

**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**

VOLATILITY<sup>3</sup> 10.9%

NUMBER OF STOCKS 35

BETA<sup>4</sup> 0.49

MAXIMUM DRAW DOWN -13.6%

**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 30 Nov 2021<sup>1</sup>

**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	0.8%	6.0%	6.4%	11.8%	9.3%
Tel Aviv Stock Exchange 125 Index	1.4%	29.2%	9.7%	10.0%	9.6%

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

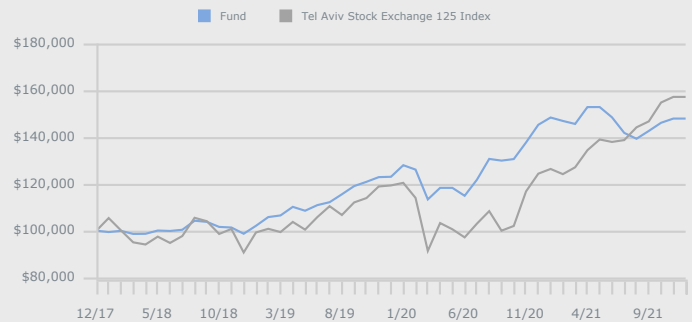
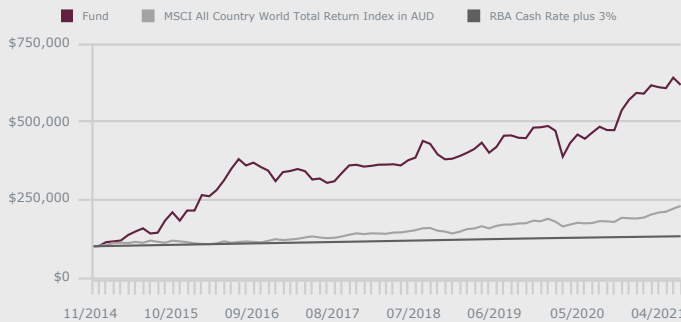
	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
Alpha Israel Fund Class B	1.2%	7.4%	9.7%	13.4%	10.5%
Tel Aviv Stock Exchange 125 Index	1.4%	29.2%	9.7%	10.0%	9.6%

**PERFORMANCE CHART**

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>

**Class A**

**Class B**



**TOP HOLDINGS (ALPHABETICALLY)**

Airport City Ltd	Diversified Real Estate Activities
Alony Hetz Properties	Real Estate Operating Companies
Ilex Medical	Health Care Distributors
Kenon Holdings Ltd	Independent Power Producers & Energy Traders
Priortech Ltd	Electronic Components

**SECTOR BREAKDOWN**

Consumer Discretionary	6.4%
Financials	8.3%
Health Care	10.6%
Industrials	12.6%
Information Technology	22%
Real Estate	15.9%
Utilities	5.5%
Energy	1.4%
Other	1.5%
Options	1.5%
Cash	14.5%

**CAPITALISATION BREAKDOWN**

Under 100m USD	10.6%
In between 100 - 1bn USD	38.7%
In between 1bn - 5bn USD	31.1%
Above 5bn USD	3.7%
Derivatives	1.5%
Cash	14.5%

## COVID CONTINUES TO EXERT INFLUENCE

### COMMENTARY

The Fund rose 0.8% (Class A) and 1.2% (Class B) in November, underperforming the Tel Aviv Stock Exchange 125 Index, which rose 1.4%. On the last day of the month Israeli indices declined by 1.5%, in line with many other equity indices around the globe, in response to concerns regarding the Omicron coronavirus variant. Many questions remain unanswered regarding the new variant's severity and the effectiveness of current vaccines. Until these questions are answered equity markets are likely to remain fragile.

The main contributors during the month were Ilex Medical, Priortech, Kenon Holdings and Fox Group. Ilex Medical rose 23% thanks to the hype surrounding coronavirus testing and their excellent 3<sup>rd</sup> quarter results (see below). Priortech continues to grow and expand its production capabilities. More significant however is the market's growing recognition of the value of Priortech's ownership of Zhuhai Access Semiconductor Co, a Chinese semiconductor company. We believe this is Priortech's "hidden gem" and will benefit directly from China's stated intent to be self-sufficient in semiconductor production.

The main detractors this month were the disruptive technology stocks, which detracted circa 2% from the Fund's overall performance. This segment now amounts to approximately 5% of the Fund, representing 6 companies. We are confident in these positions and remain patient investors, believing that their potential will be recognised by the broader market in time.

### Stock in Focus

Ilex Medical is the Fund's biggest position at circa 5.5%. Ilex is one of Israel's leading companies in the medical diagnostics field and specializes in marketing, selling and supporting equipment, disposables and reagents to laboratories and healthcare establishments. Ilex is closely affiliated with leading multinational medical conglomerates like Abbott, Hologic and Grifols which provide a forefront solution in medical fields such as microbiology, blood banking, Hematology coagulation, I.V.F and more.

The Coronavirus epidemic has accelerated the company's growth and at the same time allowed it to develop new growth engines in the field of medical equipment, bidding on HMO (health maintenance organisation) tenders and investing in innovative start-ups. The company continues to present record results with an excellent quarter indicating growth in all parameters. EBITDA in the quarter increased by 72% compared to last year and amounted to USD37.5million. Net profit attributed to shareholders in the quarter increased by 69% compared to last year and amounted to USD27million.

### Macro Developments

According to the OECD report published at the end of November, Israel's GDP growth will be 6.3% in 2021, up from 5% in its last forecast. Israel's Ministry of Finance is more optimistic and predicts growth of over 7% in 2021. In its November 22 meeting, the Monetary Committee of the Bank of Israel (BoI) decided to keep the central bank interest rate unchanged at 0.1%.

The OECD wrote, "The progressing booster vaccination campaign, a gradually recovering labor market, and fading uncertainty will support domestic demand. Strong growth of high-tech services exports will continue. The recovery could be slower if the health situation deteriorates again, or the increase in inflation is stronger or more persistent

than assumed in the projections. Growth could be stronger if accumulated savings are withdrawn more quickly.”

The OECD forecasts growth of 4.9% in Israel in 2022, up from 4.5% in its previous forecast, and sees growth of 4% in 2023.

## FEATURES

**APIR CODE** PCL6469AU (USD Class) CTS0045AU (AUD Class)

**REDEMPTION PRICE** A\$ 1.3255

**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.

## PENGANA ALPHA ISRAEL FUND

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### PENGANA.COM

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") is the issuer of units in the Pengana Alpha Israel Fund (the "Fund"). An information memorandum for the Fund is available and can be obtained from our distribution team. A person should consider the information memorandum carefully and consult with their financial adviser before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This information has been prepared for Wholesale Clients only. This information does not contain any investment recommendation or investment advice and has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on this information a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs.