



TEMPLETON GLOBAL GROWTH FUND LTD

ABN 44 006 558 149

HALF YEAR REPORT
TO SHAREHOLDERS
31 DECEMBER 2018



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

Level 19
101 Collins Street
Melbourne, Victoria 3000
Telephone (613) 9603 1209
Facsimile (613) 9603 1266

CHAIRMAN'S MESSAGE

Dear Shareholders,

Overall results were subdued in the six months to 31 December 2018, in a difficult market for global investments.

The Company's investment portfolio decreased 8.58% net of expenses in the period under review. This underperformed the MSCI All Country World Index return of (4.52)%.

The NTA per share decreased from \$1.56 at 30 June 2018 to \$1.33 at 31 December 2018, after payment of a 4.5 cent per share dividend and 3.5 cent per share special dividend in September 2018.

The profit in the first half was \$1.150 million compared to \$1.415 million in the prior corresponding period ("pcp"). Revenue decreased slightly from the prior year (\$3.205 million compared with \$3.510 million in the pcp), which was the main contribution to the reduction in profit for the half compared to the pcp. There were no significant transactions otherwise during the period that impacted these results.

The company has decided to continue with its on-market share buyback over the next 12 months to facilitate capital management in support of the stock price.

The Company has declared a fully franked interim dividend of 2.0 cents per share, which is something that we have not done for some time. This is a result of an increase in retained earnings and franking credits available for funding the dividend, but also the current political environment. The proposed changes to franking credit refunds could have adverse consequences for shareholders, so as a Board, we are committed to ensuring that shareholders are able to receive the benefits of the franking credits on tax that the Company has already paid.

We are committed to ensuring that TGG still provides an efficient vehicle for investors who want international exposure in their portfolios. The Board continues to keep the interests of all shareholders top of mind and stay focused on delivering a positive shareholder experience.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'C Freeman', with a stylized flourish at the end.

CHRISTOPHER R FREEMAN

Chairman

Melbourne

21 February 2019

2019 INVESTMENT MANAGER'S HALF-YEARLY REPORT

The last quarter of the 2018 calendar year saw markets decline significantly, taking the half and full year returns down substantially. The Templeton Global Growth Fund Ltd ("TGG") investment portfolio lagged in the half year.

PERFORMANCE SUMMARY TO 31 DECEMBER 2018 - \$A

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs* %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG “	-8.0	-4.3	6.1	6.6	9.1	N/A
TGG ^	-8.6	-5.5	4.7	5.3	7.5	7.0
Index	-4.5	0.6	7.8	9.4	9.4	6.5#

“ Returns are pre-fees and expenses

^ Returns are based on movements in the Company's net assets per share (after deducting investment management fees), before corporate taxes, with dividends reinvested and adjusted for share issues and share buy-backs.

* Annualised.

Since inception Index uses MSCI World as the Index was not in existence at TGG's inception. The benchmark is presented with net dividends reinvested.

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

PERFORMANCE REVIEW

Global equity markets suffered a widespread rout in the final quarter of 2018. The MSCI AC World Index declined 13% in USD terms in Q4. Newsflow on the US-China trade dispute drove alternating optimism and pessimism in the quarter, although the market settled on a negative note following the arrest of the Huawei CFO. Concerns about the pace of US interest-rate hikes and signs of slowing economic growth around the world also weighed on sentiment.

Major Region Returns (6m to 31 December 2018)	TGG (%)	Index (%)
Asia	(1.2)	(6.1)
Europe	(9.2)	(7.3)
<i>Eurozone</i>	(12.1)	(9.8)
<i>Rest of Europe</i>	(6.1)	(4.8)
North America	(8.6)	(3.3)

The price performance of many stocks in December seemed to reflect the impact of tax loss selling. With markets down in the year, but many mutual funds housing significant realised gains, portfolio managers would have been keen to realise some losses so as not to deliver out-sized distributions to investors that had seen their investments decline in value during 2018. This impact is evident in several of the portfolio's weak performers in the December quarter. Importantly, most of these names have rebounded strongly in January. Four of the worst detractors from the December quarter, Teva, Mattel, Commscope and Coty have registered YTD gains of 20% or more as of the middle of February.

Overall, TGG's returns lagged the Index in the last six months, with US stock selection largely to blame. This was most apparent in health care, but also in a range of other stocks: such as 3 of the worst detractors mentioned previously, as well as Apache. For the six months, and indeed 2018 in total, the US market continued to out-perform, so being under-weight that market also hindered relative performance, but not as significantly as the poor stock selection.

Stock selection in Asia has been much better, while in Europe the significant exposure to European financials has, again, been a drag. Economic weakness has led to reduced and delayed expectations of monetary policy tightening. Both the economic weakness and changed monetary outlook has adversely impacted banks' share prices. Europe has also continued to face political issues and while some of these have improved in recent months, for instance, Turkey looks to have stabilised and Italy has moderated their Budget deficit after pressure from the EU, the *gilets jaunes* movement has sprung up in France and Brexit continues to befuddle the Brits.

