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Stan's Heritage, Jacob's Challenge

Stanley Fischer's contribution to the economic stability of Israel during one of the most risky and volatile episodes in world history, has been both widely discussed and greatly appreciated. President **Shimon Peres** even referred to him "The Number One Global Economist" and has repeatedly cited his contribution to the salvation of Israel's economy back in 1985, at a time when Fischer was advising the US Government. For me, Governor Fischer's 8-year tenure at the Bank of Israel is much more than simply a noteworthy event in our economic history. It represented a turning point in Israeli public life. His rare blend of absolute decisiveness and authority on one hand and cordiality and humility on the other, have left a veritable impact. What a lesson for so many of our public figures who strongly believe that the louder they speak the more sense they make; or indeed for the so-called culture of public debate, be it in the Knesset or in a TV studio, which in fact portray anything but culture. No surprise then, that so many polls positioned Fischer as Israel's most respected public figure.

The nomination of Prof. **Jacob Frenkel** as the new-old Governor has caught many by surprise. There were at least two outstanding fresh quality candidates, the Deputy-Governor Dr. **Karnit Flug** and Prof. **Manuel Trajtenberg**. Frenkel has spent a great deal of his career in international organisations and multinational corporations. Therefore, he is in an excellent position to appreciate the wide public admiration of Fischer's style and will hopefully make a concerted effort to follow suit. Back to economics, his most urgent challenge is the too-strong shekel which is severely hurting exports. With interest rates at rock bottom the options of the Governor are rather limited.

Good News for Israeli Equities Investors

A unique global index of Israeli equities has begun trading on the New York Stock Exchange (NYSE), tracking the **BlueStar Israel Global Index** (BIGI). Under the ticker ISRA the new Market Vectors Israel ETF (exchange-traded fund) provides a benchmark for investors to follow a broad spectrum of Israeli equities. BIGI was developed by BlueStar Indexes, a provider of Israel-focused investment strategies (www.bluestarindexes.com). BlueStar has licensed BIGI to the ETF's sponsor, Van Eck Associates.

The index covers Israeli companies listed on the Tel Aviv Stock Exchange as well as other exchanges, including the NYSE, NASDAQ and the London Stock Exchange. As of June 24, 2013, the Index's top three sectors were Information Technology (representing 29.9 percent of the holdings), Health Care (26.3 percent) and Financials (19.1 percent).

BlueStar Indexes Founder and Chief Investment Officer **Steven Schoenfeld** said he was confident that BIGI and ISRA "would become the standard for allocation to Israeli stocks and would add an important new vehicle to investors' toolkits". BlueStar's research shows that Israeli public companies provide a compelling investment opportunity. Endowment funds of major Jewish Federations in North America were among the first to demonstrate a deep interest in ISRA.

"Israel is uniquely positioned to offer investors emerging-market growth characteristics with a developed-market approach to economic management," said **Amrita Bagaria**, ETF Product Manager with Market Vectors. "The country has a vibrant economy with broad sector representation. With that in mind, we have selected an index for ISRA that

captures the full spectrum of economic growth potential." The arrival of ISRA is expected to take the leadership from a much less diversified ETF, iShares MSCI Israel Capped Investable Market Index (EIS), which has been the only dedicated Israeli ETF available outside of Israel.

Reaching for the Moon

Will Israel become the first country to follow the USA and Russia to wave its flag on the surface of the moon? SpaceIL is an Israeli non-profit organization dedicated to landing an unmanned spacecraft on the moon. The organization was founded by three young Israeli engineers who took upon themselves to meet the challenge of the **Google Lunar X Prize**, a global competition for lunar exploration. More than 200 volunteers have already joined them in an effort to encourage the younger generation to take interest in science, technology, engineering and math, the building blocks of the Israeli "Start-Up Nation".

SpaceIL's Board includes leading Israeli business and academic leaders, as well as aerospace scientists, including Chairman **Yanki Margalit**, Founder of Aladdin, Presidents of both the Weizmann Institute and Tel Aviv University and **Morris Kahn**, Chairman of the Aurec Group. The SpaceIL team is supported by **Arie Halsband**, the former Director of the Space Division at Israel Aerospace Industries (IAI) and other veterans of the Israeli aerospace and defence industries.

The overall budget for the project is \$30M, of which \$23M has already been raised and pledged. Israel Space Agency, an ardent supporter, has committed \$1.5M, the maximum level of funding allowed by government entities according to the Google Lunar competition rules. Other inspired partners are welcome. The team is committed to contributing the prize money to promoting science and scientific education in Israel.

<http://www.spaceil.com>

Rotarians Search for Peace in Jerusalem

The **Rotary International** movement was founded in Chicago 108 years ago and is often looked upon as something belonging to another era. Yet 1.2 million members in 34,000 Rotary clubs in nearly every country demonstrate its ongoing vitality and ability to reinvent itself. One secret of its success could be the organisation's strong dedication to community service, a principle that sounds so current within today's civil society.

I grew up with Rotary. My late father was a very dedicated Rotarian, a President of his club and one of the promoters of the **Paul Harris** forest in the Galilee, planted in honour of Rotary's legendary founder. I joined the Tel Aviv Yaffo club many years ago and continued my membership at the esteemed London Rotary Club, where the roster of members included the likes of Prince Philip and Margaret Thatcher.

In principle, Rotary clubs are open to people of all cultures and ethnicities and are not affiliated with any political or religious organisations. Nevertheless, for an Israeli to become an International Board member is still quite a challenge. **Gideon Peiper** is only the second Israeli to ever hold such a senior position. One welcome outcome is the convening of a Rotary Institute, a "must" for all newly-elected club officials, to be held in Israel from 24-28 November 2013. It will host Rotary leaders representing over 70 countries from Sub-Saharan Africa, Western and Eastern Europe, Western Asia and the Middle East. With the theme of "Connecting People, Cultures and Continents", the conference will focus on global peace and understanding. The venue cannot be more relevant: the holy city of Jerusalem.

<http://www.rotary-institute-jerusalem-2013.com>

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