

Selector High Conviction Equity Fund

Monthly report – June 2026

selector

Market insights

As the financial year draws to a close, attention shifts to market performance. Locally the All Ordinaries Index recorded a positive 2.4% return while the U.S. markets, led by the Nasdaq Composite Index, rose 28.7% and the Dow Jones industrial Average returned 18.7%.

Investors can glean what they may from these returns, however, our approach is less about the performance of an individual index and more about the individual businesses. We seek out those that can deliver long term compounding business metrics, which if delivered, justifies higher valuations. Over the short run, such metrics are not always appreciated.

The world has come a long way since the days of the printing press. Information is no longer a scarce commodity; we have more than we know what to do with. But relatively little is useful. We perceive it selectively, subjectively, and without much self-regard for the distortions that it causes. We think we want information when in fact we are seeking knowledge. The signal is the truth. The noise is what distracts us from the truth. The distinction is important. Identifying these 'genuinely excellent' businesses and staying the course when the 'noise' is loudest, requires deeper understanding of the 'signal'. Legendary investor Stanley Druckenmiller spoke on how his fundamental views on investing were shaped, "Never, ever invest in the present. It doesn't matter what a company's earning, what they have earned. You have to visualise the situation 18 months from now, and whatever that is, that's where the price will be."

The new U.S. Federal Chair Kevin Warsh delivered his first press conference address during June, where he reset the role of the Federal Reserve Board, "On that score, you might have already noticed something: a difference in today's policy statement. It's a bit shorter, a bit simpler - and it dispenses with some older language. That statement just gives you the facts, as best we can judge it. Absent, also, is so called forward guidance, which we agreed was not well suited to the current policy conjuncture.

We continue to seek businesses with:

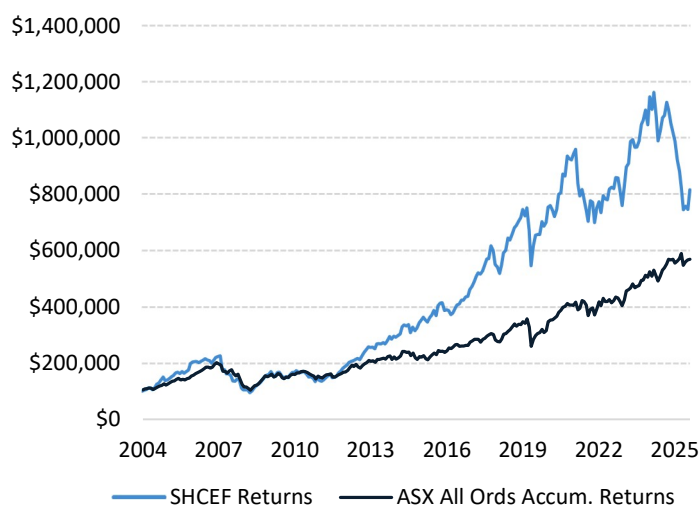
1. Competent management teams
2. Business leadership qualities
3. Strong balance sheets
4. A focus on capital management

Performance as at 30 June 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)	9.26	9.38	(11.57)	(24.45)	(0.21)	(1.33)	8.21	11.80	8.09	10.16
Fund (net of fees)	9.17	9.02	(12.20)	(25.59)	(1.68)	(2.83)	6.41	9.88	6.22	8.20
All Ords Accum Index	0.37	4.00	1.23	5.69	10.43	7.42	9.46	8.74	7.17	8.35
Difference (gross of fees)	8.89	5.38	(12.80)	(30.14)	(10.64)	(8.75)	(1.25)	3.06	0.92	1.81

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.

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	8.50
Aristocrat Leisure	ALL	8.37
CAR Group	CAR	6.93
Nanosonics	NAN	6.86
James Hardie Industries	JHX	6.82
Pro Medicus	PME	6.53
Resmed	RMD	6.09
Reece	REH	5.23
FINEOS Corporation Holdings	FCL	5.21
Fisher & Paykel Healthcare	FPH	5.04

Unit Prices as at 30 June 2026*

Entry price	\$2.4938
Mid-price	\$2.4876
Exit price	\$2.4814

*Cum unit price. FY26 distribution to be completed.