MSCI made some significant changes to their indices in the half. Economically the new groupings make sense. Google and Facebook are the largest advertising revenue earners in the World, they are media companies and sit better with a group of media companies. Retailers are now grouped together, whether they were originally online or offline retailers. Most are now both, after all. From a stock market perspective, however, some of the groupings are more perverse. Historically economically defensive telecom providers are now grouped with media companies in communication services, for instance.

Sector Returns (6m to 31 December 2018)	TGG (%)	Index (%)
Communication Services	(1.0)	(7.5)
Consumer Discretionary	(25.1)	(8.4)
Consumer Staples	(10.4)	0.2
Energy	(7.5)	(14.2)
Financials	(12.9)	(5.2)
Health Care	0.4	5.3
Industrials	(4.4)	(6.2)
Information Technology	(10.5)	(4.7)
Materials	(14.1)	(9.2)
Real Estate	(11.2)	(0.9)
Utilities	0.7	6.3

The market sell-off in the fourth quarter of calendar 2018 was fundamentally a flight to safety. While some previously impervious high multiple growth stocks came under pressure, so too did lowly valued shares in the financials and energy space, two sectors where we perceived substantial value opportunities, even prior to the sell-off in the last six months.

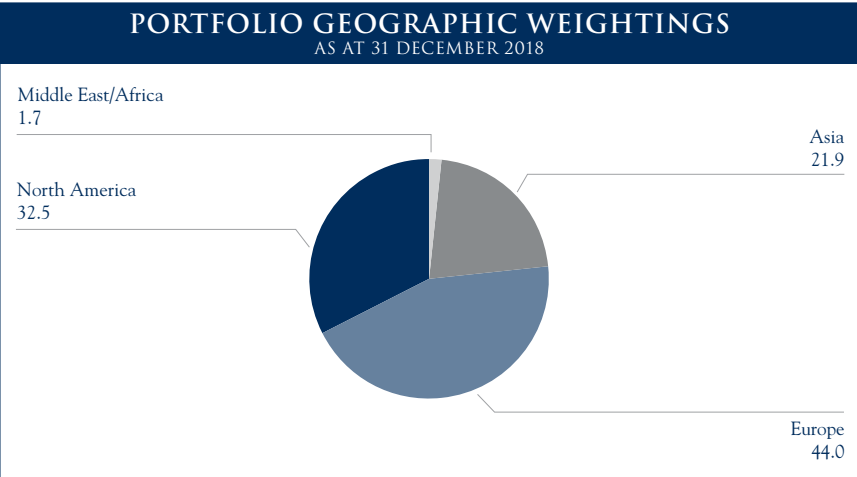
The solid performance of economically defensive sectors stands out in the last half, with positive returns for the Index in consumer staples, health care and utilities. Real estate was just in the red. However, for TGG, each of these sectors featured a stock where performance severely disappointed. Some of these were for fundamental reasons, for instance, Commscope's earnings downgrade, whereas Mattel's news was generally positive in the half.

The price of oil declined by 40% in the last quarter of the year as shale and OPEC producers increased production to meet the shortfall in supply from imminent Iranian sanctions, only to have the sanctions effectively waived late in the year by President Trump. This resulted in an unexpected spike in the supply of oil, pressuring the oil price and energy shares. Increased exposure to the oil majors led TGG's holdings in the sector to out-perform notably.

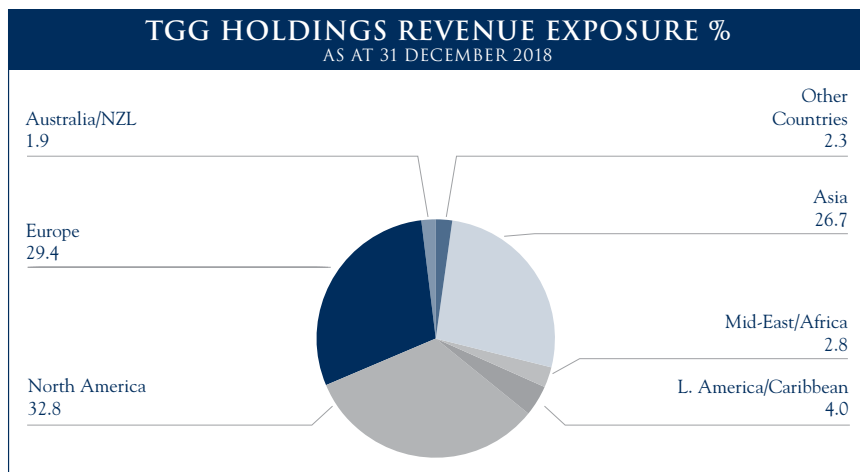
PORTFOLIO STRATEGY

In the last six months we've significantly reduced the number of shares in TGG's portfolio as planned. We'd expect the number of names to reduce somewhat further, but the bulk of the adjustment has been made.

