

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

MONTHLY REVIEW

TASE RESEARCH UNIT

Diverging Sector Performance Stands Out Amid the Second-Quarter Earnings Season

Monthly Review – August 2026 / September 3, 2026

August on TASE: Stability in the Flagship Indices Amid Significant Sector Divergence

The Tel Aviv Stock Exchange ended August on a mixed note against the backdrop of the second-quarter earnings season. The flagship indices traded relatively steadily throughout the month, while significant performance divergences were recorded among sectors, led by the financial and insurance sectors, which delivered outperformance. The TA-35 Index declined by 0.26% during August but remains up 13.96% since the beginning of the year. The TA-125 Index fell by 0.37% during the month and has gained 10.73% year-to-date. In contrast, the TA-90 Index declined by 1.02% in August, bringing its cumulative yield since the beginning of the year to negative 0.36%.

Bonds: Declining Yields Continue in Israel While U.S. Yields Remain Elevated

The Israeli government bond market continued to post positive performance in August, supported by a decline in Israel's risk premium, moderate inflation and a stronger shekel. The Consumer Price Index for July increased by 0.3%, while the annual inflation rate stood at 1.5%, reinforcing expectations for additional interest rate cuts by the Bank of Israel. Accordingly, the yield to maturity on Israel's 3-year government bond declined from 3.599% to 3.579% during the month. In contrast, the yield to maturity on the U.S. 2-year Treasury note increased from 4.291% to 4.35%, reflecting the continuation of the Federal Reserve's cautious monetary policy.

Equity Issuances: 20 New Companies Have Joined TASE Since the Beginning of the Year

Equity capital raised in the primary market totaled NIS 0.55 billion during August 2026, with the bulk of the amount, NIS 530 million, raised by Avisror that completed an IPO at a company valuation of NIS 2.3 billion. Since the beginning of the year, 20 new companies have joined TASE with a combined market capitalization of NIS 33.3 billion at the time of issuance, alongside four companies that completed dual listings of their shares.

Bond Issuances: Robust Corporate Bond Issuance Activity Continued in August

The corporate bond market maintained robust issuance activity during August, with NIS 10.8 billion raised through public offerings. Bank Leumi led the month's fundraising activity after issuing commercial paper and expanding two existing bond series, raising NIS 5.3 billion. Structured bond issuers also continued to attract strong demand, raising NIS 2.6 billion during the month. Since the beginning of the year, cumulative fundraising by these issuers has reached NIS 24.3 billion, highlighting continued investor interest in this segment.

Mutual Funds Market: Interest Rate Expectations Accelerate Inflows into Bond Funds

The mutual funds industry recorded net inflows of NIS 7 billion during August and NIS 47 billion since the beginning of the year. Assets under management in active and passive mutual funds totaled NIS 840 billion at the end of the month, an increase of NIS 88.1 billion compared with year-end 2025. Expectations of additional interest rate cuts by the Bank of Israel continued to support inflows into bond funds, with funds investing in local bonds recording net inflows of NIS 2.1 billion during August and NIS 24.5 billion since the beginning of the year. At the same time, demand for funds investing in international shares remained strong, with net inflows of NIS 2.3 billion during August.

Stock Market

Diverging Sector Performance Stands Out Amid the Second-Quarter Earnings Season

The Tel Aviv Stock Exchange ended August on a mixed note against the backdrop of the second-quarter earnings season. While the flagship indices traded relatively steadily throughout the month, significant performance divergences were recorded among sectors, led by the financial and insurance sectors. The TA-35 Index declined by 0.26% in August but remained up 13.96% since the beginning of the year. The TA-125 Index fell by 0.37% during the month and has gained 10.73% year-to-date. In contrast, the TA-90 Index declined by 1.02% in August, bringing its cumulative yield from the beginning of the year to negative 0.36%.

Financial sector shares led the market during August. The TA-Insurance Index surged by 11.65% during the month, bringing its year-to-date gain to 39.24%, followed by the TA-Finance Index, which rose by 7.16% during August and 20.96% since the beginning of the year. The TA-Banks Index also stood out, advancing by 5.15% during August and by 7.17% year-to-date.

On the downside, the weakest performers were the TA-Defense Index (-14.94%), the TA-Industrials Index (-8.65%) and the TA-Cleantech Index (-8.40%). The TA-Technology Index declined by 6.77%, although it still maintains a positive year-to-date yield of 9.89%. Overall, in August the earnings season highlighted the strength of the financial and insurance sectors alongside relative weakness in industrial and technology shares.

