

**TEMPLETON GLOBAL  
GROWTH FUND LTD.**  
A.B.N. 44 006 558 149

Level 19, 101 Collins Street  
Melbourne, Victoria 3000

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The Secretary  
Australian Securities Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Dear Sirs,

**Re: Preliminary Final Report for the Year Ended 30 June 2017**

Templeton Global Growth Fund Ltd is pleased to provide its preliminary final report to the ASX as required under listing rule 4.3A, including:

- ◆ Results for Announcement to the Market
- ◆ Chairman's Message
- ◆ Investment Manager's Report
- ◆ Directors' Report
- ◆ Financial Statements
- ◆ Auditor's Report
- ◆ Five year summary of financial information
- ◆ List of Investments

Yours Faithfully,

Templeton Global Growth Fund Ltd.

A handwritten signature in blue ink, appearing to be 'Mat Sund', written over a horizontal line.

**Mat Sund**  
Company Secretary  
22 August 2017

## Appendix 4E

### **Templeton Global Growth Fund Ltd (“TGG”)**

ABN 44 006 558 149

Preliminary Final Report  
Provided to the ASX under listing rule 4.3A

#### **Reporting Period**

The financial information contained within this report pertains to the reporting period 1 July 2016 to 30 June 2017 (“FY17”) and is drawn from the audited financial statements of the Company for the year then ended. Comparative information pertains to the previous corresponding period (“pcp”) 1 July 2015 to 30 June 2016.

#### **Results for Announcement to the Market**

	<b>2017</b>	<b>2016</b>	<b>Increase / (Decrease)</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>		<b>%</b>
<b>Revenue</b>	8,883,997	9,643,955	(759,958)	(8%)
<b>Profit from ordinary activities after tax attributable to members</b>	3,658,002	3,775,042	(117,040)	(3%)
<b>Net profit attributable to members</b>	3,658,002	3,775,042	(117,040)	(3%)
<b>Other comprehensive (loss)/income</b>	39,601,229	(33,167,924)	72,769,153	n/a
<b>Total comprehensive (loss)/income</b>	43,259,231	(29,392,882)	72,652,113	n/a

#### **Dividends**

In the reporting period, a 4.5 cent per share, of which 2.5 cents per share was fully franked and 2.0 cents per share was unfranked, final dividend in respect of the financial year ended 30 June 2016 was paid in September 2016.

No interim dividend was paid.

In respect of the financial year ended 30 June 2017 the Directors have resolved to declare a 4.5 cent per share final dividend, which will be fully franked. The dividend will also contain LIC Capital Gains attributable to 4.5 cents per share. The record date for the final dividend is 8 September 2017, and will be paid to shareholders on the 22 September 2017.

**On market share buyback**

During FY17, the Company bought back 13,837,445 shares at an average price of \$1.22 per share. There were 9,243,684 shares bought back on-market in the pcip.

**Additional explanation**

The net asset value of the Company increased over FY17 (after taking into account the payment of the 2016 final dividend and shares bought back as part of the Company's share buyback program) from \$308,209,246 to \$323,961,612. This increase is predominantly due to an increase in the market value of investments.

**Dividend Reinvestment**

The Directors of the Company have opted to suspend to the operation of the dividend reinvestment plan (DRP) for the upcoming dividend payment, as it contradicts with the objectives of the current on-market share buyback.

**Net Tangible Assets Per Share**

Net tangible assets per share at the end of the period was 148 cents compared to 128 cents per share at the end of the pcip.

**Controlled Entities**

The Company at no time in the reporting period or in the previous corresponding reporting period gained or lost control of an entity. The Company has no controlled entities.

**Associates and Joint Ventures**

The Company at no time in the reporting period or in the previous corresponding reporting period had any associate or joint venture relationships.

**Related Parties**

During the year, Franklin Resources Incorporated and/or its affiliates, the parent Company of the Investment Manager (Franklin Templeton Investments Australia Limited) continued to purchase shares in the company.

These holdings were 7,163,124 shares at 30 June 2017, compared to 807,906 at the end of the pcip, and subsequent purchases have seen those holdings increase to 7,345,178 as at 10 August 2017.

**Audit**

The Company's auditors are PricewaterhouseCoopers. There are no items in dispute with the auditors. The audit report on the financial report for the year ended 30 June 2017 is unqualified.



# TEMPLETON GLOBAL GROWTH FUND LTD

ANNUAL REPORT 2017

ABN 44 006 558 149



## MISSION STATEMENT

Templeton Global Growth Fund Ltd (“TGG”) was established to provide Australian residents with a well managed and cost effective investment vehicle through which they could gain access to world equity markets.

TGG outsources certain of its investment management functions to Franklin Templeton Investments Australia Ltd, a member of the Franklin Resources Inc. and relies upon the integrity and professional competence of that organization for the prudent and successful management of the Company’s global investment portfolio. Franklin Resources Inc. has a long established record of investing in global equity markets.

The primary objective of TGG is to increase shareholders’ total returns through the achievement of superior investment performance.

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The Corporate Governance Statement is available for review on the Company website: [www.tggf.com.au](http://www.tggf.com.au)



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## CHAIRMAN'S MESSAGE

It's been a significant year for Templeton Global Growth Fund, as we celebrated our 30th year of delivering a global equity solution to Australian Investors via a listed investment company.

We are happy to report that 2017 was a positive year for the company. Investment returns were substantially above the index, as well as a significant narrowing of the share price discount to NTA, validating the Board's actions taken to reduce the discount.

### KEY RESULTS

The portfolio of investments' return in A\$ terms was 22.0% (net of fees) during the 2017 financial year, and 23.3% gross of fees, as compared to the MSCI All Country World Index ("Index") A\$ return of 15.3%.

The Investment Manager's Report ("IMR") explains in further detail TGG's 2017 performance against the Index, the relative performance across the major geographic and industry sectors, and the significant global events that have had an impact on our performance. I recommend the IMR as essential reading by shareholders.

The Company's net tangible asset backing ("NTA") increased 15.6% from \$1.28 per share at 30 June 2016 to \$1.48 per share at 30 June 2017. This increase is after the payment of a 4.5 cent per share ("cps") dividend to shareholders in September 2016.

TGG's share price increased during the period, moving from \$1.155 per share at 30 June 2016 to \$1.36 per share at 30 June 2017.

### OPERATING RESULTS

Profit after tax for the year was \$3,658,002 compared with \$3,775,042 in the previous year. The decrease in profit after tax was primarily as a result of the reduction in share capital due to the on-market share buyback.

CHAIRMAN'S  
MESSAGE  
CONTINUED

## DIVIDEND

A fully franked final dividend of 4.5cps has been declared. Although this is the same rate as the previous year's final dividend of 4.5 cps, which was franked to 55%, the fact that this will be a fully franked dividend will be of benefit to most shareholders. The entire amount will also be LIC Capital Gains attributable, which will deliver extra tax benefits to eligible investors.

The Company is pleased to be able to offer a fully franked dividend, after the past 2 years of partially franked dividends, in line with our commitment to maximising franking credits where possible. The ability to receive franked dividends on an international share portfolio is an important benefit for shareholders

In accordance with the Company's dividend/distribution policy, the target dividend for the year ended 30 June 2018 will be 4.5cps.

## SHARE BUYBACK

The Company continued its on-market share buyback program during the year end 30 June 2017. The prevailing share price discount to NTA still offered an attractive and accretive use of shareholder funds. During the year, there were 13,837,445 shares bought back at an average price of \$1.22 per share. This equated to an average share price discount to NTA of 12.0%.

## EXPENSE MANAGEMENT

The Company's Management Expense Ratio ("MER") for the year ended 30 June 2017 was 1.16% of NTA, down slightly from 1.20% in 2016.

The MER for the year has benefited from a positive Tax Ruling that the Company has obtained, which has seen some reductions to expenses in the current year for GST reimbursements. Moving forwards, with the continued commitment to Investor engagement, I would anticipate that the MER is likely to return to similar levels to that of the previous year.

CHAIRMAN'S  
MESSAGE  
CONTINUED

BOARD INITIATIVES

The Board has implemented, or has continued to implement from the previous year, a number of initiatives to increase shareholder engagement and address the discount to NTA. These initiatives have included:

- the annual investor briefing, which was extended this year to include Adelaide and Brisbane, as well as Melbourne, Perth and Sydney;
- the continuation of the on market share buyback;
- delivery to all shareholders of the quarterly investment reports;
- an enhanced monthly NTA announcement;
- increased contact with our shareholders; and
- a concerted effort to improve its public profile, through exposure in the industry publications, utilising the extensive knowledge and experience of Peter Wilmshurst, the Portfolio Manager, providing expert comments across a range of topics in both the written and visual media.

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 share price.

I would also like to thank the previous Chairman, Mr Tony Killen, for his 14 years of hard work for the Company, including the last 5 years of his tenure as Chairman. I feel privileged to be taking over from Tony, and thank him greatly for the legacy that he has left for this Company.

Finally, I thank all of our shareholders for their support, and especially our longer term shareholders for their continued loyalty.



**Christopher R Freeman**

*Chairman*

22 August 2017





FRANKLIN TEMPLETON  
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## 2017 INVESTMENT MANAGER'S REPORT

### 2017 INVESTMENT MANAGER'S REPORT

TGG's overall investment performance for 2017 was 23.3%, solidly ahead of the 15.3% rise in the MSCI All Country World Free Index ("Index"). Performance is ahead of the Index over the most frequently referenced time periods.

#### PERFORMANCE SUMMARY TO 30 JUNE 2017 - \$A

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Mths %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG <sup>^</sup>	5.7	23.3	9.5	18.7	5.0	
TGG post fees, expenses	5.1	22.0	8.2	17.1	3.5	7.3
Index	5.2	15.3	12.3	17.1	4.8	6.5 <sup>#</sup>

<sup>^</sup> Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before corporate taxes, with dividends reinvested and adjusted for share issues and share buy-backs.

\* Annualised.

<sup>#</sup> Since inception Index uses MSCI World as the Index was not in existence at TGG's inception.

The index is presented with net dividends reinvested. Shareholders should note that past performance is not necessarily an indicator of future performance.

### 2017 IN REVIEW

What a difference a year makes! 2017 was a broad year of recovery for global markets after an indifferent 2016. "Value" stocks out-performed "growth" stocks as measured by MSCI's indices, but after a strong first 6 months of the year for value the ultimate margin of out-performance, being less than 1% for the year, was marginal. A slight rise in the Australian dollar for the year, measured against the US dollar, slightly cramped returns.

TGG's holdings out-performed their peers in all the major regions, although the almost 40% returns in the portfolio's Eurozone domiciled stocks stood out against the 24% average return for stocks in that region.

Major Region Returns (yr to 30 June 2016)	TGG (%)	Index (%)
Asia	24.8	19.6
Europe	27.0	17.4
Eurozone	39.6	24.3
Rest of Europe	13.4	11.7
North America	18.9	13.6

Amongst TGG's Eurozone holdings the financials, particularly the banks, stood out, posting a 60% return in A\$ terms for the 12 months. The four Eurozone domiciled banks rose between 65% and 94%, Credit Agricole being the stock that almost doubled in the period under review. Other holdings in the region that also performed well included German airline Lufthansa (up 94%) and health care companies: Draegerwerk, MorphoSys and Qiagen (returning 68%, 66% and 49% respectively).

Last year we highlighted the flight to safety which had benefited stocks in the consumer staples, health care, real estate, telecoms and utilities sectors, in particular. In the last twelve months these five sectors were among the worst performers, joined by the weak energy sector. Financials and IT were the two best sector performers for the Index, while TGG's holdings in those two sectors, plus industrials and materials were notable contributors.

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Sector Returns (yr to 30 June 2017)	TGG (%)	Index (%)
Consumer Discretionary	15.3	16.9
Consumer Staples	(2.1)	1.1
Energy	3.4	(2.9)
Financials	47.4	31.1
Health Care	7.5	6.4
Industrials	35.2	18.4
Information Technology	35.6	31.6
Materials	31.5	20.6
Real Estate	6.4	0.5
Telecom Services	6.3	(5.2)
Utilities	n/a	6.3

Stock selection was also a strong contributor to performance with TGG's portfolio holdings outperforming their respective sector indices in eight of the ten sectors in which TGG chose to invest, only lagging in the two consumer sectors, where the under-performance was relatively modest. Stocks within the portfolio in financials, industrials, materials and telecom sectors were greater than 10% ahead of the Index. However, it is fair to say that in 2016 TGG's under-performance in each of these sectors was also sizable. This highlights the need to assess performance over a longer timeframe for truly active managers who are willing to position their client's portfolios differently to the overall Index.

While the strong performance of the portfolio's Eurozone financial holdings has already been noted, the performance of financials in Asia (+48%), US (+40%) and the Rest of Europe (+42%) were also very good. Two of TGG's Korean banks, KB Financial and Hana Financial, rose by an average of around 85%. We identified that, while Korea is far from the World's most profitable banking market, the share prices of those two companies at around a 60% discount to their tangible book value in a solidly growing Korean economy, represented compelling value. Shares in those two banks still trade at a discount to tangible book value now.

Credit Agricole's return has been mentioned above, but it is worthy to work through the last two years as an illustration of just how volatile the swings in market sentiment can be, as a reminder of why we remain steadfastly focused on value! Despite Credit Agricole growing book value in 2016 and boosting dividends by 74%, the shares fell by more than 40% during fiscal 2016, closing around €7.50 after the Brexit vote. Our view was that Credit Agricole had rebuilt their capital buffers, reduced their risks, were rationalising their business portfolio and were generally on the right track, but with the Brexit vote and the ECB cutting rates the shares were savaged, trading down to around 0.6x Tangible Book Value/share. Now one year after Brexit, with ECB rates still in negative territory, the UK still on a path to leave the Eurozone the shares have been among the portfolio's strongest performers. During this time there were two French elections as well.

The performance of the energy sector broadly tracked the oil price, rising by around 13% in the six months to December, before falling back in the six months to June. During this period we slightly pared TGG's exposure to energy stocks, especially to the oil services sector, while largely retaining the exposure to the major integrated companies. One of the stocks that we should have sold earlier was the holding in Petrofac which became embroiled late in the period with an investigation by the UK Serious Fraud Office, culminating in the resignation of a member of senior management. With that ongoing

# 2017 INVESTMENT MANAGER'S REPORT CONTINUED

investigation hanging over the shares we chose to sell TGG's holding, but not before it was a significant detractor from performance. Other energy services positions in the portfolio such as SBM Offshore, Technip and Tecnicas Reunidas were solid contributors during the year, but only SBM remains in the portfolio today.

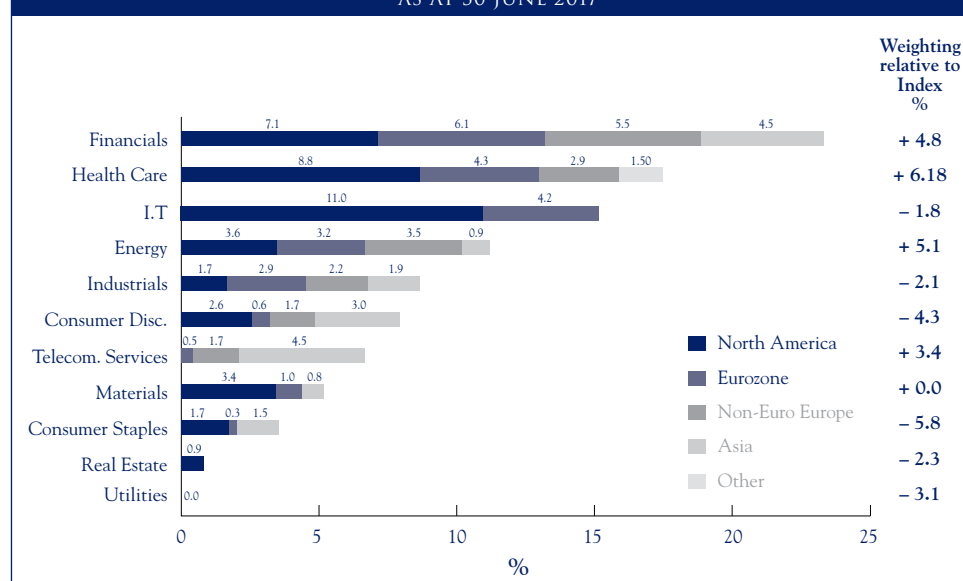
Samsung Electronics and Microsoft were the two largest holdings in TGG's portfolio throughout the year, delivering solid performance, albeit the Korean company's 66% return in A\$ terms outshone the 34% from the US software provider's shares. While both remain the top two holdings in the portfolio at period end we have sold down the positions somewhat during the year. Across the portfolio's tech positions there was a range of strong performing shares including: Alphabet (Google's parent), Apple, Applied Materials, Omron, Oracle and SAP.