Reducing the number of holdings in the portfolio has not directly led to significant changes in geographic or sector exposure. Rather the very strong performance by many of the portfolio's technology holdings, most of which are in the US, has meant that many of those stocks reached valuations that we thought were excessive and they were sold, leading to a lower weight in both the US and the technology sector. Telecoms, consumer staples, utilities and real estate stocks received boosted allocations as we bought more shares in stocks that we considered to be substantially under-valued in those sectors.



We've remarked on occasion that the geographic distribution of holdings doesn't truly represent the economic exposure of the portfolio. The following chart breaks down the underlying revenues of the companies in the portfolio to more accurately reflect the composition of the portfolio.

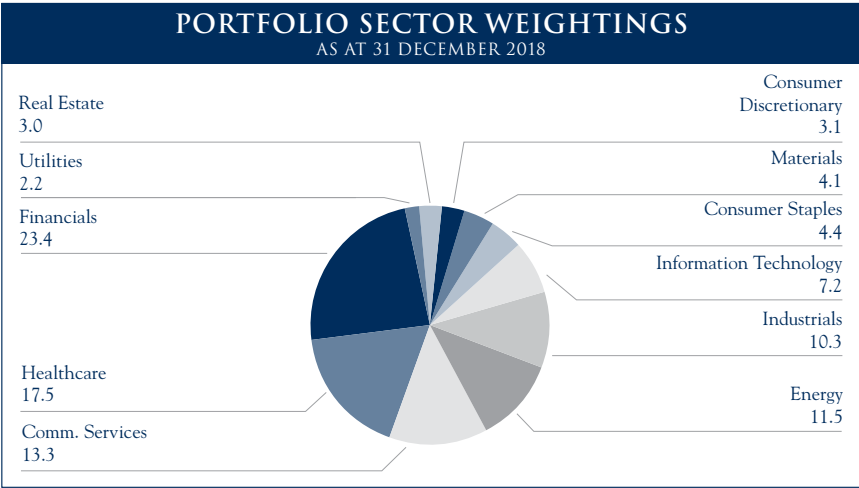


Coming into the second half of 2018, more than 10% of US stocks traded above 10x price-to-sales, a valuation only exceeded during the TMT bubble of the late 90s. The US has outperformed international markets dramatically since the Global Financial Crisis (GFC) – this outperformance continued into 2018 as the markets saw tailwinds from tax cuts, the repatriation holiday, and record buybacks. The impact of these tailwinds likely peaked during 2018 and the US fiscal position leaves that economy with little dry powder for when the next economic downturn inevitably arrives.

We added new stocks in the portfolio in the financials, energy, healthcare and technology sectors. A couple of these purchases were swapped out of strong performing names in the same sector; ConocoPhillips was swapped into Exxon as JPMorgan was for Wells Fargo (WFC). Exxon has long been considered the premier company in the energy sector, but has pursued a more aggressive capex strategy in 2017 and 2018 as management took advantage of lower oil service pricing and attractive economics to grow their production. Such a strategy was out of favour with the market's preference for capital discipline, giving us the opportunity to buy. Wells Fargo is one of the largest and most diversified US banks with an outsized opportunity for cost reductions that should help drive return on tangible equity (RoTE) back toward historical levels. The bank has suffered from numerous scandals but has a tremendous franchise and the shares are

trading at an unusual discount to peers and near-trough valuations. Additionally, WFC's balanced business mix, domestic-only exposure, credit discipline and strong balance sheet gives this stock defensive characteristics in its industry. WFC has delivered a 14% RoTE in the current year. It is one of the most overcapitalised banks and received permission to start returning excess capital in June adding a buy-back of 10-11% of its stock over the next 3 years on top of a 4% dividend yield.

Other purchases included Korean bank Shinhan Financial Group, Swiss diversified financial UBS, Japanese pharmaceutical company Takeda and Semiconductor manufacturer NXP Semiconductors. We substantially increased TGG's holdings in Singapore Telecommunications and French water and environmental services company Veolia Environnement.



During the period under review the portfolio's weighting to energy increased marginally, through market movements, as we were net sellers of stocks in the sector. Four positions were sold entirely from the portfolio: Conocophillips, Husky Energy, NewOcean Energy, and SBM Offshore. These sales took advantage of oil price strength to continue to reduce the oil price sensitivity of the portfolio. Conversely, while many of the integrated energy companies' shares had also performed solidly during the year they remain significantly discounted. Typically trading with a 5 to 6% dividend yield, an earnings multiple just in the double-digits and with solid cash flow. With that backdrop, during the half we added to the positions in BP and Royal Dutch Shell. We are encouraged by management's ongoing focus on sensible deployment of capital, an issue that has been the stocks' Achilles heel in the past. Management has been chastened and is

appropriately aiming to deliver positive economic outcomes on projects with a \$50 or \$60 oil price. In the current environment, the companies generate significant free cash flow, more than they did when oil was trading at \$100/barrel before 2014.

