



FRANKLIN
TEMPLETON

Templeton Global Growth Fund

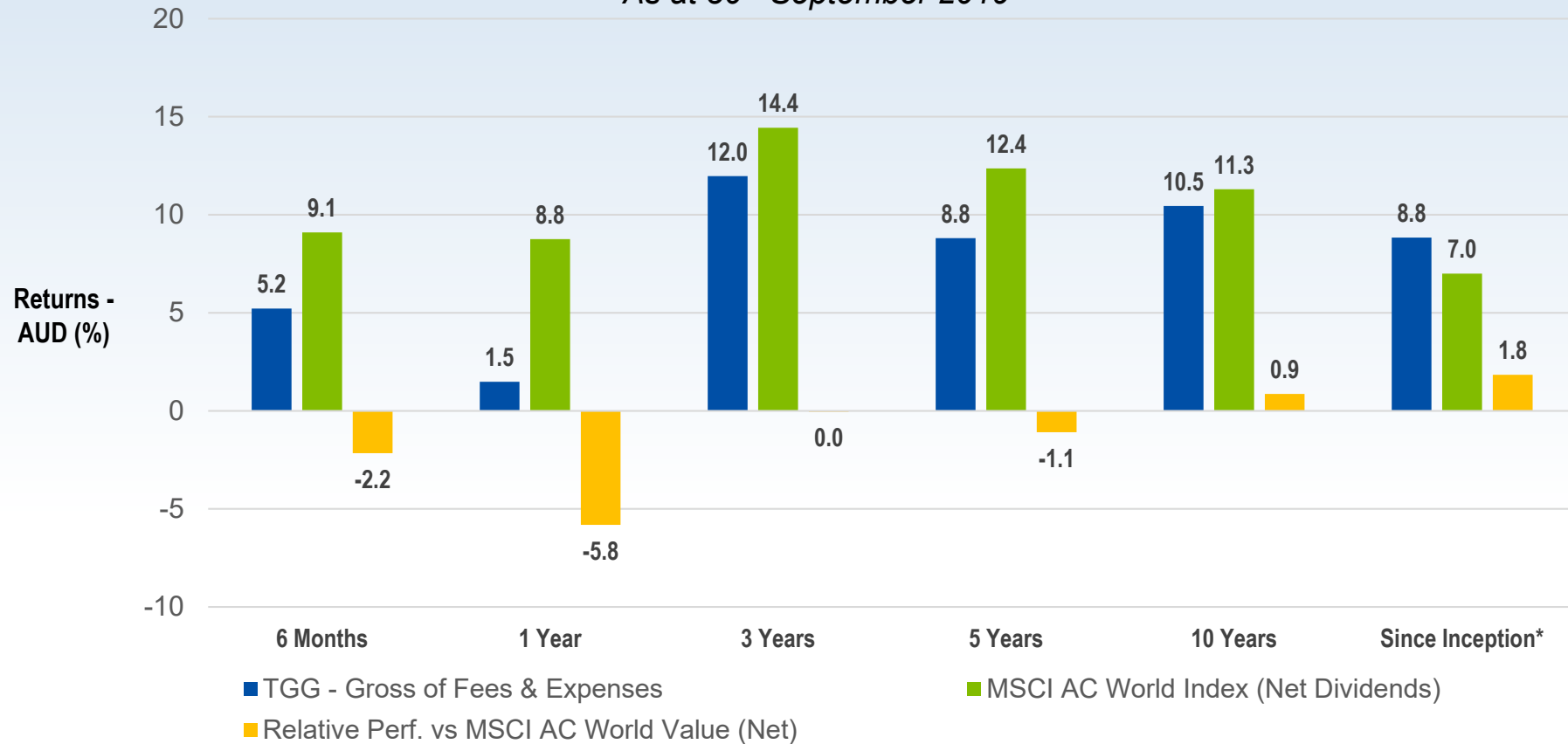
2019 Annual General Meeting

PETER WILMSHURST, CFA®

Templeton Global Growth Fund Ltd

Templeton Global Growth Fund vs. MSCI All Country World Index

As at 30th September 2019



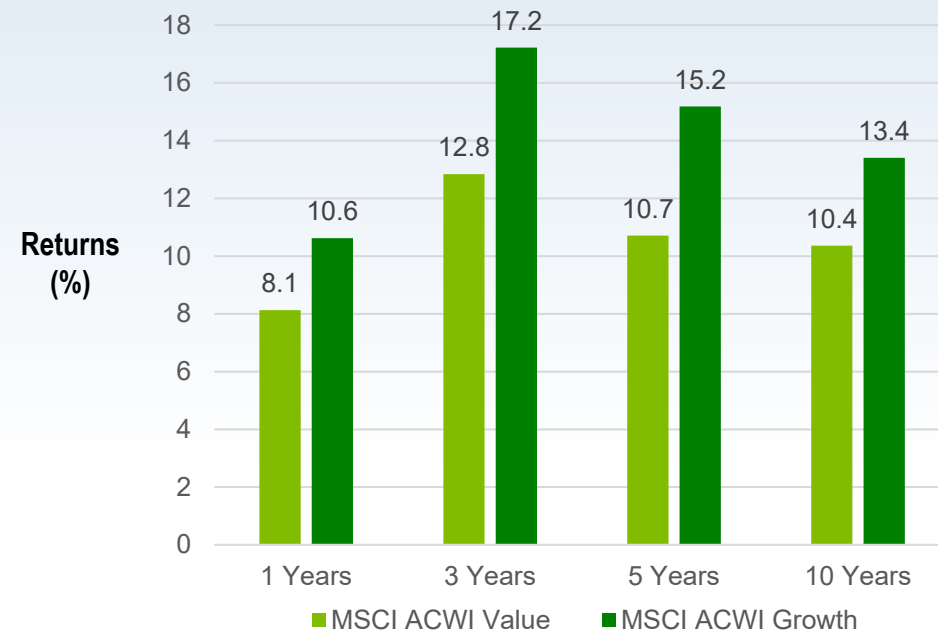
Periods of more than one year are annualised.. Past performance does not guarantee future results and results may differ over future time periods.

