MarketVector™ BlueStar INDEXES

ISRAEL MARKET REVIEW AND OUTLOOK Q3 2026



Israel Market Review and Outlook Q3 2026

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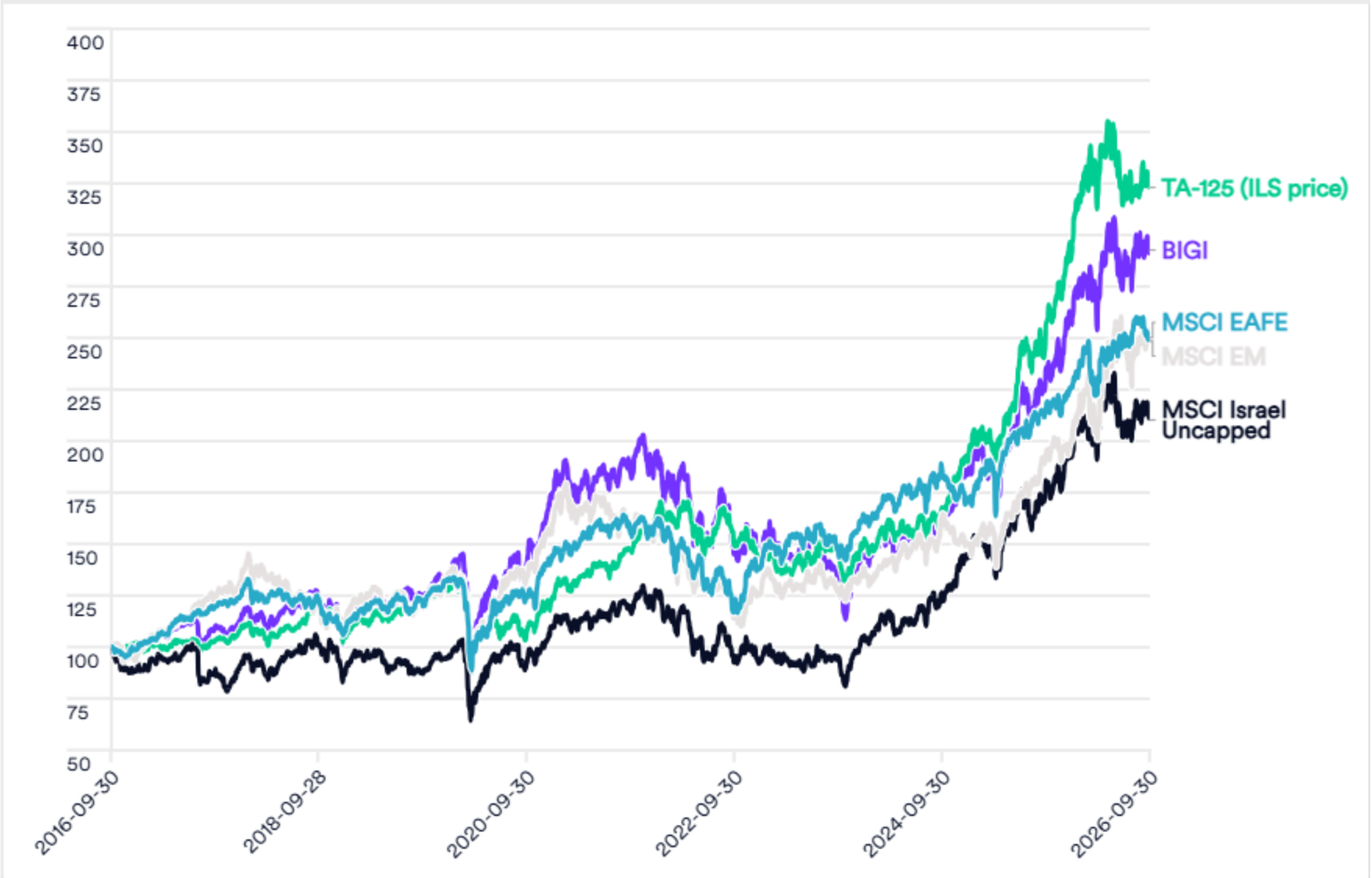
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Israeli Equities Advance as Sector Performance Diverges

Highlights:

- BIGI® gained 3.22% in Q3 2026 and 14.19% YTD, as broad Israeli equity exposure outperformed its technology-focused segment.
- BIGITech® declined 6.70% in Q3 but remained 7.52% higher YTD.
- The MarketVector™ Israel Defense Industries Index fell 14.87% in Q3 and 18.46% YTD, measured on a shekel price-return basis.
- The Bank of Israel cut its policy rate to 3.25% on September 1 and held it there on October 21. Annual inflation slowed to 1.6% in September, below the midpoint of its target range.
- In its October forecast, the Bank of Israel projected GDP growth of 5.6% in 2026 and 7.5% in 2027. Excluding production abroad by Israeli firms, projected growth was 3.4% and 5.1%, respectively.
- The shekel weakened 3.10% against the U.S. dollar in Q3, reducing the dollar value of local-market returns, but remained 3.52% stronger YTD.

