



**-Convenience Translation Only
The Hebrew immediate report is the binding report-**

May 9th, 2021

The Phoenix Holdings Ltd. ("the Company")

To	To
The Securities Authority	The Tel Aviv Stock Exchange Ltd.
www.isa.gov.il	www.tase.co.il

Re: Submission of an Offer to Acquire the Full Shares of Psagot Mutual Funds Ltd.

The Company hereby announces that on May 6th, 2021, K.S.M Sal Certificates Holdings Ltd. ("**K.S.M Holdings**"), a subsidiary of Excellence Investments Ltd. which is being controlled indirectly by the Company, [submitted an offer, together with Y.D, More Investments Ltd. (hereinafter "**More**"), to purchase the full shares of Psagot Mutual Funds Ltd., which manages the mutual funds of the Psagot Group ("**Psagot Funds**"), Psagot Securities Ltd. ("**Psagot Securities**") and Psagot Compass Investments Ltd. ("**Compass**") (Psagot Funds, Psagot Securities and Compass will be hereinafter referred to as "**Acquired Companies**"; K.S.M Holdings and More will be hereinafter referred to as: "the **Offerors**") from Psagot Investment House Ltd. ("the **Seller**" and "the **Offer**").

The Offer was submitted as part of a bidding process conducted by the Seller for the sale of the shares of the Acquired Companies (the "**Sale Procedure**"), and it was submitted at a total price of NIS 561 million plus a commitment to pay additional consideration in an amount derived from the Companies' net profit from 1.1.2021 until the actual acquisition date. On May 9th, 2021, the Offerors announced to the Seller that they are improving the Offer so that it would amount to NIS 584 million, following the Seller's announcement that it had received a higher offer from another offeror. The Offer reflects a consideration of activity value in the amount of approximately NIS 420 million for the Acquired Companies, on the basis of zero debt and zero cash as of December 31st, 2020.

As part of the Offer, the full shares of Psagot Funds will be purchased by K.S.M Holdings, and the full shares of Psagot Securities and Compass will be purchased by More. The consideration that K.S.M Holdings will pay for the purchase of Psagot Funds, if and to the extent that the Offer is accepted, is NIS 377 million.

The acquisition of the Acquired Companies will be made together with the direct employees of the Acquired Companies.

In addition, an agreement was signed between the Offerors regarding the mutual rights and commitments of the Offerors in connection with the submission of the Offer and the

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acquisition of the Acquired Companies, as well as arrangements regarding the possibility of selling partial mutual funds activity and managed portfolios activity between the Offerors.

The completion of the acquisition of the Acquired Companies, if and to the extent that the Offerors' Offer is selected, is subject, inter alia, to the receipt of the required permits from the Israel Securities Authority, the Tel Aviv Stock Exchange Ltd., the approval of the Competition Commissioner as well as approvals from third parties, as required.

The Offer includes the payment of a fine of NIS 10 million to the Seller if the acquisition of the Acquired Companies is not completed due to non-receipt of regulatory approvals. In light of the identity of the Offerors, the permits and licenses that are already in their possession in the sector of activity, their status and reputation as well as their financial strength, the Offerors estimate that they will be able to obtain the required permits within the required schedules.

The Offer is subject to the Seller's decision, as part of the Sale Procedure, to enter into an agreement with the Offerors, as well as a final agreement between the Offerors and the Seller on the terms of purchase. There is no certainty that the Offerors' Offer will be selected.

The Offer, including the improvement of the consideration as stated above, is valid until May 10th, 2021 at 17:00 p.m. If and to the extent that the Offer expires and/or if K.S.M Holdings enters into a binding agreement with the Seller for the purchase of Psagot Funds, the Company will report on the aforesaid, in accordance with the provisions of the law.

The Company's assessments in connection with the Offer, entering into a binding agreement and its terms are forward-looking information, as defined in the Securities Law, 5728-1968. These assessments may not materialize or materialize in a manner and at different times than estimated by the Company, due in part to factors beyond the Company's control, including the Seller's decision regarding the "winning offeror" and the existence of other preconditions.

Respectfully,

The Phoenix Holdings Ltd.

c/o Attorney Meni Neeman, Legal Counsel
and Secretary of the Company