TASE

2024

ANNUAL REVIEW

TEL AVIV STOCK EXCHANGE
הבורסה לניירות ערך תל אביב

THE BEST ISRAEL HAS TO OFFER

Main Indicators 2023-2024

Tel-Aviv Stock Exchange

Local Currency Yield	2024	2023	Change in %
Changes in main indices			
TA-35 Index	**28.4%**	3.8%	
TA-90 Index	**30.9%**	4.3%	
TA-SME60 Index	**42.1%**	7.0%	
TA-Insurance	**63.5%**	7.7%	
TA-Retail Index	**54.6%**	-11.7%	
TA-Banks5	**40.6%**	10.5%	
TA-Real Estate Index	**25.7%**	7.8%	
TA-Technology Index	**12.2%**	17.0%	
Government Bonds - Tel Gov Shekel Index	**2.5%**	1.3%	
Government Bonds - Tel Gov CPI Index	**2.3%**	-0.4%	
Corporate Bonds - Tel Bond-Shekel Index	**6.1%**	5.3%	
Corporate Bonds - Tel Bond-CPI Index	**6.4%**	5.9%	
Daily Turnover (US $ millions)			
Shares and Convertibles*	**595**	542	9.8%
Government Bonds	**905**	789	14.7%
Non-Government Bonds*	**291**	276	5.4%
M.K.M.	**384**	379	1.3%
Average Trading Volume Shares & Convertibles (thousands units)	**174**	158	10.1%
Capital Raised	**2.2**	2.3	-2.7%
Government Bonds in Tel-Aviv - Gross	**50.4**	23.4	115.4%
Corporate Bonds - Public	**31.9**	24.7	29.1%
Corporate Bonds - TASE UP bonds	**1.4**	2.6	-46.1%
Market Capitalization (US $ billions)			
Shares and Convertibles	**334.1**	262.6	27.2%
Bonds	**344.2**	291.8	18.0%
ETFs	**50**	36.3	37.7%
M.K.M.	**60.8**	84	-27.6%
Number of Shares Listed Companies**	**533**	537	
New Companies***	**14**	7	
Deleted Companies	**12**	16	
Bond Companies**	**98**	91	

Major World Stock Exchanges' Indices

Index	YIELD 2024	3 YEARS	5 YEARS
TA-90	30.9%	11.6%	75.3%
TA-125	28.6%	18.0%	50.1%
TA-35	28.4%	21.1%	42.3%
NASDAQ 100	25.9%	32.0%	150.7%
S&P 500	25.0%	23.4%	97.0%
HENG SENG	22.9%	-3.7%	-15.4%
MSCI WORLD	19.2%	22.0%	73.9%
DOW JONES	15.0%	24.4%	65.1%
DAX	18.8%	25.3%	50.3%
CSI 300 CHINA	18.2%	-13.9%	7.9%

Index	YIELD 2024	3 YEARS	5 YEARS
NIKKEI 225	21.3%	21.3%	85.7%
S&P/TSX 60	21.0%	15.2%	71.9%
IBEX 35 SPAIN	20.0%	50.5%	45.6%
MSCI EUROPE PRICE USD	7.2%	5.6%	30.9%
FTSE 100	9.7%	23.9%	29.8%
EURO STOXX 50	11.9%	25.6%	51.8%
SMI SWISS	7.5%	-5.4%	20.6%
CAC 40	0.9%	13.1%	41.8%
TSX Composite	21.6%	28.0%	69.1%

*Including ETF's. ** Not including Issuers of index products. ***Including new dual companies: 2 companies in 2024 and 2 companies in 2023, companies that are derived from a stock exchanged company or were listed without capital issue – one company in 2024 and 2 companies in 2023, and companies that added new activity to a company without activity – 6 companies in 2024 and 2 companies in 2023.

TASE 2024 by Numbers

54.6%
TA-Retail Index

63.5%
TA-Insurance Index
131.1% Five years cumulative yield

42.1%
TA-SME60 Index
52.3% Five years cumulative yield

28.6%
TA-125 Index
50.1% Five years cumulative yield

28.4%
TA-35 Index
42.3% Five years cumulative yield

595
$ MILLION
Average Daily Turnover in Stocks

190
High-tech companies & Partnerships
of which:
145 Technology
45 Biomed

533
Share listed companies
of which:
49 Dual-listing,
14 New Companies in 2024

40.6%
TA-Banks5 Index
95.4% Five years cumulative yield

1.2
$ BILLION
Average Daily Turnover in Bonds

344
$ BILLION
Market Capitalization of bonds:
Government (206 $B)
Corporate (138 $B)

2.2
$ BILLION
Capital raised in Shares and Convertibles

334
$ BILLION
Market Capitalization of Shares and Convertibles

33
$ BILLION
Capital raised in Corporate Bonds

50.4
$ BILLION
Capital raised in Government Bonds

9.5
$ BILLION
Inflows to Money Market Funds

50
$ BILLION
Public Holdings of 471 ETFs and 40 cross listed ETFs

Equity Market*

* The data in the review are in nominal values and are estimated as of 19.12.2024.

Introduction

- **In July 2024, after Israel initiated significant strikes on Iran and its proxies, the Israeli capital market changed course, resulting in the TA-125 index outperforming the S&P 500 index.**
- **Foreign investors sold equity holdings in the period from January to June, but with the change in sentiment, in July through December they resumed their purchases of equity holdings in Israel.**
- **Average daily trading volumes increased across all markets**
- **Outstanding returns achieved by the Insurance and Retail indices**
- **Despite the downgradings, the bond market ended the year with price gains**
- **In view of the demand for solid assets in a high-interest environment, US$ 9.5 billion was infused into the money market funds during the year, with record offerings of structured bonds**

Israel – State of War

The "Swords of Iron" War that commenced with Hamas' attack of towns in the Gaza Envelope on 7.10.23, quickly escalated into a multi-front war with Hamas in the Gaza Strip, Hezbolla in Lebanon and other proxies of Iran.

The general sentiment of the public was fear of escalation on the northern front that would result in a barrage of missiles on Israel, from all fronts. In addition, there was concern for possible damage to infrastructure (water, electricity, gas).

Returns of the indices following the transition to an active approach

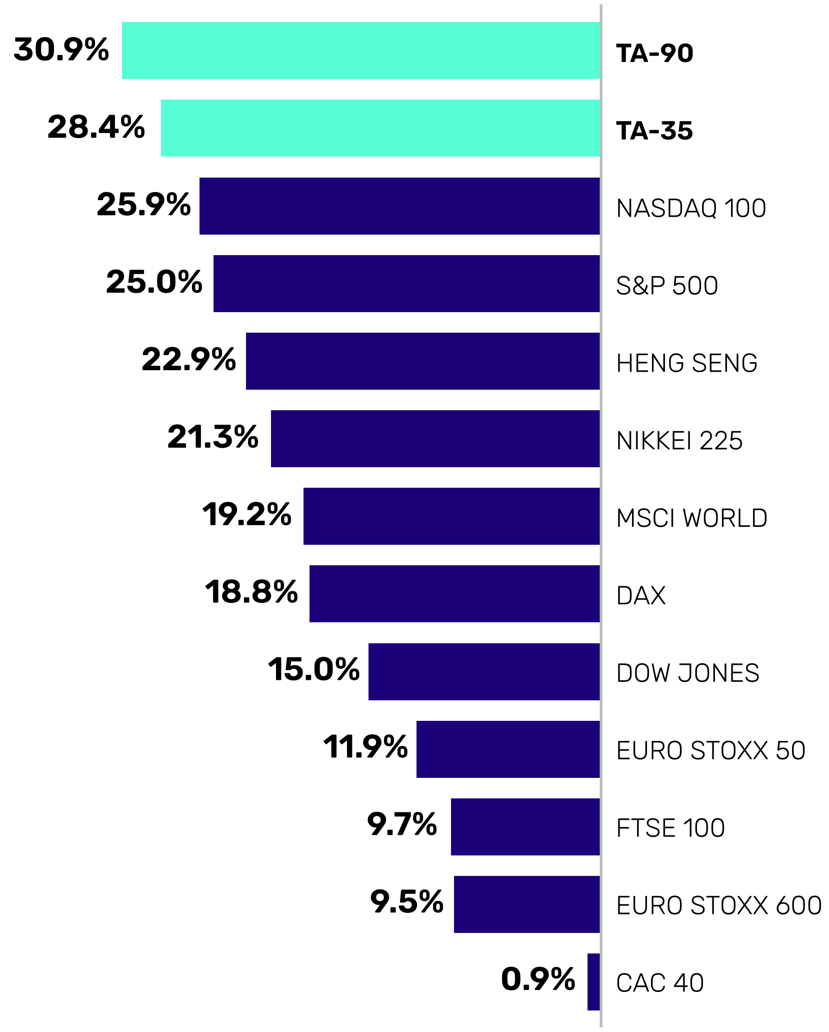
In the first months of the year, intense fighting was conducted in the Gaza Strip alongside targeted killings of high-ranking figures of Hamas and the Radwan Force in Beirut. However, starting in July 2024, Israel implemented an active approach to the fighting on the northern front and initiated military operations against Lebanon, Iran and Yemen, which included the assassination of Ismail Haniyeh, chairman of the Hamas Political Bureau, in Tehran (31.07.24), the targeting of numerous Hezbolla combatants in the "Pagers Attack" in September, the assassination of Hassan Nasralla, secretary-general of Hezbolla, Israeli attacks in Yemen, and ground operations in Lebanon. On October 26, Israel executed its first significant attack in Iran.

