

Magellan Flagship Fund Limited
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**Magellan Flagship Fund Limited ("MFF")
Net Tangible Assets ("NTA") per share for October 2009**

MFF advises that its approximate monthly and weekly NTA per share as at Friday, 30 October 2009 was \$0.685 excluding net deferred tax assets of \$0.105. As outlined at MFF's recent AGM, the on-market Buyback continues to be a priority for MFF. During October a further 1.8 million shares were bought.

During October, changes to MFF's portfolio were again modest and MFF has remained fully invested. A number of small portfolio sales were made and further such sales will continue. Dividend flows were also used to provide funds for the Buyback and purchases.

Almost all of the September quarter results for our portfolio companies exceeded average market expectations, principally for the reasons foreshadowed in MFF's NTA announcement last month. MFF's portfolio companies show resilience in the ongoing weak economic conditions and almost all are gaining market share whilst cutting costs and improving productivity. Outlook statements were more optimistic, although many companies in the market continue to see weak demand.

In addition to the Buyback, the only material purchase was about 2% of MFF's capital invested into Wells Fargo (**WFC**), which followed up with a very solid earnings result indicating the potential earnings power of its unique franchise. Although many reasonable people object to aspects of the stimulus and the 'unintended' beneficiaries, the stimulus is happening, and many of MFF's portfolio companies are benefitting. Absent a major change in policy direction, WFC is high up among the beneficiaries, and a combination of time, earnings and the stimulus has the valuable added benefit of materially reducing WFC's risks from the previous very significant level after the takeover of Wachovia. Australian investors may see in WFC some interesting parallels with the early 1990s, which extend beyond WFC's Board and banking pedigree. Sentiment and concerns about asset quality, government involvement, macroeconomic outlook and capital will almost certainly cloud the next year or so and cause the share price to fluctuate.

We remain very positive about the business prospects for MFF's portfolio. Our views on markets and business conditions are unchanged from our comments at the AGM and in the September NTA commentary. We believe that our portfolio, fully invested in quality companies, with AUD currency unhedged might provide some natural short-term offsets in circumstances where low interest rates and Government allocated stimulus continue, as well as overcapacity and over production in many industries. In the medium to longer term, the business performance of the MFF portfolio is most important and is likely to move than offset currency movements.

Approximately 95% of MFF's total investment assets by market value continue to be in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with a majority of the balance being predominantly North American focused. The revenue and earnings split for the multinationals average about 40% USA, 30% Europe and 30% ROW. The emerging markets proportion of underlying revenue and earnings continues to rise. As at 30 October 2009, MFF had net borrowings of approximately 19.9% of total investment assets, almost all of which is denominated in AUD with smaller amounts of borrowings in Euro.

Key currency rates for AUD as at 30 October 2009 rates were 0.9036 (USD), 0.6124 (EUR), 0.5482 (GBP) and 0.9255 (CHF) compared with the 30 September 2009 rates which were 0.8826 (USD), 0.6038 (EUR), 0.5518 (GBP) and 0.9158 (CHF).



Leo Quintana
Legal Counsel & Company Secretary
3 November 2009

¹ Deferred tax assets less deferred tax liabilities.
All figures are unaudited