

**CONTACT DETAILS**
**Templeton Global Growth Fund Ltd**

Level 19  
101 Collins Street  
Melbourne 3000

Phone: 03 9603 1209

E-mail:  
[mat.sund@franklintempleton.com](mailto:mat.sund@franklintempleton.com)

Web site:  
[www.tggf.com.au](http://www.tggf.com.au)

**INVESTMENT MANAGER**

The Investment Manager of the Company's investment portfolio is Franklin Templeton Investments Australia Ltd. The Company's portfolio is managed in accordance with the investment philosophy of the Templeton Global Equities Group ("Templeton"), which forms part of the Franklin Templeton Investments group a large U.S. based investment management organisation. Templeton is one of the pioneers in global investing and its successful investment philosophy has been refined over more than 70 years. The Templeton investment process endeavours to identify undervalued securities through fundamental company analysis, using a global industry focus and a long term investment horizon.

**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.

**PERFORMANCE DATA<sup>1</sup> (AS OF 30/6/14)**
**Average Annual Total Returns—Templeton Global Growth Fund Ltd (AUD%)**

	Quarter	1 Year	3 Years	5 Years	10 Years
Templeton Global Growth Fund Ltd (TGG) — Net of Fees <sup>2</sup>	1.4	23.2	18.1	11.8	4.4
MSCI All Country World Free Index <sup>3</sup>	3.3	19.9	15.6	11.4	4.8

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

	31 March 2014	30 June 2014
TGG share price (cents)	1.30	1.29
NTA per share before tax (\$) <sup>4</sup>	1.37	1.37
Premium/(Discount) to NTA before tax (%)	(5)	(6)
NTA per share after tax (\$) <sup>4</sup>	1.35	1.35
Premium/(Discount) to NTA after tax (%)	(4)	(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 USD0.944 for June and USD0.927 for March.

**QUARTERLY MARKET REVIEW**

Global equity markets rose in the second quarter of 2014 amid generally positive economic data and moves by the European Central Bank (ECB) to ease monetary policy. US economic data released during the three-month period were broadly positive, indicating an economic rebound during the second quarter. Both manufacturing and non-manufacturing activity increased during the period, which signaled strengthening economic activity. Additionally, the labor and housing markets continued to show signs of recovery. In the eurozone, economic data broadly remained soft during the quarter. Consumer price growth in the region remained well below the ECB's target of just under 2.0%, raising the risk of deflation. At its June meeting, the ECB reduced its main policy rate to 0.15% and bank deposit rate to -0.1%—the first time the ECB set a negative deposit rate. In Asia, China's economic data improved in the second quarter. The Bank of Japan maintained its accommodative stance during the period, while the Japanese government proposed a reduction in corporate taxes as part of economic reforms to try to avoid deflation and facilitate growth.

**INVESTMENT OUTLOOK AND STRATEGY**

In light of many investors' continued distrust of the global equity market rally, we believe there is a key question to consider: Are investors buying stocks from a position of healthy skepticism or dangerous complacency? From our perspective, current circumstances seem more consistent with caution and skepticism than the complacency or euphoria normally associated with the endings of bull markets. At period-end, investor sentiment remained muted, equities were historically under-owned, trend earnings multiples remained depressed and long-term equity returns were still below average, according to our analysis. These factors are hardly circumstances we would traditionally associate with market peaks. To us, what matters more than where stocks have been is where they are going. At Templeton, we feel our bottom-up approach and creative, forward-looking value process are well suited to such an environment. By looking ahead and thinking about value differently than the crowd, we have continued to find stocks in regions and sectors around the world trading at appreciable discounts to our projections of their long-term earnings, cash flow and asset growth potential.

Templeton Global Growth Fund Ltd

PORTFOLIO CHARACTERISTICS – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 30/06/14)

	TEMPLETON GLOBAL GROWTH FUND LTD	MSCI All Country World Free Index
Weighted Average Market Cap (AUD Million)	78,577	94,972
Number of Securities	111	2,446

