



# TEMPLETON GLOBAL GROWTH FUND LTD

ANNUAL REPORT 2018

ABN 44 006 558 149





## MISSION STATEMENT

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

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

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

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



Templeton Global  
Growth Fund Ltd ABN 44 006 558 149

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## CHAIRMAN'S MESSAGE

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

This was also my first full year as Chairman, so is really my first opportunity to see a full annual cycle of the Company. These are the key points that I want to highlight from the last year:

- **Investment Returns** were solid in absolute terms at 12.6% gross of fees and expenses for the year, but in another challenging year for value, lagged the index in relative terms, which returned 15.0% for the year;
- **Net Tangible Assets** rose during the year to \$1.56, after paying a fully franked dividend in FY'18 of 4.5 cents per share;
- **Earnings per share** were consistent with the prior year at 1.6 cents per share and **total comprehensive income**, which captures realised and unrealised gains on Investments, was 10 cents per share;
- The **Management Expense Ratio (MER)** increased slightly from the prior period level of 1.16% to 1.29% as a result of increased fixed costs, including additional marketing expenditure, and the prior year benefit of a recovery of tax from a tax ruling was not repeated;
- An unusually high surplus of franking credits and LIC capital gains to the extent that in conjunction with the **fully franked dividend** of 4.5 cents per share, the Directors have also declared a fully franked special dividend of 3.5 cents per share;
- The resultant fully franked **dividend yield** of over 5.6% is a significant return for global equities and for those eligible shareholders that can take advantage of LIC capital gains, the after tax impact is worth somewhat more; and
- The **on-market share buy-back** program saw us purchase slightly more than 2% of shares outstanding at an average discount of approximately 10% adding value for shareholders while also providing liquidity for investors.

Please refer to the Financial Statements for the full details of the financial results for the year.

A video package highlighting the financial results of the Company, and a more in depth look at the Investment Performance, will be available on the website at [www.tggf.com.au](http://www.tggf.com.au)

### SPECIAL DIVIDEND

I did want to call out the unanimous decision of the Board to pay a fully franked special dividend of 3.5 cents per share, in conjunction with the regular dividend of 4.5 cents per share.

The Board felt that – particularly in these times of uncertainty around franking credits for some investors – that it was in shareholders' best interests to receive as many credits as we were able to pass out to them now, and remove the risk that they may not be entitled should there be a change in legislation.

CHAIRMAN'S  
MESSAGE  
CONTINUED

INCREASED INVESTMENT CONVICTION

Having already begun, and continuing over the next few months as opportunities present themselves, the Investment Portfolio will also be transformed into a more focused structure of 40 – 60 securities, and one that displays a higher level of conviction in terms of stock selection. Both the board, and the Portfolio Management team, feel that this structure is well suited to capture the returns that will flow when the “value” style recovers and out-performs broader markets.

During the year we continued to invest in initiatives to increase shareholder engagement and the public profile of TGG, to provide shareholders with more opportunities to interact with the company and to gain new shareholders with the goal of reducing the share price discount to NTA.

We are confident that these changes, in combination with the initiatives that were already underway, will continue to have a positive impact on the Company's share price.

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



**Christopher R Freeman**

*Chairman*

23 August 2018

**2018  
INVESTMENT  
MANAGER'S  
REPORT**

**2018 INVESTMENT MANAGER'S REPORT**

TGG's investment portfolio returned 12.6% for fiscal 2018. This fell behind the 15.0% rise in the MSCI All Country World Index ("Index").

**PERFORMANCE SUMMARY TO 30 JUNE 2018 - \$A**

	Latest 6 Mths %	Latest 12 Mths %	Latest 2 Yrs %	Latest 3 Yrs % p.a.	Latest 5 Yrs % p.a.	Latest 10 Yrs % p.a.	Since Inception % p.a.
TGG <sup>^</sup>	4.0	12.6	17.9	7.8	13.0	9.4	9.0*
Index	5.4	15.0	15.1	9.6	14.2	8.6	6.8#

<sup>^</sup> Returns are pre-fees and expenses and based on movements in the Company's net tangible assets per share, before corporate taxes, with adjustments for dividends and capital movements.

\* Pre-fees/expenses performance prior to Jul 06 was estimated due to limited availability of fee/expense data.

# Since inception Index uses MSCI World. Indices are presented with net dividends reinvested.

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

Looking back to the last few years the absolute returns have been attractive with the clear exception of fiscal 2016 when the Brexit vote and further quantitative easing from Central Banks pressured value strategies, generally, and TGG's portfolio specifically.

Performance: Year to 30 June	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%
TGG <sup>^</sup>	12.6	23.3	-9.9	18.0	25.0	43.5
Index	15.0	15.3	-0.6	23.7	19.2	30.5

Comparing TGG's returns, after fees and expenses to make the numbers comparable, to a broader universe of value peers highlights a similar performance track record. Good relative performance in the short and long-term, but weaker returns in the 3 and 5 year period.

**PERFORMANCE SUMMARY TO 30TH JUNE, 2018 - \$A**

	Latest 12 Mths %	Latest 2 Yrs % p.a.	Latest 3 Yrs % p.a.	Latest 5 Yrs % p.a.	Latest 10 Yrs % p.a.
TGG <sup>**</sup>	11.1	16.4	6.5	11.7	7.9
Morningstar Global Value Peers <sup>**</sup>	10.7	12.4	7.1	11.9	6.4

<sup>\*\*</sup> Returns are post-fees and expenses

2018  
INVESTMENT  
MANAGER'S  
REPORT  
CONTINUED

## 2018 IN REVIEW

In absolute terms the returns from TGG's portfolio in the year were attractive, but lagged the broader market. 2018 was again a challenging one for value investors, with the MSCI AC World Value Index lagging its growth peer by around 10%.

Major Region Returns (Year to 30 June 2018)	TGG (%)	Index (%)
Asia	8.6	14.3
Europe	9.2	9.3
<i>Eurozone</i>	5.6	9.7
<i>Rest of Europe</i>	12.7	8.9
North America	19.0	17.9

TGG's holdings out-performed in North America, matched the Index in Europe, but lagged in Asia. North America was again the strongest performing region as President Trump's tax cuts led to upwards earnings revisions in late 2017 and early into this calendar year and this supported the performance of US shares.

A year ago we wrote about how TGG's Eurozone financials had delivered a 60% return for fiscal 2017, but in the latest year they declined slightly, pressured by weaker economic news out of the Eurozone in the last few months, Mario Draghi's commitment to maintain negative rates in Europe until "at least" Summer 2019 and a new Italian "populist" government. Lufthansa performed strongly in the Eurozone as the company continued to drive down their cost base along with a stronger economic environment helping both volumes and pricing. We have, however, now exited the position in Lufthansa as the valuation was no longer compelling.

Amongst TGG's US holdings, 21st Century Fox was subject to a heated acquisition battle between Disney and Comcast, delivering an 85% return in A\$. The portfolio's holdings in North America in industrials and materials did well, producing a 40% return, boosted by better economic news as well as Volkswagen taking a stake in truck manufacturer Navistar.

Holdings in the rest of Europe were boosted by three UK holdings: GKN, BP and Shell. Soon after we initiated a position in auto and aerospace parts company, GKN, it was subject to a take-over bid by private equity, who were eventually successful in acquiring the company. Both BP and Shell benefited from a robust oil price and their substantial progress in reducing their capital and operating expenditures. Notwithstanding solid performance from both securities they remain significantly under-valued and amongst the portfolio's top holdings.

2018  
INVESTMENT  
MANAGER'S  
REPORT  
CONTINUED

Sector Returns (Year to 30 June 2018)	TGG (%)	Index (%)
Consumer Discretionary	20.9	20.4
<i>Without Amazon/Netflix</i>	20.9	12.8
Consumer Staples	(7.0)	3.2
Energy	37.2	28.7
Financials	6.5	8.6
Health Care	(2.7)	9.1
Industrials	10.0	10.1
Information Technology	21.5	30.9
Materials	41.5	18.2
Real Estate	29.9	9.2
Telecom Services	(4.3)	(0.6)
Utilities	(2.1)	6.9

Stock selection was particularly strong in both energy and materials, but disappointing in both information technology and health care. ConocoPhillips was the stand-out performer even in a strong energy sector with a 68% return in Australia dollars, along with the aforementioned BP and Shell, plus Canadian oil sands producer, Husky Energy. In materials, Japanese company, Sumitomo Metal Mining delivered the best return, around 75% before we exited the position as the market started to overstate the potential upside in the shares from their exposure to battery production.

While a 21% return from TGG's IT holdings was reasonable in an absolute sense, it fell short of the returns from the broader IT sector. TGG held a number of stocks, such as First Solar, Intel, Microsoft and Nutanix, that delivered 50% plus returns, but the portfolio was let down by weaker performances from Commscope, Knowles and Oracle, all of which declined, while the Index benefited from a number of strong performers.

In contrast to the technology sector, health care performance was poor in both an absolute and relative sense. The sector was pressured by ongoing concerns about the potential for future political involvement in the setting of drug prices in the all-important US market, but a number of TGG's holdings suffered from stock specific issues. Teva pharmaceuticals was caught in an ironic situation, as one of the World's leading generic pharmaceutical manufacturers the company suffered as the US Food and Drug Administration (FDA) approved the lowest proportion of first time generics ever, down to 10% of approvals, from closer to 20% historically, yet did see a generic competitor approved to their own branded drug Copaxone. While competition to Copaxone had been expected to arrive, the timing was unfortunate given the challenges to Teva's generic franchise from the lack of approvals and the substantial debt that Teva took on to make an acquisition to double the size of their generic business. Allergan and Celgene also suffered through significant de-ratings, both declining to around 11x forward P/E, from 15x for Allergan and 18x for Celgene.

The performance of the consumer discretionary sector was substantially boosted by the presence of two of the FAANGs, being Amazon and Netflix. Both are tremendous businesses, but each sports a triple-digit price-to-earnings ratio, seemingly factoring in superlative growth and flawless execution. This may occur and prove the bulls right, but stocks with such high expectations often end up disappointing.



# 2018 INVESTMENT MANAGER'S REPORT CONTINUED

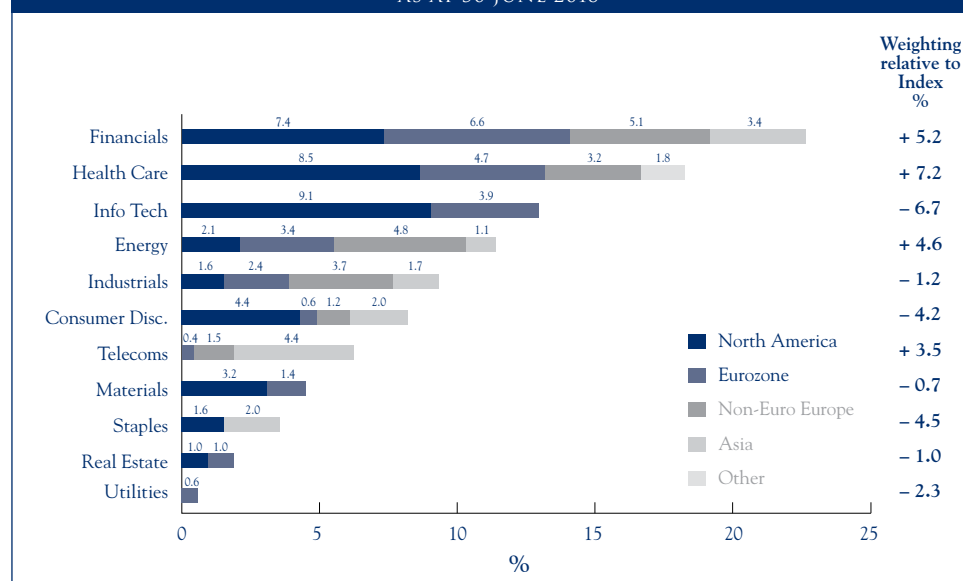
## PORTFOLIO STRATEGY

TGG's four key sector over-weights remain the same as last year: financials, health care, energy and telecoms, with the former three also among the portfolio's largest sector holdings.

