TEMPLETON GLOBAL GROWTH FUND LTD.
A.B.N. 44 006 558 149

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The Manager
Company Announcements
Australian Stock Exchange Ltd
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Report to Shareholders for the six months to 31 December 2008

In accordance with the Australian Stock Exchange listing rules, attached please find the half yearly report to shareholders for the six months to 31 December 2008 comprising:

- Results for Announcement to the Market
- Directors' Report, Financial Statements and Auditor's Report
- Investment Manager's Report
- List of Investments

Yours faithfully,

Templeton Global Growth Fund Ltd.

Martin F. Warwick
Company Secretary
27 February 2009

Appendix 4D

Templeton Global Growth Fund Ltd

ABN 44 006 558 149

Half Year Report

(provided to the ASX under listing Rule 4.2A.3)

Reporting Period

The financial information contained within this report pertains to the reporting period 1 July 2008 to 31 December 2008. Comparative information pertains to the previous corresponding period 1 July 2007 to 31 December 2007. The information contained in this half year report should be read in conjunction with the annual financial report for the year ended 30 June 2008.

Results for Announcement to the Market

Revenue for the reporting period was $2,933,766 (2007: $7,975,921) a decrease of $5,042,145 or 63%.

Net loss from ordinary activities after tax attributable to the members for the reporting period was $14,492,329 (2007: $4,533,808 profit) a decrease of $19,026,137 or 419%.

Net loss attributable to the members for the reporting period was $14,492,329 (2007: $4,533,808) a decrease of $19,026,137 or 419%.

No dividends have been declared or paid during the reporting period.

On 27 February 2009 the Directors determined that there would be no interim dividend declared.

Additional Explanation:

Revenue for the current reporting period and the previous corresponding period includes net gains on sale of investments. In the current reporting period there were no net gains on sale of investments recorded in revenue, compared to $5,732,272 of net gains on sale of investments in the previous corresponding period.

The net assets of the company decreased from $168,610,714 at 30 June 2008 to $162,266,522 at 31 December 2008. As a result of this decrease in net assets the net tangible assets ("NTA") per share of the company decreased from $1.08 per share at 30 June 2008 to $1.01 per share at 31 December 2008.

Accounting standard *AASB 139 – Financial Instruments: Recognition and Measurement* requires the company to assess whether there is objective evidence that individual securities within the Company's portfolio of investments are impaired. In the half year impairment write downs amounted to $20,371,449.

Dividend Information

No dividends attributable to the 2008 financial year have been paid in the reporting period.

On 27 February 2009 the Directors determined that there would be no interim dividend declared.

Dividend Reinvestment

In periods where the company declares a dividend, the company operates a dividend reinvestment plan ("DRP"). The DRP offers shareholders the opportunity to reinvest part or all of their dividend payments at a discount of 2.5% to market price as determined under the DRP rules. As no dividends have been declared in the reporting period no shares have been issued under the DRP in that period.

Net Tangible Assets per Security

The net tangible assets per security at the end of the reporting period were 101 cents compared to the amount at the end of the previous corresponding period of 141 cents.

On Market Share Buy-Back

The Board is committed to the management of the Company's capital with a view to increasing shareholder value. As part of this, the Company has announced that it will undertake an on market buy-back of the Company's shares.

Controlled Entities

Templeton Global Growth Fund Ltd at no time in the reporting period or in the previous corresponding reporting period gained or lost control of any entity.

Associates and Joint Ventures

Templeton Global Growth Fund Ltd at no time in the reporting period or in the previous corresponding reporting period had any associate or joint venture relationships.

Audit

There are no items in dispute with the auditors and the audit report on the half year financial report is not subject to qualification.

TEMPLETON GLOBAL GROWTH FUND LTD A.B.N. 44 006 558 149

DIRECTORS' REPORT
for the half year ended 31 December 2008

The Directors of Templeton Global Growth Fund Ltd ("TGG") submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the Directors of the company in office during the period and until the date of this report are:

DAVID A. WALSH, LLB, MAICD
Chairman

GEOFFREY N. WEBB
Deputy Chairman

GREGORY E. McGOWAN, JD

JAMES A. (TONY) KILLEN, B.A., FAIM, FAICD

JOHN F. HARVEY LL.B, B. JURIS (Monash) Grad Dip Acc, FCA

JENNIFER J BOLT B.A. (Economics)

RESULTS AND REVIEW OF OPERATIONS

The Company's operations did not change during the current reporting period.

Income and net capital gains/(losses) in the six months to 31 December 2008 and the previous corresponding period were:

	6 months to 31 Dec 2008 $	**6 months to 31 Dec 2007 $**
Revenue	2,933,776	2,243,649
Net capital gain	-	5,732,272
	2,933,776	7,975,921
Net capital loss	(2,013,407)	-

Revenue is represented by dividends from investments, interest income and other sundry receipts.

