

# Selector High Conviction Equity Fund

Monthly report – March 2026

selector

## Market insights

March was defined by a sharp shift in the macro narrative, driven primarily by geopolitics and energy markets. An escalation in Middle East tensions and risks to shipping routes pushed oil prices sharply higher, alongside higher bond yields as inflation expectations rose. The moves in oil prices saw the ASX Energy sector close up 19% for the month. More broadly, equity markets have seen a broad and deep sell off, however, this too masks the rotation that has been underway for much of the quarter. This is best reflected in the ASX20 Index rising 2.3% over this period, while the ASX200 ex the ASX20, recorded a fall of 9.5%.

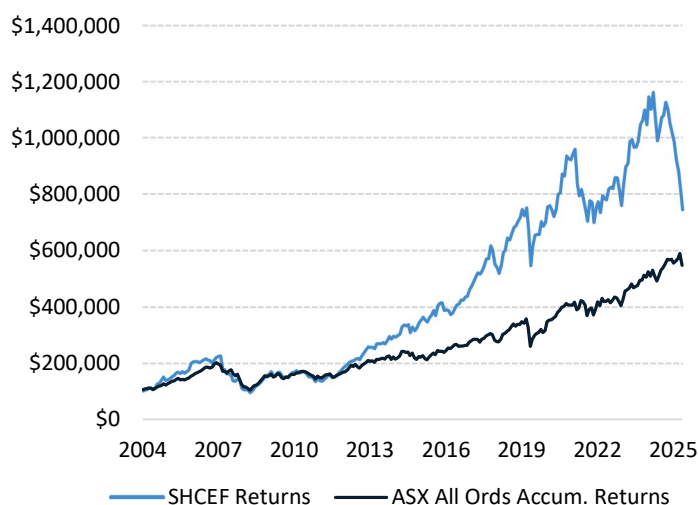
We continue to watch the AI story play out, a technology that will separate early adopters and leaders from laggards, where much routine work is becoming automated. This impact is already evident, with Australian businesses Atlassian and WiseTech Global announcing respective headcount reductions of around 1,600 (10% of workforce) and 2,000 (30% of workforce) respectively. It should be noted that the chief AI disrupters, OpenAI and Anthropic have yet to prove out their own commercial models. They remain loss making, with significant capital investment still required and importantly, offer little in the way of business uniqueness, displaying commodity type characteristics.

The ultimate beneficiaries will be those businesses who already enjoy wide and enduring moats and use AI as a tailwind. The rise of “vibe coding”, a software development method where AI generates code based on a user’s natural language, places businesses without unique and deep proprietary data at risk. We would highlight a recent AGM presentation by TechnologyOne CEO Edward Chung, where he laid out multiple dimensions contributing to a business’ AI resilience. Those businesses with proprietary data, who have embedded AI directly within their platforms, offering secure, mission critical products and solutions with a sensible pricing model are more likely to find themselves in a winning position. Our forthcoming March quarterly newsletter discusses AI in greater detail.

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	8.34
Nanosonics	NAN	8.33
Resmed	RMD	7.30
Aristocrat Leisure	ALL	6.67
CAR Group	CAR	6.61
FINEOS Corporation Holdings	FCL	5.72
Cochlear	COH	5.19
Fisher & Paykel Healthcare	FPH	5.19
James Hardie Industries	JHX	5.02
Reece	REH	4.34

## Unit Prices as at 31 March 2026

Entry price	\$2.2875
Mid price	\$2.2818
Exit price	\$2.2761

## Performance as at 31 March 2026<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 (gross of fees)	(8.85)	(19.16)	(29.00)	(24.62)	(1.53)	(0.01)	7.45	10.35	7.74	9.83
Fund (net of fees)	(9.00)	(19.46)	(29.55)	(25.76)	(2.99)	(1.53)	5.65	8.44	5.88	7.87
All Ords Accum Index	(7.30)	(2.66)	(3.44)	11.29	9.36	8.36	9.46	8.10	6.95	8.26
Difference (gross of fees)	(1.55)	(16.50)	(25.56)	(35.91)	(10.89)	(8.37)	(2.01)	2.25	0.79	1.57

<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.

