



FRANKLIN TEMPLETON  
INVESTMENTS

# Semi-Annual Report

October 31, 2018

TEMPLETON GROWTH FUND, LTD



# Templeton Growth Fund, Ltd.

---

The enclosed semi-annual financial statements have not been reviewed by the external auditors of the Fund.

Dear Investor,

I am pleased to present the semi-annual report for Templeton Growth Fund, Ltd., containing the audited financial statements for the period ending October 31, 2018.

Launched in 1954, the value-focused investment philosophy of this global fund remains as relevant today as when it entered the market more than six decades ago.

As our founder Sir John Templeton explained: “When we use the term ‘best stocks,’ we mean simply the best values. That is to say, those stocks whose market prices are lowest in relation to intrinsic value.”

The Fund’s longevity is a testament to that approach, generating consistent investment returns across generations of investors. To put this in context, a \$10,000 investment made at inception would have grown to \$10,559,068 today.

Recently, a combination of low interest rates, modest global growth, abundant liquidity and rising passive flows, have proved challenging for value investing. These trends are cyclical; over the past century, periods of relative underperformance by value stocks have inevitably been followed by substantial outperformance.

The strength of this Fund comes through having the conviction to withstand short-term volatility in order to achieve long-term valuation projections. Having a truly global focus also means investors can complement their domestic holdings with a diverse range of opportunities from across the world, which is why the Fund remains such an important element of so many investment portfolios.

Portfolio Manager Norm Boersma will share his views on the outlook for the Fund in his letter to shareholders on the following page. I also encourage you to review the Fund’s annual Management Report of Fund Performance, or alternatively, visit our website at [www.franklintempleton.ca](http://www.franklintempleton.ca).

On behalf of Franklin Templeton Investments, I wish you all the best and thank you for your continued investment with us.

Sincerely,



Duane W. Green  
President and Chief Executive Officer  
Franklin Templeton Investments Corp.

# NOTICE TO READER

---

## MESSAGE TO SHAREHOLDERS

---

Dear Shareholder,

Global equity markets rose slightly in Canadian dollar terms for the six-month period, as the positive—accommodative monetary and fiscal policy, rising employment and economic growth across many countries—offset the negative (trade war fears, renewed apprehension about higher interest rates, Brexit and more). The last month of the period was particularly volatile, with most major markets ending the month in negative territory.

The return of turbulence in global financial markets is notable in that it coincides with a number of market conditions that appear historically extended and potentially ripe for reversal. We believe the most significant major inflection point is likely to be the attempted normalization of monetary policy, first by the US Federal Reserve and then by other major central banks.

While it's difficult to determine with precision the extent to which the long-running global equity bull market has been supported by central bank largesse, we can observe that the explosion in these banks' balance sheets has coincided with similar explosions in global money supply, global debt levels, corporate profits and the price of financial assets. Having peaked in 2017, the collective asset purchases of a group of several major central banks are expected to turn negative in aggregate by early 2019. Several of the other pillars supporting equity markets, including one-time US tax cuts and repatriations, as well as record share buybacks funded with historically cheap debt, are also falling off or fading away.

It's too soon to judge the ultimate impact of these transitions, but recent events—including higher market volatility, rising interest rates, weakness in developed world housing markets and severe dislocations across the emerging-market complex (seen most recently in the Chinese yuan)—reinforce a narrative of a meaningful trend shift. Encouragingly, during this uncertain period we saw many of the expensive stocks and sectors that we have long avoided fall the sharpest, while the beaten-down value stocks we have long favored helped limit the downside.

We acknowledge the challenges our investment approach has faced over this cycle, but remain optimistic about the opportunities adversity presents. In particular, we are confident in the portfolios' positioning, with what we view as an attractive mix of defensive growth and deep value holdings across sectors like health care, energy, financials and telecommunications. We also continue to favor non-US equities over those in the US, where current valuations, in our view, warrant caution.

Ultimately, we expect that the removal of artificial stimulus and return to a market-based pricing regime is likely to result in sharp adjustments that include the mean reversion of asset prices that had become excessively cheap or excessively dear over the course of this unusual cycle. A market that is less manipulated by state actors should better facilitate genuine price discovery, potentially benefiting investors—like Templeton—who have remained disciplined and focused on fundamentals.

Sincerely,



Norman J. Boersma  
President and Chief Investment Officer  
Templeton Global Equity Group

# Table of Contents

---

Financial Statements	
Templeton Growth Fund, Ltd. ....	4
Notes to Financial Statements.....	12

# Templeton Growth Fund, Ltd.

## SCHEDULE OF INVESTMENTS As at October 31, 2018 (Unaudited)

	Shares	Average Cost (000s)	Fair Value (000s)
<b>INVESTMENTS: 97.12%</b>			
<b>COMMON STOCKS: 97.12%</b>			
<b>United States: 34.26%</b>			
Advance Auto Parts Inc.....	78,920	\$ 10,933	\$ 16,594
Allergan PLC.....	116,666	25,329	24,263
Ally Financial Inc. ....	375,230	11,748	12,549
Alphabet Inc., A.....	10,120	7,729	14,526
Amgen Inc. ....	57,091	3,223	14,486
Apache Corp.....	288,270	17,650	14,353
Apple Inc.....	30,610	3,941	8,817
Capital One Financial Corp. ....	173,170	15,893	20,353
Celgene Corp. ....	99,220	13,440	9,350
Citigroup Inc. ....	126,240	3,761	10,876
Comcast Corp., A .....	648,260	12,250	32,541
CommScope Holding Co. Inc.....	401,510	18,912	12,715
Coty Inc., A .....	1,204,570	25,180	16,726
Eli Lilly & Co. ....	111,510	11,770	15,915
Exxon Mobil Corp.....	199,320	21,528	20,903
Gilead Sciences Inc. ....	206,020	4,208	18,487
Jones Lang LaSalle Inc.....	52,310	8,077	9,106
JPMorgan Chase & Co.....	50,630	2,261	7,265
Kellogg Co. ....	196,880	15,448	16,967
Knowles Corp.....	455,250	7,974	9,695
LyondellBasell Industries NV, A .....	105,390	13,627	12,383
Mattel Inc. ....	749,000	14,604	13,387
Medtronic PLC .....	119,060	4,966	14,075
Oracle Corp.....	657,850	30,310	42,287
Perrigo Co. PLC .....	134,130	14,892	12,411
Tapestry Inc.....	128,810	7,880	7,173
The Kroger Co. ....	201,420	7,583	7,889
United Parcel Service Inc., B .....	140,230	19,342	19,663
Voya Financial Inc.....	226,600	9,005	13,051
Walgreens Boots Alliance Inc.....	163,230	14,706	17,137
Wells Fargo & Co. ....	209,120	15,490	14,651
		<u>393,660</u>	<u>480,594</u>
<b>United Kingdom: 11.31%</b>			
Barclays PLC .....	3,740,353	14,377	10,846
BP PLC .....	3,521,500	29,307	33,583
HSBC Holdings PLC .....	1,275,662	18,558	13,789
Kingfisher PLC .....	3,027,630	15,917	12,963
Man Group PLC.....	2,181,190	5,614	5,700
Royal Dutch Shell PLC, A.....	8,225	—	346
Royal Dutch Shell PLC, B .....	650,091	24,829	28,031
Shire PLC.....	261,130	15,917	20,546
Standard Chartered PLC.....	2,140,451	30,337	19,772
Vodafone Group PLC.....	5,248,999	24,293	13,044
		<u>179,149</u>	<u>158,620</u>
<b>Japan: 8.33%</b>			
IHI Corp.....	296,418	9,346	14,273

