

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

Level 19, 101 Collins Street  
Melbourne, Victoria 3000

Telephone : (03) 9603 1209  
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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 2015**

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
- ◆ Directors' Report
- ◆ Financial Statements
- ◆ Auditor's Report
- ◆ Investment Manager'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 read 'Rabie Abas', is written over a faint, light blue circular watermark that matches the company logo.

**Rabie Abas**  
Company Secretary  
26 August 2015

## 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 2014 to 30 June 2015 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 2013 to 30 June 2014.

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

|  | <b>2015</b><br>\$ | <b>2014</b><br>\$ | <b>Increase /</b><br><b>(Decrease)</b> | <b>Change</b><br>% |
|--|-------------------|-------------------|--|--------------------|
| <b>Revenue</b>   | 7,852,995         | 8,141,572         | (288,577)                              | (3.5)              |
| <b>Profit from ordinary activities after tax attributable to members</b> | 3,216,865         | 3,497,734         | (280,869)                              | (8.0)              |
| <b>Net profit attributable to members</b>                                | 3,216,865         | 3,497,734         | (280,869)                              | (8.0)              |
| <b>Other comprehensive income</b>  | 27,800,428        | 23,845,766        | 3,954,662                              | 16.6               |
| <b>Total comprehensive income</b>  | 31,017,293        | 27,343,500        | 3,673,793                              | 13.4               |

#### **Dividends**

In the reporting period, a 3.5 cent per share, fully franked, final dividend in respect of the financial year ended 30 June 2014 was paid in September 2014.

No interim dividend was paid.

In respect of the financial year ended 30 June 2015 the Directors have resolved to declare a 4.1 cent per share final dividend, of which 0.7 cents per share will be fully franked and 3.4 cents per share will be unfranked. The record date for the final dividend is 11 September 2015.

The 4.1 cent per share final dividend for the year ended 30 June 2015 will be paid to shareholders on 25 September 2015.

**Additional explanation**

During the financial year ended 30 June 2015, global equity markets were almost flat in US dollar terms, but the depreciation of the Australian Dollar (“AUD”) against many of the world’s major currencies over the course of the financial year had a significant positive impact for Australian investors.

The market value of the Company’s investment portfolio increased over the 12 months to 30 June 2015 (after taking into account the payment of the 2014 final dividends) from \$263,934,079 at 1 July 2014 to \$303,095,032 at 30 June 2015.

The net profit attributable to members for the period has decreased when compared to the pcg, however the pcg incorporates an abnormal Corporate Action event, which involved the demerger of Vodafone and Verizon shares. This event was funded in part by dividend proceeds, which increased income received, and therefore net profit, by \$1,768,421.

**Dividend Reinvestment**

The Company operates a dividend reinvestment plan (DRP). The DRP offers shareholders the opportunity to reinvest part or all of their dividend payments at a discount of 2.5% to market price as determined under the DRP rules. Specifically the discount is calculated as 97.5% of fully paid ordinary shares sold on the ASX on the first day on which those shares are quoted ex-dividend and the following four business days.

Shareholders wishing to participate in the DRP in respect of the dividend to be paid on 25 September 2015 and who are not already enrolled in the DRP program, should ensure their election to do so is received by the Company’s share registrar by 11 September 2015.

Shares issued under the DRP will rank equally with existing shares for future dividends.

**Net Tangible Assets Per Security**

Net tangible assets per security at the end of the period was 150 cents compared to 137 cents per security at the end of the pcg.

**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.

**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 2015 is unqualified.

The Directors of Templeton Global Growth Fund Ltd ("the Company") submit their report for the year ended 30 June 2015.

## **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**

#### **JAMES A. (TONY) KILLEN, OAM, BA., FAIM, FAICD – Non-Executive Chairman**

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 Equity Trustees 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 Chairman of CCI Asset Management Ltd, a Director of Catholic Church Insurance Ltd and a Director of Victoria Golf Club Ltd.

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

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

#### **JENNIFER JOHNSON, BA (Economics) – Non-Executive Director**

Appointed as a Director on 7 September 2007. Non-executive Director of the Company. Chief Operating Officer for Franklin Resources Inc.

#### **JOANNE DAWSON, B.Comm, MBA, CA, CFP, GAICD – 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.

#### **MARTIN F. WARWICK, CA, MBA, ACIS, AGIA, BSc, MAICD – Non-Executive Director (Appointed July 2014)**

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. Former member of the Audit and Risk Committee of the University of Melbourne.

#### **MICHAEL J. O'BRIEN, CFA, FIAA, GAICD – Non-Executive Director (Appointed August 2014)**

Appointed as a Director on 27 August 2014. Member of the Review and Audit Committees. Director of Equity Trustees Limited. Former roles included 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, Funds Management and Master Trust Limited.

**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:

|                 |                            |
|-----------------|----------------------------|
| <b>DIRECTOR</b> | <b>ORDINARY<br/>SHARES</b> |
|-----------------|----------------------------|

|                   |         |
|-------------------|---------|
| J JOHNSON         | -       |
| J DAWSON          | 23,700  |
| J A (TONY) KILLEN | 345,832 |
| G E McGOWAN       | -       |
| M F WARWICK       | 34,440  |
| M J O'BRIEN       | 131,250 |

**EARNINGS PER SHARE**

|         |              |
|---------|--------------|
|         | <b>Cents</b> |
| Basic   | 1.6          |
| Diluted | 1.6          |

**DIVIDENDS**

\$

|  |            |
|--|------------|
| Directors have declared a final dividend of 4.1 cents per share, 0.7 cents per share fully franked 3.4 cents per share unfranked (2014: 3.5 cents fully franked) | 10,198,128 |
|--|------------|

*Dividends paid during the year ended 30 June 2015 were as follows:*

|   |           |
|---|-----------|
| Final dividend for the year ended 30 June 2014 of 3.5 cents per share, paid 26 September 2014 | 6,944,718 |
|---|-----------|

**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 2015 all investments were in listed equity securities.

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.

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

### Performance Indicators

For the year ended 30 June 2015 the Company's portfolio of investments returned 16.71% compared to the MSCI All Countries World Index ("the Index") for the same period of 23.7%.

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

#### Investment Performance % (\$Aust.)

|                     | <b>Latest 6<br/>months</b> | <b>Latest 12<br/>months</b> | <b>Latest 3<br/>years*</b> | <b>Latest 5<br/>years*</b> | <b>Latest 10<br/>years*</b> | <b>Since<br/>Inception*</b> |
|---------------------|----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| TGG^                | 9.8                        | 16.7                        | 26.7                       | 14.8                       | 5.8                         | 7.5                         |
| MSCI AC World Index | 9.3                        | 23.7                        | 24.4                       | 14.1                       | 6.3                         | 6.9#                        |

^ 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 MSCI AC World was not in existence at TGG's inception.

\* Annualised

The benchmark is presented with net dividend reinvested.

#### Yearly Investment Performance % (\$Aust.) in each of the past five years.

| <b>Year to 30 June</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| TGG^                   | 16.7        | 23.2        | 41.2        | -5.4        | 3.8         |
| MSCI AC World Index    | 23.7        | 19.2        | 30.5        | -2.3        | 2.7         |

^ 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.

## Operating Results for the Year

The net profit after income tax for the year was \$3,216,865 compared with a net profit after tax of \$3,497,734 in the previous corresponding year (“pcy”).

During the financial year ended 30 June 2015, global equity markets were almost flat in US dollar terms, but the depreciation of the Australian Dollar (“AUD”) against many of the world’s major currencies over the course of the financial year had a significant positive impact for Australian investors.

The market value of the Company’s investment portfolio increased over the 12 months to 30 June 2015 (after taking into account the payment of the 2014 final dividend) from \$263,934,079 at 1 July 2014 to \$303,095,032 at 30 June 2015.

Revenue from investments amounted to \$7,852,995 in the current financial year as compared with \$8,141,572 in the pcy. This reduction was impacted by an abnormal Corporate Action event in the pcy, which involved the demerger of Vodafone and Verizon shares. This event was funded in part by dividend proceeds, which increased Revenue by \$1,768,421.

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. 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** |
| 2015  | 150                                   | 144                   |
| 2014  | 137                                   | 135                   |
| 2013^   | 118                                   | 118                   |
| 2012^   | 86                                    | 86                    |
| 2011^   | 94                                    | 94                    |
| * ‘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. |                                       |                       |
| ^ There were insufficient net unrealised gains to affect the “after estimated tax” NTA.   |                                       |                       |

## Share Issues During the Year

The Company’s dividend reinvestment plan (“DRP”) continues to operate. In September 2014 a final dividend of 3.5 cents per share was paid. As a result of these dividends 566,737 shares were issued under the DRP at a price of \$1.3159 cents per share representing a take-up rate of the DRP at approximately 10.75%.

To access opportunities in global markets, and Listed Investment Company market enthusiasm locally, the Company undertook a 1 for 4 renounceable rights issue (“rights issue”) at \$1.30 per share in June 2015. The rights issue resulted in the issue of an additional 49,747,731 shares and raised over \$64 million in Capital.

The number of ordinary shares on issue after accounting for new shares issued under the DRP, and Capital Raising Activities, increased over the period from 198,420,359 to 248,734,827.



## **Change in Administrative Arrangements**

The company has now transferred to FTIAL the responsibility for the ongoing administration of the company's affairs, at no cost to the company over and above the 1% p.a. paid to FTIAL as Investment Manager. An Administrative Services Agreement has been executed to formalise the arrangements which took effect on 1 July 2014 after a smooth transition process over the preceding months.

The new arrangements have served to further decrease the company's Management Expense Ratio ('MER'), which was 1.16 % for the year ending 30 June 2015, down from 1.45% in the year ending 30 June 2014.

## **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, employees and 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' 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 Rabie Abas in his capacity as Company Secretary and Mr Mat R Sund in his capacity as General Manager are employees of FTIAL and provide services to the Company under the terms of the Administrative Services Agreement, and as such are remunerated by FTIAL.

### **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.

### **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 2015, this policy was maintained and neither Ms J Johnson nor Mr G E McGowan, who are officers 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 2015 were Chairman, 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 employees, 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 2015 are set out in Table 1 at the end of this Report.

## 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 reimbursed and employed by FTIAL and provide services pursuant to the Administrative Services Agreement.

**Table 1: Director remuneration for the years ended 30 June 2015 and 30 June 2014.**

| Director   | Year | Short –<br>Term<br>Directors<br>Salary and<br>Fees | Post Employment      |                              | Total   |
|--|------|--|----------------------|------------------------------|---------|
|  |      | \$   | Superannuation<br>\$ | Retirement<br>Benefits<br>\$ |         |
| J A Killen<br>(Chairman)                         | 2015 | 82,380   | 7,828                | -                            | 90,208  |
|  | 2014 | 93,942   | 8,688                | -                            | 102,630 |
| Martin F<br>Warwick *<br>(Appointed<br>01/07/14) | 2015 | 59,364   | 5,640                | -                            | 65,004  |
|  | 2014 | -  | -                    | -                            | -       |
| Michael J<br>O'Brien*<br>(Appointed<br>27/08/14) | 2015 | 50,283   | 4,777                | -                            | 55,060  |
|  | 2014 | -  | -                    | -                            | -       |
| M E Bartlett<br>(Resigned<br>30/06/14)           | 2015 | -  | -                    | -                            | -       |
|  | 2014 | 64,152   | 5,932                | -                            | 70,084  |
| J Dawson   | 2015 | 64,068   | 6,088                | -                            | 70,156  |
|  | 2014 | 68,730   | 6,362                | -                            | 75,092  |
| Total  | 2015 | 256,095  | 24,333               | -                            | 280,428 |
|  | 2014 | 226,824  | 20,982               | -                            | 247,806 |

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

\* During the financial year ended 30 June 2015 Mr Martin F Warwick and Mr Michael J O'Brien were appointed as Directors.

| Executive<br>Officers | Year | Short-<br>Term<br>Salaries<br>and Fees | Post<br>Employment<br>Superannuation | Total   |
|-----------------------|------|--|--------------------------------------|---------|
|                       |      | \$                                     | \$                                   | \$      |
| M F Warwick           | 2015 | -                                      | -                                    | -       |
|                       | 2014 | 178,896                                | 16,548                               | 195,444 |

**Table 3: Shareholdings of Directors and key management personnel**

| Shares held in the<br>Company<br>(number) | Balance<br>1 July 2014 | Net Change<br>Other | Balance<br>26 August 2015 |
|---|------------------------|---------------------|---------------------------|
|   | Ord                    | Ord                 | Ord                       |
| <b>Directors</b>                          |                        |                     |                           |
| J A (Tony) Killen                         | 276,665                | 69,167              | 345,832                   |
| G E McGowan                               | -                      | -                   | -                         |
| J Dawson                                  | 18,960                 | 4,740               | 23,700                    |
| J Johnson                                 | -                      | -                   | -                         |
| M F Warwick                               | 27,552                 | 6,888               | 34,440                    |
| M J O'Brien                               | -                      | 131,250             | 131,250                   |
| <b>Total</b>                              | <b>323,177</b>         | <b>212,045</b>      | <b>535,222</b>            |

All equity transactions with directors and the executive have been entered into under terms and conditions no more favourable than those the entity 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'<br>Meetings<br>6 |   | Audit<br>Committee<br>6 |    | Review<br>Committee<br>4 |    |
|---------------------------------|-----------------------------|---|-------------------------|----|--------------------------|----|
| Number of meetings<br>held:     | A                           | B | A                       | B  | A                        | B  |
| Number of meetings<br>attended: |                             |   |                         |    |                          |    |
| J A Killen                      | 6                           | 6 | 6                       | 6  | 4                        | 4  |
| G E McGowan                     | 5                           | 6 | **                      | ** | **                       | ** |
| M F Warwick                     | 6                           | 6 | 6                       | 6  | 4                        | 4  |
| M J O'Brien^                    | 5                           | 5 | 3                       | 3  | 4                        | 4  |
| J Dawson                        | 6                           | 6 | 6                       | 6  | 4                        | 4  |
| J Johnson                       | 3                           | 6 | **                      | ** | **                       | ** |

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.

\*\* = Not a member of the relevant committee.

^ = joined on 27 August 2014

## 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)  
J A Killen  
M F Warwick (appointed July 2014)  
M J O'Brien (appointed August 2014)

### Review

J Dawson  
J A Killen (c)  
M F Warwick (appointed July 2014)  
M J O'Brien (appointed August 2014)

(c) indicates Chairman of the committee.

## Auditor Independence and Non-Audit Services

The auditor's independence declaration given under Section 307C of the *Corporations Act 2001* is set out on page 12 and forms part of the Directors' Report for the year ended 30 June 2015.

## 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*.

However, during the year ended 30 June 2015, there were no non-audit related services provided by the entity's auditor, PricewaterhouseCoopers.

Details of the amounts paid or payable to the auditor for audit and non-audit services during the year are set out in Note 18.