* Pre-fees/expenses performance prior to Jul 06 was estimated due to limited availability of fee/expense data. Since Inception Index uses MSCI World (net dividends)

Templeton Global Growth Fund Ltd

Style Headwinds and Regional Positioning

As at 30th September 2019



An Unprecedented Dry Spell for Value Investing

MSCI World Value and Growth relative price performance vs MSCI World
31 December 1975 to 30 September 2019





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Investment Portfolio Update

TGG Portfolio Positioning

Defensive Sectors

Barbell Approach:

Overweight Defensive: Health Care, Integrated Energy, and Telecoms; and

Overweight Select Cyclical: Banks (esp. European Banks) and select Industrials

Select Cyclical Sectors

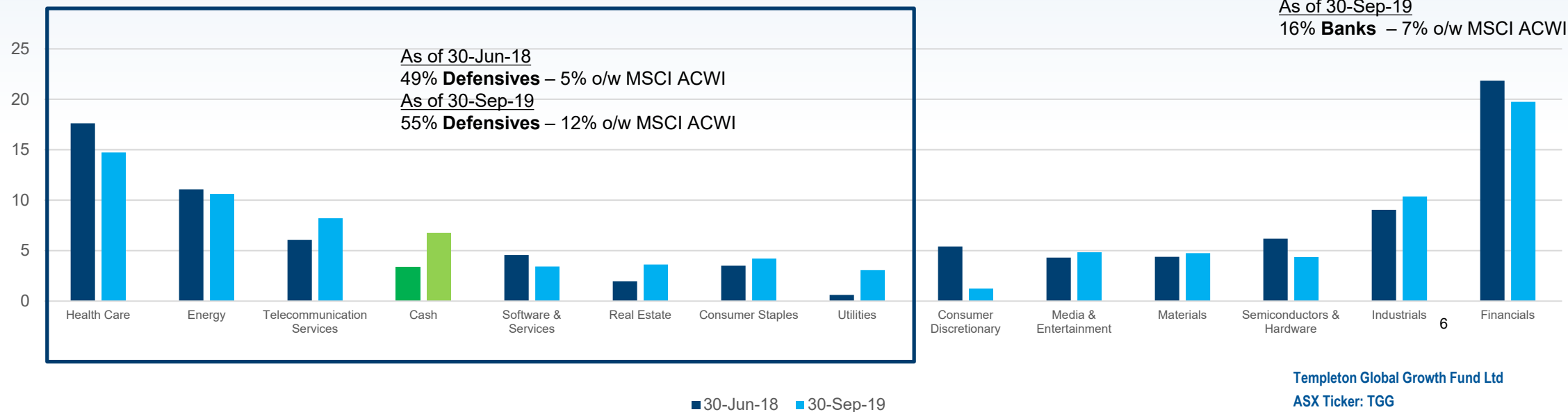
As of 30-Jun-18

14% **Banks** – 4% o/w MSCI ACWI

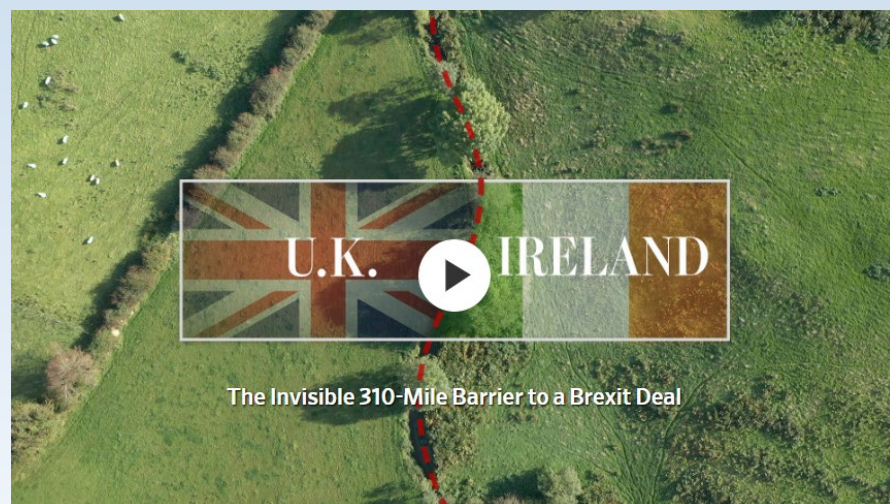
As of 30-Sep-19

16% **Banks** – 7% o/w MSCI ACWI

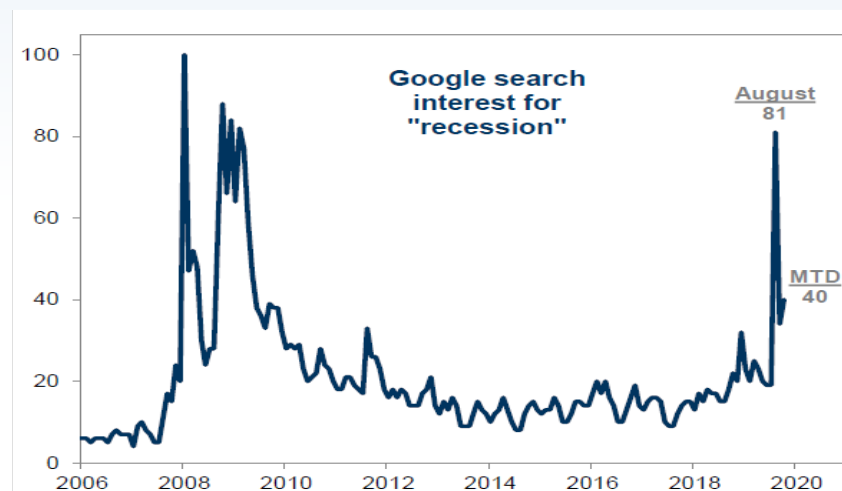
% Portfolio Weights



Fear, Uncertainty, Doubt...

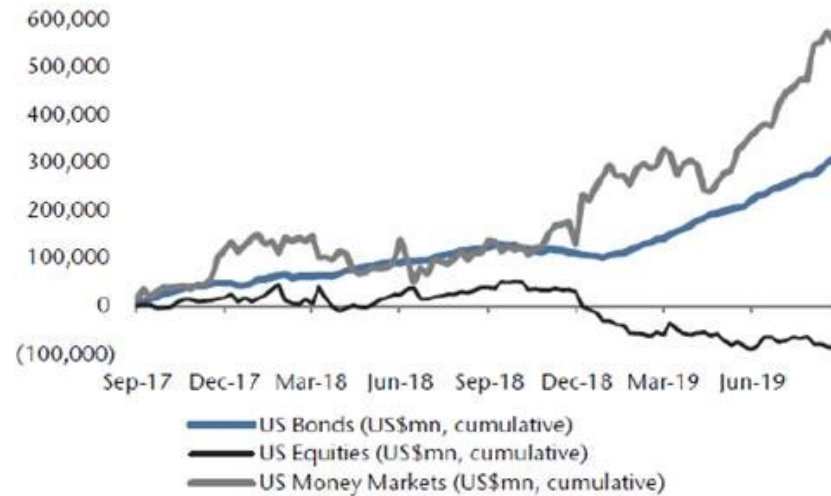


Secretary Steven Mnuchin and US Trade rep Robert Lighthizer with Chinese Vice Premier Liu He and the Chinese delegation at a working dinner during the 13th round of trade negotiations. OFFICIAL WHITE HOUSE PHOTO BY KEEGAN BARBER

