

INVESTMENT MANAGER

The Investment Manager of the Company's investment portfolio is Franklin Templeton Investments Australia Ltd and the Company's portfolio is managed in accordance with the investment philosophy of the Templeton Global Equity Group.

Templeton is one of the pioneers in global investing and its successful investment philosophy has been refined over more than 70 years.

INVESTMENT APPROACH

Templeton's time-tested investment approach is based on its philosophy of value, patience and bottom-up stock selection. Templeton focus on the rigorous analysis of individual stocks across geographic borders and seek to identify companies trading at significant discounts to Templeton's estimates of future earnings power, cash flow generation and/or asset value.

As independent thinkers with strong conviction in their investment ideas, they take an unconstrained approach to finding value.

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Performance Data

Average Total Returns (AUD %)¹

	3 Months	1 Year	3 Years	5 Years	10 Years
TGG - Gross of Fees/Expenses	5.3	14.5	11.0	12.1	9.5
TGG - Net of Fees ²	5.0	13.0	9.6	10.8	8.0
MSCI All Country World (Net Dividends) Index ³	7.2	20.6	12.4	15.0	9.5

Net Tangible Assets (NTA) - Unaudited

	30 June 2018	30 September 2018
TGG Share Price (\$)	1.42	1.41
NTA per share before tax (\$) ⁴	1.556	1.533
Premium/(Discount) to NTA before tax (%)	(8.9)	(8.0)
NTA per share after tax (\$) ⁴	1.496	1.470
Premium/(Discount) to NTA after tax (%)	(5.1)	(4.1)

The market value of the portfolio represents prices quoted on overseas stock markets in foreign currencies converted to Australian currency. The rate used for conversion of values of US currency securities was USD 0.7236, EUR 0.6229 and GBP 0.5548.

Market Review

- Global equity markets overall closed 2018's third quarter with an advance in Australian dollar terms. Support came in part from promising trade negotiations in several regions, though many investors continued to worry about trade tensions related to China.
- Economic data out of the United States have remained robust, giving the US Federal Reserve leeway to continue to hike interest rates. Economic data, meanwhile, have continued to show signs of softness in parts of Europe and Asia.
- European equity markets as a group were almost flat for the third quarter. Though strong corporate earnings early in the period buoyed sentiment, mixed trade-related news and economic turmoil in Turkey weighed on investor outlooks for the region.
- European politics also kept markets on edge. Uncertainty surrounding Britain's exit from the European Union (EU) continued and the Italian government's budget plans also sparked apprehension at times as the newly formed Italian government decided to test the limits of the Eurozone with a fiscal budget that clearly exceeded Eurozone guidelines. The populist government's higher deficit spending reignited fears about the health of Italian banks and sparked a selloff in Italian bonds.

Quarterly Performance Attribution

- The portfolio underperformed its benchmark for the quarter with stock selection in the Health Care (one of the portfolio's major overweights) and Materials sectors detracting from performance.
- Shares of Israeli generic drug-maker Teva Pharmaceutical Industries were volatile during the period, trading around their highest levels in a year as investors weighed restructuring progress and positive drug trials against regulatory approval of a competitor's migraine therapy.
- Within the consumer discretionary sector, shares of UK-based home improvement retailer Kingfisher struggled amidst investor concern regarding the company's restructuring plan. Recent valuations largely overlook Kingfisher's improved competitive landscape, significant self-help initiatives and attractive international exposure.
- Shares of US-based Advance Auto Parts, one of the largest retailers of automotive aftermarket parts in North America, surged to a 52-week high early in the quarter after the company posted results that exceeded expectations and raised its full-year revenue outlook. The company also announced plans to repurchase between US\$100 million and US\$200 million worth of stock by the end of 2018.
- Returns in the health care sector contributed to overall returns continuing a rebound in the sector over the past few quarters. The portfolio remains significantly overweight the sector given its growth prospects, economic defensiveness and attractive valuations.
- Individual contributors included US enterprise software firm Oracle as its shares continued to rebound in September. We have long expected growing pains associated with the growth of Oracle's cloud business and resulting change in business mix, believing that some near-term pain was necessary to keep the company on a sustainable long-term growth trajectory. The company continues to aggressively repurchase shares, helping to drive EPS growth.

