Selector High Conviction Equity Fund

Monthly report – August 2026

Market insights

Mid-August marked a milestone for global capital markets, as U.S. national debt crossed US$40 trillion (A$56 trillion), representing ~123% of U.S. GDP. Onshore, Australian national debt ticked over A$1 trillion, a milder 34% of national GDP. The data is a reminder of the challenges presented by growing government debts and deficits.

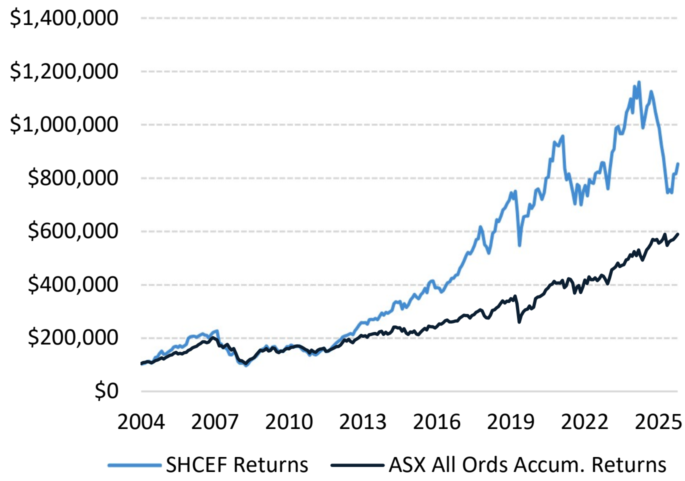
In the U.S., Treasury Secretary Scott Bessent stepped in, moving to increase "by at least double" (US$4b+), the size of liquidity support buybacks for long-dated US government bonds (10 year to 30 year). We highlighted in last month's writing the historic highs that long-dated U.S. bonds had climbed to. The Treasury Secretary's liquidity announcement served as an attempt to force yields lower, which would in turn bring down borrowing costs for the U.S., a country which now spends more on servicing debt annually (~US$1t) than it does on its defence force. It is worth noting briefly the mechanics of the buy back – treasury does not have spare cash sitting around to buy the long-dated issues back and funds the buy back by issuing more short-dated bills. The net effect (retire long bonds, issue short bills) is a reduction of the weighted average maturity of debt stock, and lower near-term interest expenses. The initial market response to the announcements saw yields drop across the long end of the curve, while equities rose, however, by the end of August this had been given back among concerns the move looked desperate on the White House's part. All of the above has resulted in U.S. dollar debasement, with the currency tracking towards one of its weakest annual performances in decades. With debt past US$40t, deficits stuck near US$2t, and Treasury attempting to supress yields rather than genuine demand, the month's events saw U.S capital rotating out of the dollar and into real and alternative assets such as gold and Bitcoin as a hedge against the weakening currency.

In Australia, August saw most of the portfolio report a full or interim half year result. Many of the companies held delivered stand out results with 84% of the portfolio reporting increased operating profits, and 77% increasing earnings per share.

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	8.30
Aristocrat Leisure	ALL	7.62
CAR Group	CAR	7.02
James Hardie Industries	JHX	7.00
Resmed	RMD	6.57
Nanosonics	NAN	5.56
Pro Medicus	PME	5.43
Fisher & Paykel Healthcare	FPH	5.33
FINEOS Corporation Holdings	FCL	5.14
Reece	REH	5.00

Unit Prices as at 31 August 2026

Entry price	$2.6058
Mid-price	$2.5993
Exit price	$2.5928

Performance as at 31 August 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)	4.65	14.47	4.46	(22.24)	(0.13)	(1.81)	7.50	12.41	8.36	10.32
Fund (net of fees)	4.54	14.10	3.69	(23.40)	(1.59)	(3.22)	5.71	10.48	6.49	8.36
All Ords Accum Index	1.90	4.00	(0.11)	3.49	10.92	7.40	9.33	9.39	7.28	8.46
Difference (gross of fees)	2.75	10.47	4.57	(25.73)	(11.05)	(9.21)	(1.83)	3.02	1.08	1.86

[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 (%)
James Hardie Industries	0.76
Resmed	0.67
TechnologyOne	0.55
Pro Medicus	0.54
CSL	0.52

Bottom five	Contribution (%)
Nanosonics	(0.65)
Aristocrat Leisure	(0.38)
Flight Centre Travel Group	(0.15)
ARB Corporation	(0.08)
Breville Group	(0.04)

Portfolio Commentary

CAR Group (ASX:CAR)

CAR Group reported FY26 revenue growth of 12% in constant currency (cc) to $1.25b, adjusted operating profit (EBITDA) of $700m, up 12% in cc (56% margin) and adjusted net profit after tax (NPAT) of $407m, an increase of 11% in cc.