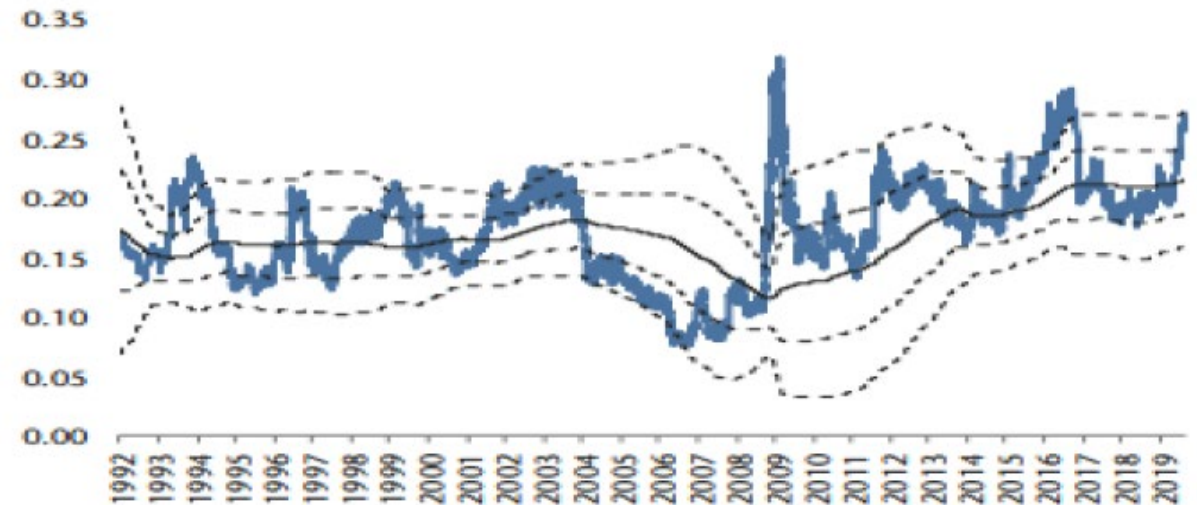


...causing Risk Aversion across Markets, and ...

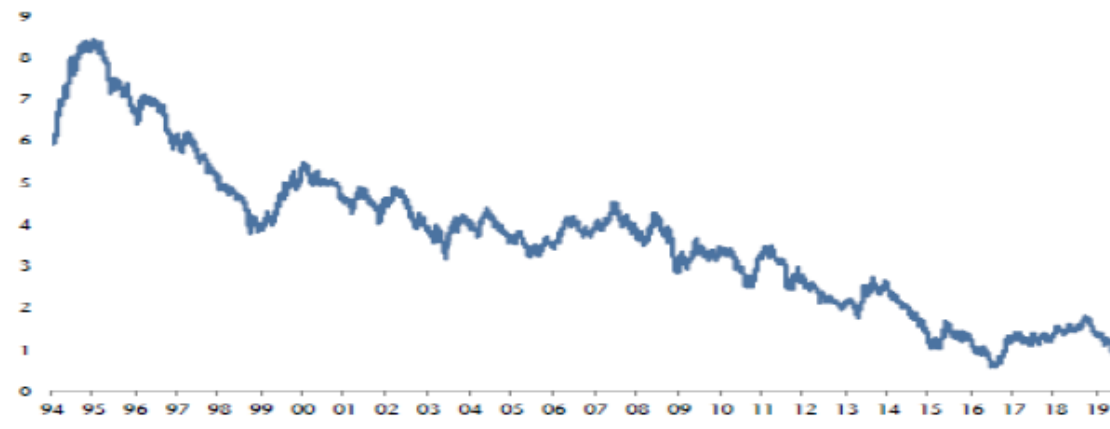
Flows in to US Bonds, Equities & Money Markets



