



THE BEST ISRAEL HAS TO OFFER

2021

ANNUAL REVIEW



Main Indicators 2019-2021

The Tel-Aviv Stock Exchange

LOCAL CURRENCY YIELD ⁽¹⁾	2021	2020	2019
Main Indicators			
TA35- Index	32.0%	-10.9%	15.0%
TA-90 Index	33.1%	18.1%	40.3%
TA-SME60 Index	29.7%	15.6%	10.2%
TA Tech-Elite Index	8.7%	39.3%	40.4%
TA-Finance Index	53.3%	-7.6%	23.7%
TA-Real Estate Index	53.4%	-4.6%	73.2%
General Share Index	30.9%	-0.4%	17.8%
General Bond Index	3.9%	0.8%	8.7%
Government Non-Linked Bond Index	-0.8%	1.3%	8.3%
Corporate Bonds - Tel-Bond 20 Index	8.4%	-0.2%	8.2%
Corporate Bonds - Tel Bond-Shekel Index	3.0%	-0.1%	8.6%
Daily Turnover (US \$ millions)			
Shares and Convertibles (Including ETFs)	581	540	365
Bonds (Including ETFs)	1,216	1,201	985
Treasury Bills	99	168	116
TA-35 Index Monthly Options (Thousands of contracts)	68	76	67
TA-35 Index Weekly Options (Thousands of contracts)	39	36	30
Dollar Options (Thousands of contracts)	47	53	43
Capital Raised (US \$ billions)⁽²⁾			
Shares and Convertibles in Tel-Aviv ⁽³⁾	8.0	5.0	3.8
Shares and Convertibles abroad	1.1	2.2	0.7
Corporate Bonds - Public ⁽⁴⁾	24.3	15.5	20.2
Corporate Bonds - TASE UP bonds	5.2	4.1	1.1
Government Bonds in Tel-Aviv - Gross ⁽⁵⁾	32.0	38.3	19.5
Market Capitalization (US \$ billions)			
Shares and Convertibles ⁽²⁾	361.6	262.0	237.2
Corporate Bonds ⁽²⁾	136.8	120.8	118.9
Government Bonds ⁽⁵⁾	226.8	196.2	154.2
ETFs	34.6	28.3	27.0
Treasury Bills (MAKAM)	37.0	27.1	34.7
Number of Shares Listed Companies⁽⁶⁾			
	541	455	442

Major World Stock Exchanges' Indices

DOLLAR YIELD	2021	2020	2019
Index			
S&P 500 Index	26.9%	16.3%	28.9%
NASDAQ 100 Index	26.6%	47.6%	38.0%
DJ Euro STOXX 50 Index	11.6%	3.7%	22.3%
FTSE 100 Index	13.1%	-11.3%	15.6%
DAX 40 Index	6.8%	13.2%	23.0%
NIKKEI 225 Index	-6.0%	22.1%	19.7%
TA-35 Index	36.4%	-4.3%	24.7%

(1) In 2021 the dollar has depreciated 3.3% against the NIS.

(2) Excluding ETFs.

(3) Excluding amount raised by TASE UP shares - 0.2 US\$ billions in 2021.

(4) Including structured bonds.

(5) Excluding borrowed bonds from the Government Bonds Lending Facility.

(6) Excluding TASE UP shares companies - 3 companies in 2021.

TASE 2021 BY THE NUMBERS

32%

TA-35 Index
Annual Shekel yield

33%

TA-90 Index
Annual Shekel yield

For the first time, each of the companies in the index crossed the market value of US\$ 300 million

75%

TA-Construction Index
Annual Shekel yield

541

Companies with share listings

An increase of 28% in the number of companies since the end of 2019 - **the second largest rate in the world.**

202

High-tech companies & Limited Partnerships

Of which:
144 technology, 58 biomed

98

New companies in the Shares market

Thereof: 55 high-tech companies and 9 high-tech limited Partnerships

8.2

billion dollars

Raised in the share market - **an all-time record**, of which US\$ 3.2 billion in 94 IPOs and US\$ 0.2 billion in TASE UP

15.4

billion dollars

Value of 98 new companies in the shares market

3.3

billion dollars

Net international investors' purchase of equities in Jan.-Oct 2021

362

billion dollars

Market Capitalization of Shares market - **an all-time record**

581

million dollars

Daily turnover in equity market

34.6

billion dollars

Market Capitalization of 551 ETFs and 26 cross listed ETFs

364

billion dollars

Market Capitalization of bonds: government (41 series) and companies (718 series)

29.5

billion dollars

Capital raised in corporate bonds and structured bonds

1.2

billion dollars

Daily turnover in bond market

EQUITY MARKET*

All the data in this review are in dollar terms, with the exception of index returns that are in the local currency - unless stated otherwise. In 2021, the dollar depreciated by 3.3% relative to the NIS.

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Share Market Indices

TA-35, TA-90 & TA Tech-Elite indices, 2017-2021



Stock trading on TASE was highly volatile, as it was on leading securities exchanges worldwide, **influenced by the global spread of the coronavirus pandemic over the past two years, in waves of outbreak and abatement**. 2021 was influenced by the abatement of another wave (the fourth) in Israel that began in June 2021, and ended with concerns surrounding the outbreak of a new variant ("Omicron").

Trading concluded with price gains across all leading indices and in **late August 2021 the equity market's market cap crossed the US\$ 300 billion threshold for the first time, reaching a record high**.

In total of 2021, the TA-35 index increased by 32% in 2021, while the TA-90 index and the TA-SME60 index increased by 33% and 30%, respectively, reaching a record high. The rate of increase in indices on TASE exceeded that of the MSCI World index that increased 17%, while the U.S. indices, S&P 500 and Dow Jones, increased by 27% and 19%, respectively and the Exchanges in Europe increased by an average of 21% in local currency terms.

It should be noted that, due to the price gains on the equity market since the beginning of the year, **each of the shares on the TA-125 index has achieved a market capitalization in excess of US\$ 300 million**.

The key factors having a positive impact on the Tel Aviv equity market include:

- **Curbing of the coronavirus in Israel, with the highest rate of vaccinated population**, administration of a third "booster" shot and expansion of the vaccine to the younger population - youths and, more recently, also children.
- **The Government support continued** with the implementation of several steps, including: extension of the unemployment benefits period for furloughed workers, further to the assistance of more than US\$ 35 billion extended since March 2020 to businesses and households. In view of the reduction in the overall unemployment rate among furloughed workers to less than 7.5% (starting in May 2021), in June 2021 the unemployment benefits were discontinued for furloughed workers under the age of 45 and in October 2021 also for individuals over the age of 45.

Trading on TASE was marked by price gains and highly active trading, boosted by the efficient nationwide coronavirus vaccination campaign as well as by the support of the Government and the Bank of Israel.

In early November, the payment of isolation benefits to employees was extended by two months, until the end of 2021; the Ministry of Finance, together with the Labor Federation and the Employers' Representation jointly signed a "package deal", the first since 1984, which also includes support for the self-employed in the form of unemployment benefits and the gradual raising of the minimum wage in the economy; an assistance program of US\$ 19 million was approved for small- and medium-sized businesses affected by the coronavirus crisis, towards participation in the rent for 2020.

The leading share indices broke their pre-corona record and the market cap of the equity market crossed the US\$ 300 billion mark for the first time.

• Continued support by the Bank of Israel:

- » The Bank of Israel maintained the market interest rate at a 0.1% low point, similarly to the United States, despite the anticipated rise of the inflation rate to 2.5% in 2021 which, although within the target set by the Government (1%-3%), is the highest in a decade. The low interest rate contributed to brisk capital raising activity on the primary equity and the bond markets.
- » Quantitative easing - A program to purchase government bonds for a total of US\$ 25 billion on the secondary market was completed in December 2021.
- » The Bank of Israel extended, until the end of December 2021, the ad hoc exemptions granted to banks last year, with the outbreak of the pandemic. The exemptions include reduction of the minimum capital-credit ratio required of banks and expansion of the banks' exposure to the real estate and infrastructure sectors.

• Positive macroeconomic indicators:

- » The economy resumed positive growth - according to data published by the Israel Central Bureau of Statistics (CBS), in the first half of 2021 GDP grew by 5.7% in annual terms, after dropping by 2.6% in 2020, and is expected to rise by 6.5% in 2021 according to the Bank of Israel's forecasts.
- » The unemployment rate dropped significantly - the CBS data show that the rate of workers furloughed due to the coronavirus, combined with the unemployed, dropped from the 65% record high of April 2020, settling at 5% in December 2021.
- » The Composite State of the Economy Index, which plunged at the height of the crisis in March-April 2020, resumed an upward climb in 2021 at an average monthly rate of 0.2%, in line with the index's long-term trend.

- **Israel's sovereign credit rating** - The international credit rating agency, **S&P**, affirmed (in May 2021 and November 2021) its highest ever credit rating for Israel at AA-, stable outlook, the international credit rating agency, **Fitch**, affirmed (in January 2021 and July 2021) its rating for Israel at A+ with a stable outlook, and the international credit rating agency, **Moody's**, affirmed (in May 2021) its rating for Israel at A1 with a stable outlook (in May 2021).

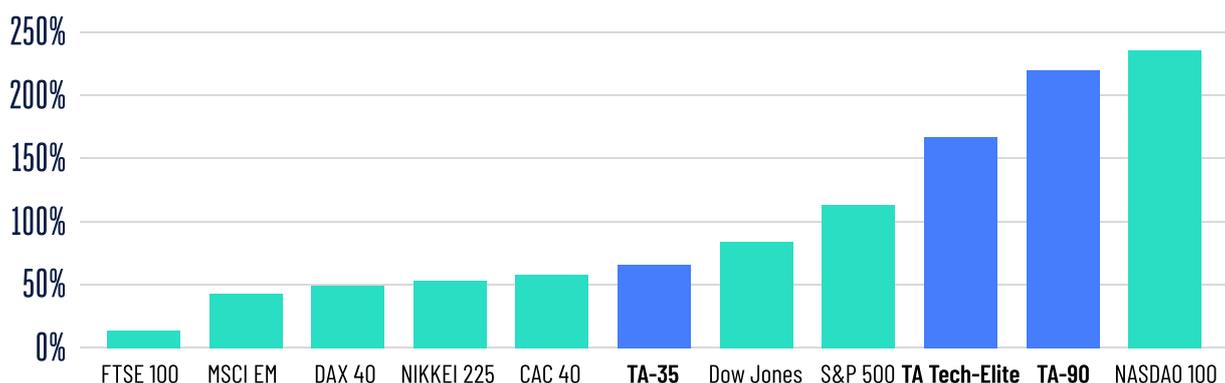
- **The establishment of the Government** in 2021, at the culmination of the fourth elections in less than two years, **and the approval of the State budget** for the years 2021-2022 in November 2021, close to three years after the approval of the previous budget, for 2019.

• Contributing international factors:

- » **In the United States**, the interest rate was maintained at a low point of 0%-0.25% and the Federal Reserve continued its purchases of bonds (government and mortgage-backed) for a total of US\$ 120 billion a month, and starting in the final quarter of 2021 started scaling back the purchases that will continue until March 2022. **The European Central Bank (ECB)** maintained the interest rate at 0% and announced that it will continue to purchase government bonds until March 2022, albeit at a reduced rate of less than the EUR 80 billion a month practiced in recent months.

The TA-35 index increased by 32% during the year, while TA-90 and TA-SME60 indices increased by 33% and 30%, respectively, reaching a historic high.

Tel-Aviv & international Share Indices, 2017-2021 (in US\$ terms)



- » **Alongside monetary easing implemented by central banks globally**, governments are extending budgeted assistance in unprecedented amounts, most notably the United States, with an assistance program totaling US\$ 6 trillion since the onset of the coronavirus crisis. The substantial assistance programs have kept the dollar at a stable exchange rate of close to NIS 3.1, despite dollar purchases of more than US\$ 35 billion by the Bank of Israel in 2021.
- » **Full approval of Pfizer's coronavirus vaccine** by the FDA in **August**, and approval of the emergency use of the vaccine in children aged 5-11 years in **October**. In **November**, Pfizer announced that it has developed a treatment for the coronavirus, which is pending FDA approval, and the administration of the third "booster" shot in the United States to the population over the age of 18 was approved.

The key factors negatively affecting the Tel Aviv equity market include:

- **Negative macroeconomic indicators:**

- » **The government budget deficit** for 2021 is expected to reach 4.5% of the GDP, although less than the deficit in 2020, which amounted to 12% as a result of the Government's substantial support programs, but greater than the deficit in the pre-pandemic year of 2019, which amounted to 3.7% of the GDP.
- » **Continued of high debt-to-GDP ratio**, to 70% in 2021 (according to the Ministry of Finance projections), as compared to 72% at the end of 2020 and 60% at the end of 2019.
- » **The unemployment rate**, including workers furloughed due to the coronavirus crisis and the unemployed, remains high - 5% in December 2021, as compared to an unemployment rate of 3.3% shortly before the onset of the coronavirus crisis.
- » **The inflation rate** reached a positive rate of 2.8% in 2021, the highest rate since 2009.
- » **The Bank of Israel**, which has been maintaining its interest rate at 0.1%, despite the rising rate of inflation, announced that it will be discontinuing the quantitative easing: a completed program for the purchase of government bonds in an amount of US\$ 25 billion will not be renewed, programs for bond purchases of US\$ 4.3 billion have already been halted in November 2020 at US\$ 1 billion, a completed program for the purchase of dollars in an amount of US\$ 30 billion will not be renewed, and the long-term loans to banks against their extension of loans to small and medium businesses were discontinued at US\$ 12 billion in August 2021.