Signed in accordance with a resolution of the Directors.



**J A KILLEN**  
Chairman

Melbourne  
26 August 2015



## Auditor's Independence Declaration

As lead auditor for the audit of Templeton Global Growth Fund Ltd for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'JF Power'.

JF Power  
Partner  
PricewaterhouseCoopers

Melbourne  
26 August 2015

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## TEMPLETON GLOBAL GROWTH FUND LTD

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2015**

|   | Notes | 2015<br>\$              | 2014<br>\$              |
|---|-------|-------------------------|-------------------------|
| Revenue   | 5     | 7,852,995               | 8,141,572               |
| Investment expenses   | 6     | (2,720,700)             | (2,142,442)             |
| Salaries and employee benefit expenses  |       | (280,428)               | (559,460)               |
| Shareholder and regulatory costs  |       | (156,245)               | (156,199)               |
| Other expenses  |       | <u>(147,197)</u>        | <u>(273,318)</u>        |
| <b>Profit before income tax</b>   |       | <b>4,548,425</b>        | <b>5,010,153</b>        |
| Income tax expense  | 7     | <u>(1,331,560)</u>      | <u>(1,512,419)</u>      |
| <b>Profit after income tax for the year</b>                                       |       | <b><u>3,216,865</u></b> | <b><u>3,497,734</u></b> |
| Earnings per share  | 16    | <b>Cents</b>            | <b>Cents</b>            |
| • Basic earnings per share for the year attributable to ordinary equity holders   |       | 1.6                     | 2.2                     |
| • Diluted earnings per share for the year attributable to ordinary equity holders |       | 1.6                     | 2.2                     |

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 2015**

|   | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|
|   | <b>\$</b>         | <b>\$</b>         |
| Profit after income tax for the year                                | 3,216,865         | 3,497,734         |
| <b>Other comprehensive income</b>                                   |                   |                   |
| <i>Items that will not be recycled through the Income Statement</i> |                   |                   |
| Gains on investments in the portfolio during the period             | 39,714,897        | 34,065,381        |
| Income tax expense relating to the above                            | (11,914,469)      | (10,219,615)      |
|   | <hr/>             | <hr/>             |
| <b>Total other comprehensive income after tax</b>                   | <b>27,800,428</b> | <b>23,845,766</b> |
|   | <hr/>             | <hr/>             |
| <b>Total comprehensive income after tax</b>                         | <b>31,017,293</b> | <b>27,343,500</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 2015**

|                                      | Notes | 2015<br>\$         | 2014<br>\$         |
|--------------------------------------|-------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                |       |                    |                    |
| Cash and cash equivalents            |       | 70,588,695         | 8,203,007          |
| Receivables                          | 9     | 829,952            | 3,316,203          |
| <b>Total current assets</b>          |       | <u>71,418,647</u>  | <u>11,519,210</u>  |
| <b>NON-CURRENT ASSETS</b>            |       |                    |                    |
| Investments                          | 10    | 303,095,032        | 263,934,079        |
| <b>Total non-current assets</b>      |       | <u>303,095,032</u> | <u>263,934,079</u> |
| <b>Total assets</b>                  |       | <u>374,513,679</u> | <u>275,453,289</u> |
| <b>CURRENT LIABILITIES</b>           |       |                    |                    |
| Payables                             | 11    | 925,818            | 2,545,795          |
| Provisions                           | 12    | -                  | 116,209            |
| Current tax liabilities              |       | 265,929            | 639,796            |
| <b>Total current liabilities</b>     |       | <u>1,191,747</u>   | <u>3,301,800</u>   |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                    |
| Deferred tax liability               | 7     | 15,428,594         | 3,781,965          |
| <b>Total non-current liabilities</b> |       | <u>15,428,594</u>  | <u>3,781,965</u>   |
| <b>Total liabilities</b>             |       | <u>16,620,341</u>  | <u>7,083,765</u>   |
| <b>NET ASSETS</b>                    |       | <u>357,893,338</u> | <u>268,369,524</u> |
| <b>EQUITY</b>                        |       |                    |                    |
| Contributed equity                   | 13    | 316,642,386        | 251,191,147        |
| Reserves                             | 14    | 34,496,770         | 12,946,588         |
| Retained profits                     | 14    | 6,754,182          | 4,231,789          |
| <b>TOTAL EQUITY</b>                  |       | <u>357,893,338</u> | <u>268,369,524</u> |

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

## TEMPLETON GLOBAL GROWTH FUND LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015

## Year Ended 30 June 2015

|  | Notes       | Contributed<br>Equity<br>\$ | Retained<br>Profits<br>\$ | Investment<br>Revaluation<br>Reserve<br>\$ | Investment<br>Realisation<br>Reserve<br>\$ | Total<br>Equity<br>\$ |
|--|-------------|-----------------------------|---------------------------|--|--|-----------------------|
| <b>Total equity at the beginning of the year as reported</b> |             | 251,191,147                 | 4,231,789                 | 24,296,069                                 | (11,349,481)                               | 268,369,524           |
| <b>Profit after income tax for the year</b>                  |             | -                           | 3,216,865                 | -  | -  | 3,216,865             |
| <b>Other comprehensive income</b>                            |             |                             |                           |  |  |                       |
| Net revaluation increment on the investment portfolio        |             | -                           | -                         | 27,800,428                                 | -  | 27,800,428            |
| Transfer of net cumulative realised gains for the year       | 14(a),14(b) | -                           | -                         | (12,113,641)                               | 12,113,641                                 | -                     |
| <b>Total other comprehensive income for the year</b>         |             | -                           | -                         | 15,686,787                                 | 12,113,641                                 | 27,800,428            |
| <b>Transactions with shareholders</b>                        |             |                             |                           |  |  |                       |
| Dividends paid   | 8           | -                           | (694,472)                 | -  | (6,250,246)                                | (6,944,718)           |
| Shares issued under the dividend reinvestment plan           | 13          | 745,874                     | -                         | -  | -  | 745,874               |
| Shares issued via Rights Offer                               | 13          | 64,838,895                  | -                         | -  | -  | 64,838,895            |
| Costs of Capital Raising                                     | 13          | (133,530)                   | -                         | -  | -  | (133,530)             |
| <b>Total transactions with shareholders</b>                  |             | 65,451,239                  | (694,472)                 | -  | (6,250,246)                                | 58,506,521            |
| <b>Total equity at 30 June 2015</b>                          |             | 316,642,386                 | 6,754,182                 | 39,982,856                                 | (5,486,086)                                | 357,893,338           |

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

## TEMPLETON GLOBAL GROWTH FUND LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015 (continued)

## Year Ended 30 June 2014

|  | Notes       | Contributed<br>Equity<br>\$ | Retained<br>Profits<br>\$ | Investment<br>Revaluation<br>Reserve<br>\$ | Investment<br>Realisation<br>Reserve<br>\$ | Total<br>Equity<br>\$ |
|--|-------------|-----------------------------|---------------------------|--|--|-----------------------|
| <b>Total equity at the beginning of the year as reported</b> |             | 183,220,010                 | 2,167,085                 | 6,707,803                                  | (15,457,442)                               | 176,637,456           |
| <b>Profit after income tax for the year</b>                  |             | -                           | 3,497,734                 | -  | -  | 3,497,734             |
| <b>Other comprehensive income</b>                            |             |                             |                           |  |  |                       |
| Net revaluation increment on the investment portfolio        |             | -                           | -                         | 23,845,765                                 | -  | 23,845,765            |
| Transfer of net cumulative realised gains for the year       | 14(a),14(b) | -                           | -                         | (6,257,499)                                | 6,257,499                                  | -                     |
| <b>Total other comprehensive income for the year</b>         |             | -                           | -                         | 17,588,266                                 | 6,257,499                                  | 23,845,765            |
| <b>Transactions with shareholders</b>                        |             |                             |                           |  |  |                       |
| Dividends paid   | 8           | -                           | (1,433,030)               | -  | (2,149,538)                                | (3,582,568)           |
| Shares issued under the dividend reinvestment plan           | 13          | 632,536                     | -                         | -  | -  | 632,536               |
| Shares issued via Placement                                  | 13          | 26,875,000                  | -                         | -  | -  | 26,875,000            |
| Shares issued via Rights Offer                               | 13          | 41,338,289                  | -                         | -  | -  | 41,338,289            |
| Costs of Capital Raising                                     | 13          | (874,688)                   | -                         | -  | -  | (874,688)             |
| <b>Total transactions with shareholders</b>                  |             | 67,971,137                  | (1,433,030)               | -  | (2,149,538)                                | 64,388,569            |
| <b>Total equity at 30 June 2014</b>                          |             | 251,191,147                 | 4,231,789                 | 24,296,069                                 | (11,349,481)                               | 268,369,524           |

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 2015

|   |              | 2015<br>\$               | 2014<br>\$              |
|---|--------------|--------------------------|-------------------------|
|   | Notes        | Inflows<br>(Outflows)    | Inflows<br>(Outflows)   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |                          |                         |
| Dividends and distributions received  |              | 6,916,314                | 7,085,679               |
| Interest received   |              | 100,965                  | 195,368                 |
| Custodian fees paid   |              | (39,521)                 | (31,734)                |
| Goods and services tax refunded   |              | 227,683                  | 230,715                 |
| Investment manager's fees paid  |              | (2,849,356)              | (2,171,471)             |
| Income taxes paid   |              | (957,913)                | (311,853)               |
| Administrative, regulatory, legal and other payments in the normal course of operations |              | <u>(566,362)</u>         | <u>(784,983)</u>        |
| Net cash inflow from operating activities   | 15(a)        | <u>2,831,810</u>         | <u>4,211,721</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |                          |                         |
| Cash paid for purchase of listed shares   |              | (58,394,448)             | (94,607,741)            |
| Proceeds received from realisation of listed shares                                     |              | <u>59,395,134</u>        | <u>29,853,782</u>       |
| Net cash inflow/(outflow) from investing activities                                     |              | <u>1,000,686</u>         | <u>(64,753,959)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |              |                          |                         |
| Net cash received from Capital Raising activities                                       |              | 64,838,895               | 67,338,601              |
| Net dividend paid   |              | <u>(6,198,845)</u>       | <u>(2,950,033)</u>      |
| Net cash inflow from financing activities   |              | <u>58,640,050</u>        | <u>64,388,568</u>       |
| <b>Net increase in cash and cash equivalents</b>  |              | <b>62,472,546</b>        | <b>3,846,330</b>        |
| Cash and cash equivalents at the beginning of the year                                  |              | 8,203,007                | 4,290,991               |
| Effects of exchange rate changes on cash and cash equivalents                           |              | <u>(86,858)</u>          | <u>65,686</u>           |
| <b>CASH AND CASH EQUIVALENTS AT YEAR END</b>  | <b>15(b)</b> | <b><u>70,588,695</u></b> | <b><u>8,203,007</u></b> |

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

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015

### 1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd (“the Company”) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 26 August 2015.

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 an 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 2015 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. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instrument standard. The Company’s management and directors have assessed the impact of AASB 9, including recent amendments, and have determined that there is no impact on the Company.

- *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 2014 that have a material impact on the Company.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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 retranslated 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 Other 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### (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 values continuously. The fair values 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 as Other 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.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Recognition and derecognition*

When securities classified as fair value through Other Comprehensive Income are sold, the accumulated fair value adjustments recognised in Other 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.

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 which was effective 1 July 2014 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.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Income tax and other taxes (continued)

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 Other 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 had to the value and composition of the deferred tax asset, economic conditions and economic indicators.

#### *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 Cash Flow Statement 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. Dividends are recognised gross of withholding tax.

#### (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.



### 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.

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.

The table below indicates the currencies to which the Company had significant exposure at 30 June 2015 on its equity assets and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian dollar on the value of the portfolio of investments, with all other variables held constant.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (b) Market risk (continued)

*Accounting Assumptions – Variability of foreign currency*

The sensitivity is based on management's estimate of volatility of change probable in global currencies in which the portfolio of investments is significantly invested.

| Currency | 2015  |                              |   | 2014  |                              |   |
|----------|---|------------------------------|---|---|------------------------------|---|
|          | AUD equivalent in exposure by Currency \$,000 | Change in currency rate in % | Effect on Other Comprehensive Income after tax \$,000 | AUD equivalent in exposure by currency \$,000 | Change in currency rate in % | Effect on Other Comprehensive Income after tax \$,000 |
| EUR      | 70,942  | 15/(15)                      | 7,449/(7,449)   | 69,858  | 15/(15)                      | 7,335/(7,335)   |
| USD      | 113,750                                       | 15/(15)                      | 11,944/(11,944)                                       | 99,283  | 15/(15)                      | 10,425/(10,425)                                       |
| GBP      | 37,742  | 15/(15)                      | 3,963/(3,963)   | 24,670  | 15/(15)                      | 2,590/(2,590)   |

The above sensitivities do not incorporate the impact of any exchange rate movement on dividend income received in Australian dollars as the amount is not practicable to calculate.

*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.

The effect on other comprehensive income due to reasonably possible changes in market factors, as represented by equity indices, with all other variables held constant is indicated in the table below.

*Accounting Assumptions – Variability of equity price*

The sensitivity is based on management's estimate of the possible volatility of change in the investments of the Company in various significant geographical locations.

| Location | 2015     |                          |   | 2014                     |   |
|----------|----------|--------------------------|---|--------------------------|---|
|          | Index    | Change in equity price % | Effect on other comprehensive income after tax \$,000 | Change in equity price % | Effect on other comprehensive income after tax \$,000 |
| USA      | S&P 500  | 20/(10)                  | 15,925/(7,962)  | 20/(10)                  | 13,900/(6,950)  |
| UK       | FTSE 100 | 15/(15)                  | 3,963/(3,963)   | 15/(15)                  | 2,591/(2,591)   |
| France   | CAC 40   | 20/(20)                  | 4,277/(4,277)   | 20/(20)                  | 4,098/(4,098)   |

*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 \$70,588,695 (2014: \$8,203,007), the interest rate applicable to cash and cash equivalents at balance date was 1.75% (2014: 2.25%).

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

**3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(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.

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 cash holding position as at 30<sup>th</sup> June 2015 is temporarily higher than the above parameters due to the Company's raising of capital by way of a 1 for 4 rights issue which was concluded at the end of June. The gross cash proceeds from the rights issue was \$64,838,895.

The Board and Board committees monitor the liquidity by reference to monthly cash flow projections 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.

**(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/Distribution policy with the objective of providing shareholders with a level of certainty around expected dividends. The policy states that the Dividends/Distributions 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.

A total 566,737 additional shares at a cost of \$745,873 were allotted to shareholders registered in the Company's dividend reinvestment plan in respect of the dividends paid on 26 September 2014.

**NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)****3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(e) Capital Management (continued)**

The Company undertook a 1 for 4 renounceable rights issue ("rights issue") at \$1.30 per share in June 2015. The right issue resulted in the issue of an additional 49,747,731 shares and raised over \$64 million in Capital. Shares, as disclosed within this financial report, are quoted on a deferred settlement basis as at 30 June 2015.

