

## 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 May 2026<sup>1</sup>

#### Alpha Israel Fund Class A (AUD)

	1M	1Y	2Y	3Y	5Y	Since Strategy Inception March 2021 <sup>2</sup>	Since Fund Inception January 2018
Alpha Israel Fund Class A1	2.6%	48.1%	39.7%	29.9%	15.1%	15.7%	13.9%
Current Strategy (Partial Simulation) <sup>2</sup>	2.6%	48.1%	40.8%	32.5%	17.5%	18.3%	
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	2.7%	62.6%	49.1%	36.3%	20.1%	20.9%	15.0%

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

	1M	1Y	2Y	3Y	5Y	Since Strategy Inception March 2021 <sup>2</sup>	Since Fund Inception January 2018
Alpha Israel Fund Class B1	2.6%	48.6%	39.9%	30.6%	16.0%	16.5%	14.9%
Current Strategy (Partial Simulation) <sup>2</sup>	2.6%	48.6%	40.9%	32.1%	16.9%	17.7%	
Tel Aviv Stock Exchange 125 Index <sup>3</sup>	2.7%	62.6%	49.1%	36.3%	20.1%	20.9%	15.0%

### TOP HOLDINGS (ALPHABETICALLY)

Alony Hetz Properties & Investments Ltd.	Real Estate Operating Companies
Bank Hapoalim BM	Diversified Banks
Camtek Ltd	Semiconductor Materials & Equipment
Nayax Ltd.	Electronic Equipment & Instruments
Telsys Ltd.	Technology Distributors

### SECTOR BREAKDOWN

Communication Services	3.3%
Consumer Discretionary	10.8%
Financials	18.9%
Health Care	3.5%
Industrials	7%
Information Technology	24.2%
Materials	1.3%
Real Estate	16.2%
Utilities	5.2%
Consumer Staples	2%
Energy	0.2%
Options	0.4%
Other	3.9%
Debt	-2.1%
Cash	5.4%

### CAPITALISATION BREAKDOWN

Under 100m USD	1.1%
In between 100 - 1bn USD	15.1%
In between 1bn - 5bn USD	40.2%
Above 5bn USD	36%
Options	0.4%
Other	3.9%
Debt	-2.1%
Cash	5.4%

### STATISTICAL DATA

VOLATILITY<sup>3</sup> 12.8%

NUMBER OF STOCKS 43

BETA<sup>4</sup> 0.7

MAXIMUM DRAW DOWN -15.7%

## MAY REPORT

### COMMENTARY

- The Israeli equity market advanced in May, with the TA-125 Index rising 2.7%, and bringing its year-to-date return to 20.9%, placing Israel among the strongest-performing equity markets globally in 2026. US equities extended their rally, while domestic gains were led by technology and renewable energy stocks.
- The Bank of Israel cut its benchmark interest rate by 25 basis points to 3.75% on 25 May, its second reduction this year, citing a strengthening shekel, inflation comfortably within the 1% to 3% target band, and improving prospects for a resolution to the conflict with Iran.
- The Fund returned 2.6% (Class A, AUD) and 2.6% (Class B, USD), with strong contributions from **Qualitau**, **Payton**, **Energix** and **Telsys**, partly offset by weakness across the Fund's banking sector exposure.

### Market Review

Israeli equities posted broad gains in May against a backdrop of supportive macro developments and constructive momentum in global risk assets. The TA-125 Index rose 2.7% during the month, bringing its year-to-date return to 20.9% and positioning the Israeli market among the strongest-performing equity benchmarks globally in 2026. Gains were concentrated in technology stocks, with the renewable energy segment also contributing meaningfully, while the banking sector lagged.

Global equity markets extended their rally, with US equities posting strong gains driven by continued momentum in artificial intelligence infrastructure, semiconductors, and digital platforms. Most other developed markets also advanced.

The defining domestic event of the month was the Bank of Israel's decision on 25 May to cut its benchmark interest rate by 25 basis points to 3.75%, the central bank's second reduction of 2026. The Monetary Committee cited three factors, namely a strengthening shekel, inflation comfortably within the 1% to 3% target band, and improving prospects for a resolution to the conflict with Iran, where the ceasefire reached in early April remained in place through the month, though tensions have since re-escalated. Notably, despite the rate cut, the shekel strengthened further in the days that followed, as markets interpreted Governor Yaron's remarks as a signal that the Bank would not intervene aggressively in the foreign exchange market.

Inflation continues to track well within target, supported in large part by the shekel's appreciation, which materially reduces import costs and dampens the pass-through of global commodity prices. Twelve-month forward inflation expectations, as derived from market pricing, stand at approximately 1.5%, providing the Monetary Committee with meaningful flexibility to continue its easing cycle. Capital Economics expects an additional 25 basis point cut in July.

### Portfolio Commentary

The Fund delivered a constructive result in May, broadly in line with the benchmark. Contributions came across technology and renewable energy holdings, partly offset by weakness in the Fund's banking sector exposure.

Leading the contributors was **Energix**, an Israeli renewable energy developer, which advanced 32%. Q1 2026 results were solid, with revenue up approximately 14% and EBITDA from the mature portfolio rising approximately 20% on a like-for-like basis. The team views the Strategic Investor Day in July as a key catalyst, with management expected to outline the growth roadmap through 2030, including possible exposure to US data-centre projects.

**Payton**, an Israeli electronics manufacturer, rose 26%, and **Qualitau**, the Fund's largest semiconductor holding, advanced 22%. Both benefited from continued strength across the global semiconductor sector, which extended a powerful run in May as AI-related capital spending drove returns to multi-decade highs. Qualitau's gains also reflected company-specific execution, with greater management transparency around order visibility restoring investor confidence after the earlier-year setback.

**Telsys**, an electronics distribution and embedded computing group, gained 10% following record Q1 2026 results. Revenue grew approximately 50% year-over-year, driven by strong demand for Verisity modules and accelerated distribution activity with NVIDIA. Customer advances doubled to approximately US\$20 million, supporting forward visibility, and the team views the deepening NVIDIA partnership as a durable competitive advantage.

The main detractor was the Fund's banking sector exposure, which declined approximately 6% amid sector-specific pressures in the domestic environment.

Two further holdings warrant mention. **Nayax**, a cashless payment solutions provider, delivered Q1 2026 results ahead of expectations, with revenue up 32% (organic growth of 26%) and payment processing gross margins improving from 36% to 40%. Management reaffirmed full-year guidance, while an April workforce reduction is expected to support operating leverage later in the year.

**Fattal Holdings**, which operates leading hospitality brands across Europe, reported Q1 2026 results materially affected by two non-recurring items. The conflict with Iran and foreign-exchange headwinds. Excluding these, underlying performance was broadly in line with the prior year. The company secured a €540 million strategic investment partnership with seven institutional partners, expected to close in Q2 2026, and sixteen new hotel openings planned for 2026 provide meaningful upside into the second half.

The team remains constructive on positioning, with continued visibility across core holdings into the second half.

## FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.9277
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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### 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 can be obtained from our distribution team or website. 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.