OUTLOOK

It was mentioned in the last half-year report that investors should not expect the returns of the prior five years to be repeated in the next five years and indeed it has been a tough half for global equities.

The uncertainty surrounding US and China trade is likely to continue, posing risks to the global economy and markets. The US economy is likely to stand-out less from the rest of the World's economic growth in 2019 as the boost from tax cuts fades. However, gains in both employment and wages continue to drive solid growth in consumer incomes, which will support economic growth. The US Federal Reserve has commenced quantitative tightening and the ECB has finished their bond purchases, but the pace of monetary tightening is likely to be slow.

While a slower pace of economic growth and geopolitical uncertainties pose a headwind to market returns, 2018 has also seen among the sharpest decline in the market's valuation with strong earnings growth and the downswing in equities.

Ongoing economic growth and a return to more normal monetary policy are, we believe, likely pre-conditions for value out-performance.

The portfolio looks much cheaper than it was a year ago, with an FY1 P/E of 11.8 compared to 13.7. On a Price to Book basis, TGG's holdings haven't been this cheap since the sharp dip after the Brexit vote. Such low valuation multiples with solid earnings prospects should be sufficient to deliver attractive returns for TGG's portfolio.



Peter M Wilmschurst CFA

Portfolio Manager

15 February 2019

TOP 15 PORTFOLIO HOLDINGS AS AT 31 DECEMBER 2018

Security	Sector	Country	% of Portfolio
Oracle	Information Technology	United States	2.9
Royal Dutch Shell	Energy	United Kingdom	2.9
BP	Energy	United Kingdom	2.8
Sanofi	Healthcare	France	2.7
Siemens	Industrials	Germany	2.6
Samsung Electronics	Information Technology	South Korea	2.3
Singapore Telecomm.	Communication Services	Singapore	2.3
Veolia Environnement	Utilities	France	2.2
Citigroup	Financials	United States	2.1
Vodafone	Communication Services	United Kingdom	2.0
Standard Chartered	Financials	United Kingdom	2.0
Vestas Wind Systems	Industrials	Denmark	2.0
BNP Paribas	Financials	France	2.0
Shire	Healthcare	United Kingdom	1.9
Axa	Financials	France	1.9
			34.6

INDICATIVE PORTFOLIO CHARACTERISTICS

TGG VS MSCI AC WORLD FREE INDEX AS AT 31 DECEMBER 2018

Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	12.3	15.5
Price to Cash Flow (times)	5.3	9.9
Price to Book Value (times)	1.2	2.1
Dividend Yield (%)	3.5	2.8
Market Capitalisation (\$Aust m.)	124,225	153,777

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

The Directors of Templeton Global Growth Fund Ltd ("Company") submit their report for the half-year ended 31 December 2018 ("the reporting period").

DIRECTORS

The following persons were Directors of the Company during the half-year and up to the date of this report:

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

GREGORY E. McGOWAN, JD – Non-Executive Director

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

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

JOANNE DAWSON, CA, GAICD – Non-Executive Director

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

RESULTS AND REVIEW OF OPERATIONS

The Company invests in a globally diversified portfolio of primarily international securities. The Company has not hedged the underlying currencies in which the portfolio is invested. The Company's operations did not change during the reporting period.

The key elements of this half-year report are referred to below.

Revenue:

Revenue is represented by dividends from investments, interest income and other sundry receipts. In total, revenue for the reporting period was \$3.205 million, down from \$3.510 million in the previous corresponding period ("pcp"). Dividend income for the reporting period was \$3.203 million compared to \$3.222 million in the pcp.

Profit after income tax for the half-year:

The profit after tax for the reporting period was \$0.809 million compared to a profit after tax of \$0.994 million in the pcp.

Other comprehensive income:

The after tax effect of realised and unrealised capital gains or losses are recorded directly to equity and disclosed in the statement of comprehensive income. In the reporting period \$19.457 million of net capital losses, comprising realised and unrealised capital losses (net of tax), were reported as other comprehensive loss compared to realised and unrealised capital gains (net of tax) of \$16.217 million in the pcp.

Net tangible asset backing per share (“NTA”):

The NTA decreased from \$1.56 per share at 30 June 2018 to \$1.33 per share at 31 December 2018. This was after the payment of a 4.5 cent per share final dividend and a special dividend of 3.5 cents per share in September 2018. The NTA over the previous five years has been:

As at 31 December	NTA cents per share After Actual Tax*	After Estimated Tax**
2018	133	133
30 June 2018	156	150
2017	154	146
2016	143	138
2015	139	135
2014	142	138

* “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.
** “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.

INVESTMENT PERFORMANCE

The Company’s investment portfolio decreased by \$48.674 million over the reporting period. When taking into account the impact of the dividend paid and the on-market share buy-back, the investment performance for the period was (7.96)% gross of expenses and (8.58)% net of expenses, compared to the MSCI All Country World Index (“index”) of (4.52)% over the six months to 31 December 2018.

