

Templeton Global Growth Fund AGM

24 October 2012

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Templeton Global Equities



Agenda

An update on Europe

TGG's portfolio

Financials, Healthcare, and Information Technology reviewed

Time Tested Philosophy and Approach



VALUE

Absolute value investors
Buy companies at discount prices

PATIENCE

Rolling 5-year investment horizon
Perspective and discipline leads to value recognition
Historical turnover consistently low

BOTTOM UP

Stock-by-stock original analysis
Focus on businesses within their global
competitive environment

“To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward”.

– Sir John Templeton

Headlines about Europe's demise

- January/February, *"The Failure of the Euro."* Martin Feldstein, Foreign Affairs
- 12th February, *"Greece passes new austerity deal amid rioting."* CBC News
- 7th March, *"Greece's private creditors are the lucky ones."* Nouriel Roubini, Financial Times
- 12th March, *"Eurozone jobless rate at new highs."* BBC
- 21st April, *"Dutch prime minister says government austerity talks collapse."* The Washington Post
- 14th May, *"Does the Euro have a future?"* George Soros, The New York Review of Books
- 17th May, *"Spanish bank hit by report of withdrawals."* The Guardian
- 6th May, *"Greece plunges into instability."* BBC
- 16th May, *"Grexit will happen much more quickly than politicians think."* City A.M
- 17th May, *"Huge sense of doom among 'Grexit' predictions."* Cnbc.com
- 22nd May, *"Devaluation – last option to save the euro."* Financial Times
- 31st May, *"A terse warning for Euro states: Do something now."* The New York Times
- 12th June, *"Spain borrowing costs hit record."* BBC
- 12th June, *"Italian Bond Yields Cast Doubt on Crisis Plans."* The Wall Street Journal
- 12th June, *"Rates on Spanish Bonds Soar."* The New York Times
- 24th June, *"Global economy is stuck in a vicious cycle, warns BIS."* Financial Times

From last year's AGM

Europe: What are our views?

- **Sovereign debt levels in the Eurozone**
 - Italy and Spain will be able to meet their debt obligations
 - Ireland and Portugal will probably be able to meet their debt obligations, but may get some debt forgiveness
 - Greece is insolvent and will “default”, by one name or another
- **A broad break-up of the Euro will not happen**
 - Greece is unlikely to leave the Euro, but
 - While this is the sensible economic decision, politics could get in the way
 - The cost of break-up significantly outweighs the cost of bailout
 - If not the €, then what?
- **“We are all in the Euro” Sir Michael Rake, Chairman of BT Plc.**

Europe: What has changed?

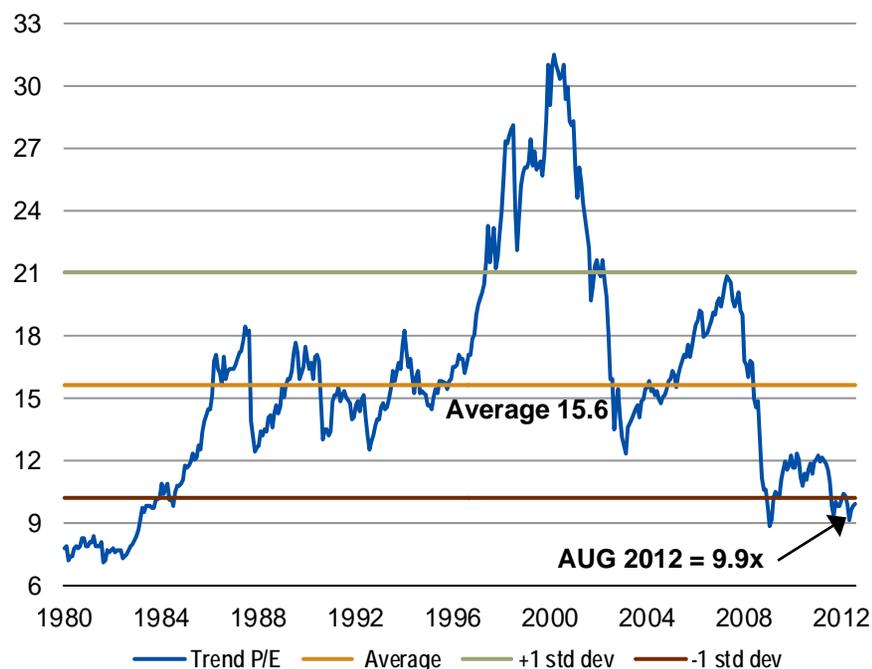
- In Dec '11 and Feb '12 the ECB provides approx. €1tn in 3 year Long-Term Refinancing Operation (LTRO) for European banks ✓ **Funding for Banks**
- In Feb '12 Greece wrote down by ~80% the debt held by private sector investors ✓ **Private sector takes the Greek hit**
- On 2 August '12, the ECB President, Mario Draghi, announced that the ECB will undertake Outright Monetary Transactions (OMT), buying bonds up to 3 year maturity
 - with support from German Chancellor Merkel and Finance Minister Schauble,
 - over the objections of Bundesbank President Jens Weidmann
 - with a willingness to spend “whatever it takes” ✓ **Funding for Governments**
 - subject to conditionality
 - to ensure that monetary policy works in the Eurozone
- Confidence in Portuguese and Irish sovereign bonds has improved with 10 year yields now trading at 7.8% and 4.6% respectively, compared to highs of 15.8% and 9.3%
- The European Stability Mechanism (ESM) was established on 27 Sept '12 with a maximum lending capacity of €500bn ✓ **Funding for Governments**
- Spanish bank bailout at cost of €53.7bn (5.4% GDP) ✓ **Expensive, but manageable** 7

