

Selector High Conviction Equity Fund

Monthly report – July 2025

selector

Market insights

Conflicting data readouts continue to dictate policy action. In July, the International Monetary Fund (IMF) upgraded its outlook for global growth amid signs that the U.S. trade war will do less damage than initially feared. Growth for 2025 and 2026 rose from 2.8% and 3.0% to 3.0% and 3.1% respectively, with a weaker U.S. dollar cushioning the impact of trade tariffs. Offsetting this optimism, U.S. July employment numbers added just 73,000 jobs, well shy of the 170,000 forecasts, with the unemployment rate lifting to 4.248%. The prior two-month employment figures were also cut by 260,000, raising concerns about data accuracy and reliability. Interest rate cuts are now firmly on the agenda, with the first expected in September.

Elsewhere during July, the Trump Administration unveiled an important Bill, America's AI Action Plan, focused on three key pillars *"in a race to achieve global dominance in artificial intelligence. Whoever has the largest AI ecosystem will set global AI standards. and reap broad economic and military benefits."* The Bill is centred on:

- i. Accelerating AI Innovation
- ii. Building American AI Infrastructure
- iii. Leading in International AI Diplomacy and Security

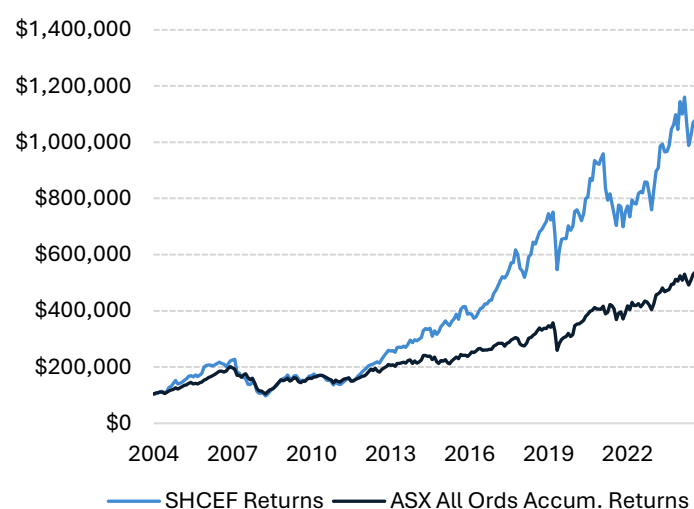
The Bill provides a clear, strategic vision for U.S. dominance in AI, while reducing reliance on other nations.

It has also been welcomed by big tech in the U.S., as it's deregulatory tilt encourages a 'try-first' approach to AI and innovation culture, and provides major governmental infrastructure support. Barriers previously hindering AI innovation have been eased, with the document instructing that government agencies review or repeal certain regulations at both state and federal levels. A large portion of the Bill is focused on the importance of national security in relation to AI, where America intends to strengthen distribution security while remaining a lead exporter in this fast developing space.

We continue to seek businesses with:

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

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	8.09
CAR Group	CAR	7.06
Resmed	RMD	7.03
Aristocrat Leisure	ALL	6.63
Pro Medicus	PME	6.59
Cochlear	COH	6.24
WiseTech Global	WTC	5.75
Nanosonics	NAN	5.74
James Hardie Industries	JHX	5.01
FINEOS Corporation Holdings	FCL	4.38

Portfolio as at 31 July 2025

Entry price	\$3.4897
Mid price	\$3.4810
Exit price	\$3.4723

Performance as at 31 July 2025¹

	1 Month	3 Month	6 Month	1 Year	3 Year ²	5 Year ²	10 Year ²	15 Year ²	20 Year ²	Since Inception ²
Fund (gross of fees)	4.12	9.47	(3.79)	5.85	11.43	9.62	11.16	12.21	9.41	10.35
Fund (net of fees)	4.25	9.85	(3.08)	7.42	13.12	11.33	13.07	14.19	11.36	12.36
All Ords Accum Index	2.59	8.44	4.07	11.87	12.14	12.36	8.90	9.05	8.03	8.58
Difference (gross of fees)	1.66	1.41	(7.15)	(4.45)	0.98	(1.03)	4.17	5.14	3.33	3.78

¹Performance 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. ²Returns greater than 1 year are annualised.

