Selector Australian Equities Fund

Monthly report – October 2026

Market insights

Beneath macro noise, U.S. corporate earnings for the September quarter held up far better than the backdrop would suggest. Amongst elevated oil prices and fiscal tightening from the Federal Reserve, U.S. equities advanced to record closes in early October, heading into the quarterly results season with earnings growth of around 30% expected. By 30 October, it was clear that this had largely delivered, with some 82% of the S&P 500 companies who had reported to date beating estimates. Unsurprisingly, much of this growth continues to come from AI-related investment, turning investors' attention once again to capital spending forecasts of hyperscalers such as Meta, who announced during the month plans to raise (via equity) up to US$95b, after lifting the bottom end of its capital spending guidance to US$135b for the year. Of the four major hyperscalers – Alphabet, Amazon, Meta and Microsoft – only one (Microsoft) remains with free cash flow. Meta's raise is evidence that the largest spenders are now moving beyond cash flow to fund the AI build-out.

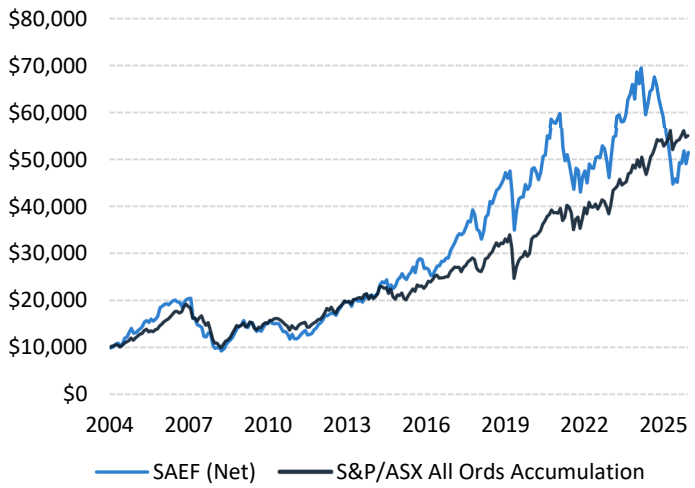
Strong aggregate earnings are necessary but no longer sufficient, as the market's reaction to results has become more discriminating. The end of October saw a sharp technology sell off lead by a single stock's result, while Alphabet experienced its largest single day draw down ever (-13%), as investors questioned the return on AI investments. This also played out locally and across our portfolio. Updates from companies held were rewarded by markets for evident growth and strong balance sheets, while other "blue sky" (speculative) market heavy weights and IPO hopefuls faced valuation reality checks.

Inflation pressure on the consumer is the other side of the ledger, evident in regions such as Europe where a large portion of energy is imported. In Australia, higher fuel and borrowing costs caused consumer confidence to fall for a second month. As we write, consensus has the Reserve Bank delivering a fifth consecutive rate hike in early November, taking rates back to highs of the 2008 Global Financial Crisis. On October 8th the US 10Y Govt. bond raced to a yield of 5.35%. It finished the month with a 4 handle.

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	7.68
Aristocrat Leisure	ALL	6.89
James Hardie Industries	JHX	6.48
Pro Medicus	PME	6.44
Resmed	RMD	6.27
Cochlear	COH	6.24
Reece	REH	5.47
FINEOS Corporation Holdings	FCL	5.43
Breville Group	BRG	5.33
CAR Group	CAR	5.13

Unit prices as at 31 October 2026

Entry price	$2.5965
Mid price	$2.5900
Exit price	$2.5835

Performance as at 31 October 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)	5.02	4.97	12.85	(14.59)	4.74	(1.18)	8.39	12.23	7.84	10.32
Fund (net of fees)	4.94	4.72	12.32	(15.42)	3.73	(2.25)	6.74	9.70	5.25	7.77
All Ords Accum. Index	0.66	0.00	3.30	1.61	12.75	7.31	9.32	9.22	6.86	8.10
Difference (net of fees)	4.28	4.72	9.02	(17.03)	(9.02)	(9.56)	(2.58)	0.48	(1.61)	(0.33)

[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 (%)
Pro Medicus	1.09
WiseTech Global	0.88
TechnologyOne	0.75
Resmed	0.66
Aristocrat Leisure	0.57

Bottom five	Contribution (%)
Telix Pharmaceuticals	(0.79)
OFX Group	(0.30)
ARB Corporation	(0.26)
FINEOS Corporation Holdings	(0.07)
PolyNovo	(0.03)

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.

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