

**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.

**PERFORMANCE TABLE**
**NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2026<sup>1</sup>**
**Alpha Israel Fund Class A (AUD)**

	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 <sup>2</sup>	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class A <sup>1</sup>	-1.7%	41.5%	31.4%	27.5%	14.2%	13.7%	12.9%
Current Strategy (Partial Simulation) <sup>2</sup>	-1.7%	41.5%	33.6%	30.5%	16.8%		
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	2.0%	60.3%	43.4%	33.0%	20.0%	20.5%	14.3%

**Alpha Israel Fund Class B (USD)**

	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 <sup>2</sup>	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class B <sup>1</sup>	-1.7%	41.8%	31.5%	28.7%	15.0%	14.5%	13.9%
Current Strategy (Partial Simulation) <sup>2</sup>	-1.7%	41.8%	33.3%	29.9%	16.2%		
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	2.0%	60.3%	43.4%	33.0%	20.0%	20.5%	14.3%

**TOP HOLDINGS (ALPHABETICALLY)**

Alony Hetz Properties & Investments Ltd.	Real Estate Operating Companies
Bank Hapoalim BM	Diversified Banks
Bank Leumi Le-Israel B.M.	Diversified Banks
Camtek Ltd	Semiconductor Materials & Equipment
Telsys Ltd.	Technology Distributors

**SECTOR BREAKDOWN**

Communication Services	3.6%
Consumer Discretionary	8%
Financials	21.9%
Health Care	7.6%
Industrials	10.6%
Information Technology	22.8%
Materials	2.9%
Real Estate	18.1%
Utilities	3.7%
Consumer Staples	2.3%
Energy	0.8%
Options	0.2%
Other	1.9%
Debt	-10%
Cash	5.7%

**CAPITALISATION BREAKDOWN**

Under 100m USD	1.3%
In between 100 - 1bn USD	32.1%
In between 1bn - 5bn USD	31.2%
Above 5bn USD	39.6%
Options	0.2%
Debt	-10%
Cash	5.7%

**STATISTICAL DATA**
**VOLATILITY<sup>3</sup>** 12.4%

**NUMBER OF STOCKS** 42

**BETA<sup>4</sup>** 0.68

**MAXIMUM DRAW DOWN** -15.7%

## FEBRUARY REPORT

### COMMENTARY

- Israeli equities continued their strong start to 2026, with the TA-125 Index rising 2% in February and outperforming major global markets, including a declining US market.
- Geopolitical tensions escalated late in the month following a large-scale Israeli military strike on Iranian targets, driving volatility in energy markets, while Israeli equities demonstrated resilience and defence-related stocks saw strong demand.
- The Fund returned -1.7% (Class A, AUD) and -1.7% (Class B, USD), with **Qualitau** and **Teva** the key contributors, while **ICL**, **Nayax** and **Aloni Hetz** detracted alongside the Fund's underweight to financials and insurance.

### Market Review

The Israeli equity market delivered another positive month in February, supported by improving investor sentiment and sustained domestic institutional inflows. The TA-125 Index rose 2% during the month, placing Israel among the better-performing equity markets globally in early 2026, despite the weakness in US equities.

Trading activity strengthened during the month, with strong volumes in both equities and exchange-traded funds. The rise in liquidity reflects strong participation from institutional and retail investors and suggests growing engagement from foreign investors in the Israeli market.

Performance across sectors was mixed. Financials and banks continued to perform well, supported by the still-elevated interest rate environment and strong profitability within the banking system. Defence and security-related companies also saw strong demand amid rising regional tensions. Energy and natural gas stocks experienced volatility but maintained a positive trend, supported by developments around the Leviathan gas field and strong regional demand. In contrast, real estate and construction companies faced pressure as interest rate expectations remained higher for longer.

Geopolitical developments became a key focus toward the end of the month following Israel's large-scale military strike on Iranian targets. The escalation increased uncertainty across the Middle East and triggered a sharp reaction in global energy markets, with oil prices rising amid concerns about potential disruptions to regional supply routes. Despite this development, Israeli equities demonstrated notable resilience, highlighting the strength of the domestic investor base and the market's ability to absorb geopolitical shocks.

### Portfolio Commentary

The Fund underperformed the benchmark in February, as gains in several holdings were more than offset by weakness in selected technology-related positions. Market leadership during the month was concentrated in financial and insurance companies, which detracted from relative performance given the portfolio's underweight exposure to these sectors.

