



Securities Exchange Announcement

31 July 2020

Quarterly Investment Manager's Report

Templeton Global Growth Fund Limited (**TGG**) is pleased to provide the attached quarterly report from the Investment Manager, Franklin Templeton Investments Australia Limited.

This announcement has been authorised for release by the Board of Templeton Global Growth Fund Limited.

For further information, please contact:

Mat Sund

General Manager

enquiries@templeton.com

1800 673 776



**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

Level 19, 101 Collins Street
Melbourne VIC 3000

Phone: 1 800 673 776

E-mail:
enquiries@templeton.com

www.tggf.com.au

Performance Data

Average Total Returns (AUD %)¹

	3 Months	1 Year	3 Years	5 Years	10 Years
TGG - Gross of Fees/Expenses	3.35	-2.93	4.37	4.79	10.51
TGG - Net of Fees ²	3.14	-3.92	3.11	3.55	9.03
MSCI AC World Index ³	5.98	4.08	10.03	8.82	11.41

Net Tangible Assets (NTA) - Unaudited

	31 March 2020	30 June 2020
TGG Share Price (\$)	1.07	1.15
NTA per share before tax (\$) ⁴	1.285	1.322
Premium/(Discount) to NTA before tax (%)	(17.1)	(13.4)
NTA per share after tax (\$) ⁴	1.285	1.322
Premium/(Discount) to NTA after tax (%)	(17.1)	(13.4)

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 0.6885, EUR 0.6130 and GBP 0.5572.

Market Review

- By June-end 2020, global equities delivered their best quarter since the initial rebound from the global financial crisis in 2009 as promises of unlimited policy stimulus and optimism about economic reopening revived animal spirits. The period began with a show of strength by global central banks, led by the US Federal Reserve (Fed).
- Following the market mayhem in March, the Fed in April announced a series of programs to provide US\$2.3 trillion in credit and to support households, businesses and local governments. The central bank also guaranteed up to US\$600 billion in corporate loans and surprised markets by expanding its asset purchases to include stakes in exchange-traded funds that own risky, high-yield debt. European Union ministers agreed to an aid package of up to €540 billion for hard-hit economies, while in the United Kingdom (UK), the Treasury introduced a loan-guarantee program for small and medium-sized businesses.
- In Asia, the People's Bank of China pumped another 100 billion yuan into the financial system to improve liquidity while the Bank of Japan expanded its bond-buying program.
- Risky corporate debt rallied strongly, while long-dated US Treasury bond yields rose, steepening the curve. Gold maintained its perceived safe-haven profile despite renewed appetite, rising to a nearly eight-year high just shy of US\$1800 per ounce. Oil prices tumbled in April (before later recovering) as the supply shock from a Saudi-Russian price war compounded the negative impact of the coronavirus-related demand shock.

