

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

MFF advises that its monthly and weekly NTA per share as at 29 October 2010 was \$0.761 excluding net deferred tax assets of \$0.082. These figures are unaudited.

Around half of MFF's portfolio companies reported Quarterly results or updates in October. Overall, these companies results were very positive and most of our companies continued the excellent trends with market share gains and strong cashflows. The comments made at the recent MFF Annual General Meeting provided some illustrations.

Market and economic conditions remain very unsettled with considerable nervousness about regulation, foreclosures and the anaemic US housing market and ongoing outflows from mutual funds. The USD continues to weaken as most market participants expect further quantitative easing from the Federal Reserve. The market weakness was more pronounced in financials and we have been modestly reweighting towards some at the lower prices.

As previously mentioned the portfolio composition was materially unchanged in the September quarter. We intend to provide portfolio updates each quarter. The Company's holdings with a market value excess of A\$2.5m as at 30 September 2010 (which represent over 97% of the Company's portfolio) were as follows:

<b>Holding</b>	<b>\$million</b>	<b>Holding</b>	<b>\$million</b>
American Express	59.4	Procter & Gamble	10.4
Yum! Brands	39.3	Tesco	8.2
Nestlé	34.9	Visa	7.0
eBay	27.3	Colgate-Palmolive	6.7
Wal-Mart	27.1	Bank of America	5.1
Coca-Cola	20.2	Lowe's	4.3
McDonalds	16.5	US Bancorp	3.8
Google	15.2	Johnson & Johnson	2.6
PepsiCo	11.8	Ferrovial	2.5
Wells Fargo	11.4		

More than 90% 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 29 October 2010, MFF had net borrowings of approximately 18.5% of total investment assets. The borrowings are denominated in AUD.

Key currency rates for AUD as at 29 October 2010 were 0.9802 (USD), 0.7052 (EUR), 0.6130 (GBP) and 0.9640 (CHF) compared with 30 September 2010 rates which were 0.9683 (USD), 0.7092 (EUR), 0.6145 (GBP) and 0.9459 (CHF).

Yours faithfully,

A handwritten signature in black ink, appearing to read "Nerida Campbell". The signature is fluid and cursive, with a distinct loop at the end.

Nerida Campbell  
Company Secretary  
02 November 2010

<sup>1</sup> Deferred tax assets less deferred tax liabilities. All figures are unaudited