As a consequence of the severity and duration of the global financial crisis and the requirements under the accounting standards to assess impairment of individual securities, impairments amounting in aggregate to $20,371,449 (2007 $Nil) have been charged to the income statement, giving rise to a net operating loss after tax of $14,492,329 for the half year ended 31 December 2008, compared to an operating profit after tax of $4,533,808 in the previous corresponding period.

As at 31 December 2008, the investment revaluation reserve amounted to $8,148,137.

Over the six months to 31 December 2008, the company's total assets decreased by $7,922,237 from $170,706,079 at 30 June 2008 to $162,783,842 at 31 December 2008. The decrease in total assets reflects the lower value of the Company's portfolio of investments as a result of the continued weakness of global share markets. During a time that share markets globally experienced large percentage decreases in market capitalisation when measured in their local currency, the relatively small percentage decrease in the Company's total assets between 30 June 2008 and 31 December 2008 was substantially as result of the Company's long-standing policy of not hedging the underlying currencies of its global portfolio of investments.

The net tangible asset backing ("NTA") of the company's shares declined from $1.08 per share at 30 June 2008 to $1.01 per share at 31 December 2008. The NTA over the previous five years has been:

As at 31 December	NTA cents per share After Actual Tax*	After Estimated Tax**
2004	130	130
2005	146	143
2006	165	156
2007	141	139
30 June 2008	108	108
2008	101	101

* "Actual Tax" is all Australian and Foreign income tax for which a liability has risen.
** "Estimated Tax" is estimated tax if the company disposed of its total investment portfolio at its market value. However, TGG is a long term investor and does not intend to dispose of its total investment portfolio.

The NTA does not take into account the deferred tax asset ("DTA") of the company which may be used to offset future tax liabilities of the company. At 31 December 2008 the potential benefit of the DTA was 9.8 cents per share compared to 7.7 cents per share at 30 June 2008.

DIVIDENDS

No dividend was declared or paid in the half year.

The Board has determined that no interim dividend will be paid for the half year ended 31 December 2008.

CAPITAL RAISINGS

The company has not undertaken any capital raising in the half year to 31 December 2008.

ON MARKET SHARE BUY-BACK

The Board is committed to the management of the Company's capital with a view to increasing shareholder value. As part of this, the Company has announced that it will undertake an on market buy-back of the Company's shares

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, 2008.

Signed in accordance with a resolution of the Directors.

D.A. WALSH
Chairman

Melbourne
27 February 2009

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Templeton Global Growth Fund Ltd

In relation to our audit of the financial report of Templeton Global Growth Fund Ltd for the half year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Martin Walsh
Partner
Melbourne

27 February 2009

TEMPLETON GLOBAL GROWTH FUND LTD.

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	6 months to 31 Dec 2008 $	6 months to 31 Dec 2007 $
Revenue	3	2,933,776	2,243,649
Net capital gain	3	-	5,732,272
		2,933,776	7,975,921
Investment expenses	4	(889,669)	(1,103,424)
Net capital loss	4	(2,013,407)	-
Impairment of value of investments		(20,371,449)	-
Salaries and employee benefit expenses		(208,097)	(201,597)
Shareholder and regulatory costs		(73,750)	(111,957)
Other expenses		(103,652)	(68,200)
Profit/(loss) before income tax		(20,726,248)	6,490,743
Income tax expense/(benefit)	5	(6,233,919)	1,956,935
Profit/(loss) after income tax		(14,492,329)	4,533,808
EARNINGS/(LOSS) PER SHARE (cents)			
Basic and diluted earnings/(loss) before impairment of value of investments		(0.2)	3.1
Loss per share represented by impairment of value of investments net of tax		(9.8)	-
Basic and diluted earnings/(loss) per share		(10.0)	3.1
Dividend paid per share (cents)	7	-	5.0

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	As at 31 December 2008 $	As at 30 June 2008 $
CURRENT ASSETS			
Cash and cash equivalents	6	2,164,036	1,857,543
Receivables		1,063,047	703,199
Total current assets		3,227,083	2,560,742
NON-CURRENT ASSETS			
Investments		145,250,456	157,061,185
Deferred tax assets		14,306,303	11,084,152
Total non-current assets		159,556,759	168,145,337
Total assets		162,783,842	170,706,079
CURRENT LIABILITIES			
Payables		224,715	243,924
Provisions		14,500	14,500
Current tax liabilities		62,327	1,666,031
Total current liabilities		301,542	1,924,455
NON-CURRENT LIABILITIES			
Deferred tax liability		125,658	80,790
Provisions		90,120	90,120
Total non-current liabilities		215,778	170,910
Total liabilities		517,320	2,095,365
NET ASSETS		162,266,522	168,610,714
EQUITY			
Contributed equity	8	184,848,556	184,848,556
Reserves		13,389,619	6,650,840
Accumulated losses		(35,971,653)	(22,888,682)
TOTAL EQUITY		162,266,522	168,610,714

