



Magellan Flagship Fund Limited
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**Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for February 2010**

MFF advises that its approximate monthly and weekly NTA per share as at Friday, 26 February 2010 was \$0.74 excluding net deferred tax assets¹ of \$0.09.

MFF remained fully invested in February. Changes to MFF's portfolio in the month were again very modest.

Overall, MFF's portfolio companies reported excellent results this reporting season with Nestlé, Wal-Mart and Lowes being among the February reports. The medium to long term prospects for MFF's companies continue to strengthen, in our view. Some more of MFF's companies also announced dividend increases including Nestlé, Colgate-Palmolive and Coca-Cola.

We are positive about the results of MFF company holdings which might emerge during the balance of 2010, notwithstanding the ongoing economic weakness and risk factors such as sovereign debt. Investors seeking positive risk adjusted returns may wish to read the Annual Reports of MFF's companies. For example, Wal-Mart has Land, Buildings and Equipment (at cost) of US\$138 billion; MFF's 3 Banks' loan balances are funded by US\$1 trillion of deposits (of which US\$300 billion is interest free); Yum! Brands' operating profit from China is 3 times as large as the global NPAT of Burger King (a Top 5 industry competitor); Nestlé increased volumes, sales revenue, margins and operating cashflow (to CHF 17.9 billion) in a recession year and Google (as an 11 year old company) earned more than US\$2.5 billion in free cashflow in each of the last 2 quarters.

Approximately 91% of MFF's total investment assets by market value continue to be in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with a majority of the balance being predominantly North American focused. The revenue and earnings split for the multinationals average about 40% USA, 30% Europe and 30% ROW. The emerging markets proportion of underlying revenue and earnings continues to rise. As at 26 February 2010, MFF had net borrowings of approximately 19.7% of total investment assets. Most of the borrowings are denominated in AUD, with smaller amounts of borrowings in USD and Euro.

MFF shareholders interested in currency and inflation may look for the Buffett interview on CNBC (on 1 March) in which he said that the best protections against debased currency were investing in your own skills and in 'wonderful companies'. He went on to say that he felt that the Swiss Franc was the best long term currency to which he added the Chinese Yuan was likely to appreciate from current levels. Our arguments along the same lines are included in our various Investor Reports.

Key currency rates for AUD as at 26 February 2010 were 0.8955 (USD), 0.6562 (EUR), 0.5882 (GBP) and 0.9607 (CHF), compared with 29 January 2010 rates which were 0.8889 (USD), 0.6395 (EUR), 0.5547 (GBP) and 0.9369 (CHF).

A handwritten signature in black ink, appearing to read 'Nerida Campbell', is positioned above the typed name.

Nerida Campbell
Company Secretary
2 March 2010

¹ Deferred tax assets less deferred tax liabilities. All figures are unaudited