TEMPLETON GLOBAL GROWTH FUND LTD

Quarterly Investment Manager's Report

MARCH 2018

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.

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PERFORMANCE DATA[1] (AS OF 31/3/18)

Average Total Returns (AUD%)

	Quarter	1 Year	3 Years	5 Years	10 Years
Templeton Global Growth Fund Ltd - Pre-Tax Gross of Fees	0.6	13.8	6.7	15.9	7.9
Templeton Global Growth Fund Ltd - Net of Fees[2]	0.2	12.3	5.4	14.5	6.4
MSCI All Country World (Net Dividends) Index[3]	1.0	14.2	8.0	16.1	7.4

Net Tangible Assets (NTA) – Unaudited

	31 December 2017	31 March 2018
TGG share price (cents)	1.42	1.38
NTA per share before tax ($)[4]	1.537	1.527
Premium/(Discount) to NTA before tax (%)	(7.6)	(9.6)
NTA per share after tax ($)[4]	1.461	1.463
Premium/(Discount) to NTA after tax (%)	(2.8)	(5.7)

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 USD 0.7671, EUR 0.6237 and GBP 0.5468.

QUARTERLY MARKET REVIEW

Despite strong January performance, global equity markets fell in USD terms, but the fall in the AUD left markets slightly positive for the first quarter of 2018. Concerns arose that strong economic growth and rising inflation in some parts of the world, particularly the United States, would lead central banks to increase interest rates sooner than expected. A selloff in technology firms amid worries about consumer data privacy and potentially tighter regulatory controls in the sector affected many developed markets. Sentiment was also dampened by fears that a trade war could develop following protectionist moves by the Trump administration. Frontier- and emerging-market stocks, as measured by MSCI indexes, advanced and outperformed global equities as a group, along with their developed-market peers, which generally declined.

The US economy expanded at slightly slower pace in the fourth quarter of 2017 than in the third quarter. At its March 2018 monetary policy meeting, the US Federal Reserve raised its benchmark interest rate. It also lifted its 2018 US growth forecast but maintained its projection of three rate hikes this year. Europe's 2017 GDP grew strongly in both the euro area and in the European Union (EU) overall. The February 2018 unemployment rate in the euro area edged down to the lowest reading since December 2008, and the rate in the EU declined to the lowest level since September 2008.

China's preliminary GDP growth figure for 2017 beat consensus expectations and the country's target. South Korea's fourth-quarter GDP grew year-on-year but declined quarter-on-quarter. The United Kingdom's 2017 GDP grew at the weakest annual growth pace since 2012. Elsewhere, Japan's revised fourth-quarter GDP marked the eighth consecutive quarter of growth and the longest period of expansion since 1989.

QUARTERLY PERFORMANCE ATTRIBUTION

The portfolio underperformed its benchmark for the quarter. At the end of last year, we cautioned that "risks appear elevated at this point in the cycle as policymakers begin raising rates against a backdrop of high asset prices and historically low volatility." The idea that policy tightening, geopolitical tensions and inflationary pressures could mark an inflection point in the cycle is a theme we have discussed at length. Within the portfolio, we have been preparing for this transition by reducing exposure to fully valued market leaders and reinvesting in what we view as undervalued market laggards. While we believe the portfolio was reasonably well-positioned for enhanced volatility and risk aversion, stock-specific weakness detracted in the first quarter.

Our result in the financials sector was pressured by a stake in US bank Citigroup. Despite the lack of materially negative stock-specific news, Citigroup edged lower amid rising macro fears and risk aversion. Citi is no longer an outright bargain, though we think its undemanding valuation offers additional upside potential over our investment horizon. The bank has completed its multiyear restructuring after winding down dozens of businesses, closing branches, exiting entire countries and simplifying its business model. While we have been reducing stakes in some of the portfolio's other US bank holdings as the cycle progresses toward what we consider full valuation, Citi remains a core holding and source of potential upside over our investment horizon. Elsewhere in the sector, shares of China Life and French insurer AXA declined in value.

