Selector High Conviction Equity Fund

Monthly report – October 2025

selector

Market insights

During October, long-dated yields in major economies such as the U.S., U.K. and Germany observed some of their sharpest falls in years amid growing expectations of rate cuts. The U.S. Federal Reserve delivered its second 25-point cut for the year, with all but two members voting for a cut. Of the two dissenters, one voted for no change, and the other for a 50-point cut. Inflation (3%) is running above the Fed's target range, and during a period of limited data availability, may be making its decision based on weaker trends in the job market. While markets had previously priced in another near guaranteed cut in December, Fed Chair Jerome Powell took this firmly off the table with the hawkish words *"a policy reduction at the December meeting is not a foregone conclusion…far from it"* and clarified that *"policy is not on a preset course"*. As we write, the U.S. Government is within days of its current shut down becoming the longest in the country's history, second only to 35 days in 2018. The situation certainly limits the data available to the Federal Reserve, forcing them to make decisions with a far more restricted view of the full economic picture.

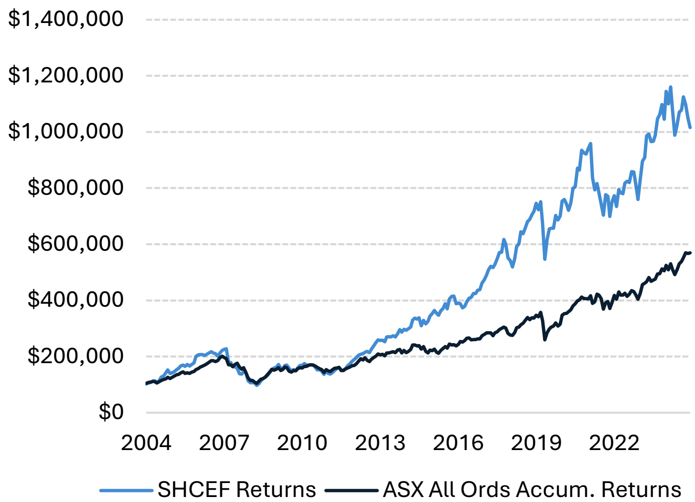
Australian trimmed mean inflation for Q3 came in above expectations at 1.0%, rising at its fastest pace since Q1 in 2023. With this, like the U.S., widely anticipated expectations of a rate cut at the Reserve Bank's next meeting faded, with the market shifting their expectations to May 2026.

Japan elected its first female Prime Minister during the month, Sanae Takaichi, who pledged to realise a "golden age" in Japan-U.S. relations. The new Prime Minister delivered an agreement late in the month with Trump, in which the U.S. agreed to reduced tariffs on Japanese goods, subject to Japanese investment commitments in the U.S in relation to energy infrastructure, critical minerals and investment cooperation. Takaichi's pro-market, pro-growth policy, alongside widely expected fiscal stimulus, saw the Nikkei 225 climb nearly 17% over the course of the month as the market began pricing in the prospect of improved business earnings.

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	8.29
CAR Group	CAR	7.48
Resmed	RMD	7.47
Nanosonics	NAN	7.40
Aristocrat Leisure	ALL	6.79
Cochlear	COH	6.41
Pro Medicus	PME	6.15
FINEOS Corporation Holdings	FCL	5.31
James Hardie Industries	JHX	4.45
ARB Corporation	ARB	4.24

Unit Prices as at 31 October 2025

Entry price	$3.1399
Mid price	$3.1321
Exit price	$3.1243

Performance as at 31 October 2025[1]

	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)	(3.17)	(9.65)	(0.75)	(2.76)	10.58	7.72	11.45	12.73	10.41	11.67
Fund (net of fees)	(3.30)	(10.02)	(1.50)	(4.20)	8.93	6.13	9.57	10.77	8.49	9.67
All Ords Accum Index	0.49	3.09	11.79	12.53	13.22	12.55	9.85	8.81	8.04	8.63
Difference (gross of fees)	(3.66)	(12.74)	(12.54)	(15.29)	(2.64)	(4.83)	1.60	3.92	2.37	3.04

[1]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. [2]Returns greater than 1 year are annualised.

