

### INVESTMENT MANAGER

The Investment Manager of the Company's investment portfolio is Franklin Templeton Investments Australia Ltd and the Company's portfolio is managed in accordance with the investment philosophy of the Templeton Global Equity Group.

Templeton is one of the pioneers in global investing and its successful investment philosophy has been refined over more than 70 years.

### INVESTMENT APPROACH

Templeton's time-tested investment approach is based on its philosophy of value, patience and bottom-up stock selection. Templeton focus on the rigorous analysis of individual stocks across geographic borders and seek to identify companies trading at significant discounts to Templeton's estimates of future earnings power, cash flow generation and/or asset value.

As independent thinkers with strong conviction in their investment ideas, they take an unconstrained approach to finding value.

### CONTACT DETAILS

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### Performance Data

#### Average Total Returns (AUD %)<sup>1</sup>

	3 Months	1 Year	3 Years	5 Years	10 Years
TGG - Gross of Fees/Expenses	2.8	1.5	12.0	8.8	10.5
TGG - Net of Fees <sup>2</sup>	2.5	0.2	10.6	7.5	8.9
MSCI All Country World (Net Dividends) Index <sup>3</sup>	4.0	8.8	14.4	12.4	11.3

#### Net Tangible Assets (NTA) - Unaudited

	30 June 2019	30 September 2019
TGG Share Price (\$)	1.21	1.22
NTA per share before tax (\$) <sup>4</sup>	1.452	1.426
Premium/(Discount) to NTA before tax (%)	(16.7)	(14.8)
NTA per share after tax (\$) <sup>4</sup>	1.426	1.402
Premium/(Discount) to NTA after tax (%)	(15.2)	(13.3)

The market value of the portfolio represents prices quoted on overseas stock markets in foreign currencies converted to Australian currency. The rate used for conversion of values of US currency securities was USD 0.6745, EUR 0.6186 and GBP 0.5473.

### Market Review

- Global stock markets experienced a volatile third quarter of 2019. Equities found some support as key central banks in developed and emerging markets cut interest rates or indicated a readiness to do so if needed to sustain economic growth. However, the US-China trade spat and its effect on the global economy continued to drive alternating market sentiment.
- Investors weighed data showing a slowdown in global manufacturing, along with heightened global trade tensions and political uncertainty, against renewed monetary easing from both the US Federal Reserve (Fed) and the European Central Bank (ECB) and signs of a still resilient US consumer. The Fed cut interest rates by 50 basis points during the quarter, while the ECB brought rates further into negative territory and announced the resumption of asset purchases.
- September saw a major move toward value stocks from growth stocks at the beginning of the month, only to see that trend ease as the month wore on. Overall the quarter was the 9<sup>th</sup> of the last 10 quarters during which Growth outperformed Value.
- Greater geopolitical turbulence was also clearly not good for global growth, or for stocks. Middle East tensions spiked after a missile and drone strike partially disrupted a key Saudi Arabian oilfield, although the oil price finished flat on the month. Meanwhile, politics in the United Kingdom and the United States remained in the headlines.