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Performance contributors

Top five	Contribution (%)
Pro Medicus	2.52
Aristocrat Leisure	1.66
James Hardie Industries	1.22
Reece	1.13
Telix Pharmaceuticals	0.96

Bottom five	Contribution (%)
FINEOS Corporation Holdings	(1.02)
REA Group	(0.27)
WiseTech Global	(0.22)
TechnologyOne	(0.09)
ARB Corporation	(0.07)

Portfolio Commentary

Flight Centre Travel Group (ASX:FLT)

Flight Centre revised its FY26 underlying profit before tax guidance from \$310m-\$345m to \$275m-\$295m to reflect temporary headwinds from the Middle East conflict. At the midpoint, the underlying profit guidance is broadly in line with the \$286m underlying profit from continuing operations reported in FY25.

The deterioration primarily occurred during the final quarter peak sales period in the Leisure business, impacting earnings by approximately \$50m compared to the estimated \$10m impact in April alone. Management noted that travellers with bookings to the UK and Europe, Flight Centre's largest and highest-value international destination, via the Middle East either rebooked onto lower-margin carriers or cancelled their trips entirely. In addition, higher airfares contributed to softer demand for longer-haul travel.

The fundamentals remain solid with underlying profit before tax for the first three quarters increasing ~10% to \$227m with third quarter alone growing nearly 20% on the prior corresponding period.

Commenting on the update, CEO Graham Turner said. *“Looking ahead, we have strong foundations and growth prospects in both the leisure and corporate sectors. This is reflected in the Board’s decision to launch a new up-to-\$200m buy-back – which clearly signals that we see our shares as undervalued at current levels.”*

Flight Centre has a market capitalisation of \$2.5b.

Pro Medicus (ASX:PME)

Pro Medicus announced a series of updates during the month including a new client win and two contract renewals totaling \$60m as well as a financing and reseller agreement with Echo IQ for its Aortic Stenosis and heart failure Cardiology algorithms.

The new client win was with TidalHealth, a network covering three hospitals across Delaware, Maryland and Virginia. The deal is a seven year, \$16m contract for Pro Medicus' full stack (Visage 7 Viewer, Workflow and Open Archive) plus Visage 7 Cardiology Imaging solution to be deployed in the cloud. The contract will be rolled out immediately with go-live targeted for the first quarter of 2027 calendar year.

Commenting on the win, CEO and co-founder Sam Hupert said. *“Notably, they have also opted for our cardiology offering, which*

will provide TidalHealth with a truly unified enterprise imaging solution, a trend we see continuing as more and more healthcare enterprises look to consolidate their disparate imaging systems.”

On renewals, Pro Medicus signed a five year, \$28m contract with Allegheny Health Network and a five year, \$16m contract with the Ohio State University Wexner Medical Centre.

Allegheny Health Network is one of the largest health networks in the Pittsburgh metro area comprising of 14 hospitals, 2,500 beds and more than 200 primary care and specialty practices across more than 300 locations and offices. Allegheny Health has been a client of Pro Medicus for the past 10 years, with the renewal marking its third contract term. The new agreement is at higher minimums, increased fee per transaction and includes the addition of Visage 7 Workflow.

Ohio State University Wexner Medical Center is a large multi-disciplinary academic medical centre that employs approximately 22,000 staff and 2,000 physicians servicing over 1,400 beds across six hospitals. The five year contract renewal is at higher minimums, increased fee per transaction and includes the addition of Visage 7 Workflow and Visage 7 Cardiology Imaging.

The agreement brings Pro Medicus' total renewals for the financial year to \$141m and maintains its track record of 100% client retention.

The binding agreement with Echo IQ will see Pro Medicus invest an initial \$10m with the option to invest a further \$10m upon Echo IQ receiving US regulatory approval for its Heart failure algorithm. The investment is in the form of convertible notes which have face value of \$1, a 12.5% interest rate, 24 month maturity and a conversion price that is the lower of \$1.05 or the 5 day volume weight average price of Echo IQ share price at time of conversion.

Commenting on the announcement, Mr Hupert said. *“In addition to providing financial backing, we are looking to offer our Visage 7 Cardiology customers the option of Echo IQ’s technology. This is in line with our AI strategy of offering a curated suite of algorithms that will be a mixture of algorithms created by us, those created in conjunction with our clinical partners and 3rd party algorithms such as Echo-IQ”.*

Pro Medicus has a market capitalisation of \$21.3b.

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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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