



**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.

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**Performance Data**

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

	<b>3 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
TGG - Gross of Fees/Expenses	-13.87	-3.86	4.74	4.15	9.5
TGG - Net of Fees <sup>2</sup>	-14.08	-4.95	3.46	2.90	8.01
MSCI AC World Index <sup>3</sup>	-9.69	3.0	9.23	7.51	10.25

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

	<b>31 December 2019</b>	<b>31 March 2020</b>
TGG Share Price (\$)	1.34	1.07
NTA per share before tax (\$) <sup>4</sup>	1.508	1.285
Premium/(Discount) to NTA before tax (%)	(11.5)	(17.1)
NTA per share after tax (\$) <sup>4</sup>	1.459	1.285
Premium/(Discount) to NTA after tax (%)	(8.5)	(17.1)

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 0.6121, EUR 0.5578 and GBP 0.4936.

**Market Review**

- Global stock markets sold off virtually across the board as 2020's first quarter progressed. Volatility on many indices rose to levels not seen since the global financial crisis or longer as investors struggled to price the impact of an unprecedented global economic shutdown stemming from the escalating coronavirus pandemic.
- The JP Morgan Global Manufacturing PMI (purchasing managers' index) for February showed its worst contraction since 2009, with little improvement in March.
- Oil prices also fell sharply as the Organization of Petroleum Exporting Countries (OPEC) and Russia (OPEC+) failed to reach an agreement to reduce production and help offset falling demand lost as a result of measures taken to combat the coronavirus's spread.
- According to MSCI indices in US-dollar terms, developed markets overall fell in line with a global index, while emerging and frontier markets collectively fared worse.
- In terms of investment style, global value stocks had the worst quarter relative to global growth stocks since the technology bubble two decades ago.

## Quarterly Performance Attribution

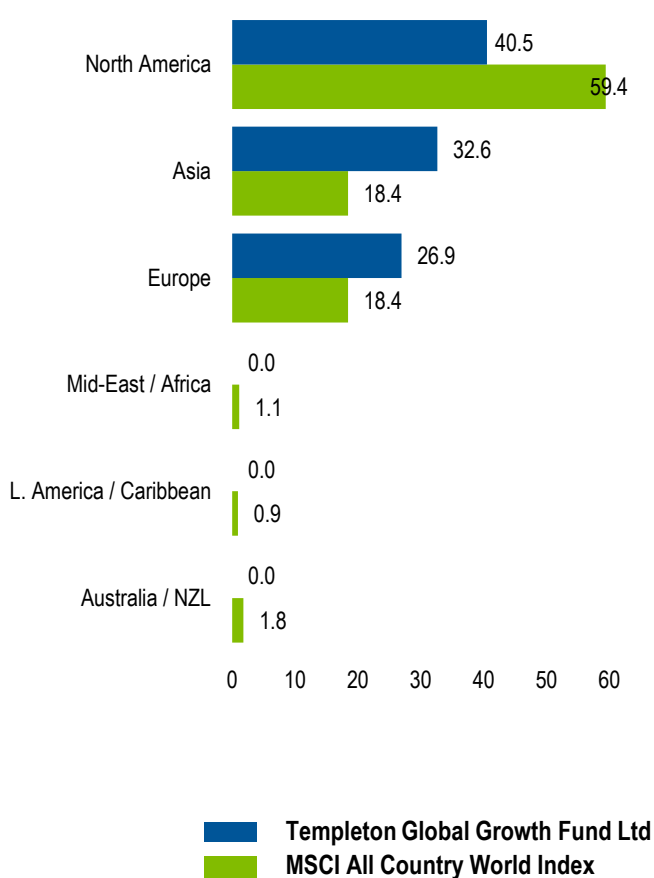
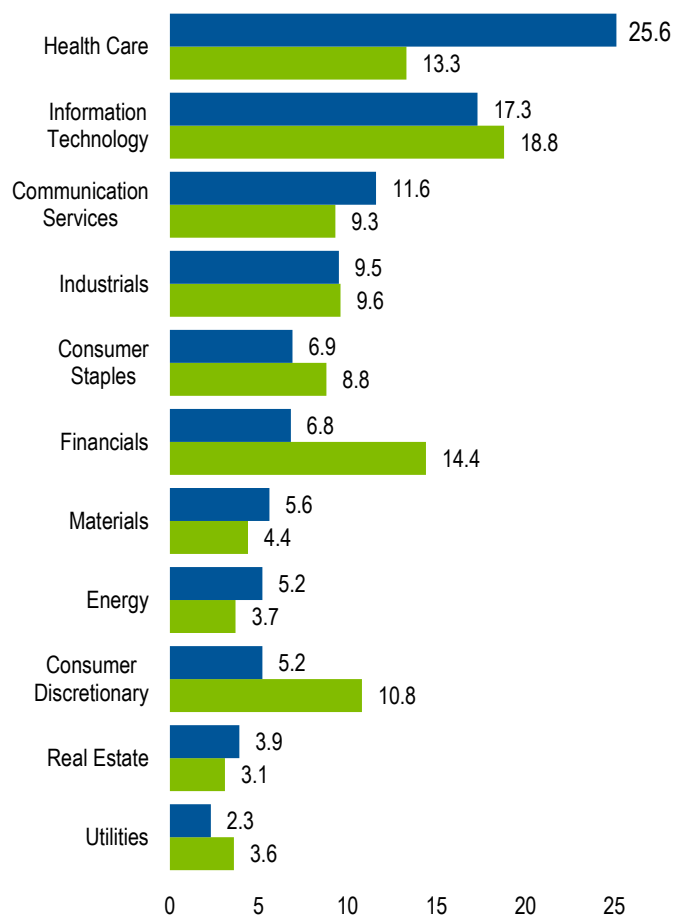
- Overall, the fund underperformed its benchmark index during the volatile first quarter of 2020. Global equity markets plunged as investors struggled to price the impact of an unprecedented global economic shutdown stemming from the escalating coronavirus pandemic.
- In this environment, global value stocks had the worst quarter relative to growth stocks since the height of the TMT Bubble more than two decades ago. During the first quarter, the MSCI All Country World Value Index returned -27.0% vs. -15.6% for the MSCI All Country World Growth Index (USD).
- Stock selection in financials sector dampened relative results, overshadowing a favourable underweighting in the sector. US-based Citigroup and Wells Fargo as well as UK-based, emerging markets-focused bank Standard Chartered were the biggest relative detractors in the sector.
- We began trimming our banks exposure in November before cutting more aggressively in the first quarter after realising the gravity of the COVID-19 impact. This included reducing exposure in Europe, taking European banks exposure to zero from a large overweight in 2019. The reduction in banks exposure added significant relative value during the quarter.
- Relative performance was pressured further by security selection in the communication services and real estate sectors, along with an overweighting in energy.
- The energy sector was responsible for several of the fund's biggest stock detractors including Royal Dutch Shell, Italy's Eni and BP. Within the sector, we have favoured large integrated oil producers with attractive dividends and improved capital discipline.
- However, we didn't envisage that an exogenous demand shock would be compounded by a Russia-Saudi oil war, decimating oil prices. We did re-size sector positioning through recent turbulence, reducing oil exposure in favour of beaten-down opportunities elsewhere to diversify portfolio value drivers.
- Additional actions made during the quarter include reducing the large underweight to both the US and technology sector, although both remain underweight relative to the index. We also increased exposure to Japan, which exhibits strong fundamentals driven by corporate governance reform and attractive valuations.
- This rebalancing of portfolio positions within the quarter showed signs of improved relative performance later in the quarter.

