



TEMPLETON GLOBAL GROWTH FUND LTD

ABN 44 006 558 149

HALF YEAR REPORT
TO SHAREHOLDERS
31 DECEMBER 2019



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

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CHAIRMAN'S MESSAGE

Dear Shareholders,

Overall results were encouraging in the six months to 31 December 2019 ("period") in a positive market for global investments.

The Company's investment portfolio increased 9.04% gross of expenses, and 8.42% net of expenses in the period under review. This was compared to the MSCI All Country World Index return of 8.74%.

The NTA per share increased from \$1.45 at 30 June 2019 to \$1.51 at 31 December 2019, after payment of a 5.0 cent per share dividend in September 2019.

The profit in the period was \$2.4 million compared to \$1.15 million in the prior corresponding period ("pcp"). Revenue increased from the prior year (\$4.165 million compared with \$3.205 million in the pcp), which coupled with a reduction in investment expenses was the main contribution to the increase in profit for the period compared to the pcp. Included in revenue for the period was income from a class action settlement of \$0.5 million which is expected to be a one-off transaction. There were no significant transactions otherwise during the period that impacted these results.

The company has decided to re-institute an on-market share buyback over the next 12 months to facilitate capital management and take advantage of shareholder accretive opportunities.

The Company has declared a fully franked interim dividend of 2.0 cents per share, which is reflective of the positive results and increase in retained earnings for the period. There are expected to be sufficient franking credits available to pay a fully franked interim dividend, and also furnish the full year dividend based on our current distribution policy.

Lastly, I would like to acknowledge the contributions of Peter Wilmshurst, who announced his resignation during the period, and thank him for his many years of service to the Company, and wish him well in his future endeavors. This also provides us with the opportunity to welcome Peter Sartori as lead Portfolio Manager, and look forward to the impact that he, and the changes to the broader Templeton Global Equity Group (TGEG), have on the performance of the investment portfolio of the Company.

We are committed to ensuring that TGG still provides an efficient vehicle for investors who want international exposure in their portfolios, and will continue to act in the best interest of our shareholders.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'C Freeman', with a stylized, flowing script.

CHRISTOPHER R FREEMAN

Chairman

Melbourne

20 February 2020

2020 INVESTMENT MANAGER'S HALF-YEARLY REPORT

The second half of 2019 was an exceptionally strong period for global stock markets, capping off the best full year return since 2009 (in US\$). The Templeton Global Growth Fund Ltd ("TGG") investment portfolio slightly outperformed its benchmark in the half year on a gross of fees basis.

PERFORMANCE SUMMARY TO 31 DECEMBER 2019 - \$A

	Latest 6 Mths %	Latest 12 Mths %	Latest 3 Yrs* %	Latest 5 Yrs* %	Latest 10 Yrs* %	Since Inception* %
TGG “	9.0	23.2	10.5	9.4	11.0	N/A
TGG ^	8.4	21.8	9.2	8.1	9.5	7.4
Index	8.7	26.8	13.6	11.8	11.5	7.1

“ 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

Boosted by a dovish pivot by the Federal Reserve global equity markets surged higher in the second half of 2019, with the MSCI AC World index higher by 8.7% for the period (in AU\$). For the 2019 full year a stellar return of 26.8% was delivered. Concerns over Brexit and US-China trade tensions, despite much media focus, were largely shrugged off. Investors preferred to look ahead that some form of resolution would take place for both events (which is what happened in early 2020 with Brexit being confirmed and a phase 1 trade deal between the US and China being signed). What is clear is that for the moment the direction of US interest rates is the predominant driver of global stock prices.