Price to Earnings

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	15.1x	16.8x

Dividend Yield

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	2.5%	2.4%

Price to Cash Flow

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	10.8x	14.9x

Price to Book Value

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	1.5x	2.1x

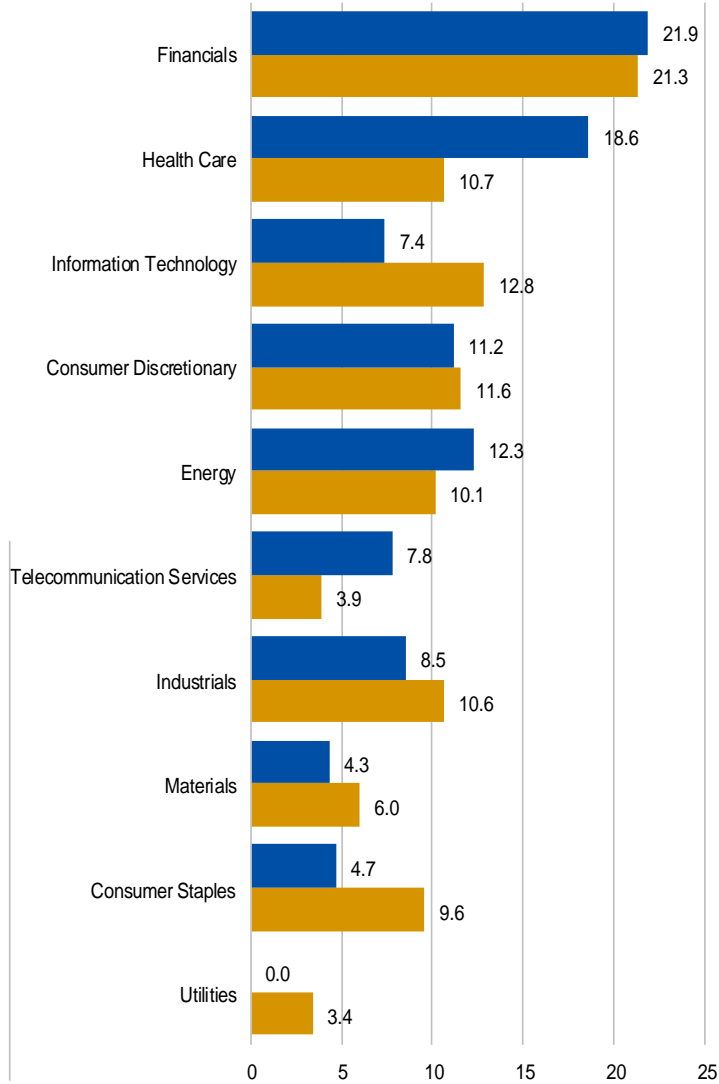
PORTFOLIO DIVERSIFICATION – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 30/6/14)

Top Ten Holdings<sup>5</sup>

SECURITY	COUNTRY	INDUSTRY GROUP
SAMSUNG ELECTRONICS	South Korea	Semiconductors & Semiconductor Equipment
MICROSOFT CORP	United States	Software & Services
GLAXOSMITHKLINE PLC	United Kingdom	Pharmaceuticals, Biotechnology & Life Sciences
AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
SANOFI SA	France	Pharmaceuticals, Biotechnology & Life Sciences
ROCHE HOLDING AG	Switzerland	Pharmaceuticals, Biotechnology & Life Sciences
COMCAST CORP	United States	Communications
PFIZER INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
SUNTORY BEVERAGE & FOOD LTD	Japan	Consumer Staples

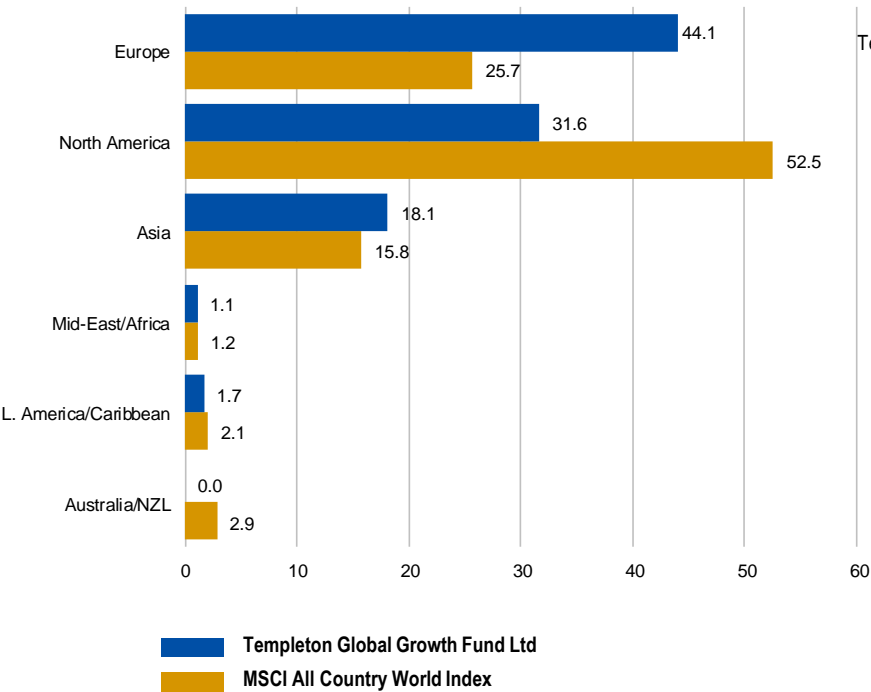
Portfolio Sector Weighting vs. MSCI All Country World Index (%)

Percent of Equity Ranked by Fund Weighting



Portfolio Regional Weighting vs. MSCI All Country World Index (%)

Percent of Equity Ranked by Fund Weighting



### COUNTRY ALLOCATION (AS AT 30/6/14)

The Company's portfolio of listed investments was spread over the following countries as at 30 June 2014.