The Company had in place an On Market Share Buy-Back which operated during the year, although no shares were purchased.

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.

|                             | <b>2015</b>      | <b>2014</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>\$</b>        | <b>\$</b>        |
| <b>5. REVENUE</b>           |                  |                  |
| Dividends and distributions | 7,713,963        | 7,892,093        |
| Interest income             | 92,658           | 202,002          |
| Other investment income     | 6,361            | 2,602            |
| Net foreign currency gains  | 40,013           | 44,875           |
|                             | <u>7,852,995</u> | <u>8,141,572</u> |

|                               | <b>2015</b>      | <b>2014</b>      |
|-------------------------------|------------------|------------------|
|                               | <b>\$</b>        | <b>\$</b>        |
| <b>6. INVESTMENT EXPENSES</b> |                  |                  |
| Investment management fees    | 2,681,381        | 2,109,173        |
| Custodian fees                | 39,319           | 33,269           |
|                               | <u>2,720,700</u> | <u>2,142,442</u> |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

|  | 2015 | 2014 |
|--|------|------|
|  | \$   | \$   |

**7. INCOME TAX**

The major components of income tax are:

**Income Statement***Current income tax*

|                           |             |             |
|---------------------------|-------------|-------------|
| Current income tax charge | (1,364,528) | (1,503,046) |
|---------------------------|-------------|-------------|

*Deferred income tax*

|   |                    |                    |
|---|--------------------|--------------------|
| Relating to origination and reversal of temporary differences | 32,968             | (9,373)            |
| Income tax expense reported in the income statement           | <u>(1,331,560)</u> | <u>(1,512,419)</u> |

**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 gains and losses on investments | (11,914,469)        | (10,219,615)        |
| Income tax expense reported in equity                       | <u>(11,914,469)</u> | <u>(10,219,615)</u> |

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

|   |                    |                    |
|---|--------------------|--------------------|
| Profit before income tax  | 4,548,425          | 5,010,153          |
| Prima facie income tax expense at statutory rate of 30% (2014: 30%) | (1,364,528)        | (1,503,046)        |
| Tax effect of:  |                    |                    |
| - Unrealised foreign exchange (gains)/losses                        | 8,644              | (9,247)            |
| - Other items   | 24,324             | (126)              |
| Income tax expense  | <u>(1,331,560)</u> | <u>(1,512,419)</u> |

**Deferred income tax**

Deferred income tax at 30 June relates to the following:

*Deferred tax liabilities*

The balance comprises temporary differences attributable to:

|  |                   |                  |
|--|-------------------|------------------|
| Receivables                                | 192,206           | 179,165          |
| Payables                                   | (297,454)         | (16,573)         |
| Unrealised gain on investments             | 17,135,509        | 10,412,601       |
| Realised capital losses                    | (1,601,667)       | (6,793,228)      |
|  | <u>15,428,594</u> | <u>3,781,965</u> |
| Opening balance at 1 July                  | 3,781,965         | 110,680          |
| Charged/(credited) to the income statement | (288,934)         | 16,573           |
| Charged/(credited) to equity               | 11,935,563        | 3,654,712        |
| Closing balance at 30 June                 | <u>15,428,594</u> | <u>3,781,965</u> |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 7. INCOME TAX (continued)

*Deferred tax asset*

The balance comprises temporary differences attributable to:

|   | 2015 | 2014        |
|---|------|-------------|
|   | \$   | \$          |
| Net unrealised (gain)/loss on investments               | -    | -           |
| Realised loss on investments                            | -    | -           |
|   | -    | -           |
| Opening balance at 1 July                               | -    | 6,600,240   |
| Charged/(credited) to equity                            |      |             |
| (Derecognition)/rerecognition of deferred tax asset     | -    | -           |
| Credited/(charged) to other comprehensive income        |      |             |
| Tax effect of net unrealised (gain)/loss on investments | -    | (3,918,455) |
| Tax effect of realised (gain)/loss on investments       | -    | (2,681,785) |
| Closing balance at 30 June                              | -    | -           |

## 8. DIVIDENDS PAID OR PROVIDED FOR

|  | 2015      | 2014      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>(a) Dividends paid during the year:</b>                           |           |           |
| <i>Previous year's final</i>   |           |           |
| Final Dividend for the year ended 30 June 2014 – 3.5 cents per share |           |           |
| Fully Franked (2013: 2.5 cents per share fully franked)              | 6,944,718 | 3,582,568 |

**(b) Franking credit balance**

|   | 2015    | 2014      |
|---|---------|-----------|
|   | \$      | \$        |
| 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% (2014: 30%)             | 444,794 | 2,617,760 |
| – franking credits that will arise from the payment of income tax payable as at the end of the financial year | 341,148 | 600,888   |
|   | 785,942 | 3,218,648 |

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. | (746,204) | (2,976,305) |
|  | 39,738    | 242,343     |

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

Since the end of the year Directors have declared a final dividend of 4.1 cents per share at 0.7 cents fully franked and 3.4 cents unfranked.

The aggregate amount of the dividend for the year to 30 June 2015 to be paid on 25 September 2015, but not recognised as a liability at the end of the financial year: \$10,198,128.

## 9. RECEIVABLES (CURRENT)

|             | 2015    | 2014      |
|-------------|---------|-----------|
|             | \$      | \$        |
| Receivables | 829,952 | 3,316,203 |

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.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

|  | 2015<br>\$         | 2014<br>\$         |
|--|--------------------|--------------------|
| <b>10. INVESTMENTS (NON-CURRENT)</b>   |                    |                    |
| Securities listed on a prescribed stock<br>exchange at cost:   |                    |                    |
| Shares   | <u>246,829,211</u> | <u>230,077,955</u> |
| Aggregate quoted market value at balance date<br>of securities listed on a prescribed stock exchange | <u>303,095,032</u> | <u>263,934,079</u> |

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 25.

|  | 2015<br>\$     | 2014<br>\$       |
|--|----------------|------------------|
| <b>11. TRADE AND OTHER PAYABLES (CURRENT)</b>  |                |                  |
| Trade payables                                 | -              | 2,212,175        |
| Payables due to related parties:               |                |                  |
| - Director related entities – refer note 20(b) | 256,256        | 229,955          |
| - Other payables                               | <u>669,562</u> | <u>103,665</u>   |
|  | <u>925,818</u> | <u>2,545,795</u> |

Trade payables and amounts payable to Director related entities are non-interest bearing and are normally settled on 30 day terms.

|                              |          |                |
|------------------------------|----------|----------------|
| <b>12. PROVISIONS</b>        | 2015     | 2014           |
| <i>Current</i>               | \$       | \$             |
| Long service leave           | -        | 26,761         |
| Employee termination payment | <u>-</u> | <u>89,448</u>  |
|                              | <u>-</u> | <u>116,209</u> |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

|  | 2015               |                    | 2014               |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | \$                 |                    | \$                 |                    |
| <b>13. CONTRIBUTED EQUITY</b>                    |                    |                    |                    |                    |
| <b>(a) Issued and Paid-Up Capital</b>            |                    |                    |                    |                    |
| Ordinary shares fully paid                       |                    | <u>316,210,292</u> |                    | <u>251,191,147</u> |
|  | 2015               | 2015               | 2014               | 2014               |
|  | No. of shares      | \$                 | No. of shares      | \$                 |
| <b>(b) Movements in ordinary shares on issue</b> |                    |                    |                    |                    |
| Beginning of financial year                      | 198,420,359        | 251,191,147        | 143,302,584        | 183,220,010        |
| Shares issued under dividend reinvestment        | 566,737            | 745,874            | 547,144            | 632,536            |
| Shares issued via placement                      | -                  | -                  | 21,500,000         | 26,875,000         |
| Shares issued via rights issue                   | 49,747,731         | 64,838,895         | 33,070,631         | 41,338,289         |
| Transaction costs of capital raising             | -                  | (133,530)          | -                  | (874,688)          |
| End of the financial year                        | <u>248,734,827</u> | <u>316,642,386</u> | <u>198,420,359</u> | <u>251,191,147</u> |

*Share buy-back:*

The Company has an on market buy back programme. During the year ended 30 June 2015 no shares were bought back (2014: nil).

*Dividend Reinvestment Plan ("DRP")*

The Company has a DRP under which shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares at a discount of 2.5% (2014: 2.5%) to the 5 day volume weighted average price of shares leading up to the dividend record date.

**(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.



## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

|  | Notes | 2015<br>\$  | 2014<br>\$   |
|--|-------|-------------|--------------|
| <b>14. RESERVES AND RETAINED PROFITS</b> |       |             |              |
| Investment Realisation                   | 14(a) | (5,486,086) | (11,349,481) |
| Investment Revaluation                   | 14(b) | 39,982,856  | 24,296,069   |
|  |       | 34,496,770  | 12,946,588   |
| Retained profits                         | 14(c) | 6,754,182   | 4,231,789    |

**(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*

|  | 2015<br>Taxable<br>realised<br>gains (net of<br>tax) for the<br>year<br>\$ | 2015<br>Other<br>movements<br>for the year<br>\$ | 2015<br>Total<br>\$ |
|--|--|--|---------------------|
| 1 July   |  |  | (11,349,481)        |
| Cumulative taxable realised gains for the year | 17,305,201   | -  | 17,305,201          |
| Income tax expense on the above                | (5,191,560)  | -  | (5,191,560)         |
| Dividend Paid                                  | -  | (6,250,246)                                      | (6,250,246)         |
| Total movements for the year                   | 12,113,641   | (6,250,246)                                      | 5,863,395           |
| 30 June  |  |  | (5,486,086)         |

|  | 2014<br>Taxable<br>realised<br>gains (net of<br>tax)<br>\$ | 2014<br>Other<br>movements<br>for the year<br>\$ | 2014<br>Total<br>\$ |
|--|--|--|---------------------|
| 1 July   |  |  | (15,457,442)        |
| Cumulative taxable realised gains for the year | 8,939,285  | -  | 8,939,285           |
| Income tax expense on the above                | (2,681,786)  | -  | (2,681,786)         |
| Dividend Paid                                  | -  | (2,149,538)                                      | (2,149,538)         |
| Total movements for the year                   | 6,257,499  | (2,149,538)                                      | 4,107,961           |
| 30 June  |  |  | (11,349,481)        |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 14. RESERVES AND RETAINED PROFITS (continued)

**(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.

|  | 2015<br>\$        | 2014<br>\$        |
|--|-------------------|-------------------|
| <i>(ii) Movement in Reserve</i>  |                   |                   |
| Balance at the beginning of the year   | 24,296,069        | 6,707,803         |
| Revaluation increments on revaluation of listed securities                   | 39,714,897        | 34,065,380        |
| Tax effect of increments to revaluation reserve                              | (11,914,469)      | (10,219,615)      |
| Transfer of net realised capital gains to the investment realisation reserve | (12,113,641)      | (6,257,499)       |
| Balance at the end of the year   | <u>39,982,856</u> | <u>24,296,069</u> |

**(c) Retained Profits***Movements in Retained Profits*

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 4,231,789        | 2,167,085        |
| Net profit for the year              | 3,216,865        | 3,497,734        |
| Dividends paid                       | (694,472)        | (1,433,030)      |
| Balance at the end of the year       | <u>6,754,182</u> | <u>4,231,789</u> |

## 15. STATEMENT OF CASH FLOWS

**(a) Reconciliation of the net profit after tax to the net cash flows from operations**

|   |                  |                  |
|---|------------------|------------------|
| Net profit                                | 3,216,865        | 3,497,734        |
| <i>Adjusted for:</i>                      |                  |                  |
| Net gain on foreign exchange              | (40,012)         | (75,699)         |
| Changes in assets and liabilities         |                  |                  |
| - Receivables                             | (57,870)         | (193,611)        |
| - Payables                                | (39,196)         | 490,146          |
| - Taxation commitments                    | (364,186)        | 609,360          |
| - Provision for employee entitlements     | 116,209          | (116,209)        |
| Net cash inflow from operating activities | <u>2,831,810</u> | <u>4,211,721</u> |

**(b) Reconciliation of cash**

Cash comprises:

|              |                   |                  |
|--------------|-------------------|------------------|
| Cash at Bank | <u>70,588,695</u> | <u>8,203,007</u> |
|--------------|-------------------|------------------|

**Disclosure of non-cash financing activities**

The company issued 566,737 shares under a dividend reinvestment plan in September 2014.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 16. EARNINGS PER SHARE

2015  
\$2014  
\$

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.

|           |           |
|-----------|-----------|
| 3,216,865 | 3,497,734 |
|-----------|-----------|

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share

|             |             |
|-------------|-------------|
| Number      | Number      |
| 198,986,753 | 158,159,967 |

Basic and diluted earnings per share

|       |       |
|-------|-------|
| Cents | Cents |
|-------|-------|

|     |     |
|-----|-----|
| 1.6 | 2.2 |
|-----|-----|

Realised gain earnings per share\*

|     |     |
|-----|-----|
| 6.1 | 4.0 |
|-----|-----|

(The issuance of shares per the rights issue in June 2015 does not have a material impact to the calculation of earnings per share).

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

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

## 17. KEY MANAGEMENT PERSONNEL

## (a) Details of Key Management Personnel

## (i) Directors

|                   |                          |
|-------------------|--------------------------|
| J A (Tony) Killen | Chairman (non-executive) |
| J Johnson         | Director (non-executive) |
| G E McGowan       | Director (non-executive) |
| J Dawson          | Director (non-executive) |
| M F Warwick       | Director (non-executive) |
| M J O'Brien       | Director (non-executive) |

## (b) Compensation of Key Management Personnel

|                          |            |            |
|--------------------------|------------|------------|
|                          | 2015<br>\$ | 2014<br>\$ |
| Short-Term benefits      | 256,095    | 405,720    |
| Post Employment benefits | 24,333     | 37,530     |
| Total                    | 280,428    | 443,250    |

## 17. KEY MANAGEMENT PERSONNEL (continued)

## (c) Shareholdings of key management personnel

| Shares held in the<br>Company<br>(number) | Balance<br>1 July 2014 | Net Change<br>Other | Balance<br>30 June 2015 |
|---|------------------------|---------------------|-------------------------|
|   | Ord                    | Ord                 | Ord                     |
| <b>Directors</b>                          |                        |                     |                         |
| J A (Tony) Killen                         | 276,665                | 69,167              | 345,832                 |
| G E McGowan                               | -                      | -                   | -                       |
| J Dawson                                  | 18,960                 | 4,740               | 23,700                  |
| J Johnson                                 | -                      | -                   | -                       |
| M F Warwick                               | 27,552                 | 6,888               | 34,440                  |
| M J O'Brien                               | -                      | 131,250             | 131,250                 |
| <b>Total</b>                              | <b>323,177</b>         | <b>212,045</b>      | <b>535,222</b>          |

| Shares held in the<br>Company<br>(number) | Balance<br>1 July 2013 | Net Change<br>Other | Balance<br>30 June 2014 |
|---|------------------------|---------------------|-------------------------|
|   | Ord                    | Ord                 | Ord                     |
| <b>Directors</b>                          |                        |                     |                         |
| J A (Tony) Killen                         | 230,554                | 46,111              | 276,665                 |
| G E McGowan                               | -                      | -                   | -                       |
| J Dawson                                  | -                      | 18,960              | 18,960                  |
| M E Bartlett (resigned<br>30/06/2014)     | 42,000                 | (42,000)            | -                       |
| J Johnson                                 | -                      | -                   | -                       |
| M F Warwick                               | 22,960                 | 4,592               | 27,552                  |
| M J O'Brien                               | -                      | -                   | -                       |
| <b>Total</b>                              | <b>295,514</b>         | <b>27,663</b>       | <b>323,177</b>          |

All equity transactions with directors and the executive 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 2015 (2014: nil).