DIVIDENDS

On 23 August 2018 the Directors declared a final dividend in respect of the year ended 30 June 2018 of 4.5 cents per share fully franked and a special dividend of 3.5 cents per share also fully franked, which was paid from current year realised capital gains net of tax and retained earnings. The gross dividend also included a LIC capital gains component of 8.0 cents per share. The dividend was paid to shareholders on 21 September 2018.

An interim dividend of 2 cents fully franked has been declared in respect of the half-year to 31 December 2018 (31 December 2017: nil).

The dividend/distribution target for 2018/2019 will be a minimum of 3% of the value of the Company's estimated pre-tax Net Tangible Assets ("NTA") at 30 June 2018, which equates to 4.7 cents per share. This dividend will be paid from retained earnings and/or realised capital gains (net of tax) for the period. As at 31 December 2018, the retained earnings position equates to 6.9 cents per share and realised capital gains (net of tax) of 7.4 cents per share.

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 have been rounded to the nearest thousand dollars, or where otherwise required, to the nearest dollar. As it is the first time the Company has elected to round the Directors' Report for the half-year ended 31 December 2018, the comparative disclosures have been rounded for the prior period.

CAPITAL MANAGEMENT

The Company had in place an on-market share buy-back which operated during the reporting period. There were 2,311,109 shares (2017: 255,321) purchased at a cost of \$3,215,857 for the half-year ended 31 December 2018 (2017: \$335,110).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration given under Section 307C of the *Corporations Act 2001* forms part of the Directors' Report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Directors.



CHRISTOPHER R FREEMAN

Chairman

Melbourne

21 February 2019



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Templeton Global Growth Fund Ltd for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'Elizabeth O'Brien'.

Elizabeth O'Brien
Partner
PricewaterhouseCoopers

Melbourne
21 February 2019

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
Revenue	3	3,205	3,510
Investment expenses	4	(1,598)	(1,651)
Salaries and employee benefit expenses		(149)	(150)
Shareholder and regulatory costs		(126)	(131)
Other expenses		(182)	(163)
Profit before income tax		1,150	1,415
Income tax expense	5	(341)	(421)
Profit after income tax for the half-year		809	994

EARNINGS PER SHARE (CENTS)

Basic and diluted earnings per share		0.4	0.4
Dividend paid per share (cents)	6	8.0	4.5

The above income statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
Profit after income tax for the half-year	809	994
Other comprehensive income		
<i>Items that will not be recycled through the Income Statement</i>		
Unrealised (losses)/gains on investments in the portfolio at 31 December	(51,040)	16,242
Income tax benefit/(expense) on the above	15,312	(4,873)
Realised gains on investments during the period	23,244	6,925
Income tax (expense) on the above	(6,973)	(2,078)
Total other comprehensive (loss)/income after tax	(19,457)	16,216
Total comprehensive (loss)/income after tax	(18,648)	17,210

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

TEMPLETON GLOBAL GROWTH FUND LTD

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	As at 31 December 2018 \$'000	As at 30 June 2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	4,597	11,521
Receivables		1,176	1,088
Total current assets		5,773	12,609
NON-CURRENT ASSETS			
Investments	10	292,510	341,184
Deferred tax asset	2	1,173	–
Total non-current assets		293,683	341,184
Total assets		299,456	353,793
CURRENT LIABILITIES			
Payables		345	381
Current tax liabilities		6,903	7,657
Total current liabilities		7,248	8,038
NON-CURRENT LIABILITIES			
Deferred tax liability	2	–	14,083
Total non-current liabilities		–	14,083
Total liabilities		7,248	22,121
NET ASSETS		292,208	331,672
EQUITY			
Contributed equity	8	279,668	282,884
Reserves		(2,629)	34,326
Retained profits		15,169	14,462
Total equity		292,208	331,672

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital \$'000	Retained Profits \$'000	Investment Revaluation Reserve \$'000	Investment Realisation Reserve \$'000	Total Equity \$'000
At 1 July 2018	282,884	14,462	32,511	1,815	331,672
Profit after income tax for the half-year	–	809	–	–	809
Other comprehensive Income/(loss)					
Net revaluation (decrement) on the investment portfolio	–	–	(19,457)	–	(19,457)
Transfer of net cumulative realised gains for the half-year	–	–	(16,271)	16,271	–
Total other comprehensive income/(loss) for the period	–	–	(35,728)	16,271	(19,457)
Transactions with shareholders					
Dividends paid	–	(102)	–	(17,498)	(17,600)
Shares bought back	(3,216)	–	–	–	(3,216)
At 31 December 2018	279,668	15,169	(3,217)	588	292,208

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 (CONT)