## Investment Outlook

- Two key portfolio themes that we have focused on recently are resilience and diversification.
- While it would have been difficult to predict the exogenous coronavirus shock, we have long been expecting an eventual market dislocation and positioned the portfolios more defensively over the past several quarters.
- We've also enhanced our in-house risk analysis to help better identify and understand thematic portfolio exposures and risk profiles. We believe these efforts put us in a comparatively good position going into this period of crisis and volatility.
- Additionally, we have several dedicated teams pursuing special situations in the current environment, including one researching opportunities amongst the firms hardest hit by coronavirus effects and another that is analysing credit and liquidity conditions to determine who is most likely to weather the storm.
- This advanced preparation should allow us to use volatility to reposition the portfolios and diversify amongst different types of value, risk clusters and thematic exposures.

## Portfolio Characteristics

	Portfolio	MSCI All Country World Index
Price to Earnings	14.9x	15.3x
Price to Book Value	1.2x	1.9x
Price to Cash Flow	6.2x	9.6x
Market Capitalisation (Millions in AUD)	145,560	255,660
Number of Issuers	53	3,047

**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	%
ROCHE HOLDING AG	Pharmaceutical, Biotechnology & Life Sciences	Switzerland	4.43
JOHNSON & JOHNSON	Pharmaceutical, Biotechnology & Life Sciences	United States	4.03
SAMSUNG ELECTRONICS CO LTD	Technology, Hardware & Equipment	South Korea	3.41
KROGER CO	Food and Staples Retail	United States	3.38
TAKEDA PHARMACEUTICAL CO LTD	Pharmaceutical, Biotechnology & Life Sciences	Japan	3.36
BAYER AG	Pharmaceutical, Biotechnology & Life Sciences	Germany	3.12
UNITED PARCEL SERVICE INC	Transportation	United States	3.10
BP PLC	Energy	United Kingdom	3.08
VERIZON COMMUNICATIONS INC	Telecommunications Services	United States	2.68
FRESENIUS MEDICAL CARE AG & CO	Health Care Equipment	Germany	2.67

## 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 Sartori, EVP, Portfolio Manager	<1	29
Templeton Global Equity Team	Number of Members	Average Years Experience
Portfolio Managers & Research Analysts	35	21

## Important Legal and Other Information

Benchmark: The MSCI World 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 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 has not independently verified, validated or audited such data.

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