The TA-Construction index increased by 75%, influenced by the surging demand for housing, the TA-Banks5 index increased by 68% reaching an all-time record high, and the TA-Oil & Gas index increased by 62%, influenced by the soaring global commodity prices.

- **In the international arena:**

2021 was marked by the outbreak of the Delta variant in waves across the globe, the same as in Israel, alongside the expanded administration of coronavirus vaccines. The markets, which had suffered restrictions up to complete lockdowns in 2020, started to recover and regain some positive growth, while inflation rates started to climb as a result of disruptions in the chain of supply and trading restrictions, combined with a growing demand for commodities. Consequently:

- » The prices of natural gas (TTF) and oil (WTI) soared this year by more than 250% and 55%, respectively, the Dollar depreciated relative to the NIS, which reached the lowest exchange rate in 26 years, as well as relative to the Euro relative to the NIS, which reached the lowest exchange rate in 21 years – an appreciation that encumbers the economy's income from export.
- » Following the increase of the inflation rate to 3% in 2021 in developed economies alongside a 5% growth in GDP projected by the International Monetary Fund, central banks have initiated monetary contraction: while some central banks started raising the interest rate, other central banks, such as the ECB, are maintaining the interest rate at a low point and continuing the monetary easing, and the central banks such as the Federal Reserve are maintaining the low interest rate but have announced withdrawal from the easing policy, including bond purchases.

It should be noted that, towards the end of November 2021, as the fourth coronavirus wave was wreaking havoc in Europe, the World Health Organization announced the detection of a new variant of concern in Africa ("Omicron"). The growing concern surrounding the spreading of the variant and the rising morbidity rates, has led many countries to reinstate the restrictions on flights and tourism, to which the markets reacted with price drops in share indices and reduced commodity prices.

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

Index	2021	2020	2017-2021
TA-35 index	32%	-11%	35%
TA-90 index	33%	18%	159%
TA-125 index	31%	-3%	60%
TA-SME60 index	30%	16%	19%
TA-Growth index	10%	29%	58%
TA-Banks5 index	68%	-22%	117%
TA-Real Estate index	53%	-5%	178%
TA-Technology index	11%	38%	177%
TA Tech-Elite index	9%	39%	116%

* All indices in the table have reached historic highs this year.

Outstanding among the sectorial indices:

- The **TA-Banks5 index** broke its record from January last year, soaring by **68%** this year to a record high. The increase in the index was influenced by the growing profitability of the banks, alongside the two extensions, until the end of 2021, of the ad hoc exemptions granted to the banks by the Bank of Israel last year following the outbreak of the coronavirus. In view of the increase in lending activity and in the profitability of the banks, the Supervisor of Banks announced (in December 2021) the cancellation of most of the ad hoc exemptions as from January 1, 2022.

Over the past five years, 2017-2021, the TA-Real Estate and TA-Technology indices have been leading, with a cumulative return of 177%, each.

- The **TA-Oil & Gas index** also soared by **62%** this the year, as a result of the increase in global production activities and the energy crisis, which together generated sharp price hikes in commodities, primarily gas and oil.
- The **TA-Real Estate index** broke its record from February last year, surging by **53%** this year to an all-time record - when the **TA-Construction index** skyrocketed by **75%** due to the steep rise in the demand for housing, a direct result of the Bank of Israel's resolution to expand, commencing in January 2021, variable rate lending (Prime) for apartment buyers, with an ensuing 11% rise in housing prices reported by CBS. Consequently, the Bank of Israel announced the implementation of several measures (in August 2021), most notably the prohibition of mortgaging an existing apartment to purchase another, and required the banks to increase the provision for credit losses in respect of loans to apartment buyers; the Ministry of Finance decided to raise the purchase tax on a second apartment purchase from 5% to 8% in an attempt to curb the price hikes that took place in late November 2021, and the Bank of Israel announced a reform aimed at increasing transparency and competition in the mortgages market, which will come into effect in early July 2022.
- **The TA-Investment Properties indices** also rose at an impressive rate of up to **47%** as employees returned to work from the offices (in place of remote work).

Technology companies, which had enjoyed sharp price gains last year, reaching an all-time record in December 2020, continued their upward climb in 2021. **The TA Tech-Elite and TA-Technology indices** increased by **9%** and **11%**, respectively, in 2021, after surging by 39% last year.

It should be noted that the growing concern, at the end of the year, surrounding the spread of a new variant had an adverse effect on the **TA-Biomed index**, which in total fell by **9%** in 2021, after increasing by 18% last year.

Over the past five years, 2017-2021, the **TA-Real Estate and TA-Technology indices** have been leading, with an increase of **177%**, each.

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Three new share indices were launched in 2021:

- **On February 7, 2021**, the **TA-Cannabis index** was launched, comprising the shares included in the Cannabis Subsector under the Biomed Sector. The index includes 10 companies that are primarily engaged in the fields of research, cultivation, sale or production and marketing of medical cannabis products, with a total market capitalization of US\$ 0.5 billion.
- **On June 6, 2021**, the **TA-Dual Listing index** was launched, comprising Israeli-oriented dual listings included in the Tamar Universe. Of the 45 Israeli-oriented dual listings included in the Tamar Universe - 10 shares are included in the TA-35 index, 15 shares are included in the TA-90 index and 9 shares are included in the TA-SME60 index, with a total market capitalization of US\$ 93.6 billion.
- **On September 5, 2021**, the **TA-Retail index** was launched, comprising shares of companies included in the Retail Subsector split off from the "Commerce and Services - Commerce" Sector on August 1, 2021. The Retail Subsector includes physical and online retail chains specializing in the retail marketing of a wide variety of consumer products. The index comprises 20 companies with a total market capitalization of US\$ 13.5 billion.

The "Insurance Shares and Convertibles" index was transformed into a continuous index:

- **On June 6, 2021**, the **Insurance Shares and Convertibles index** was upgraded into a continuous index - the **TA-Insurance index**. The index comprises 9 insurance companies with a total market capitalization of US\$ 11.6 billion. In October, a first tracking mutual fund on the index was launched.
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Equity Trading Volumes

The average daily trading volume in the equity market, including ETFs, totaled US\$ 581 million, 8% over the volume in 2020 and 60% greater than the average volume in 2019, shortly before the coronavirus outbreak.

Table 2: Average Daily Trading Volume in the Equity Market (US \$ millions)

	2021	2020	% Change in 2021
Shares including ETFs	581	540	8%
Shares excluding ETFs	477	426	12%

Shares trading was active posting an average daily volume of US\$ **581** million, 8% greater than the average daily volume in 2020 and 60% greater than the volume in pre-pandemic year 2019.

The active trading this year was influenced by **the return of foreign investors into TASE's equity market**, as reflected in the Bank of Israel's data: in January-October 2021, foreign residents made net share purchases of US\$ **3.3** billion on TASE, after net sales of US\$ 1.4 billion and US\$ 0.4 billion in 2020 and 2019, respectively.

In 2021, foreign investors reentered the equity market, purchasing net shares in an amount of US\$ 3.3 billion on TASE, after two years of reduced investing activity.

Shares' Market Free Float

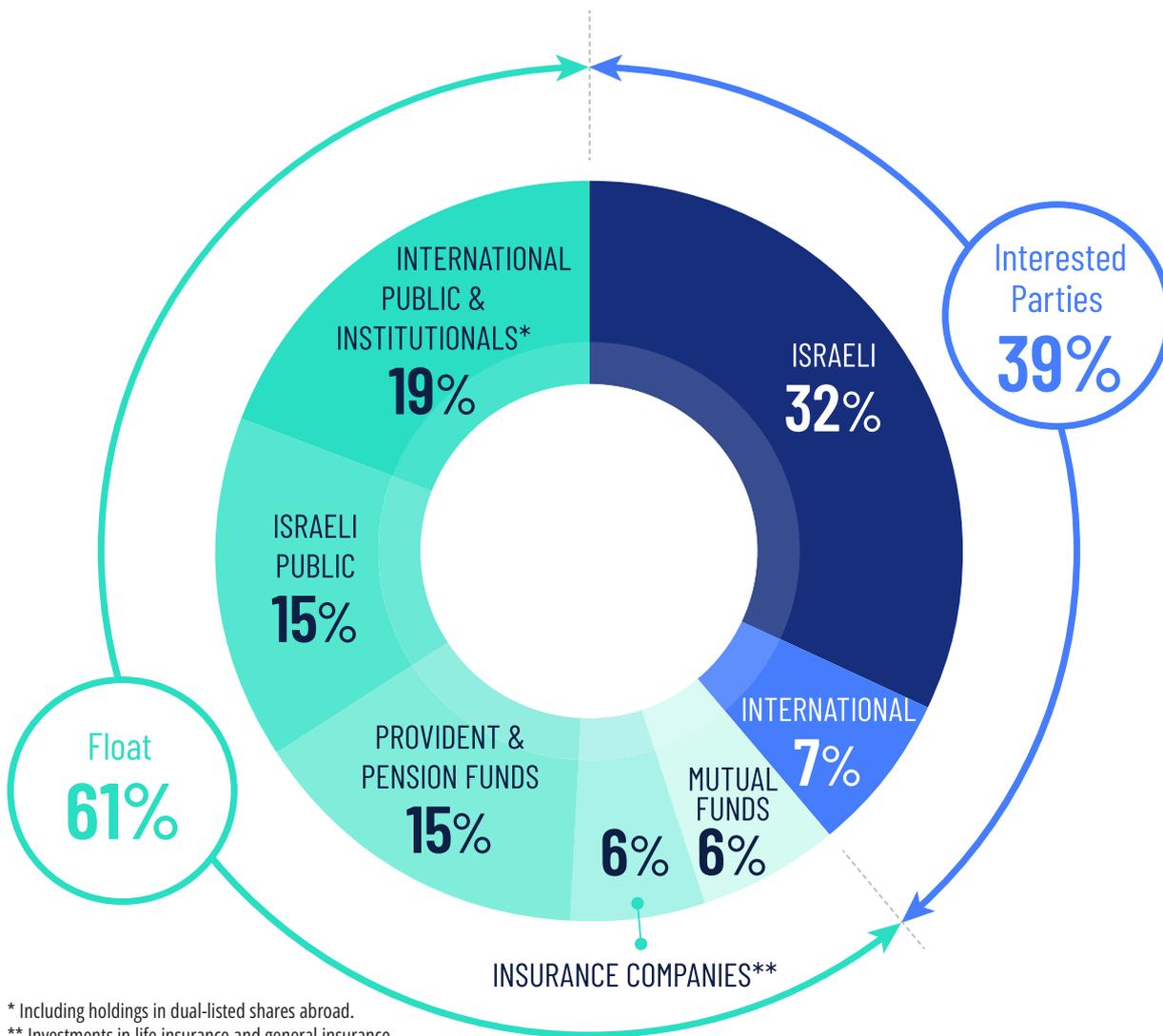
In 2021, **net sales of shares by principal shareholders** continued – principal shareholders sold shares in an amount of US\$ 2.2 billion - similarly to the previous year, and at the same time purchased shares in an amount of US\$ 1 billion. The free float in the equity market reached 61% at the end of the year.

Net sales came to US\$ **1.2 billion**, as compared to net sales of US\$ 0.9 billion in 2020.

The most notable sales during the year were the sale by Shari Arison of a 7.8% shareholding in **Bank Hapoalim** for US\$ **0.9 billion**, and the sale of **Bank Mizrahi** shares in an amount of US\$ **0.2 billion** by Shlomo Eliahu.

In contrast to these sales, the purchase of **Gav-Yam** shares stood out in an amount of US\$ **0.3 billion** each, by Aaron Frenkel and by Property and Building.

Breakdown of Shares Ownership, 2021



* Including holdings in dual-listed shares abroad.

** Investments in life insurance and general insurance.

Source: TASE & Bank of Israel

During the year, principal shareholders sold equity holdings of US\$ 2.2 billion and purchased equity holdings of US\$ 1 billion.

Increase in the Number of TASE-Listed Companies Without a Controlling Core

Companies without a controlling core caught the headlines earlier this year following the proposed amendment of the definition of control in the Companies Law. Among the changes proposed is the reduction of the threshold for the definition of control from 50% to 25% of the equity and a provisional change to the composition of the Board of Directors in companies without a controlling core.

The number of TASE-listed companies without a controlling core has been on the rise in recent years.

