123,650	7,476,070	
Perrigo Co Plc	13,630	1,519,053	
Pfizer Inc	62,228	2,884,057	
Twenty-First Century Fox Inc Class B	67,980	2,965,515	
Voya Financial Inc	58,160	3,678,547	
Walgreens Boots Alliance Inc	40,330	3,743,989	
		<u>131,053,263</u>	38.38
<b>TOTAL PORTFOLIO OF INVESTMENTS</b>		<u><b>341,407,072</b></u>	<b>100</b>



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## ADDITIONAL INFORMATION REQUIRED FOR LISTED COMPANIES

### REGISTERED OFFICE

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Melbourne 3000  
Telephone +61 3 9603 1209  
Facsimile +61 3 9603 1266

### SECRETARY

M R Sund

### GENERAL MANAGER

M R Sund

### AUDITOR

PricewaterhouseCoopers

### SOLICITOR

King & Wood Mallesons

### INVESTMENT MANAGER

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### SHARE REGISTRAR

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International Enquiries: +61 3 9415 4000  
Facsimile: +61 3 9473 2500

### STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange Ltd

### WEBSITE

[www.tggf.com.au](http://www.tggf.com.au)

