

Selector Australian Equities Fund

Monthly report – May 2026

selector

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:

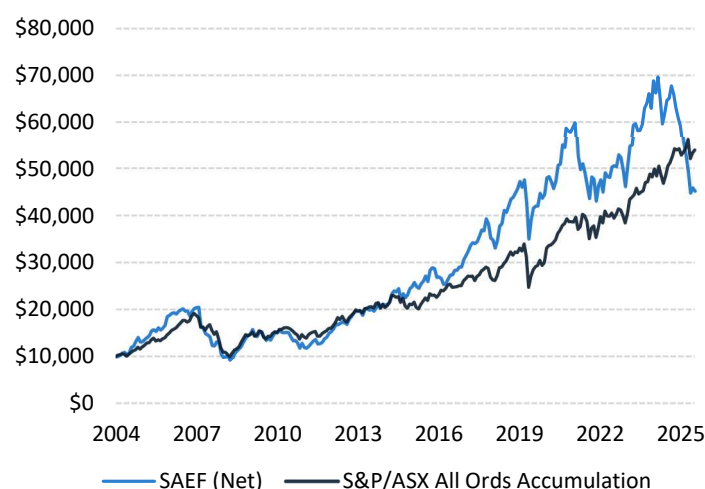
1. Competent management teams
2. Business leadership qualities
3. Strong balance sheets
4. A focus on capital management

Performance as at 31 May 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)	(1.47)	(8.20)	(23.28)	(29.36)	(2.71)	(1.19)	6.94	10.62	8.12	9.84
Fund (net of fees)	(1.55)	(8.43)	(23.65)	(30.08)	(3.74)	(2.39)	5.22	8.01	5.53	7.27
All Ords Accum. Index	1.22	(3.95)	2.13	6.82	11.00	7.88	9.17	8.53	7.25	8.16
Difference (net of fees)	(2.77)	(4.48)	(25.78)	(36.90)	(14.74)	(10.27)	(3.95)	(0.52)	(1.72)	(0.89)

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. Past performance is not a reliable indicator of future results. ²Returns greater than 1 year are annualised.

Net value of \$10,000 invested since inception



Inception Date: 07/12/2004. Benchmark: S&P/ASX All Ordinaries Accumulation Index. Fund returns are after fees and costs, and assuming reinvestment of distributions. Past performance is not a reliable indicator of future results.

Top holdings

Company name	Code	Weight (%)
TechnologyOne	TNE	8.50
FINEOS Corporation Holdings	FCL	6.42
Aristocrat Leisure	ALL	6.32
Nanosonics	NAN	6.03
James Hardie Industries	JHX	6.01
CAR Group	CAR	5.99
Breville Group	BRG	5.86
Resmed	RMD	5.79
Reece	REH	5.13
Pro Medicus	PME	5.05

Unit prices as at 31 May 2026

Entry price	\$2.2798
Mid price	\$2.2741
Exit price	\$2.2684

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Performance contributors

Top five	Contribution (%)
TechnologyOne	0.57
James Hardie Industries	0.55
Computershare	0.51
Aristocrat Leisure	0.44
Cochlear	0.26

Bottom five	Contribution (%)
WiseTech Global	(0.71)
FINEOS Corporation Holdings	(0.67)
Nanosonics	(0.59)
REA Group	(0.58)
CSL	(0.57)

About Selector

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Selector Australian Equities Fund (“the Fund”). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

The Investment Manager, Selector Funds Management (“Selector”), specialises in high conviction, index agnostic, concentrated portfolio management. The investment team have a high level of experience, are owners of the business and invest in the funds alongside clients.

Disclaimer

This update has been prepared by Selector Funds Management Limited (“Selector”) ACN 102 856 347 AFSL 225316 to provide you with general information only. In preparing this update, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Selector, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. Selector does not guarantee the repayment of capital, payment of income or performance.

Selector’s Target Market Determination is available [here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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