Major Region Returns (6m to 31 December 2019)	TGG (%)	Index (%)
Asia	6.0	8.4
Europe	8.6	6.8
<i>Eurozone</i>	9.9	5.9
<i>Rest of Europe</i>	7.0	7.6
North America	11.9	10.0

For the half, the decade trend of the US market outperformance over the rest of the world remained intact, with the MSCI US index rising 10.6% versus 7.0% for MSCI AC World ex US. Europe produced a much-improved performance with a respectable 6.8% return, however was still not able to keep pace with the US. After lagging in the first half of the year, the Japanese market sprung to life to be the best performing in the second half (but still lagged for the full year). Interestingly, the China A-share market delivered an exceptionally strong year with a close to 40% return. During a period of at times quite heated trade negotiations, producing mostly bearish headlines, both the US and Chinese stock market performed strongly.

The unprecedented outperformance of growth and quality sectors and stocks over traditional value sectors and stocks continued in 2019, although in the second half of the year value stocks bounced from depressed levels. The month of September saw a short and sharp snap back in performance of value versus growth and quality, providing some encouragement for our value approach. The extreme valuation spreads currently experienced between growth, momentum, quality stocks against the value and cyclical stocks is now quite well documented. Such market extremes will likely not last forever. How and when these extremes are unwound is more challenging to predict.

For the half, information technology was again the best performing sector pushed higher by a semiconductor related stocks. The communication services sector delivered mixed performance with the telecom stocks mostly lagging and the internet stocks (recently reclassified in the index to comm. services) mostly performing well. Healthcare outperformed while financials slightly underperformed. Within the financials index the European banks bounced strongly from a very oversold level. The materials and energy sectors were the worst performing.

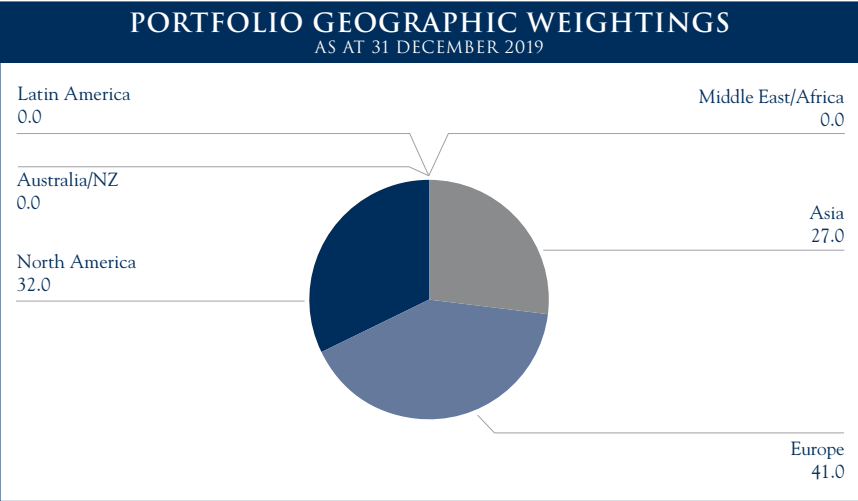
Sector Returns (6m to 31 December 2019)	TGG (%)	Index (%)
Communication Services	7.8	8.3
Consumer Discretionary	8.8	7.8
Consumer Staples	17.7	6.1
Energy	(6.5)	(0.2)
Financials	11.0	7.4
Health Care	12.9	11.9
Industrials	9.5	6.3
Information Technology	8.5	17.3
Materials	20.3	4.1
Real Estate	12.3	5.5
Utilities	7.5	7.6

The fund slightly outperformed the index for the half on a gross basis, 9.0% versus 8.7%. For the full year the fund delivered a 23.2% return versus 26.8% for the index.