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Issued Capital $	Accumulated Losses $	Investment Revaluation Reserve $	Investment Realisation Reserve $	Total Equity $
At 1 July 2008	184,848,556	(22,888,682)	-	6,650,840	168,610,714
Increase in investment revaluation reserve	-	-	11,640,196	-	11,640,196
Tax effect of decrements to revaluation reserve	-	-	(3,492,059)	-	(3,492,059)
Net movement recognised directly in equity	-	-	8,148,137	-	8,148,137
Profit after income tax	-	(14,492,329)	-	-	(14,492,329)
Total income and expense for the period	-	(14,492,329)	8,148,137	-	(6,344,192)
Net losses on investments	-	1,409,358	-	(1,409,358)	-
At 31 December 2008	184,848,556	(35,971,653)	8,148,137	5,241,482	162,266,522

	Issued Capital $	Retained Profits $	Investment Revaluation Reserve $	Investment Realisation Reserve $	Total Equity $
At 1 July 2007	183,192,515	3,029,050	20,178,583	7,963,622	214,363,770
Decrease in investment revaluation reserve	-	-	(15,705,936)	-	(15,705,936)
Tax effect of decrements to revaluation reserve	-	-	4,711,781	-	4,711,781
Net movement recognised directly in equity	-	-	(10,994,155)	-	(10,994,155)
Profit after income tax	-	4,533,808	-	-	4,533,808
Total income and expense for the period	-	4,533,808	(10,994,155)	-	(6,460,347)
Net gains on investments		(4,016,177)	-	4,016,177	-
Capital issued	1,654,608	-	-	-	1,654,608
Transaction benefit on share issues	1,433	-	-	-	1,433
Equity dividends paid	-	(3,000,000)	-	(4,212,896)	(7,212,896)
At 31 December 2007	184,848,556	546,681	9,184,428	7,766,903	202,346,568

CASH FLOWS STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	6 months to 31 December 2008 $ Inflows/(Outflows)	6 months to 31 December 2007 $ Inflows/(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends	2,331,353	2,121,891
Interest received	259,132	73,063
Other receipts in the normal course of operations	8,656	9,613
Custodian fees paid	(21,067)	(46,733)
Investment manager's fees paid	(901,047)	(1,158,997)
Goods and services tax refunded	75,325	109,222
Income taxes paid	(1,798,288)	(52,439)
Administrative, regulatory, legal and other payments in the normal course of operations	(381,321)	(473,545)
Net cash inflow from operating activities	427,257	582,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of listed shares	(10,231,895)	(14,270,908)
Proceeds received from realisation of listed shares	11,174,116	14,917,054
Net cash inflow from investing activities	942,221	646,146
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(5,564,652)
Net cash outflow from financing activities	-	(5,564,652)
Net increase/(decrease) in cash held	514,964	(4,336,431)
Opening cash brought forward	1,857,543	9,058,279
Effects of exchange rate changes on cash	(208,471)	59,119
CLOSING CASH CARRIED FORWARD	2,164,036	4,780,967

NOTES TO AND FORMING PART OF THE HALF YEAR FINANCIAL REPORT 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Templeton Global Growth Fund Ltd ("the Company") for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 27 February 2009.

The Company is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of operations and principal activities of the Company are described at Note 9.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This general purpose financial report for the half year ended 31 December 2008 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 available for sale financial assets ("Investments") that have been measured at fair value.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by the Company during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

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.

Unless otherwise stated, the half year financial statements have been prepared using the same accounting policies and methods of computation as used in the Company's most recent annual financial report. Accounting standard *AASB 139 – Financial Instruments: Recognition and Measurement* requires the company to assess whether there is objective evidence that financial assets are impaired.

Compliance with IFRS

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.

3. REVENUE AND NET CAPITAL GAIN

	6 months to 31 Dec 2008 $	6 months to 31 Dec 2007 $
Revenue		
Dividends	2,682,669	2,155,481
Interest	242,451	73,050
Net foreign currency gains	-	5,505
Other income	8,656	9,613
	2,933,776	2,243,649
Net capital gain		
Net gain on disposal of investments	-	5,732,272
Total income	2,933,776	7,975,921

4. EXPENSES AND LOSSES

	6 months to 31 Dec 2008 $	6 months to 31 Dec 2007 $
Investment expenses		
Investment management fees	818,959	1,066,423
Custodian fees	29,915	37,001
Net foreign currency losses	40,795	-
Total investment expenses	889,669	1,103,424
Net capital loss		
Net loss on disposal of investments	2,013,407	-