Quarterly Index Rebalancing Boosts Trading Volume to NIS 16 billion

On August 6, 2026, TASE carried out a quarterly rebalancing of its equity indices, highlighted by the inclusion of Palo Alto Networks in the TA-35, TA-125 and technology indices through the fast-entry track. The share entered the flagship indices with an initial weight of 1.25%, representing one quarter of its maximum target weight of 5%, and is expected to increase its weight gradually as part of future periodic rebalancing.

Palo Alto Networks' inclusion in the indices generated significant passive demand estimated at NIS 800 million from ETFs and index-tracking products. At the same time, technical selling was recorded in other shares whose index weights were reduced following the rebalancing. Adjustments made by institutional investors, ETFs and index-tracking funds, particularly during the closing auction, resulted in an exceptional trading volume of NIS 16 billion in the stock market, one of the highest daily trading volumes recorded in recent years.

The inclusion of Palo Alto Networks in the flagship indices demonstrates the flexibility of TASE's index methodology and its ability to rapidly incorporate international companies with strong ties to the local market. The demand generated by the rebalancing and the exceptional trading volume recorded on the implementation date underscore the growing influence of indices and index-tracking products on trading activity and liquidity in the local stock market.

August 2026 in Global Markets: Strong Earnings Season Support the Stock Market

Global stock markets ended August in positive territory, supported by resilient growth data and a strong second-quarter earnings season, particularly among technology companies. In the United States, the Nasdaq-100 Index (NDX) rose by 4.24% during the month, bringing its year-to-date gain to 17.14%. The S&P 500 Index added 2.72% in August and 13.14% from the beginning of the year, while the Dow Jones Index rose by 1.47% during the month and 11.79% year-to-date.

European markets recorded a more moderate positive trend. Germany's DAX Index advanced by 2.45% during August and by 7.22% since the beginning of the year, while the UK's FTSE 100 Index rose by 0.22% during the month and 11.75% year-to-date. In contrast, France's CAC 40 Index declined by 2.06% in August but still maintains a positive year-to-date yield of 4.93%.

The positive performance in global stock markets was supported mainly by better-than-expected corporate earnings and continued investment in artificial intelligence infrastructure. Technology and semiconductor shares led gains in the United States, while European markets recorded more moderate advances amid a higher interest-rate environment and rising bond yields.

In summary, global stock markets continued to benefit from positive momentum driven by the technology sector and the earnings season, while elevated interest rates and inflation remained the key risk factors for investors.

Index Name	Monthly Return (MONTH)	Year-to-Date (YTD)
TA-35	-0.26%	13.96%
TA-90	-1.02%	-0.36%
TA-125	-0.37%	10.73%
NDX	4.24%	17.14%
SPX	2.72%	13.14%
DJI	1.47%	11.79%
DAX	2.45%	7.22%
FTSE 100	0.22%	11.75%
CAC 40	-2.06%	4.93%

Investor Movements: Trend Reversal in Foreign Investor Activity Alongside Continued Institutional Buying

Average daily trading volume in shares, both on and off TASE, totaled NIS 4.4 billion during August 2026, representing an increase of 28% compared with the average daily trading volume recorded in 2025. During August 2026, institutional investors increased their exposure to the local stock market by NIS 953 million net. Since the beginning of the year, their net purchases have totaled NIS 3.8 billion. Purchases during August were led by technology shares, totaling NIS 1 billion net, alongside purchases of insurance shares totaling NIS 387 million net and real estate and construction share totaling NIS 358 million net. In contrast, institutional investors recorded net sales of ETFs totaling NIS 960 million.

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At the individual share level, notable purchases were recorded in Nova, totaling NIS 347 million net, Tower, totaling NIS 264 million net, Camtek, totaling NIS 186 million net, and Next Vision, totaling NIS 126 million net.

Foreign investors also increased their exposure to the local stock market during August by NIS 475 million net, particularly in bank shares. Although the volume of purchases was relatively modest, it may indicate a shift in trend following six consecutive months of net selling by foreign investors. During the month, purchases of bank shares stood out, totaling NIS 330 million net, while on a year-to-date basis foreign investors still recorded net sales of NIS 5 billion.

At the same time, retail investors continued to channel funds into the capital market, purchasing shares directly in the amount of NIS 771 million net during August. Purchases of foreign-listed funds totaled NIS 504 million net.