There are currently 103 TASE-listed companies without a controlling core, with a total market cap of US\$ 115 billion. These companies account for 20% of total TASE-listed companies and 35% of the equity market's market cap.

Of the 103 companies, 34 dual-listed companies account for a sizable total market cap of US\$ 58 billion.

It should be noted that ten of the 69 non dual-listed companies without a controlling core became so in the past three years.

25 of the IPOs of the past three years were performed by companies without a controlling core.

The sectors that have the highest rate of companies without a controlling core are the Banking Sector, in which the three largest banks without a controlling core represent 68% of the sector's market cap, as well as the Biomed and Technology Sectors where, due to multiple dual-listed companies without a controlling core, such companies account for 79% and 46% of the sector's market cap, respectively.

Equity Capital Raising

Table 3: Equity Raised on TASE

	Amounts raised (US\$ millions)			No. of public offerings & private placements		
	2021	2020	2019	2021	2020	2019
Public offerings	5,626	3,572	2,353	167	115	60
Of which:						
New Companies (IPOs)*	3,220	1,371	902	94	27	7
Private placements**	2,220	1,244	1,183	145	121	98
Warrant exercise	127	151	223	-	-	-
Total	7,973	4,967	3,759	312	236	158

* Number of New Companies do not include companies which listed without raising capital (dual listings and reverse mergers).

** Excluding shares of US\$ 0.2 billion raised on TASE UP in 2021

The total equity raised from the public on TASE came to US\$ 8 billion, a record amount - 54% greater than the record amount raised from the public in 2007, and compared to US\$ 5 billion raised in 2020.

Capital raised in public offerings amounted to US\$ 5.6 billion in 2021, 58% greater than the amount raised last year, this in line with the upward trend of capital raising in the two previous years, 2019-2020. The sharp rise in capital raised this year stemmed from the continuous growth in the number of IPOs that began last year. US\$ 3.2 billion of the amount raised in public offerings was raised in 94 IPOs - the highest number of new issuers since 1993, and compared to 27 new issuers last year. An analysis of this year's IPOs reveals that:

- **2021 is a turnaround year in high-tech companies' perception of capital raising in the local market** on TASE and their **acceptance into the institutional market**. This year, 65% of the new issuers are high-tech companies, i.e. **52 companies from the Technology, Cleantech and Biomed Sectors and 9 R&D partnerships** joined TASE, as compared to 13 high-tech companies and 5 R&D partnerships that performed an IPO in the previous year.
- **The largest IPOs performed this year - 12 new major companies: two companies with a value of more than US\$ 1 billion, each** - the cleantech company, **Veridis** (US\$ 1.15 billion), the fintech company, **Nayax** (US\$ 1.05 billion) **and 10 companies with a value of more than US\$ 0.3 billion, each.**
- **Most IPOs this year were carried out as a non-uniform offer to institutional investors (Book Building)**, for the second consecutive year. 77 new companies carried out such IPOs, raising US\$ 3 billion - 92% of the total amount raised in IPOs.

On the equity market, US\$ 8 billion was raised from the public - a record amount, compared to US\$ 5 billion in the previous year.

Global Offerings

This year, two international underwriters led 3 global offerings that are concurrently offered to institutional investors in Israel and overseas. **Jefferies** led the offering of **Nayax** and **UBS** led the offerings of **Retailors** and **Terminal X**.

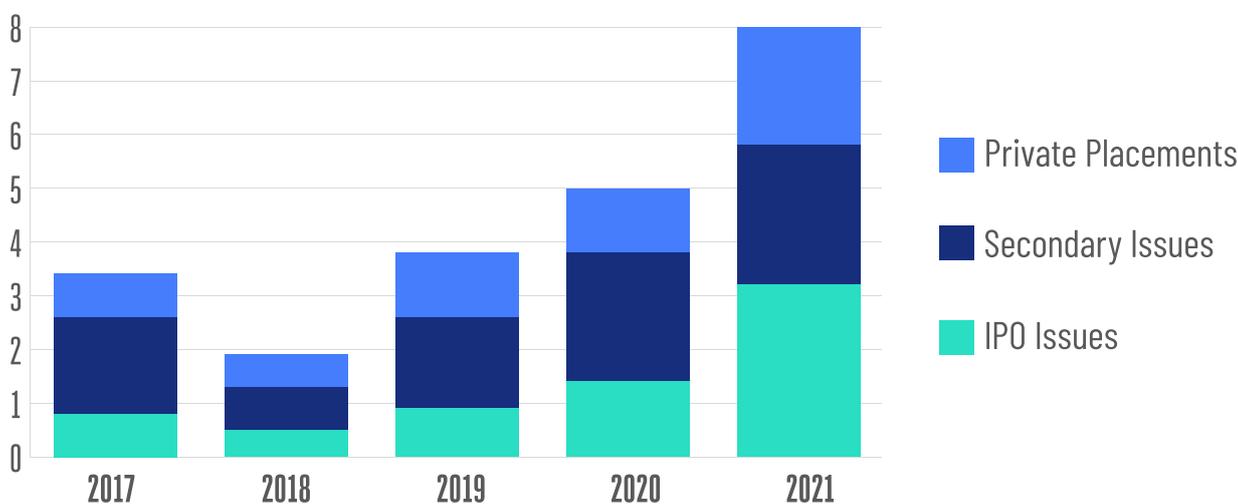
- **First SPAC listed on TASE - ISPAC**, a special purpose acquisition company with no business activity that is designated for reverse merger with a target company with a minimum market capitalization of US\$ 0.3 billion, this within two years of its IPO. The company raised US\$ **111** million in a non-uniform offer to institutional investors (Book Building), with an additional US\$ **13** million invested by the entrepreneurs.
- It should be noted that one of the new issuers - **Cannabotech**, was the first to raise capital on TASE by reaching out to the public through a crowdfunding site, FUNDIT.

For a list of the **94 new issuers**, the amount raised and their post-offering market capitalization, see the [TASE website](#).

The **traded companies** raised US\$ **4.8 billion on the equity market this year**. The follow-on offerings that stood out in terms of size:

- The renewable energy company, **Enlight Energy**, and the investment property company, **Amot**, raised US\$ **286** million and US\$ **224** million, respectively, in public offerings.
- The retail marketing of supermarket chain, **Shufersal**, raised US\$ **212** million in a book building offering to institutional investors in Israel and overseas.
- The Oil & gas partnership, **Navitas Petroleum**, raised US\$ **201** million in public offerings.
- The Renewable energy company, **Nofar Energy**, raised US\$ **174** million in a private placement to classified investors.

Capital Raised by Shares, 2017-2021 (US\$ billions)



This year, 96 new companies joined TASE and 2 companies dually-listed their shares on TASE - the highest number since 1993, when 55 high-tech companies and 9 R&D partnerships listed on TASE.

Equity Raised on TASE UP

This year, three companies raised equity on **TASE UP**, which up until 2020 served only in bond offerings. This platform enables private high-tech companies, venture capital funds, foreign REITs and credit funds to enjoy special access to institutional investors and accredited investors and raise funds without going public.

The first to offer shares on TASE UP listed shares in an amount of US\$ 180 million in 2021: Veev, a company that develops prefabricated construction technology (US\$ 100 million), **Group 11**, a U.S. venture capital fund that invests in fintech companies (US\$ 72 million) and **PSC-Can**, a cannabis company (US\$ 8 million).

Reverse Mergers

This year, **nine new companies completed reverse mergers**, primarily in the technology and biomed sectors.

Table 4: Reverse Mergers

#	Merging company (former name)	Merged company	Operations infused	Company valuation prior to reverse merger (US \$ millions)	Company valuation at the end of 2021 (US \$ millions)
1	Inbar Group	Blitz	Manufacturing and marketing of electric motorcycles	13	89
2	Somoto	Nostromo	Development of advanced technologies for the storage and the demand management of thermal energy	28	67
3	Medivie Therapeutic	Storage Drop	Development, manufacturing and distribution of energy storage systems	20	37
4	Fantasy Network	Biomilk	Development of technology for the production of cultured cow milk and breast milk	32	43
5	Nextgen	Eyepen	Development of a smart device that attaches to insulin injection pens	36	20
6	Whitestone	Beeio Honey	A process for the development of cultured honey	12	40
7	Chiron Refineries	Upsellon	Supply of technological services to Amazon sellers	25	29
8	Matomy	Automax	Indirect import of private vehicles	14	30
9	New Horizon	Thirdeye	Development of AI-based technologies and electro-optical microsystems	9	25

Two companies listed without raising capital

- **Amiad**, a company engaged in the development, manufacturing and marketing of water treatment and filtration systems for agricultural and industrial uses, listed its shares on TASE commencing on August 23, 2021. The shares of the company, which had been traded on the AIM in London since 2005, were delisted from London upon their listing on TASE, at the initiative of the company. Following the transition to trading on TASE, the company has unlocked value, raising its market cap from US\$ 129 million on listing to US\$ 166 million at the end of 2021.
- **Tera Light** - Menora Mivtachim Holdings, distributed to its shareholders all of the shares of renewable energy company, Tera Light, as a dividend in kind and listed them on TASE commencing on September 19, 2021. Tera Light is engaged in the development and construction of solar energy projects and invests in cleantech companies. The shares of Tera Light entered trading at a market cap of US\$ 275 million.

Table 5: Equity Issuances & Private Placements by Sector (US \$ millions)

	2021		2020		2019	
Total	7,846	100%	4,816	100%	3,536	100%
Sectorial classification						
Financial sector	471	6%	328	7%	883	25%
Financial services	393	5%	328	7%	699	20%
Insurance	78	1%			184	5%
Real sector	7,375	94%	4,488	93%	2,653	75%
Technology	2,511	32%	1,374	29%	337	10%
Real Estate & Construction	2,040	26%	962	20%	1,163	33%
Commerce & services	1,098	14%	672	14%	469	13%
Energy & gas	549	7%	663	14%	93	3%
Investments	471	6%	420	9%	261	7%
Biomed	392	5%	289	6%	248	7%
Manufacturing	314	4%	108	2%	81	2%

* excluding issuances and private placements abroad, and TASE UP .

The new companies raised US\$ 3.2 billion in IPOs. 12 of the new companies joined TASE's flagship index, the TA-90 index.

In addition, 9 new companies listed on TASE following reverse mergers with inactive TASE-traded companies, mostly high-tech companies.

Dual Listings

Two technology companies listed shares for trading on TASE within the framework of the dual listing provisions:

- **RADA** - a company that develops, manufactures and markets mobile tactical radar systems for land combat forces and advanced electronic systems for manned and unmanned aircraft. The company, which is traded on Nasdaq (ticker symbol: RADA) dual-listed its shares on TASE commencing in February. The valuation of the company on the eve of the dual listing was US\$ 424 million.
- **First dual-listing on TASE and the Singapore Exchange (SGX) - Sarine Technologies** - a company that develops precision technology for the planning and processing of diamonds. The shares of the company are traded on the Singapore Exchange (SGX: U77) and were dual-listed on TASE commencing in July (ticker symbol: SARN). The valuation of the company on the eve of the dual listing was US\$ 207 million.

Two biomed companies that are traded on TASE listed their shares for trading also on foreign exchanges:

- **First dual listing on TASE and the Toronto Stock Exchange (TSX)** - the medical cannabis company, **Intercure**, which has been traded on TASE since 2007, completed a reverse triangular merger into a Canadian SPAC company and entered trading on TSX in April 2021 (ticker symbol: INCR:U). Later in the year, the company also dual-listed on the Nasdaq, commencing in September 2021.
- The medical devices company, **Iccure Medical**, whose shares have been traded on TASE since 2011, dual-listed its shares on Nasdaq without raising capital, commencing in August 2021.

The communications company, **Cellcom**, delisted its shares from NYSE (in February 2021) and is currently traded exclusively on TASE.

Three companies delisted their shares from TASE only and continue to be traded in the United States: the food flavor and fragrances company **IFF** (a foreign company), the technology company **Medigus**, and foodtech company **Meatech**. At the end of the year, the energy company, **Arko Corp**, and the pharma company **Perrigo**, announced their intention to delist from TASE at the beginning of 2022.

TASE-listed companies raised US\$ 1.1 billion abroad this year through public shares offerings and private placements, close to half the amount that they had raised abroad in 2020.

The number of TASE-listed companies: the shares of **541** companies traded on TASE at the end of 2021- the highest number since 2012, as compared to 455 companies at the end of 2020.

The combined market capitalization (after-the-money) of the **94** companies that listed shares on TASE for the first time in 2021, the **9** companies that completed a reverse merger with a TASE-traded company and the **4** companies that listed without raising capital amounts to US\$ **15** billion. On the delisting side, **13** companies with a total market capitalization of US\$ **12.6** billion (on the eve of the delisting) have been delisted (almost all of the amount - US\$ 11.1 billion, relates to IFF). The distribution of delisting firms according to the reason for delisting follows:

- **2 companies** with a combined market capitalization of US\$ **0.2** billion have been delisted as a result of corporate reorganization, which did not impact the group's TASE coverage, as the delisting was affected by way of merger into another public company that continues to be traded (Teldor was purchased by One Technologies, and Halman Aldubi was purchased by The Phoenix).
- **2 companies** have been merged into international companies - Itamar Medical was purchased by

The number of companies whose shares trade publicly on TASE stands at 541 companies – the highest number since 2012, of which 52 are dual listings.