Europe is the region with the most compelling valuations

Trend P/Es in Europe Near Multi-Decade Lows; US around average

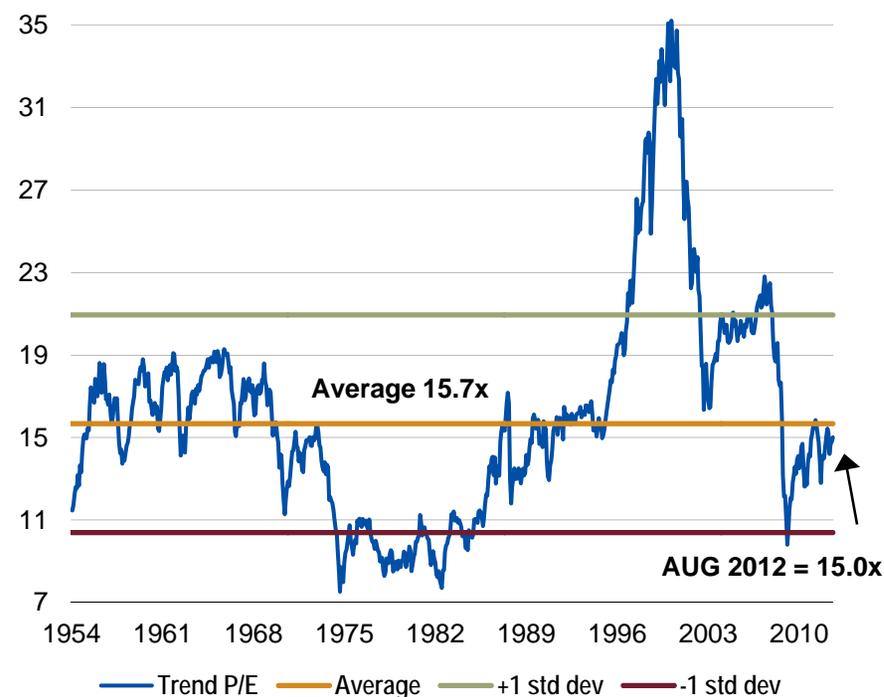
European Market (MSCI Europe): Trend P/E¹

January 31, 1980 to August 31, 2012 (Monthly)



US S&P 500®: Trend P/E²

January 31, 1954 to August 31, 2012 (Monthly)



Source: FactSet, Bloomberg.

1. Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided "as is." The composite 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 composite described herein. Copying or redistributing the MSCI data is strictly prohibited.