## Quarterly Performance Attribution

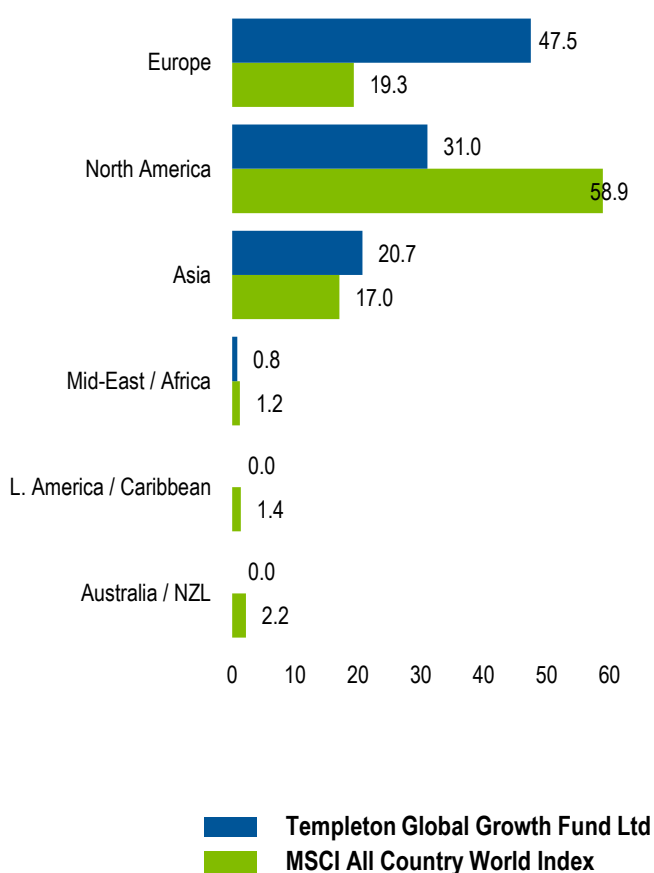
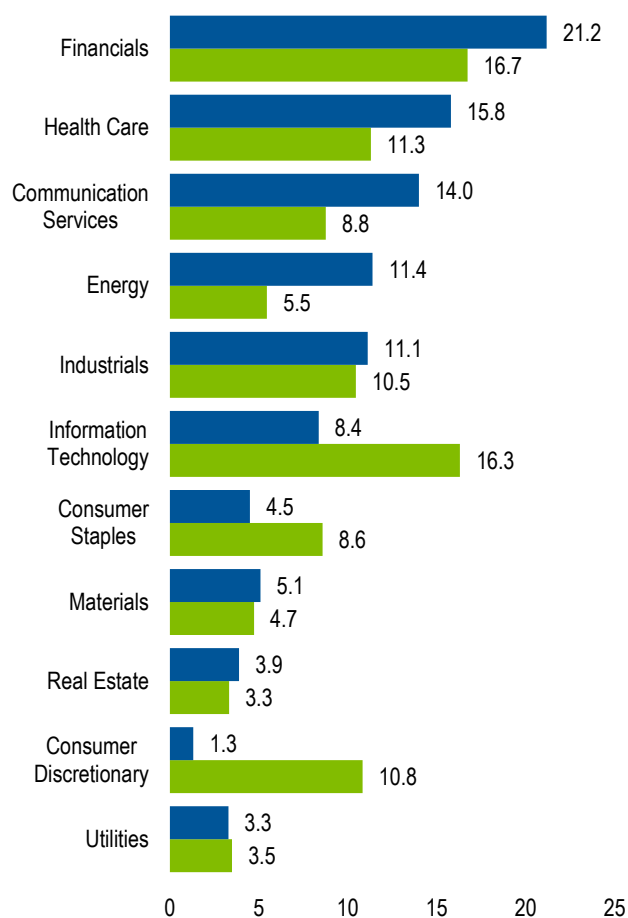
- Stock selection in the financials sector hindered relative performance as banks lagged other financials (as TGG's financials holding are predominantly banks). Within the financials sector more generally, we continue to favour well capitalized, well-managed banks with sound balance sheets and healthy dividends operating in stable markets and trading at what we consider unwarranted discounts to tangible book value.
  - Shares of Israeli generic drug-maker Teva Pharmaceutical Industries continued to struggle despite the firm posting better-than-expected earnings. Investor concerns surrounding opioid litigation continued to weigh on the stock. We don't believe this situation will materially impact near-term cash flow (which should improve amid ongoing cost-cutting); however, it does raise the risk profile of the investment, particularly in light of Teva's high financial and operating leverage in the competitive, commodity-like generic drug industry. On a broader basis, stock selection in the health care sector added to performance led by Sanofi and Amgen.
  - An overweighting and stock selection in the energy sector also detracted from relative performance. Significant detractors included British Petroleum and Royal Dutch Shell.
- Shares in Shell declined in August following a disappointing earnings report and amidst continued industry uncertainty given weaker oil prices and risks of a slowdown in global economic growth. However, our integrated thesis on the stock remains the same, with the businesses in much better shape today than they have been for a long time. Capital expenditures (capex) will likely remain at lower levels as new production is added, while free cash flow generation and returns have expanded, and should continue to expand, in the near term. In our view, Shell has done an excellent job of turning the business around after the BG acquisition.
- Conversely, stock selection in the communication services sector supported relative performance. Shares of UK-based multinational telecommunications firm Vodafone advanced over the reporting period after the company reported first-quarter earnings results and full-year guidance that surpassed expectations. Many investors were also encouraged by the company's plan to spin off its potentially lucrative European tower infrastructure assets into a separate entity. Vodafone has what we view as attractive growth opportunities in fixed broadband in several markets in which it is a converged challenger to the incumbent operator.