*The accompanying notes are an integral part of these financial statements.*

# Templeton Growth Fund, Ltd.

## SCHEDULE OF INVESTMENTS As at October 31, 2018 (Unaudited) (Continued)

	Shares	Average Cost (000s)	Fair Value (000s)
<b>Japan: 8.33%</b> (Continued)			
Mitsui Fudosan Co. Ltd. ....	524,200	\$ 15,958	\$ 15,548
Panasonic Corp. ....	973,630	13,241	14,184
Seven & i Holdings Co. Ltd. ....	149,400	7,739	8,523
SoftBank Group Corp. ....	191,450	14,765	20,197
Sumitomo Mitsui Financial Group Inc. ....	261,490	11,753	13,457
Suntory Beverage & Food Ltd. ....	346,130	13,767	18,584
Taiheiyo Cement Corp. ....	310,890	15,722	12,089
		<u>102,291</u>	<u>116,855</u>
<b>France: 7.24%</b>			
AXA SA ....	675,170	21,164	22,276
BNP Paribas SA ....	282,760	14,933	19,438
Cie Generale des Etablissements Michelin SCA ....	80,380	12,503	10,869
Compagnie de Saint-Gobain. ....	137,358	6,637	6,804
Sanofi ....	228,020	22,511	26,789
Veolia Environnement SA ....	586,220	17,145	15,393
		<u>94,893</u>	<u>101,569</u>
<b>China: 6.09%</b>			
Baidu Inc., American Depositary Receipt ....	69,560	15,252	17,400
China Life Insurance Co. Ltd., H ....	5,370,650	20,185	14,080
China Longyuan Power Group Corp. ....	7,769,000	7,862	7,772
China Mobile Ltd. ....	1,296,200	15,941	15,947
China Telecom Corp. Ltd., H ....	23,950,000	15,488	14,874
Kunlun Energy Co. Ltd. ....	10,306,000	12,550	15,395
		<u>87,278</u>	<u>85,468</u>
<b>Germany: 5.37%</b>			
Bayer AG ....	199,065	28,948	20,107
E.ON SE ....	1,415,370	19,725	18,046
Merck KGaA ....	118,730	8,121	16,741
Siemens AG ....	91,850	10,852	13,923
Telefonica Deutschland Holding AG ....	1,281,260	7,970	6,559
		<u>75,616</u>	<u>75,376</u>
<b>South Korea: 3.83%</b>			
KB Financial Group Inc. ....	325,990	17,038	17,813
Lotte Chemical Corp. ....	33,990	15,319	10,286
Samsung Electronics Co. Ltd. ....	523,150	6,151	25,572
		<u>38,508</u>	<u>53,671</u>
<b>Netherlands: 2.77%</b>			
Aegon NV ....	926,615	8,531	7,495
ING Groep NV ....	340,547	7,536	5,318
NN Group NV ....	282,520	13,562	15,999
NXP Semiconductors NV ....	102,180	11,898	10,085
		<u>41,527</u>	<u>38,897</u>
<b>Switzerland: 2.32%</b>			
Roche Holding AG ....	60,390	10,847	19,334
UBS Group AG ....	716,250	15,070	13,183
		<u>25,917</u>	<u>32,517</u>

The accompanying notes are an integral part of these financial statements.

# Templeton Growth Fund, Ltd.

## SCHEDULE OF INVESTMENTS As at October 31, 2018 (Unaudited) (Continued)

	Shares	Average Cost (000s)	Fair Value (000s)
<b>Ireland: 1.92%</b>			
Bank of Ireland Group PLC.....	1,387,190	\$ 15,255	\$ 12,896
CRH PLC .....	356,540	15,588	13,992
		<u>30,843</u>	<u>26,888</u>
<b>Denmark: 1.79%</b>			
A.P. Moeller-Maersk AS, B.....	6,760	12,587	11,293
Vestas Wind Systems AS .....	168,240	14,975	13,882
		<u>27,562</u>	<u>25,175</u>
<b>Israel: 1.50%</b>			
Teva Pharmaceutical Industries Ltd., American Depository Receipt.....	801,270	24,415	21,071
<b>Canada: 1.46%</b>			
Husky Energy Inc. ....	444,460	7,693	8,272
Wheaton Precious Metals Corp.....	561,100	14,897	12,142
		<u>22,590</u>	<u>20,414</u>
<b>Belgium: 1.15%</b>			
UCB SA.....	146,590	13,171	16,205
<b>Norway: 1.14%</b>			
Yara International ASA.....	282,710	14,390	16,002
<b>Taiwan: 1.11%</b>			
Taiwan Semiconductor Manufacturing Co. Ltd., American Depository Receipt.....	309,170	16,199	15,504
<b>Luxembourg: 1.07%</b>			
SES SA, International Depository Receipt .....	529,460	15,767	14,971
<b>Italy: 1.06%</b>			
Eni SpA .....	638,150	15,596	14,936
<b>Thailand: 1.02%</b>			
Bangkok Bank PCL, Foreign Traded Security .....	1,704,910	11,400	14,368
<b>Singapore: 1.01%</b>			
Singapore Telecommunications Ltd.....	4,727,140	11,173	14,192
<b>Hong Kong: 0.87%</b>			
CK Hutchison Holdings Ltd.....	919,938	13,946	12,190
<b>Sweden: 0.50%</b>			
Getinge AB, B .....	541,640	17,414	7,000
<b>Total Common Stocks:</b> .....		<u>1,273,305</u>	<u>1,362,483</u>
		<b>Principal Amount in Currency of Issue</b>	
<b>SHORT-TERM SECURITIES: 2.81%</b>			
Bank of Montreal, Term Deposit, 1.65%, 11/1/2018.....	39,400,000 CAD	39,400	39,400
<b>Total Short-Term Securities:</b> .....		<u>39,400</u>	<u>39,400</u>
<b>TOTAL INVESTMENTS: 99.93%</b> .....		<u>\$ 1,312,705</u>	1,401,883
<b>NET UNREALIZED LOSS ON DERIVATIVES:</b> .....			(5)
<b>OTHER ASSETS, less liabilities: 0.07%</b> .....			<u>947</u>
<b>TOTAL NET ASSETS: 100.00%</b> .....			<u>\$ 1,402,825</u>

