

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 Aug 2025¹

Alpha Israel Fund Class A (AUD)

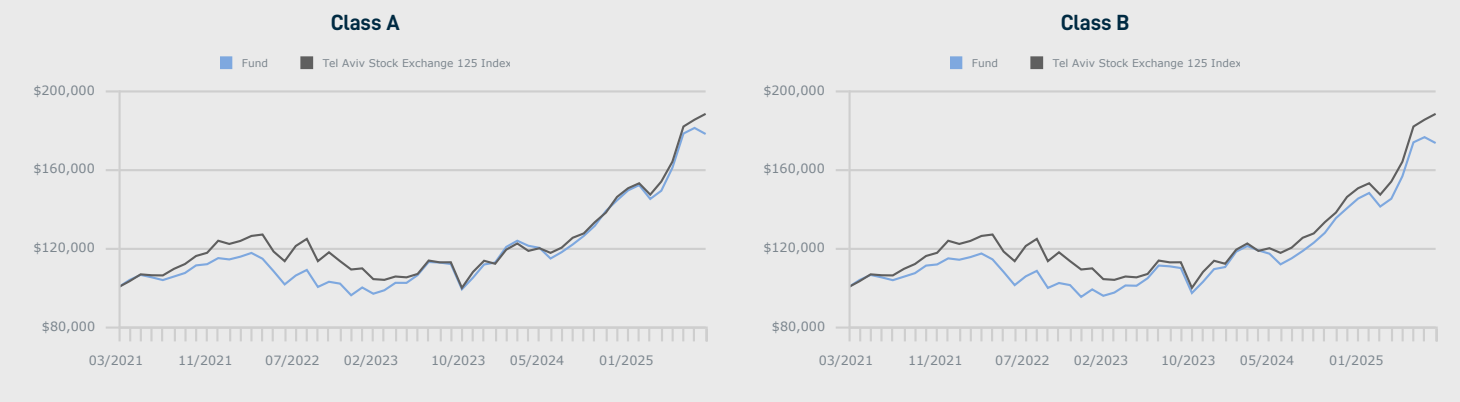
	1M	1Y	2Y	3Y	Since Strategy Inception March 2021 ²	5Y	Since Fund Inception January 2018
Alpha Israel Fund Class A ¹	-1.7%	41.9%	22.8%	14.2%	11.0%	12.0%	11.0%
Current Strategy (Partial Simulation) ²	-1.7%	46.2%	25.7%	17.8%	13.9%		
Tel Aviv Stock Exchange 125 Index ³	1.6%	50.3%	29.2%	14.7%	15.4%	17.1%	11.4%

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	-1.7%	42.1%	23.2%	15.3%	11.9%	12.9%	12.1%
Current Strategy (Partial Simulation) ²	-1.7%	46.3%	25.1%	16.9%	13.2%		
Tel Aviv Stock Exchange 125 Index ³	1.6%	50.3%	29.2%	14.7%	15.4%	17.1%	11.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION⁴



TOP HOLDINGS (ALPHABETICALLY)

Bank Hapoalim BM	Diversified Banks
Bank Leumi Le-Israel B.M.	Diversified Banks
Fattal Holdings (1998) Ltd.	Hotels, Resorts & Cruise Lines
Nayax Ltd.	Electronic Equipment & Instruments
Phoenix Financial Ltd	Multi-line Insurance

SECTOR BREAKDOWN

Communication Services	4.1%
Consumer Discretionary	7.5%
Financials	32%
Health Care	8.2%
Industrials	12.3%
Information Technology	20.7%
Materials	3.2%
Real Estate	17.5%
Energy	4.1%
Debt	-20.5%
Cash	11%

CAPITALISATION BREAKDOWN

Under 100m USD	2%
In between 100 - 1bn USD	38.4%
In between 1bn - 5bn USD	28.9%
Above 5bn USD	40.2%
Debt	-20.5%
Cash	11%

AUGUST REPORT

COMMENTARY

- Israeli equities delivered a modest gain in August, with the TA-125 Index rising around 1%, in line with global equity markets.
- Market sentiment was steady, though geopolitical negotiations over hostages and the broader conflict showed little progress, leaving risks of renewed escalation.
- The Fund fell 1.7% (Class A, AUD) and 1.7% (Class B, USD), supported by strong contributions from **Nayax**, **Teva**, and **FMS**, while **Perion**, **Camtek**, and **Fattal** detracted.