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Performance contributors

Top five	Contribution (%)
Nanosonics	0.54
James Hardie Industries	0.50
Telix Pharmaceuticals	0.26
Cochlear	0.16
FINEOS Corporation Holdings	0.14

Bottom five	Contribution (%)
WiseTech Global	(1.09)
Pro Medicus	(0.98)
Aristocrat Leisure	(0.67)
TechnologyOne	(0.34)
OFX Group	(0.33)

Portfolio Commentary

OFX Group (ASX:OFX)

OFX provided a second quarter business update in October, reporting revenue of $31.3m, down 9% on the pcp due to ongoing macroeconomic uncertainty reducing average transaction values. Management noted higher than expected bad debts of $3.2m, up 9% from a small number of incidents in the North American corporate segment. The company has implemented enhanced risk controls and is already seeing a reduction in the third quarter.

The new client platform (NCP) is now live across all major markets and the migration of corporate clients is accelerating, with 39% of all existing active corporate customers onboarded. Management highlighted increased innovation, with 80 new products and features launched during the quarter including a two-way sync to Quickbooks. A refreshed go-to-market strategy has driven stronger acquisition onto the NCP, and interest-bearing account balances are tracking ahead of expectations.

OFX has a market capitalisation of $137m.

Resmed (ASX:RMD)

Resmed released its first quarter FY26 results during the month, reporting revenue of US$1.34b, up 9% (8% constant currency) on the prior comparative period (pcp) and underlying net profit of US$374.9m, an increase of 15%. Revenue growth was driven across all segments and regions with global device sales rising 9% to US$680m, Masks & Other up 11% to US$489m and Residential Care Software increasing 6% to US$166m.

Gross margins improved 290 basis points to 61.5% through manufacturing and logistic efficiencies as well as improved component costs.

During the quarter, Resmed began rolling out two new mask variants – the *AirTouch F30i comfort*, and *AirTouch F30i Clear*. The *Comfort*, a premium priced mask, features a fully fabric wrapped frame and comfortable oronasal interface, while the *Clear* features a silicon frame with the same fabric oronasal interface as the *Comfort*. The releases extend Resmed's unique fabric interface lineup which took a decade to develop and first launched in the December 2024 quarter.

In addition to the recently announced expansion of Resmed's Calabasas manufacturing facility, management shared plans to invest in a new distribution centre in Indianapolis following continued strong growth in the U.S. The new facility is expected to improve product velocity of delivery, as well as enhance the resilience of Resmed's distribution network by positioning inventory closer to customers. By 2027, the business expects 90% of their customer base will be within 2 business days delivery of Resmed products.

In Residential Care Software, management announced its intentions to reduce exposure in the services (Skilled Nursing) division and focus investment on the high growth and high margin areas across MEDIFOX, Brightree and Matrix Care. The company expects to move from mid-single digit revenue growth to high single digit growth and double digit operating profit (EBIT) within the next 12 months. The segment remains a core part of the company's long term strategy through enabling core sleep and breathing health demand, particularly through mask and accessory resupply programs.

Resmed has a market capitalisation of US$36b, net cash of US$715m and continues to repurchase US$150m of shares a quarter as part of its ongoing on-market buyback program.

Telix Pharmaceuticals (ASX:TLX)

During October, Telix Pharmaceuticals provided a third quarter business update, reporting US$206m in revenue, up 1% quarter-on-quarter (QoQ) and 53% on the prior year. PSMA imaging reported a *"solid"* result with revenue of US$155m up 1% QoQ during a period where Illuccix transitioned off pass through reimbursement in the U.S. Management noted a 3% increase in dose volumes was a sign that competitive pricing pressures have begun to stabilise.

During the quarter, imaging agent Gozellix was granted transitional pass through (TPT) status, now being fully reimbursed by centres for Medicare and Medicaid in the U.S, from 1 October. The business also reached an agreement with the U.S. Food & Drug Administration (FDA) on a resubmission pathway for its Glioma (brain cancer) imaging agent Pixclara during 4Q25. Ahead of resubmission of kidney cancer imaging agent Zircaix, Telix has requested a Type A meeting with the FDA.

The company raised its full year revenue guidance ahead of the final quarter of FY25 from US$770m-US$800m to US$800m-US$820m.

Telix has a market capitalisation of $5.3b.

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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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