



Magellan Flagship Fund Limited
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Magellan Flagship Fund Limited ("MFF") Net Tangible Assets ("NTA") per share for October 2011

MFF advises that its monthly NTA per share as at 31 October 2011 was \$0.772 excluding net deferred tax assets¹ of \$0.081. These figures are unaudited.

In October many of MFF's portfolio companies reported quarterly results and overall these were again very positive. The next stage of the Euro restructure was announced and equity markets responded positively, and the AUD rallied by about 9% over the month against the USD (from approximately \$0.97 to \$1.06). In China, various Government measures were announced or taken to address capital needs for local government, SOE corporations (such as railways) and banks. Commodity markets such as iron ore were volatile and fell overall during the month.

The portfolio was again only modestly changed during the month. At the MFF AGM in October, MFF reaffirmed its commitment to the share buy-back programme. Approximately 950,000 shares were bought back at an average price of \$0.64 per share during the month. The gap between the share price and the net asset value widened during the recent market volatility. The average share buyback price is well below the net asset value and the buy-back may assist in narrowing this gap. Note that MFF's Directors are presently permitted to buy shares on market during MFF's trading window.

About 85% of MFF's total investment assets by market value are 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 the balance being predominantly North American focused and about 6% being China focussed. The revenue and earnings split for the multinationals average almost 40% USA, slightly less than 30% Europe about 1/3 ROW. The emerging markets' proportion of underlying revenue and earnings continues to rise.

As at 31 October 2011, MFF had net borrowings of approximately 19.8% of total investment assets. Almost all of the borrowings are in AUD with modest amounts in Euro and Sterling. Cash balances from unutilised sales proceeds and dividends continue to be held in a mix of US Dollars, Swiss Francs, Singapore Dollars and Hong Kong Dollars.

Key currency rates for AUD as at 31 October rates which were 1.061 (USD), 0.761 (EUR), 0.657 (GBP) and 0.924 (CHF), compared with 30 September rates which were 0.972 (USD), 0.724 (EUR), 0.624 (GBP) and 0.883 (CHF).

Yours faithfully,

A handwritten signature in black ink that reads 'Chris Mackay'.

Chris Mackay
Director

A handwritten signature in black ink that reads 'Leo Quintana'.

Leo Quintana
Legal Counsel & Company Secretary

2 November 2011

¹ Deferred tax assets less deferred tax liabilities.