

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

SEMI-ANNUAL REVIEW

TASE RESEARCH UNIT

After a strong start in 2026: June moderated the performance in some sector indices

Semi-Annual Review of H1-2026

Stock Market

The first half of 2026 was characterized by high volatility, as the local stock market was influenced both by security and macroeconomic developments within Israel and by global market trends. Following a strong opening to the year and significant price gains in most indices, as well as optimism stemming from the war with Iran and the prospect of signing additional Abraham Accords, the trend shifted in June, with Trump's announcement of ending the war and signing an agreement with Iran leading to sharp declines in the indices. These sharp declines caused some indices to post negative yields year-to-date. The TA-35 index dropped 8.73% in June but rose 11.9% since the beginning of the year; TA-90 dropped 11.16% during the month but is up 0.28% year-to-date; and TA-125 fell 9.47% in June but is up 9.48% since January.

Bond Market

At the end of May 2026, following the Bank of Israel Governor's decision to lower the interest rate by 0.25%, government bonds recorded price gains across the entire yield curve during June. This trend is also supported by the expectation of an additional interest rate cut at the upcoming rate decision. The Tel-Gov index increased by 0.36% in June and by 2.55% since the beginning of the year; the Tel-Gov Shekel index rose by 0.53% in June and by 3.42% year-to-date; the Tel-Gov CPI-linked Index gained 0.14% during the month and 1.42% since the beginning of the year.

Bond and Equity Issuance

Bond and equity issuance market – TASE continues to expand - 27 New Companies Joined in the First Half of 2026 - In the first half of the year, bond issuance activity was strong, amounting to NIS 106 billion. Most of the fundraising was conducted by banks, which raised a net total of NIS 33 billion. Additionally, companies in the real estate and construction sector raised NIS 28.6 billion, and companies from the financial instruments sector raised NIS 19.8 billion. During the second half of the year, 12 new bond companies joined the bond market, raising a total of NIS 6.8 billion. During the first half of the year, the total capital raised in the market came to NIS 10.7 billion. 15 share companies completed IPOs on the local market, raising a combined amount of NIS 6.1 billion

Mutual funds

The mutual funds market continued to show positive fundraising during the first half of 2026: In June 2026, the market raised NIS 2.8 billion net, and since the beginning of the year, net fundraising totaled NIS 36.6 billion—mainly in money market funds, which collected NIS 19.8 billion net.

Representative Exchange Rates

The shekel reverses course: the dollar surges by 6% during June - During the first half of 2026, the shekel continued to strengthen against major currencies: the shekel rose by 6.65% against the dollar (representative rate: NIS 2.9780 per dollar at the end of June), strengthened by 9.37% against the Euro (NIS 3.3945), and by 8.18% against the pound sterling (NIS 3.9389). The dollar's rate gradually eroded from NIS 3.187 at the beginning of January, reaching a low of NIS 2.80 per dollar on May 29 – the strongest level for the shekel in close to 33 years.

Stock Market

After a strong start in 2026: June moderated the performance in some sector indices

The first half of 2026 was characterized by high volatility, as the local stock market was influenced both by security and macroeconomic developments within Israel and by global market trends. Following a strong opening to the year and significant price gains in most indices, as well as optimism stemming from the war with Iran and the prospect of signing additional Abraham Accords, the trend shifted in June. Trump's announcement of ending the war and signing an agreement with Iran led to sharp declines in the indices. These declines caused some indices to post negative yields year-to-date. The TA-35 index dropped 8.73% in June but rose 11.9% since the start of the year; TA-90 dropped 11.16% during the month but is up 0.28% year-to-date; TA-125 decreased 9.47% in June but is up 9.48% since January. The flagship indices, which led yields in the first five months of the year compared to global counterparts, lost about half of their gains since the start of the year. Leading the declines was the Cleantech index, which fell 17.78% in June but still shows a high positive yield of 41.62% year-to-date; the TA-Energy Utilities index dropped 17.12% in June but is up 39.17% since the beginning of the year; the TA-Insurance index dropped 13.97% this month but is still up 17.49% since January; the TA-Communication and Technology index dropped 13.75% in June and is down 19% for the year; and the TA-Banks index continued to show weakness, dropping 7.32% in June and 7.71% year-to-date.