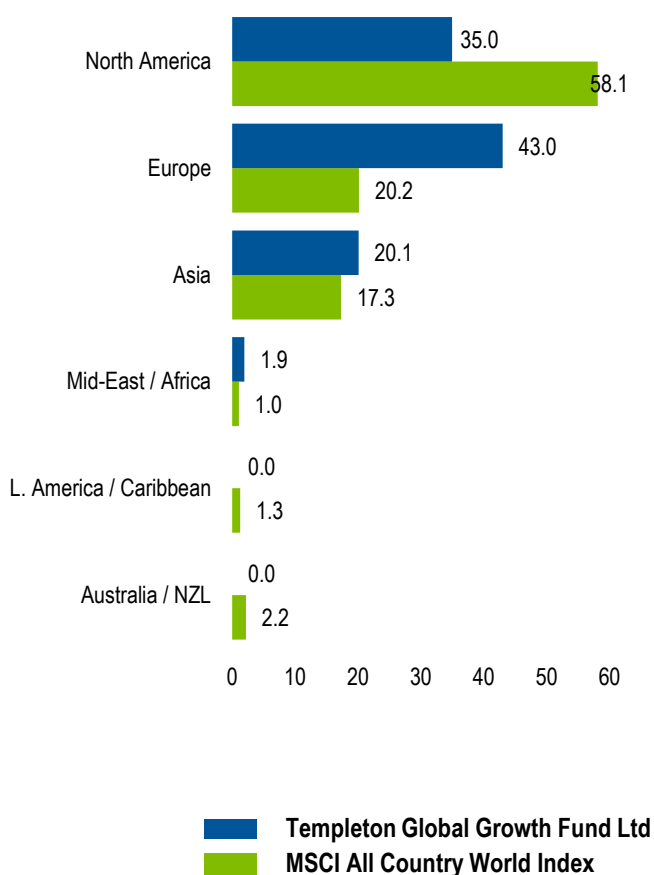
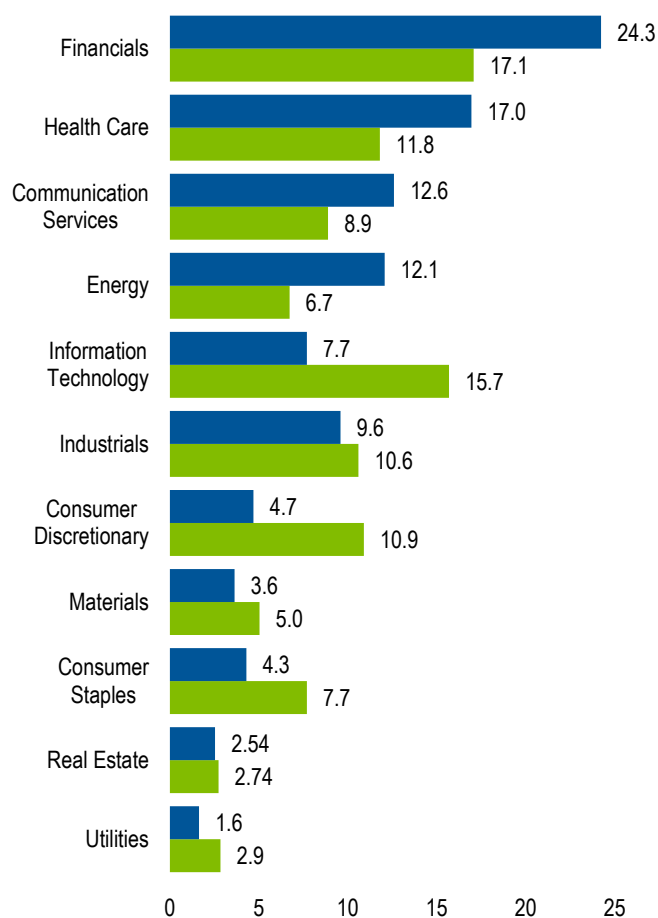
Investment Outlook

- Market conditions remain challenging for value investors.. Despite eight rate hikes by the Fed since 2016, real interest rates in the United States remain suppressed, while those in other countries remain near historic lows
- Typically, when interest rates are low, the net present value of long-dated cash flows increases and stocks with good growth visibility command a premium. Low interest rates also have coincided with periods of low economic growth, and the laws of supply and demand ensure that when growth is scarce, many investors will pay more for it.
- What's more, during this unusual cycle, low rates have been accompanied by quantitative easing, an unconventional policy tool that—through the expansion of the money supply—created artificial and largely indiscriminate demand for risk assets. This has coincided with the rise of passive investing.
- Many passive products are weighted by market capitalisation, without regard for fundamentals. As the wave of liquidity created by central bankers flowed into the market, these popular products have helped funnel ever more capital into the growth stocks that dominate indices.
- Ultimately, we view these conditions as unsustainable. Many central banks—led by the Fed—are raising interest rates and withdrawing liquidity. Meanwhile, the same passive structures that amplified the outperformance of widely owned and highly liquid growth stocks on the way up may well amplify their underperformance on the way down.
- While extraordinary circumstances have delayed the process of value recognition in our portfolios, we have every confidence that an eventual, and substantial, reversal in trend should lie ahead.

Portfolio Characteristics

	Portfolio	MSCI All Country World Index
Price to Earnings	14.6x	18.4x
Price to Book Value	1.4x	2.4x
Price to Cash Flow	6.1x	11.8x
Market Capitalisation (Millions in AUD)	140,521	183,270
Number of Issuers	72	2,791

Portfolio Diversification

Geographic Weightings vs. MSCI All Country World Index
Percent of TotalSector Weightings vs. MSCI All Country World Index
Percent of TotalTop Ten Holdings⁵
Percent of Total

Top Holdings	Sector	Country	%
BP PLC	Energy	United Kingdom	2.80
ROYAL DUTCH SHELL	Energy	United Kingdom	2.79
ORACLE CORP	Software & Services	United States	2.68
CITIGROUP	Banks	United States	2.35
SIEMENS	Capital Goods	Germany	2.31
SANOFI	Pharmaceutical, Biotechnology & Life Sciences	France	2.27
SAMSUNG ELECTRONICS	Technology Hardware & Equipment	South Korea	2.25
SOFTBANK GROUP	Communication Services	Japan	2.24
BNP PARIBAS	Banks	France	2.20
ALLERGEN	Pharmaceutical, Biotechnology & Life Sciences	United States	2.09

Investment Philosophy

Templeton utilises a disciplined, consistent approach based on three timeless principles of investing:

Value	Patience	Bottom-up stock picking
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.	Our long-term focus gives us a framework to take advantage of price volatility to reveal potential long-term investment opportunities. Patience allows for potential long-term value recognition.	Our portfolio management process seeks to buy pessimism and sell optimism. We build portfolios spanning regions and sectors made up of securities identified through this process.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Peter Wilmschurst, CFA, EVP, Portfolio Manager, Research Analyst	20	25
Templeton Global Equity Team	Number of Members	Average Years Experience
Portfolio Managers/Analysts	27	23
Research Analysts	12	11

Important Legal and Other Information

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

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Explanatory Notes:

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

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

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