



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

Please find enclosed MFF's monthly NTA per share for September 2013.

A handwritten signature in black ink, appearing to read 'Leo Quintana'.

Leo Quintana
Company Secretary

2 October 2013

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

MFF advises that its approximate monthly NTA per share as at 30 September 2013 was \$1.317 pre-tax and \$1.237 post-tax (both figures are cum the 1 cent per share unfranked dividend).

Additional information:

	Undiluted
Pre-tax NTA (after accounting for final dividend)	\$1.307
Net deferred tax liabilities	(\$0.080)
Post-tax NTA (after accounting for final dividend)	\$1.227

For the Quarter, pre tax net assets per share rose by approximately 4.3% (no adjustments have been made for possible future dilution for the 2017 options, or adjustment for the options exercised in the Quarter). All figures in this release are unaudited and approximate. The ex dividend date is 14 October 2013.

Net cash rose from approximately 1.2% of net assets to approximately 11.2% of net assets at Quarter end. For a closed end investment vehicle such as MFF, sales are necessary to fund future purchases. Our "hurdle rate" to use cash for opportunities is well above current cash rates. Periodic declines in individual prices and markets are inevitable.

Sales in the quarter were price driven/situation specific, including where some business risks may have increased and/or were not reflected in market prices; we have previously mentioned concerns about emerging markets, and in the Quarter we reduced further some indirect (global multinational) exposures as we felt that market prices had not adjusted. We also remain cautious about investee companies which expand by acquisition into so-called adjacencies (and beyond) and /or as a substitute for expensing R+D. Such action often dilutes focus from demonstrated superb existing businesses, increases business management risks/complexity and may not benefit shareholders in comparison with alternative capital deployment strategies. We also continue to be cautious about extrapolating earnings growth and high margins.

Purchases in the Quarter comprised some existing holdings and one comparable company. Some prices appear to be a little more interesting at the start of October than they were in July, although most indices remain strong. Prices are obviously well above their very attractive levels of recent years, as market actions reflect stimulus, activity and optimism which prevail amidst the noise. High quality, low business risk, "inevitable" companies are not trading at anywhere near bargain basement prices. Two way volatility in mixed quality "story stocks and the returns of IPOs and broker/asset manager confidence extrapolating from recent performance signal rising market risks. Investors should be wary when self interested professionals squawk about safety in markets, such as in the extended bull markets in bonds.

We would repurchase almost all of our sales in recent years on the right terms, after comparing prices, risks and other opportunities. Financials, including credit based financials and Visa and MasterCard, remain prominent in the portfolio. Ongoing perception (and reality) of riskiness dampens financials share prices, despite much improved balance sheets and risk positions. The Company's holdings above 2% of net invested assets as at 30 September 2013 were:

Holding	%
Wells Fargo	11.2
Visa	10.0
Apple	9.6
Bank of America	7.7
HCA Holdings	6.1
Lowe's	5.7
MasterCard	5.1
US Bancorp	5.0
Wal-Mart	4.5
Bank of New York Mellon	4.4
Lloyds Banking Group	4.4
State Street	4.0
Tesco	3.9
Home Depot	2.9
Sainsbury J	2.9

As at 30 September 2013, MFF held cash balances in a mix of US Dollars, Singapore Dollars and Hong Kong Dollars. Net cash was approximately 11.2% of net assets with borrowings predominantly in AUD and some Euro. Currency positions again remain materially unchanged. Despite the rise in the AUD in September, which dragged on the NTA (for the Quarter by more than 2% (pre tax)), we continue to perceive potential partial risk hedging aspects of MFF's "short AUD" position, in current conditions.

Key currency rates for AUD as at 30 September 2013 which were 0.935 (USD), 0.691 (EUR), 0.577 (GBP) and 0.846 (CHF) compared with rates at 31 August 2013 which were 0.891 (USD), 0.675 (EUR), 0.576 (GBP) and 0.830 (CHF).

Yours faithfully,



Chris Mackay
Portfolio Manager

2 October 2013

Important note

Magellan Flagship Fund Limited ABN 59 108 437 592 (**MFF**) has prepared the information in this document. This document has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. To the extent any general financial product advice is provided in this document, it is provided by MFF as a corporate authorised representative of Magellan Asset Management Limited ABN 31 120 593 946 AFSL 304 301. An investor, before acting on anything that he or she construes as advice, should consider the appropriateness of such construction and advice having regard to their objectives, financial situation or needs.