

**Magellan Flagship Fund Limited ("MFF")
Net Tangible Assets ("NTA") per share for November 2011**

MFF advises that its monthly NTA per share as at 30 November 2011 was \$0.791 excluding net deferred tax assets¹ of \$0.075. These figures are unaudited.

Equity and debt markets were volatile again in November. Economic sentiment and activity continued to weaken, particularly in Europe, but also in China and India. During November, MFF made some modest net sales to add to MFF's future investment capacity. MFF also continued with the share buy-back programme and bought about 680,000 shares during the month.

Valuations remain attractive for MFF's portfolio. However, fiscal, monetary and other policy issues continue to increase economic, market and business risks. High quality financials have the most attractive valuations as share prices have been cut materially, but they have much higher business/leverage and regulatory risks. In contrast, 'defensive' shares, including the highest quality consumer companies, are currently more highly priced by the market.

In November MFF further reduced its small direct European exposure, and reversed the exposure to the Swiss Franc. Although Switzerland is one of only a handful of countries with a credible fiscal position including low Government borrowings, low consumer debt, material net external assets, sensible tax policies for businesses and income earners and sustainable balance of payments surpluses, its Central Bank recently tied the currency to the Euro and announced unlimited monetary supply to maintain this tie. At present, these policies appear likely to prevail, and hence the Swiss Franc is no longer currently a safe haven. MFF moved from having cash in Swiss Francs to a net borrowing position which partially offsets the Nestlé holding (which was also reduced).

Global overcapacity, unsustainably high profit margins and deteriorating Government fiscal positions are among the many risk factors. In contrast, MFF's portfolio companies continue their strong business performances.

About 85% of MFF's total investment assets by market value are in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with the balance being predominantly North American focused and about 6% being China focussed. The revenue and earnings split for the multinationals average almost 40% USA, about 25% Europe and about 1/3 ROW. The emerging markets' proportion of underlying revenue and earnings continues to rise.

As at 30 November 2011, MFF had net borrowings of approximately 15% of total investment assets. Most of the borrowings are in AUD with small amounts in Euro and Swiss Francs. Cash balances from unutilised sales proceeds and dividends are currently held in a mix of US Dollars, Singapore Dollars and Hong Kong Dollars.

Key currency rates for AUD as at 30 November rates which were 1.027 (USD), 0.763 (EUR), 0.653 (GBP) and 0.935 (CHF), compared with 31 October rates which were 1.061 (USD), 0.761 (EUR), 0.657 (GBP) and 0.924 (CHF).

Yours faithfully,



Chris Mackay
Director
2 December 2011



Leo Quintana
Legal Counsel & Company Secretary

¹ Deferred tax assets less deferred tax liabilities.