

**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 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>	-3.3%	43.5%	27.9%	25.7%	13.1%	13.1%	12.3%
Current Strategy (Partial Simulation) <sup>2</sup>	-3.3%	43.5%	29.7%	28.3%	15.7%	15.7%	
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	-1.4%	64.2%	40.6%	32.5%	19.3%	19.3%	14%

**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>	-3.1%	44.2%	28.1%	27.0%	14%	14%	13.3%
Current Strategy (Partial Simulation) <sup>2</sup>	-3.1%	44.2%	29.7%	27.8%	15.2%	15.2%	
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	-1.4%	64.2%	40.6%	32.5%	19.3%	19.3%	14.0%

**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
Harel Insurance Investments &	Multi-line Insurance
Telsys Ltd.	Technology Distributors

**SECTOR BREAKDOWN**

Communication Services	3%
Consumer Discretionary	7.9%
Financials	26.6%
Health Care	7.5%
Industrials	8%
Information Technology	23.8%
Materials	1.9%
Real Estate	18.4%
Utilities	3.7%
Consumer Staples	3%
Energy	0.1%
Options	0.2%
Debt	-8.2%
Cash	4%

**CAPITALISATION BREAKDOWN**

Under 100m USD	1.3%
In between 100 - 1bn USD	30.3%
In between 1bn - 5bn USD	36.2%
Above 5bn USD	36.2%
Options	0.2%
Debt	-8.2%
Cash	4%

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

**NUMBER OF STOCKS** 37

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

**MAXIMUM DRAW DOWN** -15.7%

## MARCH REPORT

### COMMENTARY

- Israeli equities declined in March, with the TA-125 Index falling 1.4% amid a broad global selloff and a major escalation in the US-Israel conflict with Iran. The banking sector was notably weak, while technology and gas stocks showed relative resilience with modest gains.
- A temporary ceasefire was reached in early April, though the situation remains fragile. The Bank of Israel held interest rates steady at 4.0%, citing intensified inflation risks, while its Research Department continues to project one to two rate cuts over the coming year.
- The Fund declined 3.3% (Class A, AUD) and 3.1% (Class B, USD), underperforming the broader market. Weakness in **Qualitau** following disappointing annual results weighed on performance, partly offset by contributions from **Telsys** and **Nayax** after positive financial reports.

### Market Review

Israeli equities posted broad declines in March against a backdrop of significant global market weakness and heightened regional tensions. The TA-125 Index fell 1.4% during the month, while mid-cap stocks underperformed more sharply. The banking sector recorded the steepest losses, bearing the brunt of risk repricing, while technology and gas stocks showed relative resilience with modest gains.

Global equity markets experienced a pronounced selloff, compounded by a sharp surge in oil prices as the Iran conflict disrupted energy flows through the Strait of Hormuz. US equities declined sharply, while European and Australian markets saw even steeper falls. Against this backdrop, the Israeli market entered April among the better-performing equity markets globally in early 2026.

The month was defined by a major escalation in the conflict between the US and Israel against Iran, following coordinated strikes on Iranian military and nuclear targets at the end of February. Iran responded with sustained missile and drone attacks across the region, and the conflict expanded into a multi-front confrontation involving Iranian proxies across military, cyber, and economic domains. By early April, a temporary ceasefire had been reached with Iran, though the broader regional situation remains fragile.

The Bank of Israel held interest rates steady at 4.0%, citing intensified inflation risks driven in part by surging energy prices. Despite this, the Bank's Research Department continues to project one to two rate cuts over the coming year. Inflation expectations remain contained at approximately 2.30%, and the Israeli economy has shown resilience during the conflict.

### Portfolio Commentary

The Fund underperformed in March, with concentrated exposure to holdings that reported during the month amplifying the impact of individual results on overall performance. Strong contributions from two holdings were more than offset by a sharp decline in a third following disappointing earnings.

The largest contributor was **Telsys**, an electronics distribution and embedded computing group, which rose 18% after reporting excellent results. It signalled a return to double-digit growth in its System-on-Module activity through its subsidiary **Variscite**, while maintaining operating margins of approximately 50%. For the first time in two years, the forward order backlog increased meaningfully, providing strong near-term visibility.

**Nayax**, a cashless payment solutions provider, gained 13% after reporting continued operational progress. Revenue per user grew at a double-digit rate alongside a significant increase in net profit. The team believes the current year may represent a turning point, following a bond issuance of approximately USD 350 million intended to support synergistic acquisitions and projected revenue growth approaching 30%.

During the month, the Fund partially shifted its Nayax position into options to maintain upside exposure while reducing overall volatility.

The main detractor was **Qualitau**, a semiconductor reliability testing equipment provider, which declined 23% after reporting disappointing annual results. Rather than any deterioration in the underlying business, the shortfall was driven by timing shifts of deliveries between the third and fourth quarters, as well as one-off items.

During the quarter, the Fund led a capital raise of approximately USD 70 million alongside leading institutional investors, at a discount and with attached warrants. This reflects the team's conviction in the long-term opportunity. Encouragingly, the share price has since recovered strongly into April. Qualitau maintains a strong forward backlog with good visibility, and the team expects increased transparency from management to help restore investor confidence.

Taking a longer-term view, the team believes a favourable resolution to the current conflict could represent a structural positive for Israel. A reduction in the country's geopolitical risk premium, accelerating regional economic integration, and increased foreign investment could all follow as uncertainty declines. The portfolio remains well positioned to benefit from these tailwinds as they materialise.

## FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.6867
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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