Selector Australian Equities Fund

Monthly report – July 2026

selector

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%, its 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.

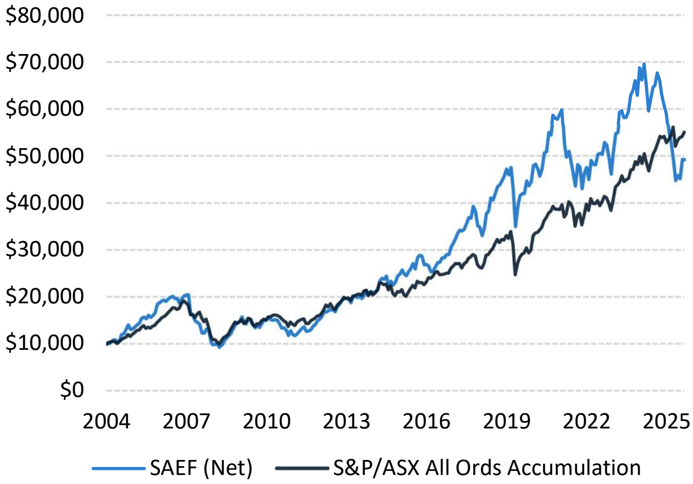
AI infrastructure and hyperscaler earnings were a focus during the month as the U.S. Q2 earnings season kicked off. Microsoft's Azure revenue within its Cloud segment came in at over US$100b, exceeding market expectations and triggering the Nasdaq's best single-day gain since April 2025. The company 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

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	7.84
Aristocrat Leisure	ALL	7.24
James Hardie Industries	JHX	6.27
Breville Group	BRG	5.96
CAR Group	CAR	5.61
Pro Medicus	PME	5.54
Resmed	RMD	5.47
Nanosonics	NAN	5.37
Reece	REH	5.36
FINEOS Corporation Holdings	FCL	5.20

Unit prices as at 31 July 2026

Entry price	$2.4795
Mid price	$2.4733
Exit price	$2.4671

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)	(0.16)	7.51	(6.42)	(26.56)	(1.39)	(0.85)	7.33	11.64	8.49	10.20
Fund (net of fees)	(0.25)	7.26	(6.85)	(27.29)	(2.39)	(2.03)	5.65	9.03	5.89	7.64
All Ords Accum. Index	1.68	3.31	1.30	4.76	9.96	7.55	8.98	9.11	7.34	8.19
Difference (net of fees)	(1.93)	3.95	(8.15)	(32.05)	(12.35)	(9.58)	(3.33)	(0.08)	(1.45)	(0.55)

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

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Performance contributors

Top five	Contribution (%)
REA Group	0.55
OFX Group	0.43
Aristocrat Leisure	0.33
WiseTech Global	0.31
TechnologyOne	0.31

Bottom five	Contribution (%)
Pro Medicus	(1.48)
Telix Pharmaceuticals	(0.66)
FINEOS Corporation Holdings	(0.56)
Reece	(0.36)
Nanosonics	(0.34)

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.

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Disclaimer

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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.