Zoll Medical, and Ham-Let was purchased by Ultra Clean. Their combined market capitalization on the eve of the delisting was US\$ **0.8** billion.

- **One company** has been delisted following a merger into a local private company - Minrav, purchased by Essence. Its market capitalization on the eve of the delisting was US\$ **0.2** billion.
- **2 companies** have been delisted as a result of a **tender offer of the controlling shareholders** (Leader Investments and Xenia). Their market capitalization on the eve of the delisting was US\$ **0.2** billion.
- **3 dual listings companies** have been delisted from TASE: IFF with market capitalization of US\$ **11.1** billion on the eve of the delisting, Medigus and Meatech with combined market capitalization of US\$ **0.1** billion on the eve of the delisting.
- **3 Companies** have been delisted after 4 years on the **maintenance list** – B.G.I., Vitala and KMN Capital. Their combined market capitalization on the eve of the delisting was negligible.

Table 6: Main Indicators of the Equity Market, 2012-2021

Year	Daily Turnover (US \$ millions)	Capital Raised in Tel-Aviv ⁽¹⁾ (US \$ billions)	Number of listed Companies ⁽²⁾	Therof: New Listed Companies ⁽²⁾	TA-125 Index % Change (local currency terms)
2012	279	0.9	540	3	7.2
2013	324	1.7	508	6	15.1
2014	339	2.1	473	7	6.7
2015	373	1.4	461	11	2.0
2016	330	1.8	451	8	-2.5
2017	390	3.4	457	20	6.4
2018	391	1.9	448	14	-2.3
2019	365	3.8	442	11	21.3
2020	540	5.0	455	30	-3.0
2021	581	8.0	541	98	31.1

(1) Including private placements and exercise of warrants. Excluding issues abroad of the dual-listed companies and amount raised by TASE UP shares.

(2) Including dual-listed companies. Excluding ETFs and TASE UP issuers.

The rate of increase in new share companies in the past two years was 28% - the second largest in the world*

*According to data published by the World Federation of Exchanges (WFE).

BOND MARKET*



All the data in this review are in dollar terms, with the exception of index returns that are in the local currency - unless stated otherwise. In 2021, the dollar depreciated by 3.3% relative to the NIS.

Bond Market Indices

Government and Corporate Bonds Indices, 2020-2021 (in Israeli Shekel terms)



Bond trading concluded with price gains in most leading indices, as was the case for the equity market and other markets the world.

The exception to the rule were **fixed-rate government shekel bonds**, primarily **10-year bonds**, which decreased by 6% by the end of October 2021. A turnaround started in November 2021, following the price drops in the equity market that shifted investors' preferences to more solid channels. Overall, in 2021 these bonds fell by **4%**, similarly to the trading trends in US 10-year treasuries.

The yield-to-maturity of 10-year government shekel bonds on TASE rose from 0.8% at the beginning of the year to 1.5% at the end of October 2021, then dropped to 1.3% at the end of the year. A similar trend characterized the US 10-year treasuries - their yield-to-maturity rose from 0.9% at the beginning of the year to 1.6% at the end of October 2021 and then down to 1.5% at the end of the year. The increase in the yield-to-maturity of those bonds reflects the higher rate of inflation and the ensuing investors' expectation of the raising of the interest rate.

Price gains characterized all linked bonds:

- **CPI-linked corporate and government bonds rose by 7%-9%**, on the backdrop of the projected increased inflation rate in Israel. The Consumer Price Index increased by 2.8% in 2021, after dropping by 0.7% in the previous year.
- **Currency-linked corporate bonds rose by 5.7%** due to the anticipated appreciation of the dollar relative to the NIS, as a result of the Bank of Israel's announcement of a US\$ 30 billion dollar purchase program in January 2021, which has been completed, and the anticipated earlier raising of the Federal Reserve's interest rate.
- Price gains also characterized **corporate shekel bonds** - bonds included in the **Tel Bond-Shekel index** rose by **3%**, while the bonds included in the **Tel Bond-Yield Shekel index** rose by **6.7%**, in compensation for their rating.

Changes in bond indices:

On May 23, 2021, TASE launched four new continuous All-Bond indices:

- **All-Bond General index** superseding the **All Bonds index**, and **All-Bond CPI Linked index** superseding the **CPI-Linked Bonds index**. The new indices are continuous and replace the previous indices calculated once a day at the end of trading.
- **Two new indices - All-Bond Dollar index**, comprising fixed-rate non-linked government and corporate bonds, and **All-Bond Floating index**, comprising variable-rate non-linked government and corporate bonds.

On August 22, 2021, TASE replaced **Tel Bond-Floating index** with the new **All Bond-Floating index**, which comprises both variable-rate government bonds and structured bonds.

Price rose in virtually all classes of government and corporate bond indices, led by CPI-linked bonds that increased by 7%-9%. An exception to this were the fixed-rate non-linked government bonds, with price drops of fell up to 4%, similarly to U.S. treasuries, due to expected interest rate raises.

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

	2021 Market Cap (US\$ billions)	2021 Annual Yield	2020 Annual Yield
Government Bonds			
CPI-linked bonds	84	7.4%	1.2%
Non-linked bonds - total	130	-0.8%	1.3%
Stood out among the above indices:			
Fixed-rate	115	-1.0%	1.5%
Floating-rate	13	0.8%	0.0%
Currency-linked bonds*	13	Without index	Without index
Total government bonds	227	2.3%	1.2%
Corporate bonds **			
CPI-linked - total	73	8.7%	0.0%
Stood out among the above indices:			
Tel-Bond 20	20	8.4%	-0.2%
Tel-Bond 40	21	7.4%	0.1%
Tel Bond-CPI Linked SmallCap	18	8.1%	-1.7%
Tel Bond-Yields	8	9.4%	-6.6%
Non-linked bonds - total	47	Without index	Without index
Stood out among the above indices:			
Tel-Bond Shekel	34	3.0%	-0.1%
Tel Bond-Yields - Shekel	13	6.7%	-3.9%
Currency-linked bonds	4	5.7%	-2.8%
Total corporate bonds	124	7.2%	0.6%

* Israeli government foreign currency bonds issued overseas were listed for parallel trading on TASE for the first time in October 2021.

** Excluding TASE UP bonds and financial instruments.

Bond Trading Volumes

Table 8: Average Daily Trading Volume in the Bond Market, (US \$ millions)

	2021	2020	% Change in 2021
Government bonds	936	888	5%
Corporate bonds including ETFs	280	313	-11%
Corporate bonds excluding ETFs*	241	270	-11%
MAKAM (Central Bank Treasury-bills)	99	168	-41%

* Includes structured bonds.

The average daily trading volume of bonds (including ETFs) totaled US\$ 1.2 billion in 2021, similarly to the volume in the previous year, but 23% greater than the volume in 2019.

Active trading in government bonds - at an average daily US\$ 0.9 billion, 5% greater than the trading volume in the preceding year and 27% greater than the volume in 2019, the pre-pandemic year. The average daily trading volume in **government non-linked bonds** totaled US\$ 0.6 billion, while the trading volume in **CPI-linked government bonds** totaled US\$ 0.3 billion.

The trading volumes in those bonds were driven by US\$ 12 billion **government bond purchases by the Bank of Israel** in 2021, further to US\$ 13 billion purchased in 2020.

This year, foreign investors' purchases of government bonds on TASE increased, totaling US\$ 9.3 billion, net in January through October 2021, further to purchases of US\$ 5 billion, net in 2020, as reported by the Bank of Israel. These purchases were, among others, a direct result of the inclusion of the Israeli Government bonds in World Government Bond Index (WGBI) in April 2020.

This year, for the first time, Israeli government foreign currency bonds issued overseas were listed for parallel trading on TASE - this, as part of a joint initiative of the Accountant General in the Ministry of Finance and TASE. Six series were listed - 3 dollar-linked government bonds and 3 Euro-linked government bonds, in a total amount of US\$ 13 billion, which as from October 31, 2021 are also traded on TASE. The trading in the foreign currency bonds is carried out in shekels, while the anticipated payments to the holders of the bonds (interest) will be made in the currency in which the bond is denominated.

The average daily trading volume of corporate bonds (including structured bonds and ETFs) totaled US\$ 0.3 billion in 2021, 11% below the volume in 2020, but 12% greater than the volume of trading in 2019, the pre-pandemic year. The reduction in the trading volumes is partly due to the discontinuance of the purchase of corporate bonds by the Bank of Israel, already in December 2020, following purchases of US\$ 1 billion in July-November 2020.

In 2021, foreign investors were also more active in the bonds market, making net purchases of government bonds on TASE in an amount of US\$ 9.3 billion, further to purchases of US\$ 5 billion in 2020. A contributing factor was the Israeli Government bonds' inclusion in the World Government Bond Index (WGBI) commencing in April 2020.

The average daily trading volume of bonds (including ETFs) totaled US\$ 1.2 billion - similarly to the volume in 2020 and 23% greater than the volume in 2019, shortly before the onset of the coronavirus crisis;

Debt Raised in the Bond Market

The Ministry of Finance's floatation of bonds on TASE reduced somewhat in 2021, as the Ministry of Finance halted the offering of bonds overseas this year, after raising record amounts last year as a result of the need to finance the increase in the national budget deficit, which reached 12% of the GDP in 2020. **The total amount raised by the Government** during the year amounted to a gross US\$ **32** billion, as compared to the record figure of US\$ 53 billion raised last year.

This year, the weight of debt raised in non-linked bonds offerings reduced to 74% of the total amount raised in government-bond offerings on TASE, as compared to 79% in 2020. At the same time, the weight of debt raised in CPI-linked bonds offerings increased to 26% of the total amount raised in government-bond offerings, as compared to 21% in 2020.

The Ministry of Finance's offerings were accompanied by redemptions in an amount of US\$ 27 billion, of which US\$ 21 billion in non-linked bonds and US\$ 6 billion in CPI-linked bonds.

Debt raised in public offerings and private placements of corporate bonds to the public

The volume of debt raised through corporate bonds on the Israeli bond market (excluding TASE UP and structured bonds) resumed an upward direction in 2021, totaling US\$ **24.3** billion – **a historic record**. This followed a reduced raising volume US\$ 15 billion in 2020 and US\$ 19.3 billion in 2019, shortly before the onset of the pandemic.

This year's higher raising volumes also applied to companies in the real sector, which raised US\$ **16.1** billion from the public - 40% more than the amount raised last year, stemming from the resuming of production activities and the need to refinance marketable bonds in view of the low interest rate in the economy, and **in financial sector companies**, which raised US\$ **8.2** billion from the public - more than double the amount raised last year, driven by the growing demand for banking credit and non-banking credit.

Redemptions of traded bonds (real sector and financial sector) totaled US\$ **14** billion this year, as compared to redemptions of US\$ 15.5 billion and US\$ 12 billion in 2020 and 2019, respectively. The increase in debt raised by the business sector, despite the drop in the volume of redemptions, testifies to the expansion of activities in the market. This year, too, debt was raised mainly for the purpose of refinancing marketable debt in 2021-2022 (70%) and partly in order to finance non-marketable debt towards the financing of operating activities as well as their expansion (30%).

In 2022, redemptions are expected to exceed US\$ 16.5 billion - an increase that stems from bonds issued by the major banks.

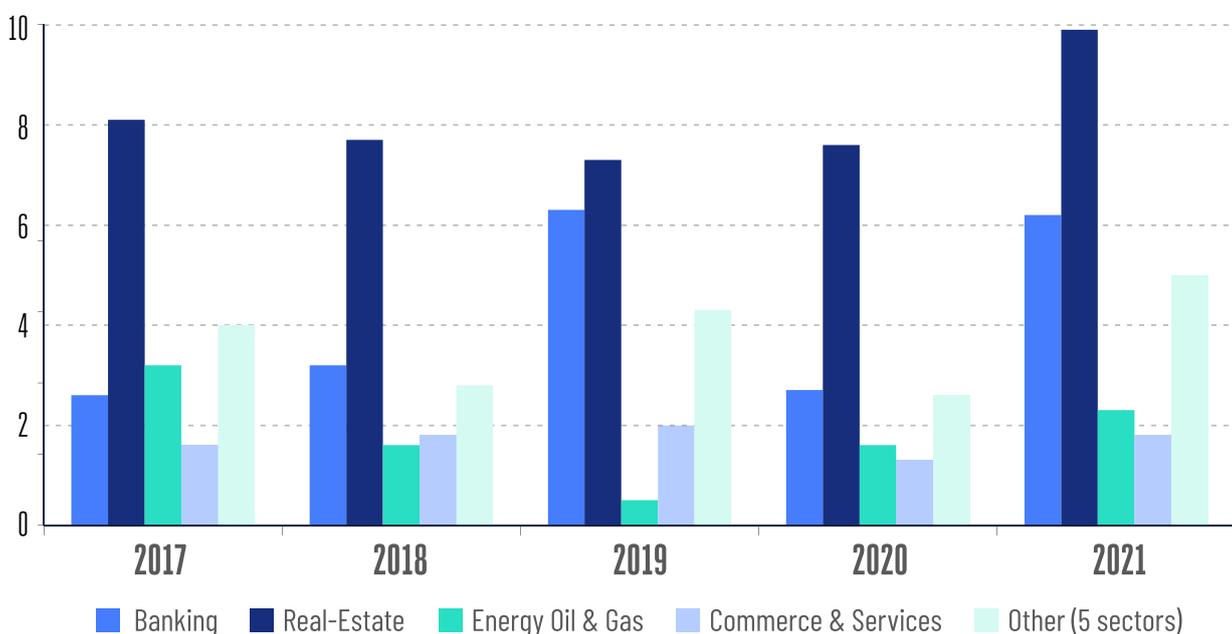
The bond market met the growing financing needs of the business sector both in the recovery year 2021 and in the crisis year of 2020. US\$ 29.5 billion was raised on TASE in offerings of corporate and structures to the public and to institutional investors.