5. INCOME TAX

The major components of income tax expense for the half year ended 31 December 2008 and 31 December 2007 are:

	6 months to 31 Dec 2008 $	6 months to 31 Dec 2007 $
Income Statement		
Current income tax		
Current income tax charge	480,291	1,956,300
Deferred income tax		
Relating to originating and reversal of temporary differences	(6,714,210)	635
Income tax reported in the income statement	(6,233,919)	1,956,935

6. CASH AND CASH EQUIVALENTS

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:	31 Dec 2008 $	30 June 2008 $
Cash at bank	2,164,036	1,857,543

7. DIVIDENDS PAID OR PROPOSED

	6 months to 31 Dec 2008 $	6 months to 31 Dec 2007 $
Equity dividends on ordinary shares:		
(a) Dividends declared and paid during the half year:		
Final franked dividend for the financial year 30 June 2008: 0.0 cents per share (2007: 3.5 cents per share)	-	5,049,025
Special franked dividend for the financial year 30 June 2008: 0.0 cents per share (2007: 1.5 cents per share)	-	2,163,871
(b) Dividends proposed and not yet recognised as a liability:		
Interim franked dividend for financial year 30 June 2009: 0.0 cents per share. (2008: 0.0 cents per share)	-	-

8. CONTRIBUTED EQUITY

	31 Dec 2008 $	30 June 2008 $
(a) Issued and paid-up capital)		
Ordinary shares fully paid	184,848,556	184,848,556

	Number	$
(b) Movements in shares on issue		
At 1 July 2008	145,414,719	184,848,556
At 31 December 2008	145,414,719	184,848,556

There were no movements in shares on issue in the six months to 31 December 2008. Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value shares in respect of its issued capital.

(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
The company is domiciled and incorporated in Australia.

The company's principal activity is investment in quoted equities and other securities on a worldwide basis. Details of these investments are disclosed in the Investment Manager's Report and the List of Investments.

The company operates in only one business and geographic sector.

10. CONTINGENT ASSETS AND LIABILITIES
Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 27 February 2009 the Directors of TGG determined not to pay an interim dividend on ordinary shares in respect of the December 2008 half-year. The decision not to pay an interim dividend is in accordance with the Corporations Law and Australian Accounting Standards which prohibits the payment of a dividend except out of profits. The Company currently does not have profits that could be used to pay a dividend.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Templeton Global Growth Fund Ltd ("the Company"), I state that:

1. In the opinion of the Directors:

(a) the half-year financial report of the Company is 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 2008 and the performance for the half-year ended on that date; and
- (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.

(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.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the half year ending 31 December 2008.

On behalf of the Board.

D.A. Walsh
Director

Melbourne, 27 February 2009

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To the members of Templeton Global Growth Fund Ltd:

Report on the Half Year Financial Report

We have audited the accompanying half year financial report of Templeton Global Growth Fund Ltd (the "company"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flows statement for the half year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed procedures to assess whether in all material respects the half year financial report presents fairly, in accordance with the *Corporations Act* 2001, including compliance with Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met 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.

ERNST & YOUNG

Auditor's Opinion

In our opinion, the half year financial report of the Templeton Global Growth Fund Ltd is 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 2008 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*.

Ernst & Young

Ernst & Young

Martin Walsh
Partner
Melbourne

27 February 2009

FRANKLIN TEMPLETON INSTITUTIONAL

Franklin Templeton Investments Australia Limited
ABN 87 006 972 247

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Melbourne, Victoria 3000
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2009 INVESTMENT MANAGER'S HALF-YEARLY REPORT

In the six months to 31 December 2008, Templeton Global Growth Fund ("TGG") recorded a loss of 5.8% on its investment portfolio, a smaller decline compared with the loss of 10.7% seen by the MSCI All Country World Free Index ("Index").

PERFORMANCE SUMMARY TO 31 DECEMBER 2008 ($A)

	Latest 6 mths %	Latest 12 mths %	Latest 3 yrs* %	Latest 5 yrs* %	Latest 10 yrs* %
TGG ^	-5.8	-27.9	-6.3	1.4	0.2
MSCI All Country World Free Index	-10.7	-26.8	-5.9	2.0	-1.1

^ Returns are based on movement in the Company's net assets per share (after deducting investment management fees), before all taxes, with dividends reinvested and adjusted for share issues and share buy-backs.
*Annualised
Shareholders should note that past performance is not necessarily an indication of future performance.

Performance Review

The six months to 31 December 2008 will keep economic historians working for years. The events of the crisis are quite complex, but the crux of the problem is too much debt and the over-riding influence on markets in the last six months has been fear.