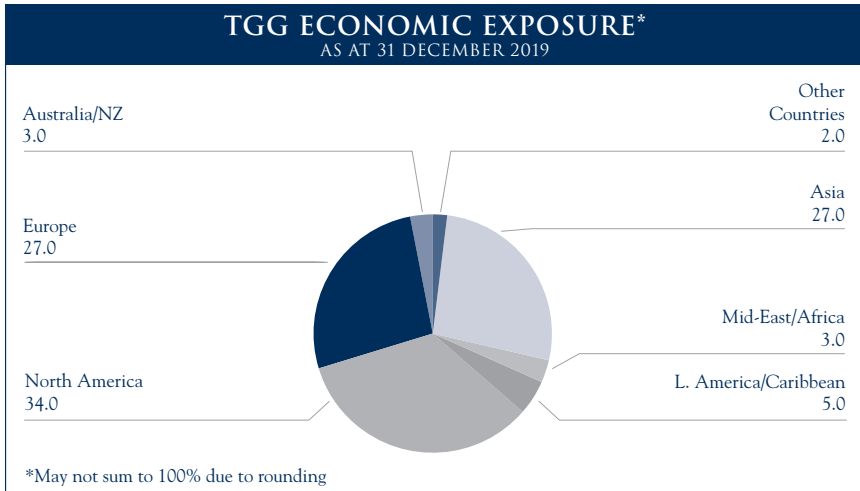
For the half, stock selection in financials added value. Long term core holding European bank BNP Paribas rallied more than 20%. In the consumer staples sector Japanese drug store chain Matsumotokiyoshi jumped nearly 30%. The overweight and stock selection to the healthcare sector added value. By far the largest detractor to performance was the overweight to the energy sector which was only able to deliver a flat return in an overall very strong market (with our stock selection within the sector detracting further value). Sentiment towards the oil industry remains extremely poor. We are monitoring the situation closely but are cognisant of valuations for the sector at or below trough levels.

PORTFOLIO STRATEGY

Some key long held positions in the portfolio remain intact while select new positions are being introduced to the fund. The overweight to Europe and the underweight to the US remains in place. The Europe position is driven by the overweight to the banking sector. Pleasingly, this started to add value in the second half of 2019. The US position is driven by the underweight to information technology and internet. Frustratingly, US technology and internet stocks continued to perform well, despite record high valuations.



It should be noted, TGG’s underweight US/overweight Europe geographic position doesn’t accurately reflect the underlying economic exposure of the portfolio. The below chart highlights that the European companies we hold are much more economically diversified, as the exposure is only 27% of the portfolio despite its weight being 41%.



The fund is still underweight to both consumer discretionary and staples however the underweight is being reduced, predominantly through the purchase of Japanese stocks (see below). Healthcare remains a key long term overweight. The overweight to energy remains but is under review. New additions are being funded by reducing telecom exposure and consolidating stocks in the financial sector.

Over twenty Japanese stocks have recently come through our research process, with a number finding their way into the portfolio (or under consideration to go into the portfolio). Japan is a unique market where we can identify numerous bottom-up drivers to share prices (aided by a legitimate government reform drive) with valuations that suit our value approach. Japanese companies that we find attractive include Takeda, Mitsui Fudosan and Panasonic Corp. The weight to Japan has increased from 7.8% end of September 2019 to 19% end of January.

Takeda is a large and diverse global pharmaceutical company. We initially acquired shares following the company's takeover of our portfolio holding in Shire and added to the position throughout the year. The company is expected to continue to deleverage its balance sheet following the acquisition. The integration process is on track and the expected synergies should help Takeda achieve its target of a mid-30% operating margin. The late stage pipeline is currently narrow, however the R&D strategy was fully revamped under the new management in 2015-16 to make R&D more efficient, more focused and more innovative. The company is starting to see early results and several interesting and innovative new drugs were highlighted in the recent R&D day. Management is confident that revenues can grow over the next decade with growth in existing products and the current pipeline more than offsetting the impact from several patent expiries. The company is attractively valued at 11.5x forward core earnings and offers a 4.3% dividend yield.

For the overall portfolio, the new positions have also led to some diversification away from classic value as we have been able to identify more attractive types of value. Expect this to continue in 2020.

