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CHAIRMAN'S ADDRESS TO SHAREHOLDERS AT THE ANNUAL GENERAL MEETING ON 16 OCTOBER 2013

Net profit after tax for the 2013 fiscal year was $1,365,959 compared with $1,511,368 for the 2012 year. The reduction in the profit was principally the result of lower year on year dividend income.

A final dividend in respect of the year ended 30 June 2013 of 2.5 cents per share (cps) fully franked was paid on 27 September 2013.

At 30 June 2013 the net tangible asset ("NTA") backing per share of the Company's shares was 118 cents, up from 86 cents at 30 June 2012. This was after the payment of a dividend of 1.5cps in September 2012.

The increase in the NTA reflects strong investment gains in the year. The TGG portfolio return for the year was over 41%. This was not only a reward for patience for deep value investors, but also testimony to the Templeton approach to investment. The underlying investment return was also supplemented by the movement in the $A against most major world currencies.

The return based on the share price was stronger again. TGG's share price rose 54% from 68cps at 30th June 2012 to 105cps at 30th June 2013, reflecting not only better investment returns but also a narrowing of the discount to NTA. Since 30th June 2013 it has increased still further to 118.5cps at the close of the market yesterday.

Finally, the improved state of investment markets over the past year has enabled your Directors to re-recognize in the accounts, the full amount of $10,442,241 of the deferred tax asset de-recognized in last year's accounts.

Over the past twelve months the Board has been working on three initiatives designed to add value to your investment in TGG, over and above the underlying investment returns delivered by the investment manager.

The first relates to the **distribution policy** adopted by the Company. I say distribution policy instead of dividend policy for reasons which I hope will become clear.

The Company's dividend history in recent years has been quite variable. Payments have ranged from a low of 1.5cps to a high of 8cps. In some years, 4 of the last 10, no dividends were paid at all. Difficult investment conditions, especially related to the global financial crisis, impacted on the Company's ability to pay dividends consistently, or at a consistent level. To a degree this is taken to be axiomatic for a stock such as TGG, given the volatility of recent years and the Company's investment approach.

Whilst some investors might see dividends as somewhat secondary to growth in the capital value of their investments, others value dividend income more highly. Indeed, if participation in our dividend reinvestment plan ("DRP") is any guide, the great majority of our shareholders do so. The participation rate in the DRP this year was just 17% thus shareholders representing 83% of the company's shares opted to receive the dividend in cash.

In 2011 we undertook a detailed analysis of our shareholder base. At that time 40% of our shareholders by number were self-managed super funds (SMSF's). As and when such funds move into pension phase reliability of dividend income becomes quite important.

Your Board has concluded that shareholders generally would welcome some level of certainty about the cash distribution expected from their investment in TGG. As a result we have resolved to institute what we call a distribution policy which in the normal course will provide for a minimum annual payment to shareholders. The Company will pay an annual distribution equivalent to not less than 3% of NTA at 30th June each year. Thus in respect of the year ended 30 June 2014, the distribution should be not less than 3% of the NTA at 30 June 2013. The NTA at 30 June 2013 was 118cps, thus the minimum distribution in respect of the 2014 financial year is expected to be 3.5cps.

The distribution will comprise two elements:

A dividend paid from profits and franked to the extent made possible by the Company's franking credit account balance.

Where this dividend is less than 3% of the relevant NTA, a further payment or distribution to make up the difference will be made. This further payment will be made from shareholders' funds. Any additional distribution may require shareholder approval as a return of capital.

The distribution policy recognizes that the average dividend yield from international shares is lower than the average dividend yield on Australian shares.

The distributions made under this policy will be made as a final distribution at the time the Company declares its results for the financial year. This acknowledges the seasonality of the Company's dividend income, with a large proportion of dividend income being received in the latter months of the Company's financial year.

The DRP will be maintained for those shareholders who wish to reinvest in the Company. As I have said, approximately 17% of shareholders took advantage of the DRP in relation to the final dividend declared in respect of the 2013 financial year.

Finally, this policy will be subject to ongoing review in light of experience and of the state of markets from time to time.

The second initiative relates to **the company's cost base**.

As investment pools have grown, especially under the influence of the superannuation guarantee charge, trustees and fund providers have sought greater economies, in administration as well as investment management services. Some industry super funds are now insourcing a sizeable component of their asset management function, as well as seeking mergers to take advantage of greater scale. This has had a consequential impact on margins for such services in the wider market, with some compression of fee levels evident as a result.

Another development, this time of the Australian Securities Exchange ("ASX") and having the potential to produce a similar effect, is the so-called AQUA II proposal, now known as ASX Managed Funds. Expected to be introduced in the first quarter of 2014, this will provide a platform for investments in unlisted managed funds to be traded on the ASX. The direct impact on listed investment companies ("LICs") is not yet clear. The LIC structure will doubtless maintain its particular appeal but it may also be surmised that competition for the investment dollar is about to become keener than it is already.

As a Board we believe we should be attempting to anticipate these developments, as best we can, and position the TGG offering in the strongest possible light. Accordingly we have been engaged in discussions with the investment manager, Franklin Templeton Investments Australia Ltd ("FTIA"), specifically in the context of the triennial renewal of the investment management agreement due 1 July 2013, as how best to achieve a lower overall cost outcome. A proposal has emerged from these discussions which would see a number of basic administration functions outsourced to FTIA, at no extra cost to the Company over and above the 1% per annum fee currently paid to FTIA. I hasten to say, we have yet to finalize these discussions to our mutual satisfaction although I am confident we will do so. Such a move would obviously impact on the balance of the Company's operations and various line items of expense are being subject to thorough review as a consequence. There will be a reduction in such expenses if the outsourcing proposal goes ahead.

While I am not in a position today to quantify the net impacts of these proposals, I am confident TGG's expense ratio will be lower as a result of the final decisions taken. Immediately negotiations have been completed, shareholders will be informed of the outcomes.

The third initiative relates to **shareholder communications**.

Historically the Company has produced a half year review and an annual report, both of which are posted on the Company's website. Hard copies are forwarded to those shareholders who have requested them.

More recently, after discussion with the investment manager, FTIA has begun to produce a quarterly investment manager's report. This is also posted on the website. A copy of the latest quarterly report, to 30 June 2013, was given to you as you arrived today.

The arrangements we contemplate in future are as follows. The quarterly report will be produced as at September, December, March and June each year. It will be posted to the website, and shortly thereafter, a conference call will be arranged with the portfolio manager, Peter Wilmshurst. Shareholder participation in the conference call will be encouraged. The simplest way to do this will be via the Company website, although a direct dial in will also be available. We will be writing to all shareholders shortly to publicize these arrangements.

We consider this initiative will provide the opportunity for a richer and more frequent dialogue with shareholders about the progress of the Company, than is currently available. It would also obviate the need to produce the half yearly review as we now know it, a further contribution to cost reduction.

We trust that shareholders will welcome these three initiatives and hope that in combination they will contribute to a more positive view of TGG the stock.

Tony Killen
Chairman