



Magellan Flagship Fund Limited
ABN 32 121 977 844

Level 7, 1 Castlereagh Street,
Sydney NSW 2000 AUSTRALIA

General: +61 2 8114 1888
Facsimile: +61 2 8114 1800
Website: www.magellangroup.com.au

**Magellan Flagship Fund Limited ("MFF")
Net Tangible Assets ("NTA") per share for January 2011**

MFF advises that its monthly NTA per share as at 31 January 2011 was \$0.759 excluding net deferred tax assets¹ of \$0.083. These figures are unaudited.

Changes in the portfolio were limited, and we maintained our unhedged currency positions during the month.

The quality of the portfolio is apparent from the early results of our companies for the December quarter. Most of our companies are gaining profitable market shares in emerging markets and in more developed markets. Competitive positions are materially stronger than they were prior to the financial crisis. Outside of the financials, most companies have also bought back capital on favourable terms over recent years. We expect regulators to allow the portfolio's financials to increase dividends and/or undertake other capital management during 2011.

Confidence is a key variable in the sustainability and shape of the current economic recovery. Equity and other asset valuations are more stretched in some markets and liquidity is high. Commodity price pressure is contributing to economic and political tension.

About 90% 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 and almost 3% being China focussed. The revenue and earnings split for the multinationals average about 40% USA, slightly less than 30% Europe and slightly more than 30% ROW. The emerging markets proportion of underlying revenue and earnings continues to rise.

As at 31 January 2011, MFF had net borrowings of approximately 19% of total investment assets. Borrowings are denominated in AUD.

Key currency rates for AUD as at 31 January 2011 were 0.9970 (USD), 0.7272 (EUR), 0.6224 (GBP) and 0.9368 (CHF) compared with the 31 December 2010 rates which were 1.0251 (USD), 0.7641 (EUR), 0.6547 (GBP) and 0.9554 (CHF).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Nerida Campbell', is written over a light blue horizontal line.

Nerida Campbell
Company Secretary

2 February 2011

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