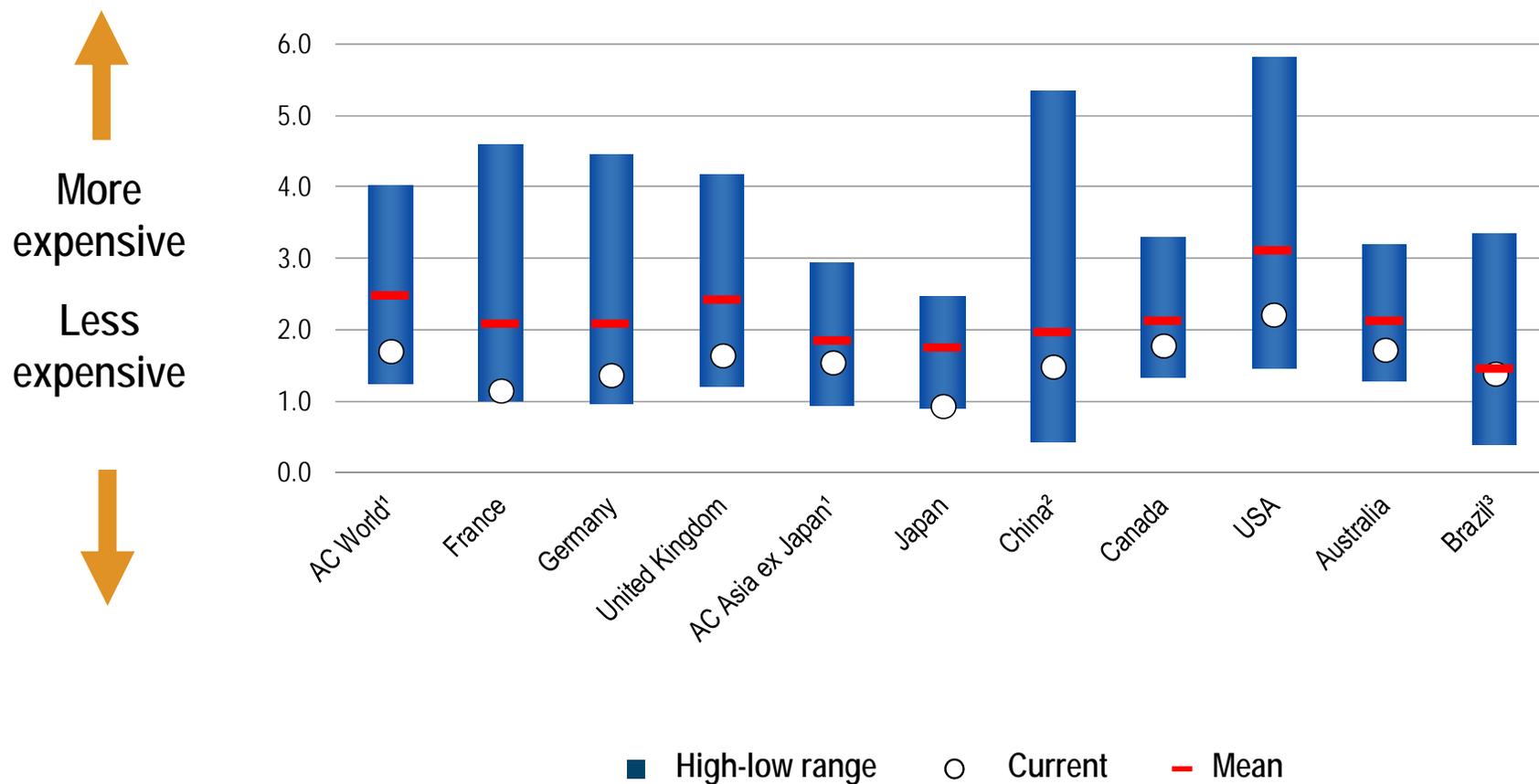
2. STANDARD & POOR'S®, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. Standard & Poor's does not sponsor, endorse, sell, or promote any S&P index-based product.

Methodology: The stock's trend P/E is established by dividing its absolute share price history by its trend EPS line.

Global Valuations Are Generally Attractive

Price-to-Book Value, Last 20 Years

From August 31, 1992 to August 31, 2012 (monthly)



Source: MSCI, FactSet. All MSCI data is provided "as is." In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data describe herein. Copying or redistributing the MSCI data is strictly prohibited.

With equities bear in mind that:

**Countries *do not equal*
Companies...**

**... Companies *do not equal*
Stocks**

European Global Companies

- Globally diversified, high-quality companies in Europe can offer value potential³



Templeton Global Growth Fund: Largest European Holdings
30 September 2012

Company ^{2,3}	Company Headquarters	Sector	% of Total	Source of Revenues	
				Non-Europe	Emerging Markets
	France	Pharma	2.2	59%	25%
	Norway	Telecom	2.1	33%	50%
	United Kingdom	Telecom	2.0	33%	31%
	United Kingdom	Pharma	1.8	72%	14%
	Switzerland	Pharma	1.8	54%	20%
	France	Energy	1.6	29%	29%
	Netherlands	Media	1.5	70%	10%

Source: FactSet.

1. Portfolio and company revenues information for the Representative Account is historical and may change depending on factors such as market and economic conditions and may not reflect current or future portfolio characteristics.

2. Companies listed are the largest European headquartered companies within holdings of the Representative Account as of 30/09/2012.

3. The Representative Account largest holdings reflect our conviction. Percentages may differ due to rounding. Holdings of the same issuer have been combined. This information is historical and may not reflect current or future portfolio characteristics of the Fund. All portfolio holdings subject to change.