The portfolio's exposure to the information technology sector, in contrast, has been significantly reduced as some holdings in the sector have reached a price level at which they no longer represent attractive value. First Solar and Nutanix have been sold completely, while holdings in Apple, Baidu and Microsoft were significantly reduced. The only new position in the portfolio in technology was Intel, while the stakes in Commscope and Oracle were increased. A year ago the portfolio weight in information technology was 15% and only slightly under-weight, whereas now the weight in TGG's holdings has declined to 13% and with the increasing sector weight the under-weight is now a significant 6.7%, the largest under-weight in the portfolio. Even this is somewhat understated with the previously discussed card carrying members of the FAANGs, Amazon and Netflix, where TGG has no holding, captured in the consumer discretionary sector.

## PORTFOLIO GEOGRAPHIC-SECTOR WEIGHTINGS

AS AT 30 JUNE 2018



Neither the energy or materials sector weights changed appreciably, but both saw sizable net selling of stocks in the sectors, more than offsetting, in aggregate, the impact of the appreciation of the stocks. In the materials sector we exited holdings in metals companies Sumitomo and Allegheny, but added to precious metals companies Goldcorp and Wheaton Precious Metals and Irish construction materials company CRH. In the energy space, as the oil price rose, TGG's exposure to the oil price has been reduced through selling more oil price sensitive companies such as Chevron, Conoco, Halliburton and Suncor, whereas the holdings in the more stable integrated energy companies such as BP, Eni, Shell and Total have been maintained. The position in Chinese gas intermediary, Kunlun Energy, has been increased.

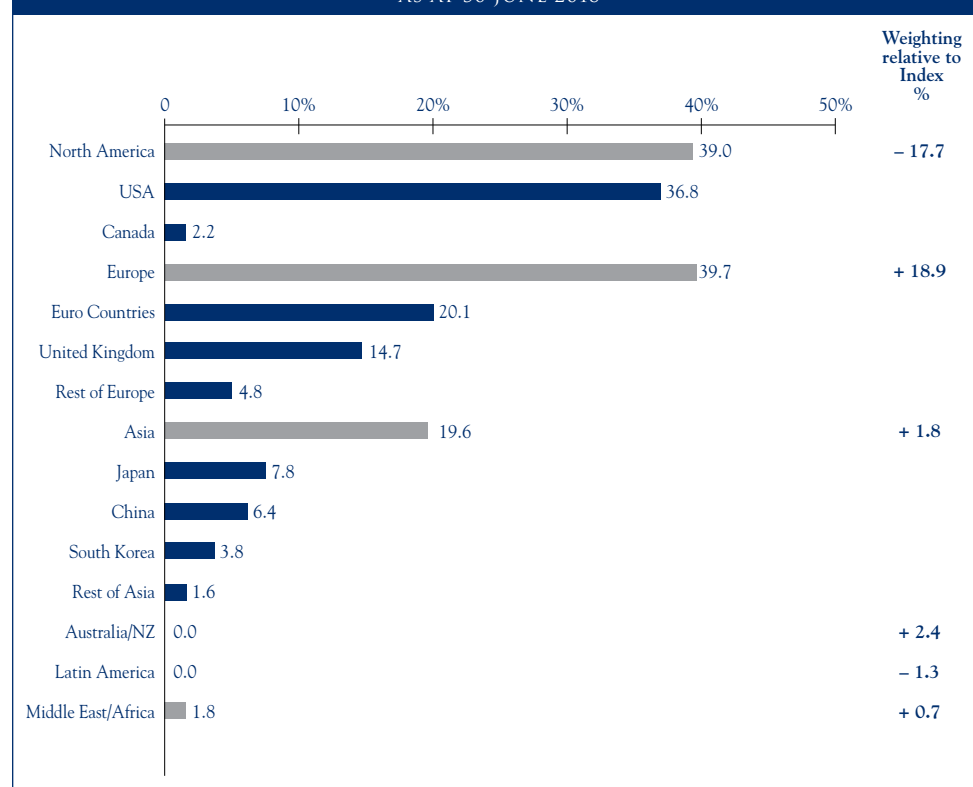


# 2018 INVESTMENT MANAGER'S REPORT CONTINUED

TGG's holdings in the US decreased somewhat, down 2% or so, with the previously mentioned selling in technology and energy stocks the key driver. These funds have been deployed into shares in both Eurozone and UK domiciled companies. In Japan we exited Sumitomo Metal Mining, but initiated positions in Japanese real estate company Mitsui Fudosan and convenience store operator Seven & I, the operator of 7-11 in the country. Mitsui Fudosan is our first real estate ownership investment for a long period of time, the other holding in the sector is Jones Lang LaSalle a real estate services company.

## PORTFOLIO GEOGRAPHIC WEIGHTINGS

AS AT 30 JUNE 2018



2017 was a good year for politics in Europe, however, 2018 has been less kind, with a new Populist government in Italy formed from a combination of the far-left Five Star Movement and the far-right, Lega. The important point to make here is that just because the European Union is an imperfect system does not mean that it's doomed to fail. In Italy, admittedly one of the more euro-skeptic countries in the bloc, the proportion of citizens opposed to the euro is still a mere 30%. While both the Lega and Five-Star Movement raised some eyebrows with their fiscally irresponsible campaign rhetoric, neither party campaigned for an exit from the eurozone. What's more, as the sobering reality of running a government, managing a budget and dealing with the vagaries of financial markets sets in, we could see the new Italian coalition edge away from some of their more expensive populist proposals like universal basic income, a flat tax, and sweeping pension reform. The Lega has its roots in the more prosperous North of Italy and the party's base would be unlikely to look favourably on a departure from the Euro.

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Meanwhile the Brits continue to struggle to define what they want out of Brexit. The Chairman of the Templeton Global Equity Group, Dr Sandy Nairn recently commented extensively on Brexit, under the title "Are Markets underestimating the Chances of the UK Not Leaving?" The crux of Sandy's argument is that there is a higher probability of the United Kingdom remaining in the EU than many observers have thought, but also that there is more risk of political turmoil and a possible change in government. With this backdrop, TGG's 15% weight may look somewhat strange, but fully one-third of that position is in BP and Shell, two companies that report in US dollars and operate internationally. The three most domestically oriented UK companies that TGG owns are; Aviva, Kingfisher and Barclays, representing 3% of the portfolio, which each have around 50% of their business in the UK. Other UK headquartered holdings such as BAE systems, HSBC, Shire Pharmaceutical, Standard Chartered and Vodafone are very international businesses.

As mentioned previously, US shares have certainly benefited from the EPS upgrades that have been driven by President Trump's tax cut. They also seem to have been boosted by a view in sympathy with that of the President, namely that "Trade wars are good, and easy to win", and that the US stock market will be a beneficiary of reform in international trade. We would, however, beg to differ. Firstly, the US is picking trade fights with everyone; its NAFTA partners, the EU, China, even Australia, depending on the day. This US isolationism would leave companies in the rest of the World able to reap the efficiencies of global supply chains. Secondly, while manufacturing only represents around 12% of US GDP, it produces slightly more than 40% of the profits in the US stock market, so the vulnerability of the share market is higher than that of the broader economy. Finally, while US goods exports to China, in particular, are dramatically outweighed by imports from China, a large number of US companies have very profitable businesses in China. Apple is a case in point with around one-fifth of the company's profits coming from selling iPhones in China.

The sugar hit of the US tax cuts has boosted US profitability in the short-term, but has come at an unorthodox time, when the US Federal Reserve is tightening rates to remove monetary stimulus as the US is close to full employment. The increase in the US budget deficit also has a sizable negative impact on the level of US government debt. The IMF now projects US government debt to surpass that of Italy, relative to GDP in five years' time, lagging only Japan's enormous debt load amongst the G7.

Going forward we are planning on substantially reducing the number of stocks in TGG's portfolio. We believe that this is a more attractive proposition for the types of investors who own listed investment companies. The rise of passive strategies over the last decade along with academic research that highlights the importance of active managers being "active" in terms of delivering out-performance argue for a more concentrated portfolio for TGG. One measure of this is a portfolio's "active share" which measures the proportion of a portfolio that is different to the Index. While TGG's portfolio has consistently had a high "active share" of 80% plus, cutting the number of holdings should provide a further boost. While these are long-term reasons for the move, now seems to be an opportune time to position the portfolio more aggressively in order to better capitalise on the rebound of value investing when it occurs.

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INVESTMENT  
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The overall strategy remains to buy undervalued stocks through patient, bottom-up investing founded on detailed company analysis. This has produced a portfolio that is overweight in European companies, financials, energy, health care and telecoms while being substantially less exposed to US and information technology companies.

## OUTLOOK

Equity markets in a number of countries, most importantly the US, are at high valuations. Other regions' share markets are less stretched and these represent the majority of TGG's portfolio. The average valuation of TGG's holdings on a price-to-book basis remains about the same as it was in June 2017 and indeed, all the way back to June 2009 at around 1.4x, notwithstanding solid returns in the period subsequent to those two dates. Investors shouldn't expect the returns of the last five years to be repeated in the next five years, but we are of the view that it is still possible to construct a portfolio that is trading at reasonable valuations and should be able to deliver attractive returns going forward.

An extended US Federal Reserve Board tightening cycle threatens this growth-led, US-centric bull market but we continue to find long-term opportunities among out-of-favour value stocks. Though it may not feel like it, we believe this could be a meridian hour for value investors. Value has typically been more defensive in a bear market boosting through the cycle performance for patient investors. Although the last decade has been a challenging one for value investors, value's long-term track record remains intact. As an indicator of that track record, since its inception in 1974, MSCI's Value index has out-performed its Growth peer by almost 1.5% p.a., highlighting why investors should maintain the faith in a value investment approach.



**Peter M Wilmshurst CFA**

*Portfolio Manager*

14 August 2018



2018  
INVESTMENT  
MANAGER'S  
REPORT  
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TOP 15 PORTFOLIO HOLDINGS AS AT 30 JUNE 2018

Security	Sector	Country	% of Portfolio
BP	Energy	United Kingdom	2.4
Royal Dutch Shell	Energy	United Kingdom	2.4
Samsung Electronics	Information Technology	South Korea	2.2
Oracle	Information Technology	United States	2.2
BNP Paribas	Financials	France	2.0
Alphabet	Information Technology	United States	1.8
Teva Pharmaceutical	Health Care	Israel	1.8
Citigroup	Financials	United States	1.7
Capital One	Financials	United States	1.6
SoftBank Group	Telecommunications	Japan	1.6
Siemens AG	Industrials	Germany	1.5
Allergan	Health Care	United States	1.5
Shire	Health Care	United Kingdom	1.5
Vodafone	Telecommunications	United Kingdom	1.5
Total SA	Energy	France	1.5
			27.0

INDICATIVE PORTFOLIO CHARACTERISTICS

TGG VS MSCI AC WORLD INDEX AS AT 30 JUNE 2018

Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	15.2	18.5
Price to Cash Flow (times)	6.7	11.6
Price to Book Value (times)	1.4	2.3
Dividend Yield (%)	2.7	2.4
Market Capitalisation (\$Aust m.)	144,059	160,296