In the information technology sector, stock selection and an underweight exposure pressured performance relative to heavier-weighted benchmark tech holdings, which advanced. While we think many of the consumer and internet technology stocks that have led the market recently trade at prohibitively expensive valuations and appear vulnerable to a correction at this point in the cycle, we believe a number of our tech holdings still have reasonable upside potential, though true bargains have become increasingly scarce in the sector. Ultimately, we recognise that technology is a sector defined by innovation and disruption, and our approach is to identify both mature companies with the ability to adapt to change, as well as new entrants likely to emerge as winners.

Turning to contributors, an underweight allocation and stock selection in the consumer staples sector helped relative results. In general, while the sector appears more expensive relative to the broader market and its own history, opportunities remain in some select retail franchises that can grow in a challenging environment or restructure their operations. Stock selection in the energy sector also contributed to relative performance. US exploration and production firm ConocoPhillips was our top contributor from the sector, rallying as higher oil prices led the company to boost its dividend, buy back shares and invest US$400 million in a "bolt-on" acquisition in Alaska. Our thesis on ConocoPhillips was largely predicated on its capital return prospects, which we believe were being undervalued by the market. This thesis appears to be on track, and we remain confident that management can maintain capital discipline and execute a shareholder-friendly strategy. Italian natural gas producer Eni also performed well.

INVESTMENT OUTLOOK

Surveying the current global investment environment, a number of situations appear incongruous and unsustainable to us. First, the US-led economic cycle is now the second-longest of the post-war era, with the world's largest economy nearing full employment and peak profitability. This strikes us as an odd moment to unleash large-scale fiscal stimulus, especially if it needs to be deficit-financed at a time of waning demand for Treasury debt. Second, US stocks are near their highest valuation levels in history, at least based on the metrics that are most correlated to future long-term returns. This seems a strange time to rush indiscriminately into US equities, yet data confirms that 2017 saw record inflows into US focused exchange-traded funds. Third, corporate debt-to-GDP is back near previous peaks, while the government debt-to-GDP ratio of the Group of Seven countries is near the highest level since World War II. This seems a perilous time to increase borrowing costs, but nevertheless rates have been rising.

We would not want to own the leaders of the last cycle in this environment, and believe that the inevitable market transition could significantly bolster the case for active value investing. In keeping with our time-tested value discipline, recent quarters have seen us reducing exposure to expensive sectors like internet technology, consumer discretionary and US banks and reinvesting proceeds into beleaguered sectors like health care, telecommunications and select energy stocks. The aim of a long-term, contrarian investment framework is to spot such opportunities and get there before the crowds arrive to erode the return potential. In this environment of impending transition, we have continued to find what we consider the best long-term opportunities among unloved and overlooked stocks.

PORTFOLIO CHARACTERISTICS – AS AT 31/3/18

	TEMPLETON GLOBAL GROWTH FUND LTD	MSCI All Country World Free Index
Weighted Average Market Cap (AUD Million)	150,433	147,602
Number of Securities	105	2,495

Price to Earnings

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	15.4x	18.8x

Price to Cash Flow

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	6.9x	11.5x

Dividend Yield

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	2.1%	2.4%

Price to Book Value

	Templeton Global Growth Fund Ltd	MSCI All Country World Free Index
Weighted Average	1.4x	2.2x

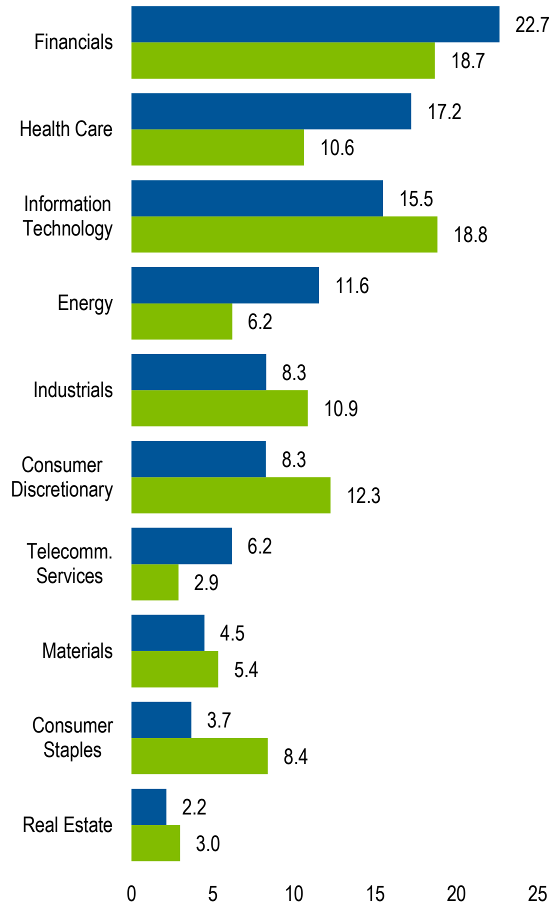
PORTFOLIO DIVERSIFICATION – TEMPLETON GLOBAL GROWTH FUND LTD (AS AT 31/3/18)

