



TEMPLETON GLOBAL GROWTH FUND LTD

Quarterly Investment Manager's Report

SEPTEMBER 2016

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 60 years. The Templeton investment process endeavours to identify undervalued securities through fundamental company analysis, using a global 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.

CONTACT DETAILS

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PERFORMANCE DATA¹ (AS OF 30/9/16)

Average 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 ²	5.5	-2.4	7.3	14.9	2.5
MSCI All Country World Free Index ³	2.5	2.7	12.4	16.0	4.1

Net Tangible Assets (NTA) – Unaudited

	30 June 2016	30 September 2016
TGG share price (cents)	1.16	1.155
NTA per share before tax (\$) ⁴	1.28	1.304
Premium/(Discount) to NTA before tax (%)	(9.4)	(11.4)
NTA per share after tax (\$) ⁴	1.28	1.287
Premium/(Discount) to NTA after tax (%)	(9.4)	(10.3)

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 USD0.765 for September and USD0.745 for June.

QUARTERLY MARKET REVIEW

Global stock markets rose during 2016's third quarter amidst generally positive macroeconomic data and accommodative monetary policy across regions. However, uncertainty about the US Federal Reserve's (Fed's) timing for raising interest rates and concerns surrounding the United Kingdom's historic vote to leave the European Union (Brexit) weighed on market sentiment at certain points. Broadly, both emerging and developed equity markets advanced, with emerging market equities generally outperforming their developed-market peers. Among emerging markets, China's economy grew year-on-year in the second quarter, driven by higher government spending. In August, the country's purchasing managers' index moved back into expansionary territory, and industrial production and retail sales expanded at a faster pace compared to July. In Latin America, Brazil's economy remained in recession in the second quarter. The country's president was removed from office in August. Among developed markets, the US economy grew at a slightly faster pace in 2016's second quarter than in the first quarter, aided by increases in consumer spending, business investment and exports. US job additions increased at a robust pace in July, although they decelerated in August, which helped persuade the Fed to keep interest rates unchanged at its September meeting. In Europe, concerns over Brexit eased with aggressive monetary stimulus measures and generally positive economic data in the United Kingdom. The eurozone's quarter-on-quarter economic growth moderated in the second quarter, while the bloc's unemployment and annual inflation rates remained stable during July and August. In Asia, Japan's annualized gross domestic product growth declined in the second quarter, and the country's annual inflation rate remained in negative territory. The Bank of Japan unveiled additional monetary easing measures in July, and it overhauled its monetary policy framework in September to support the country's weak economy and to try to boost inflation.

QUARTERLY PERFORMANCE ATTRIBUTION

The portfolio outperformed its benchmark index in the third quarter of 2016. Security selection and an overweighting in the financials sector contributed to relative performance, led by European banks bouncing back strongly in the aftermath of the Brexit referendum. UK-headquartered lender HSBC Holdings was a leading sector contributor, surging to the highest level in over a year after announcing a significant share buyback programme and reiterating its ability to maintain its dividend at current levels. The company continues to make encouraging progress cutting costs, restructuring operations and bolstering capital levels, and we believe it will eventually re-attain its historic book value premium.

Following the surprise result of the Brexit referendum, we undertook a comprehensive reassessment of our European financials holdings and implemented changes to reflect the new reality. Changes included reducing exposure to banks with vulnerable capital positions and/or major domestic operations in the United Kingdom. Amongst investment banks and insurers, we have also prioritised capital strength and a coherent strategy for managing risk and successfully navigating a lower-for-longer interest-rate environment. With European banks trading at close to their widest discount to the rest of the market on record, the sector is abundantly cheap and is one of the places in the world we continue to see great opportunity. Fundamentals are actually improving, in our view, as highlighted by generally stronger-than expected second-quarter results, which featured higher capital ratios and positive earnings-per-share revisions.

Stock selection in the industrials sector also boosted results, as did an underweighting in the consumer staples sector. More broadly within the consumer staples sector, we continued to find few bargains as we believe the sector has become stretched based on valuations and fundamentals. We believe the search for safety and yield in a low growth environment has left consumer staples vulnerable to a significant correction should we get any normalisation in financial conditions over our investment horizon. Other individual contributors included an investment in US-based Allegheny Technologies, one of the world's largest specialty metal producers, Irish construction materials firm CRH and Spanish energy infrastructure company Técnicas Reunidas.