OUTLOOK

The number of holdings in the portfolio continued to be reduced, albeit at a slower pace than the previous 12 months. Going forward stocks held in the portfolio will be between the range of 40 and 60. The firm's recent research drive has been to broaden our opportunity set to diversify among types of value. By holding a fewer number of high-conviction investments across a wider range of value types, we aim to ensure that our best ideas are fully expressed and positioned to meaningfully impact portfolios. In addition, to become more nimble and responsive in a fluid environment, we created a "reserve list" of desirable stocks that have been thoroughly analyzed, vetted and readied for portfolio inclusion as valuation opportunities arise. We believe this is a positive step forward.

We view the current moment as a once-in-a-generation opportunity for value investors. Only twice in history has value been so cheap and downtrodden: the Great Depression and the Technology, Media & Telecommunications (TMT) bubble. In each instance, the long-term returns available to those capable of maintaining discipline in adversity were immense. Over the course of the past 12-18 months, we have strengthened our investment team, optimized our organizational structure, improved our technological capabilities, and developing new tools to understand and manage portfolio risks. As we put a challenging decade behind us, we couldn't be more optimistic about the promise of the decade ahead.

A handwritten signature in blue ink, appearing to read 'Peter Sartori', with a long horizontal flourish extending to the right.

Peter Sartori

Portfolio Manager

14 February 2020

TOP 15 PORTFOLIO HOLDINGS AS AT 31 DECEMBER 2019

Security	Sector	Country	% of Portfolio
Takeda	Healthcare	Japan	3.1
Vodafone	Communication Services	United Kingdom	3.0
Wells Fargo	Financials	United States	2.9
Citigroup	Financials	United States	2.9
BNP Paribas	Financials	France	2.8
Sanofi	Healthcare	France	2.7
Siemens	Industrials	Germany	2.6
Standard Chartered	Financials	United Kingdom	2.6
BP	Energy	United Kingdom	2.6
Royal Dutch Shell	Energy	United Kingdom	2.6
ING Groep	Financials	Netherlands	2.5
Singapore Telecomm.	Communication Services	Singapore	2.5
Samsung Electronics	Information Technology	South Korea	2.4
Allergan	Healthcare	United States	2.4
Wheaton Precious Metals	Materials	Canada	2.4
			40.0

INDICATIVE PORTFOLIO CHARACTERISTICS

TGG VS MSCI AC WORLD FREE INDEX AS AT 31 DECEMBER 2019

Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	16.8	19.3
Price to Cash Flow (times)	6.2	12.0
Price to Book Value (times)	1.3	2.4
Dividend Yield (%)	3.2	2.4
Market Capitalisation (\$Aust m.)	150,426	230,026

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The Directors of Templeton Global Growth Fund Ltd ("Company") submit their report for the half-year ended 31 December 2019 ("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, FAICD – 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 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. Other sundry receipts this year included an amount of approximately \$0.5 million from a one-off class action settlement. In total, revenue for the reporting period was \$4.2 million, up from \$3.2 million in the previous corresponding period ("pcp"). Dividend income for the reporting period was \$3.6 million compared to \$3.2 million in the pcp.

Profit after income tax for the half-year:

The profit after tax for the reporting period was \$1.7 million compared to a profit after tax of \$0.8 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 \$14.9 million of net capital gains, comprising realised capital gains (net of tax) and unrealised capital gains (net of tax), were reported as other comprehensive gains

compared to realised capital loss (net of tax) and unrealised capital loss (net of tax) of \$19.5 million in the pcip.

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

The NTA increased from \$1.45 per share at 30 June 2019 to \$1.51 per share at 31 December 2019. This was after the payment of a 5.0 cent per share final dividend.

The NTA over the previous five years has been:

As at 31 December	NTA cents per share After Actual Tax*	After Estimated Tax**
2019	151	146
30 June 2019	145	143
2018	133	133
2017	154	146
2016	143	138
2015	139	135

* “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 value of the Company’s investment portfolio increased by \$12.5 million over the reporting period after allowing for a dividend payment of \$10.6 million on 20 September 2019 and shares bought back to the value of \$6.3 million. When taking into account the impact of the dividend paid and the on-market share buy-back, the investment performance for the period was 9.04% gross of expenses and 8.39% net of expenses, compared to the MSCI All Country World Index (“index”) of 8.74% over the six months to 31 December 2019.