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

|   | 2015<br>\$    | 2014<br>\$    |
|---|---------------|---------------|
| <b>18. AUDITORS' REMUNERATION</b>   |               |               |
| The auditor of the Company is PricewaterhouseCoopers  |               |               |
| During the year the following fees were paid or payable for services provided by the auditor: |               |               |
| <i>Audit and assurance services</i>   |               |               |
| Audit and review of the financial report  | 55,022        | 53,680        |
| Other assurance services*   | 9,451         | 9,187         |
| <i>Taxation services</i>  |               |               |
| Tax compliance services**   | 15,950        | -             |
|   | <u>80,423</u> | <u>62,867</u> |

\* The other 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.

**19. 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 (or loss) after tax. This excludes the impact of realised and unrealised gains and losses in the value of investments.

|                         | 2015<br>\$ | 2014<br>\$ |
|-------------------------|------------|------------|
| Profit after income tax | 3,216,865  | 3,497,734  |

The Company reports net asset value per share both before and after provision for deferred tax on realised and unrealised 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 2015 and 30 June 2014 were as follows:

|   | 2015<br>Cents | 2014<br>Cents |
|---|---------------|---------------|
| <i>Net tangible asset backing per share</i> |               |               |
| After actual tax*                           | 150           | 137           |
| After estimated tax**                       | 144           | 135           |

After estimated tax NTA will be the same as after actual tax NTA where there are no net unrealised gains at the end of the relevant year.

\* '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

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 19. 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:

|                | 2015             | 2014             |
|----------------|------------------|------------------|
| Country        | \$               | \$               |
| Australia      | -                | 4,779            |
| Bermuda        | 79,884           | 38,037           |
| Belgium        | 46,719           | -                |
| Brazil         | 55,482           | 207,159          |
| Canada         | 67,693           | 55,728           |
| China          | 93,504           | 86,279           |
| France         | 1,048,857        | 1,046,892        |
| Germany        | 252,017          | 357,929          |
| Hong Kong      | 127,466          | 70,809           |
| Ireland        | 123,831          | 109,489          |
| Israel         | 84,824           | 40,310           |
| Italy          | 249,637          | 222,641          |
| Japan          | 432,714          | 385,587          |
| Netherlands    | 211,539          | 334,430          |
| Norway         | 66,822           | 155,226          |
| Russia         | 198,241          | 27,538           |
| Singapore      | 207,122          | 159,473          |
| South Korea    | 289,765          | 103,097          |
| Spain          | 62,154           | 113,403          |
| Sweden         | 39,893           | 18,487           |
| Switzerland    | 150,997          | 124,046          |
| Taiwan         | (6,263)*         | -                |
| Thailand       | 66,266           | 40,274           |
| Turkey         | 237,262          | -                |
| United Kingdom | 1,955,560        | 2,746,082        |
| United States  | 1,571,977        | 1,444,398        |
| <b>Total</b>   | <b>7,713,963</b> | <b>7,892,093</b> |

\*This amount represents dividend withholding tax written off in Taiwan which was deemed irrecoverable.

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

### 20. RELATED PARTY DISCLOSURE

#### (a) Key management personnel

Details relating to key management personnel are included in note 17.

#### (b) Transactions with related parties

##### *Management fees paid to Franklin Templeton Investments Australia Limited*

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 was paid a fee of \$2,681,381 for the 12 months to 30 June 2015 (2014: \$2,109,173). As at the end of the financial year \$256,256 (2014: \$229,955) 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 Johnson and Mr G E McGowan 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 continues as at 30 June 2015) unless otherwise specified.

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

The provision of Administration services of 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:

- Rabie Abas acting as Company Secretary
- Mat Sund acting as General Manager

Neither the Investment Manager nor any of the funds for which the Investment Manager is responsible are shareholders in Templeton Global Growth Fund Ltd. As at 30 June 2015 Franklin Resources Inc. does not hold shares in Templeton Global Growth Fund Ltd.

**NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)****21. 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"). All of the Company's financial instrument assets are investments in listed securities (Level 1). The Company has no financial liabilities measured at fair value.

|   | <b>30 June 2015</b> |             | <b>30 June 2014</b> |             |
|---|---------------------|-------------|---------------------|-------------|
|   | Level 1             | Total       | Level 1             | Total       |
| Financial assets at fair value through other comprehensive income |                     |             |                     |             |
| Listed equity securities  | 303,095,032         | 303,095,032 | 263,934,079         | 263,934,079 |
|   |                     |             |                     |             |
| Total   | 303,095,032         | 303,095,032 | 263,934,079         | 263,934,079 |

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.

**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 25.

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the year was \$61,478,474 (2014: \$32,400,800). The cumulative gain on these realised investments after tax was \$12,113,641 (2014: \$6,257,499) which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

**22. PERFORMANCE BOND**

Under the terms of its Australian Financial Services licence, the Company has in place a performance bond to the sum of \$20,000 underwritten by JPMorgan Chase Bank in favour of the Australian Securities and Investments Commission ("ASIC"), payable on demand to ASIC.

**23. CONTINGENCIES**

At balance date Directors are not aware of any material contingent liabilities or contingent assets (2014: nil).

**24. 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.



## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 25. 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 2015<br>\$ | 30 June 2014<br>\$ |
|----------------------------------|--------------------|--------------------|
| ABB Ltd                          | 3,077,268          | -                  |
| Accenture Plc                    | -                  | 678,946            |
| AEGON NV                         | 1,750,410          | -                  |
| Akzo Nobel NV                    | 3,042,651          | 2,589,205          |
| Allegheny Technologies Inc       | 3,179,133          | 3,248,767          |
| Allergan Plc                     | 4,783,497          | -                  |
| Ally Financial Inc               | 1,638,183          | -                  |
| Alstom SA                        | -                  | 968,465            |
| American International Group Inc | 3,537,397          | 1,352,325          |
| Amgen Inc                        | 5,445,839          | 4,902,350          |
| Aviva Plc                        | 1,464,234          | 1,342,676          |
| AXA SA                           | 4,225,669          | 3,261,277          |
| BAE Systems Plc                  | 2,340,147          | 3,044,429          |
| Baker Hughes Inc                 | 1,849,458          | 1,818,162          |
| Bangkok Bank Public              | 1,844,464          | 1,694,825          |
| Bank of New York Mellon          | 2,170,608          | 2,913,534          |
| Barclays Plc                     | 3,604,538          | 2,000,835          |
| BM&F Bovespa SA                  | 1,406,844          | 1,595,329          |
| BNP Paribas                      | 3,621,686          | 3,315,535          |
| BP Plc                           | 1,736,539          | 1,805,402          |
| Capital One Financial            | 3,886,705          | 2,972,847          |
| Chesapeake Energy                | 1,168,675          | 1,657,973          |
| China Merchants Holdings         | 3,205,911          | 2,131,984          |
| China Mobile (HK) Ltd            | 1,070,977          | 660,873            |
| China Telecom Corp               | 4,459,430          | 3,374,912          |
| Cisco Systems                    | 3,312,143          | 3,239,702          |
| Citigroup Inc.                   | 4,937,901          | 4,055,173          |
| Comcast Corp                     | 5,868,044          | 4,252,952          |
| CIE De Saint-Gobain              | 3,162,769          | 2,586,023          |
| Credit Agricole SA               | 4,208,471          | 3,173,374          |
| Credit Suisse Group AG           | 3,929,698          | 3,326,429          |
| CRH Plc                          | 3,665,134          | 2,680,839          |
| CRRC Corp Ltd                    | 905,762            | -                  |
| CVS Health Corp                  | 3,935,626          | 3,107,471          |
| Deutsche Boerse AG               | 2,924,904          | 2,233,238          |
| Deutsche Lufthansa AG            | 2,982,200          | 1,643,995-         |
| DGB Financial Group Inc          | 1,389,015          | 1,322,018          |
| Draegerwerk AG & Co KGAA         | 1,930,181          | 1,116,090          |
| Eastman Chemical Co              | 1,326,246          | -                  |
| Eni Spa                          | 2,679,935          | 3,363,912          |
| Flextronics International Ltd    | -                  | 1,355,352          |
| Forest Laboratories              | -                  | 3,832,144          |
|                                  |                    |                    |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 25. SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

| Company                          | 30 June 2015<br>\$ | 30 June 2014<br>\$ |
|----------------------------------|--------------------|--------------------|
| Fred Olsen Energy ASA            | 631,307            | 823,287            |
| Fugro NV IDR                     | -                  | 1,963,594          |
| General Electric Co              | -                  | 1,782,413          |
| General Motor Co                 | 1,185,509          | -                  |
| Getinge AB                       | 2,966,790          | 2,354,331          |
| Gilead Sciences Inc              | 5,577,238          | 3,215,908          |
| Glaxosmithkline Plc              | 4,943,748          | 4,981,771          |
| Goldpac Group Ltd.               | 1,245,150          | -                  |
| Halliburton Co                   | 2,220,229          | 1,349,325          |
| Hana Financial Group Inc         | 943,570            | 156,651            |
| HSBC Holdings Plc                | 4,233,281          | 3,665,713          |
| Hyundai Mobis Co Ltd             | 2,862,399          | 803,310            |
| ING Groep NV IDR CVA             | 3,406,428          | 2,360,288          |
| Isis Pharmaceuticals Inc.        | 1,498,471          | -                  |
| Itochu Corp                      | -                  | 1,893,915          |
| JP Morgan Chase & Co             | 4,927,279          | 3,409,595          |
| KB Financial Group Inc           | 2,440,128          | 2,092,390          |
| KBC Groep NV                     | -                  | 1,450,397          |
| KBR Inc                          | 1,957,884          | 1,952,018          |
| Keihin Corp                      | -                  | 1,342,854          |
| Kingfisher Plc                   | 3,617,412          | 1,742,291          |
| Knowles Corp                     | 2,047,330          | -                  |
| Koninklijke Philips NV           | -                  | 934,908            |
| Kunlun Energy Co Ltd             | 1,592,237          | 2,096,870          |
| Lloyds Banking Group Plc         | 2,016,446          | 1,555,036          |
| Lukoil OAO                       | 1,368,073          | 1,484,080          |
| Macy's Inc                       | 3,454,260          | 2,418,075          |
| Marks & Spencer Group Plc        | 1,891,677          | 1,329,496          |
| Medtronic Plc                    | 3,715,566          | 3,385,617          |
| Merck & Co Inc                   | 1,366,607          | 2,269,845          |
| Merck KGAA                       | 3,987,428          | 3,466,653          |
| Michael Kors Holdings Ltd        | 1,539,539          | -                  |
| Michelin SA                      | 2,240,128          | 2,080,855          |
| Microsoft Corp                   | 6,815,505          | 5,242,046          |
| Mobile Telesystems               | -                  | 1,891,624          |
| Morgan Stanley                   | 4,012,464          | 3,700,098          |
| MorphoSys AG                     | 1,119,245          | -                  |
| Muenchener Rueckversicherungs AG | -                  | 1,328,556          |
| Navistar International Corp      | 1,739,501          | 2,346,675          |
| Newocean Energy Holdings Ltd     | 1,434,325          | 90,076             |
| News Corp - CL B                 | -                  | 138,883            |
| Nikon Corp                       | -                  | 1,992,151          |
| Nissan Motor Co Ltd              | 5,018,802          | 3,719,850          |
| NN Group N.V.                    | 993,845            | -                  |
| Nobel Biocare Holdings           | -                  | 3,598,864          |
| Noble Corporation                | 1,855,765          | 3,297,510          |
| Noble Group Ltd                  | 1,026,369          | -                  |
| Oracle Corp                      | 1,332,847          | 1,091,295          |
| Orange SA                        | 2,274,694          | 1,899,571          |
| Petrofac Ltd                     | 1,969,193          | -                  |
| Petroleo Brasileiro SA           | 1,462,961          | 2,596,946          |
| Pfizer Inc                       | 4,157,054          | 4,052,233          |
|                                  |                    |                    |

## NOTES TO FINANCIAL STATEMENTS 30 JUNE 2015 (continued)

## 25 SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

| Company                               | 30 June 2015<br>\$ | 30 June 2014<br>\$ |
|---------------------------------------|--------------------|--------------------|
| POSCO Sponsored ADR                   | 2,310,084          | 2,852,795          |
| QIAGEN NV                             | 1,016,821          | -                  |
| Reed Elsevier NV                      | -                  | 3,283,032          |
| Roche Holdings AG                     | 5,179,487          | 4,487,304          |
| Royal Dutch Shell - B shares          | 3,769,670          | 1,851,811          |
| Samsung Electronics Co Ltd            | 6,050,598          | 5,292,367          |
| Sanofi                                | 5,451,313          | 4,795,907          |
| SAP SE                                | 2,131,552          | 1,922,139          |
| SBM Offshore NV                       | 1,632,960          | 1,033,471          |
| Siemens AG                            | 1,821,058          | 1,947,199          |
| Singapore Telecommunications Ltd      | 3,047,772          | 2,995,893          |
| Sky Plc                               | 2,671,991          | -                  |
| SoftBank Corp                         | 1,523,449          | -                  |
| Springland International Holding Ltd. | 1,570,135          | -                  |
| Sprint Corp                           | -                  | 1,272,300          |
| Suncor Energy Inc                     | 2,209,361          | 2,324,739          |
| Suntory Beverages & Food Ltd          | 3,417,554          | 3,940,240          |
| Symantec Corp                         | 1,698,703          | 1,363,058          |
| Technip SA                            | 2,541,058          | 2,571,568          |
| Telefonica SA                         | 2,037,657          | 1,884,433          |
| Telenor ASA                           | 2,978,008          | 2,527,949          |
| Tesco Plc                             | 3,433,003          | 3,250,233          |
| Teva Pharmaceutical Industries Ltd    | 4,092,172          | 2,954,639          |
| TNT Express NV                        | -                  | 2,061,542          |
| Tokai Rika Co Ltd                     | -                  | 991,468            |
| Toshiba Corporation                   | 1,254,868          | -                  |
| Total SA                              | 2,821,412          | 3,416,819          |
| Toyota Motor Corp                     | 3,761,925          | 2,984,201          |
| Tsumura & Co                          | 1,512,849          | 1,351,131          |
| Turkcell Iletisim Hizmetleri AS       | 1,577,074          | 1,745,147          |
| Twenty-First Century Fox Inc          | 1,259,316          | 1,089,486          |
| Unicredito SPA                        | 3,272,306          | 3,323,369          |
| Unipres Corp                          | 1,732,537          | 2,276,682          |
| United Overseas Bank Ltd              | 2,583,438          | 2,214,144          |
| Vale SA ADR                           | -                  | 464,703            |
| Vivendi SA                            | -                  | 1,201,808          |
| Vodafone Group Plc                    | 2,439,267          | 1,766,525          |
| Walgreens Boots Alliance Inc          | 3,538,658          | 2,528,750          |
|                                       |                    |                    |
| <b>Total</b>                          | <b>303,095,032</b> | <b>263,934,079</b> |

**DIRECTORS' DECLARATION**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 39 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 2015 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.



