

### 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.

### CONTACT DETAILS

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### Performance Data

Average Total Returns (AUD %)<sup>1</sup>

	3 Months	1 Year	3 Years	5 Years	10 Years
TGG - Gross of Fees/Expenses	10.4	5.1	12.4	8.8	11.7
TGG - Net of Fees <sup>2</sup>	10.1	3.7	11.0	7.5	10.2
MSCI All Country World (Net Dividends) Index <sup>3</sup>	11.2	10.8	13.7	12.3	11.7

Net Tangible Assets (NTA) - Unaudited

	31 December 2018	31 March 2019
TGG Share Price (\$)	1.29	1.26
NTA per share before tax (\$) <sup>4</sup>	1.327	1.434
Premium/(Discount) to NTA before tax (%)	(3.1)	(12.5)
NTA per share after tax (\$) <sup>4</sup>	1.327	1.405
Premium/(Discount) to NTA after tax (%)	(3.1)	(10.7)

The market value of the portfolio represents prices quoted on overseas stock markets in foreign currencies converted to Australian currency. The rate used for conversion of values of US currency securities was USD 0.7104, EUR 0.6326 and GBP 0.5451.

### Market Review

- The global equity market overall posted a strong gain for the first quarter of 2019, bolstered by widespread advances. Mostly positive signals around US-China trade talks and the US Federal Reserve's (Fed's) shift to a more patient approach to interest-rate hikes supported equities. Developed equity slightly out-performed emerging and frontier markets.
- The MSCI AC World Index increased around 12% over the quarter in US dollar terms, with the US market out-performing delivering a return of 13.9% versus 10.4% for the MSCI ex US Index.
- European equity markets generally posted solid gains throughout the first quarter. The tone of US-China trade rhetoric and Brexit talks drove alternating sentiment during the period. On balance, mixed corporate earnings ultimately supported the region's equities. The ECB alluded to downside risks it sees for the regional economy, and the European Commission cut its outlook for eurozone economic growth and inflation.
- After four interest-rate increases in 2018, the Fed took a dovish turn at its January 30 meeting, acknowledging "global economic and financial developments and muted inflation pressures" as reasons to "be patient" as it determines future adjustments to the federal funds target rate.

## Quarterly Performance Attribution

- The portfolio underperformed its benchmark for the quarter with over two-thirds attributed to the fund's regional allocation.
- Security selection in the industrials and consumer staples sectors detracted from relative fund performance during the first quarter. From the former sector, shares of German industrial conglomerate Siemens AG were under pressure amidst weak power-turbine demand and tensions with EU regulators over a desired merger. Within the consumer staples sector, shares of US pharmacy retailer Walgreens Boots Alliance surrendered recent gains on renewed concerns about competitive and reimbursement pressures. Despite the challenges, we believe Walgreens remains a well-positioned company with solid management that continues to successfully evolve its business in a changing health care landscape. With valuations near trough levels and a number of "self-help" opportunities evident, we think the market has become excessively negative on Walgreens' long-term growth prospects.
- Relative returns were pressured further by an overweighting in European financials. Detractors included Swiss firm UBS and UK-based emerging-markets focused bank Standard Chartered. We believe the divergence between share prices and fundamentals in the European banking sector represents sizable value opportunities for long-term contrarian investors. Indeed, the gap between the sector's period-end returns on tangible equity and low tangible book value multiple was the widest in recent memory. Likewise, European banks trade at a vast discount to the broader market that has rarely been exceeded.
- Although consumer staples was a significant detractor at the sector level, the sector also delivered one of the fund's top relative contributors in the first quarter. Shares of US cosmetics firm Coty soared following solid fourth-quarter results and European conglomerate JAB's announced plans to increase its stake in the firm to as much as 60%. We believe JAB's tender offer represents a significant vote of confidence in the efforts of Coty's management to turn around the company following the acquisition of Procter & Gamble's beauty business and numerous supply chain disruptions.