Gold Spot/ Copper Price Ratio



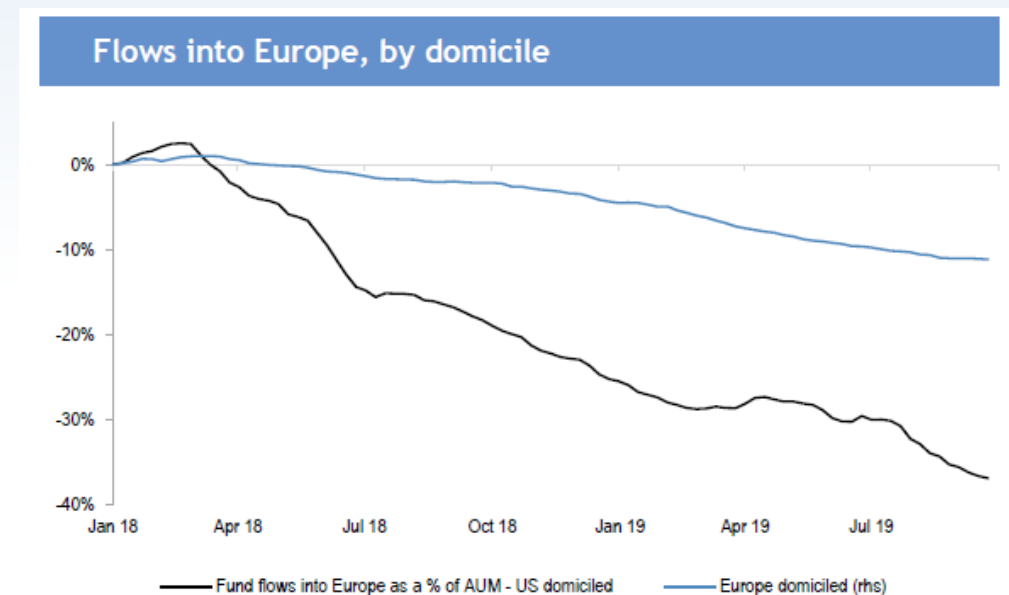
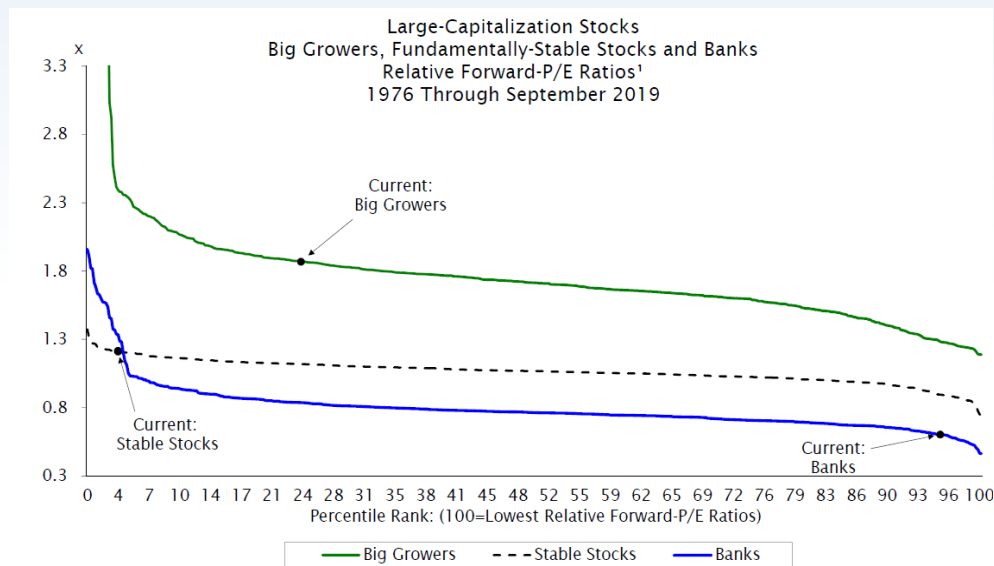
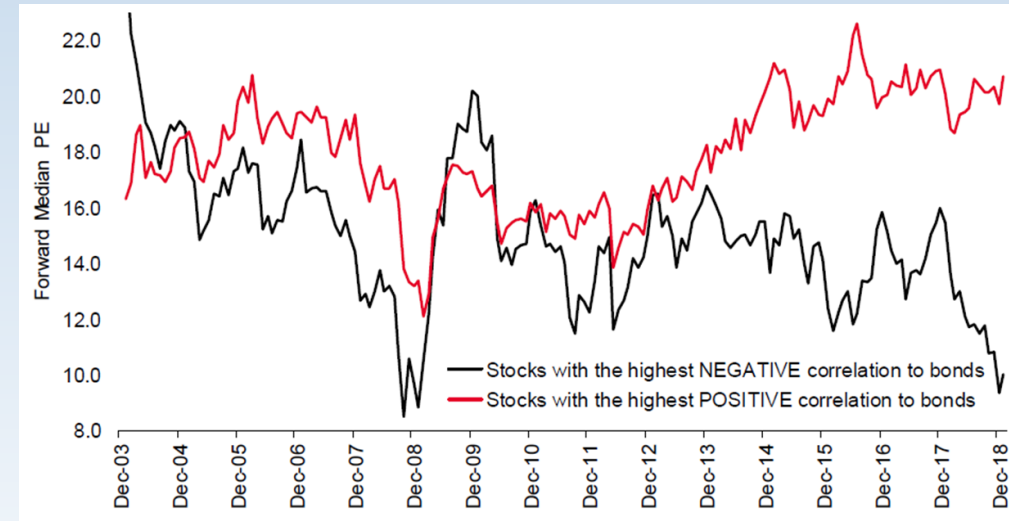
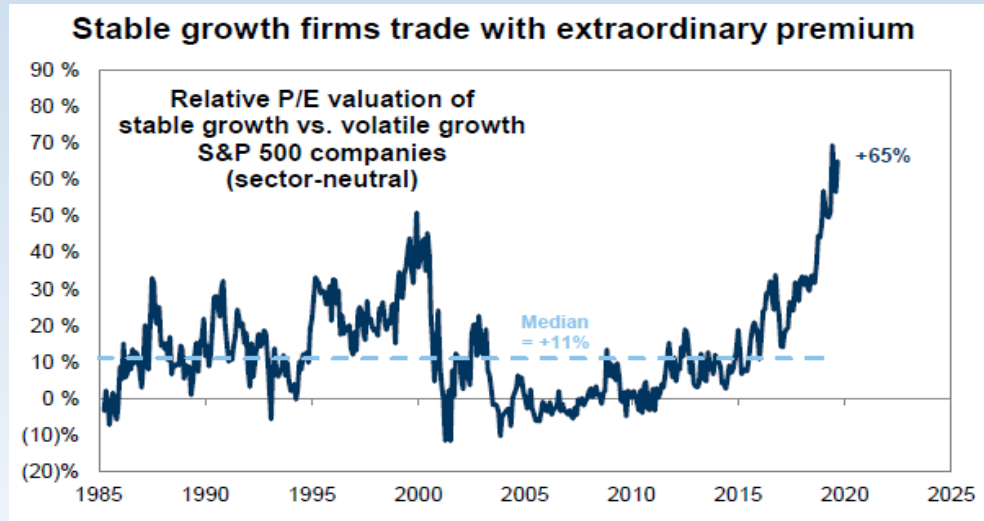
G7 Average 10Y Yield



Source: EPFR, Jefferies, Bloomberg

Templeton Global Growth Fund Ltd
ASX Ticker: TGG

...Risk Aversion within Equities

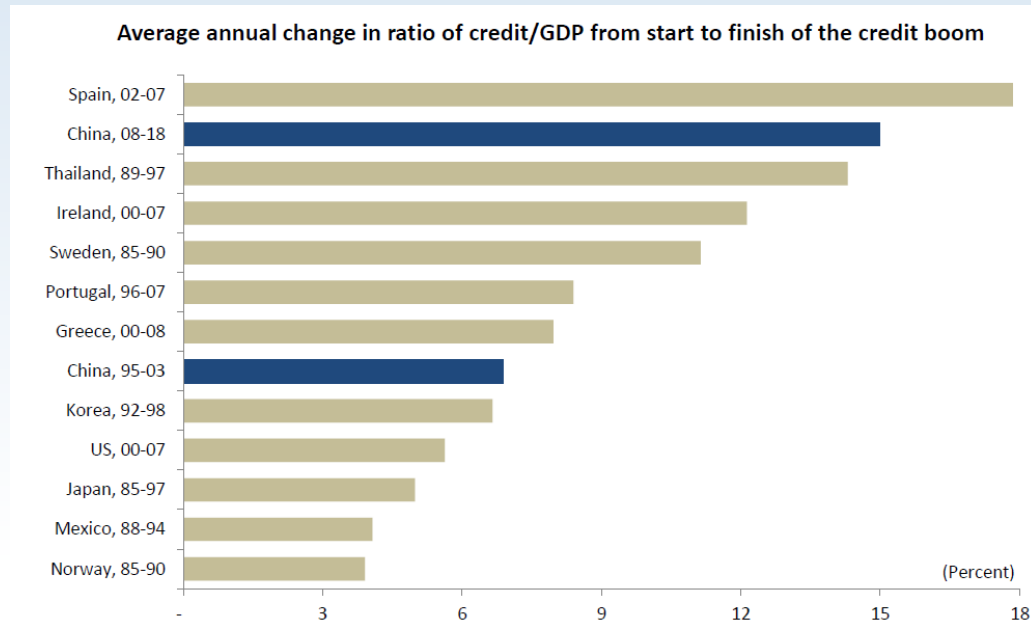


Source: EPFR, JP Morgan, Empirical Research Partners, SG Cross Asset Quant Research, Goldman Sachs Global Investment Research, Compustat, I/B/E/S

1. Capitalisation-weighted data for big growers and banks, equally-weighted data for stable stocks

Some Excesses, but not too bad...