	Issued Capital \$'000	Retained Profits \$'000	Investment Revaluation Reserve \$'000	Investment Realisation Reserve \$'000	Total Equity \$'000
At 1 July 2017	289,711	11,759	28,812	(6,319)	323,963
Profit after income tax for the half-year	–	994	–	–	994
Other comprehensive income					
Net revaluation increment on the investment portfolio	–	–	16,216	–	16,216
Transfer of net cumulative realised gains for the half-year	–	–	(4,847)	4,847	–
Total other comprehensive income for the period	–	–	11,369	4,847	16,216
Transactions with shareholders					
Dividends paid	–	(831)	–	(9,365)	(10,196)
Shares bought back	(335)	–	–	–	(335)
At 31 December 2017	289,376	11,922	40,181	(10,837)	330,642

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

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	6 months to 31 December 2018 \$'000 Inflows/ (Outflows)	6 months to 31 December 2017 \$'000 Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	2,861	3,083
Interest received	–	244
Custodian fees paid	(26)	(25)
Investment manager's fees paid	(1,806)	(1,785)
Goods and services tax refunded	176	398
Income taxes paid	(7,779)	(4,465)
Administrative, regulatory, legal and other payments in the normal course of operations	(601)	(413)
Net cash outflow from operating activities	(7,175)	(2,963)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of listed shares	(98,989)	(33,725)
Proceeds received from realisation of listed shares	120,015	44,150
Net cash inflow from investing activities	21,026	10,425
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares purchased (on-market buy-back)	(3,216)	(335)
Net dividend paid	(17,600)	(10,196)
Net cash outflow from financing activities	(20,816)	(10,531)
Net decrease in cash and cash equivalents	(6,965)	(3,069)
Cash and cash equivalents at the beginning of the half-year	11,521	10,176
Effects of exchange rate changes on cash and cash equivalents	41	55
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	4,597	7,162

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

NOTES TO AND FORMING PART OF THE HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2018

1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd (“the Company”) for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 21 February 2019.

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

The nature of operations and principal activities of the Company are described in Note 9.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with the requirements of the AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report has been prepared on a historical cost basis except for financial assets (“Investments”) which have been measured at fair value through other comprehensive income.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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 Report. Amounts in the Financial Report have been rounded to the nearest thousand dollars or, where otherwise required, to the nearest dollar in accordance with that legislative instrument. As it is the first time the Company has elected to round the Financial Report for the half-year ended 31 December 2018, the comparative disclosures have been rounded since the prior period.

The financial report is presented in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Deferred tax asset

In accordance with AASB 112 *Income Taxes*, deferred tax assets have been recognised for capital gains tax on the unrealised losses in the investment portfolio at current tax rates (30%) totalling \$1.173 million (30 June 2018: \$14.083 million deferred tax liability). It is expected that these losses will be reversed or recoverable.

New accounting standards or amendments

The following accounting standards and interpretations have been published since the previous 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, recognition 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 have been adopted by the Company since 1 July 2018 and have not had a significant impact on the Company's financial statements.
- *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 has replaced 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 does not have a significant impact on the financial statements.

Compliance with IFRS

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

	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
3. REVENUE		
Dividends	3,203	3,222
Interest	—	269
Other investment income	2	19
Total revenue	3,205	3,510

4. INVESTMENT EXPENSES

Investment management fees	1,621	1,625
Custodian fees	21	21
Net foreign currency (gains)/losses	(44)	5
Total investment expenses	1,598	1,651

5. INCOME TAX EXPENSE

The major components of income tax expense for the half-year ended 31 December 2018 and 31 December 2017 are:

Income Statement

Current income tax

Current income tax charge	345	424
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Deferred income tax

Relating to originating and reversal of temporary differences	(4)	(3)
---	-----	-----

Income tax reported in the income statement

341	421
------------	------------

	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
--	--	--

6. DIVIDENDS PAID OR PROPOSED

Equity dividends on ordinary shares:

(a) Dividends declared and paid during the half-year:

Final dividend for the financial year 30 June 2018: 4.5 cents per share fully franked and a special dividend of 3.5 cents per share fully franked (2017: 4.5 cents per share fully franked)	17,600	10,196
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(b) Dividends proposed and not yet recognised as a liability:

Interim fully franked dividend for financial year 30 June 2019: 2.0 cents per share (2018: 0.0 cents per share)	4,388	—
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(c) Listed investment company (LIC) capital gain account

Balance of the LIC capital gain account	24,025	7,424
This equates to an attributable amount of	34,322	10,605

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.

	31 December 2018 \$'000	30 June 2018 \$'000
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7. CASH AND CASH EQUIVALENTS

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank	4,597	11,521
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	31 December 2018 \$'000	30 June 2018 \$'000
8. CONTRIBUTED EQUITY		
<i>(a) Issued and paid-up capital</i>		
Ordinary shares fully paid	279,668	282,884
	Number '000	\$'000
<i>(b) Movements in shares on issue</i>		
At 1 July 2018	221,684	282,884
Shares cancelled via share buy-back	(2,311)	(3,216)
At 31 December 2018	219,373	279,668

(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 holders to one vote, either in person or by proxy, at a meeting of the Company.

