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***Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for June 2016.***

Please find enclosed MFF's monthly NTA per share for June 2016.

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

***Geoffrey Stirton
Company Secretary***

1 July 2016

**Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for June 2016**

MFF advises that its approximate monthly NTA per share as at 30 June 2016 was \$1.914 pre-tax, (\$1.998 pre-tax as at 30 June 2015) and \$1.672 after providing for tax¹ (mostly deferred). If all of the remaining MFF 2017 options had been exercised by 30 June 2016, the pre-tax NTA would have been reduced by approximately 12.8 cents per share (and the approximate post tax figure by approximately 9.4 cents per share).

The modest level of portfolio activity in the month comprised purchases, mostly towards the end of the period. MFF continues to benefit from strong business performances for most larger holdings. Importantly, during June, the US Federal Reserve authorised higher dividend and/or share repurchase levels for the US banks as part of the annual 'stress tests'. However investors continue to mark down credit based financials including MFF's holdings (partly because of sustained lower/negative interest rates), and the Brexit vote rattled the markets in the last week of the financial year. This negative market impact for MFF was concentrated on the holdings of financials, and extended well beyond MFF's UK and European exposures (each two holdings). Overall investor uncertainty increased in the month and risk factors continue to be prominent. MFF has retained investment flexibility and longer term perspectives in considering future opportunities as well as existing holdings.

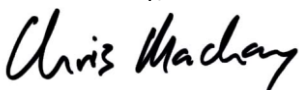
Net debt as a percentage of investment assets was approximately 10.6% at 30 June 2016. AUD net debt was approximately 9.1% and USD debt approximately 1.6%. Other cash/borrowing currency exposures were below 1% of investment assets as at 30 June 2016. Key currency rates for AUD as at 30 June 2016 were 0.745 (USD), 0.670 (EUR) and 0.557 (GBP), compared with rates for the previous month which were 0.724 (USD), 0.651 (EUR) and 0.498 (GBP).

Holdings as at 30 June 2016 with market values of 1% or more of the portfolio are shown in the table below (shown as percentages of investment assets).

Holding	%
Visa	11.8
Lowe's	10.8
Home Depot	10.3
MasterCard	9.3
Wells Fargo	8.8
HCA Holdings	7.8
Bank of America	7.1
US Bancorp	5.4

Holding	%
CVS Health	4.3
S&P Global	4.0
BlackRock	3.6
JP Morgan Chase	3.6
Lloyds Banking Group	3.3
Bank of New York Mellon	2.6
Microsoft	2.0
State Street	1.5

Yours faithfully,



Chris Mackay
Portfolio Manager

1 July 2016

¹ Net tax liabilities are tax liabilities less tax assets, and are partially in respect of realised gains.

All figures are unaudited and approximate.