...except the US market and Chinese Debt

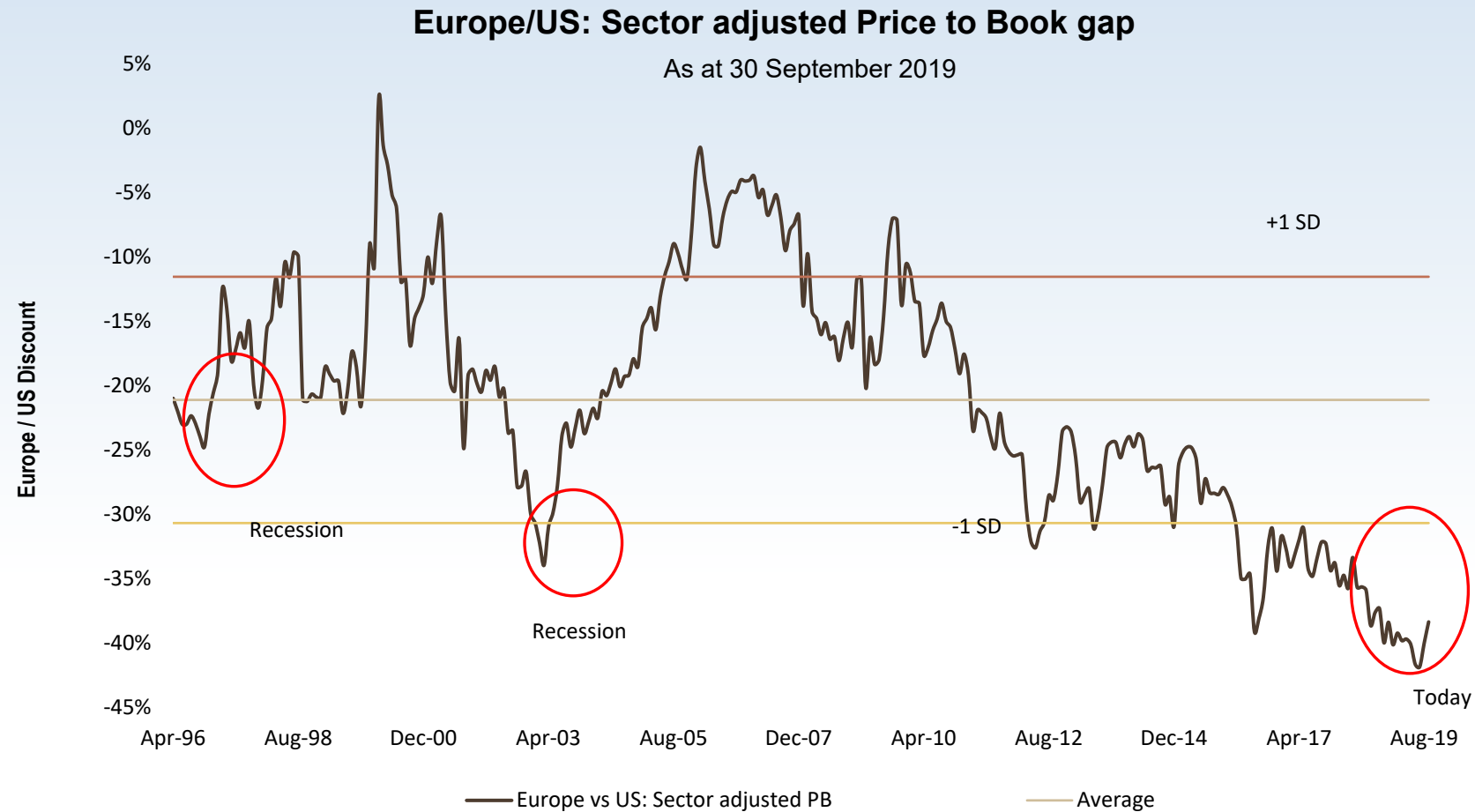


Most valuation metrics screen expensive relative to history

Valuation metric	Aggregate index		Median stock	
	Current	Historical %ile	Current	Historical %ile
US market cap / GDP	193 x	99 %	NA	NA
EV / sales	2.3 x	93	2.7 x	94
Cyclically adjusted P/E (CAPE)	28.7 x	89	NA	NA
Price / book	3.3 x	85	3.2 x	90
Cash flow yield (CFO)	7.3 %	84	7.7 %	74
EV / EBITDA	11.5 x	83	11.9 x	94
Forward P/E	16.7 x	78	16.6 x	74
Free cash flow yield	4.5 %	37	4.3 %	53
Yield gap vs. 10-year UST	434 bp	17	NA	NA
Median metric		84 %		82 %

Where is the Value?

Europe is still an undervalued market



Where is the Value?