Credit markets ceased to function for much of the period as, following Lehman's bankruptcy in September, banks around the World ceased to have faith in each other. Governments and Central Banks have swung from a restrictive stance to one of aggressive fiscal and monetary policy stimulus as they became fearful of a sharp economic down-turn. Corporations became apprehensive as they lost access to short-term markets to fund their working capital needs and long-term bond markets to refinance their maturing debt. Finally, consumers saw a sharp fall in their net worth as equity and real estate markets declined; they lost access to credit for houses, cars and the like, and with a deteriorating job outlook they pulled back on their spending.

Towards the end of the year some measures of stress in the credit markets were looking better as Central Bank actions were starting to have a positive impact. In December and so far in January, investment grade corporations were again beginning to find it possible to raise new debt.

A sharp rise in market volatility was also evident in the last six months. There is, perhaps, no better anecdote to highlight this than the fact that the Dow Jones Industrials Index traded through a wider range on the afternoon of 13 November 2008, than during the entire year of 2005!

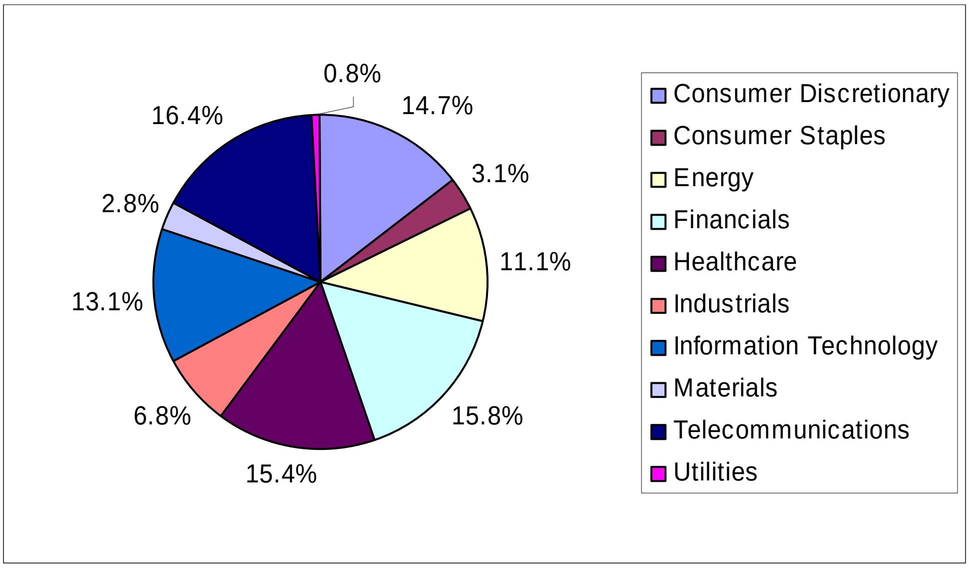
The substantial decline in the Australian dollar, significantly reduced the losses in TGG's portfolio with the fall from almost 96c at 30 June 2008, to just over 70c at 31 December 2008. Other currencies were generally also weak versus the US dollar, with the notable exceptions of the Japanese Yen and the Swiss Franc, but overall the application of our long-standing policy of not hedging TGG's portfolio back into

Australian dollars, protected TGG's returns. Measured in US dollars, the Index fell by 36% in the six months, compared with the loss of 10.7% in Australian dollars.

The environment of the period under review represents a sharp contrast to the prior six months. In the period to 30 June 2008, there was still substantial discussion of the potential for the emerging markets economies to 'de-couple' from the weakness in developed markets leading to a persistent rise in commodity prices. Inflation remained a concern for many. Since 30 June, however, many export-oriented nations, such as Singapore, Korea and Taiwan are showing significant declines in GDP. Commodity exporting nations, such as those in the Middle East and Latin America, are also suffering, from the substantial commodity price declines and a significant slow-down in capital spending associated with the mining industry.

With the overall Index declining slightly more than 10% in A$, the four "defensive" sectors, consumer staples, healthcare, telecommunications and healthcare, of the MSCI index stood out with positive returns in Australian dollars, ranging from the 1% rise in the utilities sector to the 19% rise in the healthcare sector. TGG's holdings in these sectors were around one-third of the portfolio through the last six months, with the bulk of these in healthcare and telecommunications services.

TGG Sector Weightings
As at 31 December 2008 (% of equities)



In contrast, the materials and energy sectors were dragged down by the commodity price slump, falling by 38% and 26% respectively. TGG's holdings did substantially better in these two sectors. The portfolio's energy holdings are dominated by a number of integrated global energy majors which, as we had flagged in prior reports, had benefited less from the oil price spike, and consequently held up better. Similarly, TGG's paper stocks actually appreciated during the period, rising by 8%.