COUNTRY	%	COUNTRY	%
BELGIUM	0.5	NORWAY	1.3
BRAZIL	1.8	RUSSIA	1.3
CANADA	0.9	SINGAPORE	2.5
CHINA	3.1	SOUTH KOREA	4.7
FRANCE	11.1	SPAIN	0.7
GERMANY	5.2	SWEDEN	0.9
IRELAND	1.0	SWITZERLAND	4.3
ISRAEL	1.1	THAILAND	0.6
ITALY	2.5	TURKEY	0.7
JAPAN	7.8	UNITED KINGDOM	10.7
NETHERLANDS	5.4	UNITED STATES	31.9

### QUARTERLY PERFORMANCE ATTRIBUTION

Stock selection in financials, industrials, health care and information technology detracted from relative performance for the quarter. In financials, the same contrarian investments in European banks that supported returns since the depths of the European sovereign debt crisis pressured performance in the second quarter of 2014. We believe rebuilt capital ratios and an improving economic outlook should allow European banks to lower loan-loss provisions, eventually boosting earnings and returns on tangible equity. Expectations are also rising for enhanced shareholder returns via buybacks and dividends, and our analysis suggests that investors are underestimating the total return potential of select European banks.

Health care is another sector that, despite relative weakness in the second quarter, has been strongly additive to longer-term performance. However, as with financials, isolated stock-specific issues significantly pressured sector returns during the period. More generally, we believe pharmaceuticals companies have done an excellent job restructuring, cutting costs and improving productivity as they work through their patent cliffs.

Stock selection in consumer discretionary, materials and consumer staples contributed to relative performance for the quarter. Suntory, Japan's second-largest beverage company, has a strong history of product development and strategic growth initiatives. The company's stock strengthened as investors grew more comfortable with its global growth platform, including a greater presence in Southeast Asia and Europe.

### TEMPLETON INVESTMENT PHILOSOPHY AND PROCESS

#### Templeton's Investment Philosophy

Templeton's investment philosophy is built upon a disciplined, yet flexible, long-term approach to value-oriented global and international investing. This time-tested approach is based on three tenets:

##### Value

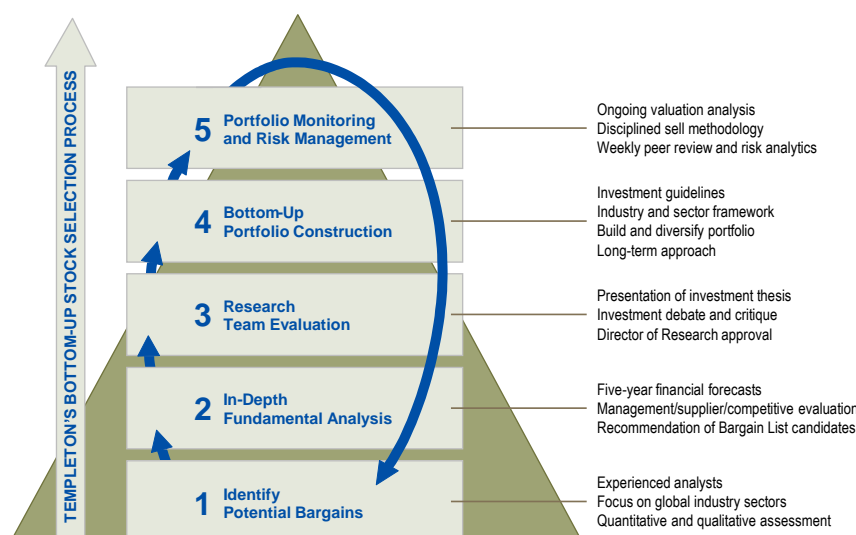
Templeton seeks companies that it believes are trading at a discount to what their research indicates the company may be worth.

##### Patience

Security prices can fluctuate more widely than underlying security values. In Templeton's opinion, market efficiencies should recognise and correct these security prices over time.

##### Bottom-Up

Templeton identifies value through rigorous fundamental analysis of a company's business to determine what we consider its economic worth based on projected future earnings, cash flow or asset value potential.



# Templeton Global Growth Fund

## INVESTMENT AND PRODUCT MANAGEMENT TEAM

TEMPLETON GLOBAL EQUITY MANAGEMENT TEAM	Years with Firm	Years Experience
Norman Boersma, CFA, Chief Investment Officer	22	28
Heather Arnold, CFA, Director of Research	9	30
Cindy Sweeting, CFA, Director of Portfolio Management	17	30
Peter Wilmshurst, CFA, Portfolio Manager/Research Analyst	16	21
TEMPLETON GLOBAL EQUITY TEAM	Number of Members	Average Years Experience
Portfolio Managers/Analysts	24	24
Research Analysts	16	8
ADDITIONAL RESOURCES		
Global Research Library	Junior Research Analysts	Global Trading Platform
Research Technology Group	Portfolio Analysis and Investment Risk Group	Global Portfolio Compliance Group

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

### Explanatory Notes:

- Periods of more than one year are annualised.
- 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.
- 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.
- Estimated tax on unrealised gains.
- 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.

### IMPORTANT LEGAL INFORMATION

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.

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