**J A KILLEN**  
Chairman

Melbourne 26 August 2015



The Board Audit Committee  
Templeton Global Growth Fund Ltd  
Level 19  
101 Collins Street  
Melbourne VIC 3000

26 August 2015

Dear Directors

## ***Auditor's Independence***

We have been engaged to audit the financial statements of Templeton Global Growth Fund Ltd for the year ended 30 June 2015.

Auditing Standard ASA 260 *Communication of Audit Matters with Those Charged with Governance* requires us to communicate with you about:

- our compliance with relevant ethical requirements regarding independence
- all relationships and other matters between ourselves and Templeton Global Growth Fund Ltd that, in our professional judgement, may reasonably be thought to bear on our independence as auditors. This includes total fees charged for audit and non-audit services provided and also any related safeguards that have been applied to the relationships and other matters.

### ***Statement of compliance***

We confirm that for the audit of the financial statements of Templeton Global Growth Fund Ltd for the year ending 30 June 2015, we have complied with the following relevant ethical requirements regarding independence:

- the applicable provisions of APES 110 – *Code of Ethics for Professional Accountants*
- the applicable provisions of the *Corporations Act 2001*.

### ***Relationships and other matters***

A list of audit and non-audit services we have provided to Templeton Global Growth Fund Ltd during the year ended 30 June 2015, including total fees charged for those services, is included as Appendix A.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



Some of the safeguards we applied in relation to the provision of the non-audit services to eliminate identified threats to independence, or reduce them to an acceptable level, included ensuring that:

- the services did not involve partners or staff acting in a managerial or decision-making capacity, or being involved in the processing or originating of transactions
- the services were only provided where we were satisfied that the related function or process would not have a material impact on our planned audit procedures and would not involve us auditing our own work
- the services did not place us in a position of being an advocate for Templeton Global Growth Fund Ltd
- the services did not create a mutual or conflicting interest between ourselves and Templeton Global Growth Fund Ltd
- the partners and staff involved in the provision of non-audit services did not participate in Templeton Global Growth Fund Ltd's associated approval or authorisation processes.

As a result of the above safeguards, we are satisfied that, in our professional judgement, we have not carried out any engagements for Templeton Global Growth Fund Ltd or its controlled entities which may have impaired our independence.

We are not aware of any other relationships or other matters between PwC and Templeton Global Growth Fund Ltd that, in our professional judgement, may reasonably be thought to bear on our independence as at the date of this letter.

This letter is intended solely for the use of the Audit Committee and the Board of Directors and should not be used for any other purpose or by any other party.

We look forward to discussing the matters addressed in this letter, as well as other matters that may be of interest to you, at the forthcoming Board Audit Committee meeting.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'JF Power'.

JF Power  
Partner  
Assurance

## ADDITIONAL ASX INFORMATION

### SHAREHOLDING INFORMATION

|  | Number of<br>Holders | Number of<br>Shares |
|--|----------------------|---------------------|
| <b>Shareholdings at 17 August 2015</b> |                      |                     |
| <i>Distribution of Holders</i>         |                      |                     |
| 1 to 1,000 shares                      | 317                  | 127,101             |
| 1,001 to 5,000 shares                  | 792                  | 2,507,790           |
| 5,001 to 10,000 shares                 | 910                  | 7,096,625           |
| 10,001 to 100,000 shares               | 3,180                | 102,008,945         |
| 100,001 and over                       | 357                  | 136,994,366         |
| <b>Total</b>                           | <b>5,556</b>         | <b>248,734,827</b>  |

Shareholders with less than a marketable parcel of shares: 157

All ordinary shares carry one vote per share without restriction.

The names of the twenty largest shareholders of quoted shares as at 17 August 2015 are:

|   | Number<br>of Shares | Percentage<br>of Total |
|---|---------------------|------------------------|
| 1. UBS Wealth Management Australia Nominees Pty Ltd                                   | 10,308,534          | 4.14                   |
| 2. RBC Investor Services Australia Nominees Pty Ltd <MBA A/C>                         | 9,794,146           | 3.94                   |
| 3. Australian Foundation Investment Company Limited                                   | 9,684,500           | 3.89                   |
| 4. RBC Investor Services Australia Nominees P/L <WAM A/C>                             | 6,759,542           | 2.72                   |
| 5. Netwealth Investments Limited <Wrap Services A/C>                                  | 4,565,100           | 1.84                   |
| 6. Questor Financial Services Limited <TPS RF A/C>                                    | 4,048,769           | 1.63                   |
| 7. Netwealth Investments Limited <Super Services A/C>                                 | 3,828,644           | 1.54                   |
| 8. HSBC Custody Nominees ( Australia) Limited   | 3,679,069           | 1.48                   |
| 9. Australian Foundation Investment Company Limited                                   | 2,421,125           | 0.97                   |
| 10. Mr Steven John Fahey  | 2,339,091           | 0.94                   |
| 11. Mr. Steven Fahey and Mrs Lynette Fahey <SF Super Fund A/C>                        | 2,264,685           | 0.91                   |
| 12. Mr Victor John Plummer  | 2,250,000           | 0.90                   |
| 13. Ms Gabrielle Rosa Baron and Mr Peter Michael Wilmshurst                           | 1,782,778           | 0.72                   |
| 14. National Nominees Limited   | 1,759,806           | 0.71                   |
| 15. J P Morgan Nominees Australia Limited   | 1,461,473           | 0.59                   |
| 16. Mr Anthony Wesley Kynaston and Ms Jennifer Anne Fagg <Kynaston & Fagg Family A/C> | 1,263,795           | 0.51                   |
| 17. Nendar Pty Ltd < The Little Family S/F A/C>                                       | 975,370             | 0.39                   |
| 18. Bond Street Custodians Limited < Ganes Value Growth A/C>                          | 875,000             | 0.35                   |
| 19. Mr Robert David Evans and Mrs Meredith Nevil Evans < R & M Evans Super Fund A/C > | 840,000             | 0.34                   |
| 20. ANZ Trustees Limited < L J Mcinnes A/C >  | 712,039             | 0.29                   |



## **SUBSTANTIAL SHAREHOLDERS**

There are no substantial shareholders in the Company's Register as at 17 August 2015.

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**

During the year 30 June 2015 the Company completed 528 transactions in equity investments and the total brokerage paid or accrued on these transactions was \$126,975.

During the year 30 June 2015 management fees paid or accrued for the management of the Company's investment portfolio was \$2,681,381 - refer Note 20(b)