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## Performance contributors

Top five	Contribution (%)
Telix Pharmaceuticals	0.92
Nanosonics	0.71
TechnologyOne	0.25
Medical Developments International	(0.03)
Reliance Worldwide Corporation	(0.07)

Bottom five	Contribution (%)
James Hardie Industries	(1.44)
CAR Group	(0.87)
FINEOS Corporation Holdings	(0.82)
Resmed	(0.80)
Breville Group	(0.79)

## Portfolio Commentary

### FINEOS Corporation Holdings (ASX:FCL)

During the month, we attended FINEOS' Platform Update and Demonstration, where management provided a strategic and financial overview alongside a showcase of embedded AI within the platform.

Since its IPO in 2019, FINEOS has scaled from a claims-only offering into a cloud based, end-to-end employee benefits platform, that enables faster client integration and scalable growth. This evolution has driven commercial success, with cloud deployments across six of the top ten Tier 1 U.S. employee benefits insurers and an increasing opportunity to scale, up-sell and cross-sell within the existing client base. Within the all-important U.S. market, one that accounts for 80% of total revenues, the group has delivered a five-fold increase in recurring subscriptions fees since 2019, from €11.7m to €61.5m, representing a 32% annual growth rate, underscoring its leading market position. Financially, this saw the group achieve positive free cash flow and net profit in FY25, ahead of expectations.

The FINEOS platform offers mission critical insurance workflows with AI simplifying user interaction and accelerating core workflows. The opportunity is focused on AI assistants and agents embedded directly into critical processes, offering security and easier adoption. FINEOS is also adopting AI internally to lift productivity, with tools such as code assistants delivering efficiency gains. Management expects all engineers across the business to be widely using AI by mid 2026.

FINEOS demonstrated the platform's embedded AI capabilities across core functions including Document, Case and Portfolio Intelligence. Launched in June 2025, Document Intelligence automates document processing for claims officers by scanning incoming files and highlighting cases that may require early intervention, supporting improved turnaround times. Case Intelligence enables complex claims to be summarised into a high-level overview for case managers at file open, with availability expected in third quarter of 2026. Portfolio Intelligence is designed to use Agentic AI to support workload allocation and supervisor led portfolio management, with an initial launch targeted for the end of calendar year 2026. Importantly, embedding these tools directly within FINEOS AdminSuite ensures customer data remains secure.

FINEOS Corporation Holdings has a market capitalisation of \$770m.

### Nanosonics (ASX:NAN)

In March, Nanosonics received its first U.S. FDA 510(k) clearance for expanded endoscope indications for its new CORIS system. This approval broadens the range of endoscopes that can be reprocessed and marks a key step in the company's plan to extend infection prevention coverage across a wider range of devices.

The company is already preparing a second FDA 510(k) submission to further expand CORIS endoscope coverage. Controlled Market Release (CMR) in the U.K. is underway, with Australia to follow. The U.S. rollout will commence following initial insights from the U.K. and Australian sites.

CEO Michael Kavanagh highlighted this clearance keeps Nanosonics on track with key milestones, supporting upcoming market activities and setting the stage for a full commercial launch commencing FY27. The launch will be phased across regions as each completes its CMR.

Nanosonics has a market capitalisation of \$1.1b

### Telix Pharmaceuticals (ASX:TLX)

Telix Pharmaceuticals announced that Part 1 of the ProstACT Global Phase 3 study successfully met its primary objectives for safety and dosimetry. The study is designed to test whether combining TLX591-Tx, a PSMA-targeted radioligand therapy, with standard of care improves outcomes for patients with advanced prostate cancer.

Dr David Cade, Telix Group Chief Medical Officer, said, "Despite advances in clinical practice, men with advanced prostate cancer still need improved first and second line treatment options. These results build on prior findings and highlight the potential for TLX591-Tx in combination with contemporary standard of care, to become a new first-line option for patients facing this aggressive disease. We are encouraged by the data and look forward to engaging with the FDA at the earliest opportunity, while continuing to advance enrolment in Part 2 in regions where clinical trial initiation has already been approved."

Separately, the company announced the resubmission of a new drug application to the U.S. Food and Drug Administration (FDA) for its Glioma imaging agent TLX101-Px (Pixclara).

Telix Pharmaceuticals has a market capitalisation of \$4.6b.

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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.

## Disclaimer

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