*The accompanying notes are an integral part of these financial statements.*

# Templeton Growth Fund, Ltd.

## SCHEDULE OF INVESTMENTS As at October 31, 2018 (Unaudited) (Continued)

### SCHEDULE OF DERIVATIVE INSTRUMENTS (As at October 31, 2018)

#### FORWARD FOREIGN EXCHANGE CONTRACTS

Counterparty	Credit Rating	Settlement Date	Currency to be Delivered (000s)	Par Value in Canadian Dollars (000s)	Currency to be Received (000s)	Par Value in Canadian Dollars (000s)	Contract Price	Unrealized Gain (Loss) (000s)
Bank of America, N.A. ....	A+	November 28, 2018	28 GBP	\$ 47	47 CAD	\$ 47	\$1.6834	\$—
Barclays Bank PLC ....	A	November 28, 2018	40 GBP	67	67 CAD	67	1.6844	—
Citibank N.A. ....	A+	November 28, 2018	2 CAD	2	14 HKD	2	5.9753	—
HSBC Bank PLC ....	AA-	November 28, 2018	5 GBP	9	9 CAD	9	1.6838	—
JP Morgan Chase Bank, N.A. ....	A+	November 28, 2018	18 CAD	18	14 USD	18	0.7640	—
UBS AG ....	A+	November 28, 2018	71 EUR	106	106 CAD	106	1.4937	—
<b>Total Number of Contracts</b> .....								<b>\$—</b>
Bank of America, N.A. ....	A+	November 28, 2018	30 USD	39	39 CAD	39	1.3034	—
Bank of America, N.A. ....	A+	November 28, 2018	30 HKD	5	5 CAD	5	0.1664	—
Bank of America, N.A. ....	A+	November 28, 2018	838 JPY	10	10 CAD	10	0.0116	—
Barclays Bank PLC ....	A	November 28, 2018	63 USD	83	82 CAD	82	1.3046	(1)
Citibank N.A. ....	A+	November 28, 2018	8 CAD	8	5 EUR	8	0.6697	—
Citibank N.A. ....	A+	November 28, 2018	38 USD	50	50 CAD	50	1.3041	—
Citibank N.A. ....	A+	November 28, 2018	96 EUR	143	143 CAD	143	1.4918	—
Citibank N.A. ....	A+	November 28, 2018	395 HKD	67	66 CAD	66	0.1664	(1)
Citibank N.A. ....	A+	November 28, 2018	3,244 JPY	38	38 CAD	38	0.0116	—
HSBC Bank PLC ....	AA-	November 28, 2018	2,204 JPY	26	26 CAD	26	0.0116	—
JP Morgan Chase Bank, N.A. ....	A+	November 28, 2018	78 USD	102	101 CAD	101	1.3043	(1)
JP Morgan Chase Bank, N.A. ....	A+	November 28, 2018	2,459 JPY	29	29 CAD	29	0.0116	—
UBS AG ....	A+	November 28, 2018	4 USD	5	5 CAD	5	1.3054	—
UBS AG ....	A+	November 28, 2018	81 HKD	13	13 CAD	13	0.1666	—
UBS AG ....	A+	November 28, 2018	159 USD	209	207 CAD	207	1.3054	(2)
<b>Total Number of Contracts</b> .....								<b>\$(5)</b>
<b>Net Unrealized Loss on Forward Exchange Contracts</b> .....								<b>\$(5)</b>
<b>Net Unrealized Loss on Derivatives</b> .....								<b>\$(5)</b>

The accompanying notes are an integral part of these financial statements.



# Templeton Growth Fund, Ltd.

## STATEMENTS OF FINANCIAL POSITION As at October 31, 2018 (Unaudited) and April 30, 2018

	<u>2018</u> (000s)	<u>2018</u> (000s)
<b>Assets</b>		
<b>Current assets</b>		
Non-derivative investments at fair value through profit or loss	\$ 1,401,883	\$ 1,530,746
Cash		
Canadian	135	140
Receivables		
Subscription of redeemable shares	51	67
Dividends and withholding tax	6,814	8,129
Refundable income taxes (Note 3(i))	466	382
Current income taxes (Note 3(i))	—	1,381
Unrealized gain on derivatives	—	21
	<u>1,409,349</u>	<u>1,540,866</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables		
Redemption of redeemable shares	643	610
Management fees	1,810	1,940
Fixed administration fees	356	381
Current income taxes (Note 3(i))	1,223	—
Future income taxes (Note 3(i))	2,487	3,006
Unrealized loss on derivatives	5	2
	<u>6,524</u>	<u>5,939</u>
<b>Net assets attributable to holders of redeemable shares</b>	<u>\$ 1,402,825</u>	<u>\$ 1,534,927</u>
<b>Net assets attributable to holders of redeemable shares per series (000s)</b>		
Series A	\$ 959,668	\$ 1,069,253
Series A (Hedged)	1,269	2,766
Series F	29,888	28,564
Series I	49,397	52,834
Series O	267,314	287,883
Series PF	95,289	93,627
<b>Number of redeemable shares outstanding (Note 4)</b>		
Series A	50,863,930	53,901,471
Series A (Hedged)	88,663	184,152
Series F	1,335,944	1,221,117
Series I	2,193,875	2,243,847
Series O	9,208,883	9,549,800
Series PF	8,096,925	7,618,936
<b>Net assets attributable to holders of redeemable shares per share — CAD</b>		
Series A	\$ 18.87	\$ 19.84
Series A (Hedged)	14.31	15.02
Series F	22.37	23.39
Series I	22.52	23.55
Series O	29.03	30.15
Series PF	11.77	12.29
<b>Net assets attributable to holders of redeemable shares per share — USD</b>		
Series A	\$ 14.34	\$ 15.46
Series F	17.00	18.23
Series I	17.11	18.35
Series O	22.06	23.49
Series PF	8.94	9.58

Signed on behalf of Templeton Growth Fund., Ltd.  
(Signed) Linda Currie  
Director

(Signed) Stuart Douglas  
Director

*The accompanying notes are an integral part of these financial statements.*

# Templeton Growth Fund, Ltd.

## STATEMENTS OF COMPREHENSIVE INCOME For the six months ended October 31, 2018 and 2017 (Unaudited)

	<u>2018</u>	<u>2017</u>
	(000s)	(000s)
<b>Income</b>		
Dividends	\$ 22,413	\$ 19,503
Interest for distribution purposes (Note 3(h))	408	215
Net realized and/or unrealized foreign exchange gain (loss)	40	(484)
Net realized gain (loss) on investments and derivatives	132,392	90,849
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	<u>(202,663)</u>	<u>(54,837)</u>
<b>Total income (loss), net</b>	<u>(47,410)</u>	<u>55,246</u>
<b>Expenses</b>		
Management and investment advisory fees (Note 5(a))	11,511	12,116
Fixed administration fees (Note 5(b))	2,262	2,371
Directors' fees	52	87
Investor meeting costs	264	249
Independent review committee fees	<u>1</u>	<u>1</u>
Operating expenses before amounts waived/paid by Manager	14,090	14,824
Operating expenses waived/paid by Manager (Note 5(b))	<u>(57)</u>	<u>(57)</u>
Net operating expenses after amounts waived/paid by Manager	14,033	14,767
Transaction costs (Note 8)	<u>826</u>	<u>954</u>
<b>Total expenses, net</b>	<u>14,859</u>	<u>15,721</u>
<b>Net income (loss) before income taxes</b>	(62,269)	39,525
Income taxes		
Current	4,645	2,884
Future	<u>(520)</u>	<u>(1)</u>
<b>Total income taxes</b>	<u>4,125</u>	<u>2,883</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations</b>	<u>\$ (66,394)</u>	<u>\$ 36,642</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations per series (000s)</b>		
Series A	\$ (48,485)	\$ 22,551
Series A (Hedged)	(49)	140
Series F	(1,318)	714
Series I	(2,219)	1,441
Series O	(10,132)	9,325
Series PF	(4,191)	2,471
<b>Weighted average number of shares outstanding</b>		
Series A	52,543,204	59,083,929
Series A (Hedged)	154,027	192,390
Series F	1,287,035	1,098,626
Series I	2,222,219	2,392,755
Series O	9,398,462	9,688,042
Series PF	7,850,547	7,049,513
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations per share</b>		
Series A	\$ (0.93)	\$ 0.39
Series A (Hedged)	(0.32)	0.73
Series F	(1.02)	0.65
Series I	(1.00)	0.61
Series O	(1.08)	0.96
Series PF	(0.54)	0.35

The accompanying notes are an integral part of these financial statements.