Market	Investor Type	Net Purchases Since August 2026 (NIS)	YTD Net Purchases (NIS)
Equities	Pension Fund / Provident Fund / Insurance Company	953,514,531	3,842,094,242
Equities	Israeli Resident - Individual	771,052,426	2,275,468,528
Equities	Portfolio Manager / Managed Client	371,555,142	3,010,304,649
Equities	Mutual Fund Institutional Investor	280,112,386	7,427,316,576
Equities	Foreign Resident	475,427,863	2,446,050,720
Equities	Local Member Nostro Account	86,619,010	-125,265,709
Equities	ETF	-992,848,797	-4,797,981,968
Equities	Israeli Resident - Corporation	-1,945,432,561	-14,077,987,037

Performance of Leading Indices

The change calculated is based on the following periods:
Start Month - 31/07/2026 | Start Year - 31/12/2025

Market	Index Name	Last Rate	% Change vs Start Month	% Change vs Start Year
Equities	TA-Dividend	4,863.97	-0.29%	1.01%
Equities	TA Dividend Aristocrat	4,073.89	3.84%	-9.28%
Equities	TA-SME60	1,324.51	-4.11%	5.02%
Equities	TA-Industrials	3,607.36	-8.65%	6.83%
Equities	TA-Rimon	3,967.37	-0.69%	4.95%
Equities	TA-Cleantech	1,200.61	-8.40%	29.02%
Equities	TA-Consumer	2,084.95	-1.62%	-2.78%
Equities	TA-Growth	2,214.04	-2.47%	-6.04%
Equities	TA-Family	4,766.50	-5.04%	9.48%
Equities	TA-Finance	10,914.95	7.16%	20.96%
Equities	TA-Oil & Gas	3,038.31	1.64%	-3.80%
Equities	TA-Real Estate	1,393.11	-2.10%	-6.51%
Equities	TA-Maala	6,048.08	4.01%	20.17%
Equities	TA Income-Producing Real Estate Israel	1,367.25	-1.74%	-4.73%

Equities	TA Income-Producing Real Estate Abroad	618.03	-7.19%	-13.61%
Equities	TA-Food	3,654.47	-6.00%	-
Equities	TA-Technology	2,150.67	-6.77%	9.89%
Equities	TA-Construction	1,859.78	-3.03%	-10.25%
Equities	TA-Insurance	16,053.18	11.65%	39.24%
Equities	TA-Biomed	137.26	1.03%	7.03%
Equities	TA-Israel Energy	3,521.55	-1.05%	-
Equities	TA-125	4,056.60	-0.37%	10.73%
Equities	TA-90	3,794.87	-1.02%	-0.36%
Equities	TA-35	4,138.58	-0.26%	13.96%
Equities	TA-Infrastructure	4,092.32	-0.78%	13.94%
Equities	TA-Communication & Information Technology	2,260.78	7.06%	-8.29%
Equities	TA Software	2,603.44	5.72%	-
Equities	TA Tech-Elite	1,166.53	-5.79%	3.43%
Equities	TA Global-BlueTech	627.62	-5.64%	-0.73%
Equities	TA-Banks	8,339.25	5.15%	7.17%
Equities	TA-Defense	3,213.95	-14.94%	-18.46%

Bond Market:

Declining Yields Continue in Israel While U.S. Yields Remain Elevated

The Israeli government bond market continued to post positive performance in August, supported by the continued decline in Israel's risk premium since the ceasefire announced in April. The decline in the risk premium, together with a moderate inflation environment and a stronger shekel, contributed to lower yields to maturity and higher prices in the local bond market. The Consumer Price Index for July 2026 rose by 0.3%, while the annual inflation rate stood at 1.5%, near the lower end of the Bank of Israel's price stability target range. The moderate inflation data, together with the stronger shekel and the decline in Israel's risk premium, reinforce market expectations that the Bank of Israel will continue its interest rate reduction process in the coming months and through year-end, subject to macroeconomic and geopolitical developments. Accordingly, government bond yields continued to decline, with the yield to maturity on Israel's 3-year government bond falling from 3.599% to 3.579% during August, reflecting expectations for further monetary easing and improved risk perception of the Israeli economy.

