

PENGANA ALPHA ISRAEL FUND

DESCRIPTION

The Pengana Alpha Israel Fund invests in listed Israeli companies that produce cutting edge – both high and low tech – technologies. These Israeli listed companies have developed solid intellectual property coupled with strong global distribution.

The Fund offers Australian investors diversification within global equity exposure to a unique and promising market that is very much skewed to industries and technologies that are either limited, or do not exist, in the Australian market place, such as: the semiconductor industry, solar and water treatment technology, aerospace and electronic defence industries, and cyber security technologies.

STATISTICAL DATA

VOLATILITY³ 11.1%

NUMBER OF STOCKS 40

BETA⁴ 0.55

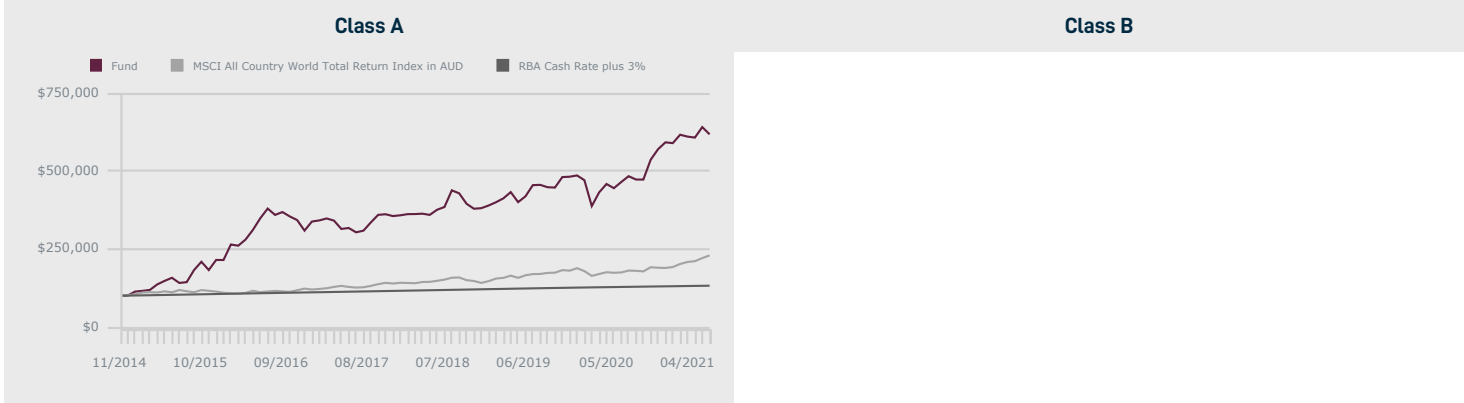
MAXIMUM DRAW DOWN -13.6%

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2021¹

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

ICL Israel Chemicals	Fertilizers & Agricultural Chemicals
Nice Ltd	Application Software
Peninsula Group	Specialized Finance
Priortech Ltd	Electronic Components
Telsys	Technology Distributors

SECTOR BREAKDOWN

Consumer Discretionary	5.7%
Financials	9.7%
Health Care	10.8%
Industrials	14.7%
Information Technology	21.2%
Materials	7.1%
Real Estate	7%
Utilities	7.4%
Consumer Staples	3%
Energy	1.7%
Other	3%
Options	0.7%
Cash	8.1%

CAPITALISATION BREAKDOWN

Under 100m USD	9%
In between 100 - 1bn USD	56.8%
In between 1bn - 5bn USD	11.6%
Above 5bn USD	13.8%
Derivatives	0.7%
Cash	8.1%

A BOUNCE-BACK IN THE VALUE SECTOR, WITH PROFIT-TAKING IN GROWTH

COMMENTARY

February was characterised by a recovery in value sectors and profit-taking in more growth-orientated sectors. Financials (banks) and Real Estate rose sharply while the Technology sector, and particularly segments such as Semiconductors, Cybersecurity, and Cleantech, dropped significantly. As an example, the Cleantech sector has declined 10% since the beginning of the year, following a very strong 2020. The Fund is overweight these more growth-orientated sectors and underweight value, and its performance suffered as a result.



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Stock in Focus

This month we will focus on Big Tech 50, a recent investment by the Fund that is listed on the Tel Aviv stock exchange and structured as an R&D Partnership. This is an innovative investment vehicle that plans to invest in 50 of Israel's largest privately held Technology companies. The Partnership focuses on companies with a valuation of at least \$250 million and annual revenue of at least \$10 million that is growing by 30% or more year-on-year.

Big Tech 50 has already signed deals to purchase shares from existing shareholders in four such companies: Fundbox, Payoneer (which just announced a \$3.3 billion-dollar IPO), Via and IronSource. Five more deals are underway. The biggest current investment is in Via, which has developed a ridesharing platform and was valued at \$2.3 billion in March 2020.

In our opinion, this is a good example of an innovative vehicle that allows us to offer our investors access to promising privately held Technology companies based in Israel.

Macro Developments

Data from the Central Bureau of Statistics (CBS) shows that Israel's GDP contracted by a real rate of 2.4% in 2020, a direct result of the coronavirus crisis. This was a more moderate rate of decline than the preliminary forecasts of -3% to -5% and a result of an increase in the fourth quarter GDP, which was despite the economy continuing to operate under substantial restrictions. This increase was supported by gains in all the main GDP components.

The rate of decline in Israel's GDP in 2020 was amongst the lowest of the OECD countries, even though the number of days of closure in Israel was high compared to most other countries. A similar picture arises from an analysis of GDP per capita. However, the rate of contraction in private consumption per capita was high compared to the

OECD average, indicating that it was the positive performance of Israel's exports of goods and services that bolstered its GDP.

A good example of Israel's export-oriented Technology companies is Intel Israel. Intel Israel's revenue in 2020 was \$8 billion, up 14% from \$6.6 billion in 2019. This figure represents 2% of Israel's GDP and 10.3% of Intel's overall annual revenue of \$77.9 billion. Intel Israel described 2020 as "the best year in its history".

Looking ahead, the Bank of Israel anticipates that the current inoculation schedule will lead to a broad opening of the economy by the second half of 2021. The domestic economy will then recover through the rest of 2021 and into 2022, during which time the rate of economic growth is expected to accelerate substantially.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.3439
FEES *	Management Fee: 1.50% p.a. paid monthly in arrears Performance Fee: 20% above the Hurdle with a high water mark, paid semi-annually in arrears
MINIMUM INITIAL INVESTMENT	\$250,000
STRATEGY INCEPTION DATE	1 January 2018
BENCHMARK	The goal of the Fund is to achieve long term capital growth by investing in Israeli and Israeli related companies, generating returns that consistently outperform the relevant benchmarks. Returns are not guaranteed.

FUND MANAGERS



Gabi Dishi
Founder & CEO



Michael Weiss
Founder & Managing Partner



Aviran Revivo
Managing Partner



Sagi Ben Yosef
Managing Partner

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. Index returns shown are in ILS (Israeli Shekel). No allowance has been made for buy/sell spreads. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.
2. Inception 1st January 2018.
3. Annualised Standard Deviation since inception
4. Relative to Tel Aviv Stock Exchange 125 Index

Please note: This fund is only open to Wholesale Investors.

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