2018  
INVESTMENT  
MANAGER'S  
REPORT  
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## FIVE YEAR SUMMARY

AS AT 30 JUNE

	2018	2017	2016	2015	2014	2013
<b>SECTOR WEIGHTINGS (%)</b>						
Consumer Discretionary	8.2	7.9	11.5	12.8	11.5	11.9
Consumer Staples	3.6	3.6	4.1	4.7	4.9	4.3
Energy	11.5	11.2	14.9	10.9	12.7	10.2
Financials	22.6	23.3	20.9	24.9	22.6	20.3
Health Care	18.2	17.5	16.0	19.4	19.2	17.6
Industrials	9.4	8.7	8.6	7.7	8.8	9.0
Information Technology	13.0	15.2	11.5	8.1	7.7	12.2
Materials	4.5	5.2	5.3	4.5	4.5	5.4
Real Estate	2.0	0.9	—	—	—	—
Telecommunication Services	6.3	6.6	7.3	7.1	8.1	9.1
Utilities	0.6	0.0	0.0	0.0	0.0	0.0

### GEOGRAPHIC WEIGHTINGS (%)

North America	39.0	40.7	36.2	34.7	32.7	38.0
Europe - ex UK	25.0	23.4	28.7	30.5	34.9	34.9
United Kingdom	14.7	13.0	13.4	13.2	10.7	10.6
Asia - ex Japan	11.8	14.4	14.2	13.2	11.0	7.5
Japan	7.8	6.9	5.8	6.0	7.8	7.6
Australia/NZL	0.0	0.0	0.0	0.0	0.0	0.6
L. America/Caribbean	0.0	0.0	0.4	0.9	1.8	0.7
Mid-East/Africa	1.8	1.6	1.5	1.3	1.1	0.0

### FUNDAMENTAL CHARACTERISTICS

Price to Earnings	TGG	15.2	17.7	13.9	13.2	15.1	14.5
(times)	MSCI AC	18.5	20.4	14.1	16.2	16.8	15.6
Price to Book	TGG	1.4	1.4	1.2	1.2	1.5	1.3
(times)	MSCI AC	2.3	2.2	2.0	2.1	2.1	1.9
Price to Cash Flow	TGG	6.7	7.4	5.9	7.0	10.8	5.9
(times)	MSCI AC	11.6	11.8	9.0	9.5	14.9	9.4
Dividend Yield	TGG	2.7	2.5	3.1	2.7	2.5	2.7
(%)	MSCI AC	2.4	2.4	2.6	2.4	2.4	2.6

### YEAR TO 30 JUNE PERFORMANCE

TGG	12.6%	23.3%	-9.9%	18.0%	25.0%	43.5%
MSCI AC	15.0%	15.3%	-0.6%	23.7%	19.2%	30.5%

### WEIGHT AVERAGE MARKET CAP (\$M)

TGG	144,059	140,135	104,832	101,224	78,577	76,453
MSCI AC	160,296	125,923	126,232	120,492	94,972	72,514

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



## FRANKLIN TEMPLETON INVESTMENTS

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

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

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

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

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

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

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

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

### VALUE

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

### PATIENCE

Long-term appreciation with a low turnover of the portfolio.

### BOTTOM-UP

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

The differentiating characteristics of the Templeton style of investing are:

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

Overseas investments are not hedged.



**DIRECTORS'  
REPORT  
FOR THE  
YEAR ENDED  
30 JUNE 2018**

The Directors of Templeton Global Growth Fund Ltd. (“the Company”) submit their report for the year ended 30 June 2018

**DIRECTORS**

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

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

**CHRISTOPHER R. FREEMAN, CA, MAICD – Non-Executive Chairman**

Appointed as a Director 11 January 2017. Appointed as Chairman on 22 February 2017. Chair of the Review Committee and member of the Audit Committee. Currently Senior Strategic Advisor to the BT Financial Group. Former roles include General Manager Adviser Distribution for the BT Financial Group, Head of Equities for Bankers Trust Australia Limited, Head of Distribution for BT Financial Group and Head of BT Wealth and Wrap Solutions.

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

Appointed as a Director in April 1992. Non-Executive Director of the Company. Senior Strategic Advisor of Franklin Templeton Investments. Former Director, Executive Vice President, and General Counsel of Templeton International Inc., former Director of Franklin Templeton Investments Australia Limited.

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

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

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

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

**JOANNE DAWSON, CA, MAICD – Non-Executive Director**

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

**DIRECTORS' REPORT  
FOR THE  
YEAR ENDED  
30 JUNE 2018**

**ALOK SETHI, B.Com, ACA – Non-Executive Director**

Appointed as a Director on 22 February 2017. Non-Executive Director of the Company. Executive Vice President Technology and Operations for Franklin Resources, Inc. He is also responsible for the subsidiaries of Franklin Resources, Inc. in India and Poland that provide support to the back office and technology functions of Franklin Templeton worldwide.

**INTEREST IN SHARES OF THE COMPANY**

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

Director	Ordinary Shares
C R FREEMAN	100,000
G E MCGOWAN	–
M F WARWICK	41,440
M J O'BRIEN	131,250
J DAWSON	33,700
A SETHI	–

**EARNINGS PER SHARE**

	Cents
Basic	1.6
Diluted	1.6

**DIVIDENDS**

	\$'000
Directors have declared a final dividend of 4.5 cents per share fully franked. The dividend included LIC capital gains attributable at 4.5 cents per share (2017: 4.5 cents per share fully franked. The dividend included LIC capital gains attributable at 4.5 cents per share)	9,976
Directors have declared a special dividend of 3.5 cents per share fully franked. The dividend included LIC capital gains attributable at 3.5 cents per share (2017: nil special dividend)	7,759
	<u>17,735</u>
<i>Dividends paid during the year ended 30 June 2018 were as follows:</i>	
Final dividend for the year ended 30 June 2017 of 4.5 cents per share, paid 22 September 2017 (30 June 2016 of 4.5 cents per share, paid 23 September 2016)	<u>10,197</u>

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**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 2018 the majority of 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 2018 the Company's portfolio of investments returned 12.6% compared to the MSCI All Countries World Index ("the Index") which returned 15.0% for the same period.



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

Investment Performance % (\$Aust.)						
	Latest 6 Mths	Latest 12 Mths	Latest 3 Mths	Latest 5 Yrs*	Latest 10 Yrs*	Since Inception*
TGG <sup>^</sup>	4.0	12.6	7.8	13.1	9.4	9.0
TGG <sup>†</sup>	3.4	11.1	6.5	11.7	7.9	7.4
MSCI AC World Index	5.4	15.0	9.6	14.2	8.6	6.8#

<sup>^</sup> Returns are pre-fees and expenses and based on movements in the Company's net tangible assets per share, before taxes, with adjustments for dividends, share issues and share buy-backs.  
<sup>†</sup> Returns are post-fees and expenses and based on movements in the Company's net tangible assets per share, before taxes, with adjustments for dividends, share issues and share buy-backs.  
<sup>#</sup> Since inception disclosed for the Index blends the use of the MSCI World (net dividend) as AC World was not in existence at TGG's inception.  
<sup>\*</sup> Annualised.  
The index is presented with net dividend reinvested.

Yearly Investment Performance % (\$Aust.) in each of the past five years.					
Year to 30 June	2018	2017	2016	2015	2014
TGG <sup>^</sup>	12.6	23.3	(9.9)	18.0	25.0
TGG <sup>†</sup>	11.1	22.0	(11.0)	16.7	23.2
MSCI AC World Index	15.0	15.3	(0.6)	23.7	19.2

<sup>^</sup> Returns are pre-fees and expenses and based on movements in the Company's net tangible assets per share, before taxes, with adjustments for dividends, share issues and share buy-backs.  
<sup>†</sup> Returns are post-fees and expenses and based on movements in the Company's net tangible assets per share, before taxes, with adjustments for dividends, share issues and share buy-backs.  
<sup>#</sup> Since inception disclosed for the Index blends the use of the MSCI World (net dividend) as AC World was not in existence at TGG's inception.  
<sup>\*</sup> Annualised.  
The index is presented with net dividend reinvested.

### Operating Results for the Year

The net profit after income tax for the year was \$3.5 million compared with a net profit after tax of \$3.7 million in the previous corresponding year ("pcy").

The year ended 30 June 2018 was a solid year for global markets, with the investment portfolio returning 12.6% for the year. This was a reasonable result in absolute returns, but lagging slightly behind the index in relative terms as value investing again faced a challenging year. All regions recorded positive growth, with North American exposure outperforming the index and matching in Europe. Returns for Asian securities – although still positive – were the catalyst for the relative performance lag.

The net asset value of the Company increased over the 12 months to 30 June 2018 (after taking into account the payment of the 2017 final dividend) from \$324.0 million at 30 June 2017 to \$331.7 million at 30 June 2018. This accounts for market movements and after \$6.8 million of shares were bought back as part of the Company's share buy-back program.

Revenue from investments amounted to \$9.2 million in the current financial year as compared with \$8.9 million in the pcy.

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

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

As at 30 June	Net Tangible Assets - cents per share	
	After Actual Tax*	After Estimated Tax**
2018	156	150
2017	148	143
2016^	128	128
2015	150	144
2014	137	135
<p>* ‘Actual Tax’ is all Australian and Foreign income tax for which a liability has arisen and therefore excludes deferred tax assets and liabilities arising from unrealised gains or losses.</p> <p>** ‘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.</p> <p>^ There were insufficient net unrealised gains to affect the “After Estimated Tax” NTA.</p>		

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

The Company’s dividend reinvestment plan (“DRP”) was not in operation in the 2018 financial year.

The Company undertook a share buy-back program during the year. There were 4.9 million (2017:13.8 million) shares bought back at an average price of \$1.39 (2017: \$1.22) per share and an average discount to NTA of 10.2% (2017:12%).

The number of ordinary shares on issue after accounting for cancellation of shares as a result of share buy-back, decreased over the year from 226.6 million to 221.7 million.

### 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.

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

The Directors are not aware of any matter 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 future financial years.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

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

**SHARE OPTIONS**

**Unissued shares**

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

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

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

**INDEMNIFICATION AND INSURANCE OF DIRECTORS  
AND OFFICERS**

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

**ENVIRONMENTAL REGULATION**

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

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

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

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

At the 2017 Annual General Meeting the Company received a first strike against the remuneration report. 29% of all shares on issue were voted, 69% in favour and 31% against. Given more than 25% of shares voted were against, the first strike was triggered.

Subsequent discussion with shareholders indicated that there seemed to be no undue concern with the remuneration arrangements. Accordingly, no changes have been made to remuneration arrangements as a result of this vote.

Throughout the year, the Directors have continued a range of initiatives and introduced others to address the concerns raised, such as continuing the investor briefings in Sydney, Melbourne, Perth, Brisbane and Adelaide. The quarterly mail-outs incorporating the Quarterly Investment Manager's Review continued, as did the publishing of estimated NTAs on a weekly basis. There has also been significant effort to increase the media exposure of the Company, both directly, with articles focused on the Company itself, and indirectly, by using the Portfolio Manager quoted or interviewed as an expert on topical issues.

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

The Board is confident that these initiatives have addressed the concerns of the shareholder base.

**Remuneration Philosophy**

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



**DIRECTORS'  
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**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 a maximum aggregate amount of \$350,000. The amount paid in 2018 was \$290,371 which was below the threshold set.

Within the limit of the maximum 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 or consultants of the Franklin Templeton group. In the year ended 30 June 2018, this policy was maintained and neither Mr G E McGowan nor Mr A Sethi, who are officers or consultants of the Franklin Templeton group, received fees or other remuneration from the Company.

The Company provides remuneration for non-executive Directors who are not officers of the 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 2018 were Chairman Mr C R Freeman, 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, nor does it make loans to Directors, or provide motor vehicles, rent, travel allowances or other benefits.

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

Details of the remuneration for non-executive Directors for the year ended 30 June 2018 are set out in Table 1 at the end of this Report.

**Employment Arrangements**

The Company had no employees other than Australia based non-executive directors. The executive staff are not paid by the Company. The executive staff are remunerated and employed by FTIAL and provide services pursuant to the Administrative Services Agreement.

