

# EJF Investments Limited

## FACTSHEET

### Monthly NAV Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021 Monthly Performance (inclusive of dividends) (%)	1.99												1.99
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.

### Manager Monthly Commentary

**NAV and Portfolio:** EJFI's January 2021 NAV was £102.6 million or GBP168 per share, representing a monthly gain of 1.99% and for the year to date. The gain for the month was driven by uplifts in the mark to market valuation of the securitisations and accrued interest. Marks increased due to a tightening of credit spreads in large part driven by a steepening of the 2-year vs. 10-year yield curve.

**Portfolio Activity:** As communicated January 29th, the Company partially removed currency hedges from 15th February in order that only the final sterling capital entitlement of its outstanding 2022 and 2025 zero dividend preference shares will be hedged. The decision was driven by the material levels of restricted cash the company was required to post to meet margin requirements, and the need to retain additional uninvested cash as a contingency for potential future margin calls. The Company anticipates that the reduction in the hedging costs together with the release of the cash on hand for pipeline investments will positively contribute to the Company's overall investment returns. In this regard, the Manager estimates the current yield of the income earning assets net of cash to be approximately 10-11%<sup>1</sup>.

**Market:** Global markets witnessed strong reflationary pressures across many sectors, with financials being one of the main beneficiaries. In the U.S. this was kicked off by Democratic sweep of both Georgia Senate runoff races in early January, with the expectation of additional fiscal stimulus measures to follow. This was positive for banks in our opinion as it will underpin strong credit quality and, furthermore, the broader environment led to higher interest rates and a steeper yield curve. Small and medium-sized U.S. banks also performed well on the heels of stronger than expected fourth quarter earnings which were characterised by stabilising net interest margins, strong share repurchase activity and improving loan growth. Additionally, some U.S. community banks have begun the process of releasing loan loss reserves and we expect this trend to continue into 2021. We believe these developments represent the strength of the sector in general as capital remains very strong.

As noted, during the month we witnessed significant moves in interest rates and the shape of the yield curve. As the economy further recovered, the benchmark 10-year rose to 1.06% at month-end and the spread between the 2 year and 10 year climbed to 96bps. In past cyclical recoveries, we have noted that yield curves typically steepen between 200-300 basis points. Of course, we expect this cycle to look different given timely fiscal stimulus of as much as \$1.9 Trillion which is currently being negotiated in Congress. Moreover, in the second half of 2020, the Federal Reserve Open Market Committee committed to an 'Inflation Averaging' approach which intends to keep short-rates lower for longer. This approach is designed to create inflationary conditions that surpass the Fed's traditional 2% target. If interest rates continue to rise, we believe that the banking sector would see net interest margins begin to increase and earnings power to accelerate accordingly.

M&A activity remains muted as it was in 2020, but we do believe that activity is poised to pick-up as capital markets remain wide open and the economic outlook continues to improve.

**Dividend:** The Directors approved a dividend for quarter ended 31 December 2020 in line with the target of 10.7 pence for the year ending 31 December 2020. A quarterly dividend of 2.675 pence per share was declared 28 January 2021 with an ex-dividend date of 5 February 2021. The dividend will be paid on or around the 26 February 2021. The dividend target remains at 10.7 pence for the year ending 31 December 2021.

<sup>1</sup> Current yield calculated as expected income over the next twelve months divided by the current portfolio valuation

### EJFI Key Facts (at 31 January 2021)

Ticker Symbol	EJFI LN
NAV/Share	GBP168 (\$2.30 equivalent)
Share Price	GBP126.5
Share Price Premium/(Discount) to NAV	(24.7)%
EJFI NAV	£102.6 million
Market Cap	£77.3 million
Gross Asset Value	£127.0 million
Target Return	8%-10% total return
Quarterly Dividend <sup>2</sup>	GBP2.675 per share (GBP10.7 per share p.a.)
Dividend Yield	8.46% (share price) 6.37% (NAV)
Currency <sup>2</sup>	GBP <sup>2</sup>
2022 ZDP Shares	Ticker: EJFZ LN Shares: 15m, Maturity: 12/2022 Capital Entitlement: GBP132.25 GRY: 5.75% Current NAV: 119.4GBP Current Share Price: GBP119.0
2025 ZDP Shares	Ticker: EJFo LN Shares: 6m, Maturity: 6/2025 Capital Entitlement: GBP140.0 GRY: 7.00% Current NAV: 104.2GBP Current Share Price: GBP102.0

<sup>2</sup>The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2021, 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 16 February 2020, only USD39.4m of USD 159.4m exposure is hedged.

Based on the Company's 31 January 2021 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.

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

#### Securitisations & Related Investments

- £91.7 million investment in the equity tranches of six securitisations sponsored by EJF Capital LLC
- £9.1 million investment in EJF CDO Manager LLC (49% ownership interest)
- £0.8 million investment in portfolio of TruPS CDO securities

#### Specialty Finance Investments

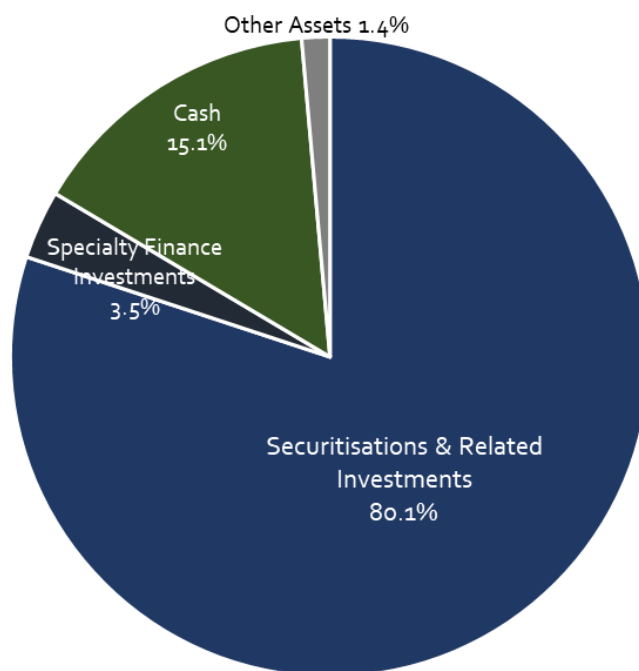
- £2.0 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £2.4 million investment in a portfolio of mortgage servicing rights

#### Cash

- £15.2 million unrestricted cash
- £4.0 million restricted cash

#### Other Assets

- £1.3 million of forward currency contracts
- £0.5 million of other assets



1. Based on the Company's 31 January 2021 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.

### 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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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.