## PORTFOLIO STRATEGY

TGG's four key sector over-weights remain the same as last year: financials, health care, energy and telecoms, with the former three also among the portfolio's largest sector holdings. However, we continue to find few compelling opportunities in the key "bond proxy" sectors of consumer staples, utilities and real estate.

## PORTFOLIO GEOGRAPHIC-SECTOR WEIGHTINGS

AS AT 30 JUNE 2017

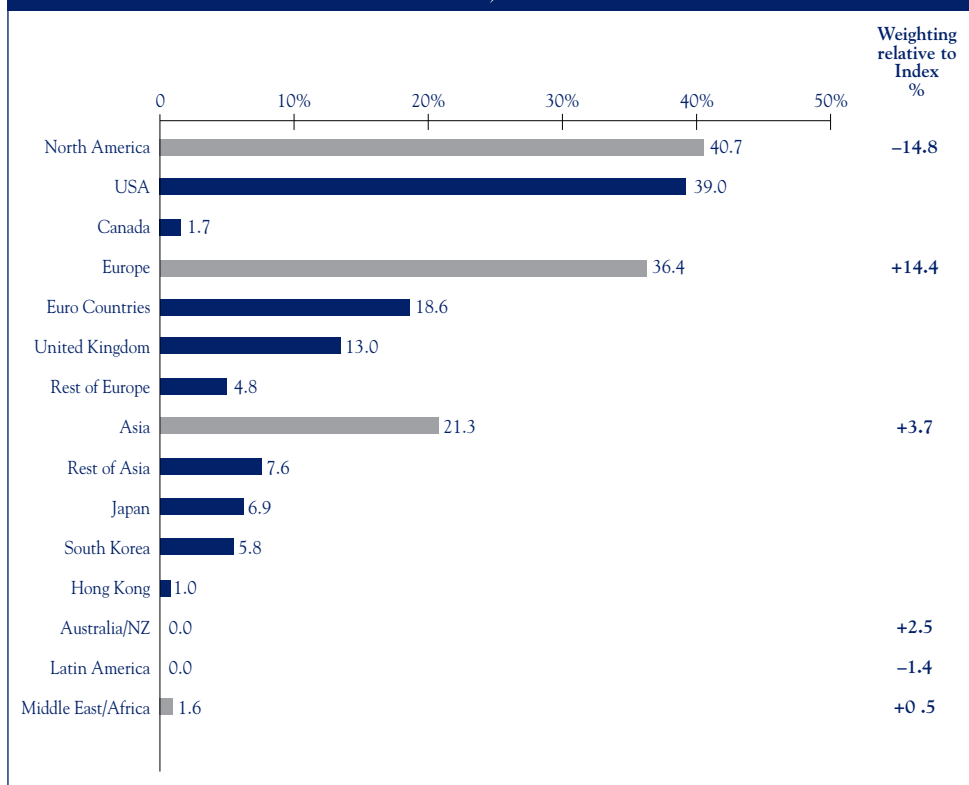


One sector where we significantly reduced TGG's exposure during the year was the automobile and auto components industry, which is classified within the consumer discretionary sector. Autos are one area where we see rising near- and long-term risks. The near-term concerns relate to the advanced stage of the auto cycle in the very important US market where generous financing conditions have contributed to a strong improvement in auto volumes since the GFC. This now looks to be weakening. A confluence of long-term changes within the sector from vehicle electrification, autonomous driving and car sharing threaten to shake-up the industry dynamics. It is very likely that many of today's existing manufacturers will successfully navigate these trends and emerge with substantially intact business models, but we are wary of our ability to predict which companies will be able to do so and cautious about the amount they may have to invest in both R&D and capital expenditures to re-tool their production lines.

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# PORTFOLIO GEOGRAPHIC WEIGHTINGS

AS AT 30 JUNE 2017



During the year TGG's holding in the US has actually increased to 39% of the overall portfolio, compared with 35% or so a year ago. However, this still represents a significant underweight to US stocks compared to the Index. It is somewhat unusual for us to be adding to TGG's holdings in a market, such as the US, seeing strong performance and trading at relatively high valuations. But with the depth of the US market there have continued to be pockets of value. As such, during the year the largest increases in portfolio weights in US companies occurred in health care, IT and materials. Pharmaceuticals companies that we added to during the year in the US included Allergan and Eli Lilly, while Celgene was a new holding within the portfolio.

Similarly to the US overall, technology is probably not an area where investors may expect to see a rising exposure within TGG's portfolio, but that has actually been the case in the last year. New names to the technology component of the portfolio include US companies: Apple, DXC Technology, First Solar, Nutanix and CommScope, plus Japanese industrial automation company Omron. We also added to TGG's holding in Google's parent, Alphabet, earlier in the year as well as Chinese search giant Baidu and database provider Oracle. Investors may be somewhat surprised to see TGG buying shares in any of the so-called "FAANG" stocks (i.e. Facebook, Apple, Amazon, Netflix and Google), but TGG's purchases of each of Apple and Google were done at significantly lower prices than their current market value and with the same focus on value that we apply to any purchases. Apple was trading at around 13x forward earnings when we purchased the shares, while holding around 20% of its market capitalisation in net cash. Google was at a more expensive 21x forward earnings or so, but with a substantial proportion of its market cap also in net cash and earnings suppressed by losses in the company's "Other Bets" division which lower operating profits by around 15%. We remain wary of many other

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technology names and have exited holdings such as Applied Materials, Cisco and SAP in the last year as they reached prices from which we thought returns would be unattractive.

The flipside of TGG's higher US weight is a somewhat reduced European exposure. This has not been a strategic decision per se, but rather reflects a number of underlying individual stock decisions in the year. Takeover bids for a couple of the portfolio holdings, aerospace manufacturer Zodiac and paints manufacturer Akzo Nobel, led to us selling both positions. Two offshore oil focused services companies were sold during the year when the rising oil price led to a significant re-rating in those shares, whereas we had become somewhat more cautious on the prospects for offshore oil field development given the ongoing substantial efficiency gains being made by US shale producers. Another significant component of selling within the Eurozone came from a number of positions which remain in the portfolio today, but where the rebound in share prices through the year led to us trimming positions. Industrial companies ABB, St Gobain and Siemens, airline Lufthansa and building materials company CRH all fall into this camp.

This shouldn't, however, be taken as us having a less positive view on Europe. We have certainly been encouraged by the economic performance so far in 2017 in the Eurozone, in particular, while the politics of 2017 have been much kinder to markets in general, and TGG specifically, than the Brexit induced swoon in June 2016. The election of Emmanuel Macron as President of France and his subsequent win in the Parliamentary elections provide significant hope that the second biggest European economy will be able to enact some much needed reforms and join Germany to become a second locomotive of European growth. While Macron's early moves are positives, the true test will only come when his actual legislation comes into place and he may have to face down the anger of the French unions in the streets. This is where prior French reforms have often faltered.

Recent economic releases that affirm the more positive European economic momentum include the following:

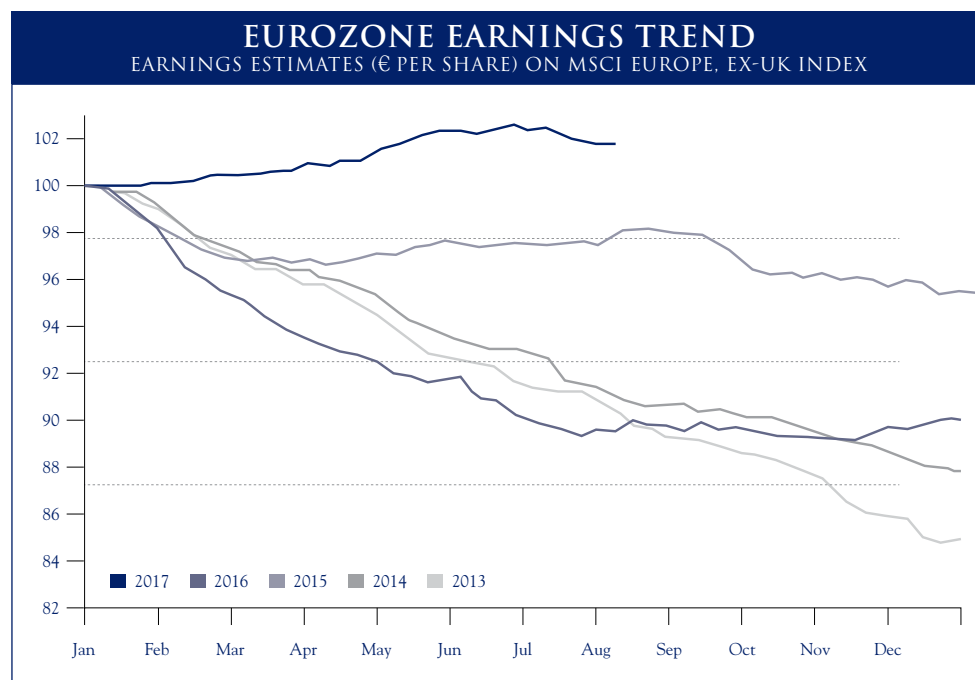
• Employment in Europe recently hit an 8 year low,

- Manufacturing Purchasing Manager Indices (PMI) hit a 6 year high, and
- The German Institute for Economic Research (IFO) index of business sentiment hit its highest level since reunification in 1991.

Flowing out of this more positive economic backdrop in Europe has been the most positive earnings trend in the last twenty years. The typical sequence of events for a year is that analysts start out with very rosy projections for corporate earnings growth and thereafter spend basically the entire year downgrading those earnings. This year, however, earnings have been revised upwards. Our view has long been that to bridge the gap in stock market performance between Europe and the US, European companies will have to deliver more positive earnings results. The news so far in 2017 has been good and the current earnings season looks to be continuing that trend, which should help European shares to recover some of their underperformance to US markets.



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Source: J P Morgan © FT

Five years after his crisis breaking “whatever it takes” speech, where Mario Draghi under-wrote the ongoing existence of the Euro, on 27th of June this year he said that “deflationary forces have been replaced by inflationary ones”. While some of his subsequent comments seem to dial back this bullish sounding phrase it is becoming clearer each quarter that the Eurozone is not in such dire straits that it needs a deposit rate of negative 0.4%. Even back when Draghi made his July 2012 “whatever it takes” speech the rate was zero. It seems hard to fathom that the current state of the Eurozone economy needs a rate substantially below what it was then. However, it is also clear that the ECB is going to be slow to move away from its current settings. It seems clear to us, that interest rates are headed higher at both the short- and long-term parts of the European fixed interest curve. This should be good for European financial shares, where the current low rates (although driving gains on banks’ bond holdings) have prevented them from making any money out of one side of their balance sheet, i.e. deposits.

On the other side of the Atlantic, the last six months have seen a significant unwind, across most financial markets in the Trump Bump trade that took place after the election of the new US President. The US dollar is lower, the yield curve is flatter, while a high-tax rate basket of US shares is lower relative to the rest of the US market than it was in November 2016. We’ll not recount here all the setbacks that we’ve witnessed in the White House and Congress in 2017. Today we believe that markets are probably too pessimistic about what the Republicans will be able to achieve on the tax front over the next year.

As always, our strategy at Templeton has been to buy undervalued stocks through patient, bottom-up investing founded on detailed fundamental analysis. This process has produced a portfolio that is regionally overweight in Europe and Asia and underweight US stocks. By sector, TGG’s portfolio is overweight financials, energy, health care, telecommunications, and underweight consumer discretionary and staples, technology, industrials, real estate and utilities.

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## OUTLOOK

20 years ago the Asia crisis kicked into earnest as the Thai Baht was devalued on 2 July 1997. 10 years ago the GFC really got rolling. Lehman's failure came somewhat later but in July 2007 Bear Stearns saw two of its credit funds fail even while Bear pledged over \$2bn capital to support them (Bear Stearns itself was bought by JP Morgan in early 2008). The Index bottomed at 175 in March '09, almost 60% below its Oct '07 high.

Now Janet Yellen thinks she won't see another financial crisis in her lifetime. Even if we give her the benefit of the doubt and assume she is talking about the US, this seems a blissfully sanguine outlook for the chief US monetary policy maker to have.

Even given the absence of inflation globally fixed income yields are at very, very low levels historically. While the ECB and the Bank of Japan are likely to continue to buy bonds in the near-term the US Federal Reserve is going to soon start to reduce the size of their balance sheet. Although we don't expect this to lead to anything too untoward we are in somewhat uncharted territory.

Equity markets in many countries, most significantly the US, are at high valuations. Other regions' share markets are certainly less stretched and these represent the majority of TGG's portfolio. The overall average valuation of TGG's holdings remains about the same as it was in June 2009 on price-to-book at around 1.4x. On a price-to-earnings basis the data we show in the table on the next page looks at trailing earnings and is the highest it has been in a number of years. Looking at forecast earnings the average TGG holding trades on a reasonable 14 times. Investors shouldn't expect the returns of the last five years to be repeated in the next five years, but we are of the view that in current markets it is still possible to construct a portfolio that overall is trading at reasonable valuations and should be able to deliver positive returns going forward.



**Peter M Wilmschurst CFA**

*Portfolio Manager*

8 August 2017

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TOP 15 PORTFOLIO HOLDINGS AS AT 30 JUNE 2017

Security	Sector	Country	% of Portfolio
Samsung Electronics	Information Technology	South Korea	2.4
Microsoft	Information Technology	United States	2.3
Oracle	Consumer Discretionary	United States	2.2
Alphabet	Information Technology	United States	1.8
BP	Energy	United Kingdom	1.7
SoftBank Group	Telecommunications	Japan	1.7
HSBC Holdings	Financials	United Kingdom	1.7
Royal Dutch Shell	Energy	United Kingdom	1.7
Citigroup	Materials	Ireland	1.7
Teva Pharmaceutical	Health Care	Israel	1.6
JPMorgan	Financials	United States	1.6
Comcast	Consumer Discretionary	United States	1.5
BNP Paribas	Financials	France	1.5
Allergan	Health Care	United States	1.5
Apple	Information Technology	United States	1.4
			26.3

INDICATIVE PORTFOLIO CHARACTERISTICS

TGG VS MSCI AC WORLD FREE INDEX AS AT 30 JUNE 2017

Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	17.7	20.4
Price to Cash Flow (times)	7.4	11.8
Price to Book Value (times)	1.4	2.2
Dividend Yield (%)	2.5	2.4
Market Capitalisation (\$Aust m.)	140,135	125,923

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## FIVE YEAR SUMMARY

AS AT 30 JUNE

	2017	2016	2015	2014	2013
<b>SECTOR WEIGHTINGS (%)</b>					
Consumer Discretionary	7.9	11.5	12.8	11.5	11.9
Consumer Staples	3.6	4.1	4.7	4.9	4.3
Energy	11.2	14.9	10.9	12.7	10.2
Financials	23.3	20.9	24.9	22.6	20.3
Health Care	17.5	16.0	19.4	19.2	17.6
Industrials	8.7	8.6	7.7	8.8	9.0
Information Technology	15.2	11.5	8.1	7.7	12.2
Materials	5.2	5.3	4.5	4.5	5.4
Real Estate	0.9	—	—	—	—
Telecommunication Services	6.6	7.3	7.1	8.1	9.1
Utilities	0.0	0.0	0.0	0.0	0.0

### GEOGRAPHIC WEIGHTINGS (%)

North America	40.7	36.2	34.7	32.7	38.0
Europe - ex UK	23.4	28.7	30.5	34.9	34.9
United Kingdom	13.0	13.4	13.2	10.7	10.6
Asia - ex Japan	14.4	14.2	13.2	11.0	7.5
Japan	6.9	5.8	6.0	7.8	7.6
Australia/NZL	0.0	0.0	0.0	0.0	0.6
L. America/Caribbean	0.0	0.4	0.9	1.8	0.7
Mid-East/Africa	1.6	1.5	1.3	1.1	0.0

### FUNDAMENTAL CHARACTERISTICS

Price to Earnings	TGG	17.7	13.9	13.2	15.1	14.5
(times)	MSCI AC	20.4	14.1	16.2	16.8	15.6
Price to Book	TGG	1.4	1.2	1.2	1.5	1.3
(times)	MSCI AC	2.2	2.0	2.1	2.1	1.9
Price to Cash Flow	TGG	7.4	5.9	7.0	10.8	5.9
(times)	MSCI AC	11.8	9.0	9.5	14.9	9.4
Dividend Yield	TGG	2.5	3.1	2.7	2.5	2.7
(%)	MSCI AC	2.4	2.6	2.4	2.4	2.6

### YEAR TO 30 JUNE PERFORMANCE

TGG	22.0%	-11.0%	16.7%	23.2%	41.2%
MSCI AC	15.3%	-0.6%	23.7%	19.2%	30.5%

### MARKET CAP (A\$M)\* (Weighted average – stocks held)

TGG	140,135	104,832	101,224	78,577	76,453
MSCI AC	125,923	126,232	120,492	94,972	72,514

NB: prior to 2017 real estate was included in the financials sector.