**DIRECTORS' REPORT**  
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TABLE 1: DIRECTOR REMUNERATION FOR THE YEARS ENDED 30 JUNE 2018 AND 30 JUNE 2017

Director	Year	Short -Term Directors Salary and Fees	Post Employment Superannuation	Total
		\$	\$	\$
C R Freeman (Chairman)	2018	82,381	7,826	90,207
	2017	39,006	3,708	42,714
M F Warwick	2018	59,364	5,640	65,004
	2017	59,364	5,640	65,004
M J O'Brien*	2018	59,364	5,640	65,004
	2017	45,975	4,368	50,343
J Dawson	2018	64,068	6,088	70,156
	2017	64,068	6,088	70,156
J A Killen (Chairman) (Retired 22/02/17)	2018	—	—	—
	2017	53,547	5,088	58,635
Total	2018	265,177	25,194	290,371
	2017	261,960	24,892	286,852

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

Mr G E McGowan and Mr A Sethi, who were non-executive Directors of the Company during the period and are also executives or consultants of the Investment Manager or companies associated with the Investment Manager, received no remuneration from the Company during the period.

TABLE 2: SHAREHOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Shares Held in the Company (number)	Balance 1 July 2017	Net Change Other	Balance 22 August 2018
	Ord	Ord	Ord
<b>Directors</b>			
C R Freeman	100,000	—	100,000
G E McGowan	—	—	—
M F Warwick	34,440	7,000	41,440
M J O'Brien	131,250	—	131,250
J Dawson	33,700	—	33,700
A Sethi	—	—	—
<b>Total</b>	<b>299,390</b>	<b>7,000</b>	<b>306,390</b>

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

**LOANS TO KEY MANAGEMENT PERSONNEL**

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

**DIRECTORS' REPORT  
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**DIRECTORS' MEETINGS**

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

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

**COMMITTEE MEMBERSHIP**

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

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

**Audit**

J Dawson (c)  
C R Freeman  
M F Warwick  
M J O'Brien

(c) indicates Chairman of the committee.

**Review**

C R Freeman (c)  
J Dawson  
M F Warwick  
M J O'Brien

**ROUNDING OF AMOUNTS**

The Company is an entity of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, relating to rounding in the Directors' Report. Amounts in the Directors' Report have been rounded to the nearest thousand dollars or, where otherwise required, to the nearest dollar in accordance with that legislative instrument. As 2018 is the first year the Company has elected to round the Directors' Report, the comparative disclosures have been rounded since the prior period.

## AUDITOR INDEPENDENCE

The auditor's independence declaration given under Section 307C of the *Corporations Act 2001* is set out on page 24 and forms part of the Directors' Report for the year ended 30 June 2018.

## NON-AUDIT SERVICES

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

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

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

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

Signed in accordance with a resolution of the Directors.



**Christopher R Freeman**

*Chairman*

Melbourne

23 August 2018



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

*Auditor's Independence Declaration*

As lead auditor for the audit of Templeton Global Growth Fund Ltd for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

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

Elizabeth O'Brien  
Partner  
PricewaterhouseCoopers

Melbourne  
23 August 2018



# TEMPLETON GLOBAL GROWTH FUND LTD

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
Revenue	5	9,205	8,884
Investment expenses	6	(3,324)	(2,970)
Salaries and employee benefit expenses		(290)	(287)
Shareholder and regulatory costs		(162)	(170)
Other expenses		(293)	(268)
Profit before income tax		5,136	5,189
Income tax expense	7	(1,601)	(1,531)
<b>Profit after income tax for the year</b>		<b>3,535</b>	<b>3,658</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>	15		
• Basic earnings per share for the year attributable to ordinary equity holders		1.6	1.6
• Diluted earnings per share for the year attributable to ordinary equity holders		1.6	1.6

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 2018

	2018 \$'000	2017 \$'000
Profit after income tax for the year	3,535	3,658
<b>Other comprehensive income</b>		
<i>Items that will not be recycled through the Income Statement</i>		
Unrealised gains on investments in the portfolio at 30 June	5,285	43,194
Income tax (expense) on the above	(1,586)	(12,958)
Realised gains on investments during the year	24,998	13,379
Income tax (expense) on the above	(7,499)	(4,014)
<b>Total other comprehensive income after tax</b>	<u>21,198</u>	<u>39,601</u>
<b>Total comprehensive income after tax</b>	<u><u>24,733</u></u>	<u><u>43,259</u></u>

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 2018

	Notes	30 June 2018 \$'000	30 June 2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents		11,521	10,176
Receivables	9	1,088	1,496
<b>Total current assets</b>		<b>12,609</b>	<b>11,672</b>
<b>Non-Current assets</b>			
Investments	10	341,184	329,244
<b>Total non-current assets</b>		<b>341,184</b>	<b>329,244</b>
<b>Total assets</b>		<b>353,793</b>	<b>340,916</b>
<b>Current liabilities</b>			
Payables	11	381	373
Current tax liabilities		7,657	4,273
<b>Total current liabilities</b>		<b>8,038</b>	<b>4,646</b>
<b>Non-Current liabilities</b>			
Deferred tax liability	7	14,083	12,307
<b>Total non-current liabilities</b>		<b>14,083</b>	<b>12,307</b>
<b>Total liabilities</b>		<b>22,121</b>	<b>16,953</b>
<b>Net assets</b>		<b>331,672</b>	<b>323,963</b>
<b>Equity</b>			
Contributed equity	12	282,884	289,711
Reserves	13	34,326	22,493
Retained profits	13	14,462	11,759
<b>Total Equity</b>		<b>331,672</b>	<b>323,963</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018

Year ended 30 June 2018	Notes	Contributed Equity \$'000	Retained Profits \$'000	Investment Revaluation Reserve \$'000	Investment Realisation Reserve \$'000	Total Equity \$'000
Total equity at the beginning of the year as reported		289,711	11,759	28,812	(6,319)	323,963
Profit after income tax for the year		–	3,535	–	–	3,535
<b>Other comprehensive income</b>						
Net revaluation increase on the investment portfolio		–	–	21,198	–	21,198
Transfer of net cumulative realised gains for the year	13(a),13(b)	–	–	(17,499)	17,499	–
<b>Total other comprehensive income for the year</b>		–	–	3,699	17,499	21,198
<b>Transactions with shareholders</b>						
Dividends paid	8	–	(832)	–	(9,365)	(10,197)
Shares bought back	12	(6,827)	–	–	–	(6,827)
<b>Total transactions with shareholders</b>		<b>(6,827)</b>	<b>(832)</b>	<b>–</b>	<b>(9,365)</b>	<b>(17,024)</b>
<b>Total equity at 30 June 2018</b>		<b>282,884</b>	<b>14,462</b>	<b>32,511</b>	<b>1,815</b>	<b>331,672</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018 CONTINUED

Year ended 30 June 2017	Notes	Contributed Equity \$'000	Retained Profits \$'000	Investment Revaluation Reserve \$'000	Investment Realisation Reserve \$'000	Total Equity \$'000
Total equity at the beginning of the year as reported		306,550	10,529	(1,424)	(7,444)	308,211
Profit after income tax for the year		–	3,658	–	–	3,658
<b>Other comprehensive income</b>						
Net revaluation increase on the investment portfolio		–	–	39,601	–	39,601
Transfer of net cumulative realised gains for the year	13(a),13(b)	–	–	(9,365)	9,365	–
<b>Total other comprehensive income for the year</b>		–	–	30,236	9,365	39,601
<b>Transactions with shareholders</b>						
Dividends paid	8	–	(2,428)	–	(8,240)	(10,668)
Shares bought back	12	(16,839)	–	–	–	(16,839)
<b>Total transactions with shareholders</b>		<b>(16,839)</b>	<b>(2,428)</b>	<b>–</b>	<b>(8,240)</b>	<b>(27,507)</b>
<b>Total equity at 30 June 2017</b>		<b>289,711</b>	<b>11,759</b>	<b>28,812</b>	<b>(6,319)</b>	<b>323,963</b>

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 2018

	Notes	2018 \$'000 Inflows (Outflows)	2017 \$'000 Inflows (Outflows)
<b>Cash flows from Operating Activities</b>			
Dividends and distributions received		8,009	7,163
Interest received		244	421
Custodian fees paid		(47)	(42)
Goods and services tax refunded		576	330
Investment manager's fees paid		(3,613)	(3,456)
Income taxes paid		(4,685)	(2,420)
Administrative, regulatory, legal and other payments in the normal course of operations		(708)	(620)
<b>Net cash (outflow)/inflow from operating activities</b>	14(a)	(224)	1,376
<b>Cash flows from Investing Activities</b>			
Cash paid for purchase of securities		(79,730)	(67,403)
Proceeds received from realisation of securities		98,174	98,625
<b>Net cash inflow from investing activities</b>		18,444	31,222
<b>Cash flows from Financing Activities</b>			
Shares purchased (on-market buy-back)		(6,827)	(16,839)
Net dividend paid		(10,197)	(10,668)
<b>Net cash (outflow) from financing activities</b>		(17,024)	(27,507)
Net increase in cash and cash equivalents		1,196	5,091
Cash and cash equivalents at the beginning of the year		10,176	5,090
Effects of exchange rate changes on cash and cash equivalents		149	(5)
<b>Cash and Cash Equivalents at Year End</b>	14(b)	<b>11,521</b>	<b>10,176</b>

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

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## 1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd. (“the Company”) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 23 August 2018.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

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

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

The financial report is presented in Australian dollars.

### (a) Compliance with IFRS

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

### (b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 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. The Company adopted the classification and measurement principles of AASB 9 for financial assets during the year ended 30 June 2010. On adoption of this standard, the Company made the irrevocable election to designate changes in the fair value of securities held in the investment portfolio through other comprehensive income. Subsequent revisions to the standard will be adopted by the Company from 1 July but are not expected to have a significant impact on the Company’s financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

• *AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)*

The AASB has issued a new standard for the recognition of revenue from contracts with customers. This will replace AASB 118 – “Revenue”, AASB 111 - “Construction contracts” and a number of related interpretations. 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 which are recognized in accordance with AASB 9 *Financial Instruments* and, as such, are outside the scope of AASB 15 *Revenue*. Consequently, the Company has determined that AASB 15 will not have a significant impact on the financial statements.

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 2017 that are likely to have a material impact on the Company.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

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

**(d) Trade and other receivables**

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

**(e) Cash and cash equivalents**

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Investments and other financial assets

**Classification**

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

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

**Measurement and Valuation**

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

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

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

**Recognition and derecognition**

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

(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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

**(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 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.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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 the Statement of Comprehensive Income.

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

***Goods and services tax (“GST”)***

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

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

**(k) Earnings per share**

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

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

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

There are no dilutive instruments currently on issue.

**(l) Revenue recognition**

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

***Interest income***

Interest income is recognised using the effective interest method.

***Dividends and distributions***

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

**(m) Segment reporting**

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

**(n) Rounding of amounts**

The Company is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to rounding in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars or, where otherwise required, to the nearest dollar in accordance with that legislative instrument. As 2018 is the first year the Company has elected to round the financial statement disclosures, the comparative disclosures have been rounded since the prior period.

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.

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3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
CONTINUED

**(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 risk***

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

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

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

***Equity price risk***

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

***Interest rate risk***

The nature of the Company's business operations is such that the only exposure to financial instruments with interest rate risk exposure is to cash and cash equivalents. Cash and cash equivalents are restricted to investment in "at-call" or short-term to maturity deposits. At balance date cash and cash equivalents were valued at \$11.5 million (2017: \$10.2 million), the interest rate applicable to cash and cash equivalents at balance date was 0.5% (2017: 1.25%).

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

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

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

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### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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

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

The VaR calculation represented here for the Company uses a 99% confidence interval and assumes a 3 month holding period, i.e. based on the current portfolio and historic price volatility and correlations of price volatility, we estimate with 99% confidence the return of the portfolio in the following 3 months will move between -10.72% and +10.72% from its current level.