Israel's active approach and the initiatives taken on the various war fronts strengthened the citizens' confidence and sense of security, and since the aforesaid date there has been a positive change in the local market. Since the beginning of the year until the end of July, trading on TASE was characterized by underperformance relative to the main indices in the U.S. market and in similar returns to those of the main indices of the European exchanges: the TA-35 index increased by 7.9%, the TA-90 index increased by 1.8% and the TA-125 index increased by 5.9%, as compared to an increase of 16.7% in the S&P 500 index in the United States, and similarly to the 8.2% increase of the EURO STOXX 600 index.

This year, more than ever, the capital market mirrored the strength of the Israeli society and businesses. The results achieved on TASE in 2024 prove that, even during the longest war experienced by the State of Israel, with more than a year of complex security and economic challenges, the Israeli market is resilient and quick to recover. Those who sold holdings in the first seven months of the year missed out on the rally that took place in the last five months of the year.

Starting in early August, it seems that the market has assessed that the assassination of Haniyeh and the ensuing events have restored Israel's sense of control in the multi-front war imposed on it. From that point in time, the TA-125 index increased by 21.5%, significantly outperforming the 7.1% increase in the S&P 500 index. In total, the TA-125 index increased by 28.6% in 2024, as compared to a 25.0% increase in the S&P 500 index.

TASE and International Indices, 2024



Trading trends were significantly influenced by the security developments faced by the State of Israel on the various war fronts. Until Israel took significant military initiative against Lebanon, Iran, and Yemen, the leading indices on TASE showed only slight increases compared to higher increases in the leading indices in the United States. After the assassination of Ismail Haniyeh (in July 2024) and the events that followed, it seems that the market assessed that Israel's sense of control in the multi-front war imposed on it had returned. Subsequently, the market picked up significantly and the TA-125 index outperformed the S&P 500 index.

In addition, trading in 2024, in global capital markets and on TASE, was conducted on the backdrop of inflationary moderation that allowed central banks in Israel and around the world to lower interest rates. The lower interest rates affected the trading trends in the various markets.

In Israel, the annual inflation rate dropped to 3% at the end of 2023 - the top of the range set by the Bank of Israel, compared to 5.3% in 2022. In light of this, the Bank of Israel, against all expectations, lowered the interest rate already at the beginning of the year (on 1.1.24), for the first time since April 2020, by a quarter percent, to a rate of 4.5%. The inflation in Israel continued to decline, down to a rate of 2.5% in February 2024. However, as the ongoing fighting drove up defense expenditure and caused a wave of price hikes, mainly in the food sector, inflation began to gradually rise and reached 2.9% at the end of the first half of 2024, and continued to climb to 3.5% in October, ultimately settling down to an annual rate of 3.2% Therefore, since the aforesaid lowering of the interest rate to date, the Bank of Israel has maintained the same interest rate of

4.5% in all of its interest resolutions. It should be noted that, according to the Bank of Israel's forecast, the interest rate is expected to remain at 4.5% until the third quarter of 2025.

In the global markets, the inflation rate moderated significantly, influenced by the raising of the interest rate in the previous year and the curbing of the rise in food and energy prices, and in December 2024 reached an annual rate of 2.9% in the United States, 2.2% in the Eurozone (as of November 2024) and 2.5% in the U.K. - as compared to 3.4%, 2.9% and 4.0% in 2023, respectively.

It should be noted that the European Central Bank lowered the interest rate for the first time in June, then again in September and December, by a cumulative rate of 1.35%, to its current rate of 3.15%. The Bank of England lowered the interest rate for the first time in July by 0.25% and again by 0.25% in November, down to its current rate of 4.75%. The Federal Reserve in the United States lowered the interest for the first time in September by 0.50%, and continued to lower the interest by 0.25% in November and again in December, to its current rate of 4.5%. It should be noted that, in view of the inflationary pressures ensuing from the strength exhibited by the U.S. economy, the Federal Reserve has lowered its expectations for interest-rate reductions in 2025, from 4 to 2 reductions, by a cumulative rate of 0.5%.

Israel's risk premium

The ongoing fighting and its economic effects resulted in the downgrading of Israel's sovereign credit rating, for the first time in its history, by the three international credit rating agencies that rate Israel:

International credit rating agency, Moody's, was the first to announce the downgrading of the credit rating - on 9.2.2024 it downgraded the Israel soveriegn credit rating from A1 with a "stable" outlook to A2 with a "negative" outlook, and on 27.9.24 it unexpectedly announced a further downgrading of the rating by two brackets, from A2 to Baa1, maintaining the "negative" outlook.

International rating agency, S&P, also downgraded Israel's sovereign credit rating on 19.4.24, from AA- to A+, maintaining the "negative" outlook, and on 1.10.24 announced a further downgrading of the rating, from A+ to A, maintaining the "negative" outlook.

International rating agency, Fitch, also downgraded Israel's sovereign credit rating on 13.8.24, from A+ to A, maintaining the "negative" outlook.

Macro data that influenced the market trends during the year:

- **The cumulative inflation rate** in the last twelve months is 3.2%. At the beginning of the year, the inflation rate dropped from 3% at the end of 2023 to 2.5% in February, then, on the backdrop of the ongoing fighting that drove up defense expenditure and caused a wave of price hikes in the market, the inflation gradually resumed its upward trend, reaching 3.2% at the end of December. The Bank of Israel's projected inflation rate for 2025 is 2.6%.
- **The growth rate (GDP in fixed prices)** - In the first quarter of the year, the GDP increased by 14.4%, computed annually, compared to the previous quarter, after dropping by 21.7% in the fourth quarter of 2023. In the second quarter of the year, GDP increased by a negligible

In the first seven months of the year, the local indices underperformed relative to share indices on leading global exchanges - the TA-125 index increased by 5.9%, as compared to an increase of 16.7% in the S&P 500 index, whereas in the last five months of the year the local indices outperformed relative to share indices on leading global exchanges - the TA-125 index increased by 21.5%, as compared to a 7.1% increase in the S&P 500 index. In total, in 2024 the TA-125 index outperformed the S&P 500 index, with an increase of 28.6% compared to 25.0%.

0.3% and the GDP per capita decreased by 0.8%. GDP grew by 3.8% in the third quarter compared to the second quarter and decreased by 1.0% compared to the corresponding quarter last year. GDP per capita increased by 4% in the third quarter, computed annually. According to the Bank of Israel's forecast, GDP is expected to grow by 0.6% in 2024 and by 4% in 2025.

- **The national budget deficit** - At the end of 2023, the national budget deficit represented 4.1% of the GDP. In view of the reduction in the government revenue alongside the increase in the government expenditure, as a result of the war, the national budget deficit continued to rise in 2024, reaching 8.5% of the GDP in September. Thereafter, it gradually reduced to 6.9% of the GDP at the end of December 2024. According to the Bank of Israel's forecast: the national budget deficits in 2025 and 2026 are expected to amount to 4.7% and 3.2% of the GDP, respectively. The public debt is expected to rise to 69% of the GDP in 2025 and reduce to 67% of the GDP in 2026.
- **Housing prices** - In the last twelve months, housing prices increased by 7.8%, giving a tailwind to the shares of the real estate sector. On the other hand, the high-interest environment, which has lasted longer than expected, inflationary pressures, and fears of an economic slowdown have weighed on the sector's companies.
- The number of real estate transactions continues to rise: in September-November 2024, close to 21,560 apartments were sold. This represents a decrease of 18.8% compared to the preceding period (June-August 2024).
- **The exchange rate of the dollar** - During the year, the dollar traded with volatility against the shekel, and its exchange rate was influenced by several factors, including security and geopolitical developments, price gains in the United States, Israel's risk perception, macro forecasts, and more. On 31.12.24, the exchange rate of the dollar was NIS 3.647 per dollar, an increase of half a percent compared to its rate at the beginning of the year (3.624), but 5% below its highest rate this year, of NIS 3.843 as of 6.8.24.
- **The rate of unemployed** - decreased through the year, reaching 2.6% in December 2024, as compared to 3.1% in December 2023.
- **The demand for workers** - increased in all districts in the third quarter of 2024 to a level similar to the pre-war levels. In the Northern District, the increase in the rate of job vacancies is mainly influenced by a decrease in total employment. At the same time, the total employment in the other districts in the third quarter of 2024 was similar to the pre-war levels.

Equity Market

Share prices

In total, in 2024 the TA-35 index and the TA-90 index increased by 28.39% and 30.86%, respectively.