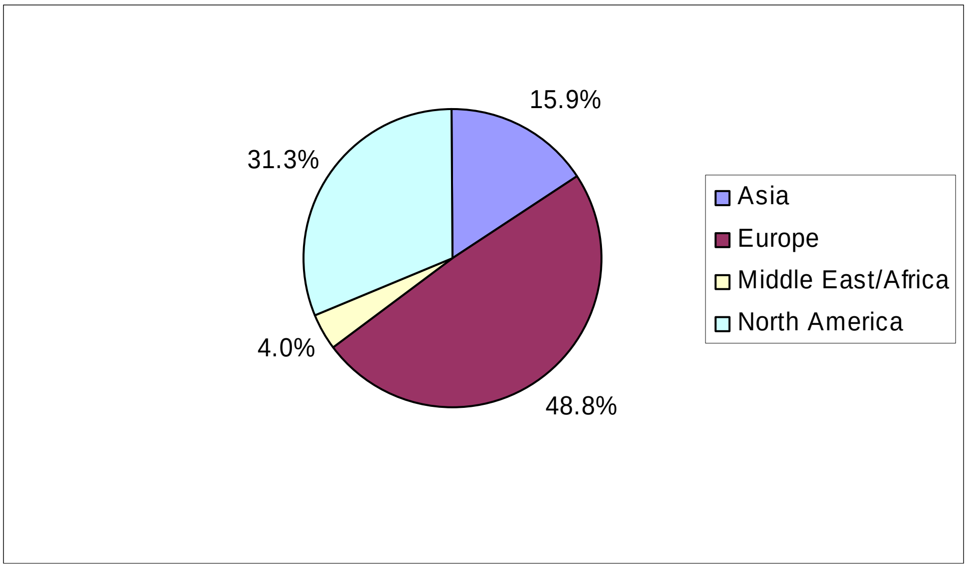
Analysing and investing in financial stocks has been especially difficult over the last year or so. The decline in prices of the securities held by financial institutions has, in many cases, been greater than any historical precedent. Some of these securities now discount a level of credit losses substantially worse than any plausible outcome. The high amount of leverage at many financial institutions and their recent lack of access to short-term credit, combined with the financial regulators' changing perspective of acceptable leverage exacerbated the problems. The varied responses by Governments and regulators, both between countries and over time, have also made the outcome for shareholders difficult to predict. Bear Stearns and Lehman Bros were allowed to fail. AIG, Fannie Mae and Freddie Mac have handed the US Gov't shares representing 80% of their total for their bail-out. In contrast, Citigroup received a Government guarantee over more than $300bn of risky loans and securities, but only had to give the Government warrants over shares representing 5% of the company's share capital.

Overall, TGG's financial holdings suffered during the period with the average decline in bank and diversified financial stocks greater than one-third. The companies have been impacted by; increasing credit losses, plummeting prices of their security holdings (both debt and equity) and a changing regulatory landscape. These factors have acted more rapidly this cycle, causing extra pressure on the credit-worthiness of financial institutions. Regulators are increasingly putting pressure on banks to maintain a higher level of capital, which has led to large, dilutive equity raisings and increased Government ownership. Both of these have been a significant negative for banks' shareholders.

Regionally, Europe was a substantial laggard during the six months. Asia and North America each declined by around 5% in Australian dollars, whereas Europe declined by almost 18%. TGG's holdings in Europe and North America did substantially better than the Index returns in those regions with a decline of 10% in Europe and a small gain in North America.

As we highlighted at TGG's AGM, the valuation of many of TGG's French holdings was just too low in our judgement and during the reporting period the portfolio's French holdings appreciated by 12% or so.

TGG Regional Weightings
As at 31 December 2008 (% of equities)



Portfolio Strategy and Outlook

We have made relatively few changes to TGG's portfolio over the last six months. New holdings to the portfolio include: energy companies Gazprom and Petrobras, German drug and chemical company Merck and American Express while we've completely sold out of: financial holdings, such as Discover Financial, Standard Life and XL Capital and reduced our exposure to advertising by exiting Italian tv company Mediaset and global ad agency Interpublic Group. There has also been relatively little active change to the sector or regional weightings. The portfolio's weight to the defensive sectors of healthcare and telecoms has risen due to their out-performance. While we're slightly less enamoured of the potential for relative out-performance by the stocks in these sectors for the future the potential for attractive absolute returns from these stocks still remains. The majority of our holdings in these sectors trades on single-digit price-earnings ratios, many of them with dividend yields well in excess of 5%. As we believe these earnings, cash flows and dividends will be resilient the potential for very solid investment returns is compelling.

