Selector High Conviction Equity Fund

Monthly report – July 2026

Market insights

In July, U.S. 30-year Treasury yields pushed through 5.27%, while the 10-year cleared 4.65%, both at their highest levels since 2007. Likewise, Australia's 10-year bond closed the month at 4.94%, it's highest since 2011. These term premiums continued to reprice higher independently even as the U.S. Federal Open Market Committee (FOMC) stood pat on rates at 3.50%-3.75% for a fifth straight meeting. The 9-3 vote was the most divided in years, with three FOMC members dissenting in favour of a hike. Chair Warsh reiterated that the 2% inflation target is absolute, extinguishing any read that the last five years of above-target prints as the Fed having recalibrated its tolerance upward. Markets took the meeting commentary as restrictive, with traders now pricing up to two hikes before the end of the year, a sharp reversal from the cutting cycle traders had priced as recently as December 2025.

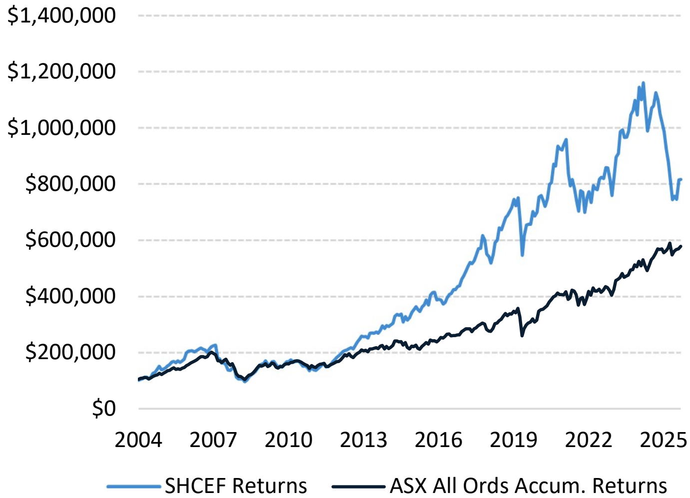
AI infrastructure and hyperscaler earnings were a focus during the month as the U.S. Q2 earnings season kicked off. Microsoft's Azure revenue within its Cloud segment came in at over US$100b, exceeding market expectations and triggering the Nasdaq's best single-day gain since April 2025. The company added nearly US$450b in market capitalisation, a record for the largest single-day gain by an individual company (surpassing Nvidia's previous record of US$441b), closing at US$3.35t. Importantly, while Azure accelerated to its strongest growth in some years, Microsoft delivered this while holding capital expenditure guidance flat – providing the market with evidence that AI spending is converting to revenue. In contrast, Amazon's AWS growth also achieved its fastest growth pace in years, delivering US$149b in AWS (cloud) revenue on a trailing twelve month basis (TTM), yet the company raised its capex guidance by 10% (to US$220b), while TTM free cash flow swung negative as build out continues to outpace conversion. Having been under pressure, semiconductor stocks pared losses as both results appeared to reassure investors that AI infrastructure remains undersupplied rather than overbuilt.

In Australia, attention now shifts to the August reporting season, which will see approximately 80% of the portfolio hand in its financial scorecard for the 2026 financial year.

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	8.81
Aristocrat Leisure	ALL	8.68
CAR Group	CAR	6.94
James Hardie Industries	JHX	6.60
Nanosonics	NAN	6.42
Resmed	RMD	6.23
Fisher & Paykel Healthcare	FPH	5.31
Pro Medicus	PME	5.16
Breville Group	BRG	4.85
Reece	REH	4.85

Unit Prices as at 31 July 2026*

Entry price	$2.4926
Mid-price	$2.4864
Exit price	$2.4802

Performance as at 31 July 2026[1]

	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)	0.12	7.72	(7.31)	(27.45)	(1.68)	(1.14)	7.24	11.76	8.29	10.13
Fund (net of fees)	(0.02)	7.34	(7.98)	(28.55)	(3.13)	(2.63)	5.45	9.84	6.42	8.17
All Ords Accum Index	1.68	3.31	1.30	4.76	9.96	7.55	8.98	9.11	7.34	8.40
Difference (gross of fees)	(1.56)	4.41	(8.61)	(32.21)	(11.64)	(8.69)	(1.74)	2.65	0.95	1.73

[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.

