

## EJF Investments Limited



## FACTSHEET

## MONTHLY NAV PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023 Monthly Performance (inclusive of dividends) (%)	(0.58)												(0.58)
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	13.85
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)	11.02
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	(7.02)
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

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

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

\$7.2 Billion

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

11.55%

## Manager Monthly Commentary

## Portfolio Activity:

EJFI's January 2023 NAV was £111.8<sup>2</sup> million or GBp183 per share, representing a loss for the month of 0.58%<sup>2</sup>, mainly due to FX losses outweighing positive underlying portfolio performance.

Positive portfolio performance was primarily driven by 45bps gain on securitisations & related investments and modest movements across other assets including 7bps from the mortgage servicing rights ("MSR") investment, which netted to a total portfolio gain of 55bps. FX losses were 91bps. The Company has hedged approximately 55% of its underlying U.S. Dollar asset exposure which limited the impact.

## Market:

The U.S. financial sector rallied in January as inflationary gauges including the Consumer Price Index ("CPI") continued to cool, providing the U.S. Federal Reserve (the "Fed") the ability to maneuver if the economy slows down. Subsequent to month end, the FOMC increased the Fed Funds rate by 25bps to a range of 4.50% – 4.75%.

U.S. Banking sector earnings were soft in the fourth quarter as interest rates transitioned from a tailwind to a headwind. Sustained higher cost of funds negatively impacted banks earnings as customers are demanding higher rates or moving deposits into alternatives. Specifically, there were continued outflows of non-interest-bearing deposits and inflows into higher yielding options. This dynamic has resulted in the deposit landscape becoming more competitive and betas increasing. The majority of banks reported spread revenues and net interest margin (NIM) below estimates as well as weaker than expected forward guidance. The Manager anticipates NIM to have peaked in fourth quarter 2022 or first quarter 2023.

However, and of primary significance to the Company, credit quality continues to be resilient for all banks with modest provisions being required, though the Manager expects to eventually see some normalization in commercial credit. Overall sentiment in the credit market improved with Investment Grade CDX tightening approximately 10bps and High Yield CDX tightening approximately 48bps.

## Dividend:

During the month, the Board declared a dividend of 2.675 pence per share in respect of the quarter ended 31 December 2022, meeting the Company's 2022 target dividend of 10.7 pence per share. The dividend will be paid on or around 28 February 2023 with an ex-dividend date of 2 February 2023.

## Other matters:

The Company announced yesterday, its intention to issue further 2025 ZDP Shares pursuant to the Company's placing programme as detailed in the Company's prospectus published on 4 April 2022. The announcement can be viewed [here](#).

<sup>1</sup>AUM includes \$3.3 billion of CDO managed assets and \$211.5 million of uncalled capital as at 31 December 2022.

<sup>2</sup>Based on the Company's 31 January 2023 unaudited financials.

## EJFI Key Facts (at 31 January 2023)

Ticker Symbol	EJFI LN
NAV/Share	GBp183 (\$2.25 equivalent)
Share Price	GBp131
Share Price Premium/ (Discount) to NAV	(28.4)%
EJFI NAV	£111.8 million
Market Cap	£80.1 million
Gross Asset Value	£132.2 million
Target Return	8%-10% total return
Quarterly Dividend <sup>1</sup>	GBp2.675 per share (GBp10.7 per share p.a.)
Dividend Yield	8.17% (share price) 5.85% (NAV)
Currency <sup>2</sup>	GBP <sup>2</sup>
2025 ZDP Shares	Ticker: EJFO 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 2023, 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 January 2023, USD 85.3m of approximately USD 156.2m exposure is hedged.

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

#### Securitisations & Related Investments

- £90.0 million investment in the equity tranches of seven securitisations sponsored by EJF Capital LLC
- £7.3 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.4 million investment in a TruPS CDO security

#### Specialty Finance Investments

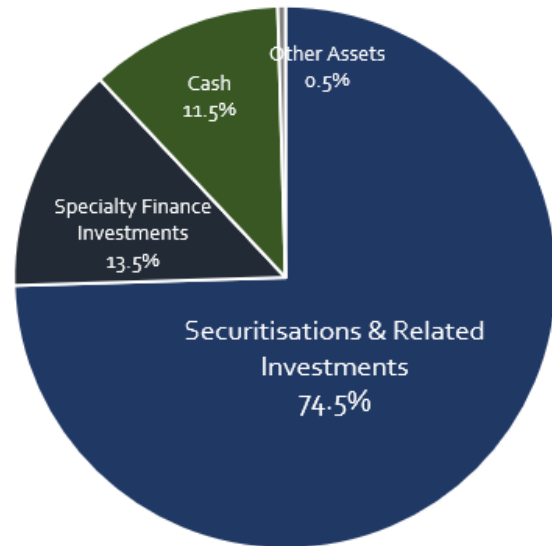
- £10.5 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £3.6 million in U.S. Treasury bills to partially hedge MSRs
- £2.5 million investment in FinTech debt securities
- £1.2 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation

#### Cash

- £12.3 million unrestricted cash
- £2.9 million restricted cash<sup>2</sup>

#### Other Assets

- £0.6 million of other assets



- Based on the Company's 31 January 2023 unaudited financials.
- Net of an unrealised loss on forward currency contracts of £0.9 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, FinTech debt securities and private equity, in both cash and synthetic formats issued by entities domiciled in the U.S., U.K. 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.

EJF Investments Manager LLC	U.K. Office	11 Berkeley Street, 5th Floor, London, W1J 8DS	Info@ejfi.com
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BNP Paribas S.A, Jersey Branch	Jersey Office	IFC1, The Esplanade, Saint Helier, Jersey, JE1 4BP	jersey.bp2s.ejf.cosec@bnpparibas.com

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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 U.S. 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, U.S. 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 U.S. 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 ACOLIN 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.