## FRANKLIN TEMPLETON INVESTMENTS

Templeton's long term record of investment management performance is achieved by adherence to its time tested investment philosophy and process.

The Templeton equity investment approach focuses on long term capital growth from a globally diversified portfolio of investment securities. Securities are selected for their potential earning power over the longer term which is significant.

Templeton adopts a 'buy and hold' investment philosophy, whereby securities are typically held for five years or more. This approach recognises that it takes patience and discipline to wait for investor interest to return to securities that were once out of favour.

Templeton are value investors which focuses on securities that are considered to be underpriced relative to their future earning potential. Undervalued equity securities are identified using a rigorous bottom up approach which focuses on a company's intrinsic strengths and weaknesses.

Templeton's investment portfolio is structured in a manner which provides for prudent diversification. Although common equity stock are our primary form of investment, we seek opportunities in all forms of securities that are available in an open market.

There are no geographic limits on the allocation of the portfolio.

Templeton does not presently consider it appropriate to enter into any hedging transaction to protect the Australian dollar value of the portfolio against the decline arising from currency value fluctuations.

In summary, the Templeton investment approach is founded on three underlying tenets:

### VALUE

Investment in undervalued securities with a focus on a stocks potential earning power of the long term.

### PATIENCE

Long term appreciation with a low turnover of the portfolio.

### BOTTOM-UP

Value can be identified through rigorous fundamental, bottom-up analysis.

The differentiating characteristics of the Templeton style of investing are:

- Original research
- Global industry research focus
- Long term investment horizon
- Adherence to time-tested investment philosophy and process
- Long-term record of superior performance

Overseas investments are not hedged.



**DIRECTORS'  
REPORT  
FOR THE  
YEAR ENDED  
30 JUNE 2017**

The Directors of Templeton Global Growth Fund Ltd (“the Company”) submit their report for the year ended 30 June 2017.

**DIRECTORS**

The names and details of the Company’s Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Names, qualifications, experience and special responsibilities**

**CHRISTOPHER R. FREEMAN, CA, MAICD – Non-Executive Chairman  
(Appointed Director 11 January 2017)**

Appointed Chairman on 22 February 2017. Chair of the Review Committee and member of the Audit Committee. Former roles include General Manager Adviser Distribution for the BT Financial Group, Head of Equities for Bankers Trust Australia Limited, Head of Distribution for BT Financial Group and Head of BT Wealth and Wrap Solutions.

**GREGORY E. McGOWAN, JD – Non-Executive Director**

Appointed as a Director in January 1999. Non-Executive Director of the Company. Senior Strategic Advisor of Franklin Templeton Investments. Former Director, Executive Vice President, and General Counsel of Templeton International Inc., former Director of Franklin Templeton Investments Australia Limited.

**MARTIN F. WARWICK, CA, MBA, ACIS, AGIA, BSc, MAICD –  
Non-Executive Director**

Appointed as a Director on 1 July 2014. Member of the Review and Audit Committees. Formerly General Manager and Company Secretary of the Company. Currently the Director of a Melbourne accounting practice. Member of the Board of Management of Education Program for Infants and Children Inc.

**MICHAEL J. O'BRIEN, CFA, FIAA, GAICD – Non-Executive Director**

Appointed as a Director on 27 August 2014. Member of the Review and Audit Committees. Managing Director of EQT Holdings Limited. Former roles include Chief Executive Officer and Director of Invesco Australia Limited, Chief Investment Officer of AXA Australia and NZ. Former roles include directorships at Alliance Capital Management Australia, Alliance Capital Management NZ, National Mutual Superannuation Pty Ltd, National Mutual Funds Management and National Mutual Master Trust Limited.

**JOANNE DAWSON, B.Comm, MBA, CA, CFP, MAICD – Non-Executive Director**

Appointed as a Director on 9 May 2012. Chair of the Audit Committee and a member of the Review Committee. Director of Catholic Church Insurance Limited, CCI Asset Management Ltd, Vision Super and the Victoria Teachers Mutual Bank. Former roles include, senior management roles with National Australia Bank, Client Director in the Assurance and Advisory Division of Deloitte and Board Member and Chair of the Audit Committee of Film Victoria.

**DIRECTORS' REPORT  
FOR THE  
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**ALOK SETHI, B.Com, ACA – Non-Executive Director  
(Appointed 22 February 2017)**

Non-Executive Director of the Company. Executive Vice President Technology & Operations for Franklin Resources, Inc. He is also responsible for the subsidiaries of Franklin Resources, Inc. in India and Poland that provide support to the back office and technology functions of Franklin Templeton worldwide. He is a member of the CEO's Executive Committee.

**JAMES A. (TONY) KILLEN, OAM, BA., FAIM, FAICD –  
Non-Executive Chairman (Retired 22 February 2017)**

Appointed as a Director in March 2003. Appointed Chairman on 24 October 2012. Chairman of the Review Committee. Member of the Audit Committee. Chairman of EQT Holdings Limited. Former roles included Group Managing Director and Chief Executive Officer of Axa Asia Pacific Holdings Limited, Chairman of St Vincents and Mercy Private Hospital Ltd, St Vincents Hospital Melbourne Ltd, Caritas Christi Hospice Ltd and Prague House Ltd. Mr. Killen was also Chairman of Sisters of Charity Health Service Ltd and Sisters of Charity Healthcare Australia Ltd. He is a Director and current Captain of Victoria Golf Club Ltd.

**JENNIFER M. JOHNSON, BA (Economics) – Non-Executive Director  
(Retired 22 February 2017)**

Appointed as a Director on 7 September 2007. Non-Executive Director of the Company. President of Franklin Resources Inc.

**INTEREST IN SHARES OF THE COMPANY**

As at the date of this report, the interests of the Directors in the shares of the Company were:

Director	Ordinary Shares
C R FREEMAN (Appointed 22/02/17)	100,000
G E MCGOWAN	–
M F WARWICK	34,440
M J O'BRIEN	131,250
J DAWSON	33,700
A SETHI (Appointed 22/02/17)	–
J A KILLEN (Retired 22/02/17)	–
J M JOHNSON (Retired 22/02/17)	–

**EARNINGS PER SHARE**

	Cents
Basic	1.6
Diluted	1.6

**DIRECTORS' REPORT  
FOR THE  
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**DIVIDENDS**

	\$
Directors have declared a final dividend of 4.5 cents per share fully franked. The dividend included LIC capital gains attributable at 4.5 cents per share (2016: 4.5 cents per share at 2.5 cents fully franked and 2.0 cents unfranked. The dividend included LIC capital gains attributable at 2.5 cents per share)	10,196,063
<i>Dividends paid during the year ended 30 June 2017 were as follows:</i>	
Final dividend for the year ended 30 June 2016 of 4.5 cents per share, paid 23 September 2016 (30 June 2015 of 4.1 cents per share, paid 25 September 2015) paid 26 September 2014)	10,668,186

**CORPORATE INFORMATION**

**Corporate Structure**

Templeton Global Growth Fund Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange ("ASX").

**Principal Activities**

The Company invests in a globally diversified portfolio of primarily international equities. The Company outsources its investment management and administration functions to Franklin Templeton Investments Australia Limited ("FTIAL" or "Investment Manager"), a member of the Franklin Templeton group. The primary objective of the Company is to increase total shareholder returns through the achievement of superior investment performance.

The Company has an Australian Financial Services licence (Licence No: 296874).

There has been no significant change in the nature of these activities during the year.

**OPERATING AND FINANCIAL REVIEW**

**Overview**

The Company was formed in 1987 and has operated continuously since its formation.

The Company maintains a portfolio of investments in companies listed on international stock exchanges. The Company may also invest in unlisted trusts where the Investment Manager and the Directors consider such investment in unlisted trusts provides a cost effective and efficient manner in which to access specific geographic or industry sectors. At 30 June 2017 the majority of investments were in listed equity securities, with one unlisted convertible preference share.

As an investor in companies listed on international stock exchanges the Company is subject to general market sentiment towards investment in equities along with specific market sentiment towards the securities in which the company invests. The Company's Investment Manager utilises an investment philosophy and process designed to identify undervalued securities in which to invest.

**DIRECTORS'  
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The Company does not currently hedge the underlying currencies of its portfolio of investments.

**Performance Indicators**

For the year ended 30 June 2017 the Company's portfolio of investments returned 23.3% compared to the MSCI All Countries World Index ("the Index") return of 15.3% for the same period.

The following tables illustrate the performance of the Company's investment portfolio compared to the Index since inception.

Investment Performance % (\$Aust.)						
	Latest 6 Mths	Latest 12 Mths	Latest 3 Mths	Latest 5 Yrs*	Latest 10 Yrs*	Since Inception*
TGG	5.7	23.3	9.5	18.7	5.0	n/a
TGG^	5.1	22.0	8.2	17.1	3.5	7.3
MSCI AC World Index	5.2	15.3	12.3	17.1	4.8	6.5#

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before taxes, with dividends reinvested, adjusted for share issues and share buy-backs.  
 # Since inception Index uses MSCI World (gross dividends) as AC World was not in existence at TGG's inception.  
 \* Annualised.  
 The index is presented with net dividend reinvested.

Yearly Investment Performance % (\$Aust.) in each of the past five years.					
Year to 30 June	2017	2016	2015	2014	2013
TGG	23.3	(9.9)	18.0	25.0	43.5
TGG^	22.0	(11.0)	16.7	23.2	41.2
MSCI AC World Index	15.3	(0.6)	23.7	19.2	30.5

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested, adjusted for share issues and share buy-back.  
 The index is presented with net dividends reinvested.

**DIRECTORS'  
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**Operating Results for the Year**

The net profit after income tax for the year was \$3,658,002 compared with a net profit after tax of \$3,775,042 in the previous corresponding year ("pcy").

The year ended 30 June 2017 was a broad year of recovery for global markets, with the investment portfolio returning 23.3% for the year, although a slight rise in the Australian dollar over the period, when measured against the US dollar, did have a slightly negative impact on returns. All regions recorded positive growth, but it was the Eurozone that really led the recovery.

The net asset value of the Company increased over the 12 months to 30 June 2017 (after taking into account the payment of the 2016 final dividend) from \$308,209,246 at 30 June 2016 to \$323,961,612 at 30 June 2017. This accounts for market movements and after \$16,838,679 of shares were bought back as part of the Company's share buy-back program.

Revenue from investments amounted to \$8,883,997 in the current financial year as compared with \$9,643,955 in the pcy.

The net tangible asset ("NTA") backing of the Company's shares is calculated, in accordance with ASX guidelines, by dividing the net tangible assets of the Company (net assets less the deferred tax assets and liabilities), at a particular date, by the number of shares on issue at that date. It is an ASX requirement that the NTA backing of the Company be released to the market monthly. In addition to the monthly NTA announcement, the Company also releases a weekly unaudited NTA to improve transparency to the NTA throughout the month.

Over the previous five years the NTA at 30 June has been:

As at 30 June	Net Tangible Assets - cents per share	
	After Actual Tax*	After Estimated Tax**
2017	148	143
2016^	128	128
2015	150	144
2014	137	135
2013^	118	118
* 'Actual Tax' is all Australian and Foreign income tax for which a liability has arisen and therefore excludes deferred tax assets and liabilities arising from unrealised gains or losses. ** 'Estimated Tax' is estimated tax if the Company disposed of its total investment portfolio at its market value. However, the Company is a long-term investor and does not intend to dispose of its total investment portfolio. ^ There were insufficient net unrealised gains to affect the "After Estimated Tax" NTA.		

**Share Issues and Buy-Back during the Year**

The Company's dividend reinvestment plan ("DRP") was not in operation in the 2017 financial year.

The Company undertook a share buy-back program during the year. There were 13,837,445 shares bought back at an average price of \$1.22 per share and an average discount to NTA of 12.0%.

The number of ordinary shares on issue after accounting for cancellation of shares as a result of share buy-back, decreased over the year from 240,416,627 to 226,579,182.



**DIRECTORS'  
REPORT  
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**Borrowings**

The Company's financing consists predominantly of shareholder funds. The Company has no external borrowings or undrawn borrowing facilities at the date of this report.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Directors are not aware of any significant changes in the state of affairs of the Company or the environment in which it operates, that will adversely affect the results in subsequent years.

**MATTERS ARISING SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The Directors are not aware of any matters or circumstance not otherwise disclosed in the Financial Report or Directors' Report that has arisen since the end of the financial year which has significantly affected, or may significantly affect:

- (a) the Company's operations,
- (b) the result of those operations, or
- (c) the Company's state of affairs in financial years after the financial year.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Directors intend that the Company's Investment Manager will continue to invest in accordance with Templeton Global Equities Group's long-standing philosophy of seeking out undervalued investments in global equity markets.

**SHARE OPTIONS**

**Unissued shares**

As at the date of this report, there were no unissued ordinary shares under option.

**Shares issued as a result of the exercise of options**

During the financial year, Directors have not been granted nor have they exercised any options to acquire fully paid ordinary shares in the Company.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has entered into agreements with each of the Directors that require the Company to indemnify them and arrange for them to be insured, in each case to the extent permitted by the Company's Constitution and the *Corporations Act 2001*, in respect of certain liabilities they may incur in their capacity as Directors and officers of the Company.

**ENVIRONMENTAL REGULATION**

The Company's operations are such that they are not directly affected by any material environmental regulation.

**DIRECTORS'  
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FOR THE  
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**DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)**

This Remuneration Report outlines the Director Remuneration arrangements of Templeton Global Growth Fund Ltd (“the Company”) in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report key management personnel (“KMP”) are the Directors of the Company.

Mr Mat R Sund in his capacity as General Manager and Company Secretary is an employee of Franklin Templeton Investments Australia Limited (FTIAL) and provides services to the Company under the terms of the Administrative Services Agreement, and as such is remunerated by FTIAL.

Ms Lindsay Mackay was appointed as Company Secretary on 17 November 2016 and is an employee of FTIAL and provides services to the Company under the terms of the Administrative Services Agreement as corporate counsel and as such is remunerated by FTIAL.

At the 2016 Annual General Meeting, 32% of all shares on issue were voted on the adoption of the remuneration report. 57% of shares voted were in favour of adopting the Remuneration Report, 43% were against. Given more than 25% of shares voted were against, this constituted a second strike against the Remuneration Report, given the first strike at the 2015 Annual General Meeting. As such, a spill motion of the Board was triggered.

The spill motion did not pass, with 43% of the vote for the motion, but a majority of 57% voting against. As a result, all Directors maintained their positions on the Board, and the number of strikes has been reset to zero.

As was the case with the first strike, discussion with shareholders indicated there was no undue concern with the remuneration arrangements. Accordingly, no changes have been made to remuneration arrangements as a result of this vote.