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Performance contributors

Top five	Contribution (%)
REA Group	0.54
OFX Group	0.52
Aristocrat Leisure	0.40
TechnologyOne	0.35
Fisher & Paykel Healthcare	0.32

Bottom five	Contribution (%)
Pro Medicus	(1.39)
Telix Pharmaceuticals	(0.61)
FINEOS Corporation Holdings	(0.60)
Nanosonics	(0.41)
Reece	(0.33)

Portfolio Commentary

FINEOS Corporation Holdings (ASX:FCL)

FINEOS delivered its quarterly activity report during the month, reporting a June end cash balance of €39m, an increase of €4.1m, or 11%, on the prior comparative period (pcp). Management reaffirmed FY revenue guidance of €147m-€152m.

Insurance provider OneAmerica signed a 10-year license for FINEOS AdminSuite to serve as the strategic core employee benefits platform. This long duration contract reinforces FINEOS' position as a leading provider of core employee benefits systems in North America. In New Zealand, long time client Accident Compensation Corporation (ACC) migrated its core claims, payments and provider management functions to the FINEOS cloud platform. The government organisation handles 2m claims from 1.6m New Zealanders annually, to provide $7b in compensation, rehabilitation and treatment.

FINEOS has a market capitalisation of $647m.

OFX Group (ASX:OFX)

OFX announced it has received an offer of $1.00 per share in an all-cash acquisition by UK-based payment solutions provider Equals Group Limited. The offer, a 108% premium to the 48c share price on 22 July, represents a $247m equity value, or $233m enterprise value, at 9.2x EV/EBITDA and 0.8x sales. OFX and Equals have entered into a 4-week exclusivity period while Equals finalises due diligence and enters into debt financing arrangements. The scheme is expected to take 9-12 months, in which time OFX aims to establish a merit based multiple reflective of the 2.0 opportunity.

The business also provided a 1Q27 trading update reporting group Net operating income (NOI) of $43.9m, down 20% on the prior corresponding period (pcp). In Corporate, revenue declined 22% to $26.6m, Active clients fell 6.6% to 29,400, whilst average revenue per client (ARPC) fell 8.0% to $3,900.

The transition to OFX 2.0 and its new client platform (NCP) is progressing with the migration of existing Corporate clients onto the NCP complete across all major markets. Non-FX revenue increased to $0.8m whilst active clients over the last twelve months ended the quarter at 24,200. At June 30, client wallet balances were $203.3m, down from $232.9m, reflective of a large client outflow. Interest from client wallet balances continues to grow and was $2.4m in the quarter, up 19%.

OFX Group has a market capitalisation of $185m.

REA Group (ASX:REA)

REA Group announced the sale of its India business (Housing.com) to Aurum PropTech for a total consideration of approximately $68m in the form of Aurum shares.

The sale follows a strategic review of the Indian business following the closure of Housing Edge and sale of PropTiger to Aurum in 1Q26. REA first entered India in 2016 with a minority investment in PropTiger, owned by Elara Technologies before taking a controlling interest in 2020. Post completion of the transaction REA India will have a 24.9% interest in Aurum.

For FY26, the India business is expected to contribute ~$62m in Revenue and EBITDA loss of ~$36m. The transaction is expected to result in an overall loss on divestment of ~$110m.

REA Group has a market capitalisation of $21.9b.

Resmed (ASX:RMD)

Resmed announced the sale of MatrixCare to Frazier Healthcare Partners for US$490m, expected to close in 1Q27. For FY26 MatrixCare represents ~US$220m of revenue and ~US$55m of operating profit and was acquired in 2018 for US$750m.

Resmed has a market capitalisation of $45.7b.

Telix Pharmaceuticals (ASX:TLX)

Telix provided its 2Q26 update, reporting revenue of US$247m, up 21% on the pcp or 7% quarter on quarter (QoQ). Precision medicine revenue grew 30% to US$202m (9% QoQ), driven by continued and growing demand volume (+7% QoQ) for PSMA imaging portfolio products Illucix and Gozellix.

Telix continues to progress its therapeutics pipeline, including U.S. FDA confirming sufficient safety data from part one of the company's pivotal Prostate cancer trial. Patient enrolment is also nearing completion in the BiPASS study of Illucix and Gozellix with MRI for initial prostate cancer diagnosis.

Fo FY26, management expects revenue to be at the upper end of its guided range of US$950m-US$970m, plus a $40m one-off non-refundable revenue item from the business' partnership with Regeneron (REGN:NAS). Management increased its expected range for FY26 Research & Development (R&D) investment of US$230m-US$270m, subject to achieving ongoing clinical data outcomes and development milestones.

Telix Pharmaceuticals has a market capitalisation of $4.8b.

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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.

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

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