	VaR Factor %	Net Assets \$	Impact to Net Assets \$
30 June 2018	10.72	331,672	+/- 35,555
30 June 2017	12.05	323,963	+/- 39,037

#### (c) Liquidity risk

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

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

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

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

#### *Maturity analysis for financial liabilities*

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

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

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3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
CONTINUED

**(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 the dividend policy, the issue and buy-back of shares and the purchase or sale of investments.

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

The Company had in place an on-market share buy-back which operated during the year, there were 4.9 million shares at cost of \$6.8 million purchased during the year, compared to 13.8 million shares at cost of \$16.8 million in the pcy.

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS,  
ESTIMATES AND ASSUMPTIONS

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

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

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	2018 \$'000	2017 \$'000
<b>5. REVENUE</b>		
Dividends and distributions	8,877	8,328
Interest income	268	486
Other investment income	45	70
Net foreign currency gain	15	–
	<u>9,205</u>	<u>8,884</u>

**6. INVESTMENT EXPENSES**

Investment management fees	3,285	2,878*
Custodian fees	39	44
Net foreign currency loss	–	48
	<u>3,324</u>	<u>2,970</u>

\* The prior period Investment Management Fees have been disclosed net of a \$262,293 GST input tax credit which was received by the Company following an ATO Tax Ruling on the extent to which input tax credits were apportioned and have been claimed.

**7. INCOME TAX**

The major components of income tax are:

**Income Statement**

*Current income tax*

Current income tax charge	(1,541)	(1,557)
Income tax charge for prior years	(68)	–

*Deferred income tax*

<i>Relating to origination and reversal of differences</i>	8	26
Income tax expense reported in the income statement	<u>(1,601)</u>	<u>(1,531)</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) on investments	(9,085)	(16,972)
Income tax (expense) reported in equity	<u>(9,085)</u>	<u>(16,972)</u>



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7. INCOME TAX CONTINUED

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

	2018 \$'000	2017 \$'000
Profit before income tax	5,136	5,189
Prima facie income tax expense at statutory rate of 30% (2017: 30%)	(1,541)	(1,557)
Income tax charge for prior years	(68)	–
Tax effect of:		
- Unrealised foreign exchange gains	8	5
- Other items	–	21
Income tax expense	(1,601)	(1,531)

**Deferred income tax**

Deferred income tax at 30 June relates to the following:

*Deferred tax liabilities/(assets)*

The balance comprises temporary  
differences attributed to:

Receivables	199	164
Payables	(23)	(5)
Exchange difference in tax and accounting	5	(4)
Interest difference in tax and accounting	–	(80)
Amortisation of cost of capital raising	(32)	(116)
Unrealised gain on investments	13,934	12,348
	14,083	12,307
Opening balance at 1 July	12,307	(649)
Credited to the income statement	(181)	(75)
Charged to equity	1,957	13,031
Closing balance at 30 June	14,083	12,307

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	2018 \$'000	2017 \$'000
<b>8. DIVIDENDS PAID OR PROVIDED FOR</b>		
<b>(a) Dividends paid during the year:</b>		
<i>Previous year's final</i>		
– Final Dividend for the year ended 30 June 2017 4.5 cents per share at 4.5 cents fully franked (2016: 4.5 cents per share at 2.5 cents fully franked and 2.0 cents unfranked)	10,197	10,668
<b>(b) Franking credit balance</b>		
The amount of franking credits available for subsequent financial years are:		
– franking account balance as at the end of the financial year at the tax rate of 30% (2017: 30%)	671	356
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	7,657	4,273
	8,328	4,629
The amount of franking credits available or future reporting periods:		
– impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year.	(6,497)	(4,613)
	1,831	16
<b>(c) Listed investment company (LIC) capital gain account</b>		
Balance of the LIC capital gain account	20,074	9,713
This equates to an attributable amount of	28,678	13,876
The attributable amount is effectively the pre-tax capital gain amount. Generally, individuals and superannuation funds can deduct in their tax returns, 50% or 33.3% respectively of the attributable amount advised to them in their dividend statement. The Company intends to proportionally allocate as much of the 2018 attributable amount as reasonable in conjunction with the payment of the final dividend on 21 September 2018.		
<b>(d) Dividends declared after balance date</b>		
Since the end of the year Directors have declared a final dividend of 4.5 cents per share fully franked and a special dividend of 3.5 cents per share fully franked.		
Based on shares outstanding as at 30 June 2018, the aggregate amount of the dividend to be paid on 21 September 2018, but not recognised as a liability at the end of the financial year: \$17.7 million.		

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2018  
\$'000

2017  
\$'000

**9. RECEIVABLES (CURRENT)**

Receivables	1,088	1,496
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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.

**10. INVESTMENTS (NON-CURRENT)**

Securities listed on a prescribed stock  
exchange at cost:

Shares	289,902	283,248
Preferred Shares/Convertible notes	5,689	5,689
	295,591	288,937
Aggregate quoted market value of securities at balance date	341,184	329,244

The Company has no material exposures to a single listed equity investment.  
For a detailed list of the fair values of the securities in the investment portfolio,  
refer to Note 24

**11. TRADE AND OTHER PAYABLES  
(CURRENT)**

Other payables	106	99
Payables due to related parties:		
- Investment management fees – refer note 19(b)	275	274
	381	373

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

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	2018 \$'000	2017 \$'000
<b>12. CONTRIBUTED EQUITY</b>		

**(a) Issued and Paid-Up Capital**

Ordinary shares fully paid	282,884	289,711
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	2018 No. of shares '000	2018 \$'000	2017 No. of shares '000	2017 \$'000
<b>(b) Movements in ordinary shares on issue</b>				
Beginning of financial year	226,579	289,711	240,417	306,550
Share cancelled via share buy-back	(4,895)	(6,827)	(13,838)	(16,839)
End of the financial year	221,684	282,884	226,579	289,711

**Share buy-back:**

The Company has an on market buy-back program. During the year ended 30 June 2018, 4.9 million shares were bought back (2017: 13.8 million).

**Dividend Reinvestment Plan ("DRP")**

The Company's dividend reinvestment plan ("DRP") was not in operation in the 2018 financial year.

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

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

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

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	Notes	2018 \$'000	2017 \$'000
<b>13. RESERVES AND RETAINED PROFITS</b>			
Investment Realisation Reserve	13(a)	1,815	(6,319)
Investment Revaluation Reserve	13(b)	32,511	28,812
		<u>34,326</u>	<u>22,493</u>
Retained profits	13(c)	14,462	11,759

**(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**

	2018 Taxable realised gains (net of tax) for the period \$'000	2018 Other movements for the year \$'000	2018 Total \$'000
1 July			(6,319)
Cumulative taxable realised gains for the year	24,998	–	24,998
Income tax expense on the above	(7,499)	–	(7,499)
Dividend Paid	–	(9,365)	(9,365)
Total movements for the year	<u>17,499</u>	<u>(9,365)</u>	<u>8,134</u>
30 June			<u>1,815</u>

	2017 Taxable realised gains (net of tax) for the period \$'000	2017 Other movements for the year \$'000	2017 Total \$'000
1 July			(7,444)
Cumulative taxable realised gains for the year	13,379	–	13,379
Income tax expense on the above	(4,014)	–	(4,014)
Dividend Paid	–	(8,240)	(8,240)
Total movements for the year 30 June	<u>9,365</u>	<u>(8,240)</u>	<u>1,125</u>
			<u>(6,319)</u>

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	2018 \$'000	2017 \$'000
<b>13. RESERVES AND RETAINED PROFITS (CONTINUED)</b>		
<b>(b) Investment Revaluation Reserve</b>		
<b>(i) Nature and purpose of Reserve</b>		
The investment revaluation reserve is used to accumulate unrealised capital profits/(losses) arising on from the revaluation of the investment portfolio.		
<b>(ii) Movement in Reserve</b>		
Balance at the beginning of the year	28,812	(1,424)
Revaluation increase on revaluation of listed securities	30,283	56,573
Tax effect of (decrease) to revaluation reserve	(9,085)	(16,972)
Transfer of net realised capital gains to the investment realisation reserve	(17,499)	(9,365)
Balance at the end of the year	32,511	28,812
<b>(c) Retained Profits</b>		
<b>Movements in Retained Profits</b>		
Balance at the beginning of the year	11,759	10,529
Net profit after tax for the year	3,535	3,658
Dividends paid	(832)	(2,428)
Balance at the end of the year	14,462	11,759

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FINANCIAL  
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	2018 \$'000	2017 \$'000
<b>14. STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of the net profit after tax to the net cash flows from operations</b>		
Net profit after tax	3,535	3,658
<i>Adjusted for:</i>		
Net (gains)/losses on foreign exchange	(15)	48
Changes in assets and liabilities		
– Receivables	(80)	(326)
– Payables	277	(142)
– Taxation commitments	(3,941)	(1,862)
Net cash (outflow)/inflow from operating activities	(224)	1,376
<b>(b) Reconciliation of cash</b>		
Cash comprises:		
Cash at Bank	11,521	10,176
<b>15. EARNINGS PER SHARE</b>		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit after tax used in calculating basic and diluted earnings per share.	3,535	3,658
	<b>Number '000</b>	<b>Number '000</b>
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	225,310	232,257
	<b>cents</b>	<b>cents</b>
Basic and diluted earnings per share	1.6	1.6
Realised gain earnings per share*	7.8	4.0

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



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30 JUNE 2018  
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16. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

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

(b) Compensation of Key Management Personnel

	2018 \$	2017 \$
Short-Term benefits	265,177	261,960
Superannuation	25,194	24,892
Total	290,371	286,852

(c) Shareholdings of key management personnel

Shares held in the Company (number)	Balance 1 July 2017 Ord	Net Change Other Ord	Balance 30 June 2018 Ord
<b>Directors</b>			
C R Freeman	100,000	—	100,000
G E McGowan	—	—	—
M F Warwick	34,440	7,000	41,440
M J O'Brien	131,250	—	131,250
J Dawson	33,700	—	33,700
A Sethi	—	—	—
Total	299,390	7,000	306,390

NOTES TO  
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STATEMENTS  
30 JUNE 2018  
CONTINUED

16. KEY MANAGEMENT PERSONNEL CONTINUED

(c) Shareholdings of key management personnel (continued)

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

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

(d) Loans to key management personnel

There were no loans made to key management personnel at any time during the year and no loans exist at 30 June 2018 (2017: nil).

2018  
\$

2017  
\$

17. AUDITORS' REMUNERATION

The auditor of the Company is PricewaterhouseCoopers

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

*Audit and assurance services*

– Audit and review of the financial report	57,966	56,942
– Other assurance services*	19,490	18,904

*Taxation services*

– Tax compliance services**	11,781	11,110
	<u>89,237</u>	<u>86,956</u>

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

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

NOTES TO  
FINANCIAL  
STATEMENTS  
30 JUNE 2018  
CONTINUED

18. SEGMENT INFORMATION

(a) Operating segment

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

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

(b) Segment reporting

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

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

	2018 \$'000	2017 \$'000
Profit after income tax	3,535	3,658

The Company reports net asset value per share both before and after provision for deferred tax on realised and unrealised gains and losses in the value of the Company's investment portfolio. Deferred tax is calculated as set out in Note 2(j). The relevant amounts as at 30 June 2018 and 30 June 2017 were as follows:

	2018 Cents	2017 Cents
<b>Net tangible asset backing per share</b>		
After actual tax*	156	148
After estimated tax**	150	143

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

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

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30 JUNE 2018  
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18. SEGMENT INFORMATION CONTINUED

(c) Other Segment Information

**Segment Revenue**

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

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

Dividend revenue by geographic location:

Country	2018 \$'000	2017 \$'000
Bermuda	117	24
Canada	99	80
Cayman Islands	133	—
China	191	124
Denmark	52	—
France	1,276	1,071
Germany	429	303
Hong Kong	463	229
Ireland	258	177
Israel	17	13
Italy	285	206
Japan	475	418
Netherlands	359	392
Norway	—	129
Singapore	175	206
South Korea	458	439
Spain	37	162
Sweden	31	35
Switzerland	178	228
Thailand	143	101
United Kingdom	1,915	2,002
United States	1,786	1,989
Total	8,877	8,328

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30 JUNE 2018  
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19. RELATED PARTY DISCLOSURE

(a) Key management personnel

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

(b) Transactions with related parties

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

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

In accordance with the Investment Management Agreement, the Investment Manager is entitled to a fee in respect of the management of the investment portfolio of the Company. This fee is calculated at the rate of 1% per annum payable monthly on the value of the net tangible assets of the Company less the value of the investments in unlisted trusts managed by the Investment Manager. For those services, the Investment Manager earned a fee (net of GST) of \$3,284,831 for the 12 months to 30 June 2018 (2017: \$3,139,807). As at the end of the financial year \$274,339 (2017: \$274,235) 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:

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

Certain directors of the Company also held the following appointments with the Investment Manager and/or companies related to the Investment Manager. These appointments were held throughout the financial year (and continue as at 30 June 2018) unless otherwise specified.