Conversely, stock selection and an underweighting in the information technology sector detracted from returns despite the positive impact from overweight holdings in Samsung Electronics which rallied from strong revenue and profit momentum in its core semiconductor memory division. An overweighting in the energy sector also weighed on results, with the fund's investment in UK-based oil company Royal Dutch Shell hampering relative performance. Shares slid after the company missed analysts' estimates on a mix of lower energy prices, weaker refining margins and production halts. While Shell has lost its traditional valuation premium, fundamentals have actually strengthened, in our analysis, with an improved production outlook and increased flexibility in both capital expenditure and the consolidated cost base. More generally, we view recent price weakness as temporary and continue to believe that supply and demand fundamentals are supportive of higher oil prices over our investment horizon.

INVESTMENT OUTLOOK AND STRATEGY

The leadership rotation that brought global value stocks generally back into favour towards the end of the period was encouraging for investors like Templeton, particularly in the face of systemic headwinds like low economic growth, high public debt and areas of political uncertainty globally. This shows that value can offer a compelling antidote to today's market conditions.

The average dividend yield of value stocks at quarter-end was more than double the yield on the 10-year US Treasury note, although earnings for such shares are likely to be closer to trough than peak. This suggests greater scope for recovery than the rest of the market, which we believe is still "over-earning" relative to history. At a time when financial assets look increasingly expensive to us, multiples in the value universe have remained below their own historical average and at record discounts to factors like quality and growth. For these reasons, we believe current opportunities in financial markets are highly selective and highly specific to value stocks.

Sometimes stocks are cheap for good reason, and the ability to distinguish between value traps and genuine bargains is one of the greatest advantages we can offer our investors, through the employment of thoughtful, fundamental and rigorous analysis. While we do not know whether the trends unfolding at the end of the review period herald a new day or another false dawn, we believe firmly that Templeton's value strategy can prove beneficial in a world of low growth, meagre yield and broadly expensive valuations.

PORTFOLIO CHARACTERISTICS – AS AT 30/9/16

	TEMPLETON GLOBAL GROWTH FUND LTD	MSCI All Country World Free Index
Weighted Average Market Cap (AUD Million)	116,688	129,690
Number of Securities	112	2,470

Price to Earnings

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	15.1x	20.5x

Price to Cash Flow

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	5.5x	11.4x

Dividend Yield

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	2.9%	2.6%

Price to Book Value

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	1.3x	2.1x

PORTFOLIO DIVERSIFICATION – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 30/9/16)

Top Ten Holdings⁵

SECURITY	COUNTRY	INDUSTRY GROUP
MICROSOFT CORP	United States	Software and Services
SAMSUNG ELECTRONICS	South Korea	Technology Hardware & Equipment
BP PLC	United Kingdom	Energy
ROYAL DUTCH SHELL	United Kingdom	Energy
JPMORGAN CHASE	United States	Financials
HYUNDAI MOBIS	South Korea	Automotive
NISSAN MOTOR CO	Japan	Automotive
AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
CRH PLC	Ireland	Materials
COMCAST CORP	United States	Media

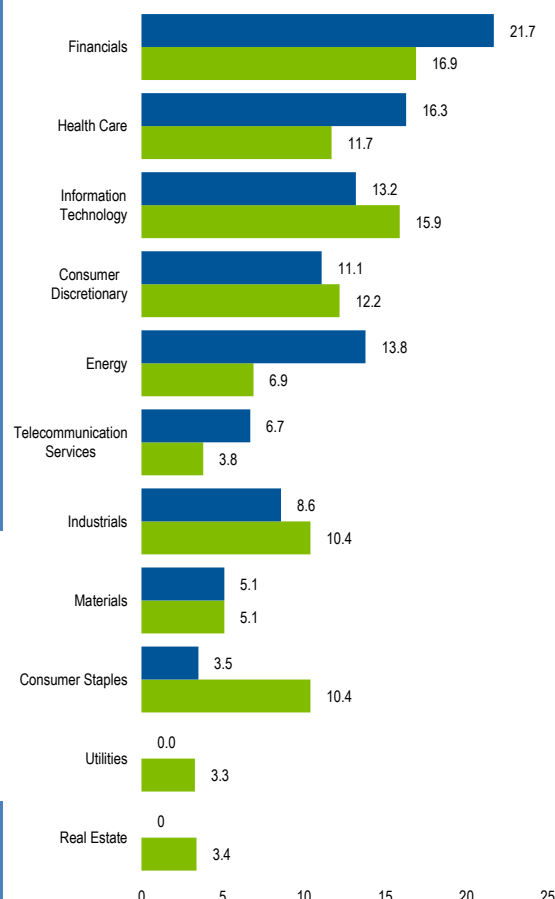
Country Allocation

The Company's portfolio of listed investments was spread over the following countries as at 30 September 2016.

