PENGANA
CAPITAL GROUP

MONTHLY REPORT
JULY 2026

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 2026[i]

Alpha Israel Fund Class A (AUD)

	1M	1Y	2Y	3Y	5Y	Since Strategy Inception March 2021[2]	Since Fund Inception January 2018
Alpha Israel Fund Class A[1]	0.9%	21.4%	35.3%	22.6%	15.1%	13.4%	12.5%
Current Strategy (Partial Simulation)[2]	0.9%	21.4%	36.6%	24.8%	16.2%	15.9%	
Tel Aviv Stock Exchange 125 Index[3]	1.5%	32.2%	42.8%	29.1%	18.2%	18.3%	13.6%

Alpha Israel Fund Class B (USD)

	1M	1Y	2Y	3Y	5Y	Since Strategy Inception March 2021[2]	Since Fund Inception January 2018
Alpha Israel Fund Class B[1]	0.6%	21.5%	35.3%	23.3%	15.9%	14.2%	13.5%
Current Strategy (Partial Simulation)[2]	0.6%	21.5%	36.7%	24.5%	15.6%	15.3%	
Tel Aviv Stock Exchange 125 Index[3]	1.5%	32.2%	42.8%	29.1%	18.2%	18.3%	13.6%

TOP HOLDINGS (ALPHABETICALLY)

Alony Hetz Properties & Investments Ltd.	Real Estate Operating Companies
Azrieli Group Ltd.	Real Estate Operating Companies
Camtek Ltd	Semiconductor Materials & Equipment
Enlight Renewable Energy Ltd	Renewable Electricity
Telsys Ltd.	Technology Distributors

SECTOR BREAKDOWN

Communication Services	2.4%
Consumer Discretionary	6.8%
Financials	17.5%
Health Care	3.2%
Industrials	7.6%
Information Technology	16.9%
Real Estate	13.7%
Utilities	2.9%
Consumer Staples	3%
Options	8.1%
Debt	4.3%
Cash	13.7%

CAPITALISATION BREAKDOWN

Under 100m USD	0.9%
In between 100 - 1bn USD	14.7%
In between 1bn - 5bn USD	31.8%
Above 5bn USD	26.5%
Options	8.1%
Debt	4.3%
Cash	13.7%

STATISTICAL DATA

VOLATILITY[3]	NUMBER OF STOCKS	BETA[4]	MAXIMUM DRAW DOWN
13.1%	43	0.71	-15.7%

JULY REPORT

COMMENTARY

- Israeli equities advanced in July, with the TA-125 Index rising 1.5% as investors favoured large-cap financially resilient names. The banking sector led, while mid- and small-cap stocks and semiconductor names came under pressure.
- Moody's affirmed its Baa1 rating and stable outlook, while S&P reaffirmed its A/A-1 rating in its semi-annual sovereign review. In early July, the Bank of Israel cut its benchmark rate by 25 basis points to 3.5%, though the terminal rate has been revised higher amid the July re-escalation of the US-Iran conflict.
- The Fund returned 0.9% (Class A, AUD) and 0.6% (Class B, USD), with strong contributions from banks and **Teva**, partly offset by weakness in semiconductor names **Nova**, **Tower** and **Camtek**.

Market Review

Israeli equities advanced in July, with the TA-125 Index rising 1.5% in a split market. Large-cap stocks benefited from sustained demand for liquid, financially resilient names. Mid- and small-cap stocks lagged, weighed down by thinner liquidity and greater sensitivity to investor sentiment. The banking sector showed relative resilience on expectations of strong profitability, good credit quality, and reasonable valuations. Technology and semiconductor stocks were more volatile amid a global rotation out of growth and chip names.

Global markets oscillated between optimism around AI and renewed concern over technology valuations, alongside continued uncertainty on the US rate path. Regional risk rose sharply as the US-Iran conflict re-escalated in early July. Sustained US strikes on Iran were met by Iranian retaliation on Gulf states and US forces in Jordan. Israel was not drawn into this phase of the fighting, and market pressure on local assets eased compared with June.

On monetary policy, the Bank of Israel cut its benchmark rate by 25 basis points to 3.5% at its July meeting. The next cut is now not expected before October, with the terminal rate revised up to around 3.25%. June headline inflation came in at 1.6% year on year, down from 1.9%. Forecasts for coming months have been revised higher, driven by a weaker shekel and seasonal price pressures. Economic activity rebounded sharply in Q2 following the 3.3% Q1 GDP contraction. Moody's affirmed its Baa1 rating and stable outlook, projecting debt to stabilise near 70% of GDP. S&P reaffirmed its May action, projecting 5.9% growth in 2027 as recovery accelerates.

Portfolio Commentary

The Fund posted a modestly positive return in July, though performance lagged the broader index. Attribution reflected two contrasting themes. Strong contributions from banking exposure and Teva were more than offset by weakness in the Fund's semiconductor holdings, where a macro-driven repricing weighed on share prices despite unchanged fundamentals.

Teva Pharmaceutical Industries, the world's largest generic drug manufacturer, was the largest individual contributor, rising 10.5% during the month. The Fund holds Teva at a weight above its index weighting. Management continues to emphasise a significant pipeline of proprietary drugs. The team believes this can support continued multiple expansion as Teva delivers against its own targets and against market forecasts for its leading branded assets.

Israeli banks were also a standout contributor, rising approximately 7% collectively during the month. Bank exposure remains a meaningful part of the portfolio, and the team views the sector as well positioned given current profitability trends and reasonable valuations.

Nayax, a cashless payment solutions provider, experienced a significant cyber event during the month that triggered sharp initial declines. Following the company's official statement clarifying that the incident was isolated and closed out with only minimal damage, the shares recovered their losses and ended July approximately 7% higher. The team continues to view Nayax's operational trajectory as a compelling long-term story.

Semiconductor holdings were the main detractors, all declining amid a broad repricing of the sector. Nova, a semiconductor process control and metrology provider, fell 20%. Tower Semiconductor, an analog foundry, declined 15%, and Camtek, an inspection equipment provider, fell 14%. The declines reflected macro-driven positioning rather than any deterioration in underlying business performance. Semiconductor demand fundamentals across these companies remain intact, and the team maintains conviction in the long-term investment case.

Looking ahead, the team sees continued strengthening in the Israeli macro backdrop as supportive for the portfolio. Accelerating economic activity, resilient sovereign metrics, and record foreign investment into the technology sector all point to an economy that is proving resilient through ongoing regional tensions. The Fund remains well positioned to benefit as these trends develop.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A$ 1.3281
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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