Table 1: **Rate of Return on Select TASE Share Indices**

	1.1.24 Until 31.7.24	1.8.24 Until 31.12.24	2024	2020-2024
TA-35	7.85%	19.05%	**28.39%**	42.28%
TA-90	1.79%	28.55%	**30.86%**	75.27%
TA-125	5.88%	21.47%	**28.61%**	50.11%
TA-SME60	5.56%	34.95%	**42.14%**	52.30%
TA-Insurance	8.17%	52.82%	**65.30%**	131.14%
TA-Retail*	17.02%	32.07%	**54.55%**	3.40%
TA-Construction**	6.69%	34.28%	**43.27%**	103.2%
TA-Banks5	7.79%	30.06%	**40.56%**	95.41%
TA-Oil & Gas	5.64%	27.67%	**34.87%**	123.92%
TA-Investment Properties in Israel**	-8.02%	31.86%	**21.28%**	14.83%
TA-Technology	7.59%	4.28%	**12.20%**	46.52%

* The index was launched on 2.9.21 and the return is calculated as from that date.
** The index was launched on 6.2.20 and the return is calculated as from that date.

Price gains were recorded in most of the leading sectorial indices. The indices that stood out positively during the year are:

- The **TA-Retail index**, comprising food retailers and fashion companies, surged by 54.6% this year. This was without a doubt the year of the retail chains. The Israeli public stayed at home and spent the money saved from the significant decrease in trips abroad on local consumption. The national mood led to less restaurant visits and, as a result, increased food consumption in supermarkets. Moreover, food retail chains raised prices to offset and even surpass supplier price increases. All food retail chains enjoyed increased sales and a significant improvement in gross profit margins, which trickled down to the bottom line.

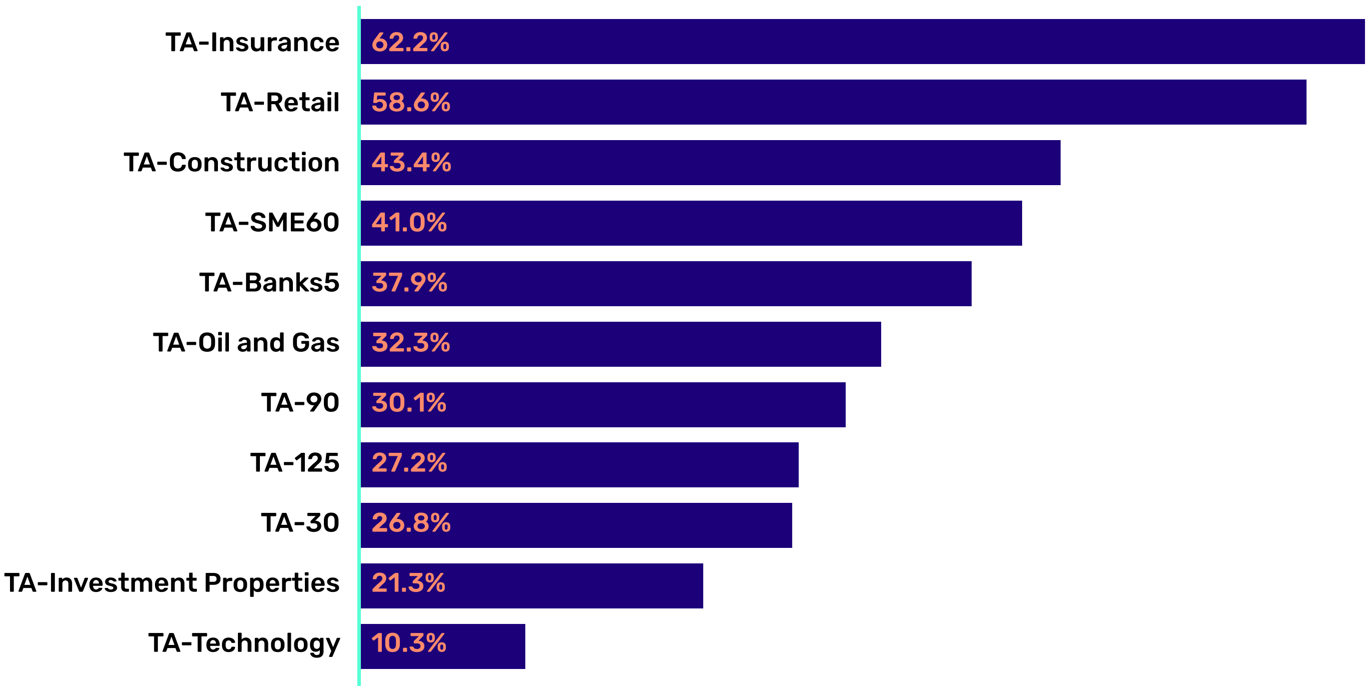
  Fashion chains benefited from a sharp decline in trips abroad, as in normal times, Israeli consumers make a significant portion of their clothing purchases abroad. Additionally, orders from foreign fashion companies' websites were affected by the difficulty of shipping goods to Israel due to the war situation. Therefore, domestic purchases increased. In this area, as well, companies raised prices and enjoyed improved results.

- The **TA-Insurance index** increased by more than 65% this year. Most of the balance of the insurance companies is marketable, and price gains in the market are translated to profit. It should be noted that this index increased by 131% in 5 years.

- The **TA-Banks5 index** increased by 40.6% this year and by 95.4% over the past five years. What is the secret of the banking index? The answer is simple - over the past 4 years the banking index has generated a return on equity of 14.0% to 16.5% a year. The price-to-book ratio is currently 1.12 and in the past four years ranged from 0.87 to 1.12.
- The **TA-Construction index** increased by 43.3% this year. Over the past five years the index increased by 103.2%. The performance of the construction index is a result of the constant shortage of housing units. Israel's population growth exceeds new construction, making it impossible to meet the demand. The result is reflected in a continuous increase in housing prices. In most cases, construction companies that purchased lands profit from them upon sale. At the beginning of the year, apartment sales came to a halt and even slightly decreased. Later, the bottleneck opened, and there was an increase in the volume of transactions and in housing prices.
- The **TA-Technology, TA Global-BlueTech** and **TA-Dual Listing** increased by 12.2%, 20.3% and 10.2%, respectively during the year.
- The **TA-Investment Properties in Israel index** recorded a negative return up to the assassination due to the pressure on office prices as a result of the economic and security uncertainty. Nevertheless, since the assassination through to the end of the year, the positive sentiment returned to the market hand-in-hand with the assessment that the demand for office spaces will improve as the economic activity recovers, and the index achieved a sizable increase, concluding the year with a total increase of 21.3%.

In the past five years, 2020-2024, the TASE indices that achieved the highest returns are - the TA Oil & Gas index with an increase of 124%, the TA-Insurance index with an increase of 131%, the TA-Banks5 index with an increase of 95%, and the TA-90 index with an increase of 75%.

Share's leading indices in Tel-Aviv in 2024



Equity Trading Volumes

Table 2: **Average Daily Trading Volume in the Equity Market** (US$ million)

	2024	2023	% Change in 2024
Shares include ETF's	**594**	**541**	**10%**
Shares Only	460	433	8%

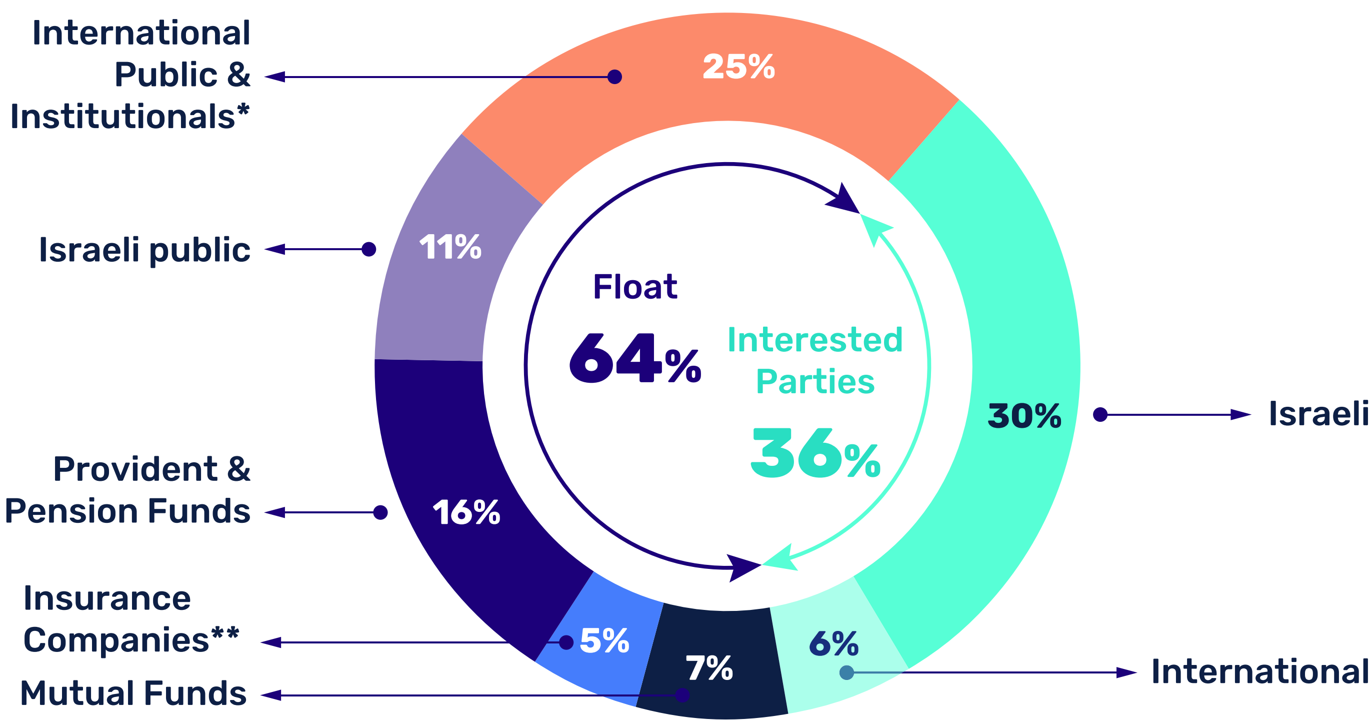
Shares trading was active, posting an average daily volume of US$ 0.6 billion - 10% greater than the average daily volume in 2023.

