

## 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	1.63	(0.36)	0.80			(6.85)
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>

9.14%

## Investment Manager Monthly Commentary

**Portfolio Activity:**

EJFI's October 2023 NAV was £100.1<sup>2</sup> million or GBp164<sup>2</sup> per share, representing a gain (inclusive of dividends) of 0.80%<sup>2</sup> for the month.

Overall portfolio performance for the month of 0.85% was mainly driven by a 0.64% return from Securitisations & Related Investments largely on account of regular interest accruals. The valuation of underlying CDO Equity Tranches was flat month on month.

Elsewhere, Specialty Finance Investments returned a 0.28% gain which was primarily driven by 0.27% return from MSRs due to an increase in US Treasury rates. Portfolio returns were offset by modest losses on US Bank debt (0.02%) and US Treasuries (0.05%).

The US Dollar marginally appreciated against Sterling during the month resulting in FX gains of 0.22%. The Company had hedged approximately 57% of its underlying US Dollar asset exposure at month end.

**Market:**

Both the broad markets and financial services sector were weak in October primarily due to continuing concerns of a higher for longer interest rate environment. The 10-year US Treasury bond yield climbed another 36 basis points to close at 4.93% at the end of October. At the same time, 2 and 10 year US Treasury yield spread inversion reversed materially to -0.15%. Market-based credit quality indicators also widened in October as the CDX North American 5-year High Yield Index increased to from 4.81% to 5.16%.

Subsequent to month-end, the Federal Reserve Open Market Committee ("FOMC") met on 1 November 2023 and left the Fed Funds rate unchanged. Importantly, US Federal Reserve (the "Fed") Chairman Jay Powell indicated that the recent move in long-term interest rates had tightened financial conditions in a way that seemed to suggest that the FOMC may be done hiking short-term rates. If the Fed is indeed near the end of its rate hiking campaign, the Manager believes that the chances of a deep recession are much less likely and potentially removing some of the tail risks of the banking sector in the near term.

The Manager believes that community banks are also set to be a winner from the regulatory changes that have arisen from the failures of Silicon Valley Bank, Signature Bank and First Republic Bank. Capital requirements for large banks are expected to increase by 10% to 30%, thus creating a need for those banks to shed certain assets and relationships that are not capital efficient. For example, KeyCorp announced that it would shed \$10 billion of risk weighted assets, or 8% of total, as it looks to comply with future regulation. As a result, the Manager believes that smaller institutions are set to take share from larger players in a similar way to the post Great Financial Crisis period.

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

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBp164 (\$1.99 equivalent)
<b>Share Price</b>	GBp111.0
<b>Share Price (Discount) to NAV</b>	(32.3)%
<b>EJFI NAV</b>	£100.1 million
<b>Market Cap</b>	£67.9 million
<b>Gross Asset Value</b>	£124.4 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>	9.6% p.a. (share price)
<b>Hedging ratio<sup>2</sup></b>	57.2%
<b>Gearing ratio<sup>3</sup></b>	23.7%
<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: GBp117.0

<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 October 2023, USD 85.3m of approximately USD 149.2m 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 October 2023 unaudited financials.

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

#### Securitisations & Related Investments

- £78.3 million investment in 7 CDO Equity Tranches of securitisations sponsored by EJF Capital LLC
- £6.0 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.2 million investment in a TruPS CDO security

#### Specialty Finance Investments

- £9.9 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £0.8 million investment in European debt securities

#### U.S. Treasuries

- £3.4 million in U.S. Treasury bills to partially hedge MSRs

#### U.S. Bank debt

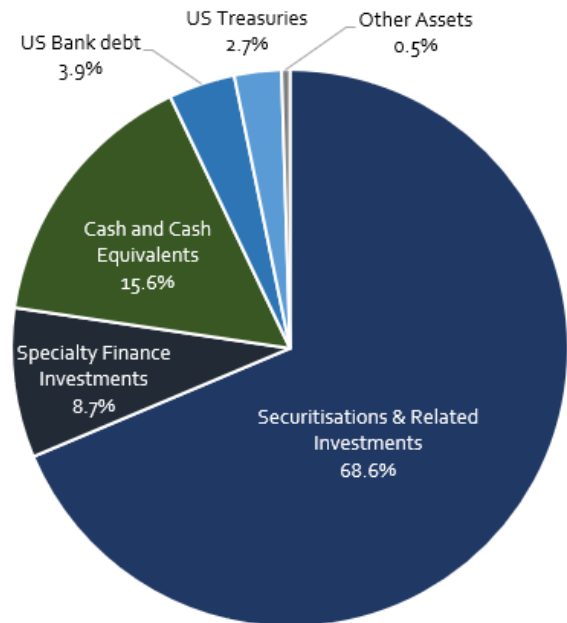
- £4.8 million in two subordinated debt instruments issued by US Banks

#### Cash and Cash Equivalents

- £3.0 million unrestricted cash
- £3.3 million restricted cash<sup>2</sup>
- £13.1 million in a money market fund

#### Other Assets

- £0.6 million of other assets



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

<sup>2</sup>Including an unrealised loss on forward currency contracts of £0.7 million.

## COMPANY OVERVIEW

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

EJFI offers exposure to a portfolio of loans to US financial institutions and related assets, with an emphasis on floating rate debt. EJFI's objective is to provide shareholders with attractive risk adjusted returns via regular dividends and capital growth over the long term.

## PORTFOLIO OVERVIEW

EJFI primarily invests in a diversified portfolio of debt issued by smaller US banks and insurance companies via CDO Equity Tranches, where the CDOs were structured by an affiliate of EJF Capital LLC.

EJFI owns a 49% interest in EJF CDO Manager LLC ('the CDO Manager') that manages CDOs and generates regular income. EJFI also invests in Specialty Finance Investments, including Mortgage Servicing Rights ('MSRs') which provide regular income in exchange for servicing pools of US mortgages.

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	barclaysinvestmentcompanies@barclays.com
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.