Table 9: Non-government Bond Issues by Sector, 2018-2020 (US \$ millions)

	2021		2020		2019	
Corporate bonds to the public	24,257	100%	14,997	100%	19,291	100%
Sectoral classification						
Financial sector:	8,181	34%	3,490	23%	6,511	43%
Banks	6,250	26%	2,712	17%	4,888	33%
Financial services	1,067	4%	400	3%	532	4%
Insurance	864	4%	378	3%	1,091	6%
Real sector:	16,076	66%	11,507	77%	8,487	57%
Real estate and construction	9,996	41%	7,361	49%	5,691	38%
Energy and gas exploration	1,965	8%	1,545	10%	417	3%
Commerce and services	1,837	8%	1,283	9%	1,242	8%
Technology	1,246	5%	275	2%	227	2%
Investments	923	4%	417	3%	619	4%
Industry	109	0.4%	625	4%	291	2%
Corporate bonds on TASE UP*	5,223		4,132		1,077	
Exercise of warrants	-		77		14	
Total corporate bonds	29,480		19,206		20,382	
Structured bonds	67		461		930	
Total debt raised through non-government bonds	29,547		19,667		21,312	

* Including debt raising from institutional investors overseas and listing on TASE in an amount of US\$ 4.1 billion and US\$ 3.3 billion in 2021 and 2020, respectively.

Capital Raised by Non-government Bonds by Sectors, 2017-2021 (US \$ billions)



Debt raised through corporate bonds in 2021 – key characteristics

- **Increase in the volume of debt raised by the financial sector:**

During the year, the financial sector raised US\$ **8.2** billion in public offerings of bonds and an additional US\$ 2 billion in offerings of bonds to institutional investors on TASE UP, compared to US\$ **4.3** billion raised in 2020.

Increase in debt raised by the major banks from the public and from institutional investors - which amounted to US\$ **6.3** billion in 2021, as compared to US\$ 2.7 billion in the previous year and US\$ 4.9 billion in 2019. The activity of the banks in the past year was mainly affected by the growing demand for credit on the part of households (mainly apartment buyers) and of the business sector that has resumed full activity. The reduction of credit facilities to clients under the Strum Law (commencing in January 2021) and the Bank of Israel's directive to banks to increase the provisions for credit losses in respect of loans extended to real estate businesses did not have a material effect.

At the same time, debt raising by **non-banking credit companies** on the bonds market grew to US\$ **1.1** billion in 2021, more than double the amount raised by the sector in 2020.

This year's prominent issuers include:

Bank Hapoalim, which raised US\$ **1.6** billion from the public **in the largest offering of bonds on TASE** - half with CPI-linked bonds and half with non-linked bonds. The bank raised **an additional** US\$ **1** billion in an international offering of dollar-linked bonds listed on TASE UP to institutional investors, in **COCO** bonds, which includes a mechanism for the absorption of losses through conversion into shares. As the consideration from the offering of the COCO bonds is earmarked for "green projects", this is **the first green bond listed on TASE**.

Bank **Mizrahi-Tefahot**, which raised US\$ **1.7** billion from the public with CPI-linked bonds and another US\$ **0.6** billion in an international offering of COCO dollar-linked bonds, which include a mechanism for the absorption of losses through principal write-down, listed on TASE UP.

And **Discount** Bank, which raised US\$ **1.7** billion from the public - US\$ 0.9 billion with CPI-linked bonds, US\$ 0.3 billion with commercial paper, and US\$ 0.5 billion with COCO CPI-linked bonds that include a mechanism for the absorption of losses through principal write-down.

- **Increase in the volume of debt raised by the real sector:**

In 2021, the real sector raised US\$ **16.1** in public offerings of bonds and an additional US\$ **3.2** billion in offerings of bonds to institutional investors on TASE UP, compared to US\$ 15 billion raised in 2020. Redemption of marketable bonds by the real sector totaled US\$ 10.5 billion in 2021, as compared to US\$ 9 billion in the previous year, and is expected to reach the same volume in 2022.

Presented below are the principal trends in **debt raising by the real sector through public offerings of bonds**:

- » **Real estate companies** continue to lead debt raising, with US\$ **10** billion raised in 2021, representing 41% of total debt raised through corporate bonds, and 36% more than the amount raised last year. It should be noted that 85% of the amount raised in public offerings by the real estate companies this year is attributed to investment property companies, which had been hit hard by the coronavirus crisis - with the lifting of restrictions and the resuming of normal activities that created a demand for office spaces and warehouses. The real estate companies that raised capital during the year redeemed marketable bonds in an amount of US\$ 3 billion in 2021 and are expected to redeem marketable bonds of US\$ 3.5 billion in 2022.
- » The issuers include **five new companies** that raised US\$ **113** million in their first offering on the TASE. The amount raised in a public offerings of fixed-rate non-linked bonds by: **four construction companies - Av-Gad** (US\$ 19 million), **AFI Capital** (US\$ 33 million), **Gilad May**

The real sector raised US\$ 16.1 billion from the public this year in bond offerings, compared to US\$ 11.5 billion and US\$ 8.5 billion raised in 2020 and 2019, respectively, with an additional US\$ 3.2 billion raised through bonds on TASE UP. This increase stemmed from the expansion of economic activity in the market and the low interest rate.

(US\$ 12 million), **Yuvalim Group** (US\$ 31 million), and an **investment property company - Hilla Offices** (US\$ 18 million).

Investment property companies stood out among the 60 issuers in the Real Estate Sector: shopping malls company, **Azrieli Group**, which raised US\$ **1.1** billion through CPI-linked bonds - **in the largest public offering of bonds on TASE by a real-sector company, Melisron**, which raised US\$ 0.6 billion, and **Blue Square Real Estate, AFI Properties, Amot, Big** and **Gazit Globe** that raised more than **US\$ 300 million**, each.

- » The **Energy and Oil & Gas Exploration** Sector also stood out, with 9 companies, mostly energy companies, that raised US\$ **2** billion from the public - 27% over the amount raised in 2020. These companies redeemed marketable bonds in an amount of US\$ 1.2 billion in 2021 and are expected to redeem marketable bonds of US\$ 1.4 billion in 2022. The companies that raised the most capital are: the government company **Israel Electric Corporation, Delek Group** and **OPC**, which raised **US\$ 300 million**, each.
- » It should be noted that of the 14 **Commerce and Services** companies which raised US\$ **1.8** billion this year, the government company, **Mekorot**, stood out with US\$ **0.3** billion raised, alongside the communications company, **B Communications** and the car lease company, **Shlomo Holdings**, with US\$ **0.3** billion, each.
- » The **Technology Sector** recorded the steepest climb in volumes raised this year - nine companies raised US\$ **1.2** billion, as compared to US\$ 0.25 billion in each of the years 2019-2020. These companies redeemed marketable bonds of US\$ 30 million during the year and are expected to redeem marketable bonds in a similar amount in 2022. The company that raised the largest amount in this sector is the dual listing company, **Elbit Systems**, which raised US\$ **0.6** billion.
- **The weight of debt raised through bonds rated above "A" decreased this year and accounted for 85%** of the amount raised in public offerings of bonds, as compared to 93% in each of the years 2019-2020. 5% of total capital was raised through lower rated bonds and 10% was raised through non-rated bonds.
- **The weight of debt raised through CPI-linked bonds** in the total debt raised in public offerings of bonds dropped for the first time in three years, accounting for **59%** in 2021, as compared to 64% and 52% in 2020 and 2019, respectively. A total of US\$ **14.3** billion was raised through CPI-linked bonds this year, as compared to US\$ 9.7 billion in 2020.

The weight of debt raised through non-linked bonds grew this year, accounting for **40%**, as compared to 34% and 47% in 2020 and 2019, respectively, with US\$ **9.7** billion raised this year, as compared to US\$ 5.1 billion in 2020. The entire amount was raised through fixed-interest bonds. US\$ **0.4** billion of the amount raised through non-linked bonds this year relates to **commercial paper**, as compared to US\$ 0.04 billion in 2020 and US\$ 0.4 billion in 2019.

Offerings of dollar-linked bonds totaled US\$ **0.2** billion, similarly to the amount raised last year, and their weight in the total debt raised in public offerings of bonds was **1%** in 2021, unchanged from the average in 2020 and 2019.

The financial sector raised US\$ 8.2 billion this year from the public in bond offerings and an additional US\$ 2 billion on TASE UP, compared to US\$ 4.3 billion raised in the previous year.

Debt raised through bonds on TASE UP

US\$ 5.2 billion was raised from institutional investors by TASE UP bonds, as compared to US\$ 4.1 billion in 2020.

Thereof, US\$ **4.1** billion was raised in bond offerings to foreign institutional investors which listed on TASE UP, including: US\$ **2.5** billion raised by its first offering of **Energean Israel** - an SPC of the **Energean** oil and gas company, in an issuance of dollar bonds to foreign and Israeli institutional investors overseas.

US\$ **1.1** billion was issued to institutional investors in Israel on TASE UP, including: US\$ **0.4** billion raised by the insurance company, **The Phoenix**, in the first offering on TASE of COCO bonds, which contain a mechanism for the absorption of losses through the write-down of interest in addition to the principal write-down, and US\$ **0.4** billion was raised by its first offering of **Dalia Energy**, a company that develops, constructs and operates power plants.

The background of the cover features a large, semi-transparent circular graphic. Inside this circle, a modern skyscraper with a glass facade is shown at night, with its windows illuminated from within. The building is set against a dark sky. To the right of the building, there is a blurred image of a digital stock market display with green and white text on a dark blue background. The overall color palette is dominated by blues, greys, and greens, with a white circle on the left containing the title text. The background outside the circle is a light purple-grey with a faint network of white lines and grey circles.

ETFs MARKET*

All the data in this review are in dollar terms, with the exception of index returns that are in the local currency - unless stated otherwise. In 2021, the dollar depreciated by 3.3% relative to the NIS.

ETFs

In 2021, 34 new ETFs were issued with a total market cap of US\$ 320 million as of the end of the year. 10 of the ETFs track local share indices, 21 of the ETFs track foreign share indices and 3 of the ETFs track local corporate bond indices.

The new ETFs include:

- First four ETFs on “green” share indices, with an aggregate market cap of US\$ 10 million:
 - » Three ETFs, including a short-sale ETF, track the **TA-Cleantech index**, launched by TASE in November 2020.
 - » An ETF track the **TA-125 Fossil Fuel Free Climate Index**, launched by TASE in December 2020.
- Two ETFs track the **TA-Construction index**, launched by TASE in February 2020.

On the other hand:

- 9 ETFs with a US\$ 37 million total market cap became tracking mutual funds.
- 5 ETFs with a US\$ 8 million total market cap were liquidated and delisted.

There are currently 551 ETFs listed on TASE, including: 379 ETFs track local and foreign share indices and 172 ETFs track local and foreign bond indices.

The total market cap of the ETFs crossed the US\$ 30 billion mark for the first time, and amounts to US\$ 33.9 billion.

317 of the ETFs, with a total market cap of US\$ 12.2 billion, are tracking foreign equity and bond indices, as well as commodities. These ETFs enable the Israeli investor to invest in baskets of securities around the world, in local currency (without conversion), using a familiar trading method and with full transparency and low costs. The most popular base assets among the ETFs tracking foreign share indices are U.S. indices, S&P 500 and NASDAQ 100, that are tracked by ETFs with a total market cap of US\$ 7 billion.

Other popular indices include U.S. indices on the technology, cyber, biotechnology, industry and finance sectors; global indices for developed and emerging markets; all-European and national indices - Germany, U.K., Switzerland and France; select Asian indices - Japan, China, India and Australia.

In addition, commencing in August 2019, ETFs issued by leading foreign entities are traded in parallel on TASE and overseas.

