



Magellan Flagship Fund Limited
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**Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for January 2013**

MFF advises that its monthly NTA per share as at 31 January 2013 was \$1.020 excluding net deferred tax assets¹ of \$0.002. These figures are unaudited. Markets were generally strong in January, with the approximate 3.5% rise in MFF's pre tax net assets being behind the overall market rises.

Q4 results have generally been strong to date. Results for our portfolio companies continue to reflect their advantages, and corporate profitability is recovering broadly in the US. Market reactions have ranged from continued strong appreciation to broad selling in a small number of cases. Professional investors continued to move into equities, and some data reflected a return of some high net worth and retail investor interest. There is a widening perception that near term political and economic issues are either dealt with, or will not derail the market appreciation.

At month end net cash was approximately zero (after accruals). We are not currently compelled to sell on account of valuations or perceptions of risks. Nor are we compelled to move to utilise a meaningful part of the 20% borrowing capacity. In January we continued to find some interesting situations at satisfactory valuations and rotated some holdings for funding. Risk management controls within the portfolio also contributed to the underperformance in January, continuing the trend over recent months.

Margins of safety move inversely to stock prices but many professional investors have reduced their discount rates but not lowered return expectations as they enjoy the glow of asset price appreciation. Widespread assumptions that status quos will continue (i.e. growth will be satisfactory, corporate profits will rise but inflation, interest rates and capital flows remain benign), will likely be incorrect in aggregate with the timing, details, magnitude of changes and sequence unknowable.

As at 31 January 2013, MFF's cash balances are almost entirely held in a mix of US Dollars, Singapore Dollars, Hong Kong Dollars and Swiss Francs. Borrowings remain in AUD and a small amount of Euro. MFF remains effectively "short" the AUD, and there were no changes in the MFF's currency positions in the month.

Key currency rates for AUD as at 31 January 2013 were 1.043 (USD), 0.768 (EUR), 0.658 (GBP) and 0.950 (CHF) compared with rates as at 31 December 2012 which were 1.038 (USD), 0.787 (EUR), 0.639 (GBP), and 0.950 (CHF).

Yours faithfully,

A handwritten signature in black ink that reads 'Chris Mackay'.

Chris Mackay
Director

A handwritten signature in black ink that reads 'Leo Quintana'.

Leo Quintana
Legal Counsel & Company Secretary

4 February 2013

¹ Deferred tax assets less deferred tax liabilities.