# Templeton Growth Fund, Ltd.

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the six months ended October 31, 2018 and 2017 (Unaudited) (000s)

	All Series		Series A		Series A (Hedged)	
	2018	2017	2018	2017	2018	2017
<b>Net assets attributable to holders of redeemable shares at beginning of period</b>	\$1,534,927	\$1,596,322	\$1,069,253	\$1,164,017	\$ 2,766	\$ 2,772
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations</b>	(66,394)	36,642	(48,485)	22,551	(49)	140
<b>Distributions to holders of redeemable shares</b>						
From net investment income	(997)	—	(692)	—	(2)	—
From net realized gains on investments	—	—	—	—	—	—
From return of capital	—	—	—	—	—	—
<b>Total distributions to holders of redeemable shares</b>	(997)	—	(692)	—	(2)	—
<b>Redeemable shares transactions</b>						
Subscriptions	49,682	52,339	16,998	14,916	54	64
Reinvestments	941	—	658	—	1	—
Redemptions	(115,334)	(111,829)	(78,064)	(83,350)	(1,501)	(136)
<b>Net increase (decrease) from redeemable shares transactions</b>	(64,711)	(59,490)	(60,408)	(68,434)	(1,446)	(72)
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	(132,102)	(22,848)	(109,585)	(45,883)	(1,497)	68
<b>Net assets attributable to holders of redeemable shares at end of period</b>	\$1,402,825	\$1,573,474	\$ 959,668	\$1,118,134	\$ 1,269	\$ 2,840
	Series F		Series I		Series O	
	2018	2017	2018	2017	2018	2017
<b>Net assets attributable to holders of redeemable shares at beginning of period</b>	\$ 28,564	\$ 22,550	\$ 52,834	\$ 55,067	\$287,883	\$273,590
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations</b>	(1,318)	714	(2,219)	1,441	(10,132)	9,325
<b>Distributions to holders of redeemable shares</b>						
From net investment income	(19)	—	(35)	—	(187)	—
From net realized gains on investments	—	—	—	—	—	—
From return of capital	—	—	—	—	—	—
<b>Total distributions to holders of redeemable shares</b>	(19)	—	(35)	—	(187)	—
<b>Redeemable shares transactions</b>						
Subscriptions	11,160	10,088	148	356	9,516	15,348
Reinvestments	17	—	30	—	183	—
Redemptions	(8,516)	(6,520)	(1,361)	(2,428)	(19,949)	(14,358)
<b>Net increase (decrease) from redeemable shares transactions</b>	2,661	3,568	(1,183)	(2,072)	(10,250)	990
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	1,324	4,282	(3,437)	(631)	(20,569)	10,315
<b>Net assets attributable to holders of redeemable shares at end of period</b>	\$ 29,888	\$ 26,832	\$ 49,397	\$ 54,436	\$267,314	\$283,905
	Series PF					
	2018	2017				
<b>Net assets attributable to holders of redeemable shares at beginning of period</b>	\$ 93,627	\$ 78,326				
<b>Increase (decrease) in net assets attributable to holders of redeemable shares from operations</b>	(4,191)	2,471				
<b>Distributions to holders of redeemable shares</b>						
From net investment income	(62)	—				
From net realized gains on investments	—	—				
From return of capital	—	—				
<b>Total distributions to holders of redeemable shares</b>	(62)	—				
<b>Redeemable shares transactions</b>						
Subscriptions	11,806	11,567				
Reinvestments	52	—				
Redemptions	(5,943)	(5,037)				
<b>Net increase (decrease) from redeemable shares transactions</b>	5,915	6,530				
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	1,662	9,001				
<b>Net assets attributable to holders of redeemable shares at end of period</b>	\$ 95,289	\$ 87,327				

*The accompanying notes are an integral part of these financial statements.*

# Templeton Growth Fund, Ltd.

## STATEMENTS OF CASH FLOWS For the six months ended October 31, 2018 and 2017 (Unaudited)

	<u>2018</u> <u>(000s)</u>	<u>2017</u> <u>(000s)</u>
<b>Cash flows from operating activities</b>		
Interest received	\$ 409	\$ 217
Dividends received, net of withholding taxes	21,688	21,464
Proceeds from sale and maturity of investments	406,246	374,986
Purchases of investments	(347,564)	(323,074)
Receipts on settlement of derivative activities	165	207
Payments on settlement of derivative activities	(142)	(131)
Realized foreign exchange gain/(loss)	(861)	593
Taxes paid	(87)	(1,446)
Operating expenses paid	<u>(14,187)</u>	<u>(14,822)</u>
<b>Net cash from/(used in) operating activities</b>	<u>65,667</u>	<u>57,994</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuances of redeemable shares	49,698	52,425
Amounts paid on redemption of redeemable shares	(115,318)	(112,199)
Distributions paid to holders of redeemable shares, net of reinvested distributions	(56)	—
<b>Net cash from/(used in) financing activities</b>	<u>(65,676)</u>	<u>(59,774)</u>
<b>Net increase (decrease) in cash</b>	(9)	(1,780)
Cash at beginning of period	140	458
Effect of exchange rate changes	4	(25)
<b>Cash /(bank overdraft) at end of period</b>	<u>\$ 135</u>	<u>\$ (1,347)</u>

*The accompanying notes are an integral part of these financial statements.*

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018

---

### 1. Organization

#### **(a) Inception and Financial Reporting Dates**

Templeton Growth Fund, Ltd. (the "Fund"), is an open-ended mutual fund corporation incorporated under the laws of Canada on September 1, 1954 and continued under the *Canada Business Corporations Act* on July 20, 1979.

Franklin Templeton Investments Corp., a corporation duly incorporated under the laws of the Province of Ontario (hereinafter called the "Manager"), having an office at 200 King Street West, Suite 1500, Toronto, Ontario M5H 3T4 and an indirectly wholly owned subsidiary of Franklin Resources Inc. ("FRI"), a United States Securities and Exchange Commission (SEC) registered company listed on the New York Stock Exchange, is the Manager and Transfer Agent of the Fund.

The Fund launched Series A shares on November 29, 1954, Series F, I and O shares on November 24, 2000, Series A (Hedged) on March 22, 2013 and Series PF on June 15, 2015.

The Fund seeks to provide long-term capital appreciation by investing primarily in equity securities of companies around the world, and fixed income securities issued by governments or companies of any country. Series A (Hedged) seeks to provide long-term capital appreciation, while attempting to reduce the potential effects of exchange rate fluctuations between the Canadian dollar and global currencies within the Fund's portfolio by investing in forward contracts.

The financial statements of the Fund include the Schedule of Investments and Schedule of Derivative Instruments as at October 31, 2018, and the Statements of Financial Position as at October 31, 2018 and April 30, 2018. The Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Shares and Cash Flows for the Fund are for the periods ended October 31, 2018 and 2017.

These financial statements have been authorized for issue by the Board of Directors of Templeton Growth Fund, Ltd. on December 4, 2018.

