



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

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

A handwritten signature in blue ink, consisting of several overlapping, stylized strokes.

***Geoffrey Stirton
Company Secretary***

2 September 2015

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

MFF advises that its approximate monthly NTA per share as at 31 August 2015 was \$2.116 pre-tax (\$1.998 pre-tax as at 30 June 2015) and \$1.811 after providing for tax¹ (mostly deferred). If all of the remaining MFF 2017 options had been exercised by 31 August 2015, the pre-tax NTA would have been reduced by approximately 16.6 cents per share (and the approximate post tax figure by approximately 12.1 cents per share). All figures are cum the 1 cent per share fully franked dividend payable in November 2015.

There were few movements in the portfolio in the latest month and "do nothing" appeared to remain broadly sensible for the portfolio in comparison with alternatives. Overall, prices reduced in equity markets during the month and more companies are trading at multi year lows. There was also a lot of noise for economic pundits to assess including possible implications of the slowdown in emerging markets. Revenue growth in the results for our major holdings released in August contrasted with many companies relying more upon cost control and capital management. Managements' actions continue to support our medium term views of their advantaged business cases, risk positions and future cash generation probabilities.

Politicians, bureaucrats and regulators continued to grab for higher taxes, fines on business, "user pay principles", goods and services market interventions and tougher wider more consequential regulations. These activities reinforce disappointing nominal growth rates and ongoing overcapacity/low utilisation/demand shortfall/ deflationary market share fights/trade dumping that monetary policy has been unable to offset. Although marginal dollars and activity have preferred domestic services including housing/other construction in many markets, growth is challenged.

Net cash as a percentage of investment assets (including net cash) was approximately 3.5% with USD cash being approximately 2.4% and AUD cash approximately 1.7%. Expenses and dividends are denominated in AUD. Other currency cash/borrowing exposures were below 1% of investment assets as at 31 August 2015.

Key currency rates for AUD as at 31 August 2015 were 0.709 (USD), 0.633 (EUR) and 0.461 (GBP). compared with rates at 31 July 2015 which were 0.734 (USD), 0.665 (EUR) and 0.471 (GBP).

Yours faithfully,



Chris Mackay
Portfolio Manager

2 September 2015

¹ 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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