

# 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	0.15	2.12										4.31
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:** EJF's March 2021 NAV was £103.2 million or GBp169 per share, representing a monthly gain of 2.12% and a year to date total return of 4.31%.

The monthly gain is mainly attributable to the appreciation in value of the Company's mortgage servicing rights investment ("Seneca") and a legacy TruPs CDO position investment both of which benefitted from a steeping US yield curve as discussed further below.

The effects of GBP weakening against USD during the month resulted in a positive contribution of over £800,000 from foreign exchange gains.

**Portfolio Activity:** During the month, further investments of approximately £225,000 were made into the Seneca investment. In addition, over £2.3 million of expected cash distributions were received from securitisations and the CDO Manager.

**Market:** Interest rate movements continued to grab the market's attention, as global real yields continued to climb on anticipation of economies reopening globally, which could lead to a rise in inflation expectations. This further pushed the "re-opening" trade and value rotation into financials as beneficiaries of higher interest rates and a steeping yield curve. As credit fears abate and the regulatory backdrop stabilises under the Biden administration, we believe a favorable operating environment could result.

When thinking about the resumption of loan growth and accretive M&A activity, we see a confluence of tailwinds that may propel small and medium sized banks higher over a multi-year period. This may be comparable to what was seen from 2011-2014 following the Global Financial Crisis. The Federal Open Market Committee (the "Fed") has expressed a willingness to allow inflation and have short-term rates remain lower than it typically would be comfortable with through the adoption of an "inflation averaging approach". We believe that this may result in a further steepening of the yield curve as the Fed leaves short rates near zero while allowing the long end to continue to rise with inflation expectations. The spread between the 2-year and 10-year Treasury bonds is 158 bps and we have seen between 250-300 bps of spread in past economic recovery scenarios. The steepening of the yield curve may allow for greater margins meaning banks could be direct beneficiaries.

With regard to M&A, we believe the financial industry is poised to resume the rapid pace of consolidation experienced from 2014-2020, in which we saw the industry consolidate at roughly 5% per year. In our opinion, the backdrop for M&A is very favorable. In addition to the dry powder seen from the approximately \$15 billion of subordinated debt and preferred raised last year, most banks have built capital throughout 2020, and we expect this to be used to consolidate and also retire floating rate legacy capital instruments, such as TruPS. We have already experienced a significant pickup in prepayments in TruPS and expect this to continue throughout the year.

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

Ticker Symbol	EJFI LN
NAV/Share	GBp169 (\$2.33 equivalent)
Share Price	GBp124
Share Price Premium/(Discount) to NAV	(26.6)%
EJFI NAV	£103.2 million
Market Cap	£75.8 million
Gross Asset Value	£127.7 million