### 2. Basis of Presentation of IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivatives) at fair value through profit or loss.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

### 3. Summary of Significant Accounting Policies

The significant accounting policies are as follows:

**(a) Classification of financial assets and liabilities** — Effective May 1, 2018, the Fund adopted *IFRS 9 Financial Instruments*. The Fund's financial assets and financial liabilities, under IFRS 9 are classified and measured at fair value through profit and loss ("FVTPL"), as those financial assets and liabilities are managed together and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. This is consistent with the classification category prior to the transition to IFRS 9, with the exception of derivatives which are categorized as fair value through profit and loss. Derivatives were previously classified as held for trading under IAS 39. All financial assets and financial liabilities are shown on the Fund's Statements of Financial Position and are measured as FVTPL with the associated unrealized gain/loss included in the Statements of Comprehensive Income in net change in unrealized appreciation (depreciation) in value of investments and derivatives.

There were no changes in the measurement attributes for any of the financial assets and liabilities upon transition to IFRS 9.

The Fund's obligation for net assets attributable to holders of redeemable shares is presented at the redemption amount. All other financial assets and liabilities are carried at amortized cost which approximates fair value due to their short-term nature.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 3. Summary of Significant Accounting Policies (Continued)

The net asset value ("NAV") is the value of the total assets of the Fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument (NI) 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing shareholder transactions (herein called the "Trading NAV"). Net assets are determined in accordance with IFRS (herein called the "IFRS NAV") and may differ to the Fund's Trading NAV. Where the Fund's Trading NAV is not equal to its IFRS NAV, a reconciliation is shown in Note 10 .

- (b) **Classification of redeemable shares** — The Fund's outstanding redeemable shares' entitlements include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the shareholder) and therefore the ongoing redemption feature is not the shares' only contractual obligation. In addition, the Fund has multiple features across the different series of the Fund. Consequently, the Fund's outstanding redeemable shares are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 "*Financial Instruments: Presentation*".
- (c) **Valuation of series** — A separate net assets per share is calculated for each series of shares of the Fund. The net assets of a series is computed by calculating the series' proportionate share of the assets and liabilities of the Fund common to all series, adjusted for the assets and liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses, investment income, realized and unrealized capital and foreign exchange gains and losses are allocated proportionately to each series based upon the relative net assets of each series, with the exception of gains and losses arising from the hedging strategy, utilizing forward foreign exchange contracts, which is allocated to Series A (Hedged) only.
- (d) **Valuation of investments** — Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value of equity securities and derivative financial instruments (derivatives) traded in active markets is measured at quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will review and apply a price within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Over the counter ("OTC") securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market (that is, the principal market). Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund uses multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, a market-based approach utilizing quotes from market makers is used to determine fair value. In instances where sufficient market activity may not exist or is limited, proprietary valuation models are used, which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing or principal repayments, underlying collateral and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

The Fund has procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these fair valuation procedures, the Fund primarily employs a market-based approach, which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine its fair value. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

All security valuation techniques are periodically reviewed by the Valuation Committee of the Manager and are approved by the Manager. The Valuation Committee provides administration and oversight of the Funds' valuation policies and procedures. These procedures allow the Valuation Committee to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

- (e) **Derivatives** — The Fund may invest in derivatives in order to manage risk or gain exposure to various other investments or markets. Derivatives may be used for trading purposes where the Portfolio Manager believes this would be more effective than investing directly in the underlying financial instruments. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial investment that is smaller than would normally be required to have similar response to

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 3. Summary of Significant Accounting Policies (Continued)

changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements, which expose the Fund to gains and losses in excess of the amounts shown on the Statements of Financial Position. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statements of Comprehensive Income.

(i) **Foreign/Forward exchange contracts** — In the case of Series A (Hedged), a hedging strategy is used that seeks to reduce, as far as possible, the influence of changes in the exchange rate between the Canadian dollar and the currencies of securities held by the Fund's portfolio on the portion of the Fund's net assets attributable to Series A (Hedged) shares outstanding by investing in forward foreign exchange contracts. A foreign exchange contract is an agreement between two parties to exchange different currencies at an agreed upon exchange rate at a future date. The gains or losses on the contracts accrue solely to the Series A (Hedged).

For OTC derivatives traded under an International Swaps and Derivatives Association ("ISDA") master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds a certain minimum transfer amount and can vary depending on the counterparty and the type of agreement. Generally, collateral is determined at the close of business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty within a few business days. Collateral pledged may be in the form of cash and/or securities. Cash pledged as collateral by the Fund for OTC derivatives, if any, is presented in the Statements of Financial Position as margin and collateral receivable / payable and securities pledged as collateral are identified in the Fund's Schedule of Investments. Should the Fund fail to meet any of these provisions, the derivative counterparty has the right to terminate the derivative contract and require immediate payment by the Fund for those OTC derivatives with that particular counterparty that are in a net liability position.

(f) **Offsetting of derivative financial instruments** — Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty risk on OTC derivatives, whenever possible, by entering into ISDA master agreements with certain counterparties. These agreements contain various provisions, including but not limited to enforceable master netting arrangements, collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or, limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded to one net amount, payable by one counterparty to the other, however, absent an event of default or early termination, OTC derivatives assets and liabilities are settled on a gross basis, presented gross, and not offset in the Statements of Financial Position. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under ISDA agreement.

See Note 11(a) for details of derivative assets and liabilities presented gross, amounts available for offset and collateral amounts pledged or held in trust for the Fund.

(g) **Transaction costs** — Transaction costs, such as brokerage commissions, incurred on the purchase and sale of a security are charged as an expense for the period and shown on the Statements of Comprehensive Income.

(h) **Security transactions, investment income, expenses and distributions** — Security transactions are recorded on the trade date. Estimated expenses are accrued daily. Dividend income, distributions received from Underlying Funds and distributions to shareholders are recorded on the ex-dividend date.

Interest in distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund and is accrued daily.

Realized and unrealized gains or losses on security transactions are determined on an average cost basis.

(i) **Taxes** — The Fund presently qualifies as a "mutual fund corporation" as defined in the *Income Tax Act* (Canada) (the "Act") and the *Ontario Corporations Tax Act*.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 3. Summary of Significant Accounting Policies (Continued)

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its share holders on a basis of \$1 for every \$2.61 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. Interest income and foreign dividends, net of applicable expenses, are taxed at full corporate rates with credits, subject to certain limitations, for foreign taxes paid.

Future income tax liabilities are recorded in the financial statements due to temporary differences related to accrued dividend income.

For the years ended April 30, 2018 and 2017, the Fund was subject to tax at full corporate rates on 50% of its net realized capital gains. This tax can be eliminated by "capital gains redemptions" (as defined in the Act) by the Fund, or within 60 days of its financial year, by making payment to its shareholders of a capital gains dividend out of the Fund's realized but undistributed capital gains, or by a combination of both. Where capital gains redemptions in a given year are not sufficient to eliminate this tax, it is the Fund's policy to apply capital losses against capital gains or pay a capital gains dividend sufficient to do so. Consequently, no amount has been included for this tax in the provision for income taxes in the current or prior year.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a foreign capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation day.

The switching of shares between Series A (Hedged) and another series of the Fund, are considered a disposition for tax purposes and shareholders will realize a capital gain or loss at the time of the switch.

**(j) Functional and presentation currency**— The Fund's functional currency is the Canadian Dollar ("CAD") which is the currency of the primary economic environment in which it operates. The Fund is distributed within Canada with the subscriptions and redemptions primarily denominated in CAD. Accordingly, the Manager has determined that the functional currency of the Fund is CAD. The Fund's presentation currency is also CAD.