Index Name	June 2026 Return (MONTH)	Year-to-Date (YTD)
TA-35	-8.73%	11.9%
TA-90	-11.16%	0.28%
TA-125	-9.47%	9.48%
SPX	-0.95%	10.21%
NDX	-0.12%	20.31%
CAC 40	2.99%	5.73%
DAX	-0.43%	2.06%

Surge in trading activity since the beginning of the year: high volumes and significant strengthening of foreign investors

The average daily trading volume in shares in the first half of 2026 totaled NIS 5.7 billion (on and off the exchange), an increase of 65% compared to 2025 and 157% compared to 2024. This rise is attributed to several factors, including the shift to trading Monday through Friday and the effective market-making program launched by TASE for shares included in the TA-125 index.

For comparison, the average daily trading volume in shares on Fridays since the beginning of the year (on and off the exchange) amounted to NIS 4.4 billion, compared to an average daily volume of only NIS 1.6 billion on Sundays in 2025 - a significant increase of 174%. The change in trading days also led to increased activity among foreign investors, whose share rose from 28% in 2025 to 32% since the start of 2026.

Investor Movements: Foreign investors increased their exposure to the local market during June 2026.

June was characterized by sharp declines in the leading indices, as mentioned above. Despite this, foreign investors increased their exposure to the local capital market, particularly to shares in the technology, insurance, and commerce & services sectors. Net purchases were distributed as follows: technology with NIS 764 million net; insurance with NIS 255 million net; Energy & Oil and Gas Exploration with NIS 213 million net; and Commerce & Services with NIS 207 million net.

Conversely, during June, foreign investors continued to reduce their exposure to the banking sector by NIS 538 million net. Since the beginning of the year, they have sold bank shares totaling NIS 5.3 billion net, which contrasts with 2025 when foreign investors purchased bank shares at a high volume of NIS 6.6 billion net.

Institutional investors also increased their exposure to the local market since the beginning of the year, by NIS 815 million net. Unlike foreign investors, institutions increased their exposure to bank shares by NIS 1.1 billion net, to shares in the insurance sector by NIS 1.2 billion net, and to shares in the biomed sector by NIS 1.6 billion net, while at the same time reducing their exposure to shares in the real estate and construction sector by NIS 1.6 billion net.

Customer Sub-Type	Jun-26	2026
Foreign Resident	991,785,730	2,547,333,687
Portfolio Manager / Managed Client by Portfolio Manager	290,847,424	2,150,490,288
Nostro Local Member	11,614,625	-222,388,932
Israeli Resident – Individual	-9,321,585	1,240,285,058
Institutional Investor – Mutual Fund	290,847,424	5,091,860,380
Pension Fund / Provident Fund / Insurance Company	-366,486,703	814,944,117
Israeli Resident – Corporation	-144,383,883	-9,060,839,675
ETF / Market Maker in ETF	1,558,499,458-	2,561,684,921-

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Leading Index Yields

The change calculated based on the following periods:
Start Month - 29/05/2026 | Start Year - 31/12/2025

Category	Index Name	Last Rate	% Change vs Start Month	% Change vs Start Year
Sector Indices	TA-Bank	7180.79	-7.32%	-7.71%
Market Cap. Indices	TA-35	4066.87	-8.73%	11.99%
Sector Indices	TA-Construction	2017.95	-8.86%	-2.61%
Market Cap. Indices	TA-Growth	2300.76	-8.95%	-2.36%
Market Cap. Indices	TA-125	4010.85	-9.47%	9.48%
Sector Indices	TA Consumption	2152.12	-9.71%	-
Sector Indices	TA Defense	3790.11	-10.05%	-3.85%
Sector Indices	TA Global-BlueTech	663.26	-10.74%	4.91%
Market Cap. Indices	TA-90	3818.96	-11.16%	0.28%
Sector Indices	TA-Industrials	3997.79	-11.20%	18.39%
Market Cap. Indices	TA Sector-Balance	4573.18	-11.39%	7.24%
Sector Indices	TA-Finance	9506.53	-12.00%	5.35%
Sector Indices	TA Infrastructures	4109.24	-12.34%	14.41%
Sector Indices	TA Tech - Elite	1267.58	-13.14%	12.39%
Sector Indices	TA-Insurance	13545.06	-13.97%	17.49%
Sector Indices	TA-Energy Utilities	4134.61	-17.12%	39.17%
Sector Indices	TA-Cleantech	1317.88	-17.78%	41.62%