COUNTRY	%	COUNTRY	%
CANADA	0.8	SINGAPORE	1.6
CHINA	4.8	SOUTH KOREA	6.5
FRANCE	8.9	SPAIN	1.2
GERMANY	5.4	SWEDEN	1.0
IRELAND	1.6	SWITZERLAND	4.2
ISRAEL	1.4	THAILAND	0.8
ITALY	1.5	TURKEY	0.4
JAPAN	6.2	UNITED KINGDOM	12.1
NETHERLANDS	3.8	UNITED STATES	36.1
NORWAY	0.8	Liquidity	0.9

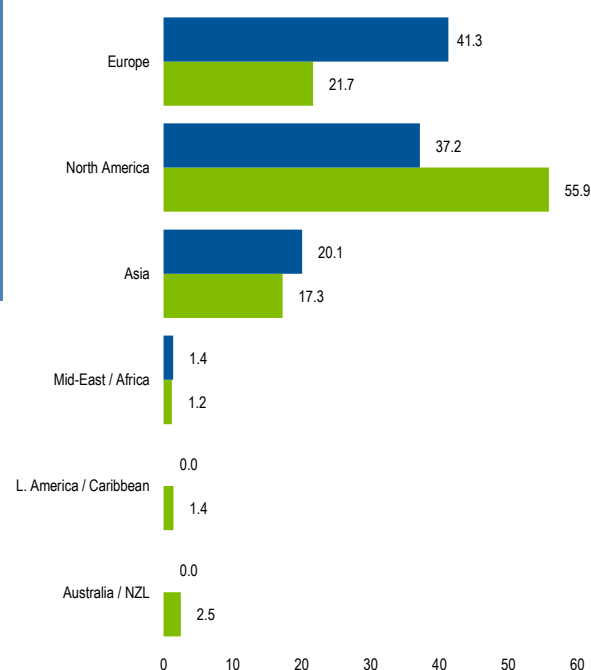
Portfolio Sector Weighting vs. MSCI All Country World Index (%)

Percent of Equity Ranked by Fund Weighting



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

Percent of Equity Ranked by Fund Weighting

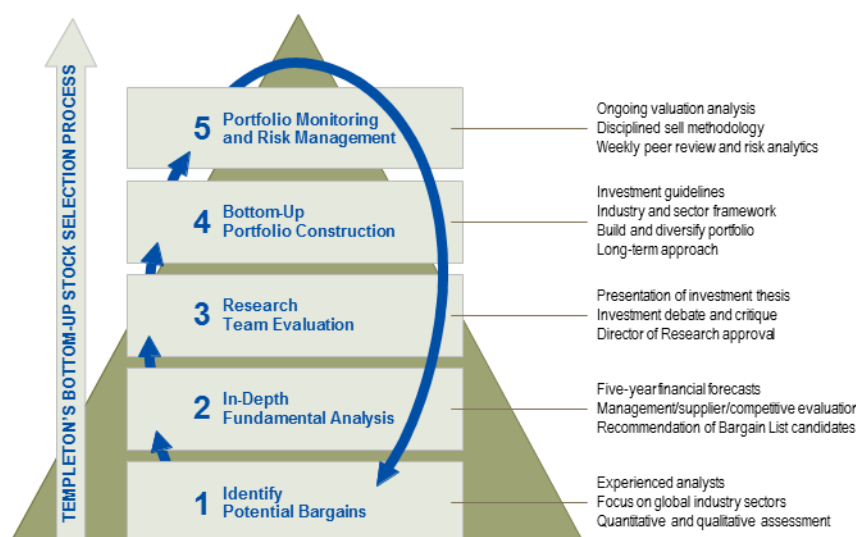


■ Templeton Global Growth Fund Ltd
■ MSCI All Country World Index

TEMPLETON INVESTMENT TEAM

TEMPLETON GLOBAL EQUITY MANAGEMENT TEAM	Years with Firm	Years Experience
Norman Boersma, CFA, Chief Investment Officer	24	30
Heather Arnold, CFA, Director of Research	11	32
Cindy Sweeting, CFA, Director of Portfolio Management	19	32
Peter Wilmshurst, CFA, Portfolio Manager/Research Analyst	18	23
TEMPLETON GLOBAL EQUITY TEAM	Number of Members	Average Years Experience
Portfolio Managers/Analysts	26	23
Research Analysts	10	11

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.

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.

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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. 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.