**(k) Foreign currency translation**— Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into the functional currency based on the mid exchange rate on the valuation date. Purchases and sales of securities and income items denominated in foreign currencies are translated into the functional currency at the exchange rate in effect on the transaction date. When an exchange rate is unavailable or unreliable, it will be determined using procedures established and accepted by the Board of Directors and the Manager.

Realized foreign exchange gains or losses arise from sales of foreign currencies, changes between the trade date and settlement date values on foreign securities and foreign capital transactions, and the difference between the recorded amounts of foreign currency denominated dividends, interest, withholding taxes, and U.S. short-term holdings, and the functional currency equivalent of the amounts actually received or paid. These gains or losses are reported on the Statements of Comprehensive Income as net realized and/or unrealized foreign exchange gain (loss).

**(l) Increase (decrease) in net assets from operations per share**— This calculation is based on the increase (decrease) in net assets from operations attributable to each series divided by the weighted average number of shares of that series outstanding during the period.

**(m) Accounting judgements, estimates and assumptions**— The preparation of financial statements in accordance with IFRS may require the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense reported during the periods. Actual results may differ from those estimates.

The key areas where judgement is applied is in the determination of the functional currency of the Fund, as discussed in Note 3(j). Assumptions and estimates are made in the determination of fair values of financial instruments not traded on an active market as discussed in Note 3(d).



# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 4. Capital Risk Management

The capital of the Fund is comprised of its net assets attributable to holders of redeemable shares. The Fund's capital is managed in accordance with its respective investment objectives and policies, and there are no externally imposed restrictions in relation to the Fund's shares. Changes in capital during the period are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares for the Fund. The Fund has no specific restrictions or capital requirements on the subscriptions and redemption of shares, other than minimum subscription requirements. The Fund endeavors to manage capital by maintaining a strong capital base to support the investment activities of the Fund while maintaining sufficient liquidity to meet redemptions.

Changes in issued shares are summarized as follows:

	Series A		Series A (Hedged)		Series F	
	October 31, 2018	April 30, 2018	October 31, 2018	April 30, 2018	October 31, 2018	April 30, 2018
Outstanding shares — beginning	53,901,471	60,912,162	184,152	195,211	1,221,117	1,011,804
Subscriptions	854,848	1,715,561	3,556	8,045	475,634	838,038
Reinvestments	32,463	—	61	—	711	—
Redemptions	(3,924,852)	(8,726,252)	(99,106)	(19,104)	(361,518)	(628,725)
Outstanding shares — ending	50,863,930	53,901,471	88,663	184,152	1,335,944	1,221,117

  

	Series I		Series O		Series PF	
	October 31, 2018	April 30, 2018	October 31, 2018	April 30, 2018	October 31, 2018	April 30, 2018
Outstanding shares — beginning	2,243,847	2,454,051	9,549,800	9,654,836	7,618,936	6,708,492
Subscriptions	6,261	36,905	312,933	1,027,403	952,171	1,878,617
Reinvestments	1,238	—	5,919	—	4,188	—
Redemptions	(57,471)	(247,109)	(659,769)	(1,132,439)	(478,370)	(968,173)
Outstanding shares — ending	2,193,875	2,243,847	9,208,883	9,549,800	8,096,925	7,618,936

### 5. Related Party Transactions

The Manager is the principal distributor, registrar and transfer agent of the Fund. The Manager and/or its affiliates provides or arranges for the provision of all management and administrative services for day-to-day Fund operations, including marketing, promotion and distribution of the Fund, portfolio advisory services and the provision of key management personnel to the Fund.

As a principal distributor of the Fund, the Manager markets the Fund and arranges for the sale of the Fund through dealers across Canada. The Manager may retain certain companies to assist in the sale of the Fund under the deferred sales charge option. The Manager's affiliate, FTC Investor Services ("FTC ISI") also acts as a principal distributor for Series F, PF and O units of the Fund. For acting as principal distributor of the applicable series, FTC ISI receives an inter-company service fee of 0.20% from the Manager with respect to those units.

In addition to management services, the Manager acts as registrar and transfer agent of the Fund. These services are in the normal course of operations and are covered by a fixed administration fee, as discussed in Note 5(b), paid by the Fund to the Manager.

Franklin Templeton Services, LLC ("FTS") provides fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office administration services to the Manager. These services are in the normal course of operations and are covered by a fixed administration fee, as discussed in Note 5(b), paid by the Fund to the Manager.

#### (a) Management and investment advisory fees ("management fees")

The Fund pays an aggregate monthly fee for management and investment advisory services to the Manager calculated monthly at the rate set out below on the average daily net assets of the Fund, plus applicable taxes:

Series A 1/12 of 1.85%

Series A (Hedged) 1/12 of 1.85%

Series F 1/12 of 0.85%

Series I 1/12 of 1.10%

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 5. Related Party Transactions (Continued)

Series PF 1/12 of 0.80%

The Manager has agreed to waive a portion of the management fees on certain series of shares (the "Management Fee Waiver"). This Management Fee Waiver is applied to the following Series at the specified rate:

Series I: 0.23%

The management fee for Series O is paid for by the shareholder directly to the Manager as follows:

First C\$200,000 to under \$2.5 million 0.95%

Next C\$2.5 million to under \$5.0 million 0.80%

Over C\$5.0 million 0.75%

Certain institutional and ultra-high-net-worth investors may negotiate the management fee by written agreement with Franklin Templeton.

The Manager is the portfolio advisor of the Fund. The Manager has engaged Templeton Global Advisors Limited, Bahamas an affiliate of the Manager, as sub-advisor (the "Sub-Advisor"). The Sub-Advisor provides investment analysis and recommendations to the Manager and executes and arranges for brokers to execute portfolio transactions in respect of the Fund. A portion of the management fee payable by the Fund to the Manager is paid by the Manager to the Sub-Advisor with respect to portfolio advisory services.

#### (b) Fixed administration fees

The Manager pays the operating expenses of the Fund, other than certain fund costs ("Fund Costs"), such as borrowing and interest costs, investor meeting costs (as permitted by Canadian securities regulation), the fees and expenses of the Independent Review Committee, directors' fees and expenses, any costs and expenses associated with litigation for the benefit of the Fund or brought to pursue rights on behalf of the Fund and the cost of compliance with any new government and regulatory requirements, in exchange for a payment by the Fund of an annual fixed administration rate. The operating expenses payable by the Manager include but are not limited to, transfer agent fees, custodian fees, legal and audit fees. As such, the Fund did not directly pay these costs; hence line items for these amounts are not shown on the Statements of Comprehensive Income.

The Manager may, in some years and in certain cases, waive a portion of a series' Administration Fee or absorb certain Fund Costs. The decision to waive the Administration Fee or absorb certain Fund Costs, or a portion thereof, is determined at the discretion of the Manager. In addition, the Manager pays all operating expenses of Series O.

The monthly fixed administration fee is calculated as 1/12 of the annual rate of 0.35% applied against the monthly average daily net assets of each series, plus applicable taxes. Series PF is charged an annual fixed administration fee rate of 0.15% against the monthly average daily net assets of that series, plus applicable taxes. Series O is not charged an administration fee. The fixed administration fee payable at the period ends are shown in the Statements of Financial Position of the Fund.

#### (c) Manager holdings

The Manager held the following shares in the Fund as at October 31, 2018 and April 30, 2018.

	October 31, 2018	April 30, 2018
Series A (Hedged)	—	83,133

#### (d) Other services

In addition to providing administration and other management services in connection with the distribution of the Fund's shares, the Manager acts as registrar and transfer agent for the Fund. In consideration of these services, the Manager charges a fixed administration fee as discussed in Note 5(b).