Bond Market:

- **Sharp gains were recorded in bond prices across the entire yield curve, reflecting the interest rate cut and a decrease in Israel's risk premium.**

  At the end of May 2026, following the Bank of Israel Governor's decision to lower the interest rate by 0.25%, government bonds recorded price gains across the entire yield curve during June. This trend is also supported by the expectation of an additional interest rate cut at the upcoming rate decision.

  The Tel-Gov index increased by 0.36% in June and by 2.55% since the start of the year; the Tel-Gov Shekel index rose by 0.53% in June and by 3.42% year-to-date; the Tel-Gov CPI-linked Index gained 0.14% during the month and 1.42% since the beginning of the year. Shekel-denominated government bonds with medium and long durations recorded gains of over 1% since the beginning of the month, with the Tel-Gov Shekel 10+ index rising by 4.49% and the Tel-Gov Shekel 5+ by 4.18% since the start of the year.

  Government bond yields decreased during June, against a backdrop of moderate inflation, expectations for further rate cuts by the Bank of Israel, a decline in energy prices following declarations of the end of the war, and increased demand for safe-haven assets during periods of volatility in the local stock market.

- **Higher trading volumes in both - the government and corporate bond markets –**

  The average daily trading volume in the government bond market since the beginning of 2026 is estimated at NIS 4.5 billion, up 39% compared to 2025. In the corporate bond market, the average daily trading volume since the beginning of the year is NIS 1.4 billion, an increase of 25% compared to 2025.

  The rise in trading volumes is evident not only in the stock market but also in the bond market, and as expectations for further rate cuts strengthen and the risk premium continues to decline, market activity is expected to continue growing.

The change calculated is based on the following periods:
Start Month - 29/05/2026 | Start Year - 31/12/2025

Category	Index Name	Last Rate	% Change vs Start Month	% Change vs Start Year
Non-Government Bonds Indices	Tel Bond Shekel 5-10	454.47	1.15%	4.12%
Non-Government Bonds Indices	Tel Bond-Shekel 5-15	454.75	1.13%	4.15%
Non-Government Bonds Indices	Tel Bond Shekel 100	466.49	1.07%	3.70%
Non-Government Bonds Indices	Tel Bond Shekel-50	454.66	1.06%	3.76%
Non-Government Bonds Indices	Tel Bond-Shekel 1-3	482.13	1.06%	2.81%
Non-Government Bonds Indices	Tel Bond-Shekel	459.91	0.99%	2.81%
Non-Government Bonds Indices	Tel Bond-Non Linked	430.59	0.98%	2.78%
Non-Government Bonds Indices	Tel Bond-Shekel 3-5	445.01	0.77%	1.50%
Tel-Gov Indices	Tel Gov - Shekel 2-5	483.93	0.68%	2.92%
Non-Government Bonds Indices	Tel Bond-Composite	441.1	0.65%	2.84%
Tel-Gov Indices	Tel Gov - Shekel	536.78	0.53%	3.42%
Tel-Gov Indices	Tel Gov - Shekel 0-2	373.72	0.50%	2.29%
Tel-Gov Indices	Tel Gov-Non Linked	468.03	0.45%	3.06%
Non-Government Bonds Indices	Tel Bond-CPI Linked 3-5	424.41	0.44%	2.89%
Non-Government Bonds Indices	Tel Bond-40 CPI Linked	414.3	0.44%	3.09%
Tel-Gov Indices	Tel Gov - Shekel 5+	697.54	0.44%	4.18%
Non-Government Bonds Indices	Tel Bond-CPI Linked	433.54	0.39%	2.90%
Non-Government Bonds Indices	Tel Bond-60 CPI Linked	427.11	0.38%	2.87%
Non-Government Bonds Indices	Tel Bond-CPI Linked 1-3	417.16	0.37%	2.85%
Non-Government Bonds Indices	Tel Bond-CPI Linked 5-15	449.99	0.36%	3.00%