The uncertainty in the local market and the prolonging and intensification of the war on the various fronts drove up the trading volumes this year compared to the trading volumes in 2023.

At the beginning of the year, long-term institutional investors were the primary source of demands in the equity market. They took advantage of the market slump to increase their exposure by scooping up holdings sold by Israeli and foreign investors. As the army shifted to proactive operations against Lebanon, the Houthis, and also Iran, and the sense of security was restored, Israeli and foreign investors returned to buy shares, supplied by the long-term Israeli institutional investors.

The average daily trading volume in the equity market this year totaled US$ 0.6 billion - an increase of 10% compared to the average daily volume in 2023.

Breakdown of share ownership, 2024



Source: Bank of Israel & TASE

Activity of the various investors on the equity market at TASE

According to the data of TASE[1], the Israeli public sold equity holdings in an amount of US$ 0.65 billion in the period from January to September. In October-December, Israeli investors resumed purchases of equity holdings, which came to US$ 0.8 billion, concluding the full year with net purchases of equity holdings in an amount of US$ 0.15 billion.

Foreign investors sold in January through June equity holdings in an amount of US$ 1.43 billion. In July-December, they purchased equity holdings in an amount of US$ 1.05 billion, concluding the full year with net sales of equity holdings in an amount of US$ 0.38 billion.

Long-term institutional investors purchased equity holdings in Israel in an amount of US$ 1.15 billion in January-September. In October-December, they sold equity holdings in Israel in an amount of US$ 0.94 billion. In total, long-term institutional investors purchased in Israel equity holdings in an amount of US$ 0.21 billion.

Table 3: **Investors' equity market activity** (US$ billion)

Investor Type	Net Puechases
Israeli Public	0.15
Long-term institutional investors	0.21
Foreign investors	0.38

(1) In the analysis of the activity of the various investors: the Israeli public includes the Israeli public that purchases equity holdings directly and indirectly through the ETFs, the mutual funds, and through portfolio managers. Long-term institutional investors include the pension funds, the provident funds and the insurance companies. The note also applies to the analysis of TASE's data in this review below.

Equity Capital Raising

Table 4: **Equity Raised on TASE** (US$ million)

	Total Amount Raised	
	2024	2023
(IPOs)*	225	39
Listed Companies	978	917
Private Placment	955	1,293
Option Exercise	56	65
Total	**2,214**	**2,314**

* IPOs do not include companies listed without raising capital, dual listings and splits, and companies that completed a reverse merger with TASE-listed companies.

US$ 2.2 billion was raised in public equity offerings, after a similar amount (US$ 2.3 billion) was raised in 2023.

8 new share companies listed on the equity market, with a combined market capitalization of US$ 2.24 billion, including 5 new issuers, two dual listings and one company that split off a TASE-listed company.

The total equity raised on the equity market at TASE amounted to US$ 2.2 billion - only slightly below the amount raised last year, of which US$ 1.0 billion was raised in 34 public offerings and 17 rights issuances, and US$ 1.0 billion was raised in 116 private placements.

The issuers include **five new companies** that raised a combined amount of US$ 225 million, of which 3 are real estate companies, as follows:

- **Construction company, Amram Avraham**, whose shares are traded on TASE, raised US$ 85 million, based on a company value of US$ 422 million after the offering. The company is engaged in residential real estate development and investment property in Israel.
- **Construction company, Effi Capital Nadlan**, whose shares are traded on TASE, raised US$ 25 million, based on a company value of US$ 119 million after the offering.
- **Construction company, Luzon Ronson**, raised US$ 84 million, based on a company value of US$ 333 million after the offering. The company is engaged in the initiation, development, construction, marketing and sale of residential properties in Poland and Israel.
- **Financial services company, Meitav Trade Investment**, raised US$ 14 million in an offering of shares and warrants, based on a company value of US$ 59 million after the offering. The company is engaged in the provision of trading and execution services in securities in Israel and abroad.
- **Defense technology company, TSG**, raised US$ 17 million, based on a company value of US$ 117 million after the offering. The company is engaged in the development and sale of software-based technological systems and the sale of related services to customers in security sectors and civilian sectors.

Table 5: Outstanding large-scale offerings performed by the seasoned companies

Sector	Company	$ m
Real-Estate & Construction	Alony Hetz Properties & Investments	**270**
Energy And Oil & Gas Exploration	OPC Energy	**216**
Technology	Telsys*	**146**
Commerce & Services	El Al Israel Airlines	**138**
Industry	Inrom Construction Industries	**61**

* The market capitalization of the shares of technology company, Telsys, that were allotted to the shareholders of the subsidiary, Variscite, which is engaged in the development and manufacturing of computer modules, within the framework of the acquisition of the full control therein.

In addition, 6 new companies listed on the TASE equity market by completing a reverse merger with TASE-listed companies.

In total, 14 new companies joined TASE this year, of which 5 raised capital, as specified above.

Two companies dual-listed on TASE:

- **Arbe Robotics** - A smart mobility company, whose shares are traded on NASDAQ, listed its shares at the end of May, and in early June performed an IPO on TASE, raising US$ 31 million in an offering of dollar-linked convertible bonds.
- **Strawberry Fields Inc.** - A U.S. company that is engaged in the acquisition, management and rent of investment properties that are used as medical institutions in the United States, whose shares are traded on TASE, the market capitalization of which at the end of the first day of trading on TASE was US$ 54 million.

One **new company, Isras Holdings**, joined by splitting off a TASE-listed company: the investment property operations of Arad were split by way of distribution of the shares of Isras Holdings as a dividend in kind to the shareholders of Arad, and Isras Holdings was then listed on TASE. The market capitalization of the company at the end of the first trading day was US$ 0.6 million.

In addition, **six companies** completed a reverse merger, as specified below:

- **Panaxia Israel** exited the cannabis activity and merged into **Barak Group**, which is engaged in the management of capital market investments. The market capitalization of the merged company at the end of the first trading day was US$ 10 million.
- **Cannasure** merged with **Y.B. Urban Renewal**, an urban renewal company. The market capitalization of the merged company at the end of the first trading day was US$ 15 million.
- **Three 3 DM** merged into **Solrom Electronics**, which is engaged in military electromechanics. The market capitalization of the merged company at the end of the first trading day was US$ 36 million.
- **Internet Gold** completed a merger with **QD-SOL**, which is engaged in the research and development of solar panels for the production of hydrogen. The market capitalization of the merged company at the end of the first trading day was US$ 24 million.
- **Kvasir** completed a merger with **Alma Yesodot**, which invests in and develops operating companies and projects in the fields of infrastructure, industry and energy. The market capitalization of the merged company at the end of the first trading day was US$ 41 million.

- **Ai Conversation Systems** completed a merger with **Solterra**, which is engaged in the development of renewable energy projects in Europe. The market capitalization of the merged company at the end of the first trading day was US$ 2.4 million.

It should be noted that one company became a dual listing following the completion of its merger with a SPAC listed on NASDAQ.

Twelve companies have been **delisted** from TASE in 2024, as specified below:

- Three companies were acquired in a tender offer by private companies - Maman and Solgreen, whose bonds continue to be traded on TASE, and Migdalor.
- Two companies have been merged into international companies - UserWay and Glassbox.
- Four dual listings voluntarily delisted their shares from TASE only and continue to be traded abroad: technology company, Mysize, non-banking credit company, PennantPark, and technology companies, Ondas and PowerFleet.
- Two companies have been delisted under an arrangement - Nostromo Energy and U-Net Credit.
- One company - Gamla Harel, completed a merger with another TASE-listed company.

