

Selector High Conviction Equity Fund

Monthly report – January 2026

selector

Market insights

Rising bond yields, surging commodities and the fear of new AI models on software businesses, has resulted in material dispersion in listed valuations regardless of EPS growth.

The appointment of Kevin Warsh as the new Federal Chair of the U.S. Central Bank is expected to take effect in May, when the current term for Chair Jay Powell concludes. This is to be Warsh's second stint on the board, having served during 2006-2011. Warsh comes to the role with impeccable credentials and the backing of JP Morgan chief Jamie Dimon and investor Stanley Druckenmiller, where he remains a partner of Druckenmiller's family office since 2011.

Markets are looking beyond Powell to the shape of a Warsh led Federal Reserve. Warsh is on record on matters including Fed independence, its broad role and its boundaries. According to Warsh, the Fed should have a lower profile, its activities should appear in small paragraphs on back pages rather than dominating financial news. Notably, as The Economist wrote, under Warsh, "Quantitative easing (QE) is out the window. Mr Warsh has never wavered in his hatred of the vast balance sheet that the Fed accumulated through bond-buying."

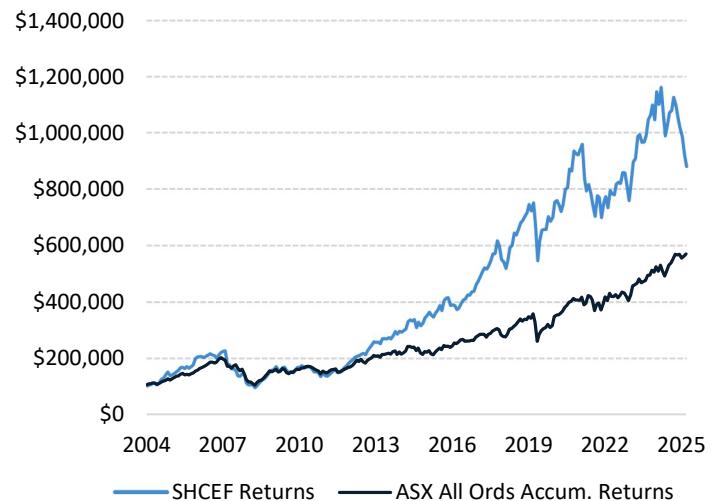
The U.S. deficit position and the nation's growing debt level will get the appropriate attention it deserves in a Warsh led Fed. Warsh believes AI will unlock material productivity gains that can offset lower migration and weaker demographics. If the debt is addressed, productive growth prevails and neutral rates are lower, and future interest rate adjustments can form part of a complete monetary response rather than being made in isolation.

Since the announcement of Warsh's appointment, markets have continued to whipsaw. On the surface, Warsh appears suited for the times, bringing experience, historical knowledge grounded in common sense. The truth will be in the doing and not in the saying.

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 (%)
Resmed	RMD	7.80
Nanosonics	NAN	7.17
Cochlear	COH	6.87
CAR Group	CAR	6.61
Aristocrat Leisure	ALL	6.56
TechnologyOne	TNE	6.46
James Hardie Industries	JHX	5.31
Pro Medicus	PME	4.98
Fisher & Paykel Healthcare	FPH	4.74
FINEOS Corporation Holdings	FCL	4.74

Unit Prices as at 31 January 2026

Entry price	\$2.7097
Mid price	\$2.7029
Exit price	\$2.6961

Performance as at 31 January 2026¹

	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)	(4.49)	(13.37)	(21.73)	(24.14)	3.47	3.46	9.54	11.60	9.14	10.77
Fund (net of fees)	(4.60)	(13.71)	(22.35)	(25.30)	1.93	1.88	7.70	9.66	7.24	8.79
All Ords Accum Index	1.62	0.31	3.42	7.63	9.95	10.01	10.28	8.61	7.47	8.54
Difference (gross of fees)	(6.11)	(13.68)	(25.15)	(31.77)	(6.48)	(6.55)	(0.74)	2.99	1.67	2.23

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 (%)
Reece	0.36
Breville Group	0.34
James Hardie Industries	0.31
Resmed	0.31
Cochlear	0.20

Bottom five	Contribution (%)
FINEOS Corporation Holdings	(1.53)
Pro Medicus	(0.91)
CAR Group	(0.73)
ARB Corporation	(0.72)
TechnologyOne	(0.68)

Portfolio Commentary

ARB Corporation (ASX:ARB)

During the month, ARB Corporation provided an unaudited HY26 trading update. The business reported revenue of \$358m, down 1% on the prior comparative period (pcp) and underlying profit before tax of circa \$58m, down 16.3%.