Rather, the vote denoted concerns over a range of matters which shareholders wished to bring to the Board's attention. These include recent investment performance, the size of the share price discount to net tangible assets, timing of successive capital raisings and its impact on shareholders and shareholder engagement/communication.

Throughout the year, the Directors have continued a range of initiatives and introduced others to address the concerns raised.

Consequently the investor briefings that were previously only held in Sydney, Melbourne and Perth now extended to include Brisbane and Adelaide. The quarterly mail-outs incorporating the Quarterly Investment Manager's Review continued, as did the publishing of estimated NTAs on a weekly basis. There has also been some significant effort to increase the media exposure of the Company, both directly, with articles focused on the Company itself, and indirectly, by using the Portfolio Manager quoted or interviewed as an expert on topical issues.

The Company renewed the on-market capital buy-back of up to 10% of the share capital of the Company, which has since been actively pursued at a range of discounts to NTA. The buy-back has been value accretive to the Company and increased liquidity in the stock.

The Board is confident that these initiatives, in tandem with the improved investment performance, have addressed the concerns of the shareholder base.

**DIRECTORS'  
REPORT  
FOR THE  
YEAR ENDED  
30 JUNE 2017  
CONTINUED**

**Remuneration Philosophy**

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the KMP. The Board of Directors assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit. The Board also engages external remuneration consultants from time to time to make an assessment on the KMP compensation arrangements.

**Non-executive Directors' Remuneration**

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate amount of remuneration payable to the non-executive Directors in any year is determined from time to time by shareholders in General Meetings. The last determination was at the Annual General Meeting on 22 October 2007 when shareholders fixed an aggregate amount of \$350,000.

Within the limit of the aggregate amount determined by the shareholders, the Board determines the remuneration for non-executive Directors.

The policy of the Board is not to pay fees or provide other remuneration to non-executive Directors who were at any time during the year officers of Franklin Templeton group. In the year ended 30 June 2017, this policy was maintained and neither Ms J M Johnson, Mr G E McGowan, nor Mr A Sethi who are officers or consultants of the Franklin Templeton group, received fees or other remuneration from the Company.

The Company provides remuneration for non-executive Directors who are not officers of Franklin Templeton group. The remuneration arrangements for these non-executive Directors are reviewed annually by the Board.

The Board assesses the appropriateness of the remuneration for non-executive Directors having regard to market practice (including available data concerning remuneration paid by other companies, in particular companies of comparable nature and size), the duties and accountability of the non-executive Directors and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company. Non-executive Directors remuneration is not linked to the financial performance or share price of the Company.

The non-executive Directors who received remuneration in the year ended 30 June 2017 were Chairman Mr C R Freeman, Mr J A Killen, Mr M F Warwick, Mr M J O'Brien and Ms J Dawson.

The Board does not pay bonuses or issue shares or options to Directors as components of their remuneration. Neither does it make loans to Directors, or provide motor vehicles, rent, travel allowances or other benefits.

The Company makes minimum superannuation guarantee contributions for non-executive Directors. Directors can also opt to "salary sacrifice" their Director's fees and have them paid wholly or partly as further superannuation contributions.

Details of the remuneration for non-executive Directors for the year ended 30 June 2017 are set out in Table 1 at the end of this Report.

**DIRECTORS'  
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**Employment Arrangements**

With effect from 1 July 2014, the Company had no employees. The executive staff are not paid by the Company. The executive staff are remunerated and employed by FTIAL and provide services pursuant to the Administrative Services Agreement.

**TABLE 1: DIRECTOR REMUNERATION FOR THE YEARS ENDED 30 JUNE 2017 AND 30 JUNE 2016**

Director	Year	Short -Term Directors Salary and Fees	Post Employment Superannuation	Total
		\$	\$	\$
C R Freeman (Chairman) (Appoint. 22/02/17)	2017	39,006	3,708	42,714
	2016	–	–	–
M F Warwick	2017	59,364	5,640	65,004
	2016	59,364	5,640	65,004
M J O'Brien*	2017	45,975	4,368	50,343
	2016	54,417	5,170	59,587
J Dawson	2017	64,068	6,088	70,156
	2016	64,068	6,088	70,156
J A Killen (Chairman) (Retired 22/02/17)	2017	53,547	5,088	58,365
	2016	82,380	7,828	90,208
Total	2017	261,960	24,892	286,852
	2016	260,229	24,726	284,955

\* Effective 8 June 2016 to 9 September 2016, M J O'Brien did not receive remuneration during his leave of absence.

Mr G E McGowan, Ms J M Johnson and Mr A Sethi are non-executive Directors of the Company and are also executives or consultants of the Investment Manager or companies associated with the Investment Manager and receive no remuneration from Templeton Global Growth Fund Ltd.

**TABLE 2: SHAREHOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

Shares Held in the Company (number)	Balance 1 July 2016	Net Change Other	Balance 22 August 2017
	Ord	Ord	Ord
<b>Directors</b>			
C R Freeman (Appointed 22/02/17)*	–	100,000	100,000
G E McGowan	–	–	–
M F Warwick	34,440	–	34,440
M J O'Brien	131,250	–	131,250
J Dawson	23,700	10,000	33,700
A Sethi (Appointed 22/02/17)	–	–	–
J A Killen (Retired 22/02/17)*	345,832	(345,832)	–
J M Johnson (Retired 22/02/17)	–	–	–
<b>Total</b>	<b>535,222</b>	<b>(235,832)</b>	<b>299,390</b>

**DIRECTORS' REPORT  
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\* Net change due to appointment/resignation.

*All equity transactions with Directors have been entered into under terms and conditions, no more favourable than those the Company would have adopted if dealing at arm's length.*

**LOANS TO KEY MANAGEMENT PERSONNEL**

There were no loans made to key management personnel at any time during the year and no loans exist at the date of this report.

**DIRECTORS' MEETINGS**

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Audit Committee		Review Committee	
<b>Number of meetings held:</b>	7		5		5	
<b>Number of meetings attended:</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
C R Freeman (Appointed 22/02/17)	2	2	2	2	3	3
G E McGowan**	6	6	—	—	—	—
M F Warwick	7	7	5	5	5	5
M J O'Brien	5	5	3	3	5	5
J Dawson	7	7	5	5	4	5
A Sethi** (Appointed 22/02/17)	1	1	—	—	—	—
J A Killen (Retired 22/02/17)	6	6	4	4	3	3
J M Johnson** (Retired 22/02/17)	4	5	—	—	—	—
A = Number of meetings attended.						
B = Number of meetings held during the time the Director held office or was a member of the committee during the year and to which they were entitled to attend.						
** = Not a member of the relevant committee.						

**COMMITTEE MEMBERSHIP**

As at the date of this report, the Company had an Audit Committee and a Review Committee.

The members of these committees of the Board during the year were:

**Audit**

J Dawson (c)  
C R Freeman (Appointed 22/02/17)  
M F Warwick  
M J O'Brien  
J A Killen (Retired 22/02/17)

**Review**

C R Freeman (c) (Appointed 22/02/17)  
J Dawson  
M F Warwick  
M J O'Brien  
J A Killen (c) (Retired 22/02/17)

(c) indicates Chairman of the committee.



**DIRECTORS'  
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**ROUNDING OF AMOUNTS**

The Company is an entity of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, relating to rounding in the Directors' Report. Amounts in the Directors' Report have been rounded to the nearest dollar in accordance with that legislative instrument, unless otherwise indicated.

**AUDITOR INDEPENDENCE**

The auditor's independence declaration given under Section 307C of the *Corporations Act 2001* is set out on page 25 and forms part of the Directors' Report for the year ended 30 June 2017.

**NON-AUDIT SERVICES**

The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Prior to any non-audit services being contracted through the Company's auditor, the Board of Directors, after receiving advice from the Audit Committee, would satisfy itself that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The auditor, PricewaterhouseCoopers, did not provide any services which are incompatible with their role as independent auditor for the period.

Details of the amounts paid or payable to the auditor for audit and non-audit services during the year are set out in Note 17.

Signed in accordance with a resolution of the Directors.



**Christopher R Freeman**  
*Chairman*

Melbourne  
22 August 2017



AUDITOR'S  
INDEPENDENCE  
DECLARATION  
TO THE  
DIRECTORS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

## Auditor's Independence Declaration

As lead auditor for the audit of Templeton Global Growth Fund Ltd for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Elizabeth O'Brien  
Partner  
PricewaterhouseCoopers

Melbourne  
22 August 2017

# TEMPLETON GLOBAL GROWTH FUND LTD

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue	5	8,883,997	9,643,955
Investment expenses	6	(2,969,914)	(3,477,604)
Salaries and employee benefit expenses		(286,853)	(262,860)
Shareholder and regulatory costs		(170,345)	(202,357)
Other expenses		(267,735)	(222,962)
Profit before income tax		5,189,150	5,478,172
Income tax expense	7	(1,531,148)	(1,703,130)
<b>Profit after income tax for the year</b>		<b>3,658,002</b>	<b>3,775,042</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>	15		
• Basic earnings per share for the year attributable to ordinary equity holders		1.6	1.5
• Diluted earnings per share for the year attributable to ordinary equity holders		1.6	1.5

The above income statement should be read in conjunction with the accompanying notes.

# TEMPLETON GLOBAL GROWTH FUND LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Profit after income tax for the year	3,658,002	3,775,042
<b>Other comprehensive income</b>		
Unrealised gains/(losses) on investments in the portfolio at 30 June	43,194,738	(59,153,817)
Income tax (expense)/benefit on the above	(12,958,421)	17,746,145
Realised gains on investments during the year	13,378,446	11,771,069
Income tax (expense) on the above	(4,013,534)	(3,531,321)
<b>Total other comprehensive income/(loss) after tax</b>	<b>39,601,229</b>	<b>(33,167,924)</b>
<b>Total comprehensive income/(loss) after tax</b>	<b>43,259,231</b>	<b>(29,392,882)</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# TEMPLETON GLOBAL GROWTH FUND LTD

## BALANCE SHEET AS AT 30 JUNE 2017

	Notes	30 June 2017 \$	30 June 2016 \$
<b>Current Assets</b>			
Cash and cash equivalents		10,175,721	5,089,894
Receivables	9	1,495,122	783,883
Total current assets		<u>11,670,843</u>	<u>5,873,777</u>
<b>Non-Current assets</b>			
Investments	10	329,243,692	304,152,354
Deferred tax asset	7	–	649,471
Total non-current assets		<u>329,243,692</u>	<u>304,801,825</u>
Total assets		<u>340,914,535</u>	<u>310,675,602</u>
<b>Current liabilities</b>			
Payables	11	373,430	361,726
Current tax liabilities		4,272,822	2,104,630
Total current liabilities		<u>4,646,252</u>	<u>2,466,356</u>
<b>Non-Current liabilities</b>			
Deferred tax liability	7	12,306,671	–
Total non-current liabilities		<u>12,306,671</u>	<u>–</u>
Total liabilities		<u>16,952,923</u>	<u>2,466,356</u>
<b>Net assets</b>		<u><u>323,961,612</u></u>	<u><u>308,209,246</u></u>
<b>Equity</b>			
Contributed equity	12	289,710,627	306,549,306
Reserves	13	22,492,197	(8,869,284)
Retained profits	13	11,758,788	10,529,224
Total equity		<u><u>323,961,612</u></u>	<u><u>308,209,246</u></u>

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

Year ended 30 June 2017	Note	Contributed Equity \$	Retained Profits \$	Investment Revaluation Reserve \$	Investment Realisation Reserve \$	Total Equity \$
Total equity at the beginning of the year as reported		306,549,306	10,529,224	(1,424,816)	(7,444,468)	308,209,246
Profit after income tax for the year		–	3,658,002	–	–	3,658,002
<b>Other comprehensive income</b>						
Net revaluation increase on the investment portfolio		–	–	39,601,229	–	39,601,229
Transfer of net cumulative realised gains for the year	13(a),13(b)	–	–	(9,364,912)	9,364,912	–
<b>Total other comprehensive income for the year</b>		–	–	30,236,317	9,364,912	39,601,229
<b>Transactions with shareholders</b>						
Dividends paid	8	–	(2,428,438)	–	(8,239,748)	(10,668,186)
Shares issued under the dividend reinvestment plan	12	–	–	–	–	–
Shares bought back	12	(16,838,679)	–	–	–	(16,838,679)
Tax credit on capital raising	12	–	–	–	–	–
<b>Total transactions with shareholders</b>		(16,838,679)	(2,428,438)	–	(8,239,748)	(27,506,865)
<b>Total equity at 30 June 2017</b>		<b>289,710,627</b>	<b>11,758,788</b>	<b>28,811,501</b>	<b>(6,319,304)</b>	<b>323,961,612</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017 CONTINUED

Year ended 30 June 2016	Note	Contributed Equity \$	Retained Profits \$	Investment Revaluation Reserve \$	Investment Realisation Reserve \$	Total Equity \$
Total equity at the beginning of the year as reported		316,642,386	6,754,182	39,982,856	(5,486,086)	357,893,338
Profit after income tax for the year		–	3,775,042	–	–	3,775,042
Other comprehensive income						
Net revaluation decrease on the investment portfolio		–	–	(33,167,924)	–	(33,167,924)
Transfer of net cumulative realised gains for the year	13(a),13(b)	–	–	(8,239,748)	8,239,748	–
Total other comprehensive income for the year		–	–	(41,407,672)	8,239,748	(33,167,924)
Transactions with shareholders						
Dividends paid	8	–	–	–	(10,198,130)	(10,198,130)
Shares issued under the dividend reinvestment plan	12	1,165,331	–	–	–	1,165,331
Shares issued via Rights Offer	12	(11,295,751)	–	–	–	(11,295,751)
Costs of capital raising	12	37,340	–	–	–	37,340
Total transactions with shareholders		(10,093,080)	–	–	(10,198,130)	(20,291,210)
Total equity at 30 June 2015		306,549,306	10,529,224	(1,424,816)	(7,444,468)	308,209,246

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# TEMPLETON GLOBAL GROWTH FUND LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$ Inflows (Outflows)	2016 \$ Inflows (Outflows)
<b>Cash Flows from Operating Activities</b>			
Dividends and distributions received		7,162,910	8,516,690
Interest received		420,768	250,760
Custodian fees paid		(42,478)	(55,319)
Goods and services tax refunded		330,006	292,842
Investment manager's fees paid		(3,455,590)	(3,477,826)
Income taxes paid		(2,419,740)	(799,566)
Administrative, regulatory, legal and other payments in the normal course of operations		(620,401)	(765,490)
Net cash inflow from operating activities	14(a)	1,375,475	3,962,091
<b>Cash flows from investing Activities</b>			
Cash paid for purchase of securities		(67,403,351)	(97,478,144)
Proceeds received from realisation of securities		98,624,713	49,752,135
Net cash inflow/(outflow) from investing activities		31,221,362	(47,726,009)
<b>Cash flows from Financing Activities</b>			
Shares purchased (on market buy-back)		(16,838,678)	(10,668,186)
Net dividend paid		(10,093,080)	(10,198,130)
Cost of previous capital raising		–	(565,625)
Net cash (outflow) from financing activities		(27,506,864)	(20,856,835)
Net increase/(decrease) in cash and cash equivalents		5,089,973	(64,620,753)
Cash and cash equivalents at the beginning of the year		5,089,894	70,588,695
Effects of exchange rate changes on cash and cash equivalents		(4,146)	(878,048)
<b>Cash and Cash Equivalents at Year End</b>	<b>14(b)</b>	<b>10,175,721</b>	<b>5,089,894</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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**1. CORPORATE INFORMATION**

The financial report of Templeton Global Growth Fund Ltd (“the Company”) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 22 August 2017.

The Company is limited by shares, incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (“ASX”).

The nature of the operations and principal activities of the Company are described in the Directors’ Report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and with the Corporations Act 2001. Templeton Global Growth Fund Ltd is a for-profit entity for the purposes of preparing the financial statements.

The financial report has been prepared on a historical cost basis, except for investment assets (“Investments”) which have been measured at fair value (last bid price).

The financial report is presented in Australian dollars.

