

# 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	0.40				(7.64)
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 September 2020 NAV was £101.5 million or GBP166 per share, representing a monthly gain of 0.40% and a year-to-date total return of -7.64%.

**Portfolio:** Most of the gains for the month related to regular interest income accruals on the Securitisations and Related Investments. Post month-end the Company sold its £7m position in a non-EJF sponsored U.S. sub debt securitization to bolster liquidity for investments in higher yielding target investment opportunities. As referred to below in the pipeline update, the Company anticipates investing in the Mortgage Servicing Rights ("MSRs") opportunity soon.

**Market:** While broader markets sold off during the month of September driven by fears of a second wave, political volatility and the delay in the U.S. stimulus bill, the quarter still ended strongly. Credit markets remained well supported, largely due to accommodative global monetary and fiscal policies. However, headline risks surrounding the virus and the implications of a second wave in the U.S. and Europe dampened market exuberance, especially in financial technology stocks and other specific growth areas.

While financials, specifically bank stocks, gathered momentum, it was short lived. Further communication from the U.S. Federal Reserve ("Fed") Chairman Jerome Powell expanded on the Fed's intention to implement 'inflation averaging', which would essentially allow inflation to run in excess of 2%, the prior stated objective, for a period of time without the need to raise short term interest rates. We believe this is a clear signal to the market that the Fed intends to keep monetary policy highly stimulative for the foreseeable future. Although the 'lower-for-longer' rate backdrop may present a difficult operating environment for banks, we believe that the pressure on earning asset yields and spreads should be manageable.

**Pipeline:** We continue to work towards making an investment into MSRs using most of the proceeds of the 2025 ZDP raise. 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 the Manager has significant experience and a strong competitive advantage.

### EJFI Key Facts (at 30 September 2020)

Ticker Symbol	EJFI LN
NAV/Share	GBP166 (\$2.14 equivalent)
Share Price	GBP119
Share Price Premium/(Discount) to NAV	(28.3)%
EJFI NAV	£101.5 million
Market Cap	£72.8 million
Gross Asset Value	£125.3 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 30 September 2020 the USD exposure of the Company was fully hedged.

Based on the Company's 30 September 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

- £87.9 million investment in the equity tranches of six securitisations sponsored by EJF Capital LLC
- £9.6 million investment in EJF CDO Manager LLC (49% ownership interest)
- £8.0 million investment in portfolio of TruPS CDO securities

#### Specialty Finance Investments

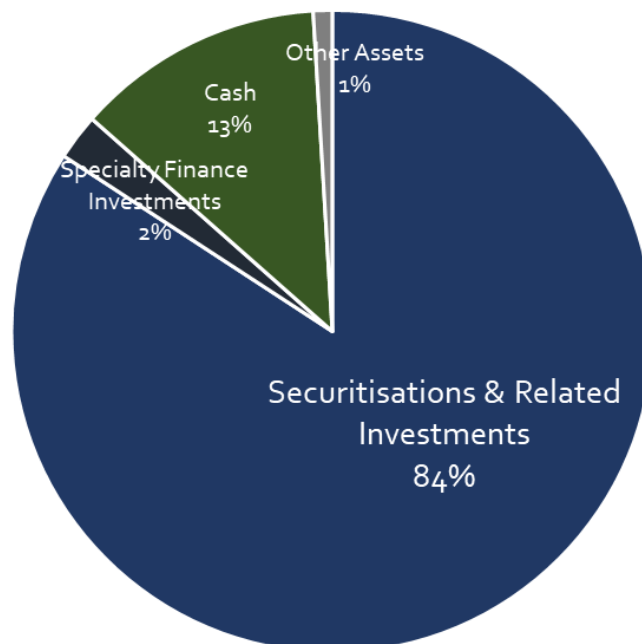
- £2.9 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation

#### Cash

- £13.7 million unrestricted cash
- £2.0 million restricted cash

#### Other Assets

- £0.6 million of forward currency contracts
- £0.6 million of other assets



1. Based on the Company's 30 September 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.

Certain information contained herein has been provided by outside parties or vendors. Although every effort has been made to ensure the information herein contained is, or is based on, sources believed by the Manager or the Company to be reliable, no guarantee is made as to its accuracy or completeness. Accordingly, the Company and the Manager have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to it. The Company, the Manager and EJF expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the content herein.

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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.