

Selector High Conviction Equity Fund

Monthly report – August 2025

selector

Market insights

The local market focused on domestic issues as reporting season rolled out. As is the norm, beating expectations, even when a loss is reported, was met with positive endorsement while misses to current and future consensus numbers resulted in heightened price volatility. There is no doubt that trading conditions are tougher. A confluence of outcomes is taking their toll. Cost inflation and elevated interest rates, having compounded over the past three years is feeding into competitive responses, while the structural implications resulting from the work from home (WFH) movement are requiring tougher company responses. Some businesses, notably global plasma manufacturer CSL and plumbing group Reece were severely punished for missteps. The lack of productivity gains and innovation success were the key call outs, which for CSL has resulted in a significant simplification reset, announcing large jobs cuts and operational realignment.

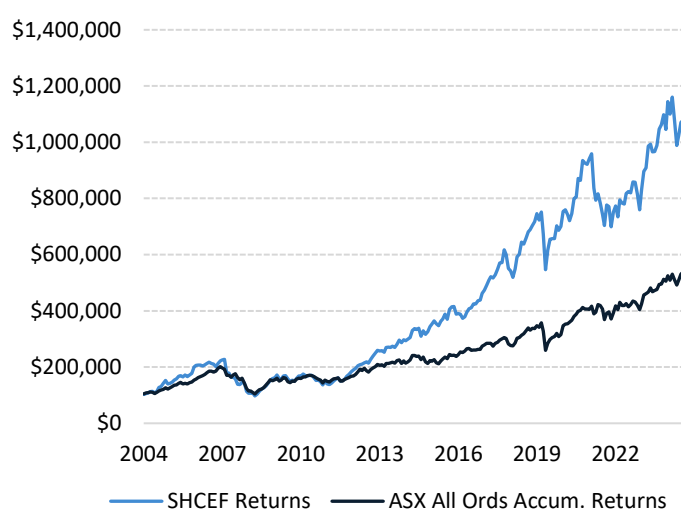
In such a setting, accurately determining correct data points has become a miss and hit affair. This was reflected in the U.S. when Fed Chair Jerome Powell noted, *“with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance”*. More revealing was the Chair’s description of the labour market as being *“in balance”* yet stressed that it was a *“curious kind of balance”* due to slowing demand and supply of workers. Further, *“downside risks to employment are rising”* and that *“if those risks materialise, they can do so quickly in the form of sharply higher layoffs and rising unemployment.”*

Underscoring the rising implications of government policies, already playing out in the form of tariffs, the U.S. government’s latest move in taking a direct 10% stake in chip maker Intel, making it the largest shareholder, follows the Trump Administration’s bill announced in July, America’s AI Action Plan. Here, the U.S. administration has clearly established the ground rules, *“it is a national security imperative...to secure our future we must harness the full power of American innovation.”*

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	8.04
CAR Group	CAR	7.63
Resmed	RMD	7.12
Aristocrat Leisure	ALL	7.03
Nanosonics	NAN	6.48
Pro Medicus	PME	6.24
Cochlear	COH	6.03
WiseTech Global	WTC	5.01
FINEOS Corporation Holdings	FCL	4.92
REA Group	REA	4.26

Unit Prices as at 31 August 2025

Entry price	\$3.4027
Mid price	\$3.3942
Exit price	\$3.3857

Performance as at 31 August 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)	(2.37)	2.63	1.93	3.36	12.50	9.35	13.26	14.17	10.75	12.18
Fund (net of fees)	(2.49)	2.24	1.18	1.85	10.82	7.71	11.35	12.19	8.81	10.17
All Ords Accum Index	3.15	7.35	11.78	14.93	12.83	12.24	10.07	9.33	8.08	8.71
Difference (gross of fees)	(5.52)	(4.72)	(9.85)	(11.57)	(0.33)	(2.89)	3.19	4.84	2.67	3.47

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 (%)
ARB Corporation	0.66
Nanosonics	0.59
Infomedica	0.56
SEEK	0.42
CAR Group	0.41

Bottom five	Contribution (%)
James Hardie Industries	(1.17)
Telix Pharmaceuticals	(1.06)
CSL	(0.84)
WiseTech Global	(0.84)
Reece	(0.49)

Portfolio Commentary

ARB Corporation (ASX:ARB)

ARB, a manufacturer and distributor of four-wheel drive parts and accessories, reported FY25 sales revenue of \$730m, up 5.3% and an after tax profit of \$97.5m, a decline of 5% due to currency headwinds, U.S. tariffs and increased investment in people, marketing and distribution.

