

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 Jul 2025¹

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	1.6%	50.7%	23.2%	15.9%	11.7%	13.9%	11.4%
Current Strategy (Partial Simulation) ²	1.6%	53.6%	26.6%	19.5%	14.6%		
Tel Aviv Stock Exchange 125 Index ³	1.9%	54.2%	27.7%	15.2%	15.3%	17.4%	11.3%

Alpha Israel Fund Class B (USD)

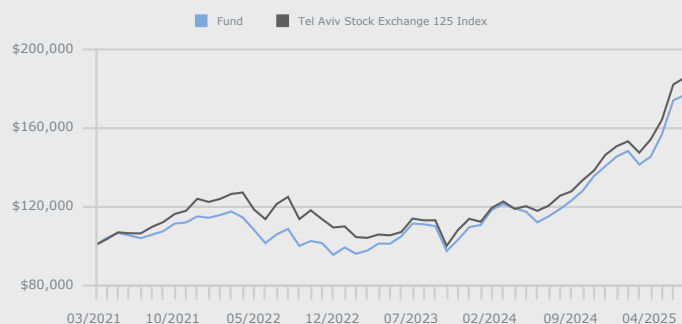
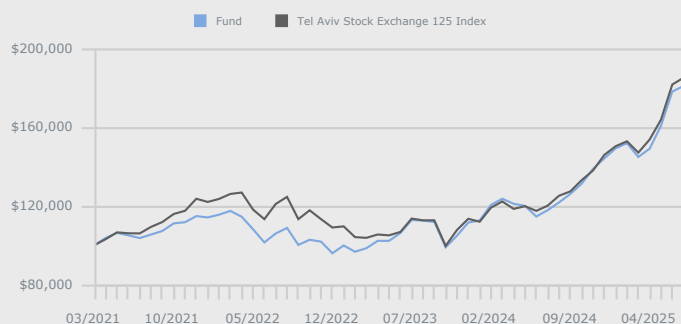
	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 ²	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class B ¹	1.5%	50.6%	24.1%	17.0%	12.6%	14.9%	12.5%
Current Strategy (Partial Simulation) ²	1.5%	53.7%	26.0%	18.6%	14%		
Tel Aviv Stock Exchange 125 Index ³	1.9%	54.2%	27.7%	15.2%	15.3%	17.4%	11.3%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION⁴

Class A

Class B



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
Fattal Holdings (1998) Ltd.	Hotels, Resorts & Cruise Lines
Phoenix Financial Ltd	Multi-line Insurance

SECTOR BREAKDOWN

Communication Services	5.7%
Consumer Discretionary	7.9%
Financials	29.1%
Health Care	6.5%
Industrials	12.9%
Information Technology	16.2%
Materials	3.1%
Real Estate	15.9%
Energy	4.4%
Debt	-11.5%
Cash	9.8%

CAPITALISATION BREAKDOWN

Under 100m USD	1.6%
In between 100 - 1bn USD	34.8%
In between 1bn - 5bn USD	32.9%
Above 5bn USD	32.4%
Debt	-11.5%
Cash	9.8%

STATISTICAL DATA

VOLATILITY³ 12.4%

NUMBER OF STOCKS 36

BETA⁴ 0.68

MAXIMUM DRAW DOWN -15.7%

JULY REPORT

COMMENTARY

- July saw continued gains in the Israeli market, though momentum slowed due to geopolitical tensions and reduced expectations for interest rate cuts.
- Despite signs of economic contraction in Q2, July showed a rebound in consumer spending. Inflation and interest rate expectations remain moderate.
- The Fund returned 1.6% (Class A, AUD) and 1.5% (Class B, USD), supported by strong contributions from semiconductor and financial stocks.

Market review

The Israeli capital market sustained its positive momentum throughout July, mirroring the upward trend in global equity markets. Internationally, investor attention remained centred on President Trump's proposed tariff policies. Domestically, focus shifted to geopolitical developments, particularly the negotiations surrounding a potential hostage deal. As prospects for an agreement waned toward the end of the month, local market gains began to recede.

Another key influence on the Israeli market was the evolving outlook for interest rate reductions. Expectations for aggressive rate cuts moderated due to cautious commentary from the Governor of the Bank of Israel and persistently high inflation figures.

Our medium-term base-case scenario remains unchanged: cessation of hostilities, interest rate reductions, a substantial increase in domestic investment, and normalisation agreements with neighbouring countries.

As we enter August, a month typically marked by reduced liquidity and the release of second-quarter earnings reports, we anticipate increased market volatility. Accordingly, we are prioritising risk management and positioning the portfolio for maximum flexibility, with a strong emphasis on diversification and liquidity.

Portfolio commentary

We made a slight reduction in overall exposure compared to June, primarily by trimming our positions in the semiconductor and insurance sectors. Both sectors have experienced significant year-to-date gains, presenting an opportunity for modest profit-taking.

Semiconductors and Financials remained our leading sectors. Top contributors included **Camtek** (+15%), **Qualitau** (+11%), **Clal Insurance** (+20%), **Phoenix Insurance** (+10%), while detractors included **Nayax** (–11%) and **ICL** (–8%).

Nayax announced a 6% reduction in workforce, which the market interpreted as a signal of business deceleration and potentially weak second-quarter results. However, we view this move as a strategic adjustment following an aggressive acquisition strategy and a near tripling of headcount since its 2021 IPO. We expect the Q2 2025 results to show projected revenue growth of 30%, driven by a 23% increase in customer base.

The 15% U.S. tariff on Israeli goods may negatively impact exports. However, relative to global standards, this rate is on the lower end, potentially enhancing Israel's competitive positioning. Bank of Israel data suggests a possible economic contraction in Q2, largely due to the conflict with Iran.

Macroeconomic Developments

Consumer credit card spending declined by 9.4% month-over-month in June and 3.5% quarter-over-quarter. Encouragingly, July data indicates a strong rebound in private consumption, with a 13% year-over-year increase in credit card purchases.

The July Consumer Price Index (CPI) is forecasted at approximately 0.30%, while August is expected to reach around 0.70%, translating to a year-over-year rate of +2.80%. The inflation outlook for the coming year remains between 2.20% and 2.30%.

Market expectations for interest rate cuts have moderated. The probability of a rate cut in August stands at 15%, with a 40% chance in September. The market currently anticipates the interest rate to settle at 3.80% in a year's time.

✓ FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.4633
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 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.