**(a) Compliance with IFRS**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (“AASB”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

**(b) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting period. The Company’s assessment of the impact of these new standards is set out below:

- *AASB 9 Financial Instruments (and applicable amendments)*  
(effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also introduced revised rules around hedge accounting and impairment. This standard has been early adopted by the Company. This standard does not have a significant impact on the recognition and measurement of the Company’s financial instruments as they are carried at fair value through other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

• *AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017)*

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. The Company's management and Directors are currently assessing the impact of the new revenue recognition rules and do not expect the adoption of this new standard to have a significant impact on the Company's financial results.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Company.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

Both the functional and presentation currency of the Company is Australian dollars (\$).

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on investments held at fair value through other comprehensive income are recognised in the Statement of Comprehensive Income as part of the fair value gain or loss.

**(d) Trade and other receivables**

Trade receivables which generally have 30-90 day terms are recognised at the original transaction amount and where applicable converted to the equivalent Australian dollar value on the day of transaction.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

**(f) Investments and other financial assets**

***Classification***

Equity securities within the investment portfolio are classified as ‘financial assets measured at fair value through other comprehensive income’, and are designated as such upon initial recognition in accordance with AASB 9.

The designation of securities within the investment portfolio as ‘financial assets measured at fair value through other comprehensive income’ is consistent with the Directors’ view of these assets as being held for the long-term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities.

***Measurement and Valuation***

Securities, including listed shares, are initially brought to account at fair value, which is the cost of acquisition including directly attributable transaction costs, and are re-valued to fair value continuously. The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. Increments and decrements on equity instruments are recognised in the Statement of Comprehensive Income and taken to the Investment Revaluation Reserve. Gains and losses are not subsequently reclassified to the Income Statement.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to the Investment Realisation Reserve.

The purchase and the sale of securities are accounted for at the date of trade.

***Recognition and derecognition***

When securities classified as fair value through other comprehensive income are sold, the accumulated fair value adjustments recognised in the Statement of Comprehensive Income are disclosed in equity as gains or losses, net of tax, on realisation of investments.

**(g) Trade and other payables**

Trade payables and other payables are carried at amortised cost and due to their short term nature are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Provisions**

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the balance sheet date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended and no longer at the discretion of the Company on or before the reporting date.

*Employee leave benefits*

The Company outsources its investment management and administration functions, including the roles of General Manager and Company Secretary, to Franklin Templeton Investments Australia Limited ('FTIAL') under the terms of the Administrative Services Agreement and therefore is not liable for any employee leave benefits.

**(i) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Where the Company buys back shares through an on market buy back, the cost of the shares bought back and incremental costs of the buy back, net of tax, are deducted from equity.

**(j) Income tax and other taxes**

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the same time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised directly in the Statement of Comprehensive Income.

Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses to the extent it is probable that future taxable amounts will be available to utilise those temporary differences. In assessing the likelihood of probable recoverability of the deferred tax asset, regard is given to the value and composition of the deferred tax asset, economic conditions and economic indicators.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

***Goods and services tax (“GST”)***

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flow.

***(k) Earnings per share***

Basic earnings per share (“EPS”) is calculated as net profit attributable to shareholders, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to shareholders, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

There are no dilutive instruments currently on issue.

***(l) Revenue recognition***

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

***Interest income***

Interest income is recognised using the effective interest method.

***Dividends and distributions***

Dividends and distributions are recognised when the Company’s right to receive the payment is established.

***(m) Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision-Maker (“CODM”). The CODM is the Review Committee. The Company operates as a listed investment company in Australia and has a single reportable operating segment.

***(n) Rounding of amounts***

The Company is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*, relating to rounding in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, unless otherwise indicated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(o) Changes to presentation and comparative information

When presentation or classification of items in the financial statements is amended, comparative amounts have been reclassified.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives, Policies and Processes

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is primarily exposed to market risk, liquidity risk, and credit risk.

Financial instruments of the Company comprise the investment portfolio, cash and cash equivalents, receivables and payables.

Under the supervision of the Board, the Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to shareholders of the Company from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by management. These mandated limits reflect the investment strategy and market environment of the Company, as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Company on a regular basis as deemed appropriate, including management, committees of Directors and ultimately the Board of Directors of the Company.

Concentrations of risk arise when a number of financial instruments are entered into in the same geographic region or industry grouping whereby the performance of those financial instruments could be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Investment Manager monitors the exposure to ensure concentrations of risk remain within acceptable levels.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in the market variables such as foreign currency exchange rates and equity prices.

Management of the Company's investment portfolio is outsourced to Franklin Templeton Investments Australia Ltd ("FTIAL") who manage market risk by prudent diversification of the investment portfolio and by reference to the performance of the portfolio of the investments compared to the performance of an appropriate index. This is monitored by the Board and Board committees. Market risk is also managed through Investment Management decisions with respect to current market conditions.

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3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
CONTINUED

(b) Market risk (continued)

*Foreign currency risk*

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Company's operations provide Australian investors with not only access to the world's equity markets but also investment exposure beyond the Australian dollar.

This has been one of the reasons that the long-standing approach of the Company has been not to hedge the underlying currencies of its portfolio of investments.

*Equity price risk*

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Company's investment portfolio

*Interest rate risk*

The nature of the Company's business operations is such that the only exposure to financial instruments with interest rate risk exposure is to cash and cash equivalents. Cash and cash equivalents are restricted to investment in "at-call" or short-term to maturity deposits. At balance date cash and cash equivalents were valued at \$10,175,721 (2016: \$5,089,894), the interest rate applicable to cash and cash equivalents at balance date was 1.25% (2016: 1.5%).

**Value at Risk ("VaR")**

Value at Risk (VaR) is a measure of expected variability of investment returns. It measures how much a set of investments might move, over a certain time period given market movements consistent with past experience. VaR represents the estimated maximum reasonable gain or loss that an investor could expect during a certain time period, based on a confidence level, i.e. a given probability.

In order to evaluate this future market risk, VaR uses a statistical analysis of historical prices, trends and volatilities to estimate future portfolio returns and uses characteristics of a normal distribution to estimate the distribution of the possible future losses or gains.

To calculate VaR, the Company uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average.

The following table summarises the estimated potential market risk impact on the investment portfolio of the Company. The historic volatility incorporates market price movement, which incorporates currency and interest rate factors into an overall return risk.

The VaR calculation represented here for the Company uses a 99% confidence interval and assumes a 3 month holding period, i.e. based on the current portfolio and historic price volatility and correlations of price volatility, we estimate with 99% confidence the return of the portfolio in the following 3 months will move between -12.05% and +12.05% from its current level.

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3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
CONTINUED

	VaR Factor %	Nets Assets \$	Impact to Net Assets \$
30 June 2017	12.05	323,961,612	+/- 39,037,374
30 June 2016	19.73	308,209,246	+/- 60,809,684

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Further, the Company under the requirements of its Australian Financial Services Licence is required to maintain cash reserves equivalent to three months projected operational expenditure.

The Company, through FTIAL, seeks maximum investment in world equity markets but balances that objective with the need to retain sufficient cash reserves to meet operational expenses, shareholder distributions and potential investment opportunities and share buy-backs where appropriate.

The effect of these requirements is that the Company is ordinarily fully invested in the market with cash and cash equivalents of between 1% to 7% of the Company's market capitalisation to account for operational and investment contingencies. The Company's investments are in equities tradeable on stock exchanges around the world and are considered highly liquid.

The Board and Board committees monitor the liquidity by reference to monthly cash flow projections, regular share buy-backs and financial reports.

***Maturity analysis for financial liabilities***

Financial liabilities of the Company comprise trade and other payables, dividends payable and payments for purchases of investments. Trade and other payables and dividend payments have no contractual maturities but are typically settled within 30 days.

Payments for purchases of investments are governed by the rules of the relevant stock exchange and are usually settled in less than five working days.

**(d) Credit Risk**

Credit risk represents the risk that the counterparty to a certain type of financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. Although the Company has a concentration of counterparty risk through its single custodian, JP Morgan Chase Bank, credit risk is not considered to be significant to the Company.

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3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
CONTINUED

(e) Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

The Company's capital will fluctuate with prevailing market movements. The Company controls: dividend policy, the issue and buy-back of shares and the purchase or sale of investments.

The Company has a Dividend Policy with the objective of providing shareholders with a level of certainty around expected dividends. The policy states that the Dividends declared will be not less than 3% of the net tangible assets ("NTA") value per share of the Company at 30 June of the prior year. However, this policy is subject to prevailing market conditions.

The Company had in place an on market share buy-back which operated during the year, there were 13,837,445 shares at cost of \$16,838,679 purchased during the year, compared to 9,243,684 shares at cost of \$11,295,751 in the pcy.

There were no other changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS,  
ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

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	2017 \$	2016 \$
<b>5. REVENUE</b>		
Dividends and distributions	8,327,490	9,394,642
Interest income	486,255	249,079
Other investment income	70,252	234
	<b>8,883,997</b>	<b>9,643,995</b>

**6. INVESTMENT EXPENSES**

Investment management fees	2,877,514*	3,267,215
Custodian fees	44,166	48,755
Net foreign currency loss	48,234	161,634
	<b>2,969,914</b>	<b>3,477,604</b>

\* The current period Investment Management Fees have been disclosed net of a \$262,293 GST input tax credit which is receivable to the Company following an ATO Tax Ruling on the extent to which input tax credits are apportioned and can be claimed.

**7. INCOME TAX**

The major components of income tax are:

**Income Statement**

<i>Current income tax</i>		
Current income tax charge	(1,556,745)	(1,643,452)
<i>Deferred income tax</i>		
Relating to origination and reversal of differences	25,597	(59,678)
<b>Income tax expense reported in the income statement</b>	<b>(1,531,148)</b>	<b>(1,703,130)</b>

Amounts charged or credited directly to equity

*Deferred income tax related to items charged  
or credited directly to equity in respect of:*

Net realised and unrealised (losses)/gains on investments	(16,971,955)	14,214,824
<b>Income tax (expense)/benefit reported in equity</b>	<b>(16,971,955)</b>	<b>14,214,824</b>



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7. INCOME TAX CONTINUED

A reconciliation between the income tax expense and accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

	2017 \$	2016 \$
Profit before income tax	5,189,150	5,478,172
Prima facie income tax expense at statutory rate of 30% (2016: 30%)	(1,556,745)	(1,643,452)
Tax effect of:		
– Unrealised foreign exchange gains /(losses)	4,821	(11,283)
– Other items	20,776	(48,395)
<b>Income tax expense</b>	<b>(1,531,148)</b>	<b>(1,703,130)</b>

**Deferred income tax**

Deferred income tax at 30 June relates to the following:

*Deferred tax liabilities/(assets)*

The balance comprises temporary  
differences attributed to:

Receivables	163,865	162,768
Payables	(5,389)	2,538
Exchange difference in tax and accounting	(3,992)	4,947
Interest difference in tax and accounting	(79,871)	–
Amortisation of cost of capital raising	(115,728)	(209,089)
Unrealised gain/(loss) on investments	12,347,786	(610,635)
	<b>12,306,671</b>	<b>(649,471)</b>
Opening balance at 1 July	(649,471)	15,428,594
Charged/(credited) to the income statement	(74,613)	(7,005)
Charged/(credited) to equity	13,030,755	(16,071,060)
<b>Closing balance at 30 June</b>	<b>12,306,671</b>	<b>(649,471)</b>

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	2017 \$	2016 \$
<b>8. DIVIDENDS PAID OR PROVIDED FOR</b>		
<b>(a) Dividends paid during the year:</b>		
<i>Previous year's final</i>		
Final Dividend for the year ended 30 June 2016		
– 4.5 cents per share at 2.5 cents fully franked and 2.0 cents unfranked (2015: 4.1 cents per share at 0.7 cents fully franked and 3.4 cents unfranked)	10,668,186	10,198,130
<b>(b) Franking credit balance</b>		
The amount of franking credits available for subsequent financial years are:		
– franking account balance as at the end of the financial year at the tax rate of 30% (2016: 30%)	355,991	491,360
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	4,272,805	2,104,630
	4,628,796	2,595,990
The amount of franking credits available for future reporting periods:		
– impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year.	–	–
	4,628,796	2,595,990
<b>(c) Listed investment company (LIC) capital gain account</b>		
Balance of the LIC capital gain account	9,713,210	4,495,387
This equates to an attributable amount of	13,876,014	6,421,982

The attributable amount is effectively the pre-tax capital gain amount. Generally, individuals and superannuation funds can deduct in their tax returns, 50% or 33.3% respectively of the attributable amount advised to them in their dividend statement. The Company intends to proportionally allocate as much of the 2017 attributable amount as reasonable in conjunction with the payment of the final dividend on 22 September 2017.

**(d) Dividends declared after balance date**

Since the end of the year Directors have declared a final dividend of 4.5 cents per share fully franked. Based on shares outstanding as at 30 June 2017, the aggregate amount of the dividend to be paid on 22 September 2017, but not recognised as a liability at the end of the financial year: \$10,196,063.

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	2017 \$	2016 \$
<b>9. RECEIVABLES (CURRENT)</b>		
Receivables	1,495,122	783,883
Receivables consist principally of sales of securities not yet settled or dividends declared not yet received. Proceeds from unsettled sale of securities are generally received within 5 days and dividends declared not yet received are generally received within 30-90 days.		
<b>10. INVESTMENTS (NON-CURRENT)</b>		
Securities listed on a prescribed stock exchange at cost:		
Shares	283,247,428	302,194,518
Convertible notes	5,689,523	4,845,834
	288,936,951	307,040,352
Aggregate quoted market value of securities at balance date	329,243,692	304,152,354
The Company has no material exposures to a single listed equity investment.		
For a detailed list of the fair values of the securities in the investment portfolio, refer to Note 24		
<b>11. TRADE AND OTHER PAYABLES (CURRENT)</b>		
Other payables	99,195	78,956
Payables due to related parties:		
– Investment management fees – refer note 19(b)	274,235	282,770
	373,430	361,726
Trade payables and amounts payable to Director related entities are non-interest bearing and are normally settled on 30 day terms.		
<b>12. CONTRIBUTED EQUITY</b>		
<b>(a) Issued and Paid-Up Capital</b>		
Ordinary shares fully paid	289,710,628	306,549,306

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12. CONTRIBUTED EQUITY CONTINUED

	2017 No. of shares	2017 \$	2016 No. of shares	2016 \$
<b>(b) Movements in ordinary shares on issue</b>				
Beginning of financial year	240,416,627	306,549,306	248,734,827	316,642,386
Shares issued under dividend reinvestment	–	–	925,484	1,165,331
Share cancelled via share buyback	(13,837,445)	(16,838,679)	(9,243,684)	(11,295,751)
Tax credit on costs of capital raising	–	–	–	37,340
End of the financial year	226,579,182	289,710,627	240,416,627	306,549,306

**Share buy-back:**

The Company has an on market buy-back program. During the year ended 30 June 2017, 13,837,445 shares were bought back (2016: 9,243,684 ).

**Dividend Reinvestment Plan (“DRP”)**

The Company’s dividend reinvestment plan (“DRP”) was not in operation in the 2017 financial year.

**(c) Terms and Conditions of Contributed Capital**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of (and amounts paid up on) shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

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	Notes	2017 \$	2016 \$
<b>13. RESERVES AND RETAINED PROFITS</b>			
Investment Realisation	13(a)	(6,319,304)	(7,444,468)
Investment Revaluation	13(b)	28,811,501	(1,424,816)
		<u>22,492,197</u>	<u>(8,869,284)</u>
Retained profits	13(c)	11,758,788	10,529,224

**(a) Investment Realisation Reserve**

**(i) Nature and purpose of reserve**

The investment realisation reserve is used to accumulate realised capital profits/(losses) arising from the sale of securities in the investment portfolio.

