

Dear Client,

Under Section 16 of the provisions of the Regulation of Investment Advice, Investment Marketing and Investments Portfolio Management Law, 5755-1995 (the "**Law**"), Altshuler Shaham Investment Portfolio Management Ltd. (the "**Company**"), as a portfolio manager engaged in management of investment portfolios or investment marketing, is entitled within the framework of its investment marketing or portfolio management activities, as applicable, to prefer a financial asset with which it is affiliated, over other financial assets similarly suitable to the client and with which it has no affiliation, as long as all disclosure requirements in regard to the client, have been fulfilled.

The Company is affiliated to an institutional body (as such term is defined by law) and is an affiliated corporation of Altshuler Shaham Mutual Funds Management Ltd (hereinafter the "**Fund Manager**"), Altshuler Shaham Provident Funds and Pension Ltd. Therefore, the Company has an affiliation with the mutual funds managed by the Fund Manager and affiliation with the provident funds and pension funds managed by Altshuler Shaham Provident Funds and Pension Ltd.

The list of mutual funds and provident funds, managed by the Fund Manager and Altshuler Shaham Provident Funds and Pension Ltd, updates regularly in the Company's website.

As part of the portfolio managing, the Company combines mutual funds, managed by the Fund Manager, that as of today manages 57 mutual funds¹, as follow:

Altshuler Shaham (4B) Sufa Equity; Altshuler Shaham (00) Shiklit Stocks Free; Altshuler Shaham (00) Shiklit Medium Term; Altshuler Shaham (0B)(!) Bonds, Stocks Free Portfolio; Altshuler Shaham (4D) The Green Fund; Altshuler Shaham (0B) Corporate Bonds Stocks Free; Altshuler Shaham (2B) 25-75; Altshuler Shaham (00) Ksafim Financial Contribution for The Community; Altshuler Shaham (0D) (!) Global Bonds Stocks Free; Altshuler Shaham (6F) Options Fund; Altshuler Shaham (40) Yeter; Altshuler Shaham (2B) 85-15; Altshuler Shaham (1B)(!) Opportunity Bonds; Altshuler Shaham (00) Index Linked Government Bonds Stocks Free; Altshuler Shaham (0B) Portfolio Without Stocks; Altshuler Shaham (00) Floating Interest; Altshuler Shaham (4D) Protected Foreign Currency Global Equity; Altshuler Shaham (1A) Government Bonds +10%; Altshuler Shaham (0D)(!) Protected Foreign Currency Global Bonds; Altshuler Shaham (1B) 90-10; Altshuler Shaham (00) Tel Bond; Altshuler Shaham (1A) Makam Plus; Altshuler Shaham (4B) Real Estate; Altshuler Shaham (2D) Global Portfolio Bonds & Equity; Altshuler Shaham (0D) Global Bonds Stated In USD; Altshuler Shaham (0A) Government Bonds Without Stocks; Altshuler Shaham (0A) A And Higher Rated Corporate Bonds; Altshuler Shaham (0A) GSE Corporate Bond Analysis; Altshuler Shaham (0B) Portfolio Number 1 Without Stocks; Altshuler Shaham (2C) Investment Portfolio +15%; Altshuler Shaham (0B)(!) Global Bonds Protected Foreign Currency; Altshuler Shaham (4B) Developed Markets Protected Foreign Currency; A.S Smartbeta (4A) Multi Factor TA 125²; A.S Smartbeta (4A) Low

* Until the 20th of February 2017 the fund was managed by Menora Mivtachim Mutual Funds Ltd, that was merger to the Fund Manager in a statutory merger; due to the merger, the fund name was changed so that instead of the combination "Menorah Mivtahim", the combination "Altshuler Shaham" shall be written.

¹ The above information is not to be viewed as a commitment by Altshuler Shaham to achieve excess yields. The above are not to be viewed as a proposal for purchasing funds units. The purchase of funds units is based on the fund's annual report prospectuses, accurate to the day of the purchase and immediate reports at the time of the purchasing, and immediate reports. The above are not to be viewed as a substitute for marketing of investments tailored to customer's needs. The funds are tax exempted. Adding exclamation mark (!) to the fund name means that the fund may be expose to corporate bonds and/or bond issued by a country other than Israel, which is not in rate in investment rating (bond which are rated lower than BBB- or equivalent to it, or is not rated at all) in a rate that exceeds the exposure rate to shares.