The business continues to extend its market leadership across all regions, supported by product innovation, highly engaged audience and an offering that is expanding across the vehicle ownership journey. In Australia, the business launched its next generation dealer platform Nexgate and announced its consumer-to-consumer payments offering has surpassed $440m in transactions since launch in October 2024.

Internationally, North America, Latin America and Asia delivered strong cc growth of 12%, 19% and 15% to $327m, $251m and $145m respectively, underpinned by strong media momentum, new product launches and increased depth penetration.

For FY27, the business is guiding to cc revenue growth of 11%-14%, comprising of high single digit growth in Australia and double-digit growth in international segments, adjusted EBITDA growth of 10%-13%, and adjusted NPAT growth of 9%-12%.

CAR Group has a market capitalisation of $9.7b.

Cochlear (ASX:COH)

Cochlear delivered FY26 cc revenue growth of 2% to $2.3b, underlying operating profit (EBIT) of $433m, down 20% and underlying NPAT of $322m (-21%) consistent with its April trading update.

The company reported cochlear implant volume growth of 5% to 56,692 units and strong uptake for Nexa, its latest and only smart implant in market which accounted for over 95% of developed market implants in June at an average price rise of 3%. The Nexa platform remains core to the company's long term pipeline including its drug-eluting electrode and totally implantable cochlear implant. Cochlear is also increasing its efforts to medicalise hearing loss with the goal of establishing a consistent pathway for adults and seniors initially in key developed markets, replicating those established for paediatric patients.

For FY27, Cochlear expects low single digits revenue growth, Gross profit margins of 70%-71% and underlying NPAT of $330m-$350m.

Cochlear has a market capitalisation of $9b.

James Hardie Industries (ASX:JHX)

James Hardie released its 1Q27 results, reporting underlying revenue of US$1.47b, +12% (excluding contributions from the AZEK acquisition). On a reported basis, sales increased 64%, adjusted EBITDA grew 16% to US$422.1m whilst adjusted net income increased 54% to US$209.3m.

Driving the result was strong net sales in U.S. Siding & Trim, up 34% to US$860m, led by strategic organic growth (+20%) initiatives driving conversion volume particularly across the Northeast and Midwest. Net sales in Deck, Rail & Accessories fell 5% to US$305m, reflecting planned reduction in production and shipments to align channel inventory with end market demand.

Commercially, James Hardie's combined salesforce of 500 staff are delivering new wins, including a nationwide distribution partnership with Boise Cascade, one of the largest wholesale distributors in the U.S. for Hardie siding and AZEK exteriors and six expanded regional distribution partnerships which includes Hardie siding for the first time.

For the remainder of FY27, James Hardie upgraded its total net sales to US$5.56b-US$5.73b (from US$5.25b-US$5.41b), and adjusted EBITDA to US$1.54b-US$1.63b (from US$1.45b-US$1.50b).

James Hardie Industries has a market capitalisation of $23.5b.

Pro Medicus (ASX:PME)

In FY26, Pro Medicus delivered cc revenue growth of 28% to $273.5m, underlying EBIT of $206m, up 31%, and underlying NPAT of $154.5m, an increase of 33%.

The company signed 10 new contracts with a minimum cumulative value of $407m and $144m of contract renewals taking total contract value signed in FY26 to $551m. Importantly, all contract renewals were for five years at higher per transaction fees. Pro Medicus has also largely completed its biggest implementation to date ($330m Trinity Health contract), with the final two cohorts (13% volume) expected to go live by October 2026, marking one year since the first cohort went live.

The company launched a new digital pathology module and a native Ai optimised reporting solution within the Visage platform, enabling a true single desktop solution for customers.

Pro Medicus has a market capitalisation of $18b.

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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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