- Government bond indices recorded gains in August, led by the long-term shekel segment. The Tel Gov-Shekel 10+ Index rose by 0.68% from the beginning of the month and by 3.53% from the beginning of the year. The Tel Gov-Shekel 5+ Index gained 0.47% and 3.38%, respectively, while the Tel Gov-Shekel Index advanced by 0.40% since the beginning of the month and by 3.17% year-to-date. In contrast, the CPI-linked segment recorded a more moderate trend, with the Tel Gov CPI-Linked Index rising by 0.11% from the beginning of the month and by 1.44% from the beginning of the year, while the Tel Gov CPI-Linked 10+ and 15+ indices continue to post negative yields year-to-date.

- In contrast to Israel, the U.S. government bond market has been characterized this year by rising yields and relatively elevated yield levels, against the backdrop of persistent inflation, high energy prices, a widening fiscal deficit and continued uncertainty regarding the Federal Reserve's interest rate policy. During August, the yield to maturity on the U.S. 2-year Treasury increased from 4.291% at the beginning of the month to 4.35% by month-end, reflecting growing expectations that the Federal Reserve will maintain a cautious monetary policy stance considering ongoing inflationary pressures. As a result, the divergence between trends in Israel and the United States remained pronounced: while yields in Israel continue to decline and markets are pricing in additional interest rate cuts, U.S. yields remain elevated and markets continue to price a higher-for-longer interest rate environment.

Liquidity Reform Takes Effect: Tel-Bond Indices Gain Liquidity and Quality

On August 27, 2026, the periodic rebalancing of the Tel Bond indices came into effect, marking the first implementation of the new liquidity requirements for corporate bond indices. Under the reform, eligibility for inclusion in the indices is subject to meeting a minimum threshold for median daily trading turnover, with separate criteria for index entry and index retention.

The reform is intended to ensure that the Tel-Bond indices are composed of bond series with higher and more consistent liquidity, reduce the weight of low-trading bond series and mitigate volatility arising from isolated transactions. In addition, the reform is expected to improve the tracking efficiency of ETFs and index-tracking products, reduce tracking costs and strengthen the attractiveness of the indices for both institutional and retail investors. The implementation of the new criteria is expected to enhance liquidity in the corporate bond market, improve index quality over time and reinforce the status of the Tel-Bond indices as key benchmarks for Israel's tradable debt market.

The change calculated is based on the following periods:
Start Month - 31/07/2026 | Start Year - 31/12/2025

Category	Index Name	Last Rate	% Change vs Start Month	% Change vs Start Year
Tel-Gov Indices	Tel Gov - Shekel 10+	531.95	0.68%	3.53%
Tel-Gov Indices	Tel Gov - Shekel 5+	692.21	0.47%	3.38%
Tel-Gov Indices	Tel Gov - Shekel	535.49	0.40%	3.17%
Non-Government Bond Indices	Tel Bond Maala Shekel	444.04	0.38%	3.58%
Tel-Gov Indices	Tel Gov - Non Linked	468.35	0.37%	3.13%
Tel-Gov Indices	Tel Gov - Shekel 2-5	484.57	0.33%	3.06%
Non-Government Bond Indices	Tel Bond-CPI Linked 1-3	420.71	0.33%	3.72%
Non-Government Bond Indices	Tel Bond Shekel 100	465.93	0.32%	3.57%
Non-Government Bond Indices	Tel Bond 20 CPI Linked	437.83	0.31%	2.92%