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Tel-Gov Indices	Tel-Gov	404.47	0.36%	2.55%
Non-Government Bonds Indices	Tel Bond CP	107	0.33%	2.04%
Tel-Gov Indices	Tel Gov - CPI Linked 2-5	315.26	0.32%	2.19%
Non-Government Bonds Indices	Tel Bond-20 CPI Linked	436.43	0.30%	2.59%
Tel-Gov Indices	Tel Gov - Shekel 10+	536.87	0.26%	4.49%
Tel-Gov Indices	Tel Gov - CPI Linked	397.02	0.14%	1.42%
Tel-Gov Indices	Tel Gov - CPI Linked 0-2	282.13	0.12%	2.29%
Tel-Gov Indices	Tel Gov - CPI Linked 5+	400.18	0.07%	0.80%
Tel-Gov Indices	Tel Gov - CPI Linked 5-10	405.65	0.02%	1.99%
Tel-Gov Indices	Tel Gov - CPI Linked 10+	394.76	0.02%	-0.20%

Bond and Equity Issuance Market[1] – TASE Continues to Expand - 27 New Companies Joined in the First Half of 2026

Bond Issuance Market -

In the first half of the year, bond issuance activity was strong, amounting to NIS 106 billion. Most of the fundraising was conducted by banks, which raised a net total of NIS 33 billion. Additionally, companies in the real estate and construction sector raised NIS 28.6 billion, and companies from the financial instruments sector raised NIS 19.8 billion. During the first half of the year, 12 new bond companies joined the bond market, raising a total of NIS 6.8 billion - most of them in the real estate and construction sector, with one company operating in the financial instruments field. Of these new companies, five are BVI companies that raised NIS 1.7 billion on TASE. Furthermore, NIS 15.1 billion was raised through commercial paper: banks raised NIS 12 billion, while real estate and construction companies raised NIS 2.2 billion.

During June 2026, bond market fundraising amounted to NIS 21 billion. The fundraising was led by Mizrahi Bank, which raised NIS 5 billion, followed by Azrieli Group (NIS 2.1 billion) and Mekorot (NIS 1.7 billion). Structured bond companies raised NIS 2.3 billion during the month.

Equity Issuance Market:

The total capital raised in the market in the first half of the year came to NIS 10.7 billion. 15 share companies completed IPOs on the local market, raising a combined amount of NIS 6.1 billion, with seven of them conducting their offering in June - a month characterized by weak market performance. Nevertheless, the IPO market continued to show strength, supported by significant demand from institutional investors. The largest IPO was led by Tidhar Group, which raised NIS 1.7 billion for 19% of its shares, based on a post-money company valuation of NIS 8 billion; demand exceeded NIS 4 billion.

[1] The data applies only to bond and equity issuances listed for continuous trading and companies subject to T-20 reporting (immediate report of issuance results on MAGNA)

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Mutual Funds Market –

The wave of redemptions in ETFs investing in bank shares has reversed the fundraising trend observed since the beginning of the year

The mutual funds market continued to show positive fundraising during the first half of 2026: In June 2026, the market raised NIS 2.8 billion net, and since the start of the year, net fundraising totaled NIS 36.6 billion - mainly in money market funds, which collected NIS 19.8 billion net. As of June 30, 2026, the size of the market (active and passive) amounted to NIS 819 billion, an increase of NIS 67 billion compared to 2025. Conversely, in June, unusual net redemptions of NIS 5.5 billion were recorded in funds investing in the local market (NIS 4.9 billion in passive funds and NIS 522 million in active funds), primarily due to redemptions from funds tracking the TA-Banks index totaling NIS 4.9 billion, following a change in management fees in those funds. Excluding this event, passive fund fundraising in June was estimated to be unchanged, and net fundraising since the start of the year was NIS 3.7 billion. Additionally, the mutual funds market investing in foreign shares resumed fundraising in the second quarter of 2026, with NIS 770 million net raised in June and net redemptions of NIS 2.7 billion net since the beginning of the year.