- Mr G E McGowan is a consultant of the Investment Manager.
- Mr A Sethi is employed by companies related to the Investment Manager.

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

- Mr Mat Sund acting as General Manager and Company Secretary. Lindsay Mackay acted as joint Company Secretary between 1 July 2017 and up to the date of her resignation on 2 February 2018.

Neither the Investment Manager nor any of the funds for which the Investment Manager is responsible, are shareholders in the Company.

(c) Shareholding of related party entities

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

	Balance 1 July 2017 Ord	Net Change Other Ord	Balance 30 June 2018 Ord
<b>Shares held in the Company (number)</b>			
Franklin Resources Inc. and/or affiliates	7,163,124	3,115,086	10,278,210

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FINANCIAL  
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30 JUNE 2018  
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## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	30 June 2018		
	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income			
Listed equity securities	338,108	–	338,108
Other liquid securities	–	3,076	3,076
<b>Total</b>	<b>338,108</b>	<b>3,076</b>	<b>341,184</b>

	30 June 2017		
	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income			
Listed equity securities	325,369	–	325,369
Other liquid securities	–	3,875	3,875
<b>Total</b>	<b>325,369</b>	<b>3,875</b>	<b>329,244</b>

There were no transfers between levels during the period. The Company's policy is to recognise transfers in to and transfers out of fair value hierarchy levels as at the end of the reporting period. 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 instruments included in level 1, listed equities have their fair value based on quoted market bid prices at the reporting date, without any deduction for transaction costs. The instrument included in level 2, other liquid securities, is quoted based on valuation techniques where all the model inputs are observable in the market, without any deduction for transaction costs.

### Other disclosures – Investment portfolio

The Company's portfolio of investments has, since the Company's inception, consisted of securities chosen primarily on the basis of their long-term appreciation potential. The Company is a long-term holder of investments. Accordingly each investment within the portfolio of investments on early adoption of AASB 9 was designated to be measured at fair value through other comprehensive income.

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

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the year was \$98.1 million (2017: \$98.9 million). The cumulative gain on these realised investments after tax was \$17.5 million (2017: \$9.4 million) which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

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**21. PERFORMANCE BOND**

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

**22. CONTINGENCIES**

At balance date Directors are not aware of any material contingent liabilities or contingent assets (2017: nil).

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

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

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

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

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

Company	30 June 2018 \$'000	30 June 2017 \$'000
ABB Ltd.	1,522	3,464
Advance Auto Parts Inc.	2,786	–
AEGON NV	1,073	1,670
Allegheny Technologies Inc.	–	3,123
Allergan Plc	5,002	4,989
Ally Financial Inc.	3,260	2,499
Alphabet Inc. Class A	6,251	6,217
American International Group Inc.	3,021	3,880
Amgen Inc.	4,701	4,225
A.P. Moller - Maersk A/S Class B	2,343	–
Apache Corp.	3,196	1,430
Apple Inc.	3,473	4,803
Aviva Plc	1,814	2,254
AXA SA	4,025	3,828
BAE Systems Plc	3,614	2,934
Baidu Inc. Sponsored ADR Class A	2,608	2,711
Bangkok Bank Public Co. Ltd. NVDR	3,223	2,865
Bank of Ireland Group Plc	3,633	–
Barclays Plc	4,071	3,185
Basilea Pharmaceutica AG	958	1,169
Bayer AG	3,981	2,749
BNP Paribas SA Class A	6,699	5,016
BP Plc	8,284	5,934
Capital One Financial Corp.	5,465	4,450



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FINANCIAL  
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30 JUNE 2018  
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24. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2018 \$'000	30 June 2017 \$'000
Celgene Corp.	2,171	3,420
Chevron Corp.	–	2,002
China Life Insurance Co. Ltd. Class H	3,290	1,626
China Merchants Port Holdings Co. Ltd.	–	2,082
China Mobile Ltd.	3,549	2,454
China Telecom Corp. Ltd. Class H	3,697	3,609
Citigroup Inc.	5,867	5,646
CK Hutchison Holdings Ltd.	3,839	2,462
Cobham Plc	1,975	919
Comcast Corp. Class A	4,440	5,072
CommScope Holding Co. Inc.	3,478	1,725
Compagnie de Saint - Gobain SA	2,946	3,390
Compagnie Generale des Etablissements Michelin SCA	1,918	2,015
ConocoPhillips	1,816	3,185
Coty Inc. Class A	3,225	–
Credit Agricole SA	1,714	2,843
Credit Suisse Group AG	3,561	3,298
CRH Plc	4,656	3,225
CVS Health Corp.	–	1,966
Deutsche Lufthansa AG	–	3,409
DGB Financial Group Co. Ltd.	1,672	1,808
Draegerwerk AG & Co. KGaA Pref	1,346	1,905
DXC Technology Co.	1,405	1,727
Eastman Chemical Co.	1,962	2,978
Eli Lilly & Co.	3,783	3,515
Eni SpA	4,128	3,789
First Solar Inc.	–	2,027
Getinge AB Class B	1,685	3,052
Gilead Sciences Inc.	4,938	4,752
Goldcorp Inc.	2,048	–
Goldpac Group Ltd.	1,047	1,187
Halliburton Co.	–	1,737
Hana Financial Group Inc.	1,727	2,772
HSBC Holdings Plc	3,500	5,783
Husky Energy Inc.	2,314	1,621
Hyundai Mobis Co. Ltd.	–	2,968
IHI Corp.	2,040	1,609
ING Groep NV	2,607	2,973
Intel Corporation	1,770	–
Ionis Pharmaceuticals Inc.	1,130	1,329
Jones Lang LaSalle Inc.	3,536	2,842

NOTES TO  
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25. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2018 \$'000	30 June 2017 \$'000
JPMorgan Chase & Co.	4,095	5,364
KB Financial Group Inc.	1,729	3,183
Kingfisher Plc	4,204	2,348
Knowles Corp.	2,372	2,525
Kunlun Energy Co. Ltd.	3,191	2,081
LyondellBasell Industries NV	3,626	2,981
Marks & Spencer Group Plc	–	974
Mattel Inc.	3,205	–
Medtronic Plc	3,055	2,022
Merck KGaA	2,210	2,613
Michael Kors Holdings Ltd.	–	1,164
Microsoft Corp.	4,743	7,964
Mitsui Fudosan Co. Ltd.	3,347	–
MorphoSys AG	3,123	1,739
Navistar International Corp.	2,093	2,696
NewOcean Energy Holdings Ltd.	661	956
Nissan Motor Co. Ltd.	3,486	3,434
Nutanix Inc. Class A	–	1,923
OMRON Corp.	2,005	1,795
Oracle Corp.	7,374	7,390
Panasonic Corp.	3,499	3,394
Perrigo Co. Plc	1,345	1,342
Pfizer Inc.	3,056	2,725
QIAGEN NV	1,753	1,959
Roche Holding Ltd. Genusssch	3,342	3,695
Rockwell Collins Inc.	–	2,803
Royal Dutch Shell Plc Class A	509	277
Royal Dutch Shell Plc Class B	7,603	5,477
Samsung Electronics Co. Ltd.	7,665	8,209
Sanofi	3,662	3,294
SBM Offshore NV	2,440	2,773
Seven & I Holdings Co. Ltd.	2,075	–
Shire Plc	4,996	1,585
Siemens AG	5,206	2,802
Singapore Telecommunications Ltd.	2,296	2,766
Sky Plc	–	2,122
SoftBank Group Corp.	5,418	5,876
Springland International Holdings Ltd.	–	1,095
Standard Chartered Plc	4,554	3,597
Sumitomo Metal Mining Co. Ltd.	–	2,485
Suncor Energy Inc.	–	1,744

NOTES TO  
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25. SECURITIES AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME CONTINUED

Company	30 June 2018 \$'000	30 June 2017 \$'000
Suntory Beverage & Food Ltd.	4,757	3,988
Telefonica SA	1,490	1,587
Telenor ASA	–	1,096
Tesco Plc	–	887
Teva Pharmaceutical Industries Ltd. Sponsored ADR	2,932	1,557
Total SA	4,976	3,883
Twenty - First Century Fox Inc. Class B	4,533	2,469
UniCredit SpA	2,923	3,759
United Overseas Bank Ltd. (Singapore)	–	2,639
United Parcel Service, Inc. Class B	3,268	–
Veolia Environnement SA	2,160	–
Vestas Wind Systems A/S	3,126	–
Vodafone Group Plc	4,996	4,477
Voya Financial Inc.	3,699	1,682
Walgreens Boots Alliance Inc.	2,325	3,779
Wheaton Precious Metals Corp.	3,202	2,277
	<hr/> 338,108	<hr/> 325,369
<b>Investments in other liquid securities</b>		
Teva Pharmaceutical Industries Pfd Shs	3,076	3,875
<b>Total</b>	<hr/> <b>341,184</b> <hr/>	<hr/> <b>329,244</b> <hr/>



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

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Telephone (03) 9603 1209  
Facsimile (03) 9603 1299

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements, and notes set out on pages 25 to 57 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 2018 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

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

**Christopher R Freeman**  
*Chairman*

Melbourne  
23 August 2018

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
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INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD



## *Independent auditor's report*

To the shareholders of Templeton Global Growth Fund Ltd

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

---

#### *Our opinion*

In our opinion:

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *What we have audited*

The financial report comprises:

- the balance sheet as at 30 June 2018
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the income statement and statement of comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *Basis for opinion*

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

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

#### *Independence*

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

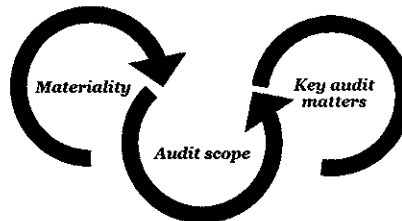


INDEPENDENT  
AUDITOR'S  
REPORT TO THE  
MEMBERS OF  
TEMPLETON  
GLOBAL GROWTH  
FUND LTD

### *Our audit approach*

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

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



#### *Materiality*

- For the purpose of our audit we used overall materiality of \$3.316 million, which represents approximately 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is:
  - the metric against which the performance of the Company is most commonly measured
  - the key driver of the business and determinant of the Company's value
  - a generally accepted benchmark for listed investment companies.
- We selected 1% based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

#### *Audit scope*

- Our audit focused on where the directors may have made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The investment management, custody and administration functions of the Company are conducted by third party service providers. As such, these third party service providers significantly contribute to the safe-keeping of the Company's assets, the maintenance of the Company's financial records and the preparation of the Company's financial report. The Company's third party service providers engaged independent external auditors to provide assurance reports over the:
  - design and operating effectiveness of the third party service providers' key internal controls relevant to the preparation and fair presentation of the Company's financial report
  - valuation and existence of the Company's investments as at 30 June 2018.

