TEMPLETON GLOBAL GROWTH FUND LTD

Quarterly Investment Manager's Report

DECEMBER 2016

INVESTMENT MANAGER

The Investment Manager of the Company's investment portfolio is Franklin Templeton Investments Australia Ltd. The Company's portfolio is managed in accordance with the investment philosophy of the Templeton Global Equities Group ("Templeton"), which forms part of the Franklin Templeton Investments group, a large U.S. based investment management organisation. Templeton is one of the pioneers in global investing and its successful investment philosophy has been refined over more than 60 years. The Templeton investment process endeavours to identify undervalued securities through fundamental company analysis, using a global focus and a long term investment horizon.

INVESTMENT APPROACH

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

CONTACT DETAILS

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PERFORMANCE DATA[1] (AS OF 31/12/16)

Average Total Returns

Templeton Global Growth Fund Ltd (AUD%)

	Quarter	1 Year	3 Years	5 Years	10 Years
Templeton Global Growth Fund Ltd (TGG) — Net of Fees[2]	10.0	7.5	6.6	16.9	3.1
MSCI All Country World Free Index[3]	6.9	8.4	10.7	17.2	4.4

Net Tangible Assets (NTA) – Unaudited

	30 September 2016	31 December 2016
TGG share price (cents)	1.155	1.23
NTA per share before tax ($)[4]	1.304	1.430
Premium/(Discount) to NTA before tax (%)	(11.4)	(14.0)
NTA per share after tax ($)[4]	1.287	1.379
Premium/(Discount) to NTA after tax (%)	(10.3)	(11.0)

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 USD0.724 for December and USD0.765 for September.

QUARTERLY MARKET REVIEW

Global equity markets rose in 2016's fourth quarter amidst a number of market tailwinds: US investor optimism about President-elect Donald Trump's perceived pro-growth policies, generally encouraging macroeconomic data across regions and the European Central Bank's (ECB's) December announcement to extend its quantitative easing program beyond March 2017. However, uncertainty ahead of the US elections in November, along with a December referendum in Italy and a primary election in France, weighed on investor sentiment at certain points. Developed equity markets advanced as a group, primarily due to US equity returns, while emerging stock markets declined overall.

The US economy grew at its strongest rate in two years in 2016's third quarter. Job additions continued at a robust pace in October and November, decreasing the unemployment rate to a cyclical low in November. At its December meeting, the US Federal Reserve increased the federal funds target rate and signalled three potential rate hikes in 2017. Meanwhile, the ECB extended the timeframe for its monetary easing from March 2017 to December 2017. It also reduced the amount of its monthly bond purchases beginning in April 2017. The eurozone's annual inflation rate increased during the review period, while in October its unemployment rate fell to the lowest level since mid-2009. In Asia, Japan's annualised economic growth deteriorated in the third quarter from the previous quarter. However, the country's year-on-year inflation increased, and the unemployment rate decreased in October and November.

Amongst emerging markets, the Chinese economy's third-quarter growth was driven by the primary sector. The country's annual inflation rate increased in October and November. Purchasing managers' indexes for China rose month-on-month in October and November, although readings were mixed in December.

QUARTERLY PERFORMANCE ATTRIBUTION

The fund materially outperformed its benchmark for the quarter, driven significantly by an overweighting and security selection in the financials sector, delivering around half the out-performance for the quarter. Stronger capital markets activity and rising interest rates supported the stocks, which rallied alongside a global financial sector that had been significantly oversold in the first half of the calendar year. The quarter saw a share price return in Australian dollars of more than 30% for Morgan Stanley, JP Morgan, Citigroup, Barclays, BNP Paribas, and Credit Agricole and insurer Aegon returned 50% in AUD, making all those stocks amongst the portfolio's top relative contributors. The European banking sector remains abundantly cheap, in our view, reflecting ongoing concerns about regulations and growth prospects that we believe are overstated. European banks are regulated on a risk-adjusted basis, while US banks are regulated on leverage, incentivising the latter to hold higher-risk but typically higher-returning assets. We will not champion the merits of one regime over the other, only to say that investor concern and misperception about European regulation looks excessively discounted and possibly misplaced as regulatory zeal begins to fade.

An underweighting and security selection in the consumer staples sector also boosted results, with much of the positive effects coming from a lack of exposure to stocks that performed poorly during the reporting period. Overall, we believe consumer staples remain crowded and expensive, a perilous position for a sector that has historically shown the greatest (inverse) sensitivity to interest rate moves of any of its peers. Our analysis indicates that the nascent correction in consumer staples could deepen should we experience further normalisation in interest rates and financial conditions.

