PENGANA CAPITAL GROUP

MONTHLY REPORT
AUGUST 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 Aug 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]	-2.0%	21.0%	31.0%	22.2%	15.0%	12.8%	12.1%
Current Strategy (Partial Simulation)[2]	-2.0%	21.0%	33.0%	24.1%	15.3%	15.2%	
Tel Aviv Stock Exchange 125 Index[3]	-0.4%	29.6%	39.6%	29.3%	17.4%	17.9%	13.4%

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]	-2.2%	20.9%	31.1%	22.4%	15.8%	13.5%	13.0%
Current Strategy (Partial Simulation)[2]	-2.2%	20.9%	33.0%	23.7%	14.7%	14.6%	
Tel Aviv Stock Exchange 125 Index[3]	-0.4%	29.6%	39.6%	29.3%	17.4%	17.9%	13.4%

TOP HOLDINGS (ALPHABETICALLY)

Azrieli Group Ltd.	Real Estate Operating Companies
Electra Ltd	Construction & Engineering
Fattal Holdings (1998) Ltd.	Hotels Resorts & Cruise Lines
Telsys Ltd.	Technology Distributors
Teva Pharmaceutical Industries Limited	Pharmaceuticals

SECTOR BREAKDOWN

Consumer Discretionary	7.1%
Financials	19%
Health Care	3.8%
Industrials	7.7%
Information Technology	16.2%
Real Estate	16.3%
Utilities	3%
Consumer Staples	3.8%
Energy	2.9%
Options	1.5%
Other	2.9%
Debt	12.4%
Cash	3.2%

CAPITALISATION BREAKDOWN

Under 100m USD	2%
In between 100 - 1bn USD	10.1%
In between 1bn - 5bn USD	36.9%
Above 5bn USD	31.1%
Options	1.5%
Other	2.9%
Debt	12.4%
Cash	3.2%

STATISTICAL DATA

VOLATILITY[3]	NUMBER OF STOCKS	BETA[4]	MAXIMUM DRAW DOWN
13.1%	42	0.71	-15.7%

AUGUST REPORT

COMMENTARY

- Israeli equities were mixed in August, with the TA-125 Index edging down 0.4% as investors favoured large, liquid names. The banking and insurance sectors led gains, while mid- and small-cap stocks, technology and semiconductor names came under pressure.
- Second-quarter GDP grew 15.4% annualised, rebounding sharply from the war-affected first quarter, though the domestic recovery was more muted than the headline suggests. Inflation remained below the target midpoint, and in early September the Bank of Israel cut its policy rate by 25 basis points to 3.25%.
- The Fund declined 2.0% (Class A, AUD) and 2.2% (Class B, USD). Weakness in Nayax, renewable energy holdings and semiconductor names weighed on performance, partly offset by strong contributions from the banking sector.

Market Review

Israeli equities traded in a split pattern during August, with the TA-125 Index edging down 0.4%. Investors continued to favour larger, more liquid names over more sensitive mid- and small-cap stocks. The banking and insurance sectors led the market. Banks rose approximately 5%, supported by strong second-quarter results and double-digit returns on equity, and insurance stocks were up roughly 12%. By contrast, technology stocks fell approximately 7%. Local semiconductor names came under pressure amid shifting rate expectations and reduced investor appetite for smaller, less liquid holdings.

Globally, US domestic demand remained strong and AI-related optimism continued to support technology sentiment. In contrast, US Treasury yields rose on hawkish Federal Reserve commentary, and energy and commodity inflation re-emerged as global themes. Brent oil approached USD 90 per barrel, and European gas prices reached their highest levels since early 2023.

On the Israeli macro backdrop, second-quarter GDP grew 15.4% annualised, well ahead of consensus expectations of around 10%. The rebound was driven by a sharp recovery in private consumption and exports following the war-affected first quarter. That said, the domestic picture was less robust than the headline implied. Once production by Israeli-owned companies abroad is stripped out, first-half growth was closer to 1%. Inflation remained contained, with the July print at 1.5% year on year. Upside risks are building from higher global energy and commodity prices, partly offset by continued shekel strength. In early September, the central bank cut its policy rate by 25 basis points to 3.25%. The move was framed as a risk-management step, with the bank's 12-month view implying rates around 3.0% to 3.25%.

Portfolio Commentary

The Fund lagged the broader market in August. Strong contributions from banking exposure were more than offset by a sharp decline in Nayax, alongside broader weakness across renewable energy and semiconductor holdings.

Israeli banks were the standout contributor, up approximately 6% collectively during the month. Bank exposure remains a meaningful part of the portfolio, and the team continues to view the sector as well positioned given current profitability trends.

Nayax, a cashless payment solutions provider, was the largest single detractor, declining approximately 25% during the month. Early in August, the company released results that included a cut to full-year cash flow guidance, driven by investments in EV charger rollout that management expects to moderate next year. In reaction, shares fell as much as 35% from their peak to the monthly low. Later in the month, Nayax announced its largest-ever acquisition, a USD 350 million all-cash purchase of IPS Group, a US-based smart parking technology provider that manages over 250,000 parking spaces. The team views it as highly synergistic with Nayax's existing platform. Shares recovered some ground following the announcement. The team used the weakness to modestly increase the position. A meaningful part of the holding had been built through traded options, which provided downside protection and allowed the exposure to be converted gradually into ordinary shares.

Enlight and **Energix**, both renewable energy developers, weighed on performance, declining approximately 10% and 8%, respectively. Semiconductor holdings were also weak, with **Nova**, a process control and metrology provider, down approximately 10%, and **Tower Semiconductor**, an analog foundry, down approximately 6%. The declines largely reflected macro-driven positioning rather than any change in the underlying investment cases. Fundamentals remain intact, and the team maintains its long-term conviction.

Telsys, an electronics distribution and embedded computing group, published strong second-quarter results during the month. Sales at subsidiary Varisite grew approximately 60%, accelerating from the prior quarter, alongside approximately 80% profit growth. Distribution activity also improved meaningfully, with sales more than doubling and profit roughly tripling. Management also built component inventory to meet demand in coming quarters. The team continues to view Telsys as well positioned to sustain growth into the second half.

Looking across the portfolio, the team sees underlying fundamentals as intact and remains positioned for continued improvement in the Israeli macro backdrop.

FEATURES

APIR CODE	PCL6469AU (USD Class) CTS0045AU (AUD Class)
REDEMPTION PRICE	A$ 1.2988
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

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com

PENGANA CAPITAL GROUP

PENGANA.COM