DIVIDENDS

On 22 August 2019 the Directors declared a final dividend in respect of the year ended 30 June 2019 of 5.0 cents per share fully franked, which was paid from current year realised capital gains (net of tax). The gross dividend also included a LIC capital gains component of 5.0 cents per share and was paid to shareholders on 20 September 2019.

An interim dividend of 2 cents fully franked has been declared in respect of the half-year to 31 December 2019 (31 December 2018: 2 cents).

The dividend/distribution target for 2019/2020, as per the Company's distribution policy, is a minimum of 3% of the value of the Company's estimated pre-tax Net Tangible Assets ("NTA") at 30 June 2019, which equates to 4.4 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 2019, the retained earnings position equates to 7.6 cents per share and realised capital gains (net of tax) of 2.1 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. All amounts have been rounded to the nearest thousand dollars ('\$000), in accordance with that instrument, unless otherwise stated.

CAPITAL MANAGEMENT

The Company had in place an on-market share buy-back which operated during the reporting period. There were 5,066,727 shares (2018: 2,311,109) purchased at a cost of \$6,282,235 for the half-year ended 31 December 2019 (2018: \$3,215,857).

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 2019.

Signed in accordance with a resolution of the Directors.



CHRISTOPHER R FREEMAN

Chairman

Melbourne
20 February 2020



**Building a better
working world**

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

As lead auditor for the review of Templeton Global Growth Fund Limited for the half-year ended 31 December 2019, I declare 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.

Ernst & Young

Hayley Watson
Partner

Melbourne
20 February 2020

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	6 months to 31 December 2019 \$'000	6 months to 31 December 2018 \$'000
Revenue	3	4,165	3,205
Investment expenses	4	(1,376)	(1,598)
Salaries and employee benefit expenses		(150)	(149)
Shareholder and regulatory costs		(110)	(126)
Other expenses		(145)	(182)
Profit before income tax		2,384	1,150
Income tax expense	5	(722)	(341)
Profit after income tax for the half-year		1,662	809

EARNINGS PER SHARE (CENTS)

Basic and diluted earnings per share		0.8	0.4
Dividend paid per share (cents)	6	5.0	8.0

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	6 months to 31 December 2019 \$'000	6 months to 31 December 2018 \$'000
Profit after income tax for the half-year	1,662	809
Other comprehensive income		
<i>Items that will not be recycled through the Income Statement</i>		
Unrealised gains/(losses) on investments in the portfolio at 31 December	14,972	(51,040)
Income tax (expense)/benefit on the above	(4,492)	15,312
Realised gains on investments during the period	6,327	23,244
Income tax (expense) on the above	(1,898)	(6,973)
Total other comprehensive income/(loss) after tax	14,909	(19,457)
Total comprehensive income/(loss) after tax	16,571	(18,648)

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 2019

	Notes	As at 31 December 2019 \$'000	As at 30 June 2019 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	12,375	16,500
Receivables		1,292	7,110
Total current assets		13,667	23,610
NON-CURRENT ASSETS			
Investments	10	311,420	298,962
Total non-current assets		311,420	298,962
Total assets		325,087	322,572
CURRENT LIABILITIES			
Payables		434	3,424
Current tax liabilities		10,684	9,521
Total current liabilities		11,118	12,945
NON-CURRENT LIABILITIES			
Deferred tax liability		10,178	5,553
Total non-current liabilities		10,178	5,553
Total liabilities		21,296	18,498
Net assets		303,791	304,074
EQUITY			
Contributed equity	8	265,618	271,900
Reserves		22,285	17,948
Retained profits		15,888	14,226
Total equity		303,791	304,074