TOP 15 PORTFOLIO HOLDINGS As at 31 December 2008			
Security	**Sector**	**Country**	**% of Equities**
FRANCE TELECOM	Telecommunications	France	3.2
AMGEN	Health Care	United States	3.0
TOTAL	Energy	France	2.5
MICROSOFT	Info. Technology	United States	2.3
SANOFI-AVENTIS	Health Care	France	2.2
TELEFONICA	Telecommunications	Spain	2.1
PFIZER	Health Care	United States	2.1
EGYPTIAN MOBILE	Telecommunications	Egypt	2.1
ORACLE	Info. Technology	United States	2.1
VODAFONE	Telecommunications	United Kingdom	2.0
ROYAL DUTCH/SHELL	Energy	United Kingdom	1.9
BP	Energy	United Kingdom	1.9
SINGAPORE TELECOMMUNICATIONS	Telecommunications	Singapore	1.7
HSBC HOLDINGS	Financials	United Kingdom	1.6
SAMSUNG ELECTRONICS	Info. Technology	South Korea	1.6
			32.5

There will be a point in time when we feel it makes sense to increase the portfolio's exposure to more economically-sensitive companies but, right now, the market still seems to be catching up with the extent of the economic slow-down. We are, therefore, sceptical that there is more bad news to come and better bargain opportunities will arise in companies with exposure to weakening consumer spending in countries such as the US, UK and Australia. It may seem surprising to make this comment when almost 15% of TGG's holdings are in the consumer discretionary sector. This sector is, however, extremely diverse, and many of TGG's investments have less economic sensitivity than would be expected. The media holdings are instructive in this regard, and their performance in the last six months somewhat reassuring. Roughly half of TGG's consumer discretionary holdings are in the media sector, and despite the deteriorating economic backdrop in the last six months these stocks have, on average, appreciated by 4% during the six months. Most of these holdings rely for the majority of their revenue and profit, on subscription, rather than advertising, and this has, so far, proved to be resilient.

While it has been a difficult period for investors globally and there is more bad news to come, with the declines we've already witnessed there are some exciting opportunities present in the share market for long-term investors. A year ago in this report, with the average stock in TGG's portfolio trading on 13 times earnings and 2 times book value, we had thought that despite a deteriorating economic outlook valuations looked reasonably attractive. While the economic news has turned out to be worse than we had appreciated, the decline in stock prices has made the valuations more attractive which should support long-term returns.

INDICATIVE PORTFOLIO CHARACTERISTICS		
TGG vs MSCI AC World Free Index As At 31 December 2008		
Historic Valuation Measures		
Weighted Avg – Stocks Held	TGG	MSCI AC World
Price to Earnings (times)	8.0	10.7
Price to Cash Flow (times)	3.8	6.1
Price to Book Value (times)	1.2	1.4
Dividend Yield (%)	5.0	3.9
Market Capitalisation ($Aust)	73.9bn	72.1bn

Peter M Wilmshurst, CFA
Portfolio Manager
19 February 2009

LIST OF INVESTMENTS AS AT 31 DECEMBER, 2008 (Unaudited)

(Note: Certain investments which are dual listed have been treated as if listed in their home countries.)

	Shares/Units Held	AUD Value	% of Total
AUSTRIA			
Telekom Austria AG	45,670	946,972	
		946,972	0.65
BERMUDA			
Ace Ltd	29,460	2,229,360	
		2,229,360	1.53
BRAZIL			
Petrobras SA ADR	31,160	912,185	
		912,185	0.63
CHINA			
China Telecom Corp. Ltd.	2,846,000	1,516,901	
		1,516,901	1.04
EGYPT			
The Egyptian Company for Mobile Services	80,578	3,074,486	
		3,074,486	2.12
FINLAND			
Stora Enso OYJ "R"	114,910	1,264,648	
UPM-Kymmene Group	109,214	1,959,718	
		3,224,366	2.22
FRANCE			
AXA SA	62,338	1,968,084	
France Telecom SA	113,623	4,521,677	
Michelin SA	20,770	1,555,788	
Sanofi-Aventis SA	35,036	3,171,342	
Total SA	44,670	3,465,373	
Vivendi Universal SA	30,980	1,437,002	
		16,119,266	11.10
GERMANY			
Bayerische Motoren Werke AG	45,390	1,980,521	
Deutsche Post AG	66,890	1,577,012	
E. ON AG	21,480	1,197,842	
Merck KGAA	4,770	612,459	
Siemens AG	16,140	1,695,204	
		7,063,038	4.86