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Non-Government Bond Indices	Tel Bond 60 Shekel	453.74	0.31%	3.46%
Tel-Gov Indices	Tel Gov Variable Shekel	338.20	0.31%	2.77%
Non-Government Bond Indices	Tel Bond Shekel-50	453.85	0.30%	3.58%
Non-Government Bond Indices	Tel Bond CPI Linked 5-10	450.21	0.30%	3.56%
Non-Government Bond Indices	Tel Bond-Shekel 3-5	444.77	0.30%	1.45%
Non-Government Bond Indices	Tel Bond 60 CPI Linked	429.05	0.29%	3.34%
Tel-Gov Indices	Tel Gov - CPI Linked 2-5	317.41	0.28%	2.89%
Non-Government Bond Indices	Tel Bond-CPI Linked 3-5	426.94	0.28%	3.50%
Non-Government Bond Indices	Tel Bond 100 CPI Linked	434.38	0.28%	3.42%
Non-Government Bond Indices	Tel Bond CPI Linked	435.89	0.28%	3.46%
Tel-Gov Indices	Tel Gov - T-Bills	323.03	0.28%	2.58%
Tel-Gov Indices	Tel-Gov	404.34	0.27%	2.52%
Non-Government Bond Indices	Tel Bond CP	107.61	0.27%	2.62%
Non-Government Bond Indices	Tel Bond-CPI Linked 5-15	451.05	0.27%	3.24%
Tel-Gov Indices	Tel Gov - Shekel 0-2	375.66	0.27%	2.82%
Non-Government Bond Indices	Tel Bond-Non Linked	430.28	0.26%	2.71%
Non-Government Bond Indices	Tel Bond-Shekel	459.55	0.26%	2.73%
Non-Government Bond Indices	Tel Bond 40 CPI Linked	416.64	0.26%	3.68%
Tel-Gov Indices	Tel Gov - CPI Linked 0-2	284.45	0.25%	3.13%
Non-Government Bond Indices	Tel Bond-Repository	442.58	0.25%	3.19%
Non-Government Bond Indices	Tel Bond-Shekel 1-3	483.32	0.25%	3.07%
Non-Government Bond Indices	Tel Bond-Shekel 5-15	452.58	0.23%	3.65%
Tel-Gov Indices	Tel Gov - Shekel 5-10	530.51	0.23%	3.21%
Non-Government Bond Indices	Tel Bond Shekel 5-10	452.31	0.23%	3.63%
Tel-Gov Indices	Tel Gov - CPI Linked 5-10	405.99	0.20%	2.08%
Tel-Gov Indices	Tel Gov - CPI Linked	397.11	0.11%	1.44%
Non-Government Bond Indices	Tel Bond Shekel Yields	440.47	0.08%	1.32%
Tel-Gov Indices	Tel Gov - CPI Linked 5+	398.45	0.00%	0.36%
Tel-Gov Indices	Tel Gov - CPI Linked 10+	-390.86	-0.22%	-1.19%
Tel-Gov Indices	Tel Gov - CPI Linked 15+	379.35	-0.27%	-1.93%

Equity and Bond Issuance Market

Equity Issuance Market

20 New Companies Have Joined TASE Since the Beginning of the Year with a Combined Market Capitalization of NIS 33.3 billion at Issuance

4 Companies Completed Dual Listings Since the Beginning of the Year

Equity capital raised in the primary market totaled NIS 0.55 billion during August 2026. Of this amount, NIS 530 million was raised by Avisror that completed an IPO at a company valuation of NIS 2.3 billion.

Since the beginning of the year, 20 new companies have joined trading on TASE through IPOs, raising an aggregate amount of NIS 7.7 billion and listing at a combined post-money market capitalization of NIS 33.3 billion. In addition to the IPO of Avisror, the largest offerings of the year included Tidhar (NIS 1,722 million), Bagira (NIS 855 million) and Rami Levy Real Estate (NIS 521 million). In addition, during August, Alpha Tau Medical completed a dual listing of its shares and joined the three companies that completed dual listings on TASE earlier this year: Palo Alto Networks, InPlay and Odysight.

Companies Conducting Initial Public Offerings (IPOs) in 2026

#	Company Name	Issuer No.	Sector	IPO Date	Amount Raised (NIS million)	Post-Money Market Capitalization (NIS million)
1	Rami Levy Real Estate	2508	Real Estate & Construction – Income-Producing Real Estate in Israel	Jan-26	521	3,256
2	Urban Brand	2486	Real Estate & Construction – Construction	Jan-26	26	96
3	AllTrade Recycling	2535	Industrials – Chemicals, Rubber & Plastics	Feb-26	150	450
4	Prodalim	2534	Industrials – Food	Feb-26	369	2,353
5	Smart Shooter	2536	Technology – Defense	Mar-26	260	841
6	Gabay Group	2483	Real Estate & Construction – Construction	Mar-26	174	874
7	D.S.I.T.	2528	Technology – Defense	Mar-26	52	249
8	Minrav	155	Real Estate & Construction – Construction	Mar-26	360	1,535
9	Best Group	2559	Real Estate & Construction – Construction	Jun-26	400	2,909
10	Rustic	2563	Industrials – Food	Jun-26	200	933