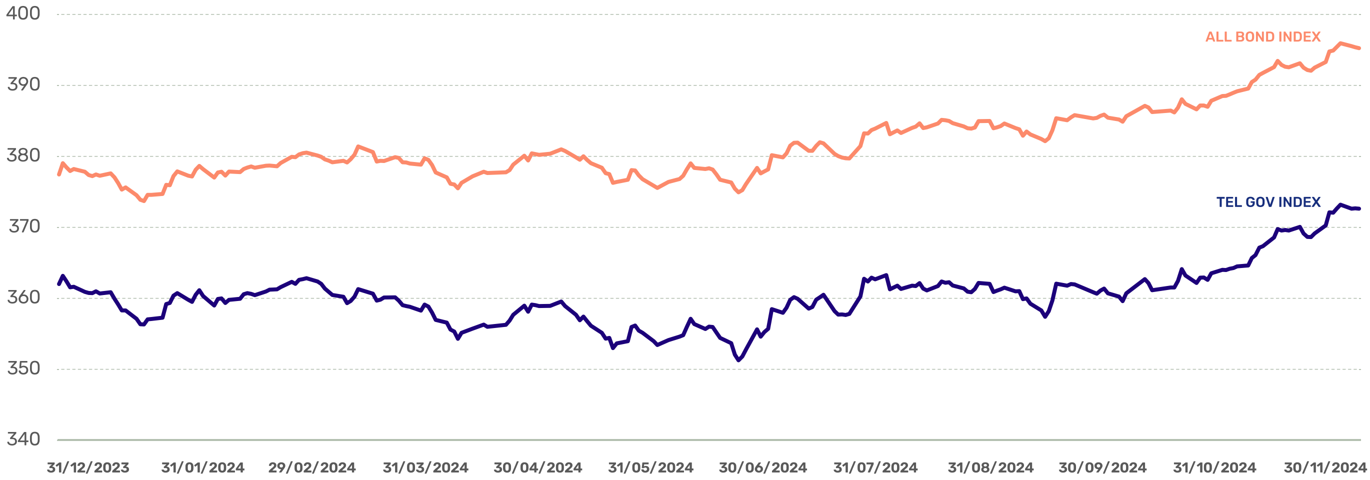
The number of TASE-listed: The shares of **533** companies are currently traded on TASE, including 49 dual listings, **as compared to 537 companies traded on TASE** at the end of 2023.

Bond Market*

* The data in the review are in nominal values and are estimated as of 19.12.2024.

Bond Market Indices

All Bond Indices and Tel Gov Indices rates, 2024



Trading on the bond market in 2024 was highly volatile. Despite the challenges, the bond market concluded the year with price gains, and the investors enjoyed substantial yields, particularly in corporate bonds, which presented attractive investment opportunities, at a calculated risk, with narrower spreads of yields-to-maturity relative to the government bonds.

The effect of the shift to an active approach was evident in the bond market. Prior to the assassination, the corporate channel presented price gains of up to 3.5% in the shekel channel, 2.8% in the CPI-linked channel, and an uptick of 4% in currency-linked bonds. The government channel presented more moderate price gains in the short- and mid-term of up to 2.6%, and price reductions of up to 6.8% in the long-term shekel channel and up to 5.4% in the long-term CPI-linked channel. After the assassination, the bond market recovered significantly, with substantial price gains, particularly in the government bonds, alongside more moderate price gains in the corporate bonds. The most notable recovery was presented by long-term government bonds, which outperformed the short- and mid-term bonds, correcting the price reductions recorded at the beginning of the year. Since the assassination up to the end of the year, long-term shekel bonds achieved a yield of 8.4%, and the linked long-term bonds generated a yield of 7.2%.

Substantial yields in corporate bonds and lower yields in government bonds -

High-rated corporate bonds (minimum rating of (A-) by Maalot or (A3) by Midroog), increased by an average rate of 9.1% , and the lower rated bonds increased by a higher rate, with a 9.9% increase in the Tel Bond Yields CPI Linked index and an 8.4% increase in the Tel Bond-Yield NIS.

The Tel-Gov index, which comprises all government bonds, increased by 2.7% in total in 2024.

The government bond indices increased by an average rate of 2.7% during the year, while the corporate bond indices increased by an average rate of 6.7%, reducing the gap between the returns of the corporate bonds and the government bonds.

The government bonds market followed the same trend as the equity market in terms of its performance up to the assassination of Haniyeh and thereafter. The corporate bonds market showed some correlation in its performance up to the assassination and thereafter, but to a lesser extent than the government bonds.

Israel's risk premium in 2024

In 2024, Israel's risk premium increased significantly, which translated into wider yield spreads between Israel's government bonds and the bonds of countries with a comparable rating, as well as in relation to the U.S. bonds.

The security situation played a key role in the volatility of the yield-to-maturity of long-term government bonds (10 years), which increased by 90 base points during the year.

At the beginning of the year, the yield-to-maturity was 4.31%. In April, following the Iranian attack and the anticipations surrounding the response and counter response, the yield-to-maturity increased to 4.91%. In July 2024, with the escalation on the northern front, the yield reached a record of 5.19%, and close to the end of the year the yield gradually reduced, reaching 4.48% on 31.12.24.

The increase in the yields of the government bonds during the year reflected the increase in Israel's risk premium, which was also expressed in the downgrading of Israel's sovereign credit rating by the international credit rating agencies.

On the other hand, at the end of the year the risk premium reduced, in turn reducing both the yields-to-maturity and the price of insurance on the State of Israel's 5-year bonds (CDS), which is currently at its lowest level in the past year.

Table 6: Rate of Return of the Indices and Market Capitalization of the Corporate Bonds

	Market Capitalization 2024 (US $ billions)	1.1.2024-31.07.2024	1.8.2024-31.12.2024	2024	2023
Total CPI-Linked	**69.1**	**2.18%**	**4.10%**	**6.37%**	**5.9%**
Stood out among the above indices: *Tel-Bond 20*	18.4	0.76%	4.69%	5.49%	4.8%
Tel-Bond 40	21.7	2.11%	3.89%	6.08%	5.8%
Tel Bond-CPI Linked SmallCap	27.1	3.21%	3.78%	7.12%	7.1%
Tel Bond Yields CPI Linked	10.4	4.55%	5.13%	9.92%	12.1%
Total Non Linked	**45.6**				
Stood out among the above indices: *Tel Bond-Shekel*	29.7	1.39%	4.67%	6.12%	5.3%
Tel Bond-Yield NIS	10.4	3.26%	4.93%	8.35%	5.9%
Total Tel Bonds	**1.9**	4.08%	0.80%	4.91%	11.8%
Total Tel Bonds*	**116.6**				

* Excluding TASE UP bonds and financial instruments.

Table 7: Rate of Return of the Indices and Market Capitalization of the Government Bonds

	Market Capitalization 2024 ((US $ billions)	1.1.2024-31.07.2024	1.8.2024-31.12.2024	2024	2023
0-2 Years					
Tel Gov - Shekel	20.5	2.0%	1.7%	**3.70%**	4.2%
Tel Gov - CPI Linked 0-2	12.9	2.6%	1.7%	**4.30%**	4.4%
Years 2-5					
Tel Gov - Shekel 2-5	31.5	0.0%	2.5%	**2.5%**	4.2%
Tel Gov - CPI Linked 2-5	21.8	1.37%	2.1%	**3.5%**	3.7%
Years 5-10					
Tel Gov - Shekel 5-10	15.9	-2.67%	4.42%	**1.63%**	3.3%
Tel Gov - CPI Linked 5-10	12.7	-1.2%	4.14%	**2.9%**	0.8%
10+ Years					
Tel Gov - Shekel 10+	30.3	-6.78%	8.41%	**1.05%**	-6.1%
Tel Gov - CPI Linked 10+	25.5	-5.39%	6.52%	**0.78%**	-5.1%
Total Tel Gov*	**198.7**				

* Includes the market capitalization of the government bonds traded on TASE.

The government shekel bonds indices increased by an average rate of 3.0% this year, and the linked government bonds index increased by 2.3% - these indices decreased in the first seven months of the year, but in August through to the end of the year resumed an upward trend.

Bond Trading Volumes

Table 8: **Average Daily Trading Volumes in the Bond Market** (US$ million)

	2024	2023	% Change in 2024
Government Bonds	904	789	15%
Corporate Bonds (Inc. ETF)	291	275	6%
Corporate Bonds (not Inc. ETF)	263	244	8%
M.K.M	384	379	2%

* Includes structured bonds.

The average daily trading volume of government bonds totaled US$ 0.9 billion in 2024, 15% greater than the trading volume last year. In government shekel bonds, the average daily trading volume came to US$ 0.6 billion - 22% greater than the trading volume last year, and in **CPI-linked government bonds**, the average daily trading volume came to US$ 0.3 billion, 2% greater than the trading volume last year.

The increase in the trading volumes of government bonds was influenced by the **dramatic increase in the floatation of bonds by the Ministry of Finance**, designed to finance the rise in the national budget deficit. For details, see "Debt Raising in the Bond Market", below.

According to the data of TASE, the **Israeli public** purchased government bonds throughout the year, with the exception of January, in a total amount of US$ 7 billion in 2024. In opposition, **foreign investors** sold government bonds on TASE in nearly all months of the year, in a total net amount of US$ 6.4 billion in 2024.

It should be noted that, in 2023 the **Israeli public** presented an opposite trend, selling government bonds in an amount of **US$ 5 billion**, whereas **foreign investors** presented the same trend, with sales of government bonds on TASE in a net amount of US$ 6.4 billion.

Long-term **institutional investors** purchased government bonds throughout the year, in an amount of US$ 6.2 billion, further to purchases of US$ 1.1 billion performed in 2023.

The average daily trading volume of corporate bonds totaled US$ 0.23 billion, 6% greater than the trading volume in 2023. The Israeli public purchased corporate bonds, whereas long-term institutional investors and foreign investors reduced their holdings.

