

## EJF Investments Limited



## FACTSHEET

## MONTHLY NAV PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022 Monthly Performance (inclusive of dividends) (%)	0.13	1.34	2.22	4.01	0.72	1.87	1.09	2.73	2.47	(0.40)	(3.15)	0.20	<b>13.85</b>
2021 Monthly Performance (inclusive of dividends) (%)	1.99	0.15	2.12	0.44	(2.09)	2.80	(0.01)	0.55	3.06	(0.16)	3.25	(1.43)	<b>11.02</b>
2020 Monthly Performance (inclusive of dividends) (%)	0.47	0.18	(13.57)	0.58	3.33	0.15	1.25	0.34	0.40	(0.73)	1.16	0.25	<b>(7.02)</b>
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	<b>11.88</b>
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)	<b>19.08</b>
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	<b>23.47</b>

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

EJF Capital LLC AUM<sup>1</sup>

\$7.5 Billion

EJFI Annualised Performance since inception<sup>2</sup>

11.84%

## Manager Monthly Commentary

## Portfolio Activity:

EJFI's December 2022 NAV was £112.5<sup>2</sup> million or GBp184 per share, representing a gain for the month of 0.20% and a total return for 2022 of 13.85%<sup>2</sup>.

This performance was primarily driven by 70 bps gain on the securitisations & related investments which was offset by 23bps of FX losses. The Company has hedged approximately 55% of its underlying U.S. Dollar asset exposure which limited the impact.

Elsewhere, after strong performance for the year to October 2022, the mortgage servicing rights ("MSR") investment declined by 21bps as a result of interest rate volatility. The Company has a small U.S. Treasury hedge against this exposure although it contributed a very modest loss in December (2bps) as future interest rate perceptions remained fluid.

Overall, the portfolio experienced modest movements across other assets with gains from other regular interest accruals netting to an overall total portfolio gain before FX of 65bps.

We are pleased to have exceeded the Company's Target Return during 2022, a year which will be remembered by many for significant market value declines and volatility alongside geo-political turmoil. We believe this speaks to the relatively insulated, income generative nature of most of the Company's investments.

## Market:

December saw losses within financial equities primarily due to weaker fourth-quarter guidance provided by certain large-cap banks at the Goldman Sachs Financial Services conference early in the month. Net interest margins appear to be peaking broadly for the industry as deposit betas are accelerating and overall funding costs are rising. Additionally, revenues from non-spread sources such as capital markets and residential mortgage gain on sale businesses remain near cycle lows.

While delinquencies and charge-offs have been rising for some time in non-prime credit, we have seen little deterioration to date from a credit quality perspective in traditional lending categories. These traditional lending categories are the most relevant to the exposures held by the Company. We remain cautiously optimistic that the strong underwriting standards seen in the post-GFC period will act as a strong ballast to credit quality for US banks and thus much of the Company's investment exposure. The future path of interest rates and particularly the duration of higher rates will be crucial to how the business cycle evolves in 2023, and we note strong capital buffers remain in place.

## EJFI Key Facts (at 31 December 2022)

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBp184 (\$2.22 equivalent)
<b>Share Price</b>	GBp132
<b>Share Price Premium/ (Discount) to NAV</b>	(28.3)%
<b>EJFI NAV</b>	£112.5 million
<b>Market Cap</b>	£80.7 million
<b>Gross Asset Value</b>	£132.7 million
<b>Target Return</b>	8%-10% total return
<b>Quarterly Dividend<sup>1</sup></b>	GBp2.675 per share (GBp10.7 per share p.a.)
<b>Dividend Yield</b>	8.11% (share price) 5.82% (NAV)
<b>Currency<sup>2</sup></b>	GBP <sup>2</sup>
<b>2025 ZDP Shares</b>	Ticker: EJF0 LN Shares: 17m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp118.5

<sup>1</sup>The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2022, to be distributed evenly in four quarterly payments.

<sup>2</sup>The Company's base currency is denominated in GBP, though most of the Company's investments are currently in USD. As of 31 December 2022, USD 85.3m of approximately USD 156.5m exposure is hedged.

<sup>1</sup>AUM includes \$3.3 billion of CDO managed assets and \$181.5 million of uncalled capital as at 30 September 2022.

<sup>2</sup>Based on the Company's 31 December 2022 unaudited financials.

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.

# EJF Investments Limited



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

#### Securitisations & Related Investments

- £95.2 million investment in the equity tranches of seven securitisations sponsored by EJF Capital LLC
- £8.1 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.4 million investment in a TruPS CDO security

#### Specialty Finance Investments

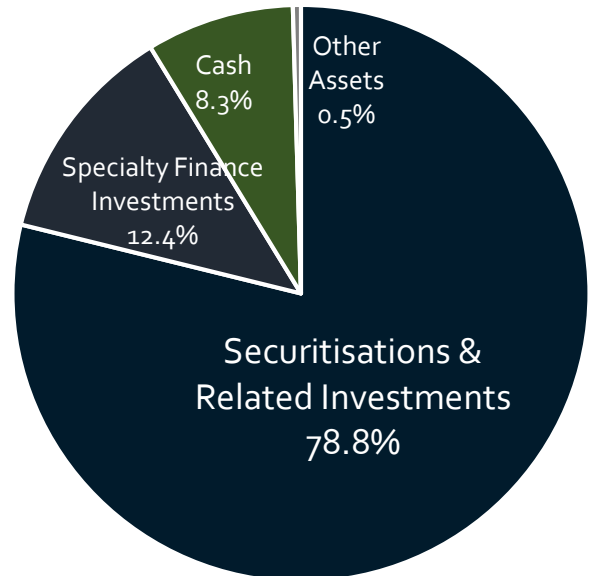
- £11.2 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £1.5 million in U.S. Treasury bills to partially hedge MSRs
- £2.6 million investment in FinTech debt securities
- £1.2 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation

#### Cash

- £7.5 million unrestricted cash
- £3.5 million restricted cash<sup>2</sup>

#### Other Assets

- £0.6 million of other assets



- Based on the Company's 31 December 2022 unaudited financials.
- Net of an unrealised loss on forward currency contracts of £1.0 million.

### Company Overview

EJF Investments Ltd (together with its subsidiary, "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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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.

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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.