**PricewaterhouseCoopers, ABN 52 780 433 757**

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

### Key audit matters

- Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee:
  - Valuation and existence of investments
  - This is further described in the *Key audit matters* section of our report.

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of investments</b>  <i>Refer to note 2 (significant accounting policies), note 3 (financial risk management), note 10 (investments), and note 20 (fair value of financial instruments) [\$341.184 million]</i></p> <p>The Company's investments mostly consist of global listed equities which are valued by multiplying the quantity held by the closing market price.</p> <p>Whilst there is not significant judgement involved in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. Fluctuations in the value of investments impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income which also affects the Company's deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.</p>	<p>We assessed our ability to place reliance on the independent service auditor reports by considering the service auditors' independence, experience, competency and the results of their procedures, which are considered below:</p> <p><i>Assurance reports over the design and operating effectiveness of the service provider's relevant controls over the valuation and existence of investments</i></p> <p>To assess the design and operating effectiveness of the service providers' relevant controls, we:</p> <ul style="list-style-type: none"> <li>- inspected the assurance reports provided to the Company by the third party service providers' independent auditors,</li> <li>- considered the Company's analysis of the potential impact of reported exceptions identified in the third party service providers' assurance reports.</li> </ul> <p>Having done this, and after our consideration of the service providers' auditors as described above, we were satisfied that we could rely on their work for our audit.</p> <p><i>Assurance report over the valuation and existence of the Company's investments</i></p> <p>We obtained an independent assurance report from the third party service provider's independent external auditors over the valuation and existence of the Company's investments as at balance date.</p> <p>We agreed the number and value of the investments at 30 June 2018 as recorded in the Company's financial report and underlying accounting records to the assurance reports provided to the Company by the independent auditors of the third party service provider.</p>





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

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*Other information*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, including the Investment Manager's Report, Chairman's Message, Templeton Investment Approach, Five Year Summary Information, Additional ASX Information, and the List of Investments, but does not include the financial report and our auditor's report thereon.

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

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

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

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*Responsibilities of the directors for the financial report*

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

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



*Report on the remuneration report*

*Our opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Templeton Global Growth Fund Ltd for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A handwritten signature of Elizabeth O'Brien in black ink.

Elizabeth O'Brien  
Partner

Melbourne  
23 August 2018

## FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
<b>INCOME STATEMENT</b>					
Investment and other income	9,205	8,884	9,644	7,853	8,142
Expenses	(4,069)	(3,695)	(4,166)	(3,305)	(3,132)
Profit before income tax	5,136	5,189	5,478	4,548	5,010
Income tax expense	(1,601)	(1,531)	(1,703)	(1,331)	(1,512)
Operating profit after tax	3,535	3,658	3,775	3,217	3,498
Other comprehensive (loss)/ income after tax	21,198	39,601	(33,168)	27,800	23,846
Total other comprehensive (loss)/ income after tax	24,733	43,259	(29,393)	31,017	27,344
<b>BALANCE SHEET</b>					
<b>Assets</b>					
Cash and receivables	12,609	11,672	5,874	71,419	11,519
Investments	341,184	329,244	304,152	303,095	263,934
Deferred tax asset	–	–	650	–	–
Total Assets	353,793	340,916	310,676	374,514	275,453
<b>Liabilities</b>					
Payables	381	373	362	926	2,546
Provisions	7,657	4,273	2,104	266	640
Deferred tax liability	14,083	12,307	–	15,428	3,898
Total Liabilities	22,121	16,953	2,466	16,620	7,084
Net assets	331,672	323,963	308,210	357,894	268,369
Shares on issue	221,684	226,579	240,417	248,735	198,420
Earnings per share (cents)	1.6	1.6	1.5	1.6	2.2
Dividends per share (cents)	4.5	4.5	4.1	3.5	2.5
Realised gain/loss per share (cents)	7.8	4.0	3.3	6.1	4.0

## ADDITIONAL ASX INFORMATION

### SHAREHOLDING INFORMATION

Shareholdings at 7 August 2018	Number of Holders	Number of Shares
<b>Distribution of Holders</b>		
1 to 1,000 shares	293	107,805
1,001 to 5,000 shares	736	2,333,264
5,001 to 10,000 shares	907	7,115,349
10,001 to 100,000 shares	2,745	87,040,275
100,001 and over	270	124,425,610
<b>Total</b>	<b>4,951</b>	<b>221,022,303</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 7 August 2018 are:

	Number of Shares	Percentage of Total
1. Wilson Asset Management	22,624,595	10.24
2. Franklin Templeton Investments - Singapore	10,278,210	4.65
3. Maple-Brown Abbott	7,525,824	3.41
4. Australian Foundation Investment Company	7,000,000	3.17
5. Mr. Steven Fahey and Mrs Lynette Fahey <SF Super Fund A/C>	4,822,688	2.18
6. IOOF Portfolio Service	3,472,719	1.57
7. Ms Gabrielle Rosa Baron and Mr Peter Michael Wilmshurst	2,190,830	0.99
8. Alder & Partners Private Wealth Management	1,223,942	0.55
9. Mr Kevin and Mr Steven Lee	1,065,000	0.48
10. Nendar Pty Ltd. <The Little Family S/F A/C>	1,007,131	0.46
11. Mr Victor John Plummer	1,000,000	0.45
12. Crestone Wealth Management	943,489	0.43
13. Dixon Trust Pty Ltd. <No1 A/C>	848,458	0.38
14. Mr Robert David Evans and Mrs Meredith Nevil Evans <R & M Evans Super Fund A/C>	840,000	0.38
15. Mrs Jennifer Coral Spencer and Mr David Frederick Spencer	798,361	0.36
16. Mr Geoffrey George Hastings Ainsworth	738,300	0.33
17. Beth MacLaren Smallwood Foundation P/L	735,000	0.33
18. ASET Wealth Management	703,675	0.32
19. Mr David Ward & Mrs Jeanette Ward	669,849	0.30
20. Adriana Bianca & Robert Gabriel Gardos	655,474	0.30

## ADDITIONAL ASX INFORMATION CONTINUED

### SUBSTANTIAL SHAREHOLDERS

The following entities are recorded in the Company's Register of Substantial shareholders as at 07 August 2018.

Wilson Asset Management	22,624,595
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A person may be a substantial shareholder of the Company by virtue of the person or their associates holding a "relevant interest" in shares in the Company. A person may hold a "relevant interest" in shares in the Company even though they are not a shareholder.

### STOCK EXCHANGE LISTINGS

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

### INVESTMENT DEALINGS

A list of all investments held as at 30 June 2018 is set out on pages 67 to 75.

During the year to 30 June 2018 the Company completed 476 transactions in equity investments and the total brokerage paid or accrued on these transactions was \$145,957.

During the year to 30 June 2018 management fees paid or accrued for the management of the Company's investment portfolio was \$3,284,831 - refer Note 19(b)

## LIST OF INVESTMENTS AS AT 30 JUNE 2018

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

	Shares Held	AUD Value '000	% of Total
<b>CANADA</b>			
<b>Energy</b>			
HUSKY ENERGY INC: Integrated oil company with Canadian oil sands and conventional Asian assets.	109,800	2,314	
<b>Materials</b>			
GOLDCORP INC: Canadian based gold miner that owns high quality long life mines located in safe jurisdictions.	110,400	2,048	
WHEATON PRECIOUS METALS CORP: Precious metals streaming company, reselling precious metal by-products of mining.	107,293	3,202	
		<u>7,564</u>	2.22
<b>CHINA</b>			
<b>Energy</b>			
KUNLUN ENERGY CO LTD: Explores and produces crude oil and natural gas in China and other countries and is involved in downstream gas transmission storage and distribution.	2,696,000	3,191	
<b>Financials</b>			
CHINA LIFE INSURANCE CO LTD CLASS H: Largest life insurer in China	944,000	3,290	
<b>Information Technology</b>			
BAIDU INC SPONSORED ADR CLASS A: One of China's largest internet companies, operating the dominant search engine.	7,930	2,608	
GOLDPAC GROUP LTD: The leading financial and smartcard manufacturer as well as the card system solution provider in China.	3,051,000	1,047	
<b>Telecommunication Services</b>			
CHINA MOBILE LTD: Provider of mobile telecommunications services in China.	295,330	3,549	
CHINA TELECOM CORP LTD CLASS H: Principal activity is the provision of wireline telecommunications services in provinces throughout Southern China and mobile services nationally.	5,840,000	3,697	
		<u>17,382</u>	5.09

	Shares Held	AUD Value '000	% of Total
<b>DENMARK</b>			
<b>Industrials</b>			
A.P. MOLLER - MAERSK A/S CLASS B: Company direction moving towards becoming an integrated transport and logistics group.	1,390	2,343	
VESTAS WIND SYSTEMS A/S: World's leading provider of onshore wind turbines.	37,291	3,126	
		<u>5,469</u>	1.60
<b>FRANCE</b>			
<b>Consumer Discretionary</b>			
COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN SCA: Manufactures tyres for automobiles, trucks and special vehicles.	11,641	1,918	
<b>Energy</b>			
TOTAL SA: Explores for, produces, refines, transports and markets oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins.	60,327	4,976	
<b>Financials</b>			
AXA SA: A Company providing insurance (life and non-life), financial services and real estate services in Europe, Asia and North America.	121,223	4,025	
BNP PARIBAS SA CLASS A: Global banking and financial services group.	79,728	6,699	
CREDIT AGRICOLE SA: Banking group also operating in asset management and insurance.	94,874	1,714	
<b>Healthcare</b>			
SANOFI: The Company's principal activity is the provision of products and services for health and nutrition.	33,766	3,662	
<b>Industrials</b>			
COMPAGNIE DE SAINT-GOBAIN SA: Manufactures glass products, high-performance materials, and construction materials. The Company produces flat glass, insulation, and glass containers, high-performance ceramics, plastics, and building materials. Saint-Gobain also retails building materials.	48,735	2,946	
<b>Utilities</b>			
VEOLIA ENVIRONNEMENT SA: Global leading in the water and waste business, operating concession contracts for governments, local authorities and industrial clients.	74,688	2,160	
		<u>28,100</u>	8.24



	Shares Held	AUD Value '000	% of Total
<b>GERMANY</b>			
<b>Healthcare</b>			
BAYER AG: Produces and markets healthcare and agricultural products, and polymers including aspirin, antibiotics, anti-infectives amongst other medications.	26,633	3,981	
DRAEGERWERK AG & CO KGAA PREF: Manufactures medical, safety and aerospace equipment.	13,900	1,346	
MERCK KGAA: Global pharmaceutical and chemical enterprise.	16,650	2,210	
MORPHOSYS AG: A German biotechnology company.	18,860	3,123	
<b>Industrials</b>			
SIEMENS AG: Produces a wide range of industrial and consumer products including trains, electricity generation, medical equipment and building controls.	29,075	5,206	
TELEFONICA DEUTSCHLAND HOLDING AG: Largest mobile operator in Germany.	279,520	1,490	
		<u>17,356</u>	5.09
<b>HONG KONG</b>			
<b>Energy</b>			
NEWOCEAN ENERGY HOLDING LTD: Sells and distributes liquefied petroleum gas in Hong Kong and China.	2,394,000	661	
<b>Industrials</b>			
CK HUTCHISON HOLDINGS LTD: Non-property Hong Kong conglomerate with global operations in container ports, telecoms, retail & manufacturing and energy & infrastructure.	267,500	3,839	
		<u>4,500</u>	1.32
<b>IRELAND</b>			
<b>Financials</b>			
BANK OF IRELAND GROUP PLC: A large retail and commercial bank in Ireland.	341,878	3,633	
<b>Materials</b>			
CRH PLC: Core businesses involve primary materials production, value added building products and specialist building materials distribution.	96,958	4,656	
		<u>8,289</u>	2.43

