



Magellan Flagship Fund Limited  
ABN 32 121 977 884

Level 7, 1 Castlereagh Street,  
Sydney NSW 2000 AUSTRALIA

General: +61 2 8114 1888  
Facsimile: +61 2 8114 1800  
Website: [www.magellangroup.com.au](http://www.magellangroup.com.au)

***Magellan Flagship Fund Limited ('MFF')  
Net Tangible Assets ('NTA') per share for July 2015.***

*Please find enclosed MFF's monthly NTA per share for July 2015.*

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

***Geoffrey Stirton  
Company Secretary***

*4 August 2015*

**Magellan Flagship Fund Limited ('MFF')**  
**Net Tangible Assets ('NTA') per share for July 2015**

MFF advises that its approximate monthly NTA per share as at 31 July 2015 was \$2.166 pre-tax (\$1.998 pre-tax as at 30 June 2015) after fees and expenses. In the theoretical case that the entire portfolio was realised at current market prices estimated tax was approximately 31 cents per share<sup>1</sup>. The estimated current tax provision is materially unchanged from the disclosure in the recently lodged financial statements at approximately 0.3 cents per share. In the theoretical case that all of the remaining MFF 2017 options had been exercised on 31 July 2015, the pre-tax NTA would have been reduced by approximately 17.7 cents per share (and the approximate post tax figure by approximately 13.0 cents per share). All figures are cum the 1 cent per share fully franked dividend payable in November 2015.

Holdings as at 31 July 2015 with market values that represent more than 1.0% of the portfolio are shown in the table below (shown as percentages of total investment assets including net cash):

Holding	%
Visa	12.2
Wells Fargo	10.1
MasterCard	9.9
Lowe's	9.6
Home Depot	9.6
HCA Holdings	8.9
Bank of America	8.8
US Bancorp	5.8

Holding	%
Lloyds Banking Group	5.0
BlackRock	3.8
Bank of New York Mellon	3.0
State Street	2.4
Microsoft	1.8
Schroders	1.3
Qualcomm	1.1

There was even less activity than normal in the portfolio in July. Please refer to the recently lodged financial statements for detailed comments on MFF's portfolio, risk and currency parameters. We continue to see risks under many rocks, and some potentially satisfactory (but not stellar) risk/return trade-offs in more mundane areas. Lack of recognition of the currently slow moving collapse of the BRICS marketing concept bubble is as important for markets as is the more rapid, recent halving of oil prices.

Results for MFF's major portfolio companies released during the month were again strong, and managements' actions continue to support our medium term views of their advantaged business cases, risk positions and future cash generation probabilities. Businesses of some smaller holdings remain more challenged, as do some of their capital allocation decisions.

"Do nothing" has appeared to remain broadly sensible for the portfolio in comparison with alternatives. Simple, low risk actions do not exist in these market conditions. More companies are stretching their businesses, stretching their accounting and stretching their manner of presenting their results to gain or retain market favour. Politicians, bureaucrats and regulators are also stretching as more grab for higher taxes, fines on business, "user pay principles", goods and services market interventions and tougher wider more consequential regulations in response to challenged, unsettled electorates worried about government debt levels but more reliant upon the services and payments. As well as very important social and political ramifications, this activity has subdued some private sector activity and reinforced disappointing nominal growth rates, and may eventually trigger an equity markets downswing, despite some benefits for some business incumbents.

Net cash as a percentage of investment assets (including net cash) was approximately 5.0% with USD cash being approximately 2.7% and AUD cash approximately 1.9%. Expenses and dividends are denominated in AUD. Other currency cash/borrowing exposures were below 1% of investment assets as at 31 July 2015.

Key currency rates for AUD as at 31 July 2015 were 0.734 (USD), 0.665 (EUR) and 0.471 (GBP) compared with rates as at 30 June 2015 which were 0.769 (USD), 0.690 (EUR) and 0.489 (GBP).

Yours faithfully,



Chris Mackay  
Portfolio Manager

03 August 2015

<sup>1</sup> Net tax provisions, are tax liabilities less tax assets, and are partially in respect of realised gains.  
All figures are unaudited and approximate.

**Important note**

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