Market Review

Israeli equities edged higher in August, with the TA-125 Index rising around 1% in line with most developed markets. Gains were more modest than in recent months, though sentiment remained broadly constructive. Oil and Gas and Financials were the standout sectors, while Real Estate and Construction lagged under the weight of high interest rates and subdued housing demand.

Geopolitical conditions were largely stagnant, with little progress in negotiations to secure a hostage release and end the confrontation. Investors remain cautious of potential escalation should talks fail. Nonetheless, Israel's risk premium has declined significantly over the past year, with 5-year sovereign credit default swap spreads, which measure perceived default risk, falling by more than 80 basis points from their peak to 83.4.

Macroeconomic data underscored the resilience of Israel's economy. Private consumption rebounded in August, supported by a sharp rise in credit card purchases, while foreign trade and overseas fundraising by high-tech companies continued to expand. The technology sector remains central to growth, accounting for nearly 20% of GDP and 60% of exports, and is expected to deliver further gains in 2025 and 2026. Inflation expectations remain contained, with one-year forward expectations at 2.7%, while the Bank of Israel has signalled little urgency to cut interest rates given the rapid recovery in activity since June.

Regional dynamics continue to shift in Israel's favour. The dismantling of Hezbollah's presence in Lebanon, a new government in Syria, and the neutralisation of Iran's nuclear threat have reshaped the balance of power. Israel is increasingly positioned as a regional technology hub, benefiting from deeper economic ties with Gulf states seeking to diversify beyond energy.

Portfolio Commentary

The Fund delivered a modest positive return in August, with performance reflecting both strong stock-specific gains and a number of weaker share price moves around reporting season. While overall market returns were more subdued than in recent months, the portfolio's diversified sector exposure provided balance across contributors and detractors.

Among the strongest performers was **Nayax**, a global fintech providing payment solutions for unattended retail and EV charging. After concerns in July over a workforce reduction unsettled investors, the company reported solid quarterly results, easing those worries and restoring confidence in its growth outlook. **Teva Pharmaceutical Industries**, the world's largest generic drug manufacturer, also added positively. Its "steady and predictable" quarterly report reaffirmed the company's gradual improvement path, with further upside potential as operational

efficiencies and pipeline execution build over time. Defence exposure contributed as well, with **FMS Enterprises** and **Migun**, a supplier of advanced ballistic protection materials, benefiting from sustained demand momentum and an expanding order backlog. The defence sector more broadly continues to see structural demand support, reinforcing confidence in its long-term role within the portfolio.

On the negative side, **Perion Network**, a digital advertising technology provider, and **Camtek**, a specialist in semiconductor inspection systems, both detracted modestly. While each company reported solid results and maintained positive outlooks, their shares moved lower as investor expectations remained elevated and sentiment across their sectors softened. **Fattal Holdings**, one of Israel's leading hotel and leisure groups, also weighed on returns after reporting a weaker quarter, with the stock falling sharply on results day. These moves reflect a more challenging earnings season, where even companies delivering reasonable results often faced muted or negative market reactions.

Real Estate and Construction holdings remained under pressure, reflecting persistently high interest rates, subdued buyer appetite, and declining sales activity in residential markets. The Fund's exposure is intentionally small and selective. **Inrom**, a leading supplier of construction and renovation materials, continues to face headwinds from weak demand, while **Tzemach Hamerman**, a residential developer, is being acquired by Azrieli and will be liquidated into cash during September. This cautious positioning has helped to mitigate risks in a sector facing significant cyclical headwinds.

The portfolio remains focused on companies with resilient earnings, strong balance sheets, and international growth drivers. This diversified exposure, alongside selective opportunities in high-quality domestic leaders, provides a solid foundation for long-term returns even in a more challenging earnings environment.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A\$ 1.4385
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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