Data as of trading day 6/30/2026 (million NIS)	Number of funds last trading day	Fund value last trading day	Creations and redemptions June 2026	Creations and redemptions since the start of 2026
Traditional funds (excluding money market)	1,073	253,968	2,060	17,191
Money market fund	70	203,030	3,700	19,870
Total traditional funds	1,143	456,998	5,760	37,061
ETF funds	461	218,586	-4,237	-7,875
Index-tracking funds	822	143,697	1,278	7,468
Total passive funds	1,283	362,283	-2,959	-407
Total funds, million NIS	2,426	819,281	2,801	36,654

After high first-quarter redemptions, investors returned to foreign indices in the second quarter

The passive mutual funds market redeemed a large sum of NIS 2.9 billion in June, and since the start of the year, the market redeemed NIS 407 million, led by funds investing in the TA-Banks index and due to a change in management fee policy in several ETFs. As mentioned above, the passive mutual funds market, excluding the specific funds investing in the TA-Banks index, continued to raise funds, especially in the TA-35 index, which raised NIS 3.3 billion net since the start of the year, the TA-125 index which raised NIS 855 million net, and the TA-Defense index which raised NIS 562 million net. Meanwhile, the TA-90 index shows relatively weak performance in the passive mutual funds market, redeeming NIS 2.2 billion net since the start of the year. In the passive mutual funds market investing in foreign shares, net fundraising of NIS 1.9

billion was recorded in the second quarter, and since the start of the year, redemptions of NIS 3.3 billion net were recorded. Additionally, the passive mutual funds market investing in bonds continues to grow, raising NIS 4.4 billion since the start of the year, particularly in the Tel Bond Shekel-50 (NIS 803 million net), Tel Bond Shekel (NIS 647 million net), and Tel Gov-Shekel 5+ (NIS 482 million net).

Data as of trading day 6/30/2026 (million NIS)	Fund value last trading day	Creations and redemptions June 2026	Creations and redemptions 2026
Stocks in Israel	130,012	-4,974	-1,702
Stocks abroad	146,825	458	-3,235
Bonds in Israel	77,259	1,510	4,418
Other	8,187	47	112
Total	362,283	-2,959	-407

Anchor for investors: Money market and bond funds maintain their status

The active mutual funds market raised NIS 5.7 billion net in June and NIS 37 billion net since the beginning of the year. This month's fundraising was led by money market and bond funds, which raised NIS 2.2 billion net in June and NIS 14.5 billion net since the start of the year. During the month, redemptions in active funds investing in the local market totaled NIS 522 million, and since the start of the year, the market raised NIS 1.4 billion net. Meanwhile, funds investing abroad raised a net amount of NIS 312 million in June, with a low net fundraising of NIS 504 million since the start of the year.

Data as of trading day 5/28/2026 (million NIS)	Fund value last trading day	Creations and redemptions June 2026	Creations and redemptions 2026
Stocks in Israel	38,143	-522	1,409
Stocks abroad	13,419	312	504
Bonds in Israel	178,819	2,255	14,574
Money market	203,030	3,700	19,870
Other	23,586	15	705
Total	456,998	5,760	37,061

Representative Exchange Rates –

The shekel reverses course: the dollar surges by 6% during June

During the first half of 2026, the shekel continued to strengthen against major currencies: the shekel rose by 6.65% against the dollar (representative rate: NIS 2.9780 per dollar at the end of June), strengthened by 9.37% against the Euro (NIS 3.3945), and by 8.18% against the pound sterling (NIS 3.9389). The dollar's rate gradually eroded from NIS 3.187 at the beginning of January, reaching a low of NIS 2.80 per dollar on May 29 – the strongest level for the shekel in close to 33 years. In June, a short-term turnaround was recorded as the dollar strengthened by 5.94%, alongside increases of 3.76% against the Euro and 4.40% against the pound sterling. Despite this weakening during June, the shekel remained stronger against all major currencies compared to its level at the beginning of the year.

Change since the beginning of 2026	Change since June 2026	Representative Rate 30/6/2026	Currency
6.65%-	5.94%	2.9780	Dollar-Shekel
9.37%-	3.76%	3.3945	Euro-Shekel
8.18%-	4.40%	3.9389	Pound-Shekel

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