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Performance contributors

Top five	Contribution (%)
Pro Medicus	0.81
FINEOS Corporation Holdings	0.73
Resmed	0.53
WiseTech Global	0.52
CSL	0.50

Bottom five	Contribution (%)
Telix Pharmaceuticals	(0.56)
Reece	(0.16)
Domino's Pizza Enterprises	(0.09)
Flight Centre Travel Group	(0.05)
James Hardie Industries	(0.05)

Portfolio Commentary

FINEOS Corporation Holdings (ASX:FCL)

FINEOS shared a quarterly business update with the market in July, announcing two new North American clients contracted for FINEOS IDAM (Integrated Disability and Absence Management) and FINEOS Claims products. The business also shared that an existing top-10 U.S. insurance group has contracted FINEOS “to conduct a major migration and consolidation of on-premise systems to FINEOS Absence (including integrated short-term disability claims)”. Management expects all contracts to go live in 2026 and noted the pipeline remains strong, particularly in the North American market as clients continue to migrate from legacy systems.

Closing cash for the end of June was €34.9m, down from €35.5m at the end of the previous quarter, a reflection of seasonal cash collection impacts. Management confirmed that revenue growth and ongoing operational efficiency gains continue to support the expectation of delivering positive free cash flow for FY25.

FINEOS has a market capitalisation of \$940m.

Flight Centre Travel Group (ASX:FLT)

Flight Centre released preliminary FY25 trading results in July, revising expected underlying profit before tax to \$285m-\$295m, from its previous guidance of \$300m-\$335m. Total transaction value (TTV) for the year, is expected to come in at a record \$24.5b.

The group’s guidance revision follows a challenging quarter reflecting underperformance in Asia, industry headwinds from escalating tensions in the Middle East and continued global downturn in travel bookings to the U.S. Management observed customers booking closer-to-home holidays and transactional volume growth in lower margin brands which negatively affected operating margins.

Within the business, Flight Centre has accelerated initiatives within its Global Business Services unit to improve operational efficiency and automation, simplified its product portfolio by closing underperforming assets including Student Universe and is targeting a 15%-20% capital expenditure reduction in FY26. In addition, the company aims to launch a leisure loyalty offering by the end of 1H FY26 initially spanning the Flight Centre, Cruiseabout and Travel Associates brands in Australia.

Flight Centre Travel Group has a market capitalisation of \$2.6b.

OFX Group (ASX:OFX)

International payments provider, OFX Group, provided a first quarter FY26 trading update. Net operating income rose 11% quarter-on-quarter to \$56.6m, reflecting stronger performance in a more stable market environment.

On the New Client Platform (NCP), active clients grew to 5,900 from 2,544 in the prior quarter. The business confirmed they have migrated ~40% of corporate clients in Australia onto the NCP, which is expected to be substantially complete in 2Q26. The platform is now live in Canada, Europe and the Middle East, where OFX has observed strong early traction. For migrated clients, FX activity rose more than 10% in June versus the monthly average in the quarter prior to migration. The company also released 35 new features including digital forwards.

OFX will initiate an on-market share buyback of up to 10% of shares over the next 12 months following its Annual General Meeting in August.

OFX has a market capitalisation of \$200m.

Telix Pharmaceuticals (ASX:TLX)

In July, Telix provided a second quarter trading and business update. Reported revenue of US\$204m was up 10% quarter-on-quarter, of which its prostate imaging agent Illucix contributed US\$154m, up 2%. FY25 revenue guidance of US\$770m-US\$800m was reaffirmed.

Within precision medicine, Telix announced the grant of a permanent Healthcare Common Procedure Coding System (HCPCS) code for its next generation prostate imaging agent Gozellix. The code is an important commercial milestone as it is used by the U.S. Centres for Medicare & Medicaid Services (CMS) and commercial insurers to process claims and payments.

Management also had a successful meeting with the U.S. Food & Drug Administration (FDA) in June to agree a path forward for re-submitting a New Drug Application (NDA) for brain cancer imaging agent candidate, Pixlara.

On the corporate side, Telix received a subpoena from the U.S. Securities and Exchange Commission primarily relating to the company’s disclosure of its prostate cancer therapeutic candidates.

Telix has a market capitalisation of \$7.0b.

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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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