Information provided is not a recommendation to purchase, sell or hold any particular security. The securities identified do not represent an account's entire holdings and in the aggregate may represent only a small percentage of such holdings.

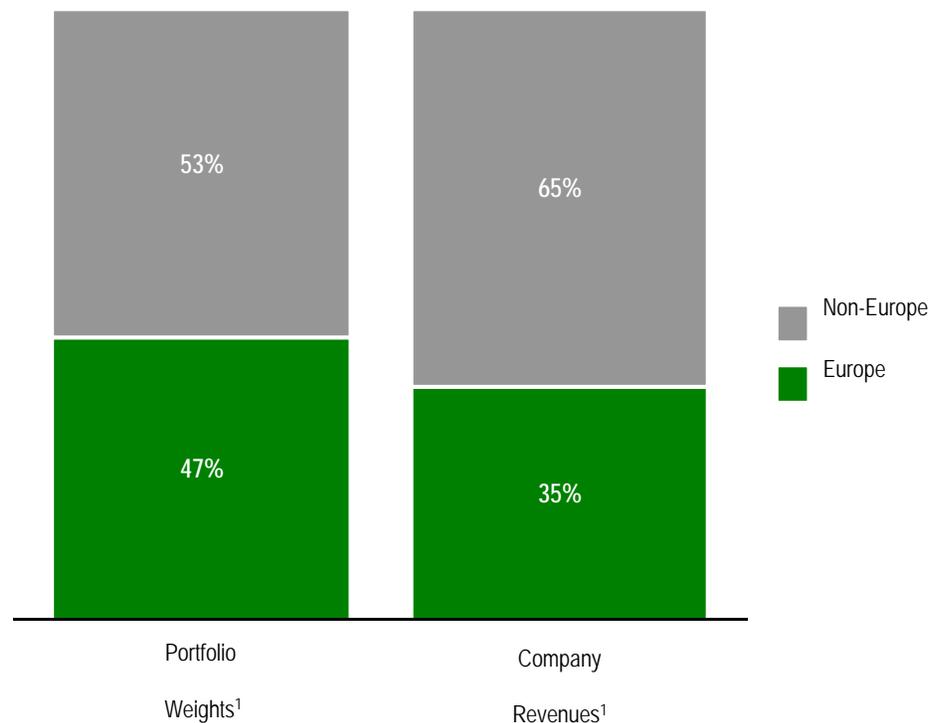
There is no assurance that securities purchased will remain in an account's portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities transactions discussed were or will prove to be profitable. Please see accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Past performance does not guarantee future results and results may differ over future time periods.

European Global Companies

- Globally diversified, high-quality companies in Europe can offer value potential³



Templeton Global Growth Fund
30 September 2012



Source: FactSet.