## Investment Outlook

- While growth stocks ultimately eked out another quarter of outperformance relative to value, we were encouraged by the dramatic investing style reversal in early September—a six sigma event—which highlighted the vulnerability of extended positioning in growth stocks and bond proxies late in the cycle. This episode suggests it doesn't take much to prompt an adjustment when crowding and valuations reach extremes, and the dominant market narrative can shift quickly when conditions become overbought.
- In this environment, we believe that a true value portfolio with a long-term horizon and prudent balance between cyclical and defensive exposures seems optimally suited to manage risks, meet challenges and capitalize on potential opportunities. For these reasons, we enter the final quarter of 2019 increasingly optimistic about the variables both within our control (enhanced stock selection and portfolio management) and outside of it (an eventual cycle inflection).

## Portfolio Characteristics

	Portfolio	MSCI All Country World Index
Price to Earnings	14.8x	17.7x
Price to Book Value	1.2x	2.3x
Price to Cash Flow	5.5x	11.2x
Market Capitalisation (Millions in AUD)	149,322	198,337
Number of Issuers	55	2,852

**Portfolio Diversification**
**Geographic Weightings vs. MSCI All Country World Index**  
 Percent of Equity

**Sector Weightings vs. MSCI All Country World Index**  
 Percent of Equity

**Top Ten Holdings<sup>5</sup>**

Percent of Equity

**Top Holdings**

	Industry	Country	%
VODAFONE GROUP PLC	Telecommunication Services	United Kingdom	3.5
WELLS FARGO	Banks	United States	3.0
ROYAL DUTCH SHELL	Energy	United Kingdom	3.0
BP PLC	Energy	United Kingdom	3.0
SANOFI	Pharmaceutical, Biotechnology & Life Sciences	France	2.8
CITIGROUP INC	Banks	United States	2.8
STANDARD CHARTERED PLC	Banks	United Kingdom	2.6
BNP PARIBAS SA	Banks	Japan	2.6
TAKEDA PHARMACEUTICAL CO	Pharmaceuticals, Biotechnology & Life Sciences	Japan	2.5
SINGAPORE TELECOMMUNICATIONS	Telecommunication Services	Singapore	2.5

## Investment Philosophy

Templeton utilises a disciplined, consistent approach based on three timeless principles of investing:

Value	Patience	Bottom-up stock picking
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.	Our long-term focus gives us a framework to take advantage of price volatility to reveal potential long-term investment opportunities. Patience allows for potential long-term value recognition.	Our portfolio management process seeks to buy pessimism and sell optimism. We build portfolios spanning regions and sectors made up of securities identified through this process.

## Investment Team

Portfolio Manager	Years with Firm	Years Experience
Peter Wilmshurst, CFA, EVP, Portfolio Manager, Research Analyst	21	26
Templeton Global Equity Team	Number of Members	Average Years Experience
Portfolio Managers/Analysts	23	24
Research Analysts	11	11

## Important Legal and Other Information

Benchmark: The MSCI AC World Free Index is the primary benchmark. The benchmark is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown. The index is unmanaged and one cannot invest directly in an index.

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Explanatory Notes:

1. Periods of more than one year are annualised. Returns are presented pre-tax
2. Returns are based on movement in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested and adjusted for share issues and buy-backs.
3. Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.
4. Estimated tax on unrealised gains.
5. Top ten holdings represent the 10 largest equity holdings at the end of the quarter and may not reflect the current or future portfolio holdings. This does not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities listed was or will be profitable. Holdings of the same issuer have been combined.

All investments involve risks including loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their smaller size and lesser liquidity. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate more dramatically over the short term. The use of derivatives and foreign currency techniques involve special risks, as such techniques may not achieve the anticipated benefits and/or may result in losses. Templeton Global Growth Fund Ltd. (ABN 44 006 558 149) issues this document with the intention to provide general information only and not investment or financial product advice. It does not take into account the individual objectives, financial situation or needs of any recipient. Nothing in this update should be construed as investment advice. Franklin Templeton Investments have exercised professional care and diligence in the collection of information in this recording. However, data from third party sources may have been used in its preparation and Franklin Templeton Investments has not independently verified, validated or audited such data.

**Past performance does not guarantee future results and results may differ over future time periods.**