10-Year Total Returns



Source: MarketVector, Refinitiv. Date as of September 30, 2026. All data in USD.
Bank of Israel (2026), Research department staff forecast. Retrieved October 21, 2026

Israel Equity Market Performance

Israel & Global Equity Benchmark Comparison

Israeli equities advanced in Q3 2026, with BIGI® returning 3.22% and extending its YTD gain to 14.19%. BIGITech® declined 6.70%, leaving it up 7.52% YTD. The quarter highlighted substantial differences across Israel's equity sectors, with gains in financials and selected technology companies alongside weakness in utilities and industrials. BIGI® and BIGITech® performance figures are U.S.-dollar gross total returns through September 30.

The economic recovery continued alongside lower inflation. The Bank of Israel's October 21 update reported September annual inflation of 1.6% and left the policy rate at 3.25%. Its growth forecast distinguished domestic activity from production abroad by Israeli firms, which accounts for much of the higher headline projection. Labor shortages, geopolitical tensions, and uncertainty over defense spending remain risks to the outlook.

BENCHMARK	Q3	2026 YTD (%)
BIGI®	3.22	14.19
BIGITech®	(6.70)	7.52
MSCI Israel Uncapped	1.82	9.38
TA-125 INDEX	(1.53)	15.16
S&P 500	2.30	12.75
MSCI EM	(0.24)	23.73
MSCI EAFE	0.88	10.81
Israel Defense Industry	(13.97)	(17.25)
BIGITech®	(6.70)	7.52
Dow Jones US Tech	7.25	25.90
S&P Global 1200 Info Tech	2.59	41.16
MSCI EM Tech	(4.49)	84.36
Nasdaq-100	0.58	21.01

Source: MarketVector, Refinitiv. Date as of September 30, 2026. All data in USD.
Bank of Israel (2026), Research department staff forecast. Retrieved October 21, 2026

Israel Equity Market Performance

Total Return By Sector (BLSTR): 2026

In terms of sectors, Health Care (+14.99%), Energy (+14.67%), and Financials (+7.68%) led returns. Information Technology and Financials made the largest contributions, adding 2.11 and 2.10 percentage points, respectively. Utilities (-19.62%) was the largest drag, subtracting 1.06 percentage points. Consumer Staples (-11.60%) and Real Estate (-9.57%) also declined.

SECTOR	Q3 TOTAL RETURN
Communication Services	(8.11)
Consumer Discretionary	(0.61)
Consumer Staples	(11.60)
Energy	14.67
Financials	7.68
Health Care	14.99
Industrials	(6.02)
Information Technology	5.44
Materials	(0.14)
Real Estate	(9.57)
Utilities	(19.62)

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Bank of Israel (2026), Research department staff forecast. Retrieved October 21, 2026

Israel Equity Market Performance

Top and Bottom Total Return by Name (BLSNTR): Q3 2026

Palo Alto Networks was index's largest individual contributor, returning 16.51% and adding 2.20 percentage points to the index's returns. SentinelOne gained 40.01% and contributed 0.52 points, while Bank Leumi and Bank Hapoalim added 0.49 and 0.46 points. Nova (-29.05%), Elbit Systems (-11.80%), and Tower Semiconductor (-8.96%) were the largest individual detractors, subtracting 0.68, 0.48, and 0.41 percentage points, respectively.

