



A Small Ex Australia LIC Struggling

Company/ASX Code	Templeton Global Growth Fund Limited / TGG
AGM date	Thursday 29 October 2020
Time and location	11:00 am – Virtual Meeting via Lumi AGM app or via telephone
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Frank Thompson
Pre AGM-Meeting	No

Please note any potential conflict: The individual (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Background

Templeton Global Growth Fund Limited (TGG) is a listed investment company (LIC) which aims to provide a cost-effective investment vehicle to access world equity markets. The prime objective of TGG is to increase shareholders’ total returns through superior investment performance.

TGG outsources its investment management functions to Franklin Templeton Investments Australia Ltd (FTIAL), a member of Franklin Resources Inc. and relies upon that organization for the successful management of the company’s global investment portfolio.

Financial performance Summary

TGG this year delivered a profit of \$3.6m, down 14.3% on the previous year of \$4.2m. NTA dropped to \$1.32 down 9.0% from \$1.45 last year. Dividends this year were reduced by 13.2% when compared to last year. This compares to a rise of 4.1% in the MSCI AC World Index over the same period.

Whist Directors remain optimistic in the longer term they espouse caution in the post COVID-19 environment of large financial support released by governments around the world.

Of note is that on Oct 6, 2020 the Board announced a strategic structural review due for completion in the first quarter of calendar 2021.

2020 ASA focus issues

Risk Management

TGG does not employ staff so the impact of COVID-19 is primarily through its exposure to other companies via equity markets and the investment management agreement. The main area of risk identified by the company is investment risk. This is managed by FTIAL by diversification and reference to performance as compared to appropriate indices. The long-term approach has been not to hedge currencies.

As a long-term investor, Environmental, Social and Governance (ESG) analysis is integrated into their investment framework to ensure the sustainability of the business model for companies they invest in.

Directors and Boards

TGA recently reduced the size of its board. It now consists of 4 members (3 male and 1 female). Years of service on the board range from 3-18 and experience is focussed primarily on the Accounting/Financial area. It meets ASA guidelines on independence. Whilst female membership (25%) is below the ASA target of 30%, in such a small board this seems reasonable. Exposure outside Accounting/Finance is extremely limited, however considering the investment focus of the company, the size of the board and that investments are driven by analysis sourced from FTIAL this also seems reasonable. This may be a consideration for future board appointments

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	3.6	4.2	3.5	3.7	3.8
UPAT (\$m)	-	-	-	-	-
Share price (\$)	1.145	1.21	1.42	1.36	1.155
Dividend (cents)	7.0	7.0	4.5	4.5	4.1
TSR (%)	-3.9	-	-	-	-
EPS (cents)	1.8	1.9	1.6	1.6	1.5
CEO total remuneration, actual (\$m)	N/A	N/A	N/A	N/A	N/A

CEO Remuneration: Not paid by TGG as not employed by TGG. Cost is included in the administration fee paid to FTIAL.

Voting Intentions

Resolution 1	Re-election of Martin F. Warwick as Director
ASA Vote	For

Summary of ASA Position

Appointed as a Director on 1 July 2014. Active member of the Review and Audit and Risk Committees, having attended all meetings. Former General Manager and Company Secretary of the Company. Currently the Director of a Melbourne accounting practice. Former member of the Board of Management of Education Program for Infants and Children Inc. He has no formal relationship with the FTIAL. Under ASA guidelines he would be regarded as independent. Workload considered reasonable.

Resolution 2	Election of Steven J. Fahey as Director
ASA Vote	For

Summary of ASA Position

An external additional candidate, Mr Fahey, offers himself for election as a Non-Executive Director.

Mr Fahey has provided the following in respect of his candidacy (summarized). He has extensive investment management experience in listed equities as a principal and Deputy Managing Director at Balanced Equity Management (BEM) which grew from a young funds' management business to a top-tier business - funds under management \$AUD13 billion. FTIAL acquired BEM in 2011. After twenty-five years at BEM, Mr Fahey retired in 2015. His responsibilities ranged across the entire business - building an analyst team, engagement with executives and board members of some of Australia's largest listed companies (with a strong focus on corporate governance), client management and marketing, and operational management. Prior to joining BEM, he was employed for six years by National Mutual Life Association as an analyst in Aust. and UK. Mr Fahey holds a Bachelor of Economics and a Graduate Diploma in Applied Finance and Investment.

He meets ASA guidelines for independence and brings broad and valuable financial experience. This is offset by the loss of an opportunity to improve diversity but on balance is supported.

Resolution 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

	Total Paid 2020 \$000	Total Shareholder Approved Max. \$000 (2007)	% of Total
Fixed Remuneration (total for Board)	267.0	350	76.3%

The fee for non-executive directors (NEDs) was well under the fee cap of \$350,000 per annum which was approved by the 2007 AGM. Individual Directors total remuneration ranges from \$65,004 to \$90,207 (Chair) which appears reasonable for this size company.

At last year's Annual General Meeting, 48% of the votes cast on the resolution to adopt the 2019 Remuneration Report were against the Resolution. As this was over 25% of the votes the Company received a 'first strike'.

As a result, new activities to address the concerns raised, were implemented, including:

- Continuing the mail-outs incorporating the Quarterly Investment Manager's Review.
- Hosting interactive webinars with the Investment Manager and Board members.
- Publishing estimated NTA on a weekly basis.
- Renewing the on-market capital buy-back of the share capital.

- Reduction in the number of Directors – from 6 to Currently 4 and then 5 with the election of a new Director this year if approved.
- The implementation of a company structural study, the results of which are due in the first quarter calendar 2021.

Finally, executive staff remuneration cannot be assessed as it is not itemised out in the \$2,263,000 payed to FTIAL in administration fees.

Considering levels of director remuneration, actions implemented, the study underway and the reduction of directors a vote in favour seems reasonable this year with a note to review this situation next year. Disclosure of Executive Director remuneration also needs consideration.

Resolution 4	Conditional Spill Resolution
ASA Vote	Against

Summary of ASA Position

If the result of the 2020 meeting is a “second strike” the company is required to put a resolution to the Annual General Meeting to determine whether the Company’s Directors (who were in office at the time the 2020 Directors’ Report was approved) will need to stand for re-election at a special meeting.

Vote intended, if needed, is consistent with the position taken on resolution 3.

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