

# EJF Investments Limited

## FACTSHEET

### Monthly NAV Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020 Monthly Performance (inclusive of dividends) (%)	0.47	0.18	(13.57)	0.58	3.33	0.15	1.25	0.34					(8.01)
2019 Monthly Performance (inclusive of dividends) (%)	0.35	0.41	1.77	5.61	0.83	0.26	0.56	0.62	0.21	0.04	0.13	0.63	11.88
2018 Monthly Performance (inclusive of dividends) (%)	8.28	0.70	0.12	2.70	2.10	1.62	0.50	2.39	0.08	0.32	0.22	(1.13)	19.08
2017 Monthly Performance (inclusive of dividends) (%)	0.51*	2.96	3.65	0.24	2.85	0.34	0.90	1.37	0.54	4.92	0.59	2.53	23.47

### Manager Monthly Commentary

**NAV:** EJFI's August 2020 NAV was £101.1 million or GBP165 per share, representing a monthly gain of 0.34% and a year-to-date total return of -8.01%.

**Portfolio:** The majority of gains for the month related to regular interest income accrual, and apart from the investment of approximately £10.8 million in the preferred shares issued by TFINS 2020-1 entered into last month, there was no material portfolio activity during August.

**Market:** Although the impact of COVID-19 and concerns of a second wave continued to be a factor in August, risk assets continued to rally, specifically certain technology related stocks seeing significant gains. Furthermore, capital markets remain highly receptive to new issuance, which we believe to be a very positive sign given COVID-19 only started to depress markets as recently as March. Indeed, in the U.S., over the first six months of 2020, small banks have issued subordinated debt at levels 9x that over the same period in 2019.

Although we are disappointed that a Phase IV stimulus package may not be reached soon, there is reason to believe that no matter which scenario plays out in the U.S. elections, there will be fiscal stimulus post-election. Even in a Democratic sweep, "Blue Wave" scenario, there is little doubt of considerable stimulus. In a Republicans-hold-the-Senate scenario, we believe that there will be continued efforts to prevent stagflation, albeit more modest than in a "Blue Wave" scenario. The Federal Reserve has also indicated that its new interest rate policy approach will be accommodative for the foreseeable future and thus provide support to a recovering economy.

We have continued to closely assess information and commentaries around the vital topic of bank asset quality. Given that most banks are unlikely to begin to see actual deterioration in non-performing assets and charge-offs until later this year, we believe that recent commentary regarding loan modifications and deferrals helps to provide context for credit quality trends within the U.S. banks.

For background, as part of the Coronavirus Aid, Relief and Economic Security Act, banking regulators codified a rule which allows banks to provide up to a 6 month loan modification and not have to treat it as Troubled Debt Restructuring as long as the loan was current as of mid-March. This rule allows temporary relief to borrowers to deal with state mandated shutdowns of their business due to COVID-19. As a result, community banks were lenient in offering customers 90-day deferrals of principal and interest or interest only on loans. On average, in the first quarter earnings releases, we noted that banks were reporting anywhere between 10% to 25% of their loans as deferring. In second quarter earnings releases, most banks noted that they expect to see a significant reduction in their customers asking for a second 90-day deferral. We expect to see loan deferrals at the end of the third quarter down dramatically and to be primarily focused within hospitality, restaurants and parts of the retail sector.

Ultimately, we believe that fewer loan deferrals are a positive, early indicator of lower loan charge-offs in 2021.

**Pipeline:** The Company continues to work towards an investment into mortgage servicing rights ("MSRs") using most of the proceeds of the 2025 ZDP raise and potentially some additional available cash. MSRs are generated at the time of mortgage origination in the U.S. and represent a stream of servicing income throughout the life of the mortgage. We expect this to be an accretive investment in an area with high barriers to entry where we have significant experience and a strong competitive advantage.

**Dividend:** The Company continues to approve quarterly dividends in line with the target of 10.7 pence for the year ending 31 December 2020. A quarterly dividend of 2.675 pence per share was declared 23 July 2020 with an ex-dividend date of 6 August 2020. The dividend was paid on the 28 August 2020.

### EJFI Key Facts (at 31 August 2020)

Ticker Symbol	EJFI LN
NAV/Share	GBP165 (\$2.21 equivalent)
Share Price	GBP120
Share Price Premium/(Discount) to NAV	(27.3)%
EJFI NAV	£101.1 million
Market Cap	£73.4 million
Gross Asset Value	£124.7 million <sup>1</sup>
Target Return <sup>2</sup>	8%-10% total return
Quarterly Dividend <sup>2</sup>	GBP2.675 per share (GBP10.7 per share p.a.)
Currency <sup>3</sup>	GBP (hedged) <sup>3</sup>
Manager	EJF Investments Manager LLC (the "Manager")
ZDP Shares	Tickers: EJFZ LN & EJFo LN Shares: 15m & 6m Maturities: 12/2022 & 6/2025 Capital Entitlement: GBP132.25 & GBP140.00 per share GRY: 5.75% & 7.00%

<sup>1</sup>The Gross Asset Value of EJFI which includes the net asset value of underlying subsidiaries less any intercompany debtors.