Quarterly Performance Attribution

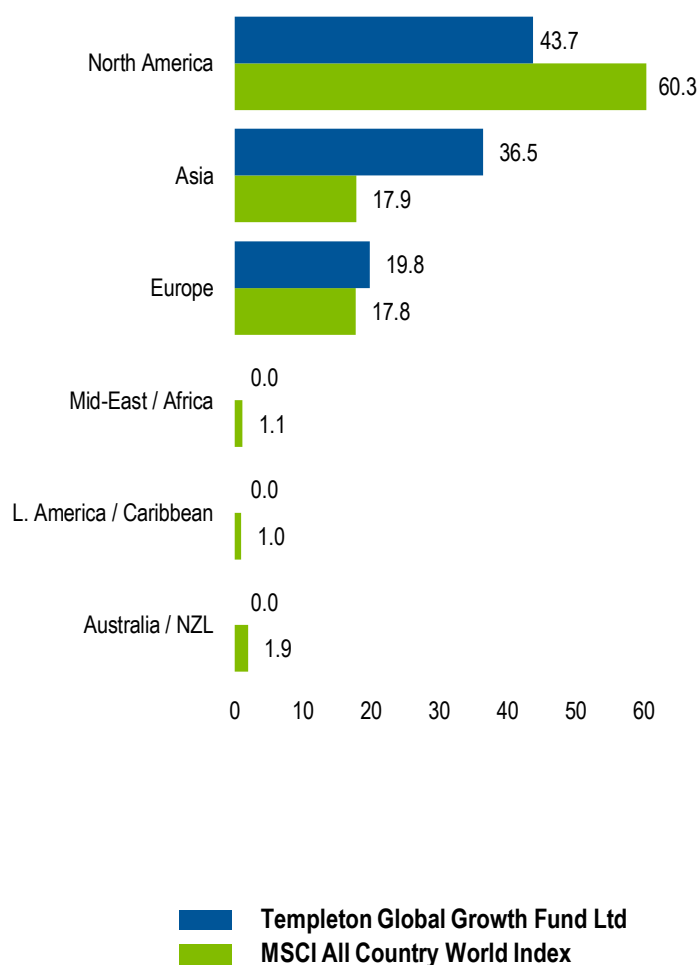
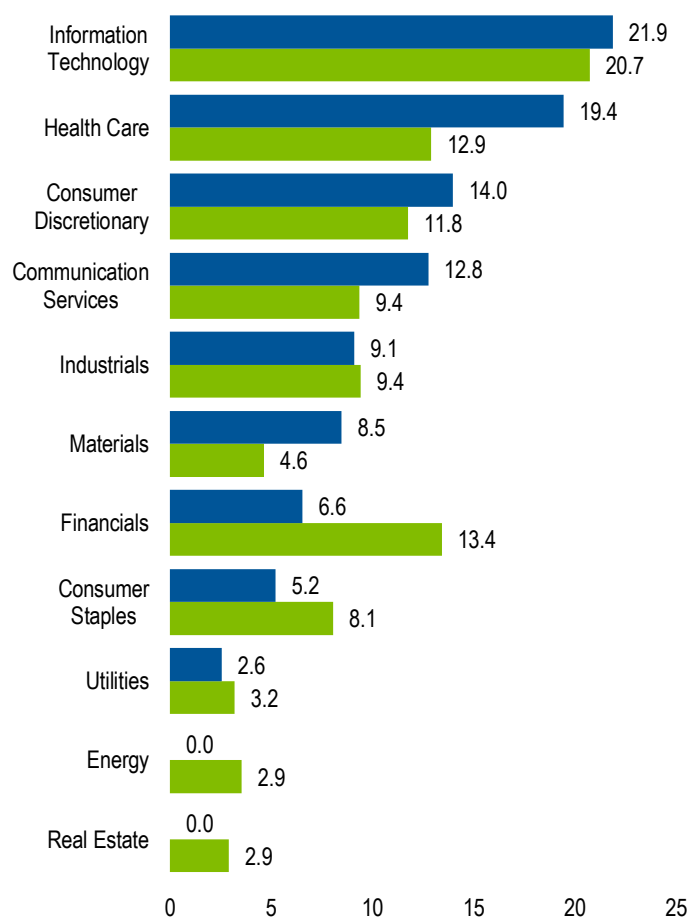
- Overall, the fund underperformed its benchmark index during the second quarter of 2020.
- In this environment, global value stocks as defined by MSCI had another difficult quarter, ultimately trailing global growth stocks to cap the worst back-to-back calendar quarters for global value (relative to growth) on record.
- Information technology stocks led the market rebound in the second quarter. We have increased exposure to the sector this year from a heavy underweight to currently slightly underweight. While this move added value, we have little exposure to a number of mega-cap US tech stocks such as Microsoft due to their expensive valuations. These stocks mostly surged higher over the quarter and negatively impacted relative performance.
- Some of the defensive positions in the fund, such as telecoms and consumer staples, were unable to keep up with the strong markets and contributed to some underperformance. These stocks, such as Verizon Communications and Kroger Co remain core long term holdings. Likewise, the overweight position in Japan generally delivered decent returns over the quarter but was unable to keep up with large US technology. We remain bullish on Japan's long-term prospects.
- Within our Consumer Discretionary allocation, underperformance versus the benchmark was primarily from a lack of exposure to US mega-cap Amazon due to valuation. The index benefitted from the continued strength of Amazon.
- From the energy sector, shares of BP declined during a period when oil prices were pummeled by supply and demand shocks. We correctly reduced exposure to the sector by a significant amount in the first quarter, while retaining BP as the only energy holding. Given the ongoing challenges to the oil industry, BP was removed late in the second quarter.
- Stock selection and an overweighting in the materials sector contributed to relative performance during the second quarter. Outperformance in the sector was led by Canadian gold miner Wheaton Precious Metals, US-based lithium miner Albemarle and Japanese copper miner Sumitomo Metal Mining. We continue to have a favourable view on these commodities.
- Overall performance was pressured primarily by stock selection and an underweighting in the United States. While we have significantly increased exposure to the United States since the start of the year, the fund remains underweight versus the benchmark. The current underweight is predominantly driven by the technology sector and Amazon (which is labelled as consumer disc.), who's valuations are being pushed up by investors to levels not seen since the dotcom era in the late 1990s. These companies are seen to be the major beneficiaries of the shift to digital, however we do not find the risk/reward attractive at current prices.

