

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

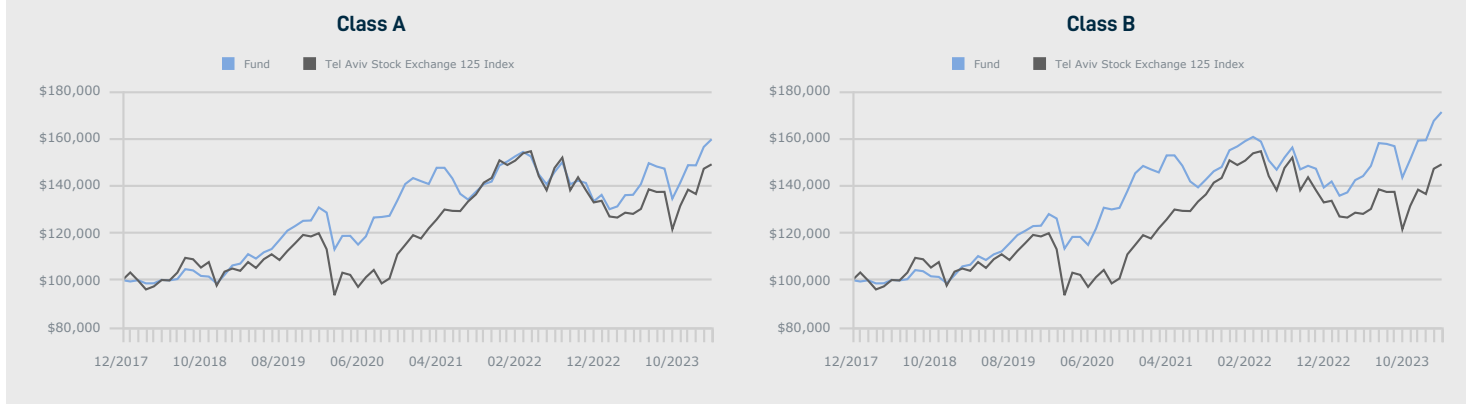
NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2024¹

Alpha Israel Fund Class A (AUD)					
	1MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
Alpha Israel Fund Class A	2.1%	21.7%	1.7%	4.3%	7.8%
Tel Aviv Stock Exchange 125 Index	2.6%	17.8%	-1.5%	6.9%	6.6%

Alpha Israel Fund Class B (USD)					
	1MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
Alpha Israel Fund Class B	2.1%	24.8%	3.2%	5.5%	9%
Tel Aviv Stock Exchange 125 Index	2.6%	17.8%	-1.5%	6.9%	6.6%

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
Nice Ltd	Application Software

SECTOR BREAKDOWN

Communication Services	3.1%
Consumer Discretionary	6.9%
Financials	31.8%
Health Care	6.6%
Industrials	3.8%
Information Technology	21%
Real Estate	14.1%
Energy	5.9%
Options	0.8%
Cash	6%

CAPITALISATION BREAKDOWN

Under 100m USD	2.6%
In between 100 - 1bn USD	34.7%
In between 1bn - 5bn USD	15.6%
Above 5bn USD	40.2%
Derivatives	0.8%
Cash	6%

STATISTICAL DATA

VOLATILITY³ 11.8%

NUMBER OF STOCKS 27

BETA⁴ 0.62

MAXIMUM DRAW DOWN -15.7%

MARCH REPORT

COMMENTARY

- Israeli equities continued to deliver solid gains during March in line with major global markets, concluding a strong first quarter of the year.
- Inflation continued to edge down in March, raising hopes the Bank of Israel will again reduce interest rates in April.
- The Fund returned 2.1% (Class A, AUD) and 2.1% (Class B, USD), while the TA 125 Index returned 2.6% in March.

Market Review

Israel's share market finished the quarter strongly, delivering returns in line with the continued upward trend in global equities. The market gained 3% in March and 8% over the quarter.

Israel faces the ongoing risk that the war in Gaza will escalate, as fighting rumbles on, albeit at a lower level of intensity than in previous months. The conflict continues to drag on economic activity, with the contraction in December quarter GDP growth being revised up to 20.7%.

Inflation continues to edge downwards, falling to 2.5% in February from 2.6% in January. This is expected to nudge up over the coming months, with the market expecting inflation of 3.0% over 2024.

Despite this, investors are expecting a more than 50% probability that the Bank of Israel will cut interest rates by a further 0.25% from the current 4.50% rate at its April meeting. This reflects a cooling of core inflationary pressures in February. The Bank is forecasting interest rates will fall to 3.75% – 4.00% by the end of this year.

In further positive news, Fitch removed Israel's credit rating from negative watch, which was maintained at A+. It stated that: "keeping the rating at A+ during such a complex geo-political period can be seen as an expression of confidence in the Israeli economy and the economic policy the government is leading."

Industrial production bounced back in January, expanding by 3.8%, having contracted in December.

Portfolio Commentary

The Fund retains a positive view of Israel's economy and share market, despite the current geo-political challenges. This reflects attractive valuation levels following underperformance last year, continued falls in inflation, a competitive exchange rate and a strong corporate sector. Accordingly, the Fund retains a high net equity exposure.

Returns in March were driven by improved December quarter earnings and strong gains in residential real estate stocks that reflected expectations of lower interest rates.

The strongest contributors to relative performance in March were the Fund's holdings in Nasdaq-listed technology group **Nice**, global fintech **Plus500** and generic drug manufacturer **Teva Pharmaceuticals**.

Medical diagnostics group **Ilex Medical** also contributed to relative returns in March after it reported better than expected earnings. The company has excellent earnings growth prospects and the Fund continues to maintain its holding in the stock.

The largest detractor from relative returns was the Fund's long-standing position in electrical components manufacturer **Telsys**. This followed a 50% reduction in its order book, reported in the latest quarterly earnings. However, it seems that customers are in many cases merely delaying placing their orders until components are needed. This is because they are obliged to pay a 50% deposit, which places a greater strain on finances in periods of higher interest rates. While the company may experience weaker sales over the next six months, the share price underperformance seems excessive. Therefore, the Fund took advantage of this to increase its position in the company.

The Fund maintains exposure to the bare printed circuit board manufacturing company **Prioritech** and its parent, Nasdaq-listed **Camtek**, which is a leading developer and manufacturer of high-end inspection and metrology equipment for the semiconductor industry. The Fund maintains a positive view of the semiconductor industry and took advantage of recent share price weakness to increase its position.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.1076
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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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.