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11	Bagira	2547	Technology – Defense	Jun-26	855	3,390
12	Tidhar	2557	Real Estate & Construction – Construction	Jun-26	1,722	7,854
13	Glilam	2568	Industrials – Food	Jun-26	303	1,030
14	T&M	2558	Commerce & Services – Services	Jun-26	400	756
15	Allmed Real	2548	Real Estate & Construction – Income-Producing Real Estate Abroad	Jun-26	325	974
16	Cando Drones	2578	Technology – Defense	Jul-26	18	93
17	Sola Renewable Energies	2550	Technology – Renewable Energy	Jul-26	55	249
18	Rapac Energy	2556	Technology – Renewable Energy	Jul-26	420	1,696
19	Rafa Laboratories	2561	Biomed – Pharma	Jul-26	600	1,460
20	Avisror משה ובניו (Avisror Moshe & Sons)	2573	Real Estate & Construction – Construction	Aug-26	530	2,304
	Total through August 2026				**7,740**	**33,303**

Bond Issuance: Robust Corporate Bond Issuance Activity Continued Despite the Traditional Summer Slowdown

The corporate bond market maintained robust issuance activity during August 2026, with NIS 10.8 billion raised through public offerings.

The fundraising trend in the banking sector, which began in July, continued into August. After banks raised NIS 7 billion in July, of which NIS 6 billion was raised by Bank Hapoalim and NIS 1 billion by Bank Leumi, Bank Leumi continued to lead issuance activity in August. The bank issued a new commercial paper series and expanded into two existing bond series, raising NIS 5.3 billion.

Structured bond issuers also continued to attract strong demand, raising NIS 2.6 billion during the month, with year-to-date inflows totaling NIS 24.3 billion.

In the sectoral breakdown of August bond issuance activity, the banking sector led with NIS 5.3 billion, accounting for 49% of total monthly issuance volume. It was followed by Financial Instruments (Structured Bonds), which raised NIS 2.6 billion (24.2%), and the Real Estate & Construction sector with NIS 2.0 billion (19%). The remaining issuance activity was generated by the Energy and Oil & Gas Exploration sector, which raised NIS 0.6 billion (5.6%), and the Financial Services sector, which raised NIS 0.2 billion (2.3%).

At the same time, in the commercial paper market, Bank Leumi raised NIS 0.9 billion during the month at a spread of 0.02%.

Company Name	Security No.	Sector	Sub-Sector	Amount Raised (NIS)
Profdo Ltd.	1245927	Real Estate & Construction	Construction	51,363,968
Property and Building Corp. Ltd.	1237247	Real Estate & Construction	Income-Producing Real Estate in Israel	402,976,225
REIT 1 Ltd.	1224096	Real Estate & Construction	Income-Producing Real Estate in Israel	384,580,000
OPC Energy Ltd.	1246214	Energy and Oil & Gas Exploration	Energy	600,000,000
Bank Leumi Le-Israel Ltd.	1228659	Banks	Banks	2,481,038,075
Bank Leumi Le-Israel Ltd.	1228667	Banks	Banks	1,893,255,812
Bank Leumi Le-Israel Ltd.	1246164	Banks	Banks	900,064,000
Nayax Group Ltd.	1246354	Financial Services	Non-Bank Credit	242,887,000
Michal Deposits Ltd.	1246347	Financial Instruments	Structured Bonds	827,545,000
Mega Or Holdings Ltd.	1246370	Real Estate & Construction	Income-Producing Real Estate in Israel	504,834,000
Harel Tradable Deposit Ltd.	1246412	Financial Instruments	Structured Bonds	1,115,584,000
Shikun & Binui Ltd.	1228766	Real Estate & Construction	Construction	707,357,844
Sapir Deposits Ltd.	1239938	Financial Instruments	Structured Bonds	659,384,000
Total				**10,770,869,924**

Sector Distribution of Corporate Bond Issuances in August 2026

Sector	Amount Raised (NIS)	Share of Total Issuance
Banks	5,274,357,887	49.0%
Non-Bank Credit	242,887,000	2.3%
Financial Instruments (Structured Bonds)	2,602,513,000	24.2%
Real Estate & Construction	2,051,112,037	19.0%
Energy and Oil & Gas Exploration	600,000,000	5.6%
Total	10,770,869,924	100.0%

Mutual Funds Market

Interest Rate Effect: Accelerating Inflows into Bond Funds

The mutual funds industry recorded net inflows of NIS 7 billion during August and NIS 47 billion since the beginning of the year. The bulk of the year-to-date inflows was directed to money market funds, which attracted NIS 27.2 billion net. As of August 31, 2026, assets under management in the active and passive mutual funds industry totaled NIS 840 billion, representing an increase of NIS 88.1 billion compared with year-end 2025. During August 2026, active and passive funds investing in local bonds recorded substantial net inflows of NIS 2.1 billion. Since the beginning of the year, these funds have attracted NIS 24.5 billion net. Retail investors continue to take advantage of market expectations for additional Bank of Israel interest rate cuts by increasing allocations to government and corporate bond funds. At the same time, retail investors continued to invest in international equity funds during August. Active and passive funds investing in international shares attracted a combined NIS of 2.3 billion net during the month, bringing cumulative net inflows from the beginning of the year to NIS 1 billion.

