

MLC Centre
Level 36, 19 Martin Place
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4888
Facsimile: +61 2 9235 4800
Website: www.magellangroup.com.au/mff
ABN: 32 121 977 884

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

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



Geoffrey Stirton
Company Secretary

4 October 2016

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

MFF advises that its approximate monthly NTA per share as at 30 September 2016 was \$1.947 pre-tax, (cum 1 cent per share, fully franked dividend)², (\$1.914 pre-tax as at 30 June 2016) and \$1.706 after providing for tax¹ (mostly deferred). If all of the remaining MFF 2017 options had been exercised by 30 September 2016, the pre-tax NTA would have been reduced by approximately 12.9 cents per share (and the approximate post tax figure by approximately 9.6 cents per share).

NTA was under pressure in the month due to currency moves and banking share prices. The US Federal Reserve left rates unchanged, and this impacted both of these factors. A major US bank (held by MFF) disclosed, and began remedial action to address, fraud in its cross selling business model, and the largest European bank as well as a number of smaller European banks were subject to sustained market pressures. Some portfolio prices were higher. China has undertaken significant stimulus which has contributed meaningfully to activity in China and in exporters to China. The stimulus has also contributed to recent increases in earnings expectations, and positive market sentiment.

We continue to expect ongoing sectors of elevated earnings in the short term, and investor performance chasing/loss aversion are inevitable both before and after the US election. Yield chasing, increased debt issuance in most geographies, and ETFs/index investing impact supply and demand for securities, and pricing. Process discipline remains necessary for longer returns but insufficient for periodic returns.

Net debt as a percentage of investment assets was approximately 9.7% at 30 September 2016. AUD net debt was approximately 9.1% and other cash/borrowing currency exposures were below 1% of investment assets as at 30 September 2016. Key currency rates for AUD as at 30 September 2016 were 0.765 (USD), 0.681 (EUR) and 0.589 (GBP) compared with rates for the previous month which were 0.752 (USD), 0.675 (EUR) and 0.574 (GBP).

Holdings as at 30 September 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	12.7
MasterCard	10.2
Home Depot	10.0
Lowe's	9.7
Wells Fargo	8.1
Bank of America	8.1
HCA Holdings	7.4
US Bancorp	5.5

Holding	%
CVS Health	4.5
JP Morgan Chase	3.8
BlackRock	3.6
Lloyds Banking Group	3.2
S&P Global	3.1
Bank of New York Mellon	2.5
Microsoft	2.2
State Street	1.7
Qualcomm	1.1

Yours faithfully,



Chris Mackay
Portfolio Manager

4 October 2016

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

² Figures are cum MFF's 1 cent per share fully franked final dividend. The ex dividend date is 13 October 2016.

All figures are unaudited and approximate.