



# TEMPLETON GLOBAL GROWTH FUND LTD

## Quarterly Investment Manager's Report

JUNE 2015

### INVESTMENT MANAGER

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

### INVESTMENT APPROACH

Templeton's time-tested investment approach is based on its philosophy of value, patience and bottom-up stock selection. Templeton focus on the rigorous analysis of individual stocks across geographic borders and seek to identify companies trading at significant discounts to Templeton's estimates of future earnings power, cash flow generation and/or asset value. As independent thinkers with strong conviction in their investment ideas, they take an unconstrained approach to finding value.

### CONTACT DETAILS

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### PERFORMANCE DATA<sup>1</sup> (AS OF 30/6/15)

#### Average Annual Total Returns

#### Templeton Global Growth Fund Ltd (AUD%)

	Quarter	1 Year	3 Years	5 Years	10 Years
<b>Templeton Global Growth Fund Ltd (TGG) — Net of Fees<sup>2</sup></b>	-0.1	16.7	26.7	14.8	5.8
<b>MSCI All Country World Free Index<sup>3</sup></b>	-0.1	24.3	25.1	14.7	6.9

#### Net Tangible Assets (NTA) – Unaudited

	31 March 2015	30 June 2015
<b>TGG share price (cents)</b>	1.44	1.31
<b>NTA per share before tax (\$) <sup>4</sup></b>	1.56	1.50
<b>Premium/(Discount) to NTA before tax (%)</b>	(8.3)	(12.7)
<b>NTA per share after tax (\$) <sup>4</sup></b>	1.47	1.44
<b>Premium/(Discount) to NTA after tax (%)</b>	(2.1)	(9.0)

The market value of the portfolio represents prices quoted on overseas stock markets in foreign currencies converted to Australian currency. The rate used for conversion of values of US currency securities was USD0.769 for June and USD0.764 for March.

### QUARTERLY MARKET REVIEW

Global equity markets remained flat in 2015's second quarter as emerging equity markets collectively advanced and outperformed their developed-market peers. Among developed markets, US stock markets rose but underperformed global equities during the second quarter, while Japanese stocks climbed and European equity markets slightly outperformed global equities overall.

US economic data released during the second quarter were generally mixed. The United States revised its first-quarter economic growth data upward, but the US Federal Reserve lowered its forecast for 2015 US economic growth based on the weak start to the year.

In Japan, the economy grew in 2015's first quarter, driven by an increase in private demand as business investment and private consumption improved. The Bank of Japan maintained its stimulus program during the second quarter while cutting its forecasts for 2015 economic growth and inflation.

The eurozone's first-quarter economic growth expanded at its fastest pace in two years, and other data published during the second quarter showed broad-based improvement. However, investor concerns about Greece's possible exit from the currency bloc rose near the end of June as negotiations between the country and its international creditors broke down.

## QUARTERLY PERFORMANCE ATTRIBUTION

The portfolio performed in line with its benchmark for the quarter. The largest contributors to relative returns resided in the financials sector. Investments in US-based bank JP Morgan Chase and insurer American International Group, as well as European banks such as Barclays, ING and Lloyds contributed to results. We were encouraged during the period by the recovery in European credit demand, which rose to an eight-year high. We have often discussed the importance of credit supply and demand and the health of the banking system in propelling economic recoveries. The fear that chastened banks would be reluctant to lend following a difficult restructuring period, and that wary consumers and corporations might be reluctant to borrow in a climate of uncertainty, has long cast a shadow over Europe's recovery prospects. The recent revival of credit growth in the Eurozone, therefore, is welcome news and it suggests that the right-sizing of loan books and of capital buffers, along with the stimulatory efforts of the European Central Bank, are beginning to have their intended effect on the real economy.

Stock selection in the industrials and energy sectors also enhanced performance while, on a regional basis, allocations to the United States, European and Latin American securities also contributed to returns.

Conversely, security selection in the health care and consumer discretionary sectors hampered performance. Leading detractors in the health care sector included specialty pharmaceuticals firm Teva Pharmaceutical Industries, which retreated from all-time highs after a failed takeover bid for UK rival Mylan. Near-term news-flow aside, our long-term investment thesis remains intact, supported by what we believe is Teva's undervalued core portfolio and additional upside potential stemming from drugs under development. More broadly, shares of major pharmaceuticals firms have re-rated as the value cycle has progressed, and the industry at quarter-end traded at a slight premium to the broader market making continued pipeline development essential to future return prospects.

Within the consumer staples sector, shares in UK-based grocer Tesco fell after the company reported the largest loss in the firm's 96-year history. Analysts were further troubled by Tesco's significant debt and lack of attractive asset disposal candidates, however, recent signs of operational improvements have been shown.

