MAGELLAN
FLAGSHIP FUND LIMITED

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Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for April 2013

MFF advises that its monthly NTA per share as at 30 April 2013 was approximately $1.092 excluding net deferred tax liabilities[1] of $0.022. The NTA figure is after provision for the interim dividend (1 cent per share unfranked payable on 16 May 2013). No adjustments have been made for possible future dilution for the 2017 options or expected reinvestments under the DRP. All figures in this release are unaudited.

The overall structure of the portfolio is unchanged. MFF's NTA benefitted again from rising equity markets in April. As prices continue to rise for equities and other assets, investors' risks of future capital losses rise and rational expectations for future returns fall. Microsoft remains the only addition to the portfolio in 2013 (a repurchase of a previous sale) and we further reduced exposure to European and higher priced consumer businesses in April.

A number of outlook statements included with the March results fell short of market expectations, but the selling was generally modest and short lived. There were no material changes to investment views for our portfolio which is concentrated on advantaged companies, although revenue growth was short of market expectations in some cases and margin pressures continue. Professional investors want to believe in the momentum/low interest rates story and it continues to self reinforce. Bubbles continue to be reflated and market prices for most assets are being distorted upwards from their unaffected clearing levels, by co-ordinated loose monetary policy and further relaxing of fiscal policy, even as indebtedness rises.

Rising share prices and low, declining bond/cash yields continue, as momentum detaches investment returns from stressed, over indebted economies desiring lower currencies and increased production despite widespread demand constraints and overcapacity. Whether, and if so, when, to take further protection remains the key portfolio construction issue. We are cautious about adding to the portfolio's business risks at current prices.

Macro variables that may be relevant for portfolio construction include the duration/nature of market and economic benefits from policy stimulus, the ensuing mix, order and scope of deflation, inflation and stagflation as well as next stage policy, business, consumer and investor responses across individual markets and in relation to individual businesses. The Japanese Yen devaluation surrounding their new round of money creation to fund government deficits has implications for European, Chinese and Korean manufacturers and Japanese utilities, their customers, and for raw material suppliers. Some cyclical/recovery expectations have softened particularly in Europe, Latin America and Asia, although the recoveries in US housing and energy/manufacturing continue. Outside of pockets, near term revenue growth appears to be modest.

Monetary policies facilitate and reinforce rising markets via increased yield chasing and speculation, a benign professional investor near term consensus with index hugging and overconfidence that ETF buying substitutes for protection or due diligence, whilst the more obvious negative catalysts such as rising interest rates and capital flow crises are not present. It is most improbable that recent low volatility will continue unabated given the breadth and severity of macroeconomic pressure points around the globe.

[1] Net deferred tax liabilities less net deferred tax assets.

Our currency positions are materially unchanged and the risk management aspects may become beneficial. Complacent unpreparedness continues for Australia, and markets are underestimating the inevitable multiplied impacts of cyclicality.

As at 30 April 2013, MFF continued to hold cash balances in a mix of US Dollars, Singapore Dollars, Hong Kong Dollars and Swiss Francs. Net borrowings were approximately 4.8% of net assets (after allowing for the gross amount of the dividend to be paid in May) and are predominantly in AUD, some Euro with a smaller balance in GBP. Currency positions are largely unchanged from those set out in most recent half yearly report. MFF remains effectively "short" the AUD, partly for perceived portfolio risk management benefits.

Key currency rates for AUD as at 30 April 2013 were 1.038(USD), 0.787(EUR), 0.667(GBP) and 0.964 (CHF) compared with rates at 28 March 2013 which were 1.043(USD), 0.812(EUR), 0.687 (GBP) and 0.987 (CHF).

The Company's holdings above 2% of net invested assets as at 30 April 2013 were:

Holding	**%**
Wells Fargo	10.4
Apple	9.6
Tesco	8.7
Visa	8.0
Bank of America	6.8
Microsoft	6.7
Yum! Brands	6.3
HCA Holdings	6.0
McDonald's	5.7
Wal-Mart	5.4
Google	4.7
MasterCard	4.6
US Bancorp	4.5
Bank New York Mellon	4.0
Lowe's	3.8
State Street	3.0
J. Sainsbury	2.9

Yours faithfully,

Chris Mackay
Director

Leo Quintana
Legal Counsel & Company Secretary

2 May 2013