International finance giant, **Blackrock**, was the first to list foreign ETFs for parallel trading on TASE - commencing in August 2019, Blackrock listed 23 foreign ETFs that are also traded in international exchanges under the iShare brand name. This year, it was joined by **Lyxor**, which listed its first three foreign ETFs. Lyxor, a European asset management specialist, is currently Europe's third-largest ETF manager. 16 of the ETFs track foreign share indices and 10 of the ETFs track foreign bond indices.

The public holdings of the 26 foreign ETFs is US\$ 0.7 billion at the end of 2021, US\$ 0.4 billion over their value at the end of 2020. The increase is almost fully attributed to purchases of ETFs on foreign share indices.

551 ETFs are traded on TASE on a wide variety of local and global equity and bond indices and on commodity indices, alongside 26 foreign ETFs on international equity and bond indices, which are also traded overseas and are managed by finance giants, Blackrock and Lyxor. The joint public holdings of ETFs and foreign ETFs, increased by US\$ 6.3 billion this year, crossing the US\$ 30 billion threshold for the first time;

Table 10: Market Capitalization and Purchases/Sales of ETFs* by the Public (US \$ billions)

	Number of ETFs	Market capitalization	market capitalization	Purchases/ (sales), net
	December 2021	December 2020	December 2021	Full year 2021
ETFs tracking share indices on TASE	89	8.2	11.7	-0.2
ETFs tracking foreign share market indices	290	10.3	11.9	-0.8
ETFs tracking bond market indices**, primarily local corporate bonds	172	9.5	10.3	0
Total	551	28.0	33.9	-1.0

* Excluding foreign ETFs.

** Including ETFs tracking government bond indices on TASE and tracking foreign corporate bond indices.

In 2021, the ETFs' market capitalization surged by US\$ 5.9 billion:

- The market capitalization of ETFs tracking **local share indices rose by US\$ 3.5 billion** - a US\$ 3.7 billion appreciation due to the increase in the share indices was partly offset by the public's net sales of US\$ 0.2 billion (primarily the sale of ETFs tracking the TA-125 index).
- The market capitalization of ETFs tracking **foreign share indices rose by US\$ 1.6 billion** - a US\$ 2.4 billion appreciation due to the increase in the share indices was partly offset by the public's net sales of US\$ 0.8 billion (primarily the sale of ETFs tracking the MSCI AC WORLD index).
- The market capitalization of ETFs tracking **bond indices**, primarily corporate bond indices on TASE, **rose by US\$ 0.8 billion** - a US\$ 0.8 billion increase in the market cap of ETFs on corporate bond indices on TASE, stemming from price rises, and a US\$ 0.2 billion increase in the market capitalization of ETFs on government bond indices, stemming from purchases made by the public, were partly offset by a US\$ 0.2 billion reduction in the market capitalization of ETFs on foreign bond indices resulting from sales by the public.

Table 11: Creations/Redemptions in Mutual Funds (US \$ billions)

	2021	2020
Funds specializing in TASE-listed shares	1.5	-0.9
Funds specializing in TASE-listed bonds	8.7	-4.8
Money market funds	-1.8	-1.8
Funds investing in foreign markets	1.3	1.7

Influenced by the market's recovery from the crisis and the price gains on the equity market and the bond market - **the public purchased mutual funds that invest in securities on TASE in a whopping amount of US\$ 10.2 billion**, primarily those investing in bonds (US\$ 8.7 billion), as well as **mutual funds that invest in foreign securities** in an amount of US\$ 1.3 billion.

On the other hand, due to the economy interest rate remaining unchanged in 2021, at 0.1%, the public sold **money market funds** in an amount of US\$ 1.8 billion, further to similar sales last year.

As of the end of 2021, there are 570 **tracking funds** on TASE that manage US\$ 22 billion. During the year, 110 new tracking funds were opened, raising US\$ 1.1 billion in aggregate.

It should be noted that this year the public has made significant purchases of ETFs and tracking funds on two local share indices:

- **TA-90 index** - US\$ 325 million
- **TA-Construction index** - US\$ 180 million

The public has also made significant purchases of ETFs and tracking funds on 3 local bond indices:

- **Tel Bond-CPI Linked A index** - US\$ 380 million
- **Tel Bond-CPI Linked AA-AAA index** - US\$ 142 million
- **Tel Bond-Composite index** - US\$ 101 million

Table 12: Average Daily Trading Volume in the ETF Market (US \$ millions)

	2021	2020
Share market ETFs	104	114
<i>% of total shares trading volume</i>	18%	21%
Bond market ETFs	39	43
<i>% of total non-government bonds trading volume</i>	14%	14%

Derivatives Market

Trading on the derivatives market was characterized by more moderate volumes than last year's, due to the lesser uncertainty and reduced volatility that had marked last year's trading. The trading volumes in 2021 exceed or are similar to those in pre-pandemic year 2019.

The average daily volume of trading in options on TA-35 index (monthly and weekly) totaled 106 thousand contracts in 2021, 5% below the volume last year, but 9% greater than the trading volume in 2019.

The reduced volume of trading in these options stemmed from the lesser volatility in the equity market, as reflected in the VTA35 index. The index dropped from 19 points at the beginning of the year to 11 points by mid-November 2021, settling at 15 points at the end of the year, with some fluctuations, this similarly to S&P VIX, which dropped from 23 points at the beginning of the year to 16 points by mid-November 2021, ultimately settling at 17 points.

The average daily trading volume of dollar options amounted to 47 thousand contracts in 2021, 13% below the volume in 2020, but 9% greater than the trading volume in 2019.

The reduction in the trading volume of these options resulted from the depreciation of the dollar, from NIS 3.215 at the end of 2020 to NIS 3.07 as of November 17, 2021 - the lowest exchange rate in 26 years. Consequently, the Bank of Israel continued to purchase the currency, bringing it up to NIS 3.11 at the end of the year. It should be noted that the dollar purchases, which exceeded US\$ 35 billion in 2021, brought the Bank of Israel's foreign currency balance to a historic high of US\$ 213 billion.

Table 13: TA-35 Index Options Turnover, 2017-2021

Year	Daily Volume in Monthly Options (thousands contracts)	Daily Volume in Weekly Options (thousands contracts)	Derivatives Liquidity ratio ⁽¹⁾	Maximum no. of open interest contracts (thousands)
2017	100	31	857%	816
2018	100	34	843%	583
2019	67	30	668%	346
2020	76	36	567%	411
2021	68	39	737%	349

(1) The ratio between the turnover of the TA-35 options, in the underlying asset terms, (delta-weighted, taking into account the probability that the options will be exercised) and the turnover of the TA-35 index shares.

Trading in TA-35 options was less active as a result of the lower volatility in the equity market, and the decreasing the trading volumes in dollar options despite dollar purchases by the Bank of Israel, influenced by the Federal Reserve's continued monetary easing and the unchanged U.S. interest rate;

Central Bank T-bills (Makam)

The daily average turnover of MAKAM (on-exchange and off-exchange transactions) totaled US\$ **99** million in 2021, 41% less than the volume last year. The reduction in the turnover relates to both on and off-exchange transactions.

The **prices of MAKAM** remained unchanged in 2021, as did the 0% yield-to-maturity.

In 2021, the **Israeli and international public holdings in of MAKAM** rose, reaching US\$ **37** billion at the end of the year, as compared to US\$ 27 billion and US\$ 34.7 billion at the end of 2020 and 2019, respectively. The Bank of Israel has increased capital raising with MAKAM in 2021 by US\$ 10 billion as a way of curbing the climbing inflation rate without changing the interest rate in the economy.

According to the Bank of Israel data, in the period from January to October 2021, **foreign investors purchased MAKAM on TASE** in an amount of US\$ 6.5 billion, further to net purchases of US\$ 0.9 billion in 2020.



TASE IN 2021

TASE Reaches Out To the Public

TASE is dedicated to strengthening its ties with the public and enhancing the public's involvement and participation in the success of the Israeli economy, particularly in view of the Israeli public's growing interest in capital market investments. This year, too, TASE persevered on its quest to expand the knowledge base, improve the accessibility of trading data and promoting trading at lower fees and in smaller amounts.



Campaign billboard

“Worth to Compare” = The comedian Adi Ashekenazi and Zufer Avdija Called the Public to Compare Trading Fees

In May this year, TASE launched a campaign for increasing the awareness to the rates of the commissions that are paid by the public, using a simple, free and easy comparison on TASE's fees calculator, which can reduce the investors' double-digit rates.

The campaign is another step in TASE's strategy of removing trading barriers and making the capital market accessible to the public, in order to allow the public to enjoy a bigger share of the success of the local companies and the Israeli economy. As a result of insufficient financial education the public is, among others, unaware of the amount of fees that it pays and that it is possible to significantly reduce those fees. Financial illiteracy is also a contributing factor to the insufficient presence of the public in trading on TASE and in long-term financial investments. Which close to NIS 640 billion of the public's savings money which is sitting in current accounts.

TASE believes that increasing the public's awareness to the matter is of great value, more so in view of the growing number of new investors in the capital market. In 2020, close to 141 thousand new accounts were created, with a 170% surge in the number of accounts opened in brokerage firms, a trend that continued well into 2021, with close to 140 thousand new accounts.

“Financial Training” Campaign - Lead by the Sportscaster Zuhair Bahalul and TASE Premiere Football League Players

In December, TASE aired a new campaign that encourages the public to learn more about the capital market and the variety of investment products that are available on TASE. The campaign is part of TASE's multiannual cooperation with the Israeli Professional Football Leagues. The campaign is led by journalist and mythological sportscaster, **Zuhair Bahalul**, alongside Premiere League players.

Over the past year, TASE and the IPFL conducted a “financial training” program, the first of its kind in Israel, for Premiere League footballers. As part of the program, the players met with TASE professionals to learn more about the financial management of their pensions and savings, investment products, diversification of risks, managing a budget, etc. Footballers, similarly to other professional athletes, have a unique financial challenge, as their career is naturally relatively short, lasting 12-15 years. This makes the smart use of investment tools and a long-term financial perspective imperative. The new campaign included the launch of a “financial training” website (in Hebrew) that makes basic terms and relevant information available to novice investors, mainly those who are taking their first steps in the capital market, alongside Q&As and smart investment tips. The campaign will run until the end of the football leagues season in May 2022.



TASE Launches New Indices and Sectors

The growing number of IPOs on TASE since the beginning of 2021 to date, with 107 new companies listed on TASE, has greatly diversified the range of sectors in the TASE family of public companies. To address this, TASE has opened new subsectors, lightening the load on the larger subsectors while creating dedicated subsectors. This is part of TASE's strategy of constantly expanding the range of products.

Following are the new subsectors and indices launched over the past year:

New Subsectors on TASE

Three new technology subsectors - **Robotics & 3D, Renewable Energy and FoodTech**. The Technology Sector includes **144** companies and, after the split, comprises **12** subsectors.

The Financial Services Sector has been broken down into two new subsectors - the **Non-Banking Credit** Subsector and the existing **Financial Services Subsector**.

The Commerce Sector was split into the **Retail** Subsector, which comprises companies that operate retail chains, including online, food, household products, shoes and clothing, and electrical appliances chains. The existing Commerce Subsector continues to comprise companies that engage in the trade, import and marketing of food products, consumables and raw materials, excluding retail chains.

New Indices

TA-Cannabis

TA-Cannabis index, launched in February this year, comprises shares that are included in the Cannabis Subsector under the Biomed Sector. The index comprises 10 shares with a market cap of NIS 1.6 billion. The Cannabis Subsector includes companies that are primarily engaged in the fields of research, cultivation, sale or production and marketing of medical cannabis products.

[For additional information](#)

TA-Dual Listing

TA-Dual Listing index, launched in June this year, comprises dual-listed shares that are included in the Tamar Universe. The index that comprises dual listed shares will underscore TASE's pivotal role as a hub for Israeli companies listed overseas that have not yet listed on TASE. Furthermore, the high tradability of dual listed companies is an attractive feature for investors, which value liquidity. The trading on TASE represents 29% of total trading on TASE and overseas. Dual listed shares enjoy exposure to both Israeli and foreign investors as well as a broader analytical coverage, as international companies operating in multiple markets globally.

[For additional information](#)

TA-Retail

TA-Retail index was launched in August this year. The new index was launched within the framework of TASE's research and development of new indices and in requests by capital market players for an new index that focuses on physical and online retail chains specializing in the retail marketing of a wide variety of consumer products. Therefore, the Commerce Subsector was divided into two subsectors: "Retail" and "Commerce". The new index comprises 20 companies that operate retail chains, including online, food, household products, shoes and clothing, and electrical appliances chains, which are classified to the Retail Subsector and are included in the Tamar Universe, with a weight cap of 10% for shares included in the index.