Relative fund performance was further supported by an overweighting and stock selection in the energy sector. With the price of oil up significantly from its February 2016 low, we have seen the most anticipatory parts of the energy sector—namely, the early cycle oilfield services firms and exploration and production (E&P) companies—outperform the integrated oil producers and the market more broadly. This has been particularly true in North America, now a crucial swing supplier of oil production and the region that has benefitted most strongly from supply cuts from the Organization of the Petroleum Exporting Countries (OPEC), as well as from the election of a US administration with a likely light environmental regulatory touch. Our current strategy therefore involves selectively reducing exposure to some of the earlier cycle energy stocks with fuller valuations and rotating into more modestly valued opportunities amongst global oil majors, as well as a few E&P companies. The net result is a slightly lower energy allocation going into 2017, notwithstanding solid performance in the quarter, though the broader overweight has remained. Such positioning is consistent with a significant number of holdings that are undervalued in light of our expectation for higher oil prices given the vast reductions in industry capex, a significant decline in the US rig count and OPEC's recent agreement to curtail a larger-than-expected amount of production.

Conversely, stock selection and an overweighting in the telecommunication services sector detracted from returns. Shares of UK-based Vodafone declined over the reporting period as the company reported a net loss over the six months ended 30 September 2016 due in part to a significant write-down in its Indian business. Many investors have also remained concerned that Vodafone's organic revenue growth may be insufficient to support the company's relatively rich dividend.

INVESTMENT OUTLOOK

The global rally in value stocks in late 2016 was, by some measures, the second-most powerful since 1989. While this may seem extreme, recall that value as a style had become cheaper and appeared more oversold than ever before, according to some analyses. As we have argued often over the past year, value looked poised for recovery should interest rates that were historically low and equity valuations and/or performance start to revert toward the mean. This has begun to happen, and value has been taking on the characteristics of a momentum trade as some investors hurry to mitigate relative losses from the abrupt style rotation. While value has become a momentum trade half a dozen times in the last decade, sometimes staying that way for several quarters, it does tend to eventually lose steam, and we would not be surprised to see a temporary pullback in the value recovery at some point. Such concerns notwithstanding, value has been bouncing off an extremely low base, and we believe the longer-term prospects for our investment philosophy remain attractive. Should rising interest rates herald a renewed economic cycle, we could see significant improvements in the earnings of value stocks, further supporting a style that has thus far benefitted primarily from the re-rating of valuation multiples. Economic and interest-rate normalisation represent significant challenges for holders of fixed income assets who have not experienced capital impairment in a generation. Real assets that can adjust for or pass through price increases and sustainably generate cash flows—like equities—appear far better positioned, in our view. But we do not think this is the time to buy stocks indiscriminately. After a strong post-financial crisis bull market and the more recent embedding of reflationary expectations, various segments of the market look expensive to us. As the market refocuses on fundamentals, we are confident that this next cycle can again prove the virtue of value-oriented, active investors focused on the long term.

PORTFOLIO CHARACTERISTICS – AS AT 31/12/16

	TEMPLETON GLOBAL GROWTH FUND LTD	MSCI All Country World Free Index
Weighted Average Market Cap (AUD Million)	128,736	118,959
Number of Securities	115	2,486

Price to Earnings

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	15.6x	20.8x

Price to Cash Flow

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	6.3x	11.5x

Dividend Yield

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	2.7%	2.5%

Price to Book Value

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	1.4x	2.1x

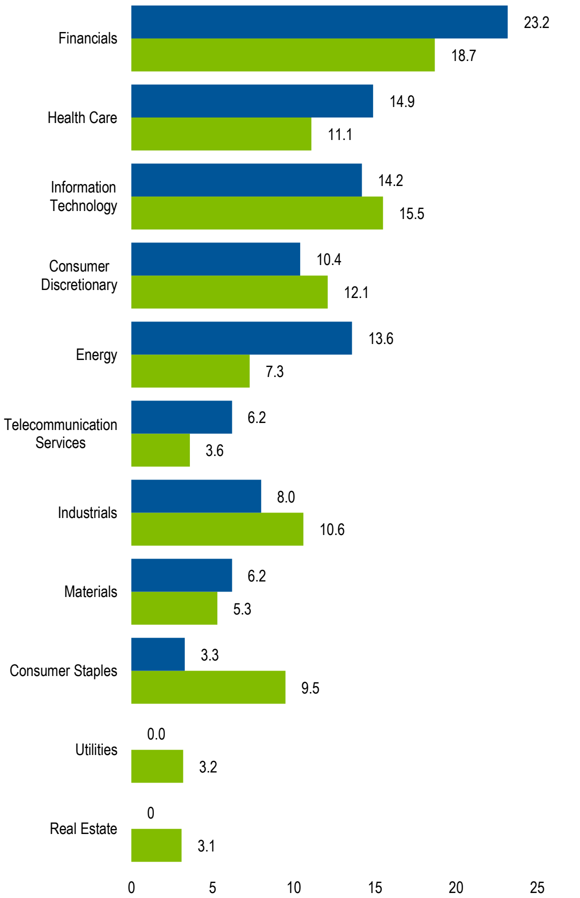
PORTFOLIO DIVERSIFICATION – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 31/12/16)

