# Selector Small Companies Fund

## Monthly report – May 2026

### Market insights

In May, Jerome Powell's eight-year tenure as Chair of the Federal Reserve came to an end. Assessments of his tenure are divided: he largely achieved the elusive soft landing, bringing inflation down from a 40-year peak without triggering recession, yet will leave office with prices having remained above the Fed's 2% target for more than five years. His early characterisation of post-pandemic price pressures as "transitory" and the delayed tightening that followed, clouded what was otherwise a solid tenure.

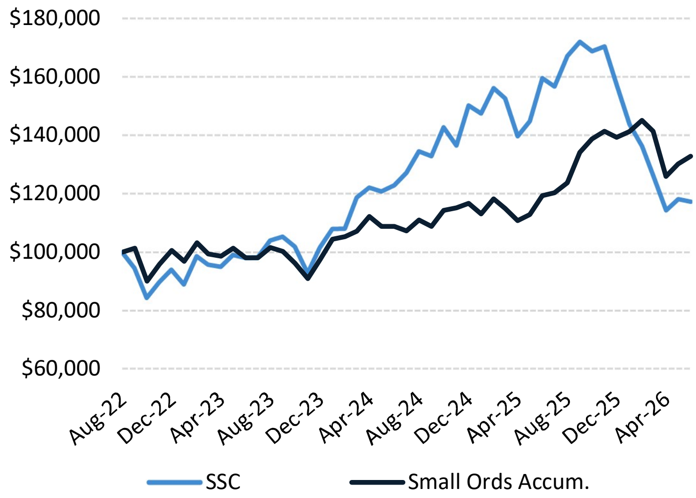
His successor, Kevin Warsh, was sworn in on 22 May as the 17th head of the Federal Reserve. A former Fed Governor (2006–2011) and Stanford Hoover Institution fellow, Warsh arrives with an explicit mandate for change. The centrepiece of his agenda is the Fed's $6.7 trillion balance sheet – a figure that expanded from under $1 trillion before the global financial crisis through successive rounds of quantitative easing. Warsh has argued this bloated balance sheet was itself a contributor to the post-COVID inflation surge and has signalled a deliberate programme of reduction. Unlike the passive "runoff" approach of recent years, markets are pricing in a more active asset sales regime – a "quantitative-tightening-for-cuts" framework where balance sheet reduction substitutes for the near-term rate cuts many had expected. The yield curve has already steepened in response.

Despite an Iran-driven oil shock lifting headline inflation to 3.3%, an untested Fed chair with hawkish balance sheet instincts, and ongoing Middle East uncertainty, U.S. markets reached new all-time highs during May as investors backed earnings quality. First quarter earnings provided a strong anchor – with 82% of the S&P 500 exceeding consensus, with aggregate profit growth tracking at 25%, in many cases far in excess of analyst expectations. Technology stocks remained the dominant force, which is in stark contrast to the Australian market that has remained index bound, led by a passive momentum mindset. Companies that did report in May and held by the fund recorded strong operating performances.

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: 01/08/2022. Benchmark: S&P/ASX Small 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 (%) |
|---|---|---|
| Breville Group | BRG | 8.87 |
| TechnologyOne | TNE | 8.79 |
| PWR Holdings | PWH | 8.74 |
| Nanosonics | NAN | 6.94 |
| Telix Pharmaceuticals | TLX | 5.82 |

### Unit prices as at 31 May 2026

| | |
|---|---|
| Entry price | $1.1451 |
| Mid price | $1.1422 |
| Exit price | $1.1393 |

### Performance as at 31 May 2026[1]

| | FYTD | 1 Month | 3 Month | 6 Month | 1 Year | 2 Year[2] | 3 Year[2] | Since Inception[2] |
|---|---|---|---|---|---|---|---|---|
| Fund (gross of fees) | (25.12) | (0.76) | (7.01) | (25.41) | (26.46) | (2.30) | 6.15 | 4.25 |
| Small Ordinaries Accum. Index | 10.31 | 2.03 | (6.13) | (4.70) | 11.25 | 10.50 | 10.64 | 7.66 |
| Difference (gross of fees) | (35.43) | (2.79) | (0.88) | (20.71) | (37.71) | (12.80) | (4.49) | (3.41) |

*[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.*

# Selector Small Companies Fund

## Monthly report – May 2026

selector

### Performance contributors

| Top five | Contribution (%) |
|---|---|
| Megaport | 1.01 |
| PWR Holdings | 0.74 |
| TechnologyOne | 0.59 |
| Flight Centre Travel Group | 0.29 |
| Catapult Sports | 0.19 |

| Bottom five | Contribution (%) |
|---|---|
| Telix Pharmaceuticals | (0.91) |
| Nanosonics | (0.68) |
| Netwealth Group | (0.59) |
| FINEOS Corporation Holdings | (0.58) |
| Breville Group | (0.29) |