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 2019

	Issued Capital \$'000	Retained Profits \$'000	Investment Revaluation Reserve \$'000	Investment Realisation Reserve \$'000	Total Equity \$'000
At 1 July 2019	271,900	14,226	12,370	5,578	304,074
Profit after income tax for the half-year	–	1,662	–	–	1,662
Other comprehensive income/(loss)					
Net revaluation increment on the investment portfolio	–	–	14,909	–	14,909
Transfer of net cumulative realised gains for the half-year	–	–	(4,429)	4,429	–
Total other comprehensive income for the period	–	–	10,480	4,429	14,909
Transactions with shareholders					
Dividends paid	–	–	–	(10,572)	(10,572)
Shares bought back	(6,282)	–	–	–	(6,282)
At 31 December 2019	265,618	15,888	22,850	(565)	303,791

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 2019 (CONT)

	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					
Net revaluation increment 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 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 CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	6 months to 31 December 2019 \$'000 Inflows/ (Outflows)	6 months to 31 December 2018 \$'000 Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	3,483	2,861
Interest received	69	–
Other income received	489	2
Custodian fees paid	(14)	(26)
Investment manager's fees paid	(1,156)	(1,806)
Goods and services tax refunded	189	176
Income taxes paid	(1,548)	(7,779)
Administrative, regulatory, legal and other payments in the normal course of operations	(396)	(599)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,116	(7,175)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of listed shares	(65,651)	(98,989)
Proceeds received from realisation of listed shares	77,116	120,015
Net cash inflow from investing activities	11,465	21,026
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares purchased (on-market buy-back)	(6,242)	(3,216)
Dividend paid	(10,572)	(17,600)
Net cash outflow from financing activities	(16,814)	(20,816)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(4,233)	(6,965)
Cash and cash equivalents at the beginning of the half-year	16,500	11,521
Effects of exchange rate changes on cash and cash equivalents	108	41
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	12,375	4,597
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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 2019

1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd (“the Company”) for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 20 February 2020.

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 2019 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 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.

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 2019 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 Directors’ Report.

All amounts have been rounded to the nearest thousand dollars (\$’000), in accordance with that instrument, unless otherwise stated.

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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont.)

New accounting standards or amendments

Changes in accounting standards

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below, except for those standards which, in the opinion of the Board, will clearly not impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* and does not apply to taxes or levies outside the scope of AASB 112 *Income Taxes*, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company has applied the interpretation from 1 July 2019. the adoption of this interpretation did not have an impact on the Company's financial statements.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

- AASB 112 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont.)

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle (cont.)

- AASB 112 *Income Taxes* (cont.)

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Company's current practice is in line with these amendments, this amendment did not have an impact on the Company's financial statements.

	6 months to 31 December 2019 \$'000	6 months to 31 December 2018 \$'000
3. REVENUE		
Dividends	3,617	3,203
Interest	63	–
Other investment income	485	2
Total revenue	4,165	3,205

4. INVESTMENT EXPENSES

Investment management fees	1,332	1,621
Custodian fees	21	21
Net foreign currency losses/(gains)	23	(44)
Total investment expenses	1,376	1,598

5. INCOME TAX EXPENSE

The major components of income tax expense for the half-year ended 31 December 2019 and 31 December 2018 are:

Income Statement

Current income tax

Current income tax charge	715	345
---------------------------	-----	-----

Deferred income tax

Relating to originating and reversal of temporary differences

	7	(4)
Income tax reported in the income statement	722	341

	6 months to 31 December 2019 \$'000	6 months to 31 December 2018 \$'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 2019: 5.0 cents per share fully franked (2018: 4.5 cents per share fully franked and a special dividend of 3.5 cents per share fully franked)	10,572	17,600
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(b) Dividends proposed and not yet recognised as a liability:

Interim fully franked dividend for the financial year 30 June 2020: 2.0 cents per share (2019: 2.0 cents per share)	4,163	4,388
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(c) Listed investment company (LIC) capital gain account

Balance of the LIC capital gain account	22,994	24,025
This equates to an attributable amount of	32,849	34,322

