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***Magellan Flagship Fund Limited ('MFF')
Net Tangible Assets ('NTA') per share for July 2016.***

Please find enclosed MFF's monthly NTA per share for July 2016.

A handwritten signature in blue ink, appearing to read 'Geoffrey Stirton', with a long horizontal flourish extending to the right.

***Geoffrey Stirton
Company Secretary***

1 August 2016



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Magellan Flagship Fund Limited ('MFF') Net Tangible Assets ('NTA') per share for July 2016

MFF advises that its approximate monthly NTA per share as at 29 July 2016 was \$1.982 pre-tax, (\$1.914 pre-tax as at 30 June 2016) and \$1.733 after providing for tax¹ (mostly deferred). If all of the remaining MFF 2017 options had been exercised by 29 July 2016, the pre-tax NTA would have been reduced by approximately 13.7 cents per share (and the approximate post tax figure by approximately 10.2 cents per share).

The composition of the MFF portfolio was little changed in the month, although we continued to search widely for opportunities. The portfolio market prices were mostly higher in the month whereas the increase in the AUD detracted from the NTA figures.

The overall market reactions were positive to results and corporate outlook statements released in July, although there were some contradictions particularly beyond the very short term. Some very strongly performing mega cap companies outperformed market expectations and their prices pushed higher (as did overall indices and sentiment), particularly in technology. There were a number of better than expected reports from pressured, cyclical and out of favour companies including amongst the very large bank financials. Despite the positives there were a wider array of downgrades, missed expectations and write offs than might be expected in a more usual bull market/economic recovery. Explanations included geographic, pricing and product weakness, competition, currencies and geopolitical issues such as Brexit.

Major US banks accelerated their lending growth. Data provided ongoing evidence of housing booms/recoveries, with acceleration apparent in many parts of the world. Corporate bond issuance has accelerated in recent months and inflows accelerated into high yield debt funds/ETFs as well as emerging market vehicles. Even with stocks at higher levels and possible early stages of increased US oil rig utilisation, bond yields and reported capital expenditures were lower. Governments and bureaucrats progressed or sought to progress thousands of individual pieces of regulatory complexity, and trade is impacted by increases in barriers to trade and protectionism as well as increasingly populist anti trade and anti-globalization rhetoric. Private investors continue their shift away from direct individual ownership of equity in most markets (although individuals are increasingly required to provide for their own post retirement savings and incomes). Uncertainty and unpredictability continue, as evidenced by geopolitical events and monetary policies with few historical parallels.

Net debt as a percentage of investment assets was approximately 10.6% at 29 July 2016. AUD net debt was approximately 9.0% and USD net debt approximately 1.4%. Other cash/borrowing currency exposures were below 1% of investment assets as at 29 July 2016. Key currency rates for AUD as at 29 July 2016 were 0.760 (USD), 0.680 (EUR) and 0.572 (GBP), compared with rates for the previous month which were 0.745. (USD), 0.670. (EUR) and 0.557 (GBP).

Holdings as at 29 July 2016 with market values of 1% or more of the portfolio are shown in the table below (shown as percentages of investment assets).

Holding	%
Visa	11.7
Lowe's	10.6
Home Depot	10.5
MasterCard	9.6
Wells Fargo	8.4
HCA Holdings	7.4
Bank of America	7.3
US Bancorp	5.3

Holding	%
S&P Global	4.4
CVS Health	4.0
BlackRock	3.7
JP Morgan Chase	3.5
Lloyds Banking Group	3.1
Bank of New York Mellon	2.5
Microsoft	2.1
State Street	1.7

Yours faithfully,



Chris Mackay
Portfolio Manager

1 August 2016

¹ Net tax liabilities are tax liabilities less tax assets, and are partially in respect of realised gains.

All figures are unaudited and approximate.