## INVESTMENT OUTLOOK AND STRATEGY

Notwithstanding the stagnant performance seen in global equity markets over the last quarter, as long term bottom-up investors, we continue to find a number of opportunities. Europe has made significant progress in strengthening its defences and positioning for sustainable growth, which we believe should serve to contain possible contagion. The banking system has restructured and recapitalised, with firms exiting non-core businesses and shoring up their balance sheets. A nascent banking union with a single supervisor will soon backstop the financial system, ensuring regulatory consistency and a stronger industry safety net. The road ahead will not be smooth, but, at compelling discounts to global peers, European equities remain a more abundant source of value to us. We continue to believe that value exists for patient and disciplined investors who know where to look and we continue to believe that Templeton's long term approach will be rewarded.

## PORTFOLIO CHARACTERISTICS – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 30/6/15)

	TEMPLETON GLOBAL GROWTH FUND LTD	MSCI All Country World Free Index
<b>Weighted Average Market Cap (AUD Million)</b>	101,224	120,499
<b>Number of Securities</b>	111	2,483

### Price to Earnings

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
<b>Weighted Average</b>	13.2x	16.2x

### Price to Cash Flow

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
<b>Weighted Average</b>	7.0x	9.5x

### Dividend Yield

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
<b>Weighted Average</b>	2.7%	2.4%

### Price to Book Value

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
<b>Weighted Average</b>	1.2x	2.1x

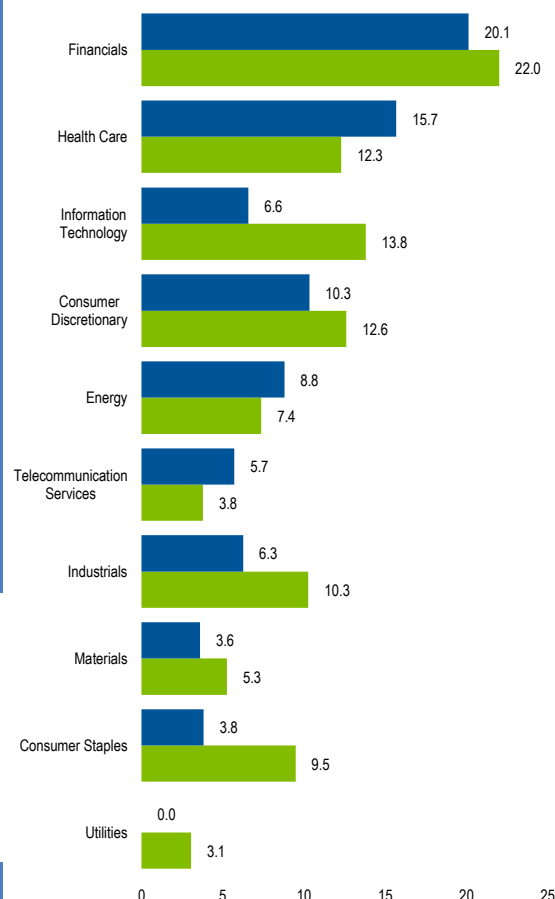
## PORTFOLIO DIVERSIFICATION – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 30/6/15)

### Top Ten Holdings<sup>5</sup>

SECURITY	COUNTRY	INDUSTRY GROUP
MICROSOFT CORP	United States	Software and Services
SAMSUNG ELECTRONICS	South Korea	Semiconductors & Semiconductor Equipment
COMCAST CORP	United States	Communications
GILEAD SCIENCES INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
SANOFI SA	France	Pharmaceuticals, Biotechnology & Life Sciences
AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
ROCHE HOLDING AG	Switzerland	Pharmaceuticals, Biotechnology & Life Sciences
NISSAN MOTOR CO	Japan	Automotive
GLAXOSMITHKLINE PLC	United Kingdom	Pharmaceuticals, Biotechnology & Life Sciences
CITIGROUP INC	United States	Financials

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

Percent of Equity Ranked by Fund Weighting



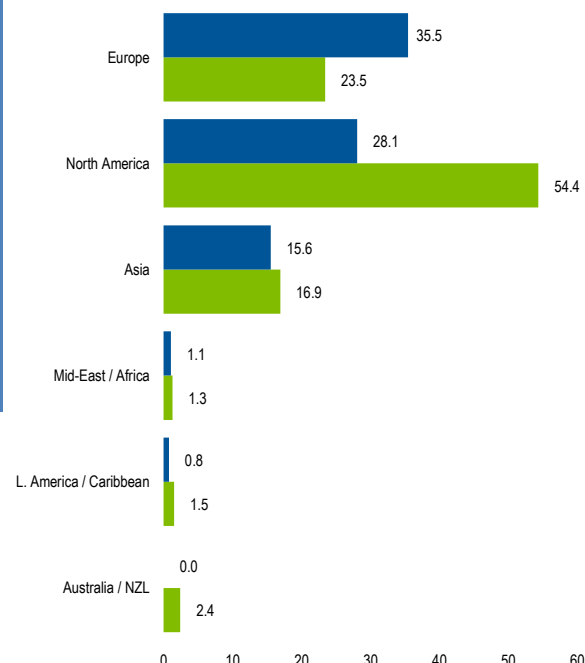
### Country Allocation

The Company's portfolio of listed investments was spread over the following countries as at 30 June 2015.