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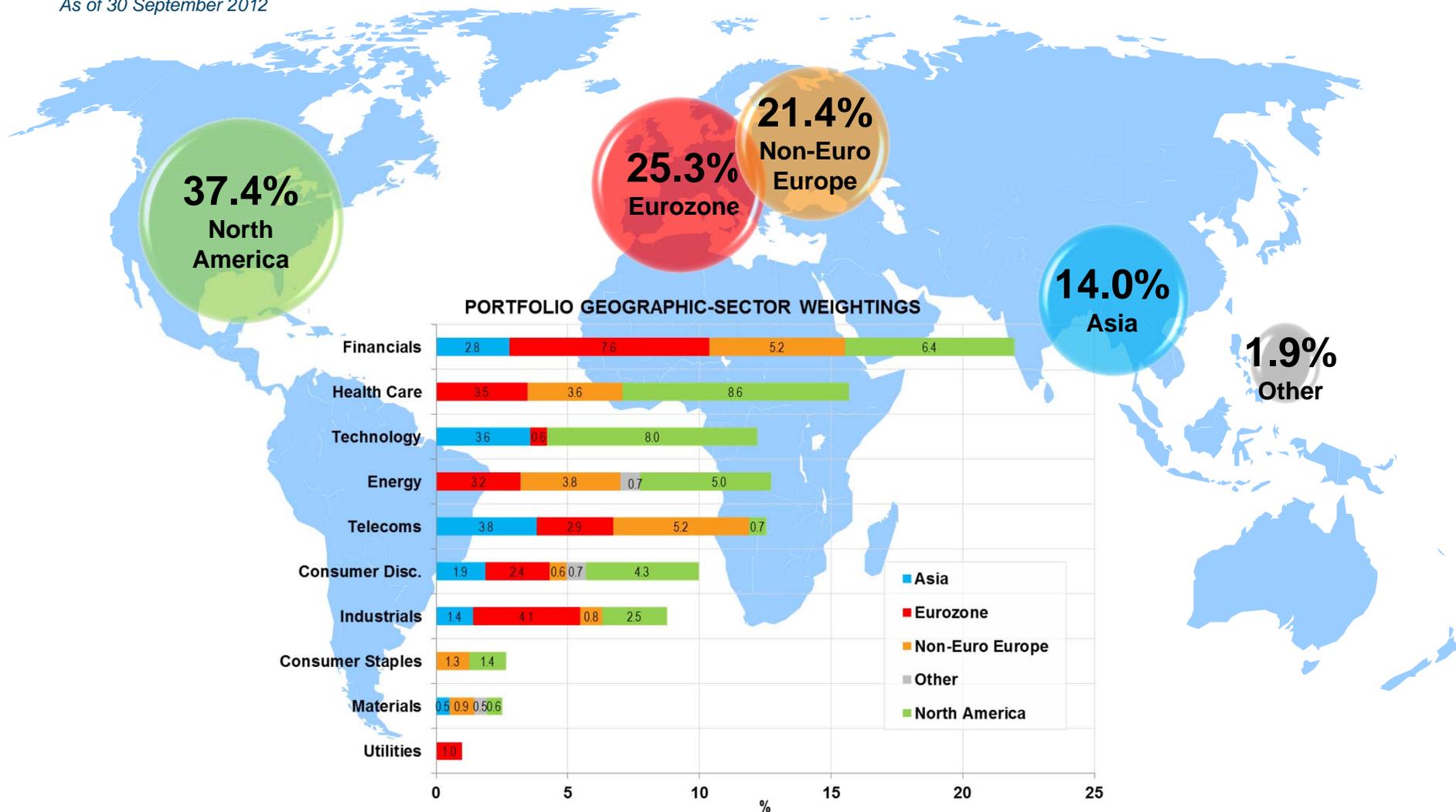
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Templeton Global Growth Fund – Weights

As of 30 September 2012

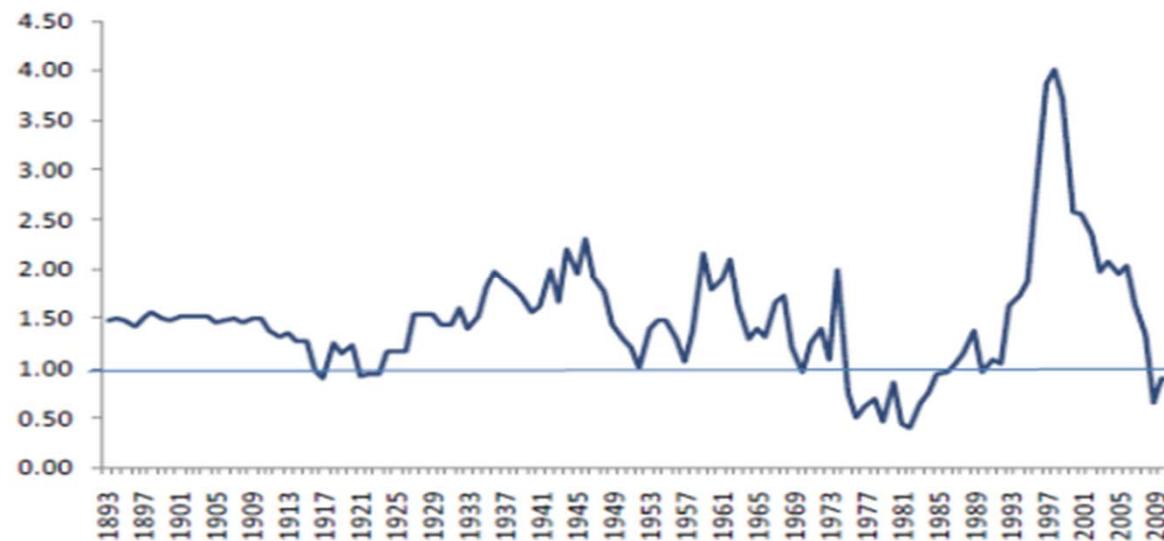


Source: Franklin Templeton Investments

Weightings as percent of equity. Percentage may not equal 100% due to rounding.