**(ii) Movements in Reserve**

	2017 Taxable realised gains (net of tax) for the period \$	2017 Other movements for the year \$	2017 Total \$
1 July			(7,444,468)
Cumulative taxable realised			
gains for the year	13,378,446	–	13,378,446
Income tax expense on the above	(4,013,534)	–	(4,013,534)
Dividend Paid	–	(8,239,748)	(8,239,748)
Total movements for the year	<u>9,364,912</u>	<u>(8,239,748)</u>	<u>1,125,164</u>
<b>30 June</b>			<u><u>(6,319,304)</u></u>

	2016 Taxable realised gains (net of tax) for the period \$	2016 Other movements for the year \$	2016 Total \$
1 July			(5,486,086)
Cumulative taxable realised			
gains for the year	11,771,069	–	11,771,069
Income tax expense on the above	(3,531,321)	–	(3,531,321)
Dividend Paid	–	(10,198,130)	(10,198,130)
Total movements for the year	<u>8,239,748</u>	<u>(10,198,130)</u>	<u>(1,958,382)</u>
<b>30 June</b>			<u><u>(7,444,468)</u></u>

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2017  
\$

2016  
\$

13. RESERVES AND RETAINED PROFITS (CONT.)

**(b) Investment Revaluation Reserve**

**(i) Nature and purpose of Reserve**

The investment revaluation reserve is used to accumulate unrealised capital profits/(losses) arising on from the revaluation of the investment portfolio.

**(ii) Movement in Reserve**

Balance at the beginning of the year	(1,424,816)	39,982,856
Revaluation increments on revaluation of listed securities	56,573,184	(47,382,749)
Tax effect of increments to revaluation reserve	(16,971,955)	14,214,825
Transfer of net realised capital gains to the investment realisation reserve	(9,364,912)	(8,239,748)
Balance at the end of the year	28,811,501	(1,424,816)

**(c) Retained Profits**

**Movements in Retained Profits**

Balance at the beginning of the year	10,529,224	6,754,182
Net profit for the year	3,658,002	3,775,042
Dividends paid	(2,428,438)	–
Balance at the end of the year	11,758,788	10,529,224

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	2017 \$	2016 \$
<b>14. STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of the net profit after tax to the net cash flows from operations</b>		
Net profit	3,658,002	3,775,042
Adjusted for:		
Net loss on foreign exchange	48,234	161,636
Changes in assets and liabilities		
– Receivables	(326,237)	58,639
– Payables	(141,848)	(1,645)
– Taxation commitments	(1,862,676)	(31,581)
Net cash inflow from operating activities	<u>1,375,475</u>	<u>3,962,091</u>
<b>(b) Reconciliation of cash</b>		
Cash comprises:		
Cash at Bank	<u>10,175,721</u>	<u>5,089,894</u>
<b>15. EARNINGS PER SHARE</b>		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit used in calculating basic and diluted earnings per share	<u>3,658,002</u>	<u>3,775,042</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	<u>232,257,113</u>	<u>248,648,757</u>
	<b>cents</b>	<b>cents</b>
Basic and diluted earnings per share	1.6	1.5
Realised gain earnings per share*	4.0	3.3

\* Net cumulative realised gains per the statement of changes in equity proportioned per weighted number of average shares for the period.



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16. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

C R Freeman	Chairman (non-executive) (Appointed 22/02/17)
G E McGowan	Director (non-executive)
M F Warwick	Director (non-executive)
M J O'Brien	Director (non-executive)
J Dawson	Director (non-executive)
A Sethi	Director (non-executive) (Appointed 22/02/17)
J A Killen	Chairman (non-executive) (Retired 22/02/17)
J M Johnson	Director (non-executive) (Retired 22/02/17)

(b) Compensation of Key Management Personnel

	2017 \$	2016 \$
Short-Term benefits	261,960	260,229
Superannuation	24,892	24,726
<b>Total</b>	<b>286,852</b>	<b>284,955</b>

(c) Shareholdings of key management personnel

Shares held in the Company (number)	Balance 1 July 2016 Ord	Net Change Other Ord	Balance 30 June 2017 Ord
<b>Directors</b>			
C R Freeman (Appointed 22/02/17)	–	100,000	100,000
G E McGowan	–	–	–
M F Warwick	34,440	–	34,440
M J O'Brien	131,250	–	131,250
J Dawson	23,700	10,000	33,700
A Sethi (Appointed 22/02/17)	345,832	(345,832)	–
J A Killen (Retired 22/02/17)	–	–	–
J M Johnson (Retired 22/02/17)	–	–	–
<b>Total</b>	<b>535,222</b>	<b>(235,832)</b>	<b>299,390</b>

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16. KEY MANAGEMENT PERSONNEL CONTINUED

(c) Shareholdings of key management personnel (continued)

Shares held in the Company (number)	Balance 1 July 2015 Ord	Net Change Other Ord	Balance 30 June 2016 Ord
<b>Directors</b>			
J A Killen	345,832	–	345,832
G E McGowan	–	–	–
M F Warwick	34,440	–	34,440
M J O'Brien	131,250	–	131,250
J Dawson	23,700	–	23,700
J M Johnson	–	–	–
<b>Total</b>	<b>535,222</b>	<b>–</b>	<b>535,222</b>

All equity transactions with Directors have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(d) Loans to key management personnel

There were no loans made to key management personnel at any time during the year and no loans exist at 30 June 2017 (2016: nil).

2017  
\$

2016  
\$

17. AUDITORS' REMUNERATION

The auditor of the Company is PricewaterhouseCoopers

During the year the following fees were paid or payable for services provided by the auditor:

**Audit and assurance services**

– Audit and review of the financial report	56,942	55,000
– Other assurance services*	18,904	18,296

**Taxation services**

Tax compliance services**	11,110	10,450
	<b>86,956</b>	<b>83,746</b>

\* The other assurance services include work regarding the Company's compliance with its Australian Financial Services licence.

\*\* Tax compliance services fees are paid by FTIAL on behalf of the Company as per the Administration Services Agreement.

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## 18. SEGMENT INFORMATION

### (a) Operating segment

The Company has a single operating segment which is a business of investing in and managing a world wide portfolio of investments listed on international stock exchanges. Under the supervision of the Board, responsibility for day to day decisions about making and managing investments in specific securities is delegated to and undertaken by the Investment Manager.

The operating results of the business are regularly reviewed by the Board, and by the Review Committee on behalf of the Board. Decisions about allocation of resources to the business are made by the Board, based on a single, integrated strategy, and performance of the business is assessed by the Board on an overall basis, considering the portfolio of investments as a whole.

### (b) Segment reporting

Internal reporting to the Board and Review Committee about the Company's assets, liabilities and performance is prepared and provided for the business as a single operating segment and is on a basis that is consistent with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax (as reported in the Company's Net Tangible Assets announcements to the ASX).

The Company reports net profit after tax. This excludes the impact of realised and unrealised gains and losses in the value of investments.

	2017 \$	2016 \$
Profit after income tax	3,658,002	3,775,042

The Company reports net asset value per share both before and after provision for deferred tax on realised and unrealised gains and losses in the value of the Company's investment portfolio. Deferred tax is calculated as set out in Note 2(j). The relevant amounts as at 30 June 2017 and 30 June 2016 were as follows:

	2017 Cents	2016 Cents
<b>Net tangible asset backing per share</b>		
After actual tax*	148	128
After estimated tax**	143	128

\* 'Actual Tax' is all Australian and Foreign income tax for which a liability has arisen and therefore excludes the deferred tax assets and liabilities.

\*\* 'Estimated Tax' is estimated tax if the Company disposed of its total investment portfolio at its market value. However, the Company is a long-term investor and does not intend to dispose of its total investment portfolio.

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18. SEGMENT INFORMATION CONTINUED

(c) Other Segment Information

**Segment Revenue**

Revenues from external parties are derived from the receipt of dividend, distribution and interest income.

The Company is domiciled in Australia and all of the Company's dividend and distribution income is from entities which maintain a listing on a stock exchange, the Company has a diversified portfolio of investments.

Dividend revenue by geographic location:

Country	2017 \$	2016 \$
Bermuda	23,776	30,711
Brazil	—	68,419
Canada	79,777	87,733
China	124,345	172,639
France	1,070,836	1,396,253
Germany	302,870	510,172
Hong Kong	228,985	191,242
Ireland	176,743	185,949
Israel	12,491	86,734
Italy	205,962	240,262
Japan	418,171	426,401
Netherlands	391,953	341,034
Norway	129,380	130,377
Russia	—	75,479
Singapore	206,426	231,549
South Korea	439,191	449,930
Spain	162,136	128,003
Sweden	35,159	53,529
Switzerland	227,615	134,593
Thailand	100,900	99,280
United Kingdom	2,001,506	2,335,434
United States	1,989,268	2,018,919
<b>Total</b>	<b>8,327,490</b>	<b>9,394,642</b>

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19. RELATED PARTY DISCLOSURE

(a) Key management personnel

Details relating to key management personnel are included in note 16.

(b) Transactions with related parties

**Management fees paid to Franklin Templeton Investments Australia Ltd**

The Company's Investment Manager is Franklin Templeton Investments Australia Limited ("Investment Manager"). The Investment Manager is a member of the Franklin Templeton group.

In accordance with the Investment Management Agreement, the Investment Manager is entitled to a fee in respect of the management of the investment portfolio of the Company. This fee is calculated at the rate of 1% per annum payable monthly on the value of the net tangible assets of the Company less the value of the investments in unlisted trusts managed by the Investment Manager. For those services, the Investment Manager earned a fee (net of GST) of \$3,139,807 for the 12 months to 30 June 2017 (2016: \$3,267,215). As at the end of the financial year \$274,235 (2016: \$282,770) was owing to the Investment Manager. All transactions with FTIAL are on normal commercial terms.

The Company has the following relationships with the Investment Manager:

Ms J M Johnson, Mr G E McGowan and Mr A Sethi have a beneficial interest in shares in Franklin Resources, Inc., the ultimate holding company of the Investment Manager.

Certain directors of the Company also held the following appointments with the Investment Manager and / or companies related to the Investment Manager.

These appointments were held throughout the financial year (and continue as at 30 June 2017) unless otherwise specified.

- Mr G E McGowan is a consultant of the Investment Manager.
- Ms J M Johnson and Mr A Sethi are employed by companies related to the Investment Manager.

The provision of administration services to the Company are also required in the terms of the Administrative Service Agreement, which includes the provision of a Company Secretary and General Manager with suitable knowledge and experience to undertake the requirements of the respective roles. These requirements have been fulfilled as follows:

- Mr Mat R Sund acting as General Manager and joint Company Secretary with Ms Lindsay Mackay who was appointed on 17 November 2016.

Neither the Investment Manager nor any of the funds for which the Investment Manager is responsible are shareholders in Templeton Global Growth Fund Ltd.

(c) Shareholding of related party entities

During the year, Franklin Resources Inc. and/or affiliates purchased shares in the company.

Shares held in the Company (number)	Balance 1 July 2016 Ord	Net Change Other Ord	Balance 30 June 2017 Ord
Franklin Resources Inc. and/or affiliates	807,906	6,355,218	7,163,124

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## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices ("Level 1"), those involving valuation techniques where all the model inputs are observable in the market ("Level 2") and those where the valuation technique involves the use of non-market observable inputs ("Level 3"). The Company has no financial liabilities measured at fair value.

	30 June 2017		
Shares held in the Company	Level 1	Level 2	Total
Financial assets at fair value through other comprehensive income			
Listed equity securities	325,368,456		325,368,456
Other liquid securities		3,875,236	3,875,236
<b>Total</b>	<b>325,368,456</b>	<b>3,875,236</b>	<b>329,243,692</b>

	30 June 2016		
Shares held in the Company	Level 1	Level 2	Total
Financial assets at fair value through other comprehensive income			
Listed equity securities	299,709,700		299,709,700
Other liquid securities		4,442,654	4,442,654
<b>Total</b>	<b>299,709,700</b>	<b>4,442,654</b>	<b>304,152,354</b>

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of listed equity is based on quoted market bid prices at the reporting date, without any deduction for transaction costs. These instruments are included in Level 1. There were no transfers between levels during the period.

### Other disclosures – Investment portfolio

The Company's portfolio of investments has, since the Company's inception, consisted of securities chosen primarily on the basis of their long term appreciation potential.

The Company is a long term holder of investments. Accordingly each investment within the portfolio of investments on early adoption of AASB 9 was designated to be measured at fair value through other comprehensive income.

The fair value of each investment held at fair value through other comprehensive income is disclosed at note 24.

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the year was \$98,885,198 (2016: \$49,035,718). The cumulative gain on these realised investments after tax was \$9,364,912 (2016: \$8,239,748) which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

## 21. PERFORMANCE BOND

Under the terms of its Australian Financial Services licence, the Company has in place a performance bond in favour of the Australian Securities and Investments Commission ("ASIC"), payable on demand to ASIC.

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**22. CONTINGENCIES**

At balance date Directors are not aware of any material contingent liabilities or contingent assets (2016: nil).

**23. EVENTS AFTER THE BALANCE SHEET DATE**

No other matters or occurrences have arisen subsequent to balance date that materially affect the operations of the Company.

**24. SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Listed below is the investment portfolio all of which are held at fair value through other comprehensive income.

Investments in the portfolio change from year to year as some holdings are added to, others realised and as the quoted market price of those securities alter.

Company	30 June 2017 \$	30 June 2016 \$
ABB Ltd	3,464,311	3,864,473
AEGON NV	1,670,241	1,242,103
Akzo Nobel NV	—	2,756,791
Allegheny Technologies Inc	3,122,965	2,604,805
Allergan Plc	4,988,865	3,756,279
Ally Financial Inc	2,499,390	1,763,390
Alphabet Inc Class A	6,216,994	3,625,412
American International Group Inc	3,879,542	3,604,192
Amgen Inc	4,225,514	5,220,833
Apache Corp	1,430,308	1,711,370
Apple Inc	4,802,857	—
Applied Materials Inc	—	1,725,081
Aviva Plc	2,253,918	1,788,970
AXA SA	3,827,543	3,173,064
BAE Systems Plc	2,934,265	2,573,113
Baidu Inc Sponsored ADR Class A	2,710,963	1,536,960
Baker Hughes Inc	—	1,803,346
Bangkok Bank Public Co Ltd NVDR	2,864,858	2,443,195
Barclays Plc	3,185,228	2,709,152
Basilea Pharmaceutica AG	1,168,941	991,216
Bayer AG	2,749,144	1,922,375
BNP Paribas SA Class A	5,016,194	3,759,913
BP Plc	5,934,057	5,212,960
Capital One Financial Corp	4,450,095	3,522,945
Celgene Corp	3,419,819	—
Chesapeake Energy	—	461,981
Chevron Corp	2,002,327	2,072,187
China Life Insurance Co Ltd Class H	1,625,635	1,173,918

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25. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2017 \$	30 June 2016 \$
China Merchants Port Holdings Co Ltd	2,081,828	2,053,101
China Mobile Ltd	2,453,565	987,796
China Telecom Corp Ltd Class H	3,608,588	3,487,884
Cisco Systems	–	3,259,721
Citigroup Inc	5,646,501	4,481,440
CK Hutchison Holdings Ltd	2,461,862	–
Cobham Plc	918,741	–
Comcast Corp Class A	5,071,955	5,378,219
CommScope Holding Co Inc	1,724,915	–
Compagnie de Saint-Gobain SA	3,389,941	4,231,084
Compagnie Generale des Etablissements Michelin SCA	2,014,810	–
ConocoPhillips	3,184,743	772,162
Credit Agricole SA	2,843,364	2,643,593
Credit Suisse Group AG	3,297,652	2,358,686
CRH Plc	3,224,990	4,707,701
CRRC Corp Ltd	–	794,644
CVS Health Corp	1,966,228	2,825,873
Deutsche Boerse AG	–	2,279,594
Deutsche Lufthansa AG	3,409,206	3,497,822
Devon Energy Corp	–	2,075,707
DGB Financial Group Co Ltd	1,807,525	1,360,028
Draegerwerk AG & Co KGaA Pref	1,905,208	1,132,551
DXC Technology Co	1,727,338	–
Eastman Chemical Co	2,978,330	2,480,000
Eli Lilly & Co	3,514,530	1,060,653
Eni SpA	3,788,657	2,512,217
First Solar Inc	2,026,636	–
General Motor Co	–	1,969,206
Getinge AB Class B	3,051,994	3,258,844
Gilead Sciences Inc	4,751,522	4,423,135
Glaxosmithkline Plc	–	1,714,962
Glencore Plc	–	1,265,577
Goldpac Group Ltd	1,187,192	1,146,125
Halliburton Co	1,737,243	4,581,718
Hana Financial Group Inc	2,771,681	1,774,815
HSBC Holdings Plc	5,782,955	3,846,210
Husky Energy Inc	1,621,371	–
Hyundai Mobis Co Ltd	2,968,288	4,964,385
IHI Corp	1,608,921	–
ING Groep NV	2,972,620	2,170,808
Ionis Pharmaceuticals Inc	1,328,631	626,240



