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Stock Exchange Announcement

17 October 2018

The Manager
ASX Markets Announcements Office
Australian Securities Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

2018 Annual General Meeting
Chairman's Address

To be delivered by Chris Freeman at the 32nd Annual General Meeting of Templeton Global Growth Fund Limited ("TGG") to be held at the Sheraton Hotel, Monash Room, 27 Little Collins Street, Melbourne on Wednesday 17 October 2018 at 11.00am (Melbourne time).

Templeton Global Growth Fund Ltd delivered a solid result for the year ended 30 June 2018 with key highlights including:

- A fully franked ordinary dividend of 4.5 cents per share and a special dividend delivering an additional 3.5 cents per share, also fully franked. As I said in the annual report, the directors felt that it was in the best interests of shareholders to distribute as many franking credits as possible during this time of uncertainty.
- The benefit of LIC capital gains of 8.0 cents per share over both dividends to eligible shareholders. The LIC capital gain component is a result of the company having paid tax on realised capital gains. Eligible shareholders are entitled to a tax deduction referable to the LIC capital gains component of their dividend. This enables those eligible shareholders to benefit from the CGT discount on assets disposed of by the company as if they held and disposed of them directly.
- The share price to NTA discount has also narrowed.

Net profit after tax for the financial year ended 30 June 2018 was $3.5 million, compared with $3.7 million in 2017.

At 30 June 2018 the net tangible asset backing per share of the company's shares ("NTA") was 156 cents, up from 148 cents at 30 June 2017. This was after the payment of a dividend of 4.5 cents per share in September 2017.

The financial year ended 30 June 2018 was a solid year for global markets, with the investment portfolio returning 12.6% for the year. This was a reasonable result in absolute terms, but lagging slightly behind the index in relative terms as value investing again faced a challenging year.

The share price for the year increased from $1.36 per share at 30 June 2017 to $1.42 per share at the end of the financial year.

The management expense ratio ("MER") increased slightly from the prior period 1.16% to 1.29% as a result of increased costs, including additional marketing expenditure, and the prior year benefit of a tax ruling was removed.

The company continued its on-market buyback program during the year ended 30 June 2018.

During the financial year ended 30 June 2018, there were 4,895,108 shares bought back at an average price of $1.39 per share. This equated to an average share price discount of approximately 10%.

The target dividend/distribution for the financial year ended 30 June 2019 is 4.7 cents per share, as determined by our existing distribution policy of a dividend of 3% of the NTA at the 30th of June in the prior period.

During the year we continued to invest in initiatives to increase our shareholder engagement, the exposure of the company, and address the discount to net tangible assets. We are confident that these changes, in combination with the initiatives that were already underway, will continue to have a positive impact on the company share price.

In March, we conducted our third annual investor briefings in Perth, Sydney, Melbourne, Adelaide and Brisbane. We have continued with our mail outs of the investment manager's quarterly review, and publishing NTA figures on a weekly basis. We have also significantly increased the media exposure of the company. The on-market buyback of share capital of the company was also renewed and actively pursued at a range of discounts to NTA.

As I outlined in my message to shareholders with the annual report, while remaining true to the investment philosophy, the portfolio manager is reducing the number of stocks in TGG's portfolio. While the portfolio has consistently had a high "active share" (the percentage of stock holdings in a manager's portfolio that differs from the benchmark index), now seems to be an opportune time to position the portfolio with greater conviction in order to better capitalise on the rebound of value investing when it occurs.

I would like to make some brief comments on the first strike received on the remuneration report at the previous AGM. Only 25% of shares were voted on this item at the previous AGM, with 68% of the votes cast being in favour, and 32% against, thus triggering the first strike.

In response to this result, as I have outlined previously, the Board has taken several initiatives to engage with shareholders to seek to understand and address shareholder concerns.

The Board has reviewed the arrangements for director remuneration and compared this with the remuneration for directors of other listed investment companies and believes remuneration levels continue to be reasonable. The director remuneration remains within the limits approved by shareholders back more than a decade ago in 2007 and has reduced during that period and is in line with comparable listed investment companies.

In these circumstances, the directors consider that the remuneration continues to be fair and reasonable.