In contrast, the active and passive mutual funds industry investing in Israeli shares recorded net redemptions of NIS 970 million during August and cumulative net redemptions of NIS 6.4 billion since the beginning of the year. The redemptions were led by ETFs, which recorded net redemptions of NIS 807 million during August and NIS 12 billion since the beginning of the year. The largest outflows were recorded in ETFs tracking the TA-Banks Index, which have posted cumulative net redemptions of NIS 11 billion since the beginning of the year.

Fund Type	Number of Funds as of Last Trading Day	Fund Assets as of Last Trading Day	Net Creations/Redemptions in August 2026	Net Creations/Redemptions in 2026
Traditional Funds (Excluding Money Market Funds)	1,086	258,965	1,584	21,013
Money Market Funds	71	212,548	3,475	27,209
Total Traditional Funds	1,157	471,513	5,058	48,222
ETFs	465	220,808	794	-11,252
Index-Tracking Funds	834	148,124	1,172	10,082
Total Passive Funds	1,299	368,932	1,966	-1,170
Total Funds Industry	2,456	840,444	7,025	47,052

Inflows into International Funds and Tel-Bond Indices Continue to Gain Momentum

The passive mutual funds market recorded net inflows of NIS 1.9 billion during August. However, since the beginning of 2026, it has still recorded net redemptions of NIS 1.1 billion, driven primarily by funds investing in Israeli shares.

Passive funds investing in international shares continued to enjoy strong demand. During August, these funds attracted NIS 2.1 billion net, bringing cumulative net flows from the beginning of the year into positive territory at NIS 125 million. Funds investing in international markets began the year on a negative trend, recording net redemptions of NIS 5.3 billion during the first quarter. Since April, alongside easing geopolitical tensions and improving sentiment in global markets, the segment has returned to positive inflows, with cumulative net inflows totaling NIS 5.2 billion over the last five months.

The bulk of inflows was directed to funds tracking the leading U.S. equity indices. Funds tracking the S&P 500 Index attracted NIS 1.5 billion net during August, while funds tracking the Nasdaq-100 Index have recorded cumulative net inflows of NIS 351 million since the beginning of the year.

At the same time, redemptions continued in passive funds investing in Israeli shares. During August, investors redeemed NIS 798 million net from these funds. The largest redemptions were recorded in funds tracking the TA-Banks Index, which posted net redemptions of NIS 314 million, followed by funds tracking the TA-90 Index with net redemptions of NIS 226 million and funds tracking the TA-125 Index with net redemptions of NIS 90 million during the month.

ETFs investing in Israeli shares have recorded cumulative net redemptions of NIS 11.8 billion since the beginning of the year, while index-tracking funds attracted NIS 4.6 billion net during the same period. Most of the inflows into index-tracking funds were concentrated in the flagship indices, with funds tracking the TA-125 Index attracting NIS 2 billion net and funds tracking the TA-35 Index attracting NIS 1 billion net. In contrast, ETF redemptions were concentrated mainly in the leading local indices. ETFs tracking the TA-Banks Index recorded net redemptions of NIS 11.5 billion since the beginning of the year, funds tracking the TA-90 Index recorded net redemptions of NIS 2.1 billion, while funds tracking the TA-Insurance Index recorded net redemptions of NIS 857 million.

Continued Inflows into Passive Funds Tracking Local Bond Indices

During August, this segment attracted NIS 554 million net, bringing cumulative net inflows from the beginning of the year to NIS 6.1 billion. Among the indices that recorded the strongest inflows during the month were Tel-Bond Shekel, which attracted NIS 107 million net, Tel-Bond 60 CPI-Linked, which attracted NIS 104 million net, and Tel-Bond Composite, which attracted NIS 79 million net.

Overall, funds tracking TASE's Tel-Bond indices attracted NIS 4 billion net since the beginning of the year. The strong inflows were also reflected in significant growth in assets under management, which reached NIS 54 billion at the end of August, compared with NIS 48 billion at the end of 2025 and NIS 43 billion at the end of 2024. The sharp increase in both assets under management and net inflows recorded during the first eight months of the year is particularly notable and reflects exceptionally strong demand for local corporate bond investment products, at levels not seen in recent years.