	Shares Held	AUD Value '000	% of Total
<b>ISRAEL</b>			
<b>Healthcare</b>			
TEVA PHARMACEUTICAL INDUSTRIES LTD SPONSORED ADR:			
A global pharmaceutical company developing, manufacturing and marketing generic and branded human pharmaceuticals.	89,116	2,932	
TEVA PHARMACEUTICAL INDUSTRIES LTD 7%			
CONV CUM PFD SHS: A global pharmaceutical company developing, manufacturing and marketing generic and branded human pharmaceuticals.	5,000	3,076	
		6,008	1.76
<b>ITALY</b>			
<b>Energy</b>			
ENI SPA: An integrated oil and gas company with operations in a number of countries.	164,223	4,128	
<b>Financials</b>			
UNICREDIT SPA: Provides consumer and corporate banking and wealth management services.	129,413	2,923	
		7,051	2.07
<b>JAPAN</b>			
<b>Consumer Discretionary</b>			
NISSAN MOTOR CO LTD: Multinational automaker.	265,000	3,486	
PANASONIC CORP: Japanese electronics manufacturer.	192,000	3,499	
<b>Consumer Staples</b>			
SEVEN & I HOLDINGS CO LTD: Japanese diversified retail group.	35,200	2,075	
SUNTORY BEVERAGE & FOOD LTD: Manufactures and sells beverages and food products worldwide. The company is a part of Suntory Holdings Ltd.	82,400	4,757	
<b>Industrials</b>			
IHI CORP: Japanese producer of ships, aircraft engines, turbochargers, industrial machines and more.	43,300	2,040	
<b>Information Technology</b>			
OMRON CORP: Japanese developer of sensors, relays and switches that are applied to a variety of end markets including factory automation (robotics), but is also well-known for medical equipment such as digital thermometers and blood pressure monitors.	31,800	2,005	
<b>Real Estate</b>			
MITSUI FUDOSAN CO LTD: Major real estate developer in Japan.	102,600	3,347	
SOFTBANK GROUP CORP: A Japanese telecommunication and internet corporation.	55,700	5,418	
		26,627	7.80

	Shares Held	AUD Value '000	% of Total
<b>NETHERLANDS</b>			
<b>Energy</b>			
SBM OFFSHORE NV: Engineers, supplies and installs most types of offshore terminals and related equipment. Also owns and operates a fleet of floating production storage and offloading units.	117,358	2,440	
<b>Financials</b>			
AEGON NV: A multinational life insurance, pensions and asset management company, headquartered in the Netherlands.	132,304	1,073	
ING GROEP NV: A life and general insurance group that offers a range of financial services to individuals, companies and institutions throughout the world.	134,025	2,607	
<b>Health Care</b>			
QIAGEN NV: A leading molecular diagnostics company.	35,897	1,753	
		7,873	2.31
<b>SINGAPORE</b>			
<b>Telecommunication Services</b>			
SINGAPORE TELECOMMUNICATIONS LTD: Operates and provides telecommunications services in a number of countries.	751,000	2,296	
		2,296	0.67
<b>SOUTH KOREA</b>			
<b>Financials</b>			
DGB FINANCIAL GROUP CO LTD: A Korean regional financial holding company, providing a full range of consumer and commercial banking related financial services.	135,006	1,672	
HANA FINANCIAL GROUP INC: A financial holding company, providing a full range of consumer and commercial banking related financial services.	33,179	1,727	
KB FINANCIAL GROUP INC: Involved in the provision of commercial and personal banking services, which include remittances, deposits, foreign investments, corporate financing, financial advisory and mid-long term funding.	26,958	1,729	
<b>Information Technology</b>			
SAMSUNG ELECTRONICS CO LTD: DRAM and NAND memory manufacturer, also involved in the manufacture of consumer electronics, displays and telecommunications equipment.	135,300	7,665	
		12,793	3.75

	Shares Held	AUD Value '000	% of Total	
SWEDEN				
Healthcare				
GETINGE AB CLASS B: Develops, manufactures and sells equipment for sterilisation and disinfection. The company markets to the pharmaceutical industry, hospitals, clinics and laboratories.	136,765	1,685	0.49	
		1,685		
SWITZERLAND				
Financials				
CREDIT SUISSE GROUP AG: A financial services group providing investment banking, private banking and asset management services.	174,772	3,561	2.75	
Healthcare				
BASILEA PHARMACEUTICA AG: Biotech company developing anti-bacterial and anti-fungal compounds which destroy infectious organisms.	10,660	958		
ROCHE HOLDING LTD GENUSSSCH: Global healthcare company.	11,120	3,342		
Industrials				
ABB LTD: A leader in power and automation technologies headquartered in Switzerland.	51,419	1,522		
		9,383		
THAILAND				
Financials				
BANGKOK BANK PUBLIC CO LTD NVDR: Provides various banking and financial services including commercial, consumer, credit card and mortgage lending, international trade financing, investment banking and securities services.	404,600	3,223	0.94	
		3,223		
UNITED KINGDOM				
Consumer Discretionary				
KINGFISHER PLC: European home improvement retailer.	793,039	4,204		
Energy				
BP PLC: Global oil and petrochemicals company with operations in many countries.	801,621	8,284		
ROYAL DUTCH SHELL PLC CLASS A: Global energy and petrochemical group.	10,833	509		
ROYAL DUTCH SHELL PLC CLASS B: Global energy and petrochemical group.	156,806	7,603		

	Shares Held	AUD Value '000	% of Total
<b>Financials</b>			
AVIVA PLC: Insurance group which provides life and general insurance.	201,457	1,814	
BARCLAYS PLC: A global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services.	1,205,496	4,071	
HSBC HOLDINGS PLC: Provides a range of financial services including personal financial services, commercial banking, investment banking and private banking services.	275,841	3,500	
STANDARD CHARTERED PLC: London headquartered, emerging market focused, consumer and wholesale commercial bank operating across 70 different countries.	367,945	4,554	
<b>Healthcare</b>			
SHIRE PLC: Specialty biotech company producing drugs for haematology, neuroscience, immunology and rare diseases.	65,580	4,996	
<b>Industrials</b>			
BAE SYSTEMS PLC: Global defence contractor.	312,777	3,614	
COBHAM PLC: Components and subsystem supplier to US & other commercial, defense and security markets.	859,756	1,975	
<b>Telecommunication Services</b>			
VODAFONE GROUP PLC: Global mobile telecommunications services group.	1,521,072	4,996	
		50,120	14.69
<b>UNITED STATES OF AMERICA</b>			
<b>Consumer Discretionary</b>			
ADVANCE AUTO PARTS INC: Specialty retailer of aftermarket automotive replacement parts and maintenance items operating in the US and Canada.	15,170	2,786	
COMCAST CORP CLASS A: Provides media and television broadcasting services.	99,960	4,440	
MATTEL INC: American multinational toy manufacturing company.	144,200	3,205	
TWENTY-FIRST CENTURY FOX INC CLASS B: A diversified media company.	67,980	4,533	
<b>Consumer Staples</b>			
COTY INC CLASS A: Multinational beauty company.	168,970	3,225	
WALGREENS BOOTS ALLIANCE INC: Operates retail drugstores that offer a wide variety of prescription and non-prescription drugs as well as general goods. The Company operates stores primarily in the United States. Walgreen's also offers health services, including primary and acute care, wellness, pharmacy and disease management services and health and fitness.	28,630	2,325	

	Shares Held	AUD Value '000	% of Total
<b>Energy</b>			
APACHE CORP: is a petroleum and natural gas exploration and production company headquartered in Houston, Texas	50,520	3,196	
CONOCOPHILLIPS: The world's largest independent E&P company based on reserves and production	19,270	1,816	
<b>Financials</b>			
ALLY FINANCIAL INC: A leading automotive financial services company	91,730	3,260	
AMERICAN INTERNATIONAL GROUP INC: An international insurance organisation serving commercial, institutional and individual customers.	42,100	3,021	
CAPITAL ONE FINANCIAL CORP: 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.	43,940	5,465	
CITIGROUP INC: Financial conglomerate with operations in consumer, corporate and investment banking and insurance.	64,760	5,867	
JPMORGAN CHASE & CO: Global financial services firm providing retail/commercial and investment banking services, plus asset management, credit cards and private banking.	29,000	4,095	
VOYA FINANCIAL INC: US life insurance company with a strength in pensions and savings.	58,160	3,699	
<b>Healthcare</b>			
ALLERGAN PLC: A diversified global pharmaceutical company	22,160	5,002	
AMGEN INC: Discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology.	18,820	4,701	
CELGENE CORP: Global biopharmaceutical company focusing on therapeutic areas of cancer and inflammatory diseases.	20,200	2,171	
ELI LILLY & CO: Global pharmaceutical company developing and manufacturing products for humans and animals.	32,760	3,783	
GILEAD SCIENCES INC: Biopharmaceutical company that discovers, develops, manufactures and commercialises therapies for viral diseases, infectious diseases and cancer.	51,500	4,938	
IONIS PHARMACEUTICALS INC: A US biotechnology company.	20,030	1,130	
MEDTRONIC INC: Medical devices technology company.	26,370	3,055	
PERRIGO CO PLC: Global healthcare supplier of over-the-counter and generic prescription pharmaceuticals, infant formulas and other products.	13,630	1,345	
PFIZER INC: A research-based, global pharmaceutical company that discovers, develops, makes and markets prescription medicines for humans and animals.	62,228	3,056	

	Shares Held	AUD Value '000	% of Total
<b>Industrials</b>			
NAVISTAR INTERNATIONAL CORP: Manufacturer and marketer of medium and heavy trucks and mid-range diesel engines.	37,960	2,093	
UNITED PARCEL SERVICE INC CLASS B: American multinational package delivery and supply chain management company.	22,730	3,268	
<b>Information Technology</b>			
ALPHABET INC CLASS A: Holding company for Google, other core businesses such as YouTube, Maps and Android, and other investments and growth businesses	4,090	6,251	
APPLE INC: Designs, manufactures and markets personal computers and communication solutions.	14,030	3,473	
COMMSCOPE HOLDING CO INC: Telecom equipment manufacturer of products that can be thought of as the 'last mile' from the main grid to the end user.	88,000	3,478	
DXC TECHNOLOGY CO: One of the largest IT services companies in the world.	12,870	1,405	
INTEL CORP: American multinational corporation and technology company.	26,300	1,770	
KNOWLES CORP: A global market leader of acoustical components to the mobile communications, consumer electronics, medical technology, military, aerospace and other industrial sectors.	114,530	2,372	
MICROSOFT CORP: Computer software provider. Core offerings include Windows, Office, Windows Server. Newer products include Xbox and Windows Mobile.	35,540	4,743	
ORACLE CORP: Supplier of software and hardware for information technology management.	123,650	7,374	
<b>Materials</b>			
EASTMAN CHEMICAL CO: A US based manufacturer of chemicals, fibres and plastics.	14,500	1,962	
LYONDELLBASELL INDUSTRIES NV: One of the largest chemical companies in the world, focusing on cracking ethane and naphtha into ethylene, propylene and its various derivatives.	24,390	3,626	
<b>Real Estate</b>			
JONES LANG LASALLE INC: Global provider of real estate services and investment management.	15,740	3,536	
		125,465	36.78
<b>Total of investments</b>		<b>341,184</b>	<b>100.00</b>

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# DIRECTORY

## DIRECTORS

C R Freeman (Chairman)

J Dawson

G E McGowan

M F Warwick

M J O'Brien

A Sethi

## SECRETARY

M R Sund

## GENERAL MANAGER

M R Sund

## REGISTERED OFFICE

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## SOLICITOR

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