Investment Outlook

- Following unprecedented support measures from global policymakers, some recent economic indicators have surprised to the upside and stocks have come roaring back, leading many investors to believe that a V-shaped recovery is a foregone conclusion.
- However, conditions remain far from normal. We have never experienced such a precarious market situation—a rolling global pandemic layered with record debt levels and global political disintegration—and we think current stock market valuations reflect excessive complacency.
- Such inconsistencies highlight the distinction between investment and speculation. They indicate that fundamentals are not driving this market; instead it's being pushed by positioning, flows and sentiment—all short-term, capricious influences.
- Central banks have engineered these forces, and we do not wish to actively bet against their resolve. Instead, we've tried to diversify away from the risks and imbalances that policy intervention has created and to de-correlate our portfolios from an increasingly manic market. This has steered us into a number of special opportunities in places like Japan and Hong Kong, but also the deep capital markets of the United States and Europe, where we think investors have not been focused on long-term fundamental values.
- The severe disconnect between market prices and underlying fundamentals has created challenges for price-disciplined investors. But we think in time this will change, and we continue to believe that a deep bench of fundamental investment expertise and a truly global presence will prove invaluable to avoiding the losers and identifying the winners.

Portfolio Characteristics

	Portfolio	MSCI All Country World Index
Price to Earnings	19.6x	19.9x
Price to Book Value	2.1x	2.3x
Price to Cash Flow	9.0x	12.2x
Market Capitalisation (Millions in AUD)	199,745	308,160
Number of Issuers	49	2,988

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 Holdings⁵
 Percent of Equity

Top Holdings	Industry	Country	%
WHEATON PRECIOUS METALS CORP	Materials	Canada	3.65
ROCHE HOLDING AG	Pharmaceuticals, Biotechnology & Life Sciences	Switzerland	3.52
BAYER AG	Pharmaceuticals, Biotechnology & Life Sciences	Germany	3.51
SAMSUNG ELECTRONICS CO LTD	Technology Hardware & Equipment	South Korea	3.36
KROGER CO	Food & Staples Retailing	United States	3.35
COMCAST CORP	Media & Entertainment	United States	3.26
UNITED PARCEL SERVICE INC	Transportation	United States	3.25
VERIZON COMMUNICATIONS INC	Telecommunication Services	United States	2.95
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	2.83
SONY CORP	Consumer Durables & Apparel	Japan	2.74

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.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

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.