NAME (TOP TOTAL RETURN)	TOTAL RETURN
Wix.com Ltd	58.98
Oil Refineries Ltd	41.40
SentinelOne Inc	40.01
Matrix IT Ltd	32.00
Clal Insurance Enterprises Holdings	26.23
Harel Insurance Investments	26.11
Migdal Insurance & Financial	22.89
Nice Ltd - Spon ADR	22.48
Hilan Ltd	18.58

NAME (BOTTOM TOTAL RETURN)	TOTAL RETURN
Cellebrite DI Ltd	(22.88)
Mobileye Global Inc-A	(23.66)
Plus500 Ltd	(26.65)
Energix-Renewable Energies	(28.55)
Nova Ltd	(29.05)
Lemonade Inc	(30.61)
Doral Group Renewable Energy	(30.80)
Taboola.com Ltd	(32.80)
eToro Group Ltd-A	(34.89)
SolarEdge Technologies Inc	(45.47)

Source: MarketVector, Refinitiv. Date as of September 30, 2026. All data in USD.
Bank of Israel (2026), Research department staff forecast. Retrieved October 21, 2026

Infrastructure vs. Defense

Infrastructure and defense provided two distinct views of Israel's investment landscape in Q3. The MarketVector™ Israel Infrastructure Index (MVIII) declined 5.07%, while the MarketVector™ Israel Defense Industries Index (MVIDI) fell 14.87%. These are shekel price returns, excluding dividends.

MVIII covers companies listed on the Tel Aviv Stock Exchange across energy, construction, telecommunications, transportation, and other infrastructure activities. It remained 4.14% higher YTD. Lower financing costs and the Bank of Israel's forecast for 10.5% growth in fixed investment, excluding ships and aircraft, in 2026 could support project activity, although global energy markets and execution risks also matter.

MVIDI tracks companies incorporated or headquartered in Israel that serve national defense industries. Defense contractors are sensitive to procurement budgets and contract delivery, giving them different demand drivers from the construction, energy, and communications companies represented in MVIII.

Currency also changed the backdrop. The shekel's 3.10% Q3 depreciation reduced U.S.-dollar returns on local holdings. Lower rates may help domestic financing conditions, but the quarter's weaker infrastructure and defense performance shows that monetary easing alone does not determine equity returns.

PERIOD	MVIII (INFRASTRUCTURE)	MVIDI (DEFENSE)
Q3 2026	-5.07	-14.87
2026 YTD	4.14	-18.46
3-Year (annualized)	18.55	50.68

BlueStar® Israel Global Technology Index

BIGITech® returned -6.70% in Q3, versus BIGI®'s 3.22% gain, bringing its YTD return to 7.52%. BIGI®'s holdings illustrate the dispersion within technology: Palo Alto Networks and SentinelOne advanced, while Nova, Tower Semiconductor, and SolarEdge declined.

Palo Alto Networks was a notable cybersecurity holding. In results released September 1 for the quarter ended July 31, revenue increased 34% year-over-year to $3.41 billion and next-generation security annual recurring revenue rose 63% to $9.10 billion. Its platforms span network, cloud, and security operations, placing it at the intersection of enterprise security spending and AI adoption.

SentinelOne offered another example of growth in cybersecurity. For the quarter ended July 31, reported on August 27, revenue increased 21% year-over-year to $292 million and annualized recurring revenue rose 22% to $1.218 billion. The company raised its full-year revenue and operating-income outlook as it continued investing in AI growth opportunities.

BlueStar® Israel Global Technology Index



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About the BlueStar Indexes®

The BlueStar Indexes® were launched in 2011 by BlueStar Global Investors, a research-driven provider of indexes and financial data. BlueStar®´s Indexes were acquired by MarketVector Indexes™ ("MarketVector") in August 2020 and are now continued as a sub-brand of MarketVector.

BlueStar Indexes® produced updates on the Israeli market since 2012. In this Israel Equity Review and Outlook we provide data and insight on the performance of Israeli equity benchmarks, stocks and sectors driving performance, key economic data for the Israeli market, as well as data on our flagship Israeli equity indexes, BIGI® and BIGITech®.

In general, we provide an outlook on key economic, geopolitical, and domestic political developments.

The BlueStar® Israel Global Index (BIGI® or BLS & BLSTR INDEX on Bloomberg) is the broadest and deepest benchmark for Israeli equities trading. BIGI® is tracked by an NYSE-listed ETF, as well as an Israel-domiciled index fund.

The BlueStar® Israel Global Technology Index (BIGITech® or BGTH & BGTHTR INDEX on Bloomberg) is the broadest and deepest benchmark tracking the performance of Israeli companies operating in innovative sectors such as information technology, defense technology, clean technology, and bio-technology. BIGITech® is tracked by an NYSE-listed ETF. In addition, there are two Israel- domiciled investment vehicles tracking BIGITech® managed by KSM.

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