The average daily trading volume of government bonds totaled US$ 0.95 billion, 21% greater than the trading volume in 2023, mainly due to the increase in shekel bonds. The Israeli public and long-term institutional investors purchased government bonds, whereas foreign investors reduced their holdings.

Table 9: **Details of movements in government bonds** (US$ million)

Period	Long-term institutional investors	Foreign investors	Israeli Public
Q1	1,720	-2,351	688
Q2	1,705	-1,935	2,109
Q3	1,631	-903	1,516
Q4	1,179	-1,172	2,779
Total	**6,235**	**-6,361**	**7092**

The average daily trading volume of corporate bonds (including structured bonds and ETFs) totaled an average daily US$ 0.3 billion in 2024, 7% greater than the average daily trading volume in 2023.

According to the data of TASE, the **Israeli public** purchased corporate bonds in an amount of US$ 4.7 billion in 2024, absorbing most of the sales performed by the **foreign investors**, which sold corporate bonds in an amount of **US$ 1.9 billion**, and by the **long-term institutional investors**, which sold corporate bonds in a net amount of US$ 2.7 billion.

It should be noted that, in 2023, the **Israeli public** purchased corporate bonds in a net amount of US$ 2.0 billion, while **foreign investors sold** corporate bonds in a net amount of US$ 2.0 billion, and with immaterial net activity by the **long-term institutional investors**.

Table 10: **Investors activity in corporate bonds** (US$ million)

Period	Long-term institutional investors	Foreign investors	Israeli Public
Q1	-779	-636	1,421
Q2	-723	-284	1,013
Q3	-818	-276	1,153
Q4	-260	-704	1,080
Total	**-2,580**	**-1,900**	**4,667**

Debt Raising in the Bond Market

The bond market continues to serve as a significant hub for government and corporate debt raising

Due to the security situation, since the breakout of the war, the Ministry of Finance has significantly increased bond issuances on TASE and on the global markets, and in March carried out an issuance of dollar bonds on the international markets in an amount of US$ 8 billion, achieving the highest demands in the history of the State of Israel, which came to US$ 38 billion. In this issuance, bonds were issued for various terms along the yield curve to reduce financing costs, and the demand for the issuance constitutes support for Israel and a vote of confidence in the Israeli economy.

The total amount raised in bond issuances by the Ministry of Finance in Israel this year came to US$ 50 billion, compared to US$ 23.5 billion last year.

- The monthly raising volume continued to rise, reaching a monthly US$ 4.3 billion in 2024, after last year it stood at an average of US$ 1.5 billion in January-September 2023, then surged to US$ 2.3 billion in October and to an average of US$ 3.3 billion in the last two months of 2023.
- This year, in light of expectations for inflationary moderation, the weight of debt raised in offerings of shekel bonds increased from 68% of the amount raised in 2023 to 76% of the amount raised, similar to 2022. At the same time, the weight of debt raised in offerings of CPI-linked bonds decreased from 32% of the amount raised in 2023 to 24% of the amount raised, also similar to 2022.
- The Ministry of Finance's offerings were accompanied by redemptions in a total amount of US$ 21.8 billion, of which US$ 15.8 billion was raised through shekel bonds and US$ 3.4 billion was raised through CPI-linked bonds.

The bond market again proves to be a significant hub for corporate debt raising, even at wartime. On the bond market, US$ 26.1 billion was raised in 2024 in offerings of corporate bonds to the public and to institutional investors, further to an amount of US$ 23.8 billion raised last year.
In addition, in 2024 a record amount of US$ 7.3 billion was raised in offerings of bonds backed by deposits, more than double the amount raised in 2023 and more than eight times the amount raised in 2022. The substantial increase in the amount raised is due to the interest rate - the bonds, which are rated as a solid investment channel, are backed by bank deposits that offer economies of scale. The interest receivable on large amounts deposited in such deposits is higher than that receivable on lower amounts deposited independently.

Table 11: **Debt Raised By Non-Government Bonds by Sectors, 2023-2024** (US$ million)

	2024		2023	
Corporate Bonds	**100%**	**24,325**	**100%**	**21,347**
Sectors				
Financial	**27%**	**24,325**	**36%**	**7,720**
Banks	21%	5,155	25%	5,432
Insurance	2%	513	8%	1,641
Financial Services	4%	1,058	3%	646
Real	**73%**	**17,902**	**64%**	**13,627**
REAL-ESTATE & CONSTRUCTION	47%	11,477	36%	7,820
ENERGY AND OIL & GAS EXPLORATION	10%	2,475	14%	2,916
Commerce & Services	10%	2,439	9%	1,893
Investment	2%	604	2%	415
Technology	4%	785	2%	388
Industry	1%	122.2	1%	194.1
TASE UP *		**1,391**		**2,538**
Securitization		**0.1**		**-**
STRUCTURED BONDS		**7,253**		**3,214**
Total		**32,460**		**27,098**

* Includes an amount of US$ 1.9 billion raised from intsitutional investors abroad in 2023.

Debt raised in offerings and private placements of corporate bonds

The volume of debt raised through corporate bonds from the public and from institutional investors on the Israeli bond market (excluding structured bonds) totaled US$ 26.1 billion this year, an increase of 6% compared to US$ 23.8 billion raised in 2023.

Most of the debt raised in 2024 was raised by **the banks and the real estate companies**, similarly to the trend in recent years.

Debt raised through corporate bonds in 2024 - key characteristics

Eight new bond companies completed debt IPOs on TASE in a combined amount of US$ 0.5 billion, as described below:

- **Five new real estate companies** raised US$ 148 million - investment properties in Israel company, Abou Family, raised US$ 53.8 million, and four construction companies raised US$ 94 million - **Shoval Engineering** raised US$ 37 million, **Geshem Lamishtaken** raised US$ 22 million, **Shmuel Baruch** raised US$ 19 million, and **My Town Group** raised US$ 17 million.
- Energy company, **Energy Infrastructures**, raised US$ 135 million.
- Food company, **Baladi**, raised US$ 81 million.
- Non-banking credit company, **Greystone**, raised US$ 158 million.

Real estate companies continue to lead debt raising, with 47% of total debt raised through public offerings of corporate bonds this year.

96 companies in the real estate sector raised in 2024 marketable debt in an amount of US$ 11.5 billion, compared to US$ 7.8 billion raised last year. Real estate companies redeemed this year marketable bonds in an amount of US$ 6 billion, compared to redemptions of US$ 5.5 billion in 2023. In 2025, the real estate companies are expected to redeem marketable debt in an amount of US$ 7.5 billion.

The issuers that stood out positively in the real estate sector are the income properties companies: **Azrieli Group** raised US$ 1.2 billion, **G City** raised US$ 0.9 billion, **Melisron** raised US$ 0.8 billion, **Property and Building** raised US$ 0.4 billion, and **Gav-Yam** raised US$ 0.5 billion.

It should be noted that the companies that raised debt in 2024 also include **21 foreign real estate companies**, which raised US$ 2.3 billion on the bond market at TASE, more than double the amount raised by 17 foreign real estate companies in the corresponding period last year (US$ 1 billion). The increase in offerings by those companies reflects, on the one hand, the investors' motivation to achieve exposure to international markets and high yields, and, on the other hand, the need of the offering companies to diversify their financing sources.

Other real sector issuers that stood out positively this year were:

- **Israel Electric Corp.**, which raised US$ 0.9 billion.
- **Mekorot**, which raised US$ 0.6 billion.
- Oil and gas companies, **Delek Group** and the **Navitas Petroleum** partnership, which raised US$ 0.4 billion and US$ 0.3 billion, respectively.

Eight new bond companies raised debt on TASE in a combined amount of US$ 0.5 billion, five of which are real estate companies. In addition, one new company raised US$ 0.1 billion in a first securitization transaction.

- And in the communications sector, **B Communications** (the controlling shareholder in Bezeq) raised US$ 0.4 billion, and **Bezeq** raised US$ 0.2 billion.

Reduction in debt raised by the financial sector - mainly that raised by the major banks

During the year, the **financial sector** raised US$ 7.7 billion in offerings of bonds to the public and to institutional investors, as compared to US$ 9.2 billion raised last year.

The major banks raised US$ 5.7 billion in offerings of bonds to the public and to institutional investors in 2024, of which US$ 1.7 billion in offerings of commercial paper, as compared to a total amount of US$ 6.7 billion raised in 2023.

This is the second consecutive year of reductions in debt raised by the banks. In recent years, the banks have recorded substantial profits. Due to restrictions on their ability to distribute dividends, their equity (primary capital) has increased accordingly, eliminating the need for secondary capital raising. Additionally, credit portfolios expanded at a relatively slow pace due to the consequences of the war (including low economic growth) and the high-interest environment, reducing the need for capital raising.

This year's prominent issuers in the financial sector include:

- **Mizrahi-Tefahot Bank** raised US$ 2.2 billion in public offerings of bonds and commercial paper.
- **Discount Ban**k raised US$ 1.7 billion in public offerings of bonds and commercial paper.
- **Bank Leumi** raised US$ 1.3 billion in public offerings of bonds and commercial paper and in a private placement to institutional investors.
- **Bank Hapoalim** raised US$ 0.44 billion in public offerings of bonds and in a private placement to institutional investors.
- Three insurance companies: **Clalbit**, **Harel** and **Migdal** raised US$ 0.5 billion this year in public offerings of bonds.