The largest contributor during the month was **Qualitau**, a provider of reliability testing equipment used in semiconductor manufacturing. The shares rose 11%, supported by continued demand for semiconductor testing solutions as chip complexity increases. We believe **Qualitau**, together with **Camtek**, remains well positioned to benefit from structural growth in semiconductor demand, particularly in areas linked to artificial intelligence-driven

computing and advanced packaging technologies.

**Teva Pharmaceutical Industries**, the world's largest generic drug manufacturer with a growing portfolio of innovative medicines, also contributed positively. The shares moved higher as investors responded favourably to the company's ongoing turnaround strategy and improving earnings outlook, supported by growth in key innovative products and continued balance sheet improvement.

The largest detractor during the month was **ICL**, the specialty minerals and chemicals group, which declined amid weakness across parts of the global chemicals and agricultural inputs sectors. **Nayax**, the global fintech platform providing payment and management solutions for unattended retail and automated machines, also declined despite continued operational progress.

**Aloni Hetz**, an international real estate investment group with a portfolio of office and data centre assets, also detracted as real estate companies faced pressure from expectations that interest rates may remain elevated for longer. Meanwhile, **Camtek**, a provider of inspection and metrology equipment used in advanced semiconductor manufacturing, declined as global investors became more cautious toward semiconductor equipment companies.

During the month, **Bank Leumi** reported strong quarterly results supported by robust fee income and continued loan growth. **Enlight Renewable Energy** also reported strong results as its US operations continued to expand rapidly. A notable development for the broader technology ecosystem was **Palo Alto Networks** beginning trading on the Tel Aviv Stock Exchange through a dual listing.

### Strategic Upside Scenario for Israel

The strong performance of Israeli equities over the past year highlights growing investor recognition of the country's structural economic strengths. While the market has historically traded at a valuation discount relative to global developed markets due to geopolitical risk perceptions, recent performance suggests global investors are increasingly reassessing that view.

Several structural trends support the potential for continued momentum. Israel remains one of the world's leading technology ecosystems, with global leadership in cybersecurity, semiconductors, artificial intelligence and defence technologies. Many Israeli technology companies listed abroad already trade at global technology multiples, highlighting the strength of the country's innovation-driven economy.

At the same time, structural capital flows from Israel's large pension system provide a stable domestic investor base, while increasing global integration of the Tel Aviv Stock Exchange continues to attract growing participation from international investors.

If regional dynamics evolve in a way that reduces Israel's geopolitical risk premium, the recent improvement in market sentiment could strengthen further. Combined with favourable demographics and continued innovation-led growth, these factors suggest Israeli equities may continue to benefit from strong long-term momentum.

## FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.7399
FEES *	Management Fee: 1.50% p.a. paid monthly in arrears Performance Fee: 20% above the TA-125 Index paid semi-annually in arrears. No performance fee is payable if performance for the half year is not positive.
MINIMUM INITIAL INVESTMENT	A\$250,000 for the AUD class and the US\$ equivalent of A\$250,000 for the USD class
STRATEGY INCEPTION DATE	1 January 2018
BENCHMARK	The Fund's investment objective is to maximise total returns via the long-term appreciation of its assets through investments and transactions involving securities or financial instruments of, or related to, primarily (but not necessarily exclusively) Israeli and Israel-related public companies.

## FUND MANAGERS



**Gabi Dishi**  
Founder & CEO



**Michael Weiss**  
Founder & Managing Partner



**Aviran Revivo**  
Managing Partner



**Sagi Ben Yosef**  
Managing Partner

i. 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. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance and may not be repeated, the value of investments can go up and down.

^ Inception 1st January 2018.

\* Performance for periods greater than 12 months are annualised. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. 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.

1. Inception date 1 January 2018. Performance shown is the continuous performance of both the current and previous strategies.

2. Prior to February 2025 performance has been simulated by Pengana from the monthly gross returns of the Alpha Long Equities Fund denominated in ILS. The simulation was done by: hedging currency exposure of the underlying strategy to the base currency of the stated class using three month forward rates; and, applying the fee structure of the stated class. From February 2025 inclusive, performance is of the Pengana Alpha Israel Fund.

3. Index returns shown are in ILS (Israeli Shekel).

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

## PENGANA ALPHA ISRAEL FUND

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### PENGANA.COM

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