



Magellan Flagship Fund Limited  
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***Magellan Flagship Fund Limited ('MFF')  
Net Tangible Assets ('NTA') per share for November 2014***

*Please find enclosed MFF's monthly NTA per share for November 2014.*

A handwritten signature in blue ink, appearing to read 'G. Stirton', with a long horizontal stroke extending to the right.

***Geoffrey Stirton  
Company Secretary***

*2 December 2014*

**Magellan Flagship Fund Limited ('MFF')**  
**Net Tangible Assets ('NTA') per share for November 2014**

MFF advises that its approximate monthly NTA per share as at 28 November 2014 was \$1.809 pre-tax (\$1.427 pre-tax as at 30 June 2014) and \$1.569 post-tax. Although tax liabilities are almost entirely deferred liabilities, the probability of future realisations which incur tax liabilities continues to increase (as does the probable extent of such liabilities). Investors should also adjust for the expected dilution from the exercise of the MFF 2017 options (exercise price \$1.05). If all of the MFF 2017 options had been exercised on 28 November 2014 the pre-tax NTA would have been reduced by approximately 17.4 cents per share (and the approximate post tax figure by approximately 11.9 cents per share). All figures in this release are unaudited and approximate. The 1 cent per share unfranked dividend was paid in November 2014.

The portfolio was again modestly changed during the month. During the month there were no changes in our perception of the competitive positions related to MFF's largest positions, although we continued to adjust the portfolio where we underestimated business risk or adjusted our assessment and/or perceive rising risks compared with market prices.

MFF's short term figures rose in the month because of our equity market exposures and gains from our primary risk positions; such combination of positive outcomes was improbable, and extrapolation of positive returns from our risk management positions and large cap equity market exposure is dangerous. Although our priorities continue to include risk assessments and comparing opportunity costs between alternatives, misjudgments and unfavourable outcomes are inevitable, even/particularly where we perceive favourable probabilities. At month end, we continue to concentrate upon companies where we perceive lower than average near/medium term business risks, with market prices perceived to be satisfactory using cautious growth assumptions, and we have maintained MFF's effective "short AUD" position.

The ongoing US economic recovery continues to be a primary driver of the increasing investor popularity/overall market prices of MFF's existing portfolio. The extent and consensus expected duration of these trends appeared to strengthen in the month, but eventually they will forge their own anchors as higher market prices reduce average future returns. The recent significant market movements in energy and other commodities are likely to result in surprising consequential impacts, and risks. Over future years, they may also offer positive investment opportunities which from time to time may be better than parts of MFF's existing portfolio, as investment opportunities increase with lower purchase market prices.

Net borrowings as a percentage of investment assets as at 28 November 2014 were approximately 2.7%. The AUD gross borrowing figure was approximately A\$63.4 million as at 28 November 2014 compared with A\$98.2 million as at 30 June 2014. Cash balances were approximately 7.0% of investment assets at month end with the majority of holdings in USD and most of the balance in GBP.

Key currency rates for AUD as at 28 November 2014 were 0.854 (USD), 0.685 (EUR) and 0.545 (GBP) compared with rates at 31 October 2014 which were 0.879 (USD), 0.702 (EUR) and 0.549 (GBP).

Yours faithfully,



Chris Mackay  
Portfolio Manager

2 December 2014

**Important note**

Magellan Flagship Fund Limited ABN 59 108 437 592 (**MFF**) has prepared the information in this document. This document has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. To the extent any general financial product advice is provided in this document, it is provided by MFF as a corporate authorised representative of Magellan Asset Management Limited ABN 31 120 593 946 AFSL 304 301. An investor, before acting on anything that he or she construes as advice, should consider the appropriateness of such construction and advice having regard to their objectives, financial situation or needs.