NOTES TO  
FINANCIAL  
STATEMENTS  
30 JUNE 2017  
CONTINUED

25. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2017 \$	30 June 2016 \$
Jones Lang LaSalle Inc	2,842,057	—
JPMorgan Chase & Co	5,363,880	5,320,248
KB Financial Group Inc	3,182,894	2,154,168
Kingfisher Plc	2,348,151	2,173,949
Knowles Corp	2,524,871	2,104,177
Kunlun Energy Co Ltd	2,080,984	2,091,761
Lloyds Banking Group Plc	—	1,121,570
LyondellBasell Industries NV	2,980,765	—
Macy's Inc	—	1,775,136
Marks & Spencer Group Plc	974,417	987,795
Medtronic Plc	2,022,261	3,183,664
Merck KGaA	2,613,144	3,291,402
Michael Kors Holdings Ltd	1,163,989	1,867,491
Michelin SA	—	2,090,209
Microsoft Corp	7,964,368	8,040,411
Morgan Stanley	—	2,775,792
MorphoSys AG	1,738,979	1,047,906
Navistar International Corp	2,696,348	1,237,333
NewOcean Energy Holdings Ltd	955,531	1,040,226
Nissan Motor Co Ltd	3,434,501	4,948,273
Nutanix Inc Class A	1,922,925	—
Noble Corp	—	1,025,047
OMRON Corp	1,795,042	—
Oracle Corp	7,389,775	3,722,887
Orange SA	—	1,892,960
Panasonic Corp	3,393,972	—
Perrigo Co Plc	1,342,476	—
Petrofac Ltd	—	1,447,589
Petroleo Brasileiro SA	—	1,075,217
Pfizer Inc	2,725,036	2,941,748
POSCO Sponsored ADR	—	2,161,933
QIAGEN NV	1,959,163	1,937,549
Roche Holding Ltd Genusssch	3,695,237	3,924,405
Rockwell Collins Inc	2,802,864	1,829,277
Royal Dutch Shell Plc Class A	277,070	—
Royal Dutch Shell Plc Class B	5,476,776	4,680,982
Samsung Electronics Co Ltd	8,208,600	7,981,765
Sanofi	3,293,727	3,665,684
SAP SE	—	1,801,188
SBM Offshore NV	2,773,193	2,080,299
Shire Plc	1,585,234	—

NOTES TO  
FINANCIAL  
STATEMENTS  
30 JUNE 2017  
CONTINUED

25. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2017 \$	30 June 2016 \$
Siemens AG	2,801,765	3,449,694
Singapore Telecommunications Ltd	2,766,172	3,087,460
Sky Plc	2,121,699	1,916,707
SoftBank Group Corp	5,875,965	4,220,420
Springland International Holdings Ltd	1,095,082	739,342
Standard Chartered Plc	3,596,739	2,411,848
Sumitomo Metal Mining Co Ltd	2,484,663	–
Suncor Energy Inc	1,743,998	2,667,741
Suntory Beverage & Food Ltd	3,988,131	3,126,831
Technip SA	–	2,492,176
Tecnicas Reunidas SA	–	1,731,888
Telefonica SA	1,586,756	1,432,523
Telenor ASA	1,095,946	2,309,430
Tesco Plc	887,429	3,434,365
Teva Pharmaceutical Industries Ltd Sponsored ADR	1,556,915	–
Toshiba Corp	–	1,638,517
Total SA	3,882,756	3,694,243
Toyota Motor Corp	–	2,493,312
Turkcell Iletisim Hizmetleri AS	–	1,298,921
Twenty-First Century Fox Inc Class B	2,469,100	2,487,853
UniCredit SpA	3,759,415	1,654,116
Unipres Corp	–	1,165,076
United Overseas Bank Ltd (Singapore)	2,638,591	2,128,998
Vodafone Group Plc	4,476,631	3,353,289
Voya Financial Inc	1,682,330	–
Walgreens Boots Alliance Inc	3,779,517	3,239,380
Wheaton Precious Metals Corp	2,277,121	–
Zodiac Aerospace SA	–	973,004
	325,368,456	299,709,700
<b>Investments in other liquid securities</b>		
Teva Pharmaceutical Industries Ltd 7% Conv Cum Pfd Shs	3,875,236	4,442,654
<b>Total</b>	<b>329,243,692</b>	<b>304,152,354</b>



**Templeton Global  
Growth Fund Ltd.** ABN 44 006 558 149

Level 19  
101 Collins Street  
Melbourne, Victoria 3000  
Telephone (03) 9603 1209  
Facsimile (03) 9603 1299

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements, and notes set out on pages 26 to 58 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

**Christopher R Freeman**  
*Chairman*

Melbourne  
22 August 2017



INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

## *Independent auditor's report*

To the shareholders of Templeton Global Growth Fund Ltd

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

The accompanying financial report of Templeton Global Growth Fund Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *What we have audited*

The financial report comprises:

- the balance sheet as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the income statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
DX 77 Melbourne, Australia

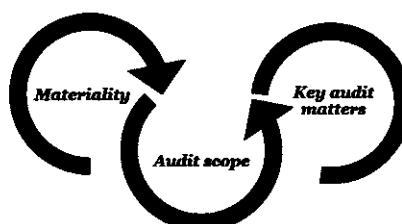
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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### *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



#### *Materiality*

- For the purpose of our audit we used overall materiality of \$3.239 million, which represents approximately 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is:
  - the metric against which the performance of the Company is most commonly measured by users
  - the key driver of the business and determinant of the Company's value
  - a generally accepted benchmark for listed investment companies.
- We selected 1% based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

#### *Audit scope*

- Our audit focused on where the directors may have made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The investment management, custody and administration functions of the Company are conducted by third party service providers. As such, these third party service providers significantly contribute to the safe-keeping of the Company's assets, the maintenance of the Company's financial records and the preparation of the Company's financial report. The Company's third party service providers engaged independent external auditors to provide assurance reports over the:
  - design and operating effectiveness of the third party service providers' key internal controls relevant to the preparation and fair presentation of the Company's financial report
  - valuation and existence of the Company's investments as at 30 June 2017.



INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of investments</b></p> <p>Refer to note 2 (significant accounting policies), note 3 (financial risk management), note 10 (investments), and note 20 (fair value of financial instruments) [\$329,243,692]</p> <p>The Company has investments of \$329,243,692 at 30 June 2017. Those investments mostly consist of global listed equities which are valued by multiplying the quantity held by closing market price.</p> <p>Whilst there is not significant judgement involved in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. Fluctuations in the value of investments impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income which also affects the Company's deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.</p>	<p><b>Assurance reports over the design and operating effectiveness of the service provider's relevant controls over the valuation and existence of investments</b></p> <p>To assess the design and operating effectiveness of the service providers' relevant controls, we:</p> <ul style="list-style-type: none"> <li>- inspected the assurance reports provided to the Company by the third party service providers' independent auditors;</li> <li>- considered the Company's analysis of the potential impact of reported exceptions identified in the third party service providers' assurance reports.</li> </ul> <p>Having done this, and after our consideration of the service providers' auditors as described above, we were satisfied that we could rely on their work for our audit.</p> <p><b>Assurance report over the valuation and existence of the Company's investments</b></p> <p>We obtained an independent assurance report from the third party service provider's independent external auditors over the valuation and existence of the Company's investments as at balance date.</p> <p>We agreed the number and value of the investments at 30 June 2017 as recorded in the Company's financial report and underlying accounting records to the assurance reports provided to the Company by the independent auditors of the third party service provider.</p> <p>We assessed our ability to place reliance on the independent service auditor reports by considering the service auditors' independence, experience, competency and the results of their procedures.</p>

INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

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*Other information*

The directors are responsible for the other information. The other information included in the Company's annual report for the year ended 30 June 2017 comprises the Investment Manager's Report, Chairman's Message, Five Year Summary Information, Additional ASX Information, and the List of Investments as at 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

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### *Report on the remuneration report*

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#### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 6 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Templeton Global Growth Fund Ltd for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

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#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Elizabeth O'Brien  
Partner

Melbourne  
22 August 2017

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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## FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

	2017 \$	2016 \$	2015 \$	2014 \$	2013 \$
<b>INCOME STATEMENT</b>					
Investment and other income	8,883,997	9,643,955	7,852,995	8,141,572	4,158,354
Expenses	(3,694,847)	(4,165,783)	(3,304,570)	(3,131,419)	(2,286,901)
Profit before income tax	5,189,150	5,478,172	4,548,425	5,010,153	1,871,453
Income tax expense	(1,531,148)	(1,703,130)	(1,331,560)	(1,512,419)	(505,494)
Operating profit after tax	3,658,002	3,775,042	3,216,865	3,497,734	1,365,959
Other comprehensive (loss)/ income after tax	39,601,229	(33,167,924)	27,800,428	23,845,766	43,734,993
Total other comprehensive (loss)/ income after tax	43,259,231	(29,392,882)	31,017,293	27,343,500	45,100,952
<b>BALANCE SHEET</b>					
<b>Assets</b>					
Cash and receivables	11,670,843	5,873,777	71,418,647	11,519,210	4,912,678
Investments	329,243,692	304,152,354	303,095,032	263,934,079	166,959,032
Deferred tax asset	–	649,471	–	–	6,600,240
Total Assets	340,914,535	310,675,602	374,513,679	275,453,289	178,471,950
<b>Liabilities</b>					
Payables	373,430	361,726	925,818	2,545,795	1,723,814
Provisions	4,272,822	2,104,630	265,928	639,792	110,680
Deferred tax liability	12,306,671	–	15,428,595	3,898,178	–
Total Liabilities	16,952,923	2,466,356	16,620,341	7,083,765	1,834,494
Net assets	323,961,612	308,209,246	357,893,338	268,369,524	176,637,456
Shares on issue	226,579,182	240,416,627	248,734,827	198,420,359	143,302,584
Earnings per share (cents)	1.6	1.5	1.6	2.2	0.9
Realised gain/loss per share (cents)	4.0	3.3	6.1	4.0	1.6
Dividends per share (cents)	4.5	4.1	3.5	2.5	1.5

## ADDITIONAL ASX INFORMATION

### SHAREHOLDING INFORMATION

Shareholdings at 10 August 2017	Number of Holders	Number of Shares
<b>Distribution of Holders</b>		
1 to 1,000 shares	294	109,052
1,001 to 5,000 shares	730	2,334,295
5,001 to 10,000 shares	929	7,351,865
10,001 to 100,000 shares	2,821	89,688,417
100,001 and over	259	127,095,553
<b>Total</b>	<b>5,033</b>	<b>226,579,182</b>

Shareholders with less than a marketable parcel of shares: 156

All ordinary shares carry one vote per share without restriction.

The names of the twenty largest shareholders of quoted shares as at 10 August 2017 are:

	Number of Shares	Percentage of Total
1. RBC Investor Services Australia Nominees Pty Ltd <VFA A/C>	19,125,824	8.44
2. HSBC Custody Nominees ( Australia) Limited	10,587,130	4.67
3. Australian Foundation Investment Company Limited	9,684,500	4.27
4. RBC Investor Services Australia Nominees P/L <MBA A/C>	7,525,824	3.32
5. J P Morgan Nominees Australia Limited	7,345,687	3.24
6. Netwealth Investments Limited <Super Services A/C>	3,733,264	1.65
7. IOOF Investment Management Limited <IPS Super A/C>	3,360,084	1.48
8. Netwealth Investments Limited <Wrap Services A/C>	3,286,953	1.45
9. Australian Foundation Investment Company Limited	2,421,125	1.07
10. Mr Steven John Fahey	2,415,258	1.07
10. Mr. Steven Fahey and Mrs Lynette Fahey <SF Super Fund A/C>	2,407,430	1.06
11. Ms Gabrielle Rosa Baron and Mr Peter Michael Wilmshurst	1,840,830	0.81
12. Mr Victor John Plummer	1,500,000	0.66
14. Nendar Pty Ltd < The Little Family S/F A/C>	1,007,131	0.44
15 BT Portfolio Services Limited <The Stone Super Fund A/C>	926,925	0.41
16. Mr Robert David Evans and Mrs Meredith Nevil Evans < R & M Evans Super Fund A/C	840,000	0.37
17. Takita Exploration Pty Limited	773,484	0.34
18. Dixon Trust Pty Ltd <No1 A/C>	748,458	0.33
19 Beth Maclaren Smallwood Foundation Pty Ltd	735,000	0.32
20. Mr David Ward & Mrs Jeanette Ward	669,849	0.30

## ADDITIONAL ASX INFORMATION CONTINUED

### SUBSTANTIAL SHAREHOLDERS

The following entities are recorded in the Company's Register of Substantial shareholders as at 10 August 2017.

RBC Investor Services Australia Nominees Pty Ltd <VFA A/C>	19,125,824
Australian Foundation Investment Company Limited	12,105,625

A person may be a substantial shareholder of the Company by virtue of the person or their associates holding a "relevant interest" in shares in the Company. A person may hold a "relevant interest" in shares in the Company even though they are not a shareholder.

### STOCK EXCHANGE LISTINGS

The Company's shares are listed on the Australian Securities Exchange Ltd.

### INVESTMENT DEALINGS

A list of all investments held as at 30 June 2017 is set out on pages 68 to 76.

During the year 30 June 2017 the Company completed 467 transactions in equity investments and the total brokerage paid or accrued on these transactions was \$158,510.

During the year 30 June 2017 management fees paid or accrued for the management of the Company's investment portfolio was \$3,139,807 - refer Note 19(b).

## LIST OF INVESTMENTS AS AT 30 JUNE 2017

(Note: Certain investments which are listed in stock markets away from their normal place of business have been treated as if listed in their home countries.)

