MAGELLAN
FLAGSHIP FUND LIMITED

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

Please find enclosed MFF's monthly NTA per share for November 2013.

Leo Quintana
Company Secretary

3 December 2013

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Net Tangible Assets ('NTA') per share for November 2013

MFF advises that its approximate monthly NTA per share as at 29 November 2013 was $1.446 pre-tax and $1.331 post net deferred tax liabilities. Both figures are after the payment of the 1 cent per share unfranked dividend on 15 November 2013.

Additional information:

	Undiluted
Pre-tax NTA	$1.446
Net deferred tax liabilities	($0.115)
Post-tax NTA	$1.331

All figures in this release are unaudited and approximate. No adjustments have been made for future exercise of the MFF 2017 options (exercise price $1.05 per option).

There were no material portfolio or currency position changes in the month. Corporate results for the portfolio and focus companies during the month did not provide particular action points for us. The business cases for MFF's portfolio continue to be better than for overall markets, and dividends and buybacks continue to increase for MFF's investee companies. The US Federal Reserve continues to stimulate, and market players debate what might be factored into current market prices. Market movements continue to reduce the gaps between our assessments of reasonable value and market prices for the portfolio holdings. More prices moved above our perceived buying zone by month end.

We perceive few areas which are significantly out of favour compared with sustainable earnings power. Ongoing momentum, broader market participation and lessened short selling continue as indices rise. Globally, more vendors are responding to market strength, and the average business quality of IPOs and debt issuers in most markets is lower, and terms less favourable for buyers, than usual. Market reversals are inevitable and will impact MFF but may possibly provide opportunities. Increased downward volatility changes opportunity costs and tests market liquidity across asset classes and price points.

In terms of portfolio construction, we have maintained the partial risk management positions outlined at the recent AGM (released to the ASX) and actively compare prospective returns from our current holdings against increases in our cash levels. We put high weightings on companies that are currently earning significant amounts relative to their share prices, and companies that are out of favour. Even such weightings are of less possible risk management benefit as markets continue to rise with the stimulus.

Although portfolio pricing appears to remain satisfactory compared with reasonable estimates of likely future earnings, the portfolio will also trade lower (possibly much lower) if market volatility increases materially in the next year or two from low current levels. Earnings ultimately drive shareholder returns and it is improbable that revenues and margins will sustain outsize upward movements, and interest rates do not have far to fall. Although many consider that the global economic outlook remains at least evenly balanced; arguably, underlying economic riskiness is increasing the longer that "emergency" policy positions are being maintained, unless economic stability improves in tandem with stimulus and rising markets. Risks are significant in economies that have not "marked to market", particularly where financial institutions have not recycled bad assets.

We continue to perceive potential partial risk hedging aspects of MFF's "short AUD" position in current market conditions. Probabilities are increasing for an income shock and/or recession for Australia. Domestic budgetary and economic rebalancing problems, reversion of the terms of trade and associated capital expenditure booms and broadening opposition to measures to improve competitiveness, are becoming non trivial. We are also cautious about the apparent consensus market view that the Chinese plenum announcements will herald stronger Chinese growth and lower macroeconomic risk. Markets will watch carefully if China seeks to move to rebalance away from its credit and local authority supported fixed asset boom, whilst concurrently opening up the domestic banking/financial markets and capital accounts.

Holdings above 2% of net invested assets as at 29 November 2013 are shown below:

Holding	**%**
Wells Fargo	11.6
Apple	9.9
Visa	9.8
Bank of America	8.3
Lowe's	7.1
Home Depot	6.2
HCA Holdings	6.1
Lloyds Banking Group	5.4
US Bancorp	5.4
MasterCard	5.4
Bank of New York Mellon	4.6
Wal-Mart	4.6
State Street	4.3
Sainsbury J	2.8

As at 29 November 2013, MFF held cash balances in a mix of US Dollars, Singapore Dollars, Hong Kong Dollars and GB Sterling. Net cash was approximately 5.6% of net assets with borrowings predominantly in AUD and some Euro. Currency positions again remain materially unchanged.

Key currency rates for AUD as at 29 November 2013 were 0.914 (USD), 0.671 (EUR) and 0.558 (GBP) compared with rates at 31 October 2013 which were 0.947 (USD), 0.697 (EUR) and 0.589 (GBP).

Yours faithfully,

Chris Mackay

Chris Mackay
Portfolio Manager

3 December 2013

Important note