## Investment Outlook

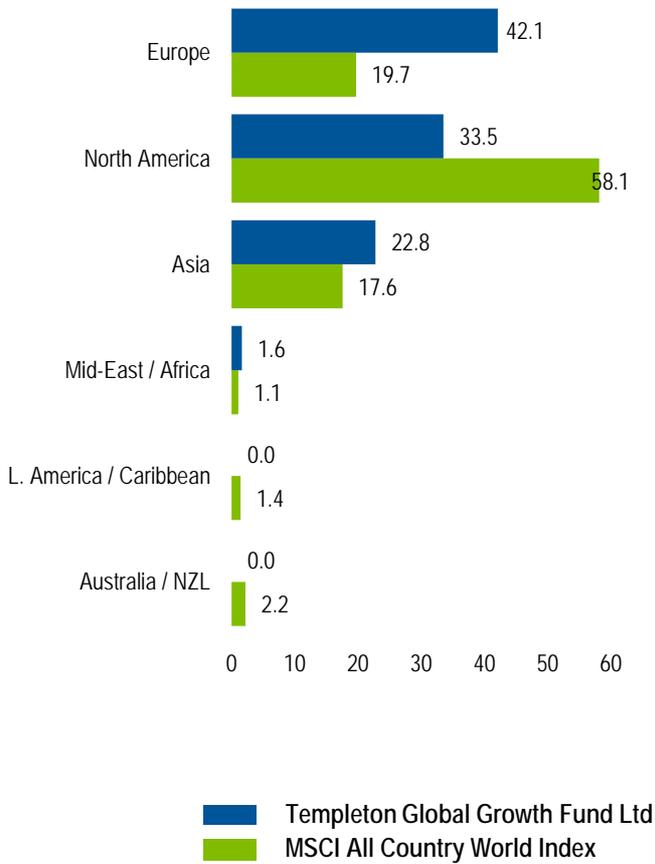
- Looking ahead, we see scope for continued moderate global growth as China continues to undertake fiscal and monetary stimulus while the US Federal Reserve and European Central Bank navigate their respective economic cycles. ECB tightening has been delayed longer than we had originally expected.
- There are myriad reasons why we believe value is poised for a turnaround. Within global equity markets, the style appears to be thoroughly loathed and generally viewed as incompatible with a low-growth, low-rate environment. On various measures, value has rarely been cheaper or performed worse over a longer period relative to growth. Such indicators suggest we may be approaching the "point of maximum pessimism" for value.
- The fourth quarter of 2018 offered a glimpse of what an eventual inflection in the market cycle could bring: a dramatic drawdown in US-based technology and growth shares and, conversely, relative resilience in Europe, emerging markets, financials and value stocks.
- With volatility back to the ultra-low levels witnessed before the fourth-quarter selloff and bond and stock markets sending increasingly divergent signals, we believe risks to stability have risen. Consequently, we have been positioning Templeton's portfolios increasingly defensively as the cycle matures by moving out of richly valued cyclical stocks and reinvesting the proceeds in opportunities that we believe are cheaper and higher quality and offer better risk/reward characteristics.
- Nevertheless, we accept that we lack short-term visibility into the fluctuations of the cycle. However, we can control how we analyse stocks and manage portfolios.
- Going forward, we continue to believe that the process of monetary policy normalisation is likely to drive a rotation away from expensive growth stocks, to the benefit of beaten-down value shares. The portfolio remains significantly undervalued relative to the index with the P/BV trading at a 48% discount.

## Portfolio Characteristics

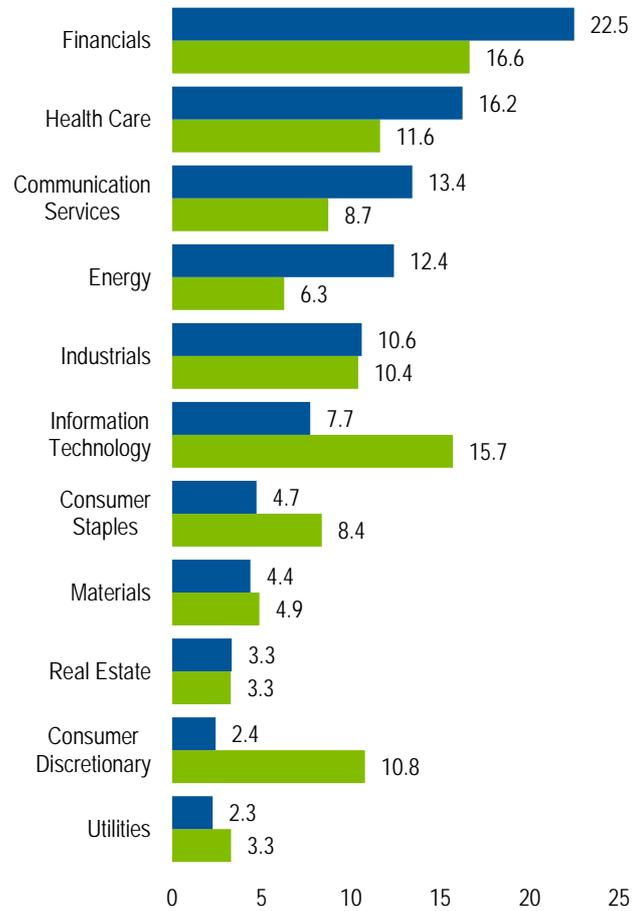
	Portfolio	MSCI All Country World Index
Price to Earnings	14.7x	17.1x
Price to Book Value	1.2x	2.3x
Price to Cash Flow	5.5x	11.0x
Market Capitalisation (Millions in AUD)	136,189	175,808
Number of Issuers	61	2,774

**Portfolio Diversification**

**Geographic Weightings vs. MSCI All Country World Index**  
Percent of Total



**Sector Weightings vs. MSCI All Country World Index**  
Percent of Total



**Top Ten Holdings<sup>5</sup>**  
Percent of Total

Top Holdings	Industry	Country	%
BP PLC	Energy	United Kingdom	3.0
ROYAL DUTCH SHELL	Energy	United Kingdom	2.9
ORACLE CORP	Software & Services	United States	2.8
SANOFI	Pharmaceutical, Biotechnology & Life Sciences	France	2.6
SAMSUNG ELECTRONICS	Technology Hardware & Equipment	South Korea	2.4
SIEMENS AG	Capital Goods	Germany	2.4
CITIGROUP INC	Banks	United States	2.3
VEOLIA ENVIRONMENT SA	Utilities	France	2.3
ALLERGAN PLC	Pharmaceuticals, Biotechnology & Life Sciences	United States	2.2
SINGAPORE TELECOMMUNICATIONS	Telecommunication Services	Singapore	2.2

## 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 Wilmshurst, CFA, EVP, Portfolio Manager, Research Analyst	20	25
Templeton Global Equity Team	Number of Members	Average Years Experience
Portfolio Managers/Analysts	22	25
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.**