COUNTRY	%	COUNTRY	%
BRAZIL	0.9	RUSSIA	0.4
CANADA	0.7	SINGAPORE	1.9
CHINA	5.4	SOUTH KOREA	5.3
FRANCE	10.1	SPAIN	0.7
GERMANY	5.6	SWEDEN	1.0
IRELAND	1.2	SWITZERLAND	4.0
ISRAEL	1.4	THAILAND	0.6
ITALY	2.0	TURKEY	0.5
JAPAN	6.0	UNITED KINGDOM	13.2
NETHERLANDS	3.9	UNITED STATES	34.0
NORWAY	1.2		

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

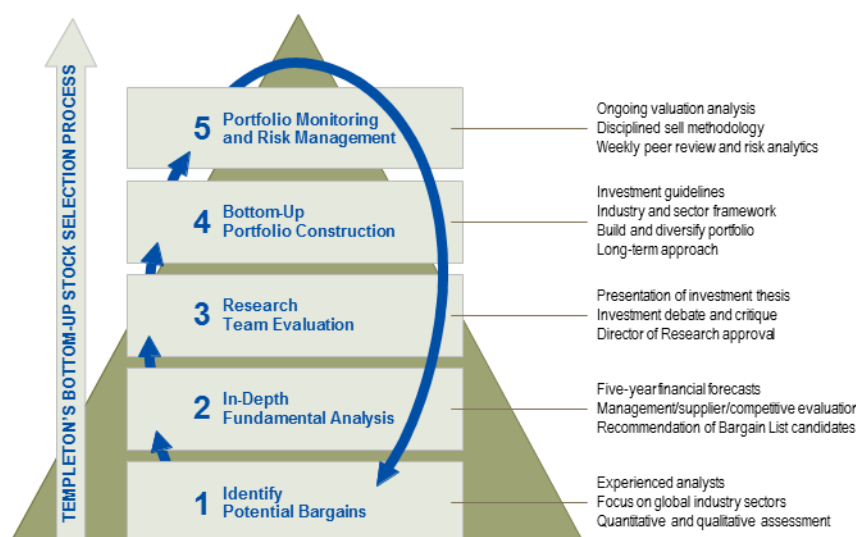
Percent of Equity Ranked by Fund Weighting



## TEMPLETON INVESTMENT TEAM

TEMPLETON GLOBAL EQUITY MANAGEMENT TEAM	Years with Firm	Years Experience
Norman Boersma, CFA, Chief Investment Officer	23	29
Heather Arnold, CFA, Director of Research	10	31
Cindy Sweeting, CFA, Director of Portfolio Management	18	31
Peter Wilmshurst, CFA, Portfolio Manager/Research Analyst	17	22
TEMPLETON GLOBAL EQUITY TEAM	Number of Members	Average Years Experience
Portfolio Managers/Analysts	24	23
Research Analysts	14	10

## TEMPLETON INVESTMENT PHILOSOPHY AND PROCESS



### Templeton's Investment Philosophy

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

#### Value

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

#### Patience

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

#### Bottom-Up

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

## COMPLIANCE STATEMENT AND OTHER INFORMATION

Benchmark: The MSCI AC World Free Index is the primary benchmark. The benchmark is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown. The index is unmanaged and one cannot invest directly in an index.

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### Explanatory Notes:

- Periods of more than one year are annualised.
- Returns are based on movement in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested and adjusted for share issues and buy-backs.
- Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.
- Estimated tax on unrealised gains.
- Top ten holdings represent the 10 largest equity holdings at the end of the quarter, and may not reflect the current or future portfolio holdings. This does not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities listed was or will be profitable. Holdings of the same issuer have been combined.

## IMPORTANT LEGAL INFORMATION

All investments involve risks including loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their smaller size and lesser liquidity. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate more dramatically over the short term. The use of derivatives and foreign currency techniques involve special risks, as such techniques may not achieve the anticipated benefits and/or may result in losses. Templeton Global Growth Fund Ltd. (ABN 44 006 558 149) issues this document with the intention to provide general information only and not investment or financial product advice. It does not take into account the individual objectives, financial situation or needs of any recipient. Nothing in this update should be construed as investment advice. Franklin Templeton Investments have exercised professional care and diligence in the collection of information in this recording. However, data from third party sources may have been used in its preparation and Franklin Templeton Investments has not independently verified, validated or audited such data.

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