

## EJF Investments Limited



## MONTHLY 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)	1.48	(4.55)	(0.17)	0.84	(6.72)	0.91						(8.75)
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 February through 9 February, the Exchange Offer Completion Date.

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

\$6.6 Billion

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

9.17%

## Investment Manager Monthly Commentary

**Portfolio Activity:**

EJFI's July 2023 NAV was £99.6<sup>2</sup> million or GBp163<sup>2</sup> per share, representing a gain of 0.91%<sup>2</sup> for the month.

Underlying portfolio performance was strong at 1.76%, primarily driven by a 1.81% positive return from Securitisations & Related Investments comprised unrealised mark-to-market gains on Equity Tranches of CDOs of 0.87% and a gain from regular interest accruals of 0.94%. The unrealised mark-to-market gains on Equity Tranches of CDOs in July is consistent with the Manager's view of prior mark-to-market losses being temporary in nature.

Elsewhere, Specialty Finance Investments recorded a modest loss of 0.05% driven by MSRs whilst direct U.S. Bank debt investments and U.S. Treasuries were flat. FX losses were 0.59% and the Company had approximately 57.3% of its underlying U.S. Dollar asset exposure hedged at month end.

**Market:**

Banking sector share prices rallied materially in July as investors revisited the sector after better than feared second quarter earnings reports. This demonstrated the resilience of the U.S. banking sector following the events of March. On a directly related note, the announced sale of Pacwest Bancorp ("PACW") to Banc of California ("BANC") was favorably received as a market solution supported by private equity firms Warburg Pincus and Centerbridge Partners. Given the turmoil of March in which PacWest saw deposits decline in its venture banking business, the Manager believes the management team did an admirable job in stabilising the franchise. Additionally, upon closing of the transaction, Warburg Pincus and Centerbridge Partners will invest a total of \$400m into BANC and take a board seat in the combined entity. Following conversations with management after the deal announcement, the Manager expects the deal to receive regulatory approval potentially as early as the 4th quarter of this year. As announced on 27 July ([here](#)), EJFI's combined exposure to PacWest is equivalent to less than 4.5% of the Company's NAV on a look through basis. The Manager sees this merger as positive news in light of the market rumours noted in the May 2023 monthly factsheet.

The Federal Reserve Open Market Committee ("FOMC") met during the month and raised rates by 25bps as expected. Importantly, the Manager believes that the Fed is near the end of their interest rate hiking campaign as inflation subsides. Interestingly, the Chair of FOMC, Jerome Powell, noted that their own internal strategists were no longer expecting a recession. In addition, the banking regulatory agencies of the Fed, the FDIC, and the OCC convened in late July to discuss the final application of Basel III for banks with greater than \$100 billion of assets. The proposals look to increase capital requirements for the largest banks by upwards of 20%, and the average increase to CET1 for all banks in this cohort is approximately 9%. In the Manager's opinion, the events of March have only reinforced the notion that the largest banks continue to be turned into "regulated utilities" over time.

## EJFI Key Facts (as of 31 July 2023)

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBp163 (\$2.09 equivalent)
<b>Share Price</b>	GBp108.0
<b>Share Price (Discount) to NAV</b>	(33.7)%
<b>EJFI NAV</b>	£99.6 million
<b>Market Cap</b>	£66.0 million
<b>Gross Asset Value</b>	£123.5 million
<b>Target Return</b>	8%-10% total return p.a.
<b>Quarterly Dividend<sup>1</sup></b>	GBp2.675 per share (GBp10.7 per share p.a.)
<b>Dividend Yield</b>	9.9% p.a. (share price)
<b>Hedging ratio<sup>2</sup></b>	57.3%
<b>Gearing ratio<sup>3</sup></b>	23.4%
<b>Ongoing Charges<sup>4</sup></b>	1.2%
<b>2025 ZDP Shares</b>	Ticker: EJFO LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp119.0

<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 July 2023, USD 85.3m of approximately USD 149.0m exposure is hedged.

