



Magellan Flagship Fund Limited
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***Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for June 2015.***

Please find enclosed MFF's monthly NTA per share for June 2015.

A handwritten signature in blue ink, appearing to be 'G. Stirton', written over a light blue horizontal line.

***Geoffrey Stirton
Company Secretary***

2 July 2015

Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for June 2015

MFF advises that its approximate monthly NTA per share as at 30 June 2015 was \$1.996 pre-tax (\$1.427 pre-tax as at 30 June 2014) after fees and expenses. In the theoretical case that the entire portfolio was realised at current market prices estimated tax was approximately 26 cents per share. Estimated current tax provision was approximately 0.2 cents per share at month end. In the theoretical case that all of the remaining MFF 2017 options had been exercised on 30 June 2015, the pre-tax NTA would have been reduced by approximately 15.4 cents per share (and the approximate post tax figure by approximately 11.4 cents per share).

Holdings as at 30 June 2015 with market values that represent 1% or more of the portfolio are shown in the table below (shown as percentages of total investment assets including net cash):

Holding	%
Visa	11.3
Wells Fargo	10.2
MasterCard	9.7
Lowe's	9.4
Home Depot	9.3
HCA Holdings	8.9
Bank of America	8.4

Holding	%
US Bancorp	5.7
Lloyds Banking Group	5.3
BlackRock	4.0
Bank of New York Mellon	3.1
State Street	2.5
Microsoft	1.8
Schrodgers	1.4
Qualcomm	1.1

The MFF portfolio was again almost entirely unchanged in June. MFF's portfolio, risk and currency parameters remain materially unchanged from those discussed in recent monthly reports. Whilst NTA levels increased significantly during the year, reflecting above market gains in the portfolio and favourable currency movements, the new financial year will involve more challenges. Low interest rates and recent asset price gains halt bargain purchases in major asset classes, reduce likely future returns and elevate market risks. Business risks are rising as money is freely available and globalisation/mercantilism/optimistic forecasts also add to overcapacity in major industries.

MFF's recent progress has involved avoiding some riskier business and market positions, retaining some sensible past allocations and satisfactory combinations of favourable probabilities. We retain business advantaged major positions with favourable medium term probabilities, significant balance sheet strength and extremely high levels of liquid assets, with considerable flexibility to reallocate should other assets appear to become more appropriate. Over the next decade we expect some decent investment opportunities combining market value and business strength, although the opportunities from the financial crisis which caused many market prices to be low, and allowed purchases of quality positions with significant margins of safety, are history.

We are still wary of positive forecasts and businesses that are over earning or over reporting. Growth in unpunished return chasing mispricing of mediocrity will have that category compete for realised losses across the full cycle with the expensive and low quality; buy the dips and index/ETF success lure more money and even challenged businesses retain speculative investor interest and are hurting short sellers. Despite some country and sector reversals and more names appearing on lists of recent lows, optimists outweigh forced sellers and we are not finding deep value with satisfactory risks for comparison with our portfolio.

Net cash as a percentage of investment assets (including net cash) was approximately 6.3% with USD cash being approximately 4.3%, AUD cash approximately 1.8% and other currency cash/borrowing exposures were below 1% of investment assets as at 30 June 2015.

Key currency rates for AUD as at 30 June 2015 were 0.769 (USD), 0.690 (EUR) and 0.489 (GBP) compared with rates as at 30 April 2015 which were 0.765 (USD), 0.698 (EUR) and 0.502 (GBP).

Yours faithfully,



Chris Mackay
 Portfolio Manager

02 July 2015

¹ Net tax provisions, are tax liabilities less tax assets, and are partially in respect of realised gains.
All figures are unaudited and approximate.

Important note

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