### 6. Sales Charges

The sales charge incurred by shareholders of Series A (including Series A (Hedged)) shares is dependent on the purchase option selected at the time of purchase.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 6. Sales Charges (Continued)

Under the front-load sales option, a negotiable fee of up to 6% of the purchase price is payable by the Series A investors to their dealers. Under the low-load option, the Series A investors will pay a redemption fee to the Manager if they redeem their shares within three years of purchasing them. This redemption fee is based on a declining percentage of the original cost of the investor's shares and how long the investor has held them, ranging from 3% to 0%. Up to 10% of an investor's investment in Series A shares may be redeemed in each calendar year without a redemption charge. Under the deferred sales charge option, the Series A investors will pay a redemption fee to the Manager if they redeem their shares within six years of purchasing them. This redemption fee is based on a declining percentage, ranging from 6% to 0%, of the original cost of the investor's shares and how long the investor has held them. Series I shareholders negotiate a fee of up to 2% with their dealers.

### 7. Financial Risk Management

Risks arising from holding financial instruments are inherent in the Fund's activities and is managed through a process of ongoing measurement and monitoring. These financial risks may include, among others, market risk (including currency risk, interest rate risk and other price risk), liquidity risk, credit risk and concentration risk. All investments result in a risk of loss of capital. These risks are moderated through careful selection of securities and other financial instruments within the Fund's investment guidelines by the respective portfolio advisors. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to shareholders of the Fund from reasonably possible changes in the relevant risk variables.

#### (a) Currency risk

The Fund holds assets and liabilities denominated in currencies other than its functional currency, and are therefore exposed to currency risk as the values of such assets and liabilities will fluctuate due to changes in exchange rates.

The Advisor monitors the Fund's currency risk position, and may enter into forward exchange contracts to manage foreign exchange exposure as described in Note 3(e) and disclosed in the Fund's Schedule of Investments, as applicable.

The table below summarizes the Fund's exposure to currency risk, where applicable. Amounts shown are based on the carrying value of monetary and non-monetary assets, less liabilities and derivatives. Where individual currencies held are less than 5% of net assets, that currency has been included in "other". The table also illustrates the expected decrease or increase in net assets had the functional currency strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant. Actual results may differ from this sensitivity analysis and the difference could be material.

Currency	October 31, 2018		April 30, 2018	
	Amount (000s)	As % of net assets	Amount (000s)	As % of net assets
EUR .....	\$ 281,363	20.06%	\$ 325,869	21.23%
GBP .....	145,112	10.34%	208,804	13.60%
HKD .....	94,131	6.71%	91,713	5.98%
JPY .....	117,585	8.38%	132,616	8.64%
USD .....	544,976	38.85%	580,734	37.83%
Other .....	164,696	11.73%	162,164	10.58%
	<u>\$1,347,863</u>	<u>96.07%</u>	<u>\$1,501,900</u>	<u>97.86%</u>
Impact on net assets from 5% currency movement .....	\$ 67,393	4.80%	\$ 75,095	4.89%

#### (b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest bearing financial instruments. The portfolio advisors monitor overall interest rate sensitivity on a periodic basis.

The Fund is not directly exposed to interest rate risk as no significant interest bearing securities (excluding overnight term deposits) were held by the Fund as at October 31, 2018 and April 30, 2018.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 7. Financial Risk Management (Continued)

#### (c) Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk). Those changes may be caused by factors specific to the individual financial instrument or its issuer, or factors affecting a market or market segment. Other assets and liabilities are monetary items that are short-term in nature, and as such they are not subject to other price risk.

The table below illustrates the expected increase or decrease in net assets if the value of the Fund's investments had increased or decreased by 5%, with all other variables held constant. Actual results may differ from this sensitivity analysis and the difference could be material.

October 31, 2018		April 30, 2018	
Sensitivity on Net Assets	% Impact on Net Assets	Sensitivity on Net Assets	% Impact on Net Assets
(000s)		(000s)	
\$68,124	4.86%	\$75,582	4.92%

#### (d) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet liabilities as they fall due. As the Fund is exposed to daily cash redemption of shares, the assets of the Fund are invested mainly in securities which are traded in active markets and can be readily disposed of. In addition, sufficient cash and cash equivalents are maintained to meet normal operating requirements. The Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. The Fund has a non-committed redemption line of credit agreement with a Schedule 1 bank in Canada from which these amounts can be borrowed, if necessary. The loans are issued at prime rate and are payable on demand. There were no loans issued or outstanding as of October 31, 2018 and April 30, 2018.

The Fund also has a policy to purchase an illiquid asset only to the extent that immediately after purchase, the value of the illiquid securities held by the Fund does not account for more than 10% of the net assets of the Fund.

The Fund's financial liabilities which include redemptions payable, accrued liabilities and derivative liabilities are due within 3 months. Redeemable shares are redeemable on demand at the holder's option. However the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

In accordance with the Fund's investment objectives, the Manager monitors the Fund's liquidity position on an ongoing basis.

#### (e) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. This risk is generally lower if the issuer has a high credit rating from an independent credit rating agency, while the risk is generally higher if the issuer has a low credit rating or no credit rating. Where applicable, credit ratings have been disclosed at the end of the Schedule of Investments.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

As at October 31, 2018 and April 30, 2018, the Fund had no significant investments in debt instruments and/or derivatives.

All cash and trading transactions are carried out by banks rated A or higher by Standard & Poor's as at October 31, 2018 and April 30, 2018.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 7. Financial Risk Management (Continued)

#### (f) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Below is a summary of the Fund's concentration risk.

Industries	October 31, 2018 (%)	April 30, 2018 (%)	Asset Class Weightings	October 31, 2018 (%)	April 30, 2018 (%)
Pharmaceuticals	12.32	8.53	Common Stocks	97.12	98.48
Banks	11.44	12.41	Short-term securities and all other	2.88	1.52
Oil, Gas & Consumable Fuels	9.68	9.16	assets, net		
Others	63.68	68.38			

#### (g) Fair value estimation

The Fund classifies fair value measurements of investments held using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The determination of what constitutes “observable” requires significant judgement by the Manager. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. These may include private equity and corporate debt securities. As observable prices are not available for these securities, the Manager has used valuation techniques to derive the fair value.

The Fund's investments are generally classified as follows:

- Equities — The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. The Fund's equities may not trade frequently or have a fair value factor included and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.
- Short-term investments — The Fund's short-term investments generally trade in the OTC market rather than on a securities exchange. The inputs that are significant to valuation are generally observable such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of repayments, underlying collateral and other unique security features in order to estimate the relevant cash flows. Therefore the Fund's short-term investments have been classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.
- Derivative assets and liabilities — Derivative assets and liabilities consist of foreign currency forward contracts which are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit-related inputs are determined not to be significant to fair value, are classified as Level 2.

The carrying values of cash, capital shares sold receivable, dividend and interest receivable, receivable for investments sold, payable for investments purchased, capital shares redeemed payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable shares approximate their fair values due to their short-term nature.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 7. Financial Risk Management (Continued)

The following table shows the classification of the Fund's financial assets and liabilities measured at fair value as at October 31, 2018 and April 30, 2018.