Export channel sales increased 9%, with sales into the key U.S. market up 26%. Sales to the Australian aftermarket declined 1.7%, a reflection of weaker second quarter sales of key vehicle models and ongoing fitting capacity restraints. Due to the timing of OEM (original engine manufacturer) contracts and model releases, sales to the channel declined by 38.2%.

Lower gross margins, driven by continued weakness in the Australian dollar against the Thai Baht and lower factory overhead recoveries were the two key contributors to the decline in profit before tax.

ARB Corporation has a market capitalisation of \$2.2b and net cash of \$59m as at 31 December 2025.

FINEOS Corporation Holdings (ASX:FCL)

FINEOS, a global systems provider for life, accident and health insurance (LA&H) provided a 4Q25 business update, achieving for the first time positive free cash flow of €9.2m in FY25 through revenue growth and operational efficiency gains. FINEOS ended the year with €27.8m of cash, up 40% (€8.0m) and expect revenue on a constant currency basis to be at the lower end of €138m-€143m due to USD currency headwinds.

During the quarter, the business won contracts with two new North American clients. Both contracts are for FINEOS AdminSuite for Claims and are expected to go live in 2026. CEO Michael Kelly highlighted that the North American pipeline remains strong, with negotiations for further contracts with existing clients ongoing.

FINEOS has a market capitalisation of \$770m.

Resmed (ASX:RMD)

Resmed announced its second quarter FY26 result, reporting an 11% increase in revenue to US\$1.4b and operating profit (EBIT) of US\$492m, up 18%. During the quarter, underlying gross profit margins increased 320 basis points to 62% through ongoing input cost, manufacturing and logistics efficiencies.

The strong result was driven by increased demand for Resmed's portfolio of sleep devices, masks and accessories which grew 9%

and 16% to US\$726m and US\$530m respectively. CEO Mick Farrell said, *"Our second quarter results demonstrate the strength and resilience of our global business as we continue advancing our mission to help people sleep better, breathe better, and live longer and healthier lives in the comfort of their own home".*

During the quarter, Resmed announced FDA clearance for Smart Comfort, a personalised setting configurator for AirSense 11 devices through the myAir app aimed at standardising patient set up and improving patient adherence.

Resmed has a market capitalisation of US\$37b.

Telix Pharmaceuticals (ASX:TLX)

Telix delivered its fourth quarter update in January, reporting revenue of US\$208m, up 46% on the pcp or 1% quarter-on-quarter (QoQ). Revenue for the full year was US\$804m, up 56%, in line with upgraded guidance of US\$800m-US\$820m.

Precision medicine revenue which consists primarily of Illuccix and Gozellix sales grew 4% QoQ and 16% over the year to US\$161m. The strong result was driven by the successful launch of Gozellix in the U.S., following reimbursement by the Centers for Medicare & Medicaid Services (CMS) from 1st October. Currently, Gozellix is the only reimbursed prostate cancer imaging agent in the U.S market.

Telix has also dosed the first patient in its BiPASS study to evaluate MRI imaging with its PET imaging agents in the initial prostate cancer diagnosis setting. The study highlights the company's ongoing efforts to expand its indications across the patient journey.

The business continues to work with the U.S. Food & Drug Administration (FDA) on the approval of two drugs, TLX-101 (Pixclara) and TLX-250 (Zircaix) for glioblastoma and kidney cancer imaging. Management have undergone a Type-A meeting with the FDA on both assets and is in the final stages of preparing a resubmission package for Pixclara.

In Therapeutics, Telix is preparing for a readout of safety and dosimetry data for part 1 of its pivotal phase three prostate cancer therapy asset. Part 2 has commenced in select international markets following an independent data safety review.

Telix has a market capitalisation of \$3.6b.

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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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