Top Ten Holdings[5]

SECURITY	COUNTRY	INDUSTRY GROUP
MICROSOFT CORP	United States	Software and Services
SAMSUNG ELECTRONICS	South Korea	Technology Hardware & Equipment
BP PLC	United Kingdom	Energy
ROYAL DUTCH SHELL	United Kingdom	Energy
JPMORGAN CHASE	United States	Financials
CITIGROUP INC	United States	Financials
NISSAN MOTOR CO	Japan	Automotive
HSBC HOLDINGS PLC	United Kingdom	Financials
SOFTBANK GROUP	Japan	Telecommunication Services
ALPHABET INC	United States	Software & Services

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

Percent of Equity Ranked by Fund Weighting



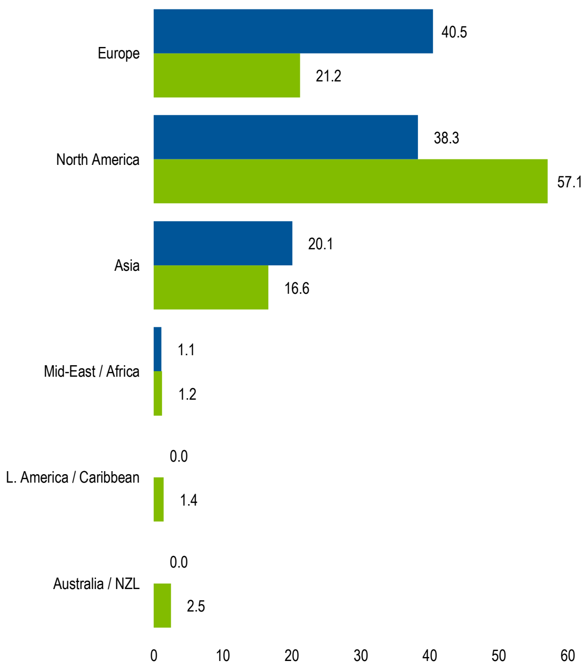
Country Allocation

The Company’s portfolio of listed investments was spread over the following countries as at 31 December 2016.

COUNTRY	%	COUNTRY	%
CANADA	1.1	SINGAPORE	1.5
CHINA	4.7	SOUTH KOREA	5.7
FRANCE	8.8	SPAIN	1.0
GERMANY	4.7	SWEDEN	0.8
IRELAND	1.5	SWITZERLAND	3.9
ISRAEL	1.1	THAILAND	0.7
ITALY	1.8	TURKEY	0.
JAPAN	7.3	UNITED KINGDOM	12.7
NETHERLANDS	4.0	UNITED STATES	36.8
NORWAY	0.7	Liquidity	0.9

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

Percent of Equity Ranked by Fund Weighting

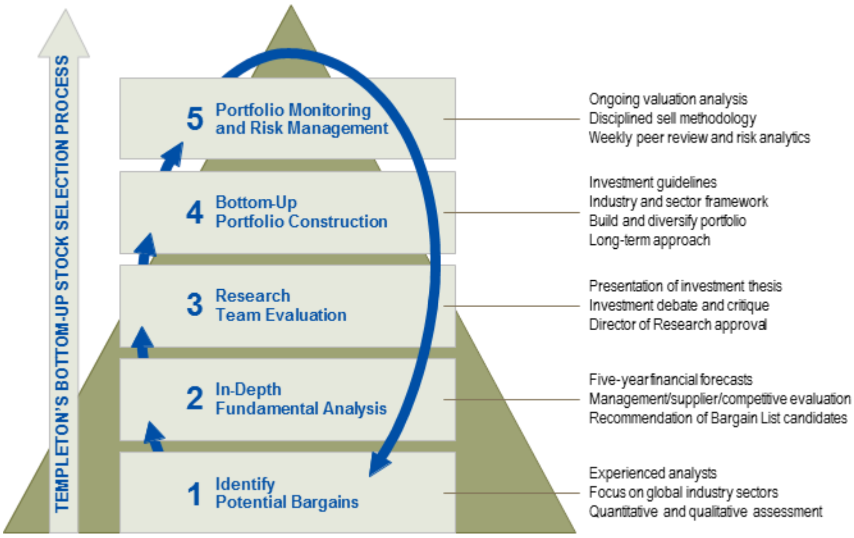


Templeton Global Growth Fund Ltd
MSCI All Country World Index

TEMPLETON INVESTMENT TEAM

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

TEMPLETON INVESTMENT PHILOSOPHY AND PROCESS



Templeton's Investment Philosophy

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

Value

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

Patience

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

Bottom-Up

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

COMPLIANCE STATEMENT AND OTHER INFORMATION

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

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Explanatory Notes:

1. Periods of more than one year are annualised.

2. 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.

3. 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.

4. Estimated tax on unrealised gains.

5. 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.