Valuing banks throughout history

Chart 8: UK banks have traded below 1x BV for just 13% of the last 120 years*



Source: Anthony Saunders & Berry Wilson, *Impact of consolidation and safety net support on Canadian, US and UK banks, 1892-1992 (1999)*. Datastream. * ignores war years, and one-off years at below 1xBV

European vs. Australian Banking Characteristics – from last year's AGM

	 BNP PARIBAS	HSBC 	 nab
LT credit rating (S&P / Fitch / Moody's)	AA- / AA- / Aa2	AA- / AA / Aa2	AA / AA- / Aa2
Credit Default Swap¹	226 bps	110 bps	176 bps
Bond Yield¹	3.6%	3.4%	3.4%
Core Tier 1 Ratio²	9.2%	10.5%	6.8%
Loan / Deposit ratio	118%	79%	125%
12m Total Return (local currency)	-38%	-17%	3%
P/TBV (2011E)	0.6x	1.2x	1.7x
P/E (2011E)	4.7x	8.7x	10x

Source: Company Reports, Franklin Templeton Investments, Bloomberg and FactSet Research Systems

¹ 5yr senior unsecured (in EUR) as at 21 October 2011

²2011 estimates under Basel II standards

European vs. Australian Banking Characteristics - updated

	 BNP PARIBAS	HSBC 	 nab
LT credit rating (S&P / Fitch / Moody's)	AA- / AA- A+ / Aa2 A2	AA- A+ / AA / Aa2 Aa3	AA AA- / AA- / Aa2
Credit Default Swap¹	226 160 bps	410 130 bps	176 145 bps
Bond Yield¹	3.6% 1.6%	3.4% 1.4%	3.4% 1.5%
Core Tier 1 Ratio²	9.2% 10.5 %	10.5% 10.3%	6.8% 7.6%
Loan / Deposit ratio	118% 115%	79% 75%	125% 118%
12m Total Return (local currency)	-38% 15%	-47% 19%	-3% 17%
P/TBV (2012E)	0.6x 0.7x	1.2x 1.2x	1.7x 1.8x
P/E (2012E)	4.7x 7x	8.7x 10.6x	10x 10.7x

Source: Company Reports, Franklin Templeton Investments, Bloomberg and FactSet Research Systems

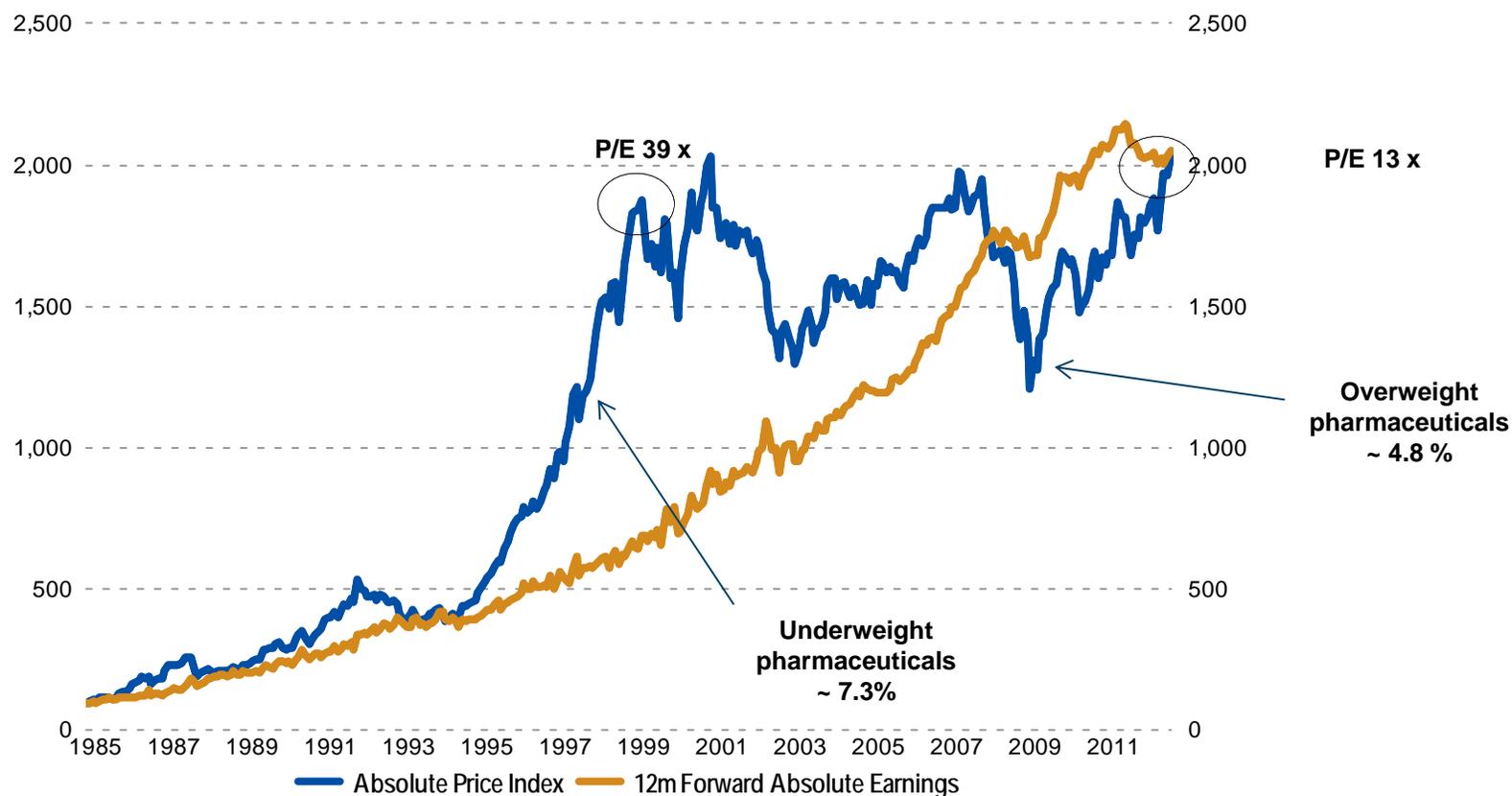
¹ 5yr senior unsecured (in EUR) as at 21 October 2011 and 19 October 2012