<sup>2</sup>The Company is targeting an annual dividend of 10.7 pence per share for the financial year to 31 December 2020, to be distributed evenly in four quarterly payments. The Company may pay a special dividend in excess of this amount, at the Board's discretion.

<sup>3</sup>The Company's base currency is denominated in GBP, though most of the Company's investments are currently in USD. As at 31 August 2020 the USD exposure of the Company was fully hedged.

Based on the Company's 31 August 2020 unaudited financials.

\*This performance reflects the period 1 January through 9 February, the Exchange Offer Completion Date.

Your attention is drawn to the disclaimer (Important Disclosure) that begins on the third page of this document. Past performance is not indicative of future results, and there can be no assurance that EJFI will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy.

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### Existing Portfolio Description<sup>1</sup>

#### Securitisations & Related Investments

- £85.3 million investment in the equity tranches of six securitisations sponsored by EJF Capital LLC
- £9.2 million investment in EJF CDO Manager LLC (49% ownership interest)
- £7.8 million investment in portfolio of TruPS CDO securities

#### Specialty Finance Investments

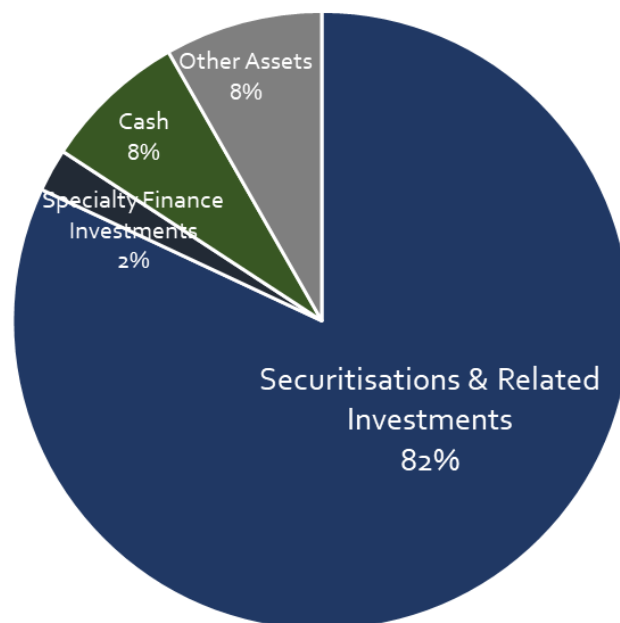
- £2.8 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation

#### Cash

- £9.4 million unrestricted cash
- £nil restricted cash

#### Other Assets

- £9.4 million of forward currency contracts
- £0.8 million of other assets



1. Based on the Company's 31 August 2020 unaudited financials.

### Company Overview

EJF Investments Ltd (together with its subsidiaries, "EJFI" or the "Company") is a closed-ended investment company investing in opportunities created in the U.S. banking and insurance sectors by regulatory and structural changes impacting the financial services sector. The Company seeks to generate risk adjusted shareholder returns by investing in a diversified portfolio of long-term, cash-flow generating assets, which may include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the U.S and Europe.

### Target Investments

The Company seeks to achieve its investment objective primarily by investing in assets that have been impacted by regulatory and structural changes to the finance industry. These target investments consist primarily of: (a) Securitisation and Related Investments; and (b) Specialty Finance Investments.

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### IMPORTANT DISCLOSURE

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, WHICH MAY VARY.** There is no guarantee that the Company will continue to invest in these allocations at all or do so in the same manner as set forth in this factsheet. Allocations may change at any time without notification to shareholders. Pie charts include all investments, cash and hedges. Returns are net of fees, accrued liabilities and expenses and include dividend reinvested.

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Prospective investors should (i) consult their financial, accounting, tax and legal advisors prior to any investment in units or shares issued by a fund managed or promoted by the Manager, EJF or its affiliates; and (ii) inform themselves as to (a) the appropriateness of said investment in units or shares (b) the legal requirements within their own jurisdictions for the purchase or holding of said investment, (c) any foreign exchange restrictions which may affect them, and (d) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of units or shares of the relevant fund or investment vehicle.

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Although the portfolio reflected in this document (the "Portfolio") is consistent with the investment strategy of the Company, there is no guarantee that the portfolio acquired will be identical to the make-up of the Portfolio. Moreover, the future investments to be made by the Company may differ substantially from the investments included in the Portfolio. Therefore, the Portfolio parameters, and other factors related to the Portfolio could all be materially different than those of the future portfolio acquired by the Company.

The shares issued and to be issued by the Company (the "Shares") have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act), except to persons who are both a "qualified purchaser" as defined in Section 2(a)(51) and related rules of the US Investment Company Act of 1940, as amended, (the "Investment Company Act") and an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. No public offering of the Shares is being made in the United States.

The Company has not been and will not be registered under the Investment Company Act and, as such, holders of the Shares will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the Shares may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act. Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors may be required to bear the financial risks of their investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

All investments are subject to risk, including the loss of the principal amount invested. Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. All investments to be held by the Company involve a substantial degree of risk, including the risk of total loss. The value of Shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

The Fund has appointed Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Cantonale de Genève, 17 Quai de l'Île, CH-1208 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance with respect to shares distributed in or from Switzerland is the registered office of the Representative.