

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 30 Apr 2024¹

Alpha Israel Fund Class A (AUD)

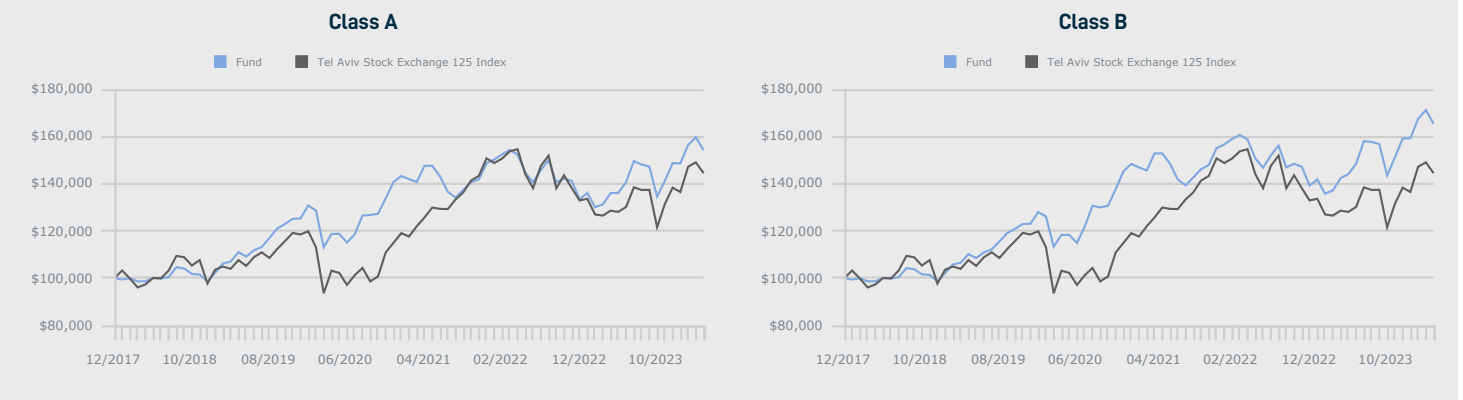
	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
Alpha Israel Fund Class A	-3.4%	13.4%	0.6%	1.5%	7.1%
Tel Aviv Stock Exchange 125 Index	-3.1%	12.4%	-3.3%	4.7%	6%

Alpha Israel Fund Class B (USD)

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
Alpha Israel Fund Class B	-3.4%	16.2%	2.1%	2.7%	8.3%
Tel Aviv Stock Exchange 125 Index	-3.1%	12.4%	-3.3%	4.7%	6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Argo Properties NV	Real Estate Operating Companies
Azrieli Group Ltd	Real Estate Operating Companies
Bank Hapoalim BM	Diversified Banks
Bank Leumi LE IS	Diversified Banks
ISRAMCO NEGEV PAR	Oil & Gas Exploration & Production

SECTOR BREAKDOWN

Communication Services	3.2%
Consumer Discretionary	7.7%
Financials	32%
Health Care	6.7%
Industrials	3.9%
Information Technology	20.5%
Real Estate	11.5%
Energy	6.5%
Options	0.2%
Cash	7.8%

CAPITALISATION BREAKDOWN

Under 100m USD	3.2%
In between 100 - 1bn USD	36.3%
In between 1bn - 5bn USD	15.1%
Above 5bn USD	37.4%
Derivatives	0.2%
Cash	7.8%

STATISTICAL DATA

VOLATILITY³ 11.8%

NUMBER OF STOCKS 27

BETA⁴ 0.62

MAXIMUM DRAW DOWN -15.7%

APRIL REPORT

COMMENTARY

- Israeli equities gave up some of their March quarter gains during April, in line with broader global share market movement.
- Persistent inflation – which threatens to delay cuts to US interest rates – weakened investor sentiment across global equity markets.
- The Fund returned -3.4% (Class A, AUD) and -3.4% (Class B, USD), while the TA 125 Index returned -3.1% in April.

Market Review

Israel's share market fell 3.1% in April in line with global equities that unwound some of the strong gains delivered in the first quarter.

Fears the war in Gaza could escalate increased at the start of the month when Israel and Iran exchanged missile fire following Israel's attack on Iran's consulate in Damascus. However, damage was limited in both countries and attention has switched to a possible ceasefire.

This brought a rebound in Israeli equities towards the end of April, which have largely recovered from the market lows following the 7 October attacks. This illustrates the level of investor confidence in the stability and resilience of the Israeli economy and share market.

Inflation increased in March to 2.7% from the previous month's 2.5% but is expected to fall back to 2.5% in April. Inflation expectations for the full year remain at approximately 3.0%.

Market expectations of a 0.25% interest rate cut when the Bank of Israel met in early April were not realised and rates were instead held at 4.50%. Investors are currently pricing in a 30% expectation of a reduction when the central bank next meets at the end of May. Futures markets imply interest rates will rise to 4.16% over the next 12 months, which is slightly lower than at the end of March.

The local market was encouraged by the launch of the Yozma Fund 2.0 (Yozma means 'initiative' in Hebrew) by the [Israel Innovation Authority](#) and Israel's Ministry of Finance. This is a new program which aims to encourage [investments](#) by institutional entities in Israeli venture capital funds that support Israeli companies. The fund targets institutional investors such as insurance companies, pension funds and provident funds. It claims it will provide a "unique mechanism to enhance returns on their technology investments" in Israeli venture capital funds over the next 20 months.

Portfolio Commentary

The Fund continues to take a positive view of Israel's economic prospects and share market, despite the ongoing geo-political challenges. The Fund increased its net equity exposure during April by reducing its market downside protection strategy, which uses derivative instruments. Markets remained somewhat restrained ahead of the March quarter earnings announcements in May.

The largest contributor to the Fund's relative return in April was its overweight position in **Plus 500**, a global multi-asset fintech company which operates proprietary trading platforms. It outperformed after announcing a 487% year-on-year increase in first quarter revenues and an almost doubling in its number of active customers.

The main detractor from relative returns in April was the Fund's holdings in Nasdaq-listed technology group **Nice**, the global leader in cloud computing software systems for call centres. It was impacted by negative sentiment across the broader global technology sector.

SolarEdge Technologies is a global leader in solar energy transformation and is developing the world's first integrated power optimizer/PV inverter/EV charger. It underperformed in April upon fears the US may impose anti-dumping tariffs on solar panel imports. However, the company continues to enjoy strong secular growth as the global economy decarbonises, electricity use continues to increase and prices rise.

Market sentiment towards Israel's high-technology sector was enhanced in April when Nvidia reported that it will acquire Run:ai for US\$700 million. The company helps developers and operations teams to manage and optimize their AI hardware infrastructure. This illustrates how investments in Israel's technology sector are continuing despite the geo-political uncertainty.

Meanwhile, Nvidia's Mellanox division has reached US\$13 billion in annual sales. The Fund held a position in Israeli network solutions advanced chipmaker Mellanox when it was acquired by Nvidia for US\$6.9 billion in 2019. Nvidia's second largest development centre outside the US and 13% of its global workforce are located in Israel. This reflects the importance of semiconductors as one of Israel's leading industries over the last 30 years.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.0701
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. 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.

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.

PENGANA ALPHA ISRAEL FUND

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