

TEMPLETON GLOBAL GROWTH FUND LTD.

A.B.N. 44 006 558 149

Level 19, 101 Collins Street

Melbourne, Victoria 3000

Telephone: 1800 673 776

Facsimile: (613) 9603 1266



Securities Exchange Announcement

29 October 2020

Annual General Meeting 2020 – Chairman’s Address

Templeton Global Growth Fund Ltd (ASX:TGG) attaches the following document which will be presented at the Company’s Annual General Meeting, which starts at 11:00am (AEDT) today.

- Chairman’s Address

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

Templeton Global Growth Fund Limited

Annual General Meeting 2020

Chairman's Address

I would like to highlight the following key results:

- A fully franked dividend of 3.5 cents per share was declared after a fully franked interim dividend of 2.0 cents per share was paid during the year;
- The resultant fully franked annual dividend yield was over 4.4%. This yield is a significant distribution return for global equities.
- It was another challenging year for value style managers and investment returns were disappointing in both absolute and relative terms at negative 2.9% gross of fees and negative 3.9% net of fees and expenses for the year.

Net profit after tax for the financial year ended 30 June 2020 was \$3.6 million, compared with \$4.2 million in 2019.

At 30 June 2020 the net tangible asset backing per share of the company's shares ("NTA") was 132 cents, down from 145 cents at 30 June 2019. This was after allowance for the payment of the 2019 final dividend in September 2019, and the 2020 interim dividend which was paid in March 2020.

The management expense ratio ("MER") remained relatively low compared to peers at 1.02%, a substantial decrease from the prior year of 1.28%.

Earnings per share decreased slightly on the prior year at 1.8 cents per share, although total comprehensive income, which captures realised and unrealised gains and losses on investments, fell to negative 4.4 cents per share.

The Company continued its on-market buyback program during the year ended 30 June 2020.

During the financial year ended 30 June 2020, there were 13,524,794 shares bought back at an average price of \$1.21 per share. This equated to an average share price discount of approximately 14%. The impact on the NTA was approximately \$2.3m value accretive.

As detailed at last year's AGM, effective 1 November 2019, TGG entered into a new investment management agreement with Franklin Templeton for three years on the same terms as the previous agreement, but with TGG paying a reduced annual management fee of 75 basis points charged on the company's market capitalisation, a significant reduction on the previous fee of 100 basis points of NTA. By aligning the management fee with the value of your shares rather than the net asset value of the portfolio, the Board believes the investment manager's interests are better aligned with shareholder interests and there is an additional incentive to narrow the discount to NTA. We believe this is a

forward-thinking approach in the Australian market and one which has been the preferred approach in other large LIC markets, such as the UK.

To further align the investment manager with shareholder interests, Franklin Templeton will now be paid a performance fee of 20% of out-performance against the MSCI world all countries index (net dividends) on a rolling 3 year basis, and will be capped at 2% including management fees. To reflect recent performance, this performance fee will not commence until year three of the new investment management agreement. The reduction in the MER as a result of these changes was highlighted earlier in this meeting and demonstrates the positive impact to shareholders that has been achieved.

Peter Sartori assumed lead portfolio manager responsibilities from Peter Wilmshurst from 2 December 2019. While TGG remains true to Templeton's original investment principles and fundamental value-oriented investment philosophy, these changes, and other changes to the Templeton Global Equity Group risk and modelling process, have seen the portfolio change significantly over the past 6 months, and we believe that these changes leave the portfolio well positioned for improved absolute and relative performance in the period ahead.

On the 6th of October this the year, the Board announced to the market its intention to undertake a strategic review of the ongoing structure and operation of TGG.

The review is to address the feedback and concerns of its shareholder base, particularly in relation to the ongoing discount to NTA of the share price, in conjunction with recent poor investment performance, and the impact that these, and other considerations, have had on maximising shareholder value.

Over the next few months, the Board will be reviewing a number of alternatives, with an expected completion by the end of the 1st quarter next year, that will be able to address the concerns of shareholders, with the goal being the ability to maximise shareholder value.

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's share price, and most importantly, maximise the value to you all as shareholders.

ENDS