

# Selector High Conviction Equity Fund

Monthly report – April 2025

selector

## Market insights

In early April, President Trump reignited trade tensions when he announced sweeping tariffs on almost all U.S. imports, rattling global markets. The move saw the S&P 500 and NASDAQ indices sell-off 22% from their previous peaks over the course of just a few days, marking the steepest drops since the early days of the COVID-19 pandemic. The sweeping reciprocal tariffs applied to each country, which range from 10% up to 145%, have since been put on hold (excluding China) until early July.

The decision to walk the tariffs back subsequently triggered a sharp rebound in global markets which saw the S&P 500 post a single-day gain of 9.5%, the third largest day on the index's record, only bettered by two rallies recorded during the GFC of 2008. Despite this, U.S. markets recorded a loss of 7.3% for Trump's first 100 days in office, the third worst on record.

U.S. consumer confidence declined for a fifth straight month, the longest such stretch since 2008, on growing pessimism for the economy and labour market, as well as continued fear of recession in the country. The fall marks a five-year low, the weakest reading since May 2020. Further, the Bank of America's survey of global fund managers revealed that 82% of professional investors, the highest reading in its 30-year history, see the global economy weakening from this point.

During times of panic, U.S. Treasury bonds are often an investors first port of call. *"Treasures and the dollar get their strength from 'the world's perception of the competence of American fiscal and monetary management and the solidity of American political and financial institutions,' said Jim Grant, 'Possibly, the world is reconsidering.'"*

Conditions are now in train for interest rate settings in the U.S. and Australia to move down from the current 4% plus levels.

We maintain the belief that investors with long-term mindsets stand to benefit from these periods of market downturns. It is only when the lens is zoomed out do you begin to appreciate the advantage these opportunities deliver.

We continue to seek businesses with:

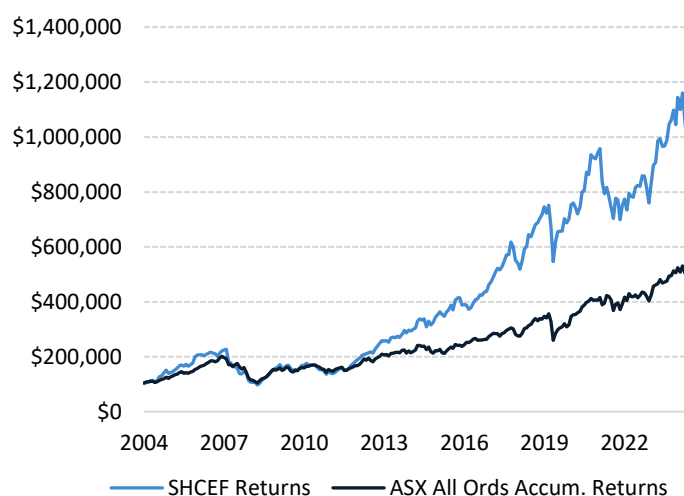
1. Competent management teams
2. Business leadership qualities
3. Strong balance sheets
4. A focus on capital management

## Performance as at 30 April 2025<sup>1</sup>

	1 Month	3 Month	6 Month	1 Year	3 Year <sup>2</sup>	5 Year <sup>2</sup>	10 Year <sup>2</sup>	15 Year <sup>2</sup>	20 Year <sup>2</sup>	Since Inception <sup>2</sup>
Fund (net of fees)	3.46	(12.11)	(2.75)	4.43	7.68	9.01	9.98	10.78	9.92	10.00
Fund (gross of fees)	3.59	(11.77)	(2.02)	5.99	9.33	10.69	11.88	12.75	11.90	12.01
All Ords Accum. Index	3.60	(4.02)	0.66	8.81	6.69	12.38	7.93	8.01	8.16	8.26
Difference (gross of fees)	(0.01)	(7.75)	(2.68)	(2.82)	2.64	(1.69)	3.95	4.74	3.74	3.75

<sup>1</sup>Performance figures are historical percentages, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Returns assume the reinvestment of all distributions. Performance can be volatile, and future returns can vary from past returns. <sup>2</sup>Returns greater than 1 year are annualised.

## Gross value of \$100,000 invested since inception



Inception Date: 30/10/2004. Benchmark: S&P/ASX All Ordinaries Accumulation Index. Fund returns are before fees, costs and tax, and assuming reinvestment of distributions. Past performance should not be taken as an indicator of future performance.