Leading Retail US Bank

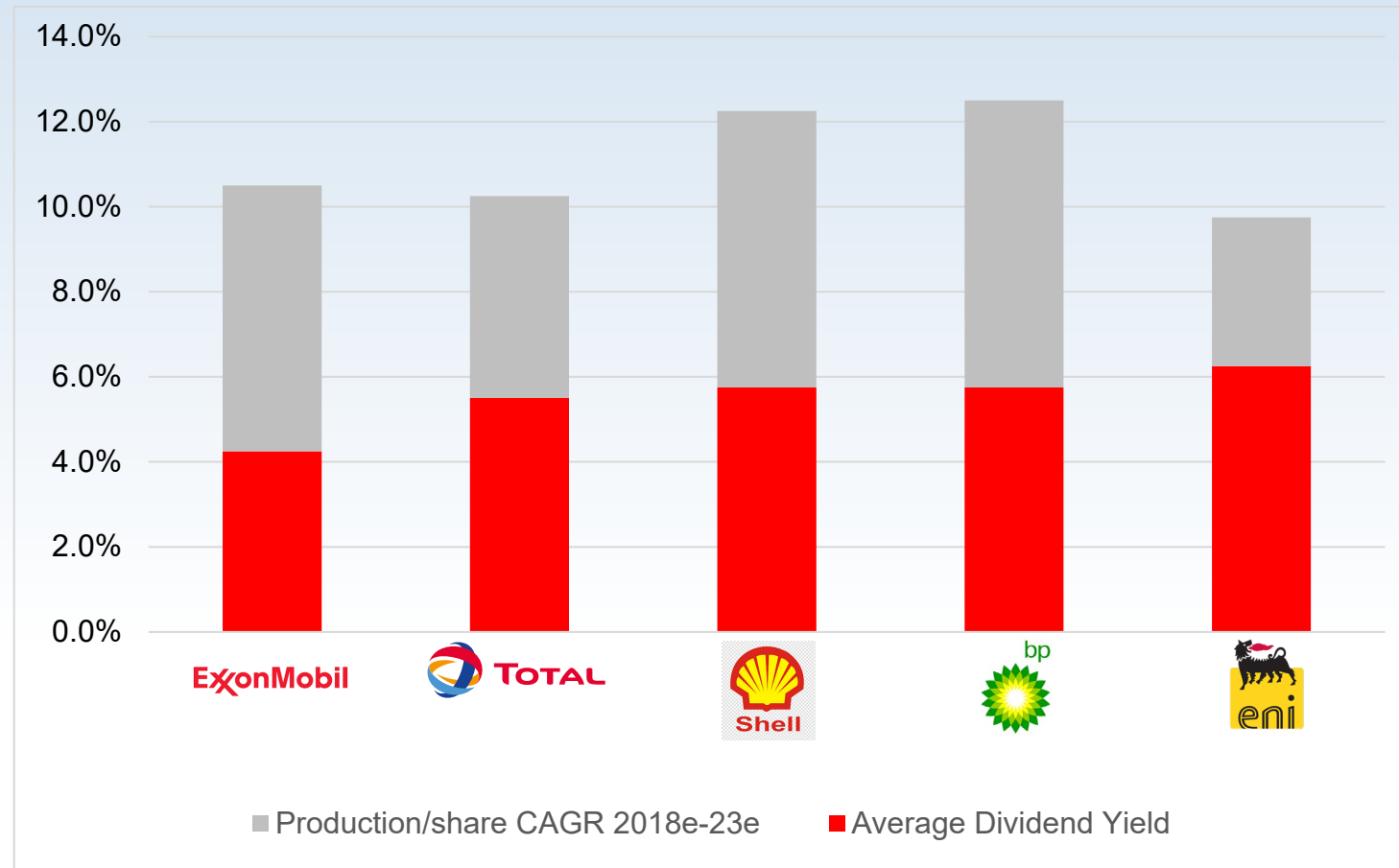
Why we like it

- The #1 deposit/retail franchise in the US
- Opportunities to reduce expenses given high branch count/ headcount vs. peers
- Overcapitalised with 12% CET1 to support capital returns; > 4% dividend yield and share buy-backs of 11% of outstanding stock in the next year
- Industry veteran Charles Scharf joining the bank as CEO end of Oct 2019
- Trading on 1.5x P/TBV and 11x FY1 P/E with a 12% ROE



Where is the Value?

Integrated oils: Yield and Growth



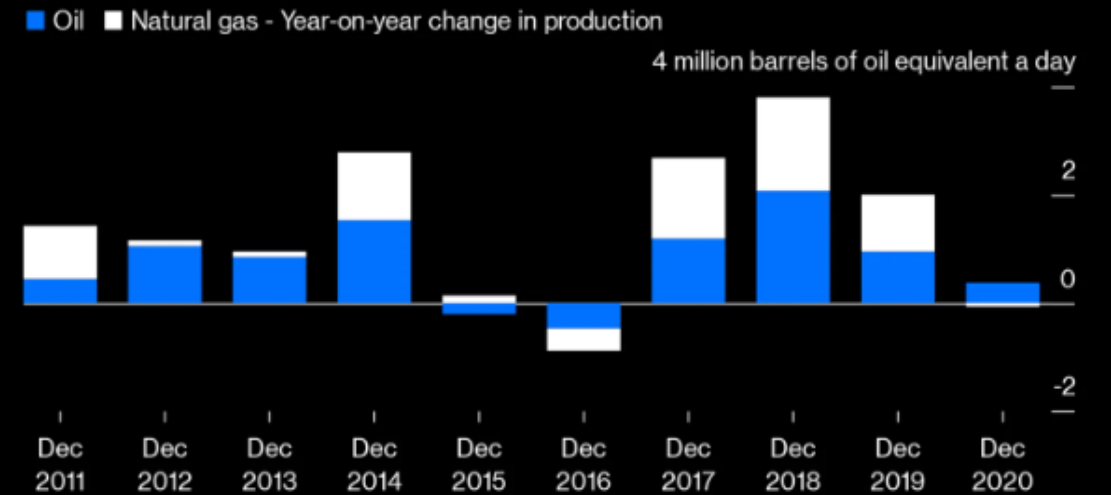
Where is the Value?

Energy: Strangely subdued oil price



Boom, Boom

The second U.S. shale boom is running out of steam with output growth expected to slow further next year



Source: Bloomberg, EIA

BloombergOpinion

Where is the Value?

Diversified Japanese Pharmaceutical Company

Why we bought it (Dec-18)

- The company acquired Shire at an attractive price, with substantial synergies.
- The combined group is a diversified portfolio focused on five therapeutic areas: rare diseases, gastrointestinal, neuroscience, plasma derived therapies and oncology
- Takeda's mix shift from older drugs towards more specialty drugs and ongoing cost program provide margin upside potential
- The company is making solid progress in the integration of Shire, and the deleveraging of the balance sheet
- We are comfortable holding the stock at ~10x forward earnings and a 5% dividend yield



Concentrated Portfolio

Portfolio Characteristics

	30 June 2018	30 Sept 2018	30 Sept 2019
Stock count	102	72	55
Active Share (%)	86.7	90.3	92.1
Predicted Tracking Error (%)	3.5	4.1	5.1
Weight in top 10 (%)	18.6	23.7	26.2
Weight in top 15 (%)	27.0	33.0	37.5
Wtd Avg FY1 P/E	13.1	12.7	11.7
Wtd Avg P/BV	1.4	1.4	1.2
Dividend Yield (%)	2.7	2.9	3.5

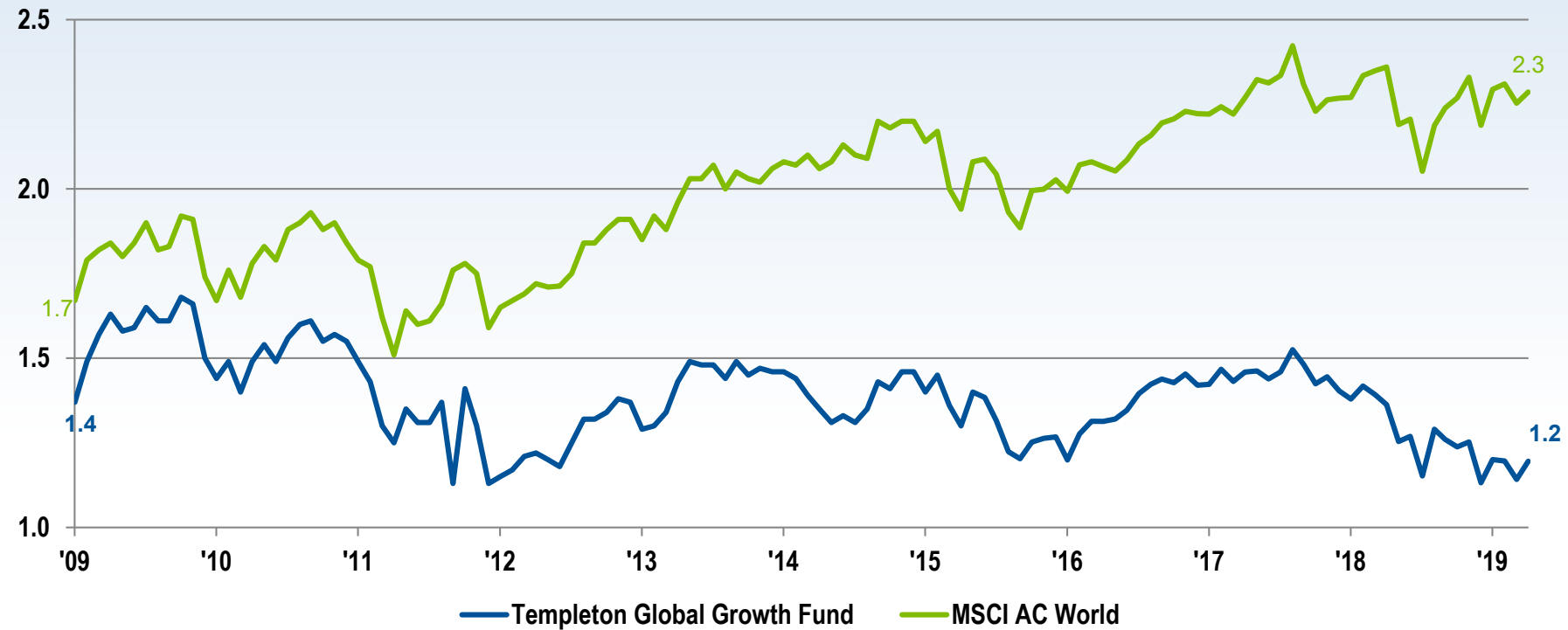
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Portfolio Characteristics