	October 31, 2018				April 30, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Equities — Long	\$ 1,335,595	\$ 26,888	\$ —	\$ 1,362,483	\$ 1,398,472	\$ 113,174	\$ —	\$ 1,511,646
Short-term securities	—	39,400	—	39,400	—	19,100	—	19,100
Total Investments	\$ 1,335,595	\$ 66,288	\$ —	\$ 1,401,883	\$ 1,398,472	\$ 132,274	\$ —	\$ 1,530,746
Derivative assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21	\$ —	\$ 21
Derivative liabilities	—	(5)	—	(5)	—	(2)	—	(2)

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of the instruments fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognise transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

In accordance with the Fund's valuation policy, the Fund may apply fair value adjustment factors when quoted market prices are deemed to have been affected by significant market events which exceed pre-determined thresholds. As of October 31, 2018 and April 30, 2018, securities transferred out of Level 1 and reclassified as Level 2, amounted to \$26.9 million and \$113.2 million, respectively, due to the application of fair value factors. Those positions were subsequently transferred to level 1.

### 8. Broker Commissions

Commissions paid to brokers for portfolio transactions during the periods ended October 31, 2018 and 2017 amounted to \$0.8 million and \$1 million, respectively. A portion of commissions paid may include payment for goods and services that are used to assist with investment or trading decisions such as investment research, analysis and reports ("research services"). Where ascertainable, the value of the research services included in the commission paid for the periods ended October 31, 2018 and 2017 both amounted to \$0.3 million.

### 9. Taxes

#### (a) Capital and non-capital losses

The Fund has accumulated \$81.1 million of capital loss carry forwards and no unused non-capital losses for income tax purposes as of April 30, 2018. Capital losses can be carried forward indefinitely and applied against future years' capital gains.

Temporary differences between the carrying value of certain assets and liabilities for accounting and income tax purposes give rise to deferred tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the investment portfolio and its adjusted cost base ("ACB") for income tax purposes. To the extent that the fair value of a portfolio exceeds its ACB, a deferred tax liability arises. Since capital gains taxes payable by the Fund are refundable under the relevant provisions of the Act, the future tax liability is fully offset by the future refundable taxes available to a mutual fund corporation. Conversely, when the ACB exceeds the portfolio's fair value, a deferred tax asset is generated. In such cases, no benefit is recorded given the uncertainty that such future tax assets will ultimately be realized. Any unused capital and non-capital losses disclosed above represent a future tax asset to the Fund for which no benefit has been recorded in these financial statements as there is no certainty that the losses are more likely than not to be utilized in future periods.

#### (b) Effective tax rates

The Fund's statutory corporate tax rate on net investment income (excluding Canadian dividend income) for the year ended April 30, 2018 was 39.50% (2017: 39.50%). The actual effective tax rate for the year ended April 30, 2018 was 7.79% (2017: 1.55%). The effective tax rate includes the tax effect of income related foreign exchange gains/losses included in net realized gains/losses.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 9. Taxes (Continued)

	April 30, 2018 %	April 30, 2017 %
Statutory Tax Rate.....	39.50	39.50
Realized and Unrealized (Gain) Loss on Investments .....	(34.60)	(38.13)
Canadian Dividends.....	(0.28)	(0.04)
Foreign Taxes (grouped) .....	2.50	0.11
Other.....	0.67	0.11
Effective Tax Rate .....	7.79	1.55

### 10. Trading Net Asset Value

As discussed in Note 3(a), the Trading NAV per unit may differ from the IFRS NAV per unit as shown in the Statements of Financial Position. As at October 31, 2018 and April 30, 2018 the Fund's Trading NAV per unit did not differ from the IFRS NAV per unit.

### 11. Other Information

#### (a) Offsetting of derivative financial information

As discussed in Note 3(e) the Fund held derivatives that were subject to enforceable netting arrangements, in the form of ISDA agreements, with certain counterparties.

Absent an agreement, or an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statements of Financial Position.

The following tables present the gross derivative assets and liabilities, not offset as at October 31, 2018 and April 30, 2018 and amounts available for offset. The "Net Amount" represents the impact to the Fund if all set-off rights were exercised.

#### October 31, 2018

Counterparty	Amounts available for offset				Amounts available for offset			
	Gross Assets	Financial Instruments	Collateral Held in Trust	Net Amount	Gross Liabilities	Financial Instruments	Collateral Pledged	Net Amount
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Bank of America, N.A. ....	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Citibank N.A.....	—	—	—	—	(1)	—	—	(1)
HSBC Bank PLC.....	—	—	—	—	—	—	—	—
JP Morgan Chase Bank, N.A. ....	—	—	—	—	(1)	—	—	(1)
Others <sup>(a)</sup> .....	—	—	—	—	(3)	—	—	(3)
Total .....	\$—	\$—	\$—	\$—	\$(5)	\$—	\$—	\$(5)

#### April 30, 2018

Counterparty	Amounts available for offset				Amounts available for offset			
	Gross Assets	Financial Instruments	Collateral Held in Trust	Net Amount	Gross Liabilities	Financial Instruments	Collateral Pledged	Net Amount
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Bank of America, N.A. ....	\$ 1	\$—	\$—	\$ 1	\$—	\$—	\$—	\$—
Citibank N.A.....	4	—	—	4	—	—	—	—
HSBC Bank PLC.....	4	1	—	3	(1)	(1)	—	—
JP Morgan Chase Bank, N.A. ....	1	—	—	1	—	—	—	—
Others <sup>(a)</sup> .....	11	—	—	11	(1)	—	—	(1)
Total .....	\$21	\$ 1	\$—	\$20	\$(2)	\$(1)	\$—	\$(1)

<sup>(a)</sup>Represents contracts for which there are no ISDA agreements with the counterparties and for which are centrally cleared over-the-counter derivatives.

# Templeton Growth Fund, Ltd.

## NOTES TO FINANCIAL STATEMENTS For the periods ended October 31, 2018 (Unaudited) and April 30, 2018 (Continued)

### 11. Other Information (Continued)

#### **(b) Financial instruments classification**

As discussed in Note 3(a), upon transition to IFRS 9, the Fund's derivatives were classified as fair value through profit and loss ("FVTPL"). This classification differs from the classification under IAS 39 and as a result, there are changes in the disclosure of categorization of derivatives. Under IAS 39, derivatives were classified as held for trading, however such sub-categorization is not applicable under IFRS 9. There is no impact to the measurement of derivatives held in the Fund as a result of the change in categorization of such instruments.

### 12. Financial Statement Presentation

The amounts shown on the Statements of Financial Position, the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Shares and Cash Flows are rounded to the nearest thousand. As a result, balances reported may include amounts rounded to zero and as a result, certain line items on the respective statements may not be shown. Per share amounts and number of shares outstanding shown are actual amounts.

### 13. Currency Legend

Below is a list of currency abbreviations that may be used throughout the financial statements.

CAD	Canadian Dollar	KRW	South-Korean Won
CHF	Switzerland Franc	NOK	Norwegian Kroner
DKK	Denmark Krone	SEK	Swedish Krona
EUR	Euro	SGD	Singapore Dollar
GBP	United Kingdom Pound	THB	Thai Baht
HKD	Hong Kong Dollar	USD	United States Dollar
JPY	Japanese Yen		





## Semi-Annual Report

### Franklin Templeton Investments Canada

200 King Street West, Suite 1500

Toronto, ON, M5H 3T4

[www.franklintempleton.ca](http://www.franklintempleton.ca)

### Client Services Toll-free:

(800) 387-0830 Fax: (866) 850-8241

Franklin Templeton Investments Canada is a business name used by Franklin Templeton Investments Corp.