This year saw a steep rise in amounts raised in offerings of commercial paper (variable-rate), this concurrently with and in response to the growing demand for money market funds, a solid and short-term investment at a time of uncertainty. During the year, US$ 2.8 billion was raised in offerings of commercial paper, of which US$ 1.7 billion was raised by the banks, as described above, as compared to a total amount of US$ 1.2 billion raised in 2023.

The weight of debt raised through bonds rated "A" and above decreased to **88%** of the amount raised in public offerings of bonds, as compared to 91% in 2023; **the weight of debt raised through lower-rated bonds** or non-rated bonds **increased** to **12%** of the amount raised, as compared to 9% of the amount raised through bonds in 2023.

First securitization of loans on TASE - an amount of US$ 0.1 billion was raised in August by **Credito** - the company completed a first public securitization, by issuing bonds backed by the company's rights in the loan contracts assigned to it.

The corporate shekel bonds indices increased by 6.2% and the linked corporate bonds indices increased by 6.4%. Unlike the government bonds, the corporate bonds indices increased throughout the year, but similarly achieved most of their appreciation in the last five months of the year.

Offerings of structured bonds backed by bank deposits

This year, we saw another steep increase in the volume of offerings of structured bonds backed by shekel bank deposits, which totaled US$ 7.3 billion, as compared to an amount of US$ 3.2 billion raised in the corresponding period last year. The steep increase in the volume of offerings this year is designed to accommodate the growing demand for a solid investment channel in the currently prevailing uncertainty. This year's issuers included **4 new companies: Aviad Deposits, Sapir Deposits, Pi Plus and Harel Interests,** which to date have raised a combined amount of US$ 1.8 billion.

The issued bonds bear variable rate with a margin of 0.14%-0.19% above the Bank of Israel interest rate, which is currently 4.5%.

The Ministry of Finance raised US$ 50 billion locally in offerings of bonds to the public - almost double the amount raised in this manner in 2023.

ETF's Market*

* The data in the review are in nominal values and are estimated as of 19.12.2024.

ETFs and Tracking Mutual Funds

Activity Trends in 2024

Activity in the ETF and tracking funds market was characterized by a mixed trend, which was significantly influenced by the security situation in Israel and the uncertainty regarding the duration and intensity of the fighting. In addition, the underperformance of the local indices in the first two months of the year, as previously mentioned, also shaped the developments in this market.

In 2024, the public continued to infuse money into the tracking funds (ETFs and open-end funds) in a total net amount of US$ 8.1 billion, this further to the US$ 6.4 billion infused in the full year 2023, as described below:

On the equity market

The trend of the previous year carried over into the first three quarters of 2024, with monies infused into the funds investing in international indices, alongside sales of funds on local indices. However, in October the trend shifted and the public began to purchase funds on local indices and sell funds on international indices.

In total, in 2024 the public infused a net amount of US$ 6 billion into funds on international indices, as compared to a net amount of US$ 0.5 billion infused into funds on local indices.

On the bond market

The public purchased funds on local bond indices throughout the year, except in June-July, influenced by the attractive returns offered by the local bonds in the various investment channel, on the backdrop of the security and geopolitical events. In addition, throughout the year the public purchased funds on international bond indices, this on the backdrop of the global interest-rate reductions.

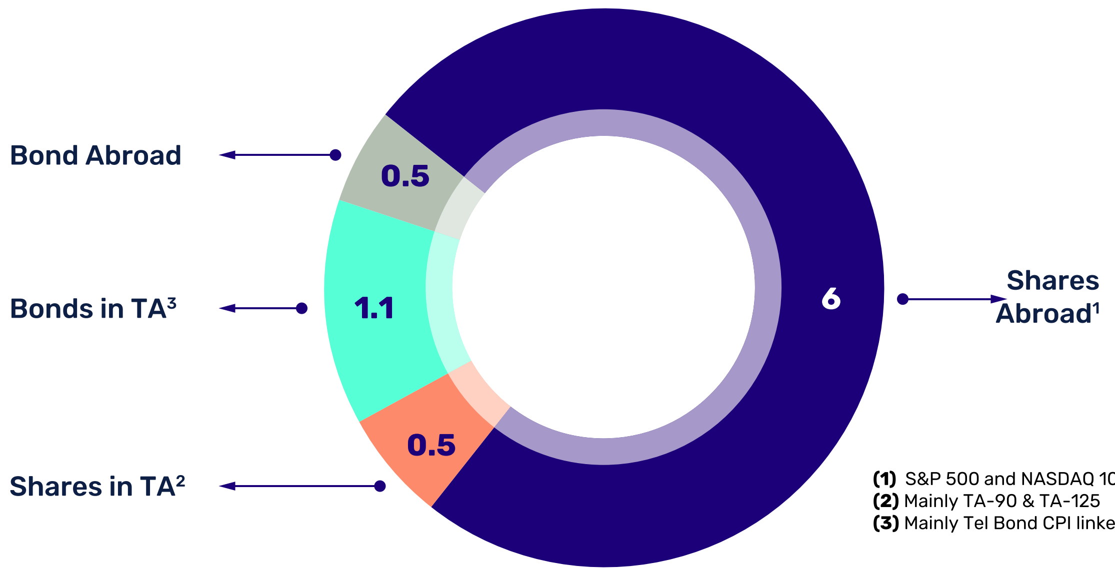
In total, in 2024 the public infused a net amount of US$ 1.1 billion into funds on local bond indices and a net amount of US$ 0.5 billion into funds on international bond indices.

In the funds (ETFs and open-end mutual funds) tracking local share indices, net purchases of US$ 0.5 billion were recorded, mainly of the funds tracking the TA-125 index and the TA-90 index, further to net purchases of US$ 1.1 billion in 2023.

In the funds tracking international share indices, net purchases of US$ 5.9 billion were recorded, mainly of the funds tracking the S&P 500 index, this further to net purchases of US$ 4.8 billion in 2023.

In the funds tracking local bond indices, the trend reversed, with net purchases of US$ 1.1 billion, mainly of funds tracking the Tel-Bond short-term and mid-term indices, following net sales of US$ 0.4 billion in 2023.

Investor Activity in ETF's (US$ billion)



(1) S&P 500 and NASDAQ 100
(2) Mainly TA-90 & TA-125
(3) Mainly Tel Bond CPI linked

17 new ETFs were listed in 2024:

- **11 ETFs on international equity indices** - of which: five ETFs on S&P 500 indices, four ETFs on the NASDAQ 100 index, one ETF on the Bloomberg US Analyst Recommendations index, and one ETF on the U.S. Semiconductors Top10 index.
- **Three ETFs on equity indices on TASE** - the TA-Banks and TA-90 index (a new index that combines the TA-90 index and the TA-Banks index).
- **Two ETFs on corporate bond indices on TASE** - the Bullet Shekel 2029 index and the Bullet CPI-Linked 2029 index.
- **An ETF on an international bond index** - US Treasury Bonds 5-7.

In opposition, **18 ETFs were liquidated and delisted**, and **11 ETFs became open-end funds**.

As of 31.12.24, 471 ETFs were **traded on TASE**, as follows:

Table 12: **Market capitalization of ETFs*** (US$ billion)

	No. of ETF's	Public Holdings
Shares in TA	80	15.7
Shares Abroad	246	21
Bonds in TA	126	8
Bonds Abroad and Commodities	19	0.3
Total	**471**	**45.4**

* Excluding foreign ETFs.

The combined market capitalization of the ETFs amounts to US$ 45.4 billion at years' end - US$ 11.6 billion greater than the market capitalization at the end of December 2023.

During the year, **four foreign ETFs** of international investment management firm, **Invesco**, listed on TASE, which track international equity indices - Russell 2000, EURO STOXX 50, S&P 500 Equal Weight, and FTSE All-World. There are currently **40 foreign ETFs** that are traded on TASE concurrently with their trading abroad: **23** foreign ETFs managed by Blackrock, and **17** foreign ETFs managed by Invesco.

The market capitalization of those ETFs is US$ 3.8 billion - US$ 2.0 billion greater than the market capitalization at the end of 2023.

Active mutual funds

Money market funds - An amount of US$ 9.5 billion was infused into the money market funds, further to a record amount of US$ 14.4 billion infused into them in 2023. During periods of economic and security uncertainty, investors typically prefer solid and liquid investment assets, which has driven the public to channel significant funds into the money market funds. Accordingly, in 2024, especially against the backdrop of high volatility in the equity and bond markets, alongside a high-interest environment, these funds were attractive to investors seeking immediate returns and high liquidity. This trend strengthened the status of the money market funds as a preferred investment tool among the investing public, serving as an alternative to bank deposits.

It should be noted that close the end of the year, as the economic and security uncertainty abated, money infusions into the money market funds became more moderate. This moderation indicates a renewed confidence in the markets and a cautious transition of investors from short-term investments to longer-term and riskier investments.