	Shares Held	AUD Value	% of Total
<b>CANADA</b>			
<b>Energy</b>			
HUSKY ENERGY INC: Integrated oil company with Canadian oil sands and conventional Asian assets.	109,800	1,621,371	
SUNCOR ENERGY INC: Integrated energy company operating primarily in Canada, focussed on developing the Athabasca oil sands.	45,900	1,743,998	
<b>Materials</b>			
WHEATON PRECIOUS METALS CORP: Precious metals streaming company, reselling precious metal by-products of mining.	88,093	2,277,121	
		<u>5,642,490</u>	1.71
<b>CHINA</b>			
<b>Consumer Staples</b>			
SPRINGLAND INTERNATIONAL HOLDINGS LTD: Chinese retail company, operating department and supermarket stores.	4,314,000	1,095,082	
<b>Energy</b>			
KUNLUN ENERGY CO LTD: Explores and produces crude oil and natural gas in China and other countries and is involved in downstream gas transmission storage and distribution.	1,888,000	2,080,984	
<b>Financials</b>			
CHINA LIFE INSURANCE CO LTD CLASS H: Life insurer in China.	409,000	1,625,635	
<b>Industrials</b>			
CHINA MERCHANTS PORT HOLDINGS CO LTD: Operator of container and cargo terminals, port transportation and airport cargo handling.	577,123	2,081,828	
<b>Information Technology</b>			
BAIDU INC SPONSORED ADR CLASS A: One of China's largest internet companies, operating the dominant search engine.	11,630	2,710,963	
GOLDPAC GROUP LTD: The leading financial and smartcard manufacturer as well as the card system solution provider in China.	3,051,000	1,187,192	
<b>Telecommunication Services</b>			
CHINA MOBILE LTD: Provider of mobile telecommunications services in China.	177,330	2,453,565	

	Shares Held	AUD Value	% of Total
CHINA TELECOM CORP LTD CLASS H: Principal activity is the provision of wireline telecommunications services in provinces throughout Southern China and mobile services nationally.	5,840,000	<div>3,608,588</div> <div>16,843,837</div>	5.12
FRANCE			
Consumer Discretionary			
COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN SCA: Manufactures tyres for automobiles, trucks and special vehicles.	11,641	2,014,810	
Energy			
TOTAL SA: Explores for, produces, refines, transports and markets oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins.	60,327	3,882,756	
Financials			
AXA SA: Insurance provider (life and non-life), financial services and real estate services in Europe, Asia and North America.	107,479	3,827,543	
BNP PARIBAS SA CLASS A: Global banking and financial services group.	53,497	5,016,194	
CREDIT AGRICOLE SA: Banking group also operating in asset management and insurance.	135,764	2,843,364	
Healthcare			
SANOFI: Provides products and services for health and nutrition.	26,446	3,293,727	
Industrials			
COMPAGNIE DE SAINT-GOBAIN SA: Manufactures glass products, high-performance materials, and construction materials. The Company produces flat glass, insulation, and glass containers, high-performance ceramics, plastics, and building materials. Saint-Gobain also retails building materials.	48,735	<div>3,389,941</div> <div>24,268,335</div>	7.37
GERMANY			
Healthcare			
Bayer AG: Produces and markets healthcare and agricultural products, and polymers including aspirin, antibiotics, anti-infectives amongst other medications.	16,340	2,749,144	
DRAEGERWERK AG & CO KGAA PREF: Manufactures medical, safety and aerospace equipment.	13,900	1,905,208	
MERCK KGAA: Global pharmaceutical and chemical enterprise.	16,650	2,613,144	
MORPHOSYS AG: German biotechnology company.	18,860	1,738,979	

	Shares Held	AUD Value	% of Total
<b>Industrials</b>			
DEUTSCHE LUFTHANSA AG: Airline operating both domestically and internationally.	115,273	3,409,206	
SIEMENS AG: Produces a wide range of industrial and consumer products including trains, electricity generation, medical equipment and building controls.	15,650	2,801,765	
		<u>15,217,446</u>	4.62
<b>HONG KONG</b>			
<b>Energy</b>			
NEWOCEAN ENERGY HOLDING LTD: Sells and distributes liquefied petroleum gas in Hong Kong and China.	2,394,000	955,531	
<b>Industrials</b>			
CK HUTCHISON HOLDINGS LTD: Non-property Hong Kong conglomerate with global operations in container ports, telecoms, retail & manufacturing and energy & infrastructure.	150,500	2,461,862	
		<u>3,417,393</u>	1.04
<b>IRELAND</b>			
<b>Materials</b>			
CRH PLC: Core businesses involve primary materials production, value added building products and specialist building materials distribution.	69,672	3,224,990	
		<u>3,224,990</u>	0.98
<b>ISRAEL</b>			
<b>Healthcare</b>			
TEVA PHARMACEUTICAL INDUSTRIES LTD SPONSORED ADR: Global pharmaceutical company developing, manufacturing and marketing generic and branded human pharmaceuticals.	35,960	1,556,915	
TEVA PHARMACEUTICAL INDUSTRIES LTD 7% CONV CUM PFD SHS: Global pharmaceutical company developing, manufacturing and marketing generic and branded human pharmaceuticals.	5,000	3,875,236	
		<u>5,432,151</u>	1.65
<b>ITALY</b>			
<b>Energy</b>			
ENI SPA: An integrated oil and gas company with operations in a number of countries.	193,762	3,788,657	
<b>Financials</b>			
UNICREDIT SPA: Provides consumer and corporate banking and wealth management services.	154,731	3,759,415	
		<u>7,548,072</u>	2.29

	Shares Held	AUD Value	% of Total
<b>JAPAN</b>			
<b>Consumer Discretionary</b>			
NISSAN MOTOR CO LTD: Multinational automaker.	265,000	3,434,501	
PANASONIC CORP: Japanese electronics manufacturer.	192,000	3,393,972	
<b>Consumer Staples</b>			
SUNTORY BEVERAGE & FOOD LTD: Manufactures and sells beverages and food products worldwide. The company is a part of Suntory Holdings Ltd.	66,100	3,988,131	
<b>Industrials</b>			
IHI CORP: Japanese producer of ships, aircraft engines, turbochargers, industrial machines and more.	363,000	1,608,921	
<b>Information Technology</b>			
OMRON CORP: Japanese developer of sensors, relays and switches that are applied to a variety of end markets including factory automation (robotics), but is also well-known for medical equipment such as digital thermometers and blood pressure monitors.	31,800	1,795,042	
<b>Materials</b>			
SUMITOMO METAL MINING CO LTD: Gold, copper and nickel miner, refiner and smelter, and also produces nickel-based materials for use in batteries.	143,000	2,484,663	
<b>Telecommunication Services</b>			
SOFTBANK GROUP CORP: Japanese telecommunication and internet corporation.	55,700	5,875,965	
		<u>22,581,195</u>	6.86
<b>NETHERLANDS</b>			
<b>Energy</b>			
SBM OFFSHORE NV: Engineers, supplies and installs most types of offshore terminals and related equipment. Also owns and operates a fleet of floating production storage and offloading units.	132,980	2,773,193	
<b>Financials</b>			
AEGON NV: Multinational life insurance, pensions and asset management company, headquartered in the Netherlands.	251,237	1,670,241	
ING GROEP NV: Insurance group (life and general) that offers a range of financial services to individuals, companies and institutions throughout the world.	132,395	2,972,620	
<b>Health Care</b>			
QIAGEN NV: Leading molecular diagnostics company.	45,092	1,959,163	
		<u>9,375,217</u>	2.85

	Shares Held	AUD Value	% of Total	
NORWAY				
Telecommunication Services				
TELENOR ASA: Telecom operator with mobile telecommunication operations in various countries.	50,880	1,095,946	0.33	
		1,095,946		
SINGAPORE				
Financials				
UNITED OVERSEAS BANK LTD (SINGAPORE): Provider of financial services including banking and finance, mortgage financing, corporate advisory services, stockbroking, and trustee services in Singapore and South-East Asia.	120,582	2,638,591	1.64	
Telecommunication Services				
SINGAPORE TELECOMMUNICATIONS LTD: Operates and provides telecommunications services in a number of countries.	751,000	2,766,172		
		5,404,763		
SOUTH KOREA				
Consumer Discretionary				
HYUNDAI MOBIS CO LTD: Manufactures and markets automotive parts and equipment.	10,441	2,968,288	5.75	
Financials				
DGB FINANCIAL GROUP CO LTD: Korean regional financial holding company, providing a full range of consumer and commercial banking related financial services.	135,006	1,807,525		
HANA FINANCIAL GROUP INC: Financial holding company, providing a full range of consumer and commercial banking related financial services.	53,816	2,771,681		
KB FINANCIAL GROUP INC: Involved in the provision of commercial and personal banking services, which include remittances, deposits, foreign investments, corporate financing, financial advisory and mid-long term funding.	48,412	3,182,894		
Information Technology				
SAMSUNG ELECTRONICS CO LTD: DRAM and NAND memory manufacturer, also involved in the manufacture of consumer electronics, displays and telecommunications equipment.	3,032	8,208,600		
		18,938,988		
SPAIN				
Telecommunication Services				
TELEFONICA SA: Telephone company with primary markets in Spain, Latin America and Europe.	118,072	1,586,756	0.48	
		1,586,756		



	Shares Held	AUD Value	% of Total
SWEDEN			
Healthcare			
GETINGE AB CLASS B: Develops, manufactures and sells equipment for sterilisation and disinfection. The company markets to the pharmaceutical industry, hospitals, clinics and laboratories.	119,670	3,051,994	0.93
		3,051,994	
SWITZERLAND			
Financials			
CREDIT SUISSE GROUP AG: Financial services group providing investment banking, private banking and asset management services.	174,772	3,297,652	
Healthcare			
BASILEA PHARMACEUTICA AG: Biotech company developing anti-bacterial and anti-fungal compounds which destroy infectious organisms.	10,660	1,168,941	
ROCHE HOLDING LTD GENUSSSCH: Global healthcare company.	11,120	3,695,237	
Industrials			
ABB LTD: Specialises in power and automation technologies headquartered in Switzerland.	107,510	3,464,311	3.53
		11,626,141	
THAILAND			
Financials			
BANGKOK BANK PUBLIC CO LTD NVDR: Provides various banking and financial services including commercial, consumer, credit card and mortgage lending, international trade financing, investment banking and securities services.	404,600	2,864,858	0.87
		2,864,858	
UNITED KINGDOM			
Consumer Discretionary			
KINGFISHER PLC: European home improvement retailer.	461,131	2,348,151	
MARKS & SPENCER GROUP PLC: Provides retail of clothing, food and home products.	172,640	974,417	
SKY PLC: British-based pay TV provider.	126,046	2,121,699	
Consumer Staples			
TESCO PLC: Global grocery and general merchandising.	310,451	887,429	
Energy			
BP PLC: Global oil and petrochemicals company with operations in many countries.	791,363	5,934,057	
ROYAL DUTCH SHELL PLC CLASS A: Global energy and petrochemical group.	8,040	277,070	

	Shares Held	AUD Value	% of Total
ROYAL DUTCH SHELL PLC CLASS B: Global energy and petrochemical group.	156,806	5,476,776	
<b>Financials</b>			
AVIVA PLC: Insurance group which provides life and general insurance.	253,037	2,253,918	
BARCLAYS PLC: Global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services.	927,937	3,185,228	
HSBC HOLDINGS PLC: Provides a range of financial services including personal financial services, commercial banking, investment banking and private banking services.	476,641	5,782,955	
STANDARD CHARTERED PLC: London headquartered, emerging market focused, consumer and wholesale commercial bank operating across 70 different countries.	273,280	3,596,739	
<b>Healthcare</b>			
SHIRE PLC: Specialty biotech company producing drugs for haematology, neuroscience, immunology and rare diseases.	22,091	1,585,234	
<b>Industrials</b>			
BAE SYSTEMS PLC: Global defence contractor.	273,517	2,934,265	
COBHAM PLC: Components and subsystem supplier to US and other commercial, defense and security markets.	418,620	918,741	
<b>Telecommunication Services</b>			
VODAFONE GROUP PLC: Global mobile telecommunications services group.	1,214,296	4,476,631	
		42,753,310	12.99
<b>UNITED STATES OF AMERICA</b>			
<b>Consumer Discretionary</b>			
COMCAST CORP CLASS A: Provides media and television broadcasting services.	99,960	5,071,955	
MICHAEL KORS HOLDINGS LTD: Global luxury lifestyle brand that engages in the design, marketing, distribution and retailing of women's and men's accessories and apparel.	24,630	1,163,989	
TWENTY-FIRST CENTURY FOX INC CLASS B: Diversified media company.	67,980	2,469,100	
<b>Consumer Staples</b>			
CVS HEALTH CORP: Leading retail pharmacy (drugstore) operator and pharmacy benefit manager (PBM) in the United States.	18,740	1,966,228	
WALGREENS BOOTS ALLIANCE INC: Operates retail drugstores that offer a wide variety of prescription and non-prescription drugs as well as general goods. The Company operates stores primarily in the United States. Walgreen's also offers health services, including primary and acute care, wellness, pharmacy and disease management services and health and fitness.	37,030	3,779,517	

	Shares Held	AUD Value	% of Total
<b>Energy</b>			
APACHE CORP: Petroleum and natural gas exploration and production company headquartered in Houston, Texas.	22,890	1,430,308	
CHEVRON CORP: Global integrated energy company.	14,720	2,002,327	
CONOCOPHILLIPS: Independent E&P company based on reserves and production.	55,570	3,184,743	
HALLIBURTON CO: Oilfield service company.	31,200	1,737,243	
<b>Financials</b>			
ALLY FINANCIAL INC: Automotive financial services company.	91,730	2,499,390	
AMERICAN INTERNATIONAL GROUP INC: International insurance organisation serving commercial, institutional and individual customers.	47,590	3,879,542	
CAPITAL ONE FINANCIAL CORP: Diversified bank, through its subsidiaries offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients both domestically and internationally.	41,310	4,450,095	
CITIGROUP INC: Financial conglomerate with operations in consumer, corporate and investment banking and insurance.	64,760	5,646,501	
JPMORGAN CHASE & CO: Global financial services firm providing retail/commercial and investment banking services, plus asset management, credit cards and private banking.	45,010	5,363,880	
VOYA FINANCIAL INC: US life insurance company with a strength in pensions and savings.	34,990	1,682,330	
<b>Healthcare</b>			
ALLERGAN PLC: Diversified global pharmaceutical company.	15,740	4,988,865	
AMGEN INC: Discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology.	18,820	4,225,514	
CELGENE CORP: Global biopharmaceutical company focusing on therapeutic areas of cancer and inflammatory diseases.	20,200	3,419,819	
ELI LILLY & CO: Global pharmaceutical company developing and manufacturing products for humans and animals.	32,760	3,514,530	
GILEAD SCIENCES INC: Biopharmaceutical company that discovers, develops, manufactures and commercialises therapies for viral diseases, infectious diseases and cancer.	51,500	4,751,522	
IONIS PHARMACEUTICALS INC: US biotechnology company.	20,030	1,328,631	
MEDTRONIC INC: Medical devices technology company	17,480	2,022,261	
PERRIGO CO PLC: Global healthcare supplier of over-the-counter and generic prescription pharmaceuticals, infant formulas and other products.	13,630	1,342,476	
PFIZER INC: Research-based, global pharmaceutical company that discovers, develops, makes and markets prescription medicines for humans and animals.	62,228	2,725,036	

	Shares Held	AUD Value	% of Total
<b>Industrials</b>			
NAVISTAR INTERNATIONAL CORP: Manufacturer and marketer of medium and heavy trucks and mid-range diesel engines.	78,880	2,696,348	
ROCKWELL COLLINS INC: Pure-play avionics and defense electronics company.	20,460	2,802,864	
<b>Information Technology</b>			
ALPHABET INC CLASS A: Holding company for Google, other core businesses such as YouTube, Maps and Android, and other investments and growth businesses.	5,130	6,216,994	
APPLE INC: Designs, manufactures and markets personal computers and communication solutions.	25,580	4,802,857	
COMMSCOPE HOLDING CO INC: Telecom equipment manufacturer of products that can be thought of as the 'last mile' from the main grid to the end user.	34,800	1,724,915	
DXC TECHNOLOGY CO: IT services company.	17,270	1,727,338	
FIRST SOLAR INC: US utility-scale solar installer and manufacturer producing thin-film solar panels.	38,990	2,026,636	
KNOWLES CORP: Global market leader of acoustical components to the mobile communications, consumer electronics, medical technology, military, aerospace and other industrial sectors.	114,530	2,524,871	
MICROSOFT CORP: Computer software provider. Core offerings include Windows, Office, Windows Server. Newer products include Xbox and Windows Mobile.	88,640	7,964,368	
NUTANIX INC CLASS A: Software maker that makes data center infrastructure 'invisible'.	73,200	1,922,925	
ORACLE CORP: Supplier of software and hardware for information technology management.	113,050	7,389,775	
<b>Materials</b>			
ALLEGHENY TECHNOLOGIES INC: Specialty metals producer.	140,910	3,122,965	
EASTMAN CHEMICAL CO: US based manufacturer of chemicals, fibres and plastics.	27,200	2,978,330	
LYONDELLBASELL INDUSTRIES NV: Chemical company, focusing on cracking ethane and naphtha into ethylene, propylene and its various derivatives.	27,090	2,980,765	
<b>Real Estate</b>			
JONES LANG LASALLE INC: Global provider of real estate services and investment management.	17,440	2,842,057	
		<u>128,369,810</u>	38.99
<b>Total of investments</b>		<u><b>329,243,692</b></u>	<b>100.00</b>

# DIRECTORY

## DIRECTORS

C R Freeman (Chairman)  
J Dawson  
G E McGowan  
M F Warwick  
M J O'Brien  
A Sethi

## SECRETARY

M R Sund  
L Mackay

## GENERAL MANAGER

M R Sund

## REGISTERED OFFICE

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## AUDITOR

PricewaterhouseCoopers

## SOLICITOR

King & Wood Mallesons

## SHARE REGISTRAR

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