## LIST OF INVESTMENTS AS AT 30 JUNE 2015

(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<br>Held | AUD<br>Value      | % Of<br>Total |
|---|----------------|-------------------|---------------|
| <b>BRAZIL</b>   |                |                   |               |
| <b>Energy</b>   |                |                   |               |
| <u>PETROLEO BRASILEIRO SA</u> : Multinational energy company.   | 137,798        | 1,462,961         |               |
| <b>Financials</b>   |                |                   |               |
| <u>BM &amp; F BOVESPA SA</u> : Stock exchange located in Sao Paulo, Brazil.   | 286,600        | 1,406,844         |               |
|   |                | <u>2,869,805</u>  | 0.9           |
| <b>CANADA</b>   |                |                   |               |
| <b>Energy</b>   |                |                   |               |
| <u>SUNCOR ENERGY INC</u> : Integrated energy company operating primarily in Canada, focussed on developing the Athabasca oil sands.   | 61,700         | 2,209,361         |               |
|   |                | <u>2,209,361</u>  | 0.7           |
| <b>CHINA</b>  |                |                   |               |
| <b>Consumer Discretionary</b>   |                |                   |               |
| <u>SPRINGLAND INTERNATIONAL HOLDINGS LTD</u> : A Chinese retail company, operating department and supermarket stores  | 3,478,000      | 1,570,135         |               |
| <b>Energy</b>   |                |                   |               |
| <u>KUNLUN ENERGY COMPANY LTD</u> : Explores and produces crude oil and natural gas in China and other countries and is involved in downstream gas transmission storage and distribution.            | 1,204,000      | 1,592,237         |               |
| <b>Industrials</b>  |                |                   |               |
| <u>CHINA MERCHANTS HOLDINGS INTERNATIONAL CO LTD</u> : Operator of container and cargo terminals, port transportation and airport cargo handling.   | 577,123        | 3,205,911         |               |
| <u>CRRRC CORP LTD</u> : A Chinese rolling stock manufacturer. Previously known as China Southern Locomotives (CSR) and formed with a merger with China Northern Locomotives (CNR) on 1st June 2015. | 454,300        | 905,762           |               |
| <b>Telecommunication Services</b>   |                |                   |               |
| <u>CHINA MOBILE LTD</u> : Provider of mobile telecommunications services in China.  | 64,330         | 1,070,977         |               |
| <u>CHINA TELECOM CORP LTD</u> : Principal activity is the provision of wireline telecommunications services in provinces throughout Southern China and mobile services nationally.                  | 5,840,000      | 4,459,430         |               |
| <u>GOLDPAC GROUP LTD</u> : The leading financial and smartcard manufacturer as well as the card system solution provider in China.  | 1,508,000      | 1,245,150         |               |
|   |                | <u>14,049,602</u> | 4.6           |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|   | Shares<br>Held | AUD<br>Value      | % Of<br>Total |
|---|----------------|-------------------|---------------|
| <b>FRANCE</b>   |                |                   |               |
| <b>Consumer Discretionary</b>   |                |                   |               |
| <u>MICHELIN SA</u> : Manufactures tyres for automobiles, trucks and special vehicles.   | 16,441         | 2,240,128         |               |
| <b>Energy</b>   |                |                   |               |
| <u>TOTAL SA</u> : 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.  | 44,670         | 2,821,412         |               |
| <u>TECHNIP SA</u> : Provide project management, engineering and construction services for the energy industry   | 31,572         | 2,541,058         |               |
| <b>Financials</b>   |                |                   |               |
| <u>AXA SA</u> : A Company providing insurance (life and non-life), financial services and real estate services in Europe, Asia and North America.   | 128,838        | 4,225,669         |               |
| <u>CREDIT AGRICOLE SA</u> : Banking group also operating in asset management and insurance.   | 217,705        | 4,208,471         |               |
| <u>BNP PARIBAS SA</u> : Global banking and financial services group.  | 46,137         | 3,621,686         |               |
| <b>Industrials</b>  |                |                   |               |
| <u>CIE DE SAINT-GOBAIN</u> : 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. | 54,178         | 3,162,769         |               |
| <b>Healthcare</b>   |                |                   |               |
| <u>SANOFI</u> : The Company's principal activity is the provision of products and services for health and nutrition.  | 42,616         | 5,451,313         |               |
| <b>Telecommunications</b>   |                |                   |               |
| <u>ORANGE SA</u> : Mobile and fixed line service provider with operations in a number of European countries.  | 113,623        | 2,274,694         |               |
|   |                | <u>30,547,200</u> | 10.1          |
| <b>GERMANY</b>  |                |                   |               |
| <b>Financials</b>   |                |                   |               |
| <u>DEUTSCHE BOERSE AG</u> : Provides a variety of stock exchange trading and operational services to investors  | 27,090         | 2,924,904         |               |
| <b>Healthcare</b>   |                |                   |               |
| <u>DRAEGERWERK AG &amp; COMPANY KGAA PRF</u> : Manufactures medical, safety and aerospace equipment   | 13,900         | 1,930,181         |               |
| <u>MERCK KGAA</u> : Global pharmaceutical and chemical enterprise.  | 30,740         | 3,987,427         |               |
| <u>MORPHOSYS AG</u> : A German biotechnology company  | 12,000         | 1,119,245         |               |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|  | Shares<br>Held | AUD<br>Value      | % Of<br>Total |
|--|----------------|-------------------|---------------|
| <b>Industrials</b>   |                |                   |               |
| <u>SIEMENS AG</u> : Produces a wide range of industrial and consumer products including trains, electricity generation, medical equipment and building controls.                                   | 13,870         | 1,821,058         |               |
| <b>Information Technology</b>  |                |                   |               |
| <u>SAP SE</u> : Corporation providing enterprise software applications and support.  | 23,440         | 2,131,552         |               |
|  |                | <u>16,896,567</u> | 5.6           |
| <b>HONG KONG</b>   |                |                   |               |
| <b>Energy</b>  |                |                   |               |
| <u>NEWOCEAN ENERGY HOLDING LTD</u> : Sells and distributes liquefied petroleum gas in Hong Kong and China.   | 2,394,000      | 1,434,325         |               |
|  |                | <u>1,434,325</u>  | 0.5           |
| <b>IRELAND</b>   |                |                   |               |
| <b>Materials</b>   |                |                   |               |
| <u>CRH PLC</u> : Core businesses involve primary materials production, value added building products and specialist building materials distribution.   | 99,402         | 3,665,134         |               |
|  |                | <u>3,665,134</u>  | 1.2           |
| <b>ISRAEL</b>  |                |                   |               |
| <b>Healthcare</b>  |                |                   |               |
| <u>TEVA PHARMACEUTICAL INDUSTRIES LTD</u> : A global pharmaceutical company developing, manufacturing and marketing generic and branded human pharmaceuticals                                      | 53,210         | 4,092,172         |               |
|  |                | <u>4,092,172</u>  | 1.3           |
| <b>ITALY</b>   |                |                   |               |
| <b>Energy</b>  |                |                   |               |
| <u>ENI SPA</u> : An integrated oil and gas company with operations in a number of countries.   | 116,123        | 2,679,935         |               |
| <b>Financials</b>  |                |                   |               |
| <u>UNICREDIT SPA</u> : Provides consumer and corporate banking and wealth management services.   | 374,657        | 3,272,306         |               |
|  |                | <u>5,952,241</u>  | 2.0           |
| <b>JAPAN</b>   |                |                   |               |
| <b>Consumer Discretionary</b>  |                |                   |               |
| <u>NISSAN MOTOR CO LTD</u> : Multinational automaker.  | 370,500        | 5,018,802         |               |
| <u>TOYOTA MOTOR CORP</u> : Manufactures, sells, leases and repairs passenger cars, trucks, buses and their related parts. The Company also operates financing services through their subsidiaries. | 43,200         | 3,761,925         |               |
| <u>UNIPRES CORP</u> : Mainly engaged in the manufacture and sale of press processing parts for automobiles. The company is part of Nissan Motor Group.   | 63,700         | 1,732,537         |               |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|   | Shares<br>Held | AUD<br>Value      | % Of<br>Total |
|---|----------------|-------------------|---------------|
| <b>Consumer Staples</b>   |                |                   |               |
| <u>SUNTORY BEVERAGE AND FOOD LIMITED</u> : Manufactures and sells beverages and food products worldwide. The company is a part of Suntory Holdings Ltd  | 66,000         | 3,417,554         |               |
| <b>Healthcare</b>   |                |                   |               |
| <u>TSUMURA &amp; CO</u> : Manufactures and sells pharmaceutical products including Chinese medicines.   | 54,100         | 1,512,849         |               |
| <b>Industrials</b>  |                |                   |               |
| <u>TOSHIBA CORP</u> : A Japanese based Industrial Electronics firm with operations in Energy and Infrastructure, Electronic Devices and Components, Community Solutions, Lifestyle Products and Services, and Healthcare Systems and Services | 281,000        | 1,254,868         |               |
| <b>Telecommunication Services</b>   |                |                   |               |
| <u>SOFTBANK CORP</u> : A Japanese telecommunication and internet corporation  | 19,900         | 1,523,449         |               |
|   |                | <u>18,221,984</u> | 6.0           |
| <b>NETHERLANDS</b>  |                |                   |               |
| <b>Energy</b>   |                |                   |               |
| <u>SBM OFFSHORE NV</u> : 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.   | 106,019        | 1,632,960         |               |
| <b>Financials</b>   |                |                   |               |
| <u>ING GROEP NV</u> : A life and general insurance group that offers a range of financial services to individuals, companies and institutions throughout the world.   | 158,665        | 3,406,428         |               |
| <u>AEGON NV</u> : A multinational life insurance, pensions and asset management company, headquartered in the Netherlands.  | 183,200        | 1,750,410         |               |
| <u>NN GROUP NV</u> : An insurance and investment management company headquartered in the the Netherlands. It came to the market in July 2014 as a spin-off from ING Group.  | 27,200         | 993,845           |               |
| <b>Health Care</b>  |                |                   |               |
| <u>QIAGEN NV</u> : A leading molecular diagnostics company  | 31,710         | 1,016,821         |               |
| <b>Materials</b>  |                |                   |               |
| <u>AKZO NOBEL NV</u> : Paint and coatings company with other operations including the production of specialty chemicals.  | 32,157         | 3,042,651         |               |
|   |                | <u>11,843,115</u> | 3.9           |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|   | Shares<br>Held | AUD<br>Value      | % Of<br>Total |
|---|----------------|-------------------|---------------|
| <b>NORWAY</b>   |                |                   |               |
| <b>Energy</b>   |                |                   |               |
| <u>FRED OLSEN ENERGY ASA</u> : An offshore drilling company with activities in the mid and deepwater floating drilling segment  | 70,110         | 631,307           |               |
| <b>Telecommunication Services</b>   |                |                   |               |
| <u>TELENOR ASA</u> : A telecom operator with mobile telecommunication operations in various countries.  | 104,880        | 2,978,008         |               |
|   |                | <u>3,609,315</u>  | 1.2           |
| <b>RUSSIA</b>   |                |                   |               |
| <b>Energy</b>   |                |                   |               |
| <u>LUKOIL OAO</u> : Natural gas extractor.  | 23,471         | 1,368,073         |               |
|   |                | <u>1,368,073</u>  | 0.5           |
| <b>SINGAPORE</b>  |                |                   |               |
| <b>Financials</b>   |                |                   |               |
| <u>UNITED OVERSEAS BANK LTD</u> : Provider of financial services including banking and finance, mortgage financing, corporate advisory services, stockbroking, and trustee services in Singapore and South-East Asia.               | 115,893        | 2,583,438         |               |
| <b>Industrials</b>  |                |                   |               |
| <u>NOBLE GROUP LTD</u> : A supply chain manager of agricultural commodities, energy products and metals, minerals and ores.   | 1,406,900      | 1,026,369         |               |
| <b>Telecommunication Services</b>   |                |                   |               |
| <u>SINGAPORE TELECOMMUNICATIONS LIMITED</u> : Operates and provides telecommunications services in a number of countries.   | 751,000        | 3,047,772         |               |
|   |                | <u>6,657,579</u>  | 2.2           |
| <b>SOUTH KOREA</b>  |                |                   |               |
| <b>Consumer Discretionary</b>   |                |                   |               |
| <u>HYUNDAI MOBIS CO LTD</u> : Manufactures and markets automotive parts and equipment   | 11,603         | 2,862,399         |               |
| <b>Financials</b>   |                |                   |               |
| <u>KB FINANCIAL GROUP INC</u> : 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. | 56,848         | 2,440,128         |               |
| <u>DGB FINANCIAL GROUP INC</u> : A Korean regional financial holding company, providing a full range of consumer and commercial banking related financial services  | 102,219        | 1,389,015         |               |
| <u>HANA FINANCIAL GROUP INC</u> : A financial holding company, providing a full range of consumer and commercial banking related financial services.  | 27,847         | 943,570           |               |
| <b>Materials</b>  |                |                   |               |
| <u>POSCO SPONSORED ADR</u> : A multinational steelmaker.  | 36,191         | 2,310,084         |               |
| <b>Information Technology</b>   |                |                   |               |
| <u>SAMSUNG ELECTRONICS CO LTD</u> : DRAM and NAND memory manufacturer, also involved in the manufacture of consumer electronics, displays and telecommunications equipment.   | 4,091          | 6,050,598         |               |
|   |                | <u>15,995,794</u> | 5.3           |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|  | Shares<br>Held | AUD<br>Value      | % Of<br>Total |  |
|--|----------------|-------------------|---------------|--|
| SPAIN  |                |                   |               |  |
| Telecommunication Services   |                |                   |               |  |
| TELEFONICA SA: Telephone company with primary markets in Spain, Latin America and Europe.  | 110,288        | <u>2,037,657</u>  | 0.7           |  |
|  |                | <u>2,037,657</u>  |               |  |
| SWITZERLAND  |                |                   |               |  |
| Financials   |                |                   |               |  |
| CREDIT SUISSE GROUP AG: A financial services group providing investment banking, private banking and asset management services.  | 109,832        | 3,929,698         | 4.0           |  |
| Industrials  |                |                   |               |  |
| ABB LTD: A leader in power and automation technologies headquartered in Switzerland  | 112,890        | 3,077,268         |               |  |
| Healthcare   |                |                   |               |  |
| ROCHE HOLDINGS AG: Global healthcare company.  | 14,200         | <u>5,179,487</u>  |               |  |
|  |                | <u>12,186,453</u> |               |  |
| SWEDEN   |                |                   |               |  |
| Healthcare   |                |                   |               |  |
| GETINGE AB: Develops, manufactures and sells equipment for sterilisation and disinfection. The company markets to the pharmaceutical industry, hospitals, clinics and laboratories.                            | 94,840         | 2,966,790         | 1.0           |  |
|  |                | <u>2,966,790</u>  |               |  |
| THAILAND   |                |                   |               |  |
| Financials   |                |                   |               |  |
| BANGKOK BANK PCL: Provides various banking and financial services including commercial, consumer, credit card and mortgage lending, international trade financing, investment banking and securities services. | 269,000        | 1,844,464         | 0.6           |  |
|  |                | <u>1,844,464</u>  |               |  |
| TURKEY   |                |                   |               |  |
| Telecommunication Services   |                |                   |               |  |
| TURKCELL ILETISIM HIZMETLERI AS: Offers mobile communication services in Turkey and other countries.   | 105,587        | <u>1,577,074</u>  | 0.5           |  |
|  |                | <u>1,577,074</u>  |               |  |
| UNITED KINGDOM   |                |                   |               |  |
| Consumer Discretionary   |                |                   |               |  |
| KINGFISHER PLC: European home improvement retailer.  | 509,181        | 3,617,412         |               |  |
| MARKS & SPENCER GROUP PLC: Provides retail of clothing, food and home products   | 172,640        | 1,891,677         |               |  |
| SKY PLC: A British-based pay TV provider   | 126,046        | 2,671,991         |               |  |

**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|   | Shares<br>Held | AUD<br>Value      | % Of<br>Total |
|---|----------------|-------------------|---------------|
| <b>Consumer Staples</b>   |                |                   |               |
| <u>TESCO PLC</u> : Global grocery and general merchandising   | 789,531        | 3,433,003         |               |
| <b>Energy</b>   |                |                   |               |
| <u>BP PLC</u> : Global oil and petrochemicals company with operations in many countries.  | 202,016        | 1,736,539         |               |
| <u>ROYAL DUTCH SHELL PLC</u> : Global energy and petrochemical group.   | 101,981        | 3,769,670         |               |
| <u>PETROFAC LTD</u> : An onshore engineering and construction company for the oil and gas industry  | 104,040        | 1,969,193         |               |
| <b>Financials</b>   |                |                   |               |
| <u>AVIVA PLC</u> : Insurance group which provides life and general insurance.   | 145,327        | 1,464,234         |               |
| <u>BARCLAYS PLC</u> : A global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services                                       | 676,362        | 3,604,538         |               |
| <u>HSBC HOLDINGS PLC</u> : Provides a range of financial services including personal financial services, commercial banking, investment banking and private banking services.   | 359,579        | 4,233,281         |               |
| <u>LLOYDS BANKING GROUP PLC</u> : Provides a range of banking and financial services to personal and corporate customers. Its main business activities are retail, commercial, and corporate banking, and general and life insurance. | 1,156,240      | 2,016,446         |               |
| <b>Healthcare</b>   |                |                   |               |
| <u>GLAXOSMITHKLINE PLC</u> : Created from the December 2000 merger between GlaxoWellcome and SmithKline Beecham.  | 182,759        | 4,943,748         |               |
| <u>BAE SYSTEMS PLC</u> : Global defence contractor.   | 253,527        | 2,340,147         |               |
| <b>Telecommunication Services</b>   |                |                   |               |
| <u>VODAFONE GROUP PLC</u> : Global mobile telecommunications services group.  | 518,756        | 2,439,267         |               |
|   |                | <u>40,131,146</u> | 13.2          |

**UNITED STATES OF AMERICA**

**Consumer Discretionary**

|   |        |           |  |
|---|--------|-----------|--|
| <u>MACY'S INC</u> : Operates department stores in the USA. The company also operates direct mail catalog and electronic commerce subsidiaries.                                    | 39,350 | 3,454,260 |  |
| <u>GENERAL MOTORS CO</u> : A US multinational corporate that designs, manufactures, markets and distributes vehicles  | 27,330 | 1,185,509 |  |
| <u>COMCAST CORP</u> : Provides media and television broadcasting services   | 75,270 | 5,868,044 |  |
| <u>MICHAEL KORS HOLDINGS LTD</u> : A global luxury lifestyle brand that engages in the design, marketing, distribution and retailing of women's and men's accessories and apparel | 28,120 | 1,539,539 |  |
| <u>TWENTY-FIRST CENTURY FOX INC</u> : A diversified media company.  | 30,050 | 1,259,316 |  |

**Consumer Staples**

|  |        |           |  |
|--|--------|-----------|--|
| <u>CVS HEALTH CORP</u> : An American retailer and health care company  | 28,850 | 3,935,626 |  |
| <u>WALGREENS BOOTS ALLIANCE INC</u> : 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. | 32,210 | 3,538,658 |  |

# LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)

|   | Shares<br>Held | AUD<br>Value | % Of<br>Total |
|---|----------------|--------------|---------------|
| <b>Energy</b>   |                |              |               |
| <u>BAKER HUGHES INC:</u> Oilfield services company.   | 23,050         | 1,849,458    |               |
| <u>CHESAPEAKE ENERGY CORP:</u> Natural gas producer.  | 80,560         | 1,168,676    |               |
| <u>HALLIBURTON CO:</u> Oilfield service company.  | 39,630         | 2,220,229    |               |
| <u>NOBEL CORP:</u> Offshore drilling contractor.  | 92,740         | 1,855,765    |               |
| <b>Financials</b>   |                |              |               |
| <u>AMERICAN INTERNATIONAL GROUP INC:</u> An international insurance organisation serving commercial, institutional and individual customers.  | 43,980         | 3,537,397    |               |
| <u>ALLY FINANCIAL INC:</u> A leading automotive financial services company  | 56,160         | 1,638,183    |               |
| <u>BANK OF NEW YORK MELLON CORP:</u> Global financial services company.   | 39,760         | 2,170,608    |               |
| <u>CITIGROUP INC:</u> Financial conglomerate with operations in consumer, corporate and investment banking and insurance.   | 68,730         | 4,937,901    |               |
| <u>CAPITAL ONE FINANCIAL CORP:</u> A 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. | 33,970         | 3,886,705    |               |
| <u>J P MORGAN CHASE &amp; CO:</u> Global financial services firm providing retail/commercial and investment banking services, plus asset management, credit cards and private banking.  | 55,890         | 4,927,279    |               |
| <u>MORGAN STANLEY:</u> A global financial services firm that provides products and services to a diversified group of clients and customers, including corporations, governments, financial institutions and individuals.               | 79,525         | 4,012,464    |               |
| <b>Healthcare</b>   |                |              |               |
| <u>ALLERGAN PLC:</u> A diversified global pharmaceutical company  | 12,110         | 4,783,497    |               |
| <u>AMGEN INC:</u> Discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology.  | 27,270         | 5,445,839    |               |
| <u>GILEAD SCIENCES INC:</u> Biopharmaceutical company that discovers, develops, manufactures and commercialises therapies for viral diseases, infectious diseases and cancer.   | 36,610         | 5,577,238    |               |
| <u>ISIS PHARMACEUTICALS INC:</u> A US biotechnology company   | 20,030         | 1,498,471    |               |
| <u>MEDTRONIC INC:</u> Medical devices technology company  | 38,550         | 3,715,566    |               |
| <u>MERCK &amp; CO INC:</u> Global research pharmaceutical company that discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health.   | 18,460         | 1,366,607    |               |
| <u>PFIZER INC:</u> A research-based, global pharmaceutical company that discovers, develops, makes and markets prescription medicines for humans and animals.   | 95,348         | 4,157,054    |               |
| <b>Industrials</b>  |                |              |               |
| <u>KBR INC:</u> A global engineering, construction and services company.  | 77,250         | 1,957,884    |               |
| <u>NAVISTAR INTERNATIONAL CORP:</u> Manufacturer and marketer of medium and heavy trucks and mid-range diesel engines.  | 59,080         | 1,739,501    |               |
| <b>Information Technology</b>   |                |              |               |
| <u>CISCO SYSTEMS INC:</u> Supplier of networking equipment and network management for the internet.   | 92,740         | 3,312,143    |               |
| <u>KNOWLES CORP:</u> A global market leader of acoustical components to the mobile communications, consumer electronics, medical technology, military, aerospace and other industrial sectors   | 86,890         | 2,047,330    |               |
| <u>MICROSOFT CORP:</u> Computer software provider. Core offerings include Windows, Office, Windows Server. Newer products include Xbox and Windows Mobile.  | 118,650        | 6,815,505    |               |
| <u>ORACLE CORP:</u> Supplier of software and hardware for information technology management.  | 25,420         | 1,332,847    |               |
| <u>SYMANTEC CORP:</u> Provider of security software.  | 56,180         | 1,698,703    |               |