[For additional information](#)

Upgrading of the “Insurance Shares and Convertibles” Index into TA-Insurance Index

The veteran Insurance Shares and Convertibles Index was renamed **TA-Insurance index** in June this year and transformed into a continuous index. The index comprises Insurance sector shares that are included in the Tamar Universe, with a weight cap of 20% per share in the index, and is governed by the methodology that applies to Tamar Universe indices. Insurance is one of the principal sectors of the Israeli economy, with significant presence on TASE. Israeli insurance companies have been attracting growing interest from investors, with several material investments being secured, including growing interest by Insuretech investors. TA-Insurance index is exclusively comprised of shares of insurance companies and is expected to draw high demand from both institutional investors, which are often bound by regulatory restrictions that prohibit their direct exposure to insurance shares at the desired scope, and from the public, which will be able to enjoy exposure to investment products on an index that is dedicated to the local insurance companies.

[For additional information](#)

New Bond indices - All-Bond Indices

In May this year, TASE launched a new series of All-Bond indices that are calculated methodically and in real time - “All-Bond General”, superseding the All Bonds index and “All-Bond CPI Linked”, superseding the CPI-Linked Bonds index. Two more new indices were launched - “All-Bond Shekel”, comprising fixed-coupon unlinked government and corporate bonds, and “All-Bond Variable”, comprising variable-coupon unlinked government and corporate bonds. These indices facilitate investment in a single index that comprises both government bonds and corporate bonds.

[For additional information](#)



New TASE Members

The Phoenix Insurance Company joins TASE as a Custodial Member

This past November, the TASE Board of Directors approved The Phoenix's joining TASE as a "Custodial Member", which will enable it to transact directly on TASE's lending platform. The Phoenix has a market cap of NIS 10 billion, the highest among the insurance companies listed on TASE, and manages assets of close to NIS 300 billion. The Phoenix is the first Israeli institute joining TASE as a custodial member - a member that manages the assets of its clients on TASE and receives TASE's clearing and custodial services, but may not trade on TASE as a member.

Fintech Company, Fair Financial Technologies, to Become a TASE Member

This past December, the TASE Board of Directors approved fintech company, Fair Financial Technologies as a TASE member. Fair is planning to create a user-friendly digital platform for the distribution of open-end mutual funds to the public. Fair is part of a group that includes F.M.R. Computers & Software, which provides operating and IT services to TASE members, banks and investment houses. Another member of the group is Slice Gemel, a mutual funds management company. Fair's move is intended to allow the public to enjoy more direct, advanced, affordable and accessible trading services, for the purpose of promoting technological innovation in the capital market and driving down the cost of financial services relating to open-end mutual funds.



TASE UP New Participants

In 2021, private high-tech companies and a venture capital fund were the first to join TASE UP, an innovative private market platform that allows tech companies to raise capital without the burden of performing an IPO. On TASE UP, private companies can access capital from institutional and accredited investors and remain private.

[For additional information](#)

Startup Company, VEEV

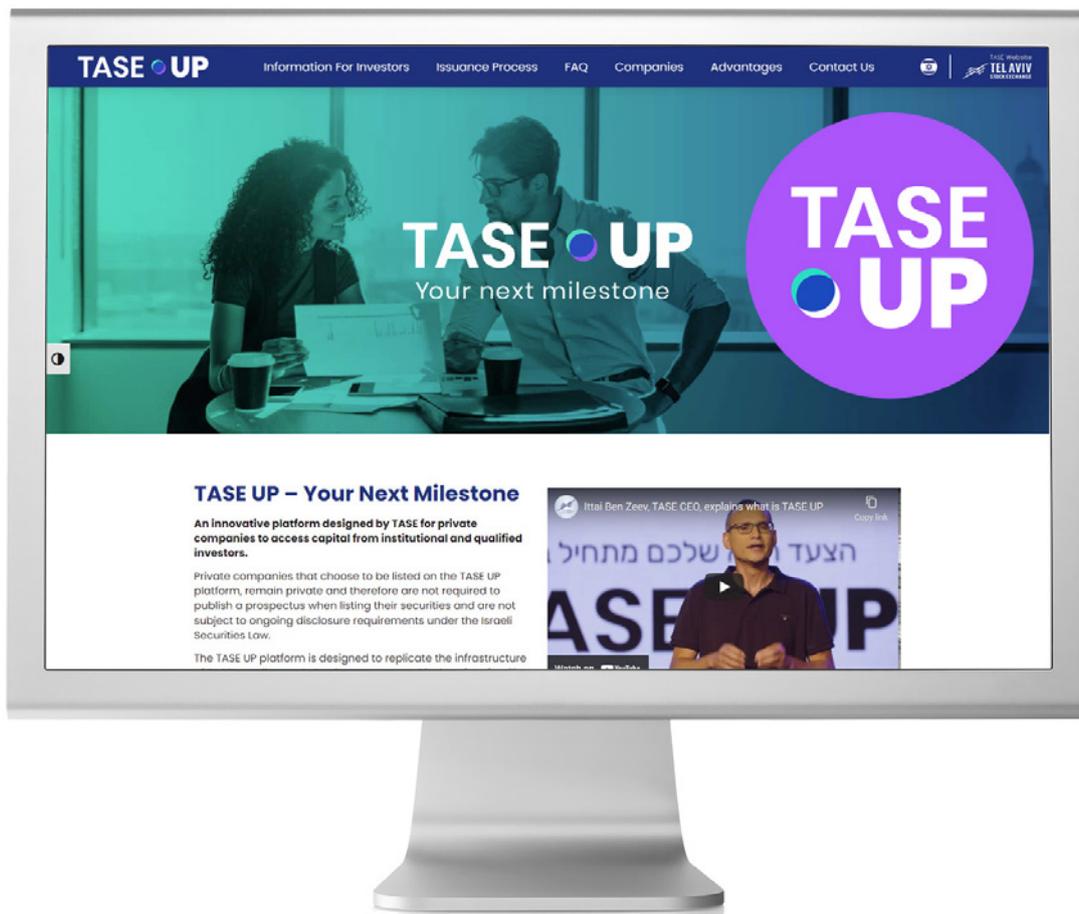
building method that is based on automation and prefabrication. The company has close to 300 employees at its offices in Tel Aviv and San Mateo (Silicon Valley). The company raised US\$ 100 million and in March listed its shares on TASE UP.

VC, Group 11

Silicon Valley's venture capital fund, Group 11, led by Dovi Frances, listed its participating units on TASE UP in November. Group 11 invests in revolutionary tech companies from the financial services industry. The fund raised US\$ 200 million and in March listed participation units of the fund on TASE UP. The Fund has allotted US\$ 5 million to accredited investors. Group 11 is considered a top 1% performing fund.

PSC

PSC is the first Israeli hemp and CBD company operating in the United States, where it has established a broad network. The company also operates in Europe and Israel. In August, the company raised US\$ 6 million via FUNDIT's digital platform and listed on TASE UP.



TASE Aligns With International Standards

The Base Price on the First Day of Trading is Determined Based on the Issuance Price

Since last June, TASE determines the base price for a security as the issuance price. This move is intended to enable investors to start following the value of the security and assess the performance of the share in real time. The change allows the calculation of yield from the first day of trading and serves as an important tool for researchers and investors in calculating the yield on the share based on its value. This move allows for a transparent calculation of the yield on the security as well as a better understanding of the economic opportunity embodied in the purchase or sale of the new security.



Transparency of Trading - Full Order Book - Market by Order

TASE has recently launched a new data distribution service that includes the full order book (MBO - Market by Order data protocol). Until now, only the five highest price levels were distributed to the market at any given time per security. Following the launch of the service, market players are able to view all price levels in the market, as well as the composition of orders within the price levels. This information service is common practice in leading global exchanges, and by launching it, TASE aligns with international standards. The new data feed will be distributed alongside the current market-by-price data feed.

TASE Enables Global Exposure

Europe's Third-Largest ETF Provider, Lyxor, Launches Non-Domestic ETFs

Lyxor, a European asset management specialist and the third-largest ETF manager in Europe listed its first ETF on TASE this past April. Israeli investors' increasing appetite for non-domestic ETFs is also reflected in the 23 non-domestic ETFs listed on TASE by BlackRock in August 2019. Having crossed the NIS 1 billion threshold in February 2021, the Israeli public currently holds NIS 2 billion in non-domestic ETFs. Lyxor has recently listed another 2 ETFs: Lyxor S&P500 UCITS ETF and Lyxor NASDAQ100 UCITS ETF and is planning to list further ETFs in the future.

[For additional information.](#)

For the First Time - Listing of Israeli Government Foreign Currency Bonds

This October, foreign currency Israeli Government bonds issued overseas were listed on TASE, further to a joint initiative of the Accountant General and TASE. The listing will make it easier for investors to trade in the foreign currency bonds, with transparency and at relatively lower costs than before. Initially, 3 series of dollar Government bonds and 3 series of Euro Government bonds were listed, in a total amount of NIS 41 billion. The trading in the global bonds is carried out in Israeli Shekel, while the anticipated payments to the holders of the bonds (interest) will be made in the currency in which the bond is denominated.

[For additional information](#)



Opening of the UAE's Embassy in TASE Building

This July, The United Arab Emirates have officially and historically opened its Embassy in Israel, located in the Tel Aviv Stock Exchange Building. The event began with the raising of the UAE's flag outside of TASE building, after which the UAE National Anthem was played. The event was held in the presence of the President of Israel, HE Isaac Herzog and UAE Ambassador to Israel, HE Mohamed Al Khaja, who made their remarks and led the ribbon-cutting ceremony. The event concluded with honorary guests officially opening the trade-day, pushing the TASE buzzer on stage.



The flag raising ceremony in the presents of UAE Ambassador to Israel, HE Mohamed Al Khaja and President of Israel, HE Isaac Herzog.



From right to left: Mr. Ittai Ben Zeev, TASE CEO; Former Foreign Affairs Minister of Israel, Mr. Gabi Ashkenazi; UAE Ambassador to Israel, HE Mohamed Al Khaja; the President of Israel, HE Isaac Herzog; UAE Minister of State for Food and Water Security, HE Mariam Almheiri; Mayor of Tel Aviv-Yafo, Mr. Ron Huldai; Former TASE Chairman, Mr. Amnon Neubach.

TASE Advances ESG

Environmental, Social and Corporate Governance (ESG) has been gathering momentum locally and globally in recent years, both among the companies and among investors, who are considering corporate social responsibility aspects alongside business performance in making investment decisions.

TASE prioritizes the advancement of ESG among its listed companies, as reflected in its ESG-related undertakings in the past year:

The First ESG Conference for public companies

This last October, TASE held its first ESG Conference for public companies. The Conference, held in the presence of Ms. Tamar Zandberg, Minister of Environmental Protection, revealed that Israeli companies still have significant catching-up to do in ESG reporting. Today, only 21 of the 125 companies of TASE's TA-125 flagship index issue such reports, as compared to 90% of the companies in the S&P-500 index. Nevertheless, this number is expected to double in the coming year, as government funding has been approved for an additional 22 Israeli public companies towards the publication of an ESG report.

Joining the U.N.'s Initiative

During the year, TASE has joined the U.N.'s SSE Initiative, launched in 2009, for the encouragement of exchanges' involvement in the advancement of ESG. The purpose of the initiative is to increase the cooperation between exchanges and collect data regarding their ESG performance. 110 international exchanges partake in the initiative, including TASE.

[For additional information on the U.N.'s Initiative](#)

New Green Indices

TASE has launched two green indices - TA-125 Fossil Free and Cleantech to accompany the veteran Maala index and is planning to launch more ESG indices. Currently, only 45 out of the 112 exchanges that partake in the U.N.'s SSE Initiative publish green indices.

Diversification - Building Up the Future of Women CEOs in Israel



The participants in the first Future Women CEOs course.

For the first time in Israel, TASE and Supersonas open a training program for women CEOs in public companies. The first class of the School for Future Women CEOs in Israel opened in January 2021, designed for women holding executive positions in companies that are listed on TASE, who aim to climb the ladder towards CEO and directorship positions. The objective of this course was to increase the number of women serving in senior executive positions in the Israeli economy, thereby reducing gender inequality in the Israeli job market. In view of the success of the first course, another course is scheduled to open in 2022.