## Top holdings

Company name	Code	Weight (%)
TechnologyOne	TNE	8.16
Nanosonics	NAN	6.74
Aristocrat Leisure	ALL	6.62
CAR Group	CAR	6.44
Resmed	RMD	6.36
Cochlear	COH	5.63
Pro Medicus	PME	4.91
James Hardie Industries	JHX	4.38
REA Group	REA	4.32
WiseTech Global	WTC	4.31

## Portfolio as at 30 April 2025

Entry price	\$3.4204
Mid price	\$3.4119
Exit price	\$3.4034

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## Performance contributors

Top five	Contribution (%)
Pro Medicus	0.67
TechnologyOne	0.66
REA Group	0.55
WiseTech Global	0.41
CAR Group	0.39

Bottom five	Contribution (%)
Breville Group	(0.30)
James Hardie Industries	(0.21)
Flight Centre Travel Group	(0.13)
Infomedia	(0.13)
Reliance Worldwide Corporation	(0.13)

## Portfolio Commentary

### Flight Centre (ASX:FLT)

Flight Centre Travel Group provided a trading update during the month, downgrading its FY25 underlying profit before tax guidance from \$365m-\$405m to \$300m-\$335m. Management noted U.S. policy changes have impacted business and consumer confidence, slowing Corporate and Leisure Total Transaction Value (TTV) growth.

Despite the current uncertainty, the business remains on track to deliver record TTV and exceed pre-pandemic profitability levels for FY25.

Commenting on the update, CEO Graham Turner said. *“Group-wide, we are maintaining cost discipline and implementing strategies to boost productivity and enhance the customer experience. Importantly, we are also maintaining a very strong balance sheet, which allows us to: Invest in key growth drivers, acquire businesses if attractive opportunities arise; or undertake further capital management initiatives.”*

The company continues to invest in its systems to enhance productivity group wide, including fast tracking various initiatives in the Global Business Services division to reduce its monthly cost base of \$20m, continue its productivity initiatives in Corporate and invest within the Cruise sector in Leisure.

Flight Centre also announced an on-market share buyback of up to \$200m, set to start mid-May and to be completed within 12 months.

Flight Centre has a market capitalisation of \$3b.

### Resmed (ASX:RMD)

In April, Resmed released its third quarter 2025 results. Revenue grew 9% to US\$1.3b on a constant currency (CC) basis whilst underlying operating income (EBIT) increased 14% to US\$426m.

Underlying gross profit margins increased by 140 basis points to 59.3% thanks to manufacturing and logistics efficiencies, and favourable shifts in product mix. The result was driven by increased demand for Resmed’s sleep devices and masks products, as well as strong growth across its residential care software business. Management continues to see opportunity for incremental gross profit margin improvement through continuous improvement initiatives across manufacturing, freight, procurement and product innovation.

Resmed announced that its at home sleep apnoea test,

NightOwl, is now available across the U.S. which is designed to offer healthcare providers a simplified, accurate and efficient way to diagnose obstructive sleep apnoea. The test is completed using a small disposable sensor that is taped to the patient's fingertip, which collects data over the course of three nights sleep.

The company also introduced a new sleep lab testing and titration platform for the Hospital and Sleep Lab environment. The platform can be paired with NightOwl and AirView, Resmed’s cloud-based patient management software for physicians and home care providers, creating an end-to-end patient solution from diagnosis to therapy adherence.

Looking forward, Resmed aims to improve 500 million lives by 2030. Over the last 12 months the company helped nearly 151 million lives.

Resmed has a market capitalisation of US\$34.5b, net cash of US\$260m, lifted its quarterly dividend to 53 cents per share and increased its quarterly share buyback program to US\$100m.

### Telix Pharmaceuticals (ASX:TLX)

Telix provided a first quarter sales update, reporting total 1Q25 revenue of US\$186m, a year on year increase of 62% or 31% quarter on quarter (QoQ). Group sales included two months of recently acquired RLS Radiopharmacies totalling US\$33m. Sales of the business’ Prostate imaging agent, Illuccix grew 35% to US\$151m or 9% QoQ.

Telix received a complete response letter from the U.S. FDA for its new drug application for glioma (brain cancer) imaging agent, Pixclara, stating that it is unable to be approved in its current form. The FDA found quantitative inconsistency in the 505(2)(b) application and *“additional confirmatory clinical evidence is required to progress the application”*. No concerns were raised regarding product safety and manufacturing.

Telix has additional data, collected via an ongoing expanded access program. A hearing to better understand FDA requirements will be followed by a submission of data. Thereafter, Telix expects a meeting will be granted within 30 days. At this point the probability of a new trial cannot be quantified. Pixclara has been granted orphan drug and fast track designation by the FDA.

Telix reiterated its guidance for the financial year of sales of US\$770m-800m. Telix has a market capitalisation of \$9.7b.

Selector Funds Management ACN 102756347 AFSL 225316

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## About Selector

Selector Funds Management ("Selector") specialises in high conviction, index agnostic, concentrated portfolio management (AFSL 225316). The investment team have a high level of experience, are owners of the business and invest in the funds alongside clients. Selector has a long-term track record of performance.

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## Disclaimer

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