**LIST OF INVESTMENTS AS AT 30 JUNE 2015 (continued)**

|   | Shares<br>Held | AUD<br>Value       | % Of<br>Total |
|---|----------------|--------------------|---------------|
| <b>Materials</b>  |                |                    |               |
| <u>ALLEGHENY TECHNOLOGIES INC:</u> Specialty metals producer.                         | 80,910         | 3,179,133          |               |
| <u>EASTMAN CHEMICAL CO:</u> A US based manufacturer of chemicals, fibres and plastics | 12,460         | <u>1,326,246</u>   |               |
| Total of investments  |                | <u>102,939,181</u> | 34.0          |
|   |                | <u>303,095,032</u> | 100.0         |

## FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

|  | 2015        | 2014        | 2013        | 2012         | 2011        |
|--|-------------|-------------|-------------|--------------|-------------|
|  | \$          | \$          | \$          | \$           | \$          |
| <b>Income statement</b>                    |             |             |             |              |             |
| Investment and other income                | 7,852,995   | 8,141,572   | 4,158,354   | 4,288,486    | 4,315,074   |
| Expenses                                   | 3,304,570   | 3,131,419   | 2,286,901   | 2,133,142    | 2,348,057   |
| Profit/(loss) before income tax            | 4,548,425   | 5,010,153   | 1,871,453   | 2,155,344    | 1,967,017   |
| Income tax expense/(benefit)               | 1,331,560   | 1,512,419   | 505,494     | 643,976      | 572,605     |
| Operating profit/(loss) after tax          | 3,216,865   | 3,497,734   | 1,365,959   | 1,511,368    | 1,394,412   |
| Other comprehensive income after tax       | 27,800,428  | 23,845,766  | 43,734,993  | (17,827,811) | 1,365,253   |
| Total other comprehensive income after tax | 31,017,293  | 27,343,500  | 45,100,952  | (16,316,443) | 2,759,665   |
| <b>Balance sheet</b>                       |             |             |             |              |             |
| <b>Assets</b>                              |             |             |             |              |             |
| Cash and receivables                       | 71,418,647  | 11,519,210  | 4,912,678   | 2,984,202    | 2,057,421   |
| Investments                                | 303,095,032 | 263,934,079 | 166,959,032 | 121,327,705  | 133,975,666 |
| Deferred tax asset                         | -           | -           | 6,600,240   | 10,426,321   | 17,743,869  |
| Total Assets                               | 374,513,679 | 275,453,289 | 178,471,950 | 134,738,228  | 153,776,956 |
| <b>Liabilities</b>                         |             |             |             |              |             |
| Payables                                   | 925,818     | 2,545,795   | 1,723,814   | 1,034,637    | 246,985     |
| Provisions                                 | 15,694,523  | 4,537,970   | 110,680     | 280,798      | 186,094     |
| Total Liabilities                          | 16,620,341  | 7,083,765   | 1,834,494   | 1,315,435    | 433,079     |
| Net assets                                 | 357,893,338 | 268,369,524 | 176,637,456 | 133,422,793  | 153,343,877 |
| Shares on issue                            | 248,734,827 | 198,420,359 | 143,302,584 | 142,946,085  | 143,953,353 |
| Earnings per share (cents)                 | 1.6         | 2.2         | 0.9         | 1.0          | 1.0         |
| Realised gains/losses per share (cents)    | 6.1         | 4.0         | 1.6         | (2.3)        | (2.4)       |
| Dividends per share (cents)                | 3.5         | 2.5         | 1.5         | 2.0          | 3.0         |

## 2015 INVESTMENT MANAGER'S REPORT

Returns for the 2015 fiscal year reflected almost flat markets in US dollar terms, with the MSCI All Country World Free Index ("Index") increasing by 1%, along with a substantial boost from the decline in the A\$, lifting the Index returns to 24.3% for Australian investors. Templeton Global Growth Fund Ltd's ("TGG") performance lagged, returning 16.7% for the year.

### PERFORMANCE SUMMARY TO 30<sup>TH</sup> JUNE, 2015 - \$A

|                                   | Latest<br>6 mths | Latest<br>12 mths | Latest<br>3 yrs* | Latest<br>5 yrs* | Latest<br>10 yrs* | Since<br>Inception* |
|-----------------------------------|------------------|-------------------|------------------|------------------|-------------------|---------------------|
|                                   | %                | %                 | %                | %                | %                 | %                   |
| TGG ^                             | 9.8              | 16.7              | 26.7             | 14.8             | 5.8               | 7.5                 |
| MSCI All Country World Free Index | 9.3              | 23.7              | 24.4             | 14.1             | 6.3               | 6.9 <sup>#</sup>    |

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

\* Annualised

<sup>#</sup> Since inception Index uses MSCI World (gross dividends) as MSCI AC World was not in existence at TGG's inception.

The benchmark is presented with net dividends reinvested.

Shareholders should note that past performance is not necessarily an indicator of future performance

### 2015 in Review

Overall, TGG significantly underperformed the Index during the 2015 fiscal year, driven predominantly by an underweight position in US stocks and under-performance in the energy sector. Performance in the last six months has been better, finishing slightly ahead of the Index.

The rally witnessed in US markets largely tracked the country's broad economic strength as its stronger economic recovery made it the preferred destination for capital. US stocks remain expensive on a headline basis, with several normalised valuation metrics reaching levels only exceeded during the TMT bubble.

One of the contributors to the weaker performance by European markets was the decline in that region's major currencies with the Euro and the GBP both falling against the US dollar.

Despite the US recovery continuing to progress, as indicated by stronger employment and increased wages, the normalisation of monetary policy continues to be delayed.

| Major Region Returns<br>(Year to 30 <sup>th</sup> June, 2015) | TGG<br>(%)  | Index<br>(%) |
|---|-------------|--------------|
| North America   | 29.2        | 30.2         |
| Europe  | 12.0        | 13.1         |
| <i>Eurozone</i>   | <i>10.2</i> | <i>11.3</i>  |
| <i>Rest of Europe</i>   | <i>14.3</i> | <i>14.5</i>  |
| Asia  | 16.9        | 30.6         |

The Federal Reserve's argument that economic improvements are not strong enough to lift rates seems outlandish when looked at over a longer timeframe. That is, after six years of slow, but steady, recovery from the crisis, rates continue to remain at "emergency" levels. Indeed, July's initial jobless claims (i.e. applications for unemployment benefits) have just been revealed to be as low as they have been for forty years. Yes, the economic recovery is not as strong as the Fed may have hoped, but is it so weak that rates should be kept at basically zero?

There has in fact been increasing debate over whether ultra-low rates are actually that supportive for the economy. Consumers are net lenders to the rest of the economy and are therefore foregoing significant interest income because of the level of market rates. Furthermore, in the US, the largest component of consumer debt is actually at fixed interest rates, since the 30 year mortgage is the standard form of borrowing. Notwithstanding the weakness in capital spending, we do see some recovery in that area, with some manufacturing returning to the US driven by low energy prices and higher wages in emerging economies, especially China. To what extent are emergency Federal Reserve settings contributing to a lack of investment confidence and therefore inhibiting capital spending?

Regionally, confidence in European markets was hit hard throughout calendar 2014, through a combination of Russia's invasion into Ukraine and annexation of Crimea, Germany's slump in corporate confidence and, early in 2015, the election of Syriza, the far-left anti-austerity party, which forestalled the emergence of Greece's recovery.

In contrast to better news out of many of the other peripheral European nations, the saga in Greece has now dragged on into July with ongoing acrimonious debates between Greece and the rest of Europe. Europe can't afford outright debt forgiveness due to the risk that it would goad voters in other peripheral European nations to swing to anti-austerity or anti-Euro parties. With elections later in the year in both Portugal and Spain this is important.

Analysis of Greece's debt sustainability seems simple with a debt ratio of around 180% of GDP. This, however, ignores the fact that the vast bulk of the debt comes from Greece's European partners at extremely concessional interest rates. Servicing interest on Government debt cost Greece 3.9% of GDP in 2014, less than it cost any of Ireland, Italy or Portugal. Additionally, the ECB cedes back to Greece their "profits" on holdings of Greek debt of around 1% of GDP, so the net debt servicing cost to the Greek government is closer to 3% of GDP, less that the cost to Belgium or Spain of their respective debt burdens. The average interest rate on Greece's debt is 1.5% or so, according to Berenberg Bank. While this does not capture the significant cash outflow associated with repaying these debts, many are very, very long-term. For instance, 10% of Greece's debt comes due for repayment in 2046 while the average maturity is 15.7 years.

While the debate rolls on, the critical point for us as owners of European companies is that the vast bulk of the debt is owed to the public sector and, more specifically, the exposure of the European banks is extremely limited. This is a positive point for Europe as a whole in that no matter how Greece's economy ultimately plays out it is unlikely to have a significant negative impact on the European banking system's contribution to the European economic recovery. The profit and book value hit for the European banks that TGG holds should be well contained. From the latest public disclosures less than 1% of shareholders' equity is at risk in Greece for the European banks that TGG holds meaning a write-off of 100% of these assets would represent

around six weeks profits for the most exposed banks, and most have almost no exposure at all.

Even with all the turmoil in Greece the economic news coming out of the Eurozone in the last six months has been decidedly stronger. The weaker Euro is helping exports and encouraging more capital investment, a lower oil price is boosting consumer disposable incomes, banks are lending again and their clients are showing a renewed interest in borrowing as reduced interest rates belatedly flow through. Finally, outside Greece, fiscal austerity is likely to be less severe in most European nations going forward, supporting the positive economic outlook. A better economic result is crucial for a stronger profit performance by European companies.

Elsewhere, the Chinese domestic share markets took off and then suffered a fall towards the end of the fiscal year. HK-listed Chinese shares, which are the only ones in TGG's portfolio lagged this rally and certainly did NOT hit the absurd valuation levels that we saw in the domestic A and B shares.

From a sector point of view, TGG's portfolio notably lagged the Index in both the Energy and IT sectors. Additionally, the very strong returns in the Health Care sector also slightly underperformed the Index, after a number of years of very strong stock selection. The overweight position in energy was an added drag on performance, whereas being overweight in the Health Care sector more than made up for the slightly weaker stock selection in Health Care.

At the 2014 TGG AGM, we showed that the energy sector was trading at a 25% discount on P/BV to the Index overall, compared with its historic parity rating. Such a discount was as low as the sector had been in the late '90s. This, however, provided scant protection for investors when the sector swooned after Saudi Arabia decided to switch strategy and increase production to protect market share.

| Sector Returns<br>(Year to 30 <sup>th</sup> June, 2015) | TGG<br>(%) | Index<br>(%) |
|---|------------|--------------|
| Consumer Discretionary                                  | 25.8       | 33.7         |
| Consumer Staples  | 30.2       | 26.3         |
| Energy  | (23.9)     | (8.4)        |
| Financials  | 27.6       | 26.0         |
| Health Care   | 38.5       | 44.4         |
| Industrials   | 6.3        | 21.4         |
| Information Technology                                  | 19.0       | 33.3         |
| Materials   | 7.9        | 9.2          |
| Telecommunications                                      | 20.5       | 24.2         |
| Utilities   | n/a        | 12.6         |

Conversely, and notwithstanding the renewed Greek uncertainty and relatively lacklustre economic growth that Europe has delivered, what some continue to consider our controversial holdings in European banks continued to outperform. The industry has continued to boost capital and profitability in response to tightening regulations and in spite of the economic weakness. In Q4'14 ING and Lloyds re-initiated dividends that had been turned off for the duration of the Global Financial Crisis. Both

banks are expected to be able to be significant dividend payers in future, potentially leading to further price re-ratings. Belgian bancassurer, KBC, was bought into TGG's portfolio during the crisis at a price as low as one-third of book value, but with the shares now at around twice their book value we have sold our holding. There remain other European financials where we have been adding to positions through the year, many of which continue to trade at a discount to their book value.

But it isn't all about Europe with respect to financials, as the US financials that TGG holds returned 43% on average for the year. The comments with respect to the European financials improving capital and profits and boosting funds returned to shareholders apply equally to TGG's US financials holdings and, similarly, many of these names trade at around book value.

### **Portfolio Strategy**

Global markets shared a sharp recovery after the market lows of March 2009, but since then one market has performed much more strongly than the others, namely the US. Since the start of calendar 2010 the MSCI USA Index has risen 86%, whereas returns for Japan, Europe and the Emerging Markets are 33%, 14% and a loss of 2%, respectively, all in USD.

The stronger profit performance of US companies, driven by margin expansion along with the low interest rate environment has led US shares to be more highly priced than at any time since 2000 on a variety of metrics. This is not to say that opportunities in the country are not available, as it is the largest global equity market with a huge number of listed companies and we continue to find a number of new opportunities in the US. Overall, however, the US market looks more fully-valued than most others in the World.

Despite popular perceptions to the contrary, Europe is becoming more economically integrated, policy momentum is galvanising and the outlook for corporate earnings is improving. We continue to view it as the region with the largest number of attractive investment opportunities. We have become increasingly optimistic about Europe's fundamental prospects given recent developments: the credit cycle has begun gradually turning, a weaker euro and cheap oil prices are having positive impacts on the economy and confidence in the region is now rising. Greece aside there is also less fiscal austerity being imposed. In short, we believe the market continues to underestimate the long-term earnings, cash-flow and asset growth potential of select European corporates. Earnings of companies in the Euro area remain around half what they were prior to the financial crisis and an improving economic performance should help as a catalyst to boost European profits, which in turn will lift the stocks.