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Bank Leumi Le-Israel	Carine Wiener Perlmutter	972-52-8904390	972 76 8857327	972 76 8858548	custody-cash@bll.co.il carine.wiener-perlmutter@bankleumi.co.il	https://english.leumi.co.il/LEFullArt/Custody_and_Cash_Relations/9785/
Bank Massad	Iris Nisankoren		972-3-5641359	972-3-7170555	Nisankoren.Iris@bankmassad.co.il	www.bankmassad.co.il
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Bank of Jerusalem	Yinon Nir	972-54-4554060	972-76-8095560	972-3-6251017	yinonn@bankjerusalem.co.il	https://www.bankjerusalem.co.il/en
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Mercantile Discount Bank	Zion Beker	972-54-8002130	972-76-8044999	972-76-8044917	zionb@mdb.co.il	https://www.mercantile.co.il/MB/en
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	Dafna Zucker		972-3-5196224		zucker.d@fibi.co.il	
Union Bank of Israel	Shachar Rotbard		972-3-5191911	972-3-5191911	shachar@ubi.co.il	https://www.unionbank.co.il/igud/en/homepage
Brokerage Firms	contact Person	Cell	Tel	Fax	E-mail	Web Site
Excellence Investments Management and Securities	Zach Herzog	972-58-4220572	972-3-7538604	972-3-7536633	Zach.Herzog@xnes.co.il	https://www.xnes.co.il/main/
Israel Brokerage and Investment I.B.I	Lital Kost	972-54-4775718	972-3-5193452	972-3-5193456	lital@ibi.co.il	https://www.ibi.co.il/?lang=en
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Psagot Securities	Dana Sadot	972-50-5874189	972-3-7968652	972-3-7968835	Dana.Sadot@psagot.co.il	https://www.psagot.co.il/eng/pages/default.aspx
UBS Securities Israel	Amir Lev	972-54-8002133	972-9-9600114	972-9-9600124	amir.lev@ubs.com	www.ubs.com
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	Belinda Mar				belinda.mar@bofa.com	



TABLES

All the data in this review are in dollar terms, with the exception of index returns that are in the local currency - unless stated otherwise. In 2021, the dollar depreciated by 3.3% relative to the NIS.

TA-35 Index Companies

Table 14: Market Capitalization and Weighting

	SECURITY	MARKET CAP 31.12.2021 (US\$ millions)	WEIGHTING ⁽¹⁾
1	Bank Leumi	15,627	7.5%
2	Bank Hapoalim	13,584	7.1%
3	Nice ⁽²⁾	19,635	6.7%
4	Bank Discount	7,766	6.3%
5	ICL ⁽²⁾	12,656	6.2%
6	Teva ⁽²⁾	9,502	6.1%
7	Mizrahi Tefahot Bank	9,814	4.8%
8	Elbit Systems ⁽²⁾	7,682	3.8%
9	Tower ⁽²⁾	4,287	3.5%
10	Nova ⁽²⁾	4,138	3.4%
11	Azrieli Group	11,581	3.3%
12	Perrigo ⁽²⁾	5,392	3.3%
13	Bezeq	4,597	3.0%
14	Ormat Technologies ⁽²⁾	4,213	2.9%
15	Alony Hetz	3,218	2.6%
16	Melison	4,419	2.2%
17	Mivne	3,443	2.2%
18	International Bank	4,145	2.0%
19	Liveperson ⁽²⁾	2,396	2.0%
20	Opko ⁽²⁾	3,342	1.9%
21	Shufersal	2,216	1.8%
22	Big	3,414	1.7%
23	Israel Corp.	3,378	1.7%
24	Phoenix	3,268	1.6%
25	Airport City	2,813	1.4%
26	Strauss Group	3,647	1.3%
27	Amot	3,574	1.3%
28	Shikun & Binui	2,707	1.3%
29	Electra	2,655	1.3%
30	Shapir Engineering	3,158	1.2%
31	Harel Investments	2,415	1.2%
32	Ashtrom Group	2,738	1.0%
33	Maytronics	2,733	1.0%
34	OPC Energy	2,249	0.7%
35	Energix	2,072	0.7%
	Total	194,474	100.0%

Table 15: Daily Turnover

	SECURITY	DAILY TURNOVER ⁽³⁾ (US\$ thousands)
1	Bank Leumi	26,607
2	Bank Hapoalim	24,986
3	Nice ⁽²⁾	17,838
4	Bank Discount	14,717
5	Mizrahi Tefahot Bank	13,355
6	Teva ⁽²⁾	12,974
7	ICL ⁽²⁾	12,301
8	Elbit Systems ⁽²⁾	7,195
9	Ormat Technologies ⁽²⁾	7,162
10	Azrieli Group	6,404
11	Bezeq	6,209
12	Perrigo ⁽²⁾	5,661
13	Tower ⁽²⁾	5,493
14	International Bank	5,022
15	Shufersal	4,565
16	Nova ⁽²⁾	4,385
17	Alony Hetz	3,988
18	Phoenix	3,870
19	Melison	3,777
20	Israel Corp.	3,692
21	Liveperson ⁽²⁾	3,688
22	Energix	3,463
23	Mivne	3,332
24	Big	3,199
25	Harel Investments	3,152
26	Maytronics	3,101
27	Shikun & Binui	3,077
28	Amot	3,038
29	OPC Energy	2,343
30	Strauss Group	2,330
31	Airport City	2,308
32	Ashtrom Group	2,277
33	Opko ⁽²⁾	2,107
34	Electra	1,988
35	Shapir Engineering	1,653
	Total	231,259
	Of Total Turnover	55%

(1) The weight is calculated according to the value of the float in each share. Weighting is adjusted according to the 7% cap - updated monthly.

(2) A Dual-Listing company.

(3) Not including off exchange transactions.

Table 16: Capital Raised by Security Types, 2012-2021 (US \$ millions)

Year	Shares & convertibles		Government Bonds - Gross ⁽³⁾ Tel-Aviv	Corporate Bonds			ETPs ⁽⁴⁾
	Tel-Aviv ⁽¹⁾	Abroad ⁽²⁾		Corporate Bonds ⁽¹⁾	TASE UP bonds ⁽⁵⁾	Total	
2012	889	171	21,326	7,316	1,008	8,324	144
2013	1,690	440	18,200	9,545	473	10,018	296
2014	2,146	1,876	14,525	10,321	5,547	15,868	116
2015	1,428	8,591	9,965	14,072	249	14,321	45
2016	1,804	5,860	12,361	16,518	842	17,360	24
2017	3,407	589	12,829	20,500	1,120	21,620	933
2018	1,858	622	12,912	14,967	3,607	18,574	674
2019	3,759	787	19,542	19,305	1,077	20,382	930
2020	4,967	2,219	38,347	15,074	4,132	19,206	461
2021	7,973	1,107	32,014	24,257	5,223	29,480	67
Change in 2021	61%	-50%	-17%	61%	26%	53%	-85%

(1) Including direct offers, private placements and exercise of warrents. Excluding TASE UP shares.

(2) In 2015 including US\$ 7.4 billion raised by TEVA through public shares offers in USA.

In 2016 including US\$ 5.5 billion raised by TEVA through private placement to Allergan.

(3) Excluding borrowed bonds from the Government Bonds Lending Facility.

(4) Till 2018 Including deposit notes and structured bonds. Since 2019 Including structured bonds.

(5) Including bonds to institutions abroad that listed on TASE UP - US\$ 3.2, 1.0, 3.3 and 4.1 billions in 2014, 2018, 2020 and 2021 respectively.

Table 17: Daily Turnover⁽¹⁾, 2012-2021 (US \$ millions)

Year	The Equity Market			The Fixed Income Market				Treasury Bill	Total
	Total	Thereof:		Total	Thereof:				
		Shares & Convertibles	ETPs ⁽²⁾		Government Bonds	Corporate Bonds ⁽⁵⁾	ETPs ⁽²⁾⁽³⁾		
2012	279	223	56	1,063	800	188	75	165	1,507
2013	324	248	76	1,202	920	210	72	160	1,686
2014	339	237	102	1,186	901	204	81	179	1,704
2015	373	252	121	1,070	789	198	83	131	1,574
2016	330	240	90	979	712	216	51	90	1,399
2017	390	306	84	1,011	726	248	37	60	1,461
2018 ⁽⁴⁾	391	313	78	1,025	736	251	38	120	1,536
2019	365	303	62	985	735	223	27	116	1,466
2020	540	426	114	1,201	888	270	43	168	1,909
2021	581	477	104	1,216	936	241	39	99	1,896
Change in 2021	8%	12%	-9%	1%	5%	-11%	-9%	-41%	-1%

(1) Including off-the floor transactions.

(2) Till 2018 ETNs, since 2019 ETFs

(3) Till 2018 including deposit notes and structured bonds.

(4) In 2018 not including off-floor trading of exchange-traded products (ETPs) that were unusually large in scope due to the conversion of ETNs to ETFs under the reform implemented in the last quarter of the year.

(5) Since 2019 Including structured bonds.

Table 18: Market Capitalization of Securities, 2012-2021 (US \$ billions)

Year	The Equity Market		The Fixed Income Market				Treasury Bills
	Shares & convertibles	ETPs ⁽¹⁾	Government Bonds	Corporate Bonds ⁽³⁾	TASE UP	ETPs ⁽¹⁾⁽²⁾	
2012	161.8	9.3	123.1	69.9	10.0	11.1	31.4
2013	203.3	16.2	138.5	78.1	9.7	16.9	36.2
2014	200.6	18.1	127.6	67.8	12.6	16.0	33.4
2015	243.6	19.1	128.8	70.2	11.9	11.4	29.7
2016	213.9	18.6	129.7	78.2	11.7	10.4	27.3
2017	231.0	21.6	141.9	94.8	12.4	11.3	26.5
2018	187.6	16.0	129.1	89.5	11.9	7.1	28.8
2019	237.2	18.5	154.2	108.3	10.6	8.4	34.7
2020	262.0	18.8	196.2	110.5	10.3	9.5	27.1
2021	361.6	24.3	226.8	126.1	10.7	10.4	37.0

(1) Till 2017 ETNs Public Holdings. Source: Bank of Israel. Since 2018 - Market capitalization of ETFs. Source: TASE.

(2) Till 2018 Including deposit notes and structured bonds.

(3) Since 2019 Including structured bonds.

Table 19: Annual Yields of the Equity Indices, 2012-2021
(%, in local currency terms)

Year	TA-35 ⁽¹⁾	TA-125 ⁽¹⁾	TA Global-BlueTech ⁽²⁾	TA-Finance	TA-RealEstate ⁽³⁾	General Share
2012	9.2	7.2	15.6	23.1	14.1	4.5
2013	12.1	15.1	8.6	18.8	26.0	15.3
2014	10.2	6.7	-5.2	-7.7	0.9	11.5
2015	4.4	2.0	1.6	4.0	1.1	6.8
2016	-3.8	-2.5	15.3	19.2	17.0	-11.0
2017	2.7	6.4	-2.2	26.6	23.4	-1.1
2018	-3.0	-2.3	-10.6	-0.3	-10.9	-3.9
2019	15.0	21.3	18.6	23.7	73.2	17.8
2020	-10.9	-3.0	37.6	-7.6	-4.6	-0.4
2021	32.0	31.1	1.6	53.3	53.4	30.9

(1) Till February 2017 TA-35 was TA-25 and TA-125 was TA-100.

(2) Till June 2014 - BlueTech-50. Till February 2017 - BlueTech.

(3) Till February 2017 - RealEstate-15.

Table 20: Annual Yields of the Bonds Indices, 2012-2021
(%, in local currency terms)

Year	General Bond	Government Bond Indices		Corporate Bond Indices				
		CPI Linked Bonds	Non Linked Bonds	CPI Linked Bonds			Non Linked Bonds Tel Bond-Shekel	Dollar Linked Bonds
				Total	Thereof: Tel-Bond 20	Thereof: Tel-Bond 40		
2012	8.8	9.4	7.0	10.3	7.9	9.1	7.4	7.3
2013	5.4	3.0	4.0	9.5	5.9	6.9	5.9	-0.2
2014	4.7	5.8	7.2	1.0	1.0	0.6	4.0	3.3
2015	1.8	-0.2	2.8	0.8	-1.1	0.2	4.7	5.5
2016	2.1	0.7	1.2	4.1	2.9	1.7	2.4	9.4
2017	4.7	3.4	3.6	6.2	7.1	4.4	7.5	-1.7
2018	-1.5	-1.4	-1.2	-0.8	-1.1	-0.4	-4.3	5.1
2019	8.7	10.3	8.3	7.9	8.2	6.5	8.6	2.5
2020	0.8	1.2	1.3	0.0	-0.2	0.1	-0.1	-2.8
2021	3.9	7.4	-0.8	8.7	8.4	7.4	3.0	5.7

Table 21: ETFs Market of TASE⁽¹⁾, 2021

Index	Number of ETFs December 2021	Market Capitalization December 2021	Market Capitalization December 2020	Net ETFs purchases/selling by the public, 2021	
					(US \$ millions)
Shares indices	TA-125	13	2,885	2,681	-625
	TA-35	13	1,865	1,304	125
	TA-90	11	1,770	1,151	220
	Other local shares indices	52	5,173	3,095	117
	Total ETFs on TASE share indices	89	11,693	8,231	-163
	Total ETFs on foreign share indices	290	11,891	10,299	-780
	Total ETFs on share indices	379	23,584	18,530	-943
Bonds indices	Tel-Bond 60	16	2,265	2,060	-45
	Tel Bond-Shekel	17	1,390	1,411	-113
	Tel-Bond 20	10	1,220	1,170	-80
	Tel Bond Shekel-50	5	690	592	65
	Other bonds and goods indices	124	4,762	4,285	130
	Total ETFs on bond indices	172	10,327	9,518	-43
Total	551	33,911	28,048	-986	

(1) All data are excluding Cross listed ETFs



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