The highlight from the results was the Americas region, with revenue up 21.4% to over \$100m. The U.S. business continues to gain momentum, led by its 50% stake in Off Road Warehouse, a network of 48 retail stores through the purchase of 4 Wheel Parts in September 2024, and its branded partnership with Toyota via its off-roading vehicle trim Trailhunter. The company also established an engineering centre in Los Angeles to bring new product to the market.

ARB has a market capitalisation of \$3.4b.

CSL (ASX:CSL)

CSL reported FY25 revenue of US\$15.6b, up 5% in constant currency (cc) and underlying profit after tax growth of 14% in cc to \$3.3b. CSL announced a major transformation plan aimed at simplifying the business whilst improving internal efficiency across the R&D function, internal clinical and commercial execution as well as its plasma network. CSL also intends to demerge its influenza vaccine company Seqirus through an ASX listing by the end of FY26.

Overall, the initiatives will result in a net headcount reduction of 15% and one-off restructuring costs of US\$700m-US\$770m in FY26. The actions are expected to drive annualised cost savings of US\$500m-US\$550m progressively over the next three years.

Guiding to FY26 in cc, CSL expect group revenue to grow by 4%-5% and adjusted NPAT growth of 7%-10% to US\$3.45b-US\$3.55b.

CSL has a market capitalisation of \$103b and announced a multi-year share buyback program starting with \$750m in FY26.

Nanosonics (ASX:NAN)

Nanosonics, an infection prevention company and the global leader in ultrasound probe disinfection reported FY25 revenue growth of 17% to \$199m and operating profits (EBIT) of \$17.8m (\$9.1m in FY24). The business' flagship product, Trophon, grew its installed base 6% to over 37,000 devices while its recurring Consumables & Services revenue grew 20% to \$146.1m.

The business recorded multiple milestones in the financial year, including U.S. regulatory approval for CORIS, the first automated endoscope cleaning device as well as the launch of trophon3 and trophon2 Plus software, its updated ultrasound High Level Disinfection solution with 40%+ faster cycle time and expanded digital connectivity.

For FY26, Nanosonics expects to deliver revenue growth of 8%-12% to \$215m-\$223m, and operating expense growth of 6%-9% to \$147m-\$151m.

Nanosonics has a market capitalisation of \$1.4b.

Reece (ASX:REH)

Reece reported full year revenues of \$9b, down 1% and operating profit (EBITDA) down 11% to \$901m. The result was impacted by soft end markets across both the U.S and ANZ, where housing under construction and new starts remain depressed. In ANZ, management expects a slow recovery in macroeconomic conditions and increased competition. In the U.S., continued high mortgage rates and affordability challenges are expected to constrain the housing market for the next 12-18 months.

During the period, Reece finished its U.S rebrand, completed three bolt-on acquisitions, and opened 39 net new branches.

Reece has a market capitalisation of \$7b.

SEEK (ASX:SEK)

Leading employment site SEEK delivered revenue of \$1.1b, up 1% whilst operating profit (EBITDA) decreased 2% to \$459m. In ANZ, the company delivered 13% yield growth which more than offset the challenging macroeconomic conditions with volumes down 11%. Yield growth was delivered through higher variable pricing and increased adoption of depth solutions, underpinned by new product launches.

While weak conditions were also observed in the Asia environment, SEEK report strong momentum post its transition to a freemium model with 30% growth in active hirers and a 1% increase in revenue to \$246m. As with ANZ, yield growth of 18% more than offset paid volume decline of 16%.

For FY26, management guide to net revenue of \$1.15b-\$1.25b and operating profits of \$510m-\$550m.

SEEK has a market capitalisation of \$10b.

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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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