<sup>3</sup>Gearing ratio is computed as current accreted value of ZDP Shares over the NAV of the Company.

<sup>4</sup>For FY 22 and calculated in line with AIC's recommended methodology. Expenses are net of 60% of the recurring operating expenses (other than management fees) reimbursed by the Investment Manager.

<sup>1</sup>AUM includes \$3.2 billion of CDO managed assets and \$144.6 million of uncalled capital as at 30 June 2023.

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

# EJF Investments Limited



## MONTHLY FACTSHEET

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

#### Securitisations & Related Investments

- £77.3 million investment in the equity tranches of seven securitisations sponsored by EJF Capital LLC
- £6.6 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.3 million investment in a TruPS CDO security

#### Specialty Finance Investments

- £9.2 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £2.0 million investment in European debt securities

#### U.S. Treasuries<sup>2</sup>

- £3.3 million in U.S. Treasury bills to partially hedge MSRs

#### U.S. Bank debt

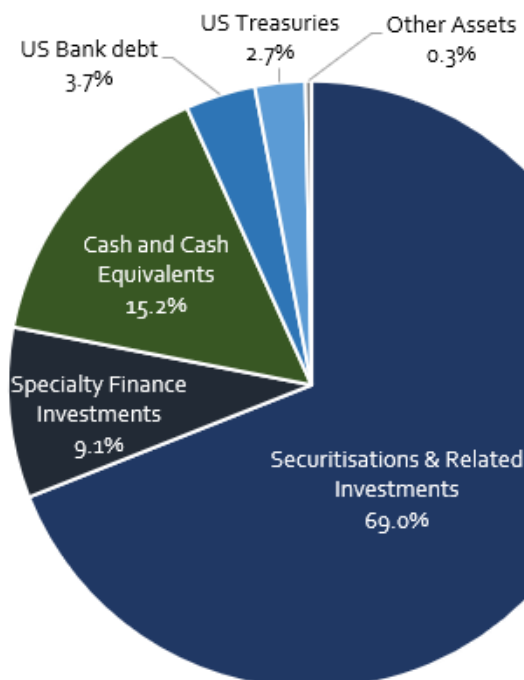
- £4.6 million in two subordinated debt instruments issued by US Banks

#### Cash and Cash Equivalents

- £5.4 million unrestricted cash
- £10.5 million in Money Market Fund
- £2.8 million restricted cash<sup>3</sup>

#### Other Assets

- £0.4 million of other assets



<sup>1</sup>Based on the Company's 31 July 2023 unaudited financials.

<sup>2</sup>Effective July 2023, US Treasuries have been reclassified from "Specialty Finance Investments" into a new category "U.S. Treasuries" to improve transparency.

<sup>3</sup>Including an unrealised loss on forward currency contracts of £0.5 million.

## COMPANY OVERVIEW

EJF Investments Limited ("EJFI" or the "Company", together with its subsidiary the "Group") is a Jersey incorporated, closed ended investment company whose shares are traded on the Specialist Fund Segment of the London Stock Exchange.

Its objective is to provide shareholders with attractive risk adjusted returns through regular dividends and capital growth over the long term. EJFI generates exposure primarily to a diversified portfolio of loans issued by financial institutions and related or similar assets in the U.S., U.K. and Europe.

The Company currently invests primarily in Equity Tranches of CDOs structured by an affiliate of EJF Capital LLC, providing levered exposure to a highly diversified portfolio of securities issued by U.S. financial institutions (banks and insurance companies), these being Risk Retention Investments.

EJF Investments Manager LLC	U.K. Office	11 Berkeley Street, 5th Floor, London, W1J 8DS	Info@ejfi.com
Liberum Capital Limited	U.K. Office	25 Ropemaker Street London EC2Y 9LY	james.shields@liberum.com
Barclays Bank PLC	U.K. Office	1 Churchill Place, London E14 5HP	andrew.davies@barclays.com
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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 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.