Top Ten Holdings[5]

SECURITY	COUNTRY	INDUSTRY GROUP
SAMSUNG ELECTRONICS	South Korea	Technology Hardware & Equipment
ORACLE CORP	United States	Software & Services
MICROSOFT CORP	United States	Software & Services
ROYAL DUTCH SHELL	United Kingdom	Energy
ALPHABET INC	United States	Software & Services
BP PLC	United Kingdom	Energy
CITIGROUP INC	United States	Banks
SOFTBANK GROUP	Japan	Telecommunication Services
SUNTORY BEVERAGE & FOOD LTD	Japan	Food, Beverage & Tobacco
CAPITAL ONE FINANCIAL CORP	United States	Diversified Financials

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

Percent of Equity Ranked by Fund Weighting



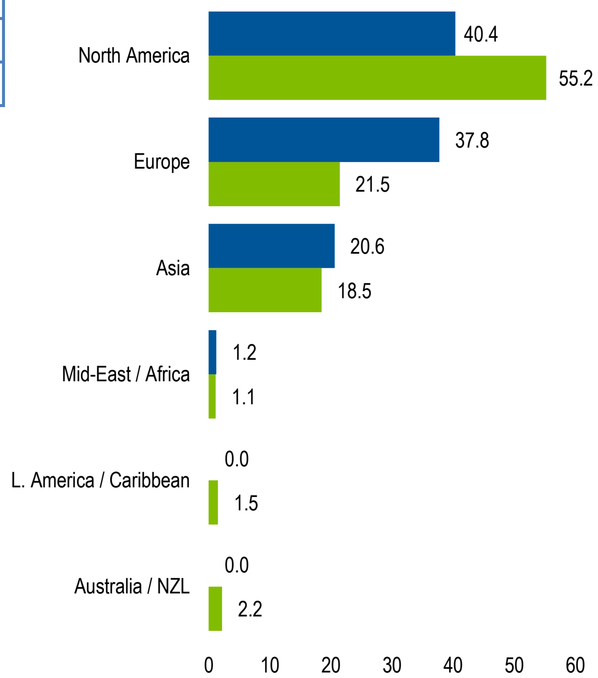
Country Allocation

The Company's portfolio of listed investments was spread over the following countries as at 31 March 2018.

COUNTRY	%	COUNTRY	%
CANADA	2.0	NETHERLANDS	2.4
CHINA	5.8	SINGAPORE	0.7
DENMARK	0.5	SOUTH KOREA	4.0
FRANCE	7.0	SWEDEN	0.6
GERMANY	4.6	SWITZERLAND	2.8
IRELAND	1.8	THAILAND	1.5
ISRAEL	1.2	UNITED KINGDOM	14.4
ITALY	2.1	UNITED STATES	36.7
JAPAN	7.7	Liquidity	4.2

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	25	31
Heather Arnold, CFA, Director of Research	12	33
Peter Wilmshurst, CFA, Portfolio Manager/Research Analyst	19	24
TEMPLETON GLOBAL EQUITY TEAM	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	27	23
Research Analysts	12	11

TEMPLETON GLOBAL EQUITY GROUP
– VALUE INVESTORS FOCUSED ON SEEKING LONG-TERM CAPITAL GROWTH

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.