## Portfolio Commentary

### Life360 (ASX:360)

Life360 reported its 1Q26 result, delivering revenue of US$143m (75.6% recurring), up 38% and adjusted operating profit (EBITDA) of US$17m, an increase of 7%. Monthly Active Users (MAU) grew 17% to 97.8m users, supported by solid additions in the international segment (+20% to 46m users). MAU growth was below management's expectations due to a series of technical issues temporarily suppressing registration volumes globally in the first and second quarter. The business delivered record paying circle net additions of 201,000, bringing the total paying circles to 3 million. Growth was driven by improved customer conversion and retention.

In advertising, Life360 completed the acquisition of Nativo, combining Life360's unmatched proprietary data with an end-to-end advertising technology platform. The division reported revenue of US$19.7m with long term ambitions to rival the subscription business.

For FY26, Life360 expects MAU growth of 17%-20%. Management upgraded revenue guidance to US$650m-US$685m (+33%-40%) from US$640m-US$680m and adjusted EBITDA of US$130m-US$140m (+39%-50%) from US$128m-US$138m.

Life360 has a market capitalisation of $5.5b.

### Catapult Sports (ASX:CAT)

Catapult delivered a strong FY26 result, reporting revenue of US$141m, up 19% in constant currency (95% recurring) whilst management EBITDA increased 67% to US$24.7m. The company ended the year with US$53m of cash and no debt following the completion of a capital raise in October to acquire football scouting and analytics software business IMPECT.

Catapult extended its market leadership, growing the customer base 16% to 4,178 pro teams across 40+ sports. The business successfully integrated the Perch and IMPECT acquisitions into the platform, expanding the offering available to customers. For the year, Annual Contract Value (ACV) per pro team grew 10% to US$30.4k, with customer retention at 96.1%. Multi solution Pro Teams, which counts customers with more than one product grew to 1,328 (+62%), representing 31.8% of all pro clients.

For FY27, management expects to deliver strong ACV growth, low churn, margin improvement and higher free cash flow.

Catapult Sports has a market capitalisation of $1.1b.

### Megaport (ASX:MP1)

During the month, recently acquired subsidiary of Megaport, Latitude.sh, secured three major CPU, GPU, Network and Storage contracts across two customers. The three contracts represent a total contract value (TCV) of US$183m and US$65.2m in annual recurring revenue (ARR). Management anticipate the full ARR contribution of these deals to be achieved by the end of 1H27. Two of the contracts represent 90% of the TCV, on 36-month terms, while the third contract (10%) is a 24-month term.

The contracts require approximately US$101m in capital expenditure, funded by a mixture of existing cash and debt. Deployment of the hardware is expected on an incremental basis, commencing in 1H27 with management anticipating approximately a two-year payback period. Following contract expiry, the hardware will be deployed within the company's compute pool for customers to utilise for its remaining life.

Megaport has a market capitalisation of $3.3b.

### TechnologyOne (ASX:TNE)

TechnologyOne delivered HY26 revenue up 11% to $322.7m and profit before tax of $89.1m (28% margin), an increase of 6%. Annual recurring revenue (ARR) increased 17% to $598m, with strong growth in new customer wins and ongoing success in cross selling across existing customers. Net revenue retention ended the half at 114% (116% cc), with customer churn at 0.6%.

Management highlighted standout performance in local government and Education, which grew 27% and 15% to $244m and $150m respectively. Highlights include a new 10 year deal with James Cook University who acquired all products in the OneEducation suite as well as its recently launched AI solution Plus. In Local Government, City of Townsville, a returning client signed a 10 year SaaS+ agreement including Plus.

The UK business continues to build momentum recording ARR growth of 23% to $53m and increasingly becoming the *"defacto solution for local government and higher education".*

Guidance for FY26 was reaffirmed, with the business targeting ARR growth of 16%-18%, profit before tax growth of 18%-20% and a profit before tax margin of 32%.

TechnologyOne has a market capitalisation of $11b.

# Selector Small Companies Fund

Monthly report – May 2026

## 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.

## Contact Us

Telephone: +61 2 8311 7736
Email: info@selectorfund.com.au
Address: Level 8, 10 Bridge Street
Sydney NSW 2000
www.selectorfund.com.au

**John Maragiannis | Executive Director**
jmaragiannis@axiuspartners.com
Telephone: +61 419 689 503

## Disclaimer