

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 31 Jan 2026¹
Alpha Israel Fund Class A (AUD)

	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 ²	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class A ¹	6.1%	46.5%	35.8%	26.3%	14.8%	13.9%	13.3%
Current Strategy (Partial Simulation) ²	6.1%	46.5%	39.3%	29.8%	17.5%		
Tel Aviv Stock Exchange 125 Index ³	9.1%	59.8%	46.4%	29.9%	19.8%	19.7%	14.2%

Alpha Israel Fund Class B (USD)

	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 ²	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class B ¹	6.1%	47.1%	36.0%	27.6%	15.7%	14.7%	14.3%
Current Strategy (Partial Simulation) ²	6.1%	47.1%	39.1%	29.2%	16.9%		
Tel Aviv Stock Exchange 125 Index ³	9.1%	59.8%	46.4%	29.9%	19.8%	19.7%	14.2%

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
Fattal Holdings (1998) Ltd.	Hotels, Resorts & Cruise Lines

SECTOR BREAKDOWN

Communication Services	2.9%
Consumer Discretionary	11.5%
Financials	21%
Health Care	9.7%
Industrials	13.3%
Information Technology	22.6%
Materials	3.6%
Real Estate	16.8%
Utilities	2%
Consumer Staples	1.9%
Energy	0.1%
Options	-0.2%
Debt	-14%
Cash	8.6%

CAPITALISATION BREAKDOWN

Under 100m USD	0.6%
In between 100 - 1bn USD	37.7%
In between 1bn - 5bn USD	26.5%
Above 5bn USD	40.6%
Options	-0.2%
Debt	-14%
Cash	8.6%

STATISTICAL DATA
VOLATILITY³ 12.4%

NUMBER OF STOCKS 41

BETA⁴ 0.68

MAXIMUM DRAW DOWN -15.7%

JANUARY REPORT

COMMENTARY

- Israeli equities had a strong start to 2026, with the TA-125 Index rising 9% in January, outperforming global markets as foreign investor participation and trading volumes increased materially.
- Macroeconomic conditions remained supportive, with solid fourth quarter growth, continued strength in high-tech exports, contained inflation and a stronger shekel reinforcing confidence in the domestic outlook.
- The Fund returned 6.1% (Class A, AUD) and 6.1% (Class B, USD), with strong contributions from **Camtek**, **Azrieli Group**, **Teva** and **Nayax**, partly offset by weakness in ICL and an underweight position in the banking sector.

The team will be visiting Australia in March for a series of investor meetings. Investors interested in arranging a discussion are welcome to [Contact Us](#) for more details.

Market Review

Israeli equities began 2026 strongly, with the TA-125 Index rising 9% in January, materially outperforming global equity markets, which delivered more moderate gains over the same period. The rally was accompanied by further appreciation of the shekel against the US dollar, reflecting renewed foreign participation and improving confidence in Israeli financial assets.

Trading activity increased sharply during the month. Average daily turnover reached approximately US\$2 billion, around 40% higher than the 2025 average. The uplift was supported by the transition to a Monday to Friday trading schedule, which has better aligned Israel with global markets and facilitated greater participation from foreign investors, particularly on Fridays. The sustained rise in liquidity suggests a structural improvement in market accessibility rather than purely cyclical strength.

Macroeconomic indicators remained supportive. Fourth quarter data pointed to continued expansion in exports, particularly high-tech services, alongside persistent growth in private consumption. Strong technology exports and ongoing investment activity, including Apple's US\$1.5 billion acquisition of Q.ai, reinforced Israel's role as a global innovation hub and contributed to currency strength.

Inflation expectations remain contained, with forecasts suggesting price growth will stay within the central bank's target range over the coming months. While the policy rate currently stands at 4.0% and is expected to remain unchanged in the near term, continued shekel appreciation has led markets to price in a meaningful probability of an additional rate cut should currency strength persist.

Geopolitical developments remained a focus, with an increased US military presence in the Gulf and ongoing regional uncertainty. Separately, privatisation efforts for Israel Aerospace Industries and Rafael Advanced Defence Systems advanced, with minority IPOs targeted as early as the second quarter, highlighting confidence in domestic capital markets and long-term demand for defence capabilities.

Portfolio Commentary

The Fund delivered a strong return in January, supported by gains across several core holdings in technology, real estate and healthcare. Market leadership favoured growth-oriented companies, while financials continued to outperform, which detracted from relative returns given the Fund's underweight position to the banking sector.

The largest contributor during the month was **Camtek**, a provider of inspection and metrology equipment used in advanced semiconductor manufacturing. The share price rose 39%, reflecting renewed optimism toward the semiconductor cycle and continued structural demand linked to artificial intelligence and advanced packaging technologies.

Azrieli Group, a leading Israeli real estate developer and owner of income-producing commercial properties and data centres, gained 16%. Performance was supported by improving investor appetite for high-quality real estate platforms and continued confidence in the long-term growth of its data centre operations.

Teva Pharmaceutical Industries, the world's largest generic drug manufacturer with a growing portfolio of branded medicines, rose 9% following fourth-quarter results in line with expectations and the issuance of 2026 guidance. Management characterised 2026 as a transitional year ahead of stronger growth from 2027, reiterating its outlook for earnings expansion and ongoing balance sheet repair.

Nayax, a global fintech platform providing payment and management solutions for unattended retail and automated machines, gained 8%, supported by continued growth in cashless payments and recurring software revenues.

The main detractor during the month was **ICL**, the specialty minerals and chemicals group, which declined 8% amid weakness in commodity-related segments. In addition, the Fund's underweight exposure to the banking sector detracted from relative returns as banks continued to outperform.

The Fund also holds **Silicom**, a provider of connectivity and data infrastructure solutions. The company reported strong revenue growth and guided to continued double-digit expansion, marking a potential inflection point following two challenging years driven by customer inventory adjustments. While not yet profitable, losses are narrowing, and management expects profitability to return as revenues scale. In our view, the operating business continues to be valued conservatively relative to its improving growth trajectory, creating attractive upside if execution remains on track.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.7703
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.

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