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 2019 \$'000	30 June 2019 \$'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	12,375	16,500
--------------	--------	--------

	31 December 2019 \$'000	30 June 2019 \$'000
8. CONTRIBUTED EQUITY		
<i>(a) Issued and paid-up capital</i>		
Ordinary shares fully paid	265,618	271,900
	Number	\$'000
	'000	\$'000
<i>(b) Movements in shares on issue</i>		
At 1 July 2019	213,206	271,900
Shares cancelled via share buy-back	(5,067)	(6,282)
At 31 December 2019	208,139	265,618

(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 2019 \$'000	6 months to 31 December 2018 \$'000
Profit after income tax (excluding realised and unrealised gains/(losses))	1,662	809

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 2019 cents	30 June 2019 cents
Net tangible asset backing per share		
After actual tax	151	145
After estimated tax	146	143

(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 2019 \$'000	6 months to 31 December 2018 \$'000
Country		
Canada	46	52
France	45	86
Hong Kong	177	197
Ireland	36	35
Italy	115	111
Japan	329	162
Netherlands	145	50
Singapore	401	228
South Korea	289	302
Thailand	–	35
United Kingdom	915	836
United States of America	1,119	1,109
Total	3,617	3,203

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 2019		30 June 2019	
	Level 1	Total	Level 1	Total
Financial assets at fair value through other comprehensive income	\$'000	\$'000	\$'000	\$'000
Listed equity securities	311,420	311,420	298,962	298,962
Total	311,420	311,420	298,962	298,962

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.

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.

The value of investments realised in the normal course of the Company’s business as a Listed Investment Company during the half-year was \$77.1 million (2018: \$120.0 million). The cumulative gain on these realised investments after tax was \$4.4 million (2018: \$16.3 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 Inc. 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 the Investment Manager are disclosed in Note 4, which includes \$186,724 payable at 31 December 2019. 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 2019	Other	31 December 2019
(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 20 February 2020 the Directors determined to pay an interim dividend of 2 cents per share fully franked on ordinary shares in respect of the year ended 30 June 2020.

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 2019 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

20 February 2020



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TO THE MEMBERS OF TEMPLETON GLOBAL GROWTH FUND LIMITED REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Templeton Global Growth Fund Limited, which comprises the condensed statement of financial position as at 31 December 2019, the condensed income statement, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules 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 complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the halfyear financial report that is free from material misstatement, whether due to fraud or error.



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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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Templeton Global Growth Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Limited is not in accordance with:

- a. the *Corporations Act 2001* including:
 - i giving a true and fair view of Templeton Global Growth Fund Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- b. the ASX Listing Rules as they relate to Appendix 4D.

Ernst & Young

Hayley Watson
Partner

Melbourne
20 February 2020

LIST OF INVESTMENTS AS AT 31 DECEMBER 2019 (UNAUDITED)

	Shares/Units Held	AUD Value \$'000	% of Total
CANADA			
Wheaton Precious Metals Corp.	173,893	7,364	2.36
		7,364	
CHINA			
China Mobile Ltd.	351,830	4,204	2.45
China Telecom Corp. Ltd. Class H	5,840,000	3,423	
		7,627	
DENMARK			
A.P. Moller-Maersk A/S Class B	2,588	5,330	1.71
		5,330	
FRANCE			
Atos SE	33,406	3,965	11.53
BNP Paribas SA Class A	102,110	8,614	
Compagnie de Saint-Gobain SA	75,798	4,418	
Sanofi	59,025	8,445	
Total SA	41,796	3,282	
Veolia Environnement SA	189,458	7,170	
		35,894	

TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value \$'000	% of Total
GERMANY			
Bayer AG	47,743	5,556	
Fresenius Medical Care AG & Co. KGaA	28,440	2,986	
Siemens AG	44,090	8,220	
		<u>16,762</u>	5.38
HONG KONG			
CK Hutchison Holdings Ltd.	458,400	6,218	
Samsonite International S.A.	524,700	1,789	
Shangri-La Asia Ltd.	1,028,000	1,528	
Swire Pacific Ltd. Class A	132,600	1,753	
		<u>11,288</u>	3.62
IRELAND			
CRH Plc	93,071	5,301	
		<u>5,301</u>	1.70
ITALY			
Eni S.p.A.	164,223	3,631	
		<u>3,631</u>	1.17

	Shares/Units Held	AUD Value \$'000	% of Total
JAPAN			
IHI Corp.	99,800	3,361	
Kirin Holdings Co. Ltd.	159,400	4,985	
Kyocera Corp.	2,600	255	
Matsumotokiyoshi Holdings Co. Ltd.	81,500	4,513	
Mitsui Fudosan Co. Ltd.	165,800	5,799	
Panasonic Corp.	241,200	3,250	
Seria Co. Ltd.	83,300	3,237	
Sumitomo Metal Mining Co. Ltd.	101,600	4,712	
Sumitomo Mitsui Financial Group Inc.	90,400	4,777	
Takeda Pharmaceutical Co. Ltd.	172,059	9,755	
		<u>44,644</u>	14.34
NETHERLANDS			
ING Groep NV	459,387	7,839	
NXP Semiconductors NV	31,100	5,631	
		<u>13,470</u>	4.33
SINGAPORE			
Singapore Telecommunications Ltd.	2,155,800	7,686	
		<u>7,686</u>	2.47

TEMPLETON GLOBAL GROWTH FUND LTD

	Shares/Units Held	AUD Value \$'000	% of Total
SOUTH KOREA			
Samsung Electronics Co. Ltd.	109,671	7,528	
Shinhan Financial Group Co. Ltd.	97,394	5,194	
		<u>12,722</u>	4.09
SWITZERLAND			
Roche Holding Ltd. Genusssch	14,909	6,877	
UBS Group AG	291,644	5,236	
		<u>12,113</u>	3.89
UNITED KINGDOM			
BP Plc	915,923	8,140	
Royal Dutch Shell Plc Class A	10,833	456	
Royal Dutch Shell Plc Class B	189,471	7,997	
Standard Chartered Plc	606,722	8,146	
Vodafone Group Plc	3,412,100	9,437	
		<u>34,176</u>	10.97

	Shares/Units Held	AUD Value \$'000	% of Total
UNITED STATES			
Allergan Plc	27,460	7,460	
Alphabet Inc. Class A	1,820	3,463	
Apache Corp.	89,820	3,269	
Berkshire Hathaway Inc. Class B	10,100	3,253	
Citigroup Inc.	78,760	8,951	
Comcast Corp. Class A	102,060	6,526	
CommScope Holding Co. Inc.	107,600	2,172	
Exxon Mobil Corp.	50,100	4,971	
Gilead Sciences Inc.	40,000	3,697	
Johnson & Johnson	31,600	6,553	
Jones Lang LaSalle Inc.	25,140	6,227	
Kroger Co.	159,000	6,555	
Laboratory Corp. of America Holdings	26,200	6,303	
Oracle Corporation	87,650	6,605	
United Parcel Service Inc. Class B	25,630	4,267	
Walgreens Boots Alliance Inc.	49,030	4,111	
Wells Fargo & Co. Ltd.	118,000	9,028	
		<u>93,411</u>	29.99
TOTAL PORTFOLIO OF INVESTMENTS		<u><u>311,420</u></u>	<u><u>100</u></u>

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ADDITIONAL INFORMATION REQUIRED FOR LISTED COMPANIES

REGISTERED OFFICE

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Facsimile +61 3 9603 1266

SECRETARY

M R Sund
L Mackay

GENERAL MANAGER

M R Sund

AUDITOR

Ernst & Young

SOLICITOR

King & Wood Mallesons

INVESTMENT MANAGER

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SHARE REGISTRAR

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Investor Enquiries: 1300 85 05 05
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STOCK EXCHANGE LISTING

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

WEBSITE

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