9. SEGMENT INFORMATION

(a) Operating segment

The Company is domiciled and incorporated in Australia. The Company has a single operating segment which is the business of investing in and managing a worldwide portfolio of investments listed on international stock exchanges.

(b) Segment reporting

The Company reports net profit (or loss) after income tax. This excludes the impact of realised and unrealised gains or losses in the value of investments which are reported in the statement of comprehensive income.

9. SEGMENT INFORMATION (cont.)

(b) Segment reporting (cont.)

	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
Profit after income tax (excluding realised and unrealised gains/(losses))	809	994

The Company also reports the net asset value per share both before and after provision for deferred tax on realised and unrealised gains or losses in the value of the Company's investment portfolio.

	31 December 2018 cents	30 June 2018 cents
Net tangible asset backing per share		
After actual tax	133	156
After estimated tax	133	150

(c) Other segment information

Segment revenue

Revenue from external parties are derived from the receipt of dividend income.

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

The Company has a diversified portfolio of investments.

9. SEGMENT INFORMATION (cont.)

(c) Other segment information (cont.)

Dividend revenue by geographic location:

	6 months to 31 December 2018 \$'000	6 months to 31 December 2017 \$'000
Country		
Canada	52	51
France	86	114
Hong Kong	197	302
Ireland	35	93
Israel	—	17
Italy	111	116
Japan	162	209
Netherlands	50	159
Singapore	228	175
South Korea	302	207
Spain	—	37
Thailand	35	30
United Kingdom	836	756
United States of America	1,109	956
Total	3,203	3,222

10. 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.

	31 December 2018			30 June 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at fair value through other comprehensive income	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	292,510	–	292,510	338,108	–	338,108
Other liquid securities	–	–	–	–	3,076	3,076
Total	292,510	–	292,510	338,108	3,076	341,184

The level 2 security was liquidated 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 adoption of AASB 9 was designated to be measured at fair value through other comprehensive income.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

The value of investments realised in the normal course of the Company's business as a Listed Investment Company during the half-year was \$119.993 million (2017: \$44.788 million). The cumulative gain on these realised investments after tax was \$16.271 million (2017: \$4.847 million) which has been transferred from the investment revaluation reserve to the investment realisation reserve (refer to the statement of changes in equity).

11. RELATED PARTY DISCLOSURE

Shareholding of related party entities

During the half-year, Franklin Resources Inc. and/or affiliates held shares in the Company.

The Company's Investment Manager is Franklin Templeton Investments Australia Limited ("Investment Manager") which is a wholly owned subsidiary of Franklin Resources Incorporated. The Company pays management fees to the Investment Manager, which is considered an arm's length transaction. The amount of Investment Management Fees paid by the Company during the period to FTIAL are disclosed in Note 4, which includes \$257,283 payable at 31 December 2018. The provision of administration services to the Company are also required in the terms of an Administrative Service Agreement.

	Balance	Net Change	Balance
Shares held in the Company	1 July 2018	Other	31 December 2018
(number)	Ord	Ord	Ord
Franklin Resources Inc. and/or affiliates	10,278,210	–	10,278,210

12. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

13. EVENTS AFTER THE BALANCE SHEET DATE

On 21 February 2019 the Directors determined to pay an interim dividend of 2 cents per share fully franked on ordinary shares in respect of the December 2018 half-year.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Templeton Global Growth Fund Ltd ("the Company"), I state that:

In the Directors' opinion:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, 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.

On behalf of the Board.



CHRISTOPHER R FREEMAN

Chairman

Melbourne

21 February 2019



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Templeton Global Growth Fund Ltd (the Company), which comprises the balance sheet as at 31 December 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows and income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Templeton Global Growth Fund Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD (CONT)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LTD (CONT)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Templeton Global Growth Fund Ltd is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Elizabeth O'Brien'.

Elizabeth O'Brien
Partner

Melbourne
21 February 2019

LIST OF INVESTMENTS AS AT 31 DECEMBER 2018 (UNAUDITED)

(Note: Certain investments which are dual listed have been treated as if listed in their home countries.)

	Shares/Units Held	AUD Value \$'000	% of Total
CANADA			
Wheaton Precious Metals Corp.	173,893	4,802	1.64
		4,802	
CHINA			
Baidu Inc. Sponsored ADR Class A	12,430	2,804	6.59
China Life Insurance Co. Ltd. Class H	1,466,000	4,426	
China Mobile Ltd.	351,830	4,800	
China Telecom Corp. Ltd. Class H	5,840,000	4,228	
KunLun Energy Co. Ltd.	2,006,200	3,010	
		19,268	
DENMARK			
A.P. Moller - Maersk A/S Class B	2,588	4,602	3.58
Vestas Wind Systems A/S	54,838	5,880	
		10,482	
FRANCE			
AXA SA	179,311	5,483	11.16
BNP Paribas SA Class A	90,434	5,796	
Compagnie de Saint-Gobain SA	81,309	3,849	
Sanofi	64,167	7,866	
Total SA	41,796	3,134	
Veolia Environnement SA	224,382	6,514	
		32,642	

TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value \$'000	% of Total
GERMANY			
Bayer AG	47,743	4,702	
Siemens AG	48,430	7,691	
		<u>12,393</u>	4.24
HONG KONG			
CK Hutchison Holdings Ltd.	312,500	4,264	
		<u>4,264</u>	1.46
IRELAND			
Bank of Ireland Group PLC	461,468	3,651	
CRH PLC	111,583	4,144	
		<u>7,795</u>	2.67
ISRAEL			
Teva Pharmaceutical Industries Limited Sponsored ADR	227,947	4,993	
		<u>4,993</u>	1.71
ITALY			
Eni S.p.A.	164,223	3,662	
UniCredit S.p.A.	129,413	2,079	
		<u>5,741</u>	1.96

	Shares/Units Held	AUD Value \$'000	% of Total
JAPAN			
Mitsui Fudosan Co. Ltd.	138,600	4,387	
Panasonic Corp.	261,900	3,359	
SoftBank Group Corp.	42,000	3,970	
Suntory Beverage & Food Ltd.	82,400	5,275	
Takeda Pharmaceutical Co. Ltd.	46,400	2,225	
		<u>19,216</u>	6.57
NETHERLANDS			
ING Groep NV	286,351	4,375	
NXP Semiconductors NV	30,700	3,195	
		<u>7,570</u>	2.59
SINGAPORE			
Singapore Telecommunications Ltd.	2,155,800	6,560	
		<u>6,560</u>	2.24
SOUTH KOREA			
Samsung Electronics Co. Ltd.	135,300	6,657	
Shinhan Financial Group Co. Ltd.	97,394	4,904	
		<u>11,561</u>	3.95

TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value \$'000	% of Total
SWITZERLAND			
Roche Holding Ltd. Genusssch	15,408	5,403	
UBS Group AG	301,440	5,312	
		<u>10,715</u>	3.66
THAILAND			
Bangkok Bank Public Co. Ltd. NVDR	350,000	3,084	
		<u>3,084</u>	1.05
UNITED KINGDOM			
Barclays PLC	1,205,496	3,282	
BP PLC	915,923	8,218	
Kingfisher PLC	1,015,327	3,810	
Royal Dutch Shell PLC Class A	10,833	452	
Royal Dutch Shell PLC Class B	189,471	8,010	
Shire PLC	68,844	5,604	
Standard Chartered PLC	533,160	5,877	
Vodafone Group PLC	2,158,538	5,971	
		<u>41,224</u>	14.09

	Shares/Units Held	AUD Value \$'000	% of Total
UNITED STATES			
Allergan PLC	27,560	5,231	
Ally Financial Inc.	91,730	2,951	
Alphabet Inc. Class A	3,490	5,184	
Amgen Inc.	12,220	3,380	
Apache Corp.	64,720	2,412	
Capital One Financial Corp.	43,940	4,716	
Citigroup Inc.	82,260	6,081	
Comcast Corporation Class A	110,660	5,352	
CommScope Holding Co. Inc.	126,200	2,936	
Coty Inc. Class A	299,670	2,788	
Eli Lilly and Co.	29,260	4,810	
Exxon Mobil Corp.	50,100	4,854	
Gilead Sciences Inc.	43,100	3,832	
Jones Lang LaSalle Inc.	25,140	4,520	
LyondellBasell Industries NV	24,390	2,881	
Mattel, Inc.	144,200	2,044	
Medtronic PLC	22,970	2,968	
Oracle Corp.	130,650	8,379	
United Parcel Service Inc. Class B	27,330	3,786	
Voya Financial Inc.	33,232	1,895	
Walgreens Boots Alliance Inc.	49,030	4,761	
Wells Fargo & Co.	67,800	4,439	
		<u>90,200</u>	30.84
TOTAL PORTFOLIO OF INVESTMENTS		<u><u>292,510</u></u>	<u><u>100</u></u>

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ADDITIONAL INFORMATION REQUIRED FOR LISTED COMPANIES

REGISTERED OFFICE

Level 19
101 Collins Street
Melbourne 3000
Telephone +61 3 9603 1209
Facsimile +61 3 9603 1266

SECRETARY

MR Sund

GENERAL MANAGER

MR Sund

AUDITOR

PricewaterhouseCoopers

SOLICITOR

King & Wood Mallesons

INVESTMENT MANAGER

Franklin Templeton Investments Australia Ltd
Level 19
101 Collins Street
Melbourne 3000
Telephone +61 3 9603 1200
Facsimile +61 3 9603 1266

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Investor Enquiries: 1300 85 05 05
International Enquiries: +61 3 9415 4000
Facsimile: +61 3 9473 2500

STOCK EXCHANGE LISTING

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

WEBSITE

www.tggf.com.au