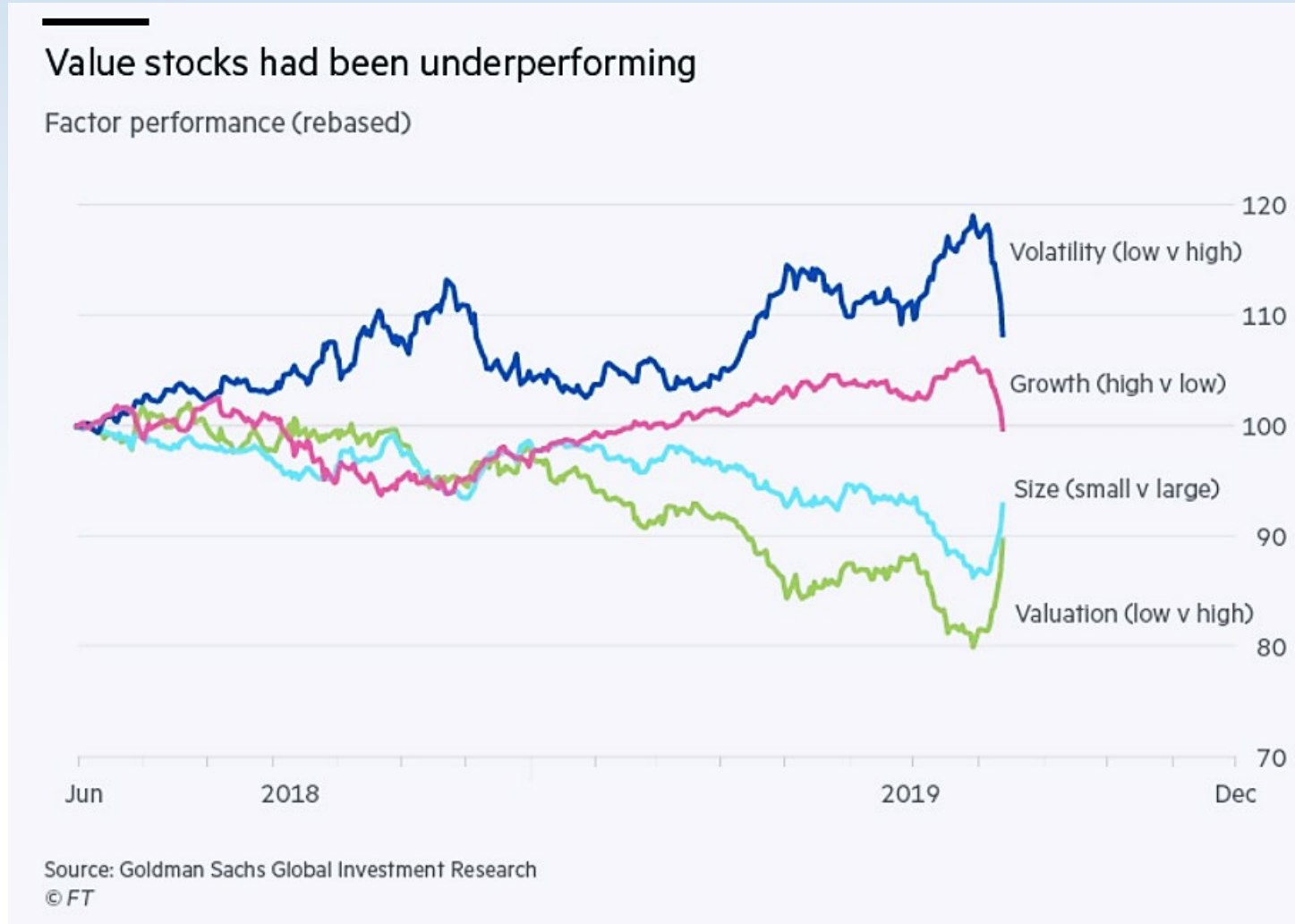
TGG vs. MSCI All Country World Index

Price to Book Ratio

30 June 2009 to 30 September 2019

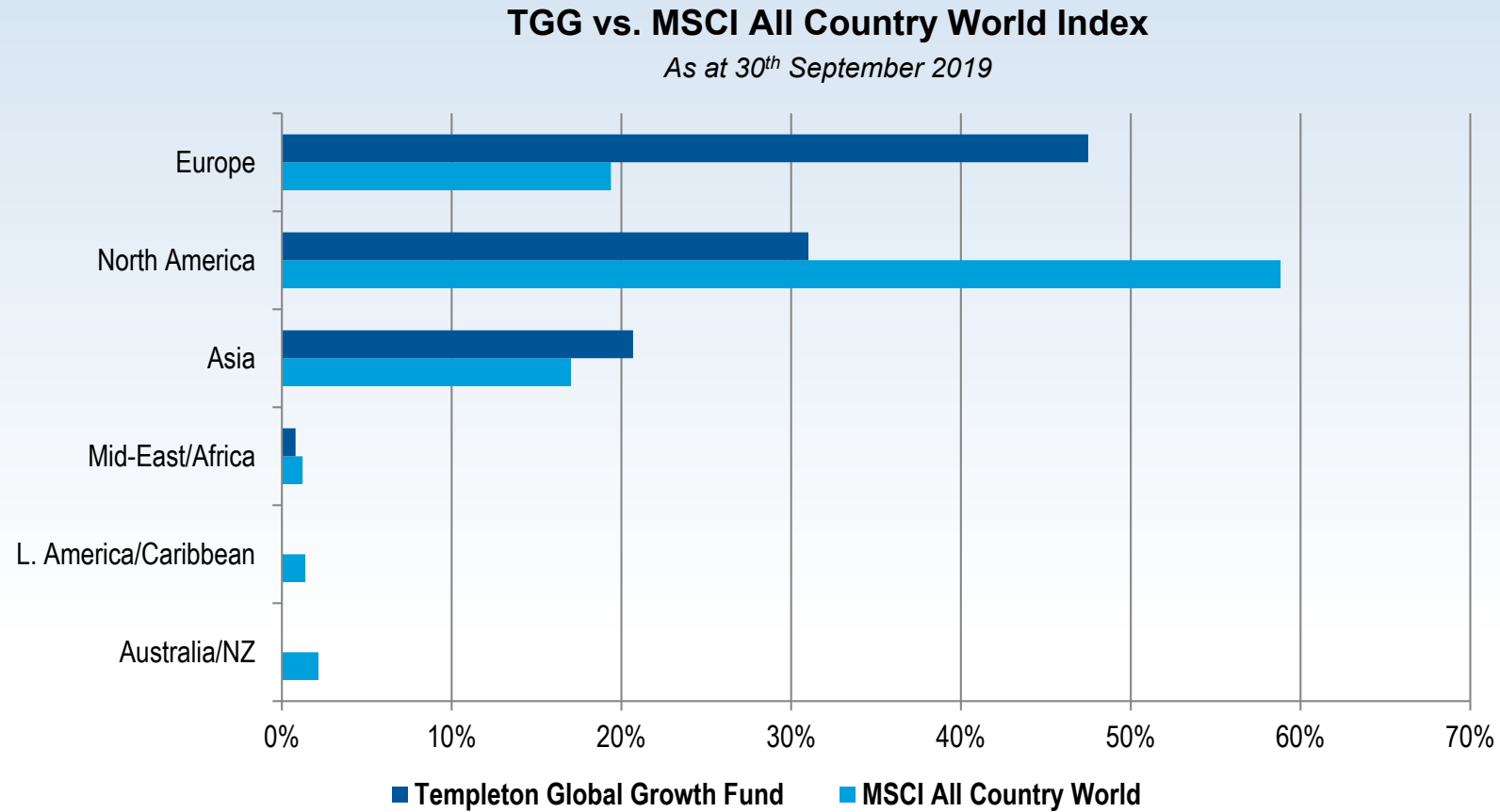


Signs of Hope: September!!



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Geographic Allocation



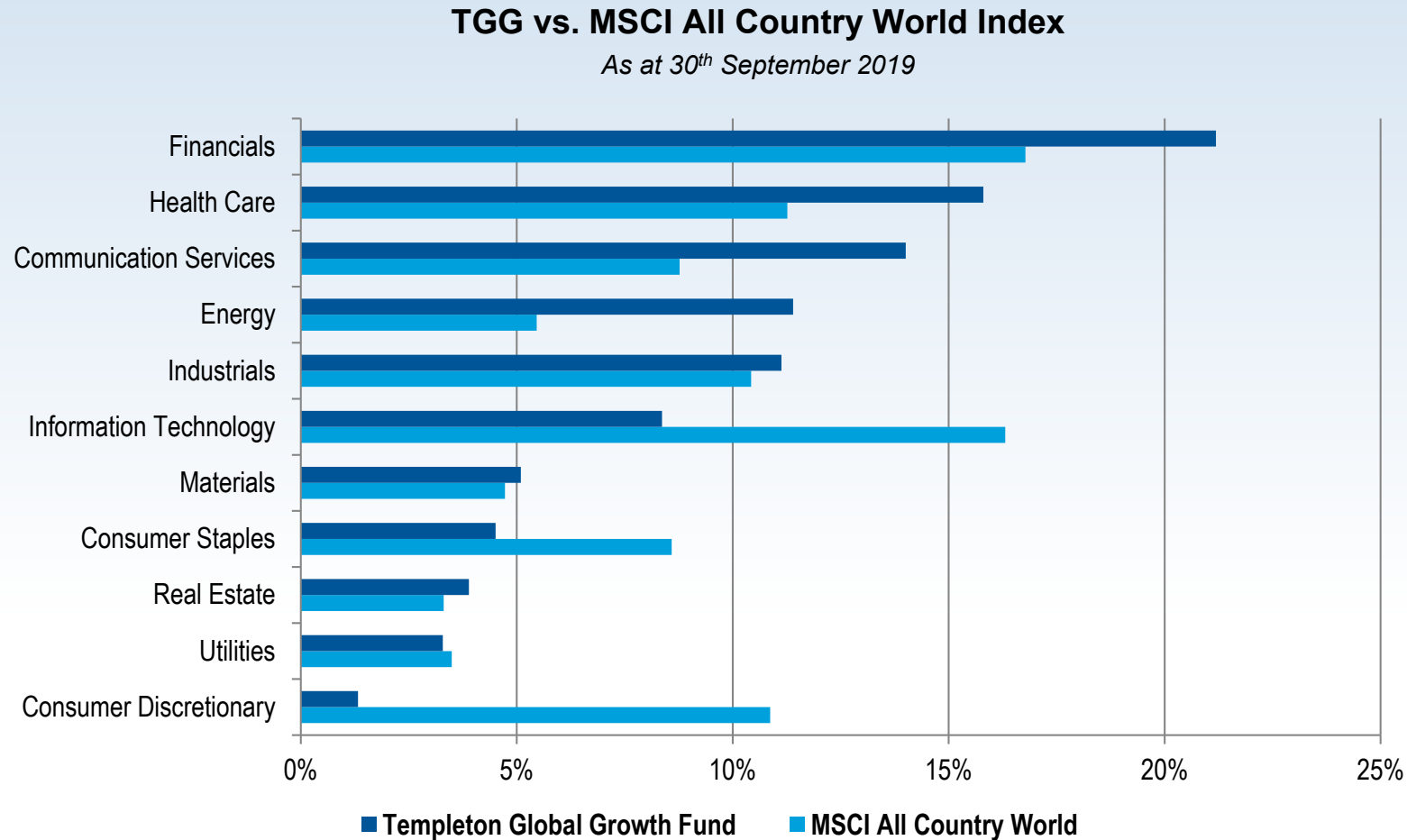
Source: © Morgan Stanley Capital Index (MSCI).

Weightings as percent of equity. Information is historical and may not reflect current or future portfolio characteristics.

All portfolio holdings are subject to change.

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Sector Allocations



Source: © Morgan Stanley Capital Index (MSCI).

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Templeton Global Growth Fund Ltd

Investing in some of the world's leading companies





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2019 Annual General Meeting

PETER WILMSHURST, CFA®

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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.

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