²2011 and 2012 y/e estimates under Basel II standards

Templeton Global Growth – Pharmaceutical holdings over time

Major World Pharmaceuticals

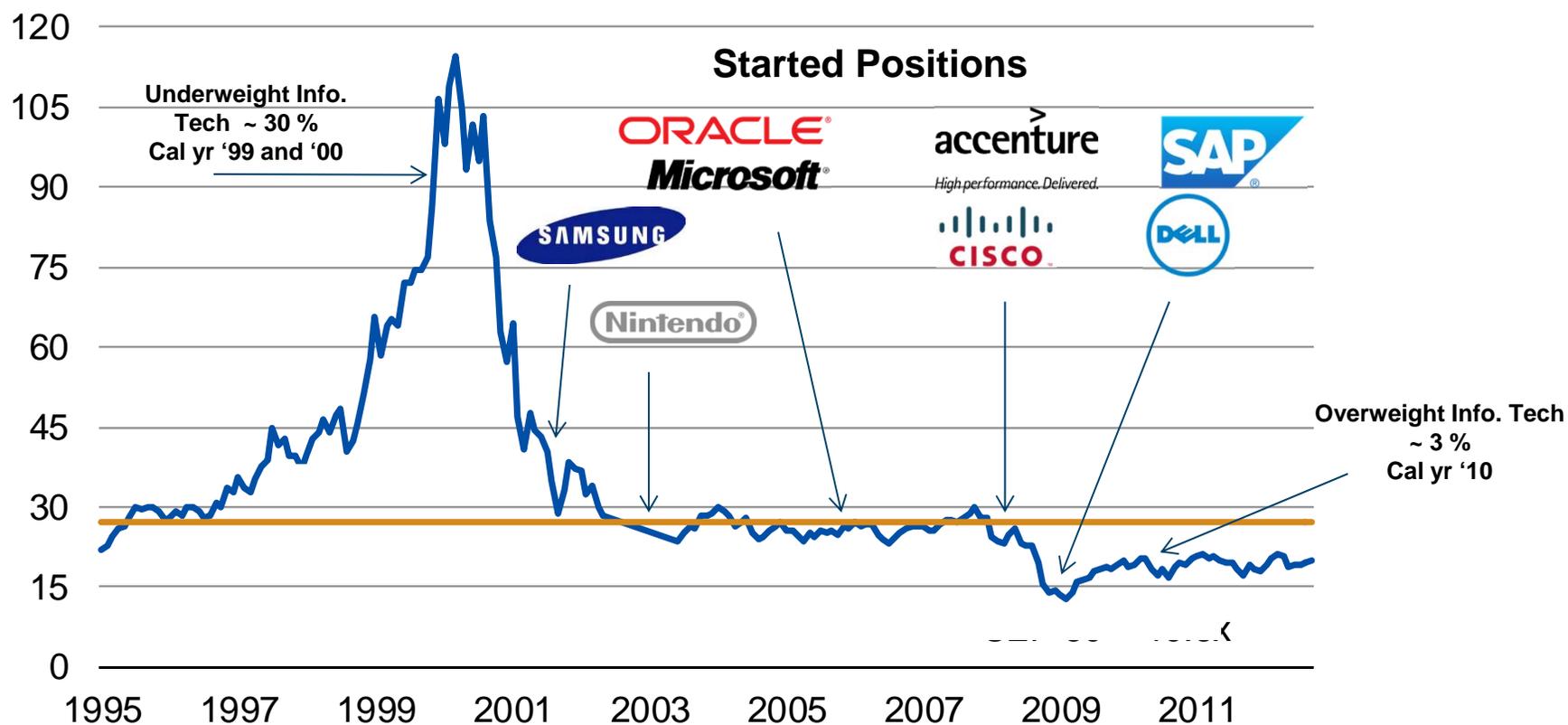
31-JAN-85 to 28-SEP-12



Templeton Global Growth – IT holdings over time

MSCI World Information Technology: Price/Trend Earnings^{1, 2}

January 31, 1995 to September 28, 2012



¹ The stock's trend P/E is established by dividing its absolute share price history by its trend EPS line.

² Earnings less than 0.01 (i.e. negative earnings) are excluded.

Source: MSCI, FactSet. All MSCI data is provided "as is." In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data describe herein. Copying or redistributing the MSCI data is strictly prohibited.

Templeton Top Ten Holdings

Templeton Global Growth Fund

As of 30 September 2012

	Name of Issuer	Country	Industry	% of Total
1.	MICROSOFT CORP	United States	Software & Services	2.2
2.	SANOFI	France	Pharmaceuticals, Biotechnology & Life Sciences	2.2
3.	PFIZER INC	United States	Pharmaceuticals, Biotechnology & Life Sciences	2.2
4.	TELENOR ASA	Norway	Telecommunication Services	2.1
5.	SAMSUNG ELECTRONICS CO LTD	South Korea	Semiconductors & Semiconductor Equipment	2.1
6.	VODAFONE GROUP PLC	United Kingdom	Telecommunication Services	2.0
7.	AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences	2.0
8.	AMERICAN EXPRESS CO	United States	Diversified Financials	1.9
9.	SINGAPORE TELECOMMUNICATIONS LTD	Singapore	Telecommunication Services	1.9
10.	GLAXOSMITHKLINE PLC	United Kingdom	Pharmaceuticals, Biotechnology & Life Sciences	1.8
	Total			20.5

Percentages may differ due to rounding. Holdings of the same issuer have been combined. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

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Templeton Portfolio Characteristics

Templeton Global Growth Fund vs. MSCI All Country World Index

As of 30 September 2012

Price to Earnings		
	<u>Portfolio</u>	<u>Benchmark</u>
Weighted Average	11.6x	14.4x
Median	12.8x	14.7x

Price to Book Value		