Investment Category	Assets Under Management as of Last Trading Day	August 2026 Net Flows	YTD Net Flows
Israeli Equities	128,542	-798	-7,546
Overseas Equities	152,688	2,135	125
Local Bonds*	79,430	554	6,134
Other	8,271	76	116
Total	368,932	1,966	-1,170

*Includes leveraged funds, commodities, digital assets, overseas bonds and other funds.

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The Active Mutual Funds Industry Continues to Grow as Money Market Funds and Local Bond Funds Continue to Lead Inflows

The active mutual funds industry recorded net inflows of NIS 5 billion during August, bringing cumulative net inflows from the beginning of 2026 to NIS 48.2 billion. The strongest inflows during the month were once again recorded in money market funds and local bond funds, which together attracted NIS 5 billion net during August and NIS 45.5 billion net since the beginning of the year. Of this amount, money market funds attracted NIS 27.2 billion net, while local bond funds attracted NIS 18.3 billion net. The strong demand for these investment channels reflects investors' preference for relatively low-risk assets, alongside expectations for additional interest rate cuts in Israel by year-end. The strongest-performing bond fund category during the month was General Bond Funds, which attracted NIS 837 million net, followed by Israel Government Bond Funds, which attracted NIS 615 million net.

Active funds investing in international shares also continued to attract investor interest. During August, these funds recorded net inflows of NIS 247 million, bringing cumulative net inflows since the beginning of the year to NIS 950 million. In contrast, active funds investing in Israeli shares recorded net redemptions of NIS 172 million during August. Despite these monthly redemptions, the segment still shows cumulative net inflows of NIS 1.1 billion since the beginning of the year.

Investment Category	Number of Funds as of Last Trading Day	Assets Under Management as of Last Trading Day	August 2026 Net Flows	YTD Net Flows
Israeli Shares	139	38,175	-172	1,100
International Shares	119	14,080	247	950
Local Bonds	648	183,034	1,595	18,373
Money Market Funds	71	212,548	3,475	27,209
Other*	180	23,676	-87	591
Total	**1,157**	**471,513**	**5,058**	**48,222**

* Includes flexible funds, digital assets, foreign-residents-only funds, fund-of-funds, leveraged and strategy funds, and international bond funds.

Representative Exchange Rates

The U.S. Dollar Weakened During August but Recovered Toward Month-End Following the Fed's Hawkish Signals

The shekel continued to strengthen against the major currencies during August. As of August 31, the exchange rates stood at NIS 2.988 per U.S. dollar, NIS 3.4658 per euro, and NIS 4.0463 per British pound. During the month, the shekel appreciated by 2.3% against the U.S. dollar and by 1.5% against both the euro and the British pound. Since the beginning of the year, the shekel has

appreciated by 6.3% against the U.S. dollar, 7.5% against the euro, and 5.7% against the British pound.

In global markets, the U.S. dollar ended August slightly weaker, although the month was characterized by heightened volatility. The U.S. Dollar Index (DXY) traded within a broad range during the month and ended the period at 99.4 points. During the first half of August, the dollar weakened moderately following employment data, retail sales figures, and moderate inflation readings in the United States, which reduced the likelihood of a near-term interest rate hike.

Toward the end of the month, sentiment shifted after Federal Reserve Chair emphasized in his Jackson Hole speech that inflation remains elevated and that an additional interest rate increase may still be required. As a result, market expectations for further monetary tightening increased significantly. At the same time, rising U.S. Treasury yields and heightened tensions with Iran supported demand for the U.S. dollar as a safe-haven asset.

In summary, despite the dollar's recovery in global markets toward the end of August, the shekel continued to demonstrate strength against the major currencies and completed another month of appreciation. A combination of local factors, including moderate inflation and the relative stability of the Israeli economy, together with the dollar's relative weakness during most of the month, supported this trend. However, the Federal Reserve's hawkish signals and the rise in U.S. bond yields helped place the dollar back on an upward trajectory toward the end of August.

Currency	Exchange Rate as of August 31, 2026	Change in August 2026	Change Since the Beginning of 2026
USD/NIS	2.9880	-2.3%	-6.3%
GBP/NIS	4.0463	-1.5%	-5.7%
EUR/NIS	3.4658	-1.5%	-7.5%

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