	Shares/Units Held	AUD Value	% of Total
HONG KONG			
Cheung Kong Holdings Ltd	95,000	1,285,200	
		1,285,200	0.89
INDIA			
Satyam Computing ADR	58,140	744,679	
		744,679	0.51
IRELAND			
CRH PLC	22,750	816,445	
		816,445	0.56
ISRAEL			
Check Point Software Technologies Ltd	39,810	1,081,471	
		1,081,471	0.75
ITALY			
Autogrill SPA	94,529	1,014,901	
Eni SPA	58,750	1,929,187	
Unicredito Italiano SPA	426,996	1,455,770	
		4,399,858	3.03
JAPAN			
Fujifilm Holdings Corp.	43,600	1,343,848	
Mabuchi Motor Co Ltd	16,500	963,352	
Mitsubishi UFJ Financial Group Inc.	187,600	1,629,596	
Nok Corp	108,400	1,075,404	
Nomura Holdings Inc.	58,000	666,254	
Olympus Corp	15,698	431,687	
Takeda Pharmaceutical Ltd.	13,000	950,299	
Toyota Motor Corp	16,300	747,929	
USS Co Ltd	23,510	1,759,497	
		9,567,866	6.59
NETHERLANDS			
ING Groep NV	100,223	1,464,685	
Koninklijke Philips Electronics NV	46,440	1,280,522	
Reed Elsevier NV	71,948	1,207,824	
SBM Offshore NV	51,359	957,314	
		4,910,345	3.38
NORWAY			
Telenor ASA	187,010	1,773,618	
		1,773,618	1.22
RUSSIA			
Gasprom ADR	30,690	620,667	
OAO Gazprom ADR	14,520	289,067	
		909,734	0.63

	Shares/Units Held	AUD Value	% of Total
SINGAPORE			
Singapore Telecommunications Ltd	971,000	2,464,980	
		2,464,980	1.70
SOUTH AFRICA			
Foschini Ltd	114,107	849,746	
JD Group Ltd	158,576	900,439	
		1,750,185	1.20
SOUTH KOREA			
KB Financial Group	23,401	896,699	
KT Corp – Sp ADR	35,231	739,790	
Macquarie Korean Infrastructure	248,721	1,338,263	
Samsung Electronics Co. Ltd.	4,509	2,315,709	
		5,290,461	3.64
SPAIN			
Banco Santander Central Hispano SA	42,950	577,159	
Telefonica SA BDR	40,282	1,239,031	
Telefonica SA	63,519	2,006,003	
		3,822,193	2.63
SWITZERLAND			
Nestle SA	35,700	2,010,956	
Swiss Reinsurance Co	33,773	2,236,469	
UBS AG	42,525	842,403	
		5,089,828	3.50
TAIWAN			
Chunghwa Telecom Co. Ltd.	30,910	689,845	
Compal Electronics Inc.	1,321,810	996,526	
Lite-On Technology	500,879	469,559	
		2,155,930	1.48
TURKEY			
Turk Iletisim Hizmet	104,270	2,173,039	
		2,173,039	1.50
UNITED KINGDOM			
BAE Systems Plc	148,329	1,151,642	
BP Plc	255,819	2,773,565	
British Sky Broadcasting Group Plc	152,098	1,504,752	
Compass Group Plc	206,500	1,463,825	
Glaxosmithkline Plc	77,412	2,049,744	
HSBC Holdings Plc	173,589	2,367,661	
Premier Foods	468,720	292,392	
Royal Bank of Scotland Group Plc	768,891	781,696	
Royal Dutch Shell – B shares	78,446	2,790,527	
Unilever Plc	43,241	1,407,113	
Vodafone Group Plc	1,009,497	2,892,610	

	Shares/Units Held	AUD Value	% of Total
Yell Group Plc	167,670	146,086	
		19,621,613	13.51
UNITED STATES			
Accenture Ltd	37,510	1,762,518	
American Express Co.	20,680	550,221	
American International Group Inc.	75,390	168,687	
Amgen Inc.	51,420	4,240,011	
AON Corp	20,163	1,320,775	
Bank of America Corp	32,456	649,865	
Boston Scientific Corp.	119,220	1,321,817	
Cadence Design Systems Inc.	47,691	249,673	
Carnival Corp	35,540	1,239,720	
Chevron Corp	21,550	2,277,092	
Cisco Systems	59,430	1,387,723	
Covidien Ltd	29,770	1,547,425	
Dr Pepper Snapple Group	32,900	765,402	
General Electric Co	86,570	2,007,798	
Mattel Inc	37,694	863,956	
Merck & Co. Inc.	44,270	1,929,034	
Microsoft Corp	121,360	3,383,876	
Morgan Stanley	22,755	523,182	
News Corp Ltd	106,450	1,461,168	
Omnicare Inc.	45,230	1,797,004	
Oracle Corp	117,410	2,980,718	
Pfizer Inc	119,928	3,046,364	
Seagate Technology	61,306	387,779	
The DirecTV Group Inc.	31,730	1,037,187	
Torchmark Corp	19,380	1,240,576	
Tyco Electronics Ltd	40,190	934,423	
Tyco International Ltd	27,030	835,480	
Viacom Inc – Cls B	40,380	1,103,905	
Watson Pharmaceuticals Inc.	33,930	1,293,058	
		44,535,797	29.13
TOTAL PORTFOLIO OF INVESTMENTS		**145,250,456**	**100.00**