In the active funds investing in shares on TASE, an amount of US$ 0.2 billion was infused, further to withdrawals of US$ 1.0 billion in the full year 2023. In the first three quarters of the year, withdrawals totaled US$ 0.2 billion, and starting in October the trend shifted, with infusions totaling US$ 0.4 billion.

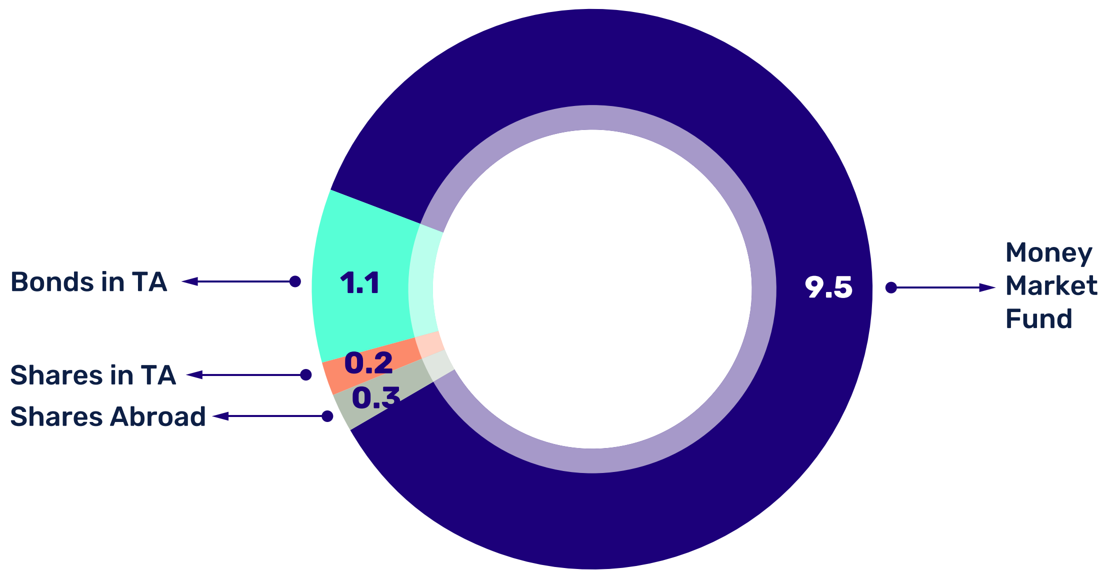
In the active funds investing in shares abroad, during the year an amount of US$ 0.3 billion was infused, slightly above the amount infused into those funds in 2023. Most of the money infusions (US$ 0.2 billion) took place in the first three quarters of the year.

In the active funds investing in bonds in Israel, an amount of US$ 1.1 billion was infused this year, as compared to massive withdrawals of US$ 6.2 billion in 2023.

In the active funds investing in bonds abroad, an amount of US$ 0.9 billion was infused this year, as compared to US$ 0.6 billion infused into those funds in the full year 2023. In those funds, too, most of the money infusions (US$ 0.86 billion) took place in the first three quarters of the year.

In the active funds investing in shares on TASE and in the active funds investing in bonds on TASE the trend changed during the year, from sales to purchases. The public infused an amount of US$ 0.2 billion into funds investing in shares in Israel, following withdrawals of US$ 0.1 billion last year, and an amount of US$ 1.1 billion was infused this year into funds investing in bonds on TASE, following sales of US$ 6.2 billion last year. In the active funds investing in shares abroad, a total of US$ 0.3 billion was infused this year, further to the US$ 0.1 billion infused last year.

Net investor activity in the active mutual funds (US$ billion)



Mutual Hedge Funds

The mutual hedge funds were launched in 2023, as part of the Israel Securities Authority's efforts to upgrade the public capital market by enhancing competition and initiating the development of new products. The launch of these funds allows the public to gain exposure to investment strategies existing in the traditional hedge funds, with any investment amount (no minimum), under full supervision of the Authority, where the purchase (and sale) is carried out easily through the distribution system of the Clearing House members.

The growth in the volume of managed assets takes place against the backdrop of the public's ongoing shift to assets under hedged active management and is also partly due to the removal of operational preparation barriers among some Clearing House members and mutual fund managers' increasing interest in the product, which allows them to charge carried interest in addition to the management fees.

33 mutual hedge funds are currenty listed at the TASE Clearing House, with AUM of US$ 0.3 billion, as compared to 22 mutual hedge funds listed at the end of 2023 with AUM of US$ 57.5 million.

In the money market funds - the inflation in the economy, the high-interest environment and the non-payment of interest on current accounts, supported the continued infusion of monies to those funds. The public infused an amount of US$ 9.4 billion this year, but as opposed to last year, not at the expense of withdrawals from the share and bond funds.

Other Markets*

Derivatives Market
Central Bank T-Bills (Makam)

* The data in the review are in nominal values and are estimated as of 19.12.2024.

Central Bank T-Bills (M.K.M)

M.K.M prices increased by 3.9% in 2024, and the yield-to-maturity came to 4.3%, as compared to a yield of 4.5% at the end of 2023 and a yield of 3.5% at the end of 2022.

The average daily turnover of M.K.M totaled US$ 0.40 billion in 2024, as compared to US$ 0.38 billion in 2023, an increase of 5%.

The increase in the trading turnovers in 2024 was influenced by the rise **in the volume of M.K.M sales by the Bank of Israel**, further to the trend of the previous year, which totaled US$ 121 billion net par value of sales, compared to US$ 113 billion net par value of sales in 2023, and compared to US$ 64 billion net par value of sales in 2022.

The increase in M.K.M offerings accommodates the public's demand for this solid channel of investment, a demand that was later reflected in the massive infusion of funds into the money market funds. In addition, M.K.M offerings are a key monetary tool employed by the Bank of Israel in managing the monetary policy and is used to manage the money supply in the economy and to set short-term interest rates. M.K.M sales limit the money supply in the economy, thereby reducing liquidity.

According to the data of TASE, **the Israeli public** purchased M.K.M in an amount of US$ 23.3 billion in 2024, of which US$ 19.8 billion was purchased in January-September, as compared to purchases in an amount of US$ 17.1 billion in 2023. **Long-term institutional investors purchased M.K.M** in an amount of US$ 1.1 billion - in the first three quarters of the year they purchased M.K.M in an amount of US$ 2.6 billion, and in the final quarter of the year they sold M.K.M in an amount of US$ 1.8 billion. In opposition, similarly to last year, **foreign investors** sold M.K.M in an amount of US$ 1.4 billion, of which US$ 0.7 billion was sold in the final quarter of the year.

The Bank of Israel slightly increased M.K.M purchases, which totaled US$ 121 billion this year, as compared to US$ 113 billion in 2023.

Derivatives Market

Options

TASE continues to develop the derivatives market - within this framework:

In March a **new series of weekly options on the TA-35 index** with a Sunday expiry was launched, joining the two existing series that expire on Tuesday and Thursday. This allows investors, for the first time, to effectively hedge the weekend risk at a low cost.

At the beginning of June, the **underlying asset multiplier of derivatives** on the TA-35, TA-125 and TA-Banks indices was changed from 100 to 50, and the underlying asset multiplier of foreign currency derivatives was changed from 10,000 dollars/Euros to 5,000 dollars/Euros.

Alongside the reduction of the multipliers, the Volume Rebate program was launch, which is designed to enhance liquidity in derivatives on the TA-35 index.

These changes increased overall trading volumes in the derivatives market starting in June 2024, as specified in the table below (contract thousands).

Table 13: **: Average Trading Volumes in the Derivatives Market, by period** (contract thousands)

Period	Monthly Options TA-35	Weekly Options TA-35	Total Options TA-35	Options Us $/Nis	Options Eur/Nis	Options on Currencies	Options on Stocks	TA-Banks5 Options	TA-125 Options	Total Options
2024										
Avarage Jan-May	53.3	50.1	103.4	30.4	0.6	30.9	16.9	0.7	0.2	152.1
% vs 2023	-14.5%	15.0%	-2.4%	-22.1%	-42.4%	-22.6%	32.1%	123.5%	-19.4%	-4.5%
Avarage Jun-Dec	67.8	51.5	119.3	37.3	1.5	38.8	11.4	4.7	0.3	174.6
% vs 2023	11.5%	4.4%	8.3%	15.1%	56.5%	16.3%	-9.1%	1665.7%	9.0%	11.5%
2023										
Avarage Jan-May	62.4	43.5	105.9	39.0	1.0	40.0	12.8	0.3	0.3	159
Avarage Jun-Dec	60.8	49.3	110.1	32.4	0.9	33.4	12.6	0.3	0.3	156.6

Futures

At the beginning of September, **futures were launched on three leading equity indices - the TA-35 index, the TA-90 index and the TA-Banks5 index**. It should be noted that this is the first time that TASE launches a derivative on the TA-90 index. Futures offer many advantages in risk hedging, protection of investment portfolios, financial leveraging and maintaining liquidity levels.

Concurrently with the launch of the futures, TASE also appointed a primary dealer to ensure the stability of selling and buying prices in continuous trading, thereby offering the investors a more efficient futures' trading experience and pricing.

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