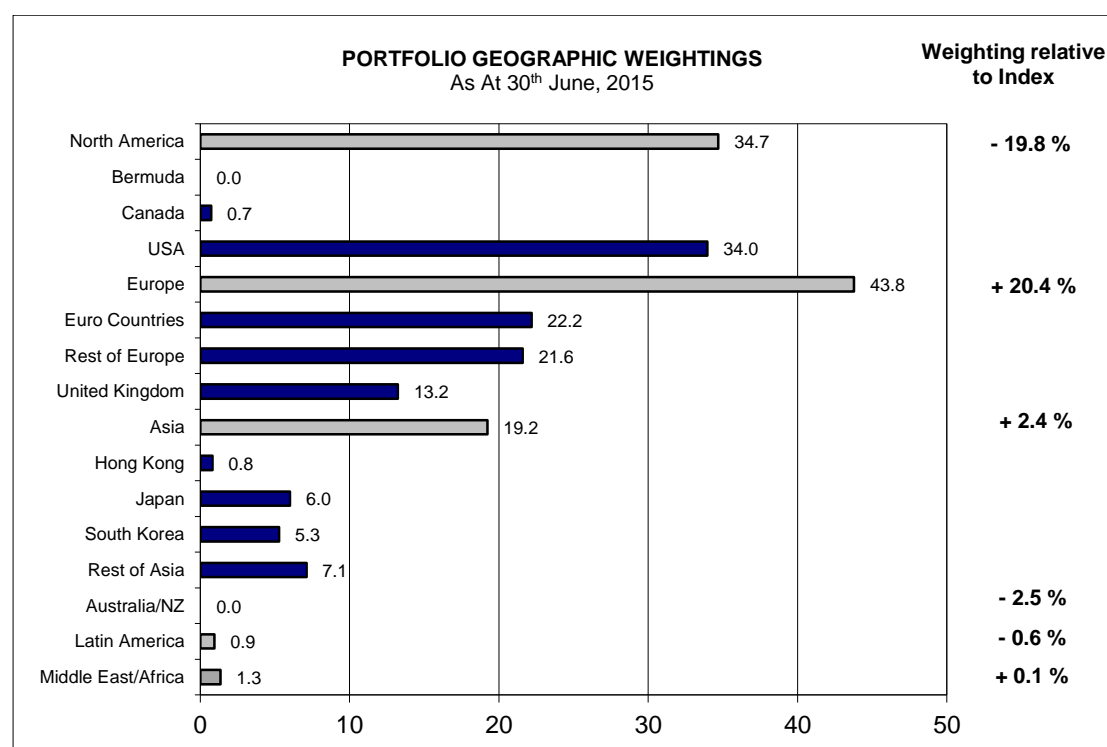
Putting numbers behind this, when looked at on a price-to-trend earnings basis the MSCI US Index is currently trading on 19.4 times, whereas MSCI Europe is on around a 35% discount at 12.5 times trend earnings.

Emerging Markets continue to be a mixed bag, with some suffering a significant hangover after a commodity, China and debt-fuelled period of expansion. With most of those drivers no longer as significant supporters of economic growth in less developed economies a number of those countries face a more uncertain outlook. We are therefore selectively looking for opportunities in these markets. Australia looks to have benefited from many of those same drivers and the same pall sits over the economic outlook for this country. In particular, the outlook for mining investment, while acknowledged as a risk to the country, is a significant concern. Australian mining capex recently peaked at slightly less than 60% of total private capital spending and has now declined to around 50%. Before 2005 it was less than 20% of the total. This will be a very big hole to fill if, as expected, mining capex continues to decline significantly, as the backlog of projects that were started when the commodity price outlook was much more rosy is completed.

We also view Japan to be facing difficulties given that the quantitative easing and currency debasement it has taken on is not a standalone solution. Japan's trade balance remains in a deficit, while rising retail prices have been an additional tax on the consumer driven economy (and wages have not risen enough to offset higher prices).

With regards to China, this is not a market that can be bought indiscriminately (although to be honest, nor should any other market). Overall we think a valuation discount is warranted when buying Chinese shares to compensate for the elevated risks from issues such as the relatively erratic intervention by regulators, the predominance of volatile retail investor flows and an inconsistently applied legal framework. The volatile market moves in China have laid bare these risks and highlight the importance of having a long-term fundamental approach. However, even with those warnings we have actually increased TGG's holdings in China during the year.

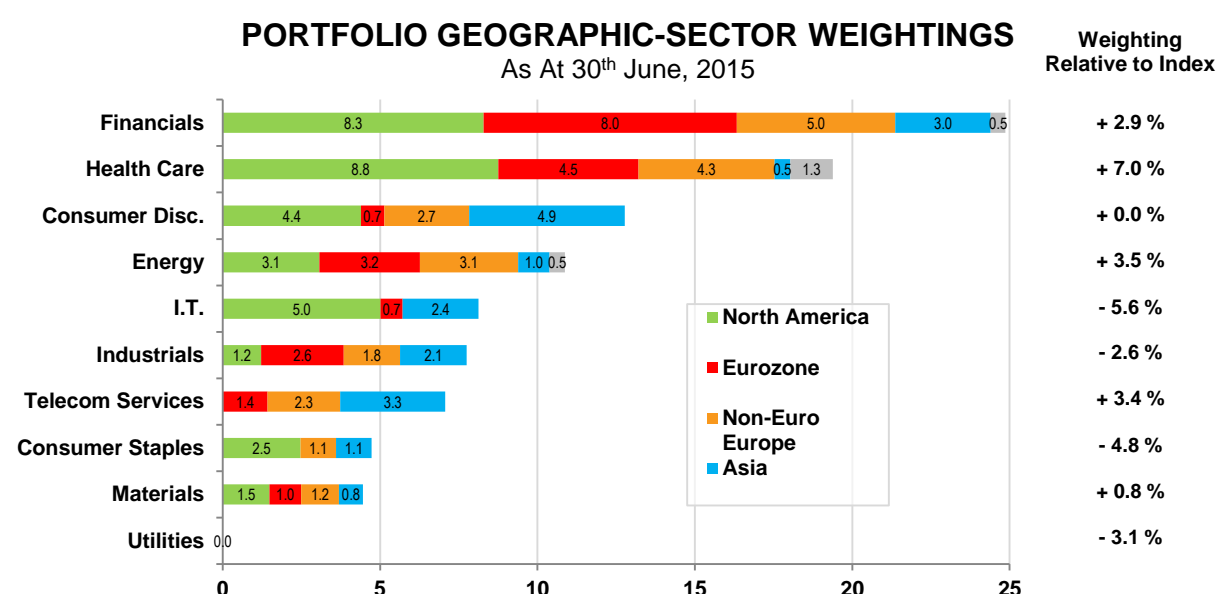
Korean companies, on the other front, have become more attractive to us as concerns about currency strength and cyclical exposure have led to further declines in already low valuations for a competitive, commodity-importing emerging market with accommodative monetary policy, a comfortable current account surplus and good exposure to U.S. and Asian growth. The drawbacks in investing in Korea circle around a wholly inadequate dividend payout and occasionally questionable corporate governance. In each of these areas there have been both improvements and setbacks in the last year. Look at the Hyundai Group, for instance. In the last year the group has paid around three times market expectations for a very large parcel of land in Seoul, a significant negative, but has now roughly doubled their dividend payout for 2015.



Notwithstanding the comments above, broadly speaking, across Asia, Europe and North America there was relatively little net buying or selling in each region, with the changes in portfolio exposure during the year driven by relative performance. European domiciled companies remain the largest regional grouping representing

around 45% of equity holdings. Looking at a country level, we reduced TGG's exposure to a number of Japanese companies, offset within Asia by net buying in South Korean and Chinese stocks. In the UK, we added to a number of TGG's holdings, investing an additional amount of around A\$8m in FY'14 including two new companies, pay tv broadcaster, Sky, and oil services company, Petrofac, while also boosting a number of existing positions. In the US, there were six new names added to the portfolio and the same number completely sold.

From a sector perspective the biggest area of net buying was in energy. We also added two new financials stocks into the portfolio, US based Ally Financial and Dutch insurer Aegon, while selling out of the KBC and Munich Re. Reflecting the very strong performance in Health Care we trimmed a number of holdings and Nobel Biocare was taken over. The roughly flat weighting of Health Care within the portfolio is therefore a reflection of the very strong performance of TGG's holdings in the sector.



TGG's rights issue was completed at the very end of the financial year and as such the funds raised are currently reflected as cash in the financial statements, although we have already put a sizable portion of those funds to work through July.

## Outlook

Although market gains for the last six years have been strong there still remain many under-valued stocks in which to invest TGG's portfolio. Stocks in Europe, for example, are under-valued and under-earning, while that economy looks to have started to improve, which should bode well for profit recovery. The significant under-performance by emerging market stocks has also presented a number of new opportunities. In the US, while the market overall is reasonably or possibly over-valued, there still remain a number of attractive investment opportunities. We therefore continue to hunt for fundamentally cheap bargains.

In contrast to the broad upward trend in equity markets over that last six years, the Australian Dollar has been through a significant spike, followed by a substantial decline, such that at the end of June 2015 it is trading right around where it was at the end of FY'09, that is, around 80c.



In spite of the solid gains in the portfolio over the last six years, TGG's holdings actually trade on an even lower price-to-book value today, 1.2 times, than the 1.4 times they traded on in June 2009! We have continued to be able to identify undervalued companies around the World, presumably because of the number of stocks in various markets that have not participated in the strong bull market we have seen in that time. As we are convinced that there is still significant scope for earnings recovery in European, financial and other stocks that TGG holds, these valuations are attractive.

| <b>TOP 15 PORTFOLIO HOLDINGS</b>  |                            |                |               |
|-----------------------------------|----------------------------|----------------|---------------|
| As At 30 <sup>th</sup> June, 2015 |                            |                |               |
| Security                          | Sector                     | Country        | % of equities |
| Microsoft                         | Information Technology     | United States  | 2.2           |
| Samsung Electronics               | Information Technology     | South Korea    | 2.0           |
| Comcast                           | Consumer Discretionary     | United States  | 1.9           |
| Gilead Sciences                   | Health Care                | United States  | 1.8           |
| Sanofi                            | Health Care                | France         | 1.8           |
| Amgen                             | Health Care                | United States  | 1.8           |
| Roche                             | Health Care                | Switzerland    | 1.7           |
| Nissan Motor                      | Consumer Discretionary     | Japan          | 1.7           |
| GlaxoSmithKline                   | Health Care                | United Kingdom | 1.6           |
| Citigroup                         | Financials                 | United States  | 1.6           |
| JP Morgan                         | Financials                 | United States  | 1.6           |
| Allergan                          | Health Care                | United States  | 1.6           |
| China Telecom                     | Telecommunication Services | China          | 1.5           |
| HSBC                              | Financials                 | United Kingdom | 1.4           |
| AXA                               | Financials                 | France         | 1.4           |
|                                   |                            |                | 25.7          |

| <b>INDICATIVE PORTFOLIO CHARACTERISTICS</b> |         |               |
|---|---------|---------------|
| TGG vs MSCI AC World Free Index             |         |               |
| As At 30 <sup>th</sup> June, 2015           |         |               |
| Historic Valuation Measures                 |         |               |
| <i>Weighted Avg – Stocks Held</i>           | TGG     | MSCI AC World |
| Price to 2014 Earnings (times)              | 13.2    | 16.2          |
| Price to Cash Flow (times)                  | 7.0     | 9.5           |
| Price to Book Value (times)                 | 1.2     | 2.1           |
| Dividend Yield (%)                          | 2.7     | 2.4           |
| Market Capitalisation (\$Aust m.)           | 101,224 | 120,499       |

# Five Year Summary

|   | 2015    | 2014   | 2013   | 2012   | 2011   |
|---|---------|--------|--------|--------|--------|
| <b>Sector Weightings (%)</b>                    |         |        |        |        |        |
| Consumer Discretionary                          | 12.8    | 11.5   | 11.9   | 9.7    | 11.0   |
| Consumer Staples                                | 4.7     | 4.9    | 4.3    | 3.2    | 4.2    |
| Energy  | 10.9    | 12.7   | 10.2   | 13.0   | 13.0   |
| Financials                                      | 24.9    | 22.6   | 20.3   | 20.7   | 19.2   |
| Health Care                                     | 19.4    | 19.2   | 17.6   | 15.7   | 14.1   |
| Industrials                                     | 7.7     | 8.8    | 9.0    | 9.0    | 7.8    |
| Information Technology                          | 8.1     | 7.7    | 12.2   | 12.9   | 13.8   |
| Materials                                       | 4.5     | 4.5    | 5.4    | 2.1    | 2.1    |
| Telecommunication Services                      | 7.1     | 8.1    | 9.1    | 12.6   | 12.8   |
| Utilities                                       | 0.0     | 0.0    | 0.0    | 1.0    | 1.9    |
| <b>Geographic Weightings (%)</b>                |         |        |        |        |        |
| North America                                   | 34.7    | 32.7   | 38.0   | 37.3   | 31.3   |
| Europe - ex UK                                  | 30.5    | 34.9   | 34.9   | 34.0   | 38.7   |
| UK  | 13.2    | 10.7   | 10.6   | 12.6   | 11.4   |
| Asia - ex Japan                                 | 13.2    | 11.0   | 7.5    | 10.1   | 10.7   |
| Japan   | 6.0     | 7.8    | 7.6    | 4.1    | 4.5    |
| Australia/NZ                                    | 0.0     | 0.0    | 0.6    | 0.6    | 0.8    |
| L. America/Caribbean                            | 0.9     | 1.8    | 0.7    | 1.2    | 1.5    |
| Mid-East/Africa                                 | 1.3     | 1.1    | 0.0    | 0.0    | 1.0    |
| <b>Fundamental Characteristics</b>              |         |        |        |        |        |
| Price to Earnings TGG                           | 13.2    | 15.1   | 14.5   | 10.0   | 12.8   |
| (times) MSCI AC                                 | 16.2    | 16.8   | 15.6   | 13.4   | 14.2   |
| Price to Book TGG                               | 1.2     | 1.5    | 1.3    | 1.2    | 1.5    |
| (times) MSCI AC                                 | 2.1     | 2.1    | 1.9    | 1.7    | 1.8    |
| Price to Cash Flow TGG                          | 7.0     | 10.8   | 5.9    | 4.3    | 6.0    |
| (times) MSCI AC                                 | 9.5     | 14.9   | 9.4    | 8.1    | 8.8    |
| Dividend Yield TGG                              | 2.7     | 2.5    | 2.7    | 3.5    | 3.2    |
| (%) MSCI AC                                     | 2.4     | 2.4    | 2.6    | 2.9    | 2.5    |
| <b>Year to 30<sup>th</sup> June Performance</b> |         |        |        |        |        |
| TGG   | 16.7%   | 23.2%  | 41.2%  | -5.4%  | 3.8%   |
| MSCI AC   | 23.7%   | 19.2%  | 30.5%  | -2.3%  | 2.7%   |
| <b>Weighted Average Market Cap (A\$m)</b>       |         |        |        |        |        |
| TGG   | 101,224 | 78,577 | 76,453 | 67,320 | 67,809 |
| MSCI AC   | 120,499 | 94,972 | 72,514 | 63,456 | 54,665 |

**Peter M Wilmshurst CFA**

*Portfolio Manager*

27 July 2015