	<u>Portfolio</u>	<u>Benchmark</u>
Weighted Average	1.2x	1.7x
Median	1.5x	1.7x

Price to Cash Flow		
	<u>Portfolio</u>	<u>Benchmark</u>
Weighted Average	4.3x	8.5x
Median	6.0x	9.7x

Dividend Yield		
	<u>Portfolio</u>	<u>Benchmark</u>
Weighted Average	3.3%	2.8%
Median	3.3%	2.3%

For the Fund, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. Yields above 100% are also excluded. For the benchmark, no limits are applied to these ratios in keeping with MSCI's calculation methodology. Due to data limitations, all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the Fund's reported characteristics and the Fund's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they feel is most appropriate at the time of purchase. **Please note: The dividend yield quoted here should not be used as an indication of the income to be received from this fund.**

Index statistics calculated by FactSet Research Systems, Inc.

1. Source: Franklin Templeton Investments.

Please see Important Information page in the Appendix.

Information is supplemental to the Historical Performance page.

Historical Performance

Templeton Global Growth Fund vs. MSCI All Country World Index

Average Annual Returns (AUD%)

As of 30 September 2012

	3 Months	6 Months	1 Year ¹	3 Years ¹	5 Years ¹	10 Years ¹
Templeton Global Growth Fund – Net of Fees/Expenses	8.1	2.2	13.4	-0.5	-6.6	1.4
MSCI All Country World Free Index	5.4	0.8	13.7	2.1	-4.7	2.3

1. Annualised

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

Summary

- European sovereign debt issues continue to weigh on markets, but have led to attractive valuations and investment opportunities in Europe
- The fund's European holdings include many globally diversified, high quality companies
- Templeton is finding value in financials, healthcare and information technology; but opportunities still exist across most sectors

USD vs. AUD



Source: Chart prepared by Franklin Templeton using data from the Reserve Bank of Australia

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