² Until the 9.2.2017, the fund was named Altshuler Shaham Smartbeta (4A) Multi Factor TA 100; until the 15.3.2017, the fund was named Altshuler Shaham Smartbeta (4A) Multi Factor TA 125.

Volatility TA 125³; A.S Smartbeta (1A) 90/10⁴; A.S Smartbeta (00) Corporate Momentum (A-) And Above⁵; A.S Smartbeta (4B) Germany Low Volatility Foreign Currency⁶; A.S Smartbeta (4A) Maof⁷; Altshuler Shaham (1A) 90/10 Developed Markets Protected Foreign Currency; A.S Smartbeta (00) Government⁸; A.S Smartbeta (4B) Usa Hedged Foreign Currency⁹; Altshuler Shaham (2B) Portfolio Number 2¹⁰; Altshuler Shaham (2B) Portfolio Number 3¹¹; Altshuler Shaham (4B) Ta125¹²; Altshuler Shaham (00) Shiklit 2-5 Years* ; Altshuler Shaham (1C) Ofakim*; Altshuler Shaham (2A) 20/80 Ta Mid Cap*; Altshuler Shaham (2B) Silver Dynamic Bonds*¹³; Altshuler Shaham (2B) Government + 15%*; Altshuler Shaham (1D) Global Bonds Dollar*; Altshuler Shaham (4B) TA Mid Cap Stock Picking*; Altshuler Shaham (4D) Silver Global Equity*¹⁴; Altshuler Shaham (4D) Es.And.Pi 500 Managed*; Altshuler Shaham (4D) Flexible; A.S Smartbeta (4B) Europe Hedged Foreign Currency; Altshuler Shaham (3C) 50-50;

Management fees on the amount invested in the mutual fund units managed by us are charged separately according to the management fees detailed in the particular fund prospectus as published to the public and in the immediate reports. In no case will double management fees be charged.

Altshuler Shaham Provident Fund Ltd. manages the provident funds and pension funds detailed below:

Funds operated in Bank Leumi le-Israel: Altshuler Shaham Provident; Altshuler Shaham Supplementary Training; Altshuler Shaham Severance Pay.

Pension Funds operated in Gemel Tiful Ltd.: Altshuler Shaham Pension General; Altshuler Shaham Comprehensive Pension;

We wish you and ourselves continuing successful and fruitful activity.

Always at your service.

Altshuler Shaham Investment Portfolio Management Ltd.

Last updated: 22/05/2017

The fund name includes the exposure profile of the fund to shares and foreign currency, as follow:

Maximum exposure rate	Foreign currency	

³ Until the 9.2.2017, the fund was named Altshuler Shaham Smartbeta (4A) Low Volatility TA 100; until the 15.3.2017, the fund was named Altshuler Shaham Smartbeta (4A) Low Volatility TA 125.

⁴ Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta(1A) 10/90.

⁵ Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta (00) Corporate Momentum (A-) And Above.

⁶ Until the 21.7.2016, the fund was named Altshuler Shaham Smartbeta (4B) Germany Cash Flow Foreign Currency; Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta (4B) Germany Low Volatility Foreign Currency.

⁷ Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta (4A) MAOF.

⁸ Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta (00) Government

⁹ Until the 15.3.2017 the fund was named Altshuler Shaham Smartbeta (4B) USA Hedged Foreign Currency.

¹⁰ Until the 2.8.2016 the fund was named Altshuler Shaham (2B) Government + 15%, portfolio up to 3 years

¹¹ Until the 2.8.2016 the fund was named Altshuler Shaham (1A) 90-10, portfolio up to 3 years.

¹² Until the 9.2.2017 the fund was named Altshuler Shaham (4B) Ta 100.

¹³ Until the 15.3.2017 the fund was named Altshuler Shaham Silver (2B) Dynamic Bonds.

¹⁴ Until the 15.3.2017 the fund was named Altshuler Shaham Silver (4D) Global Equity.

(in absolute value)		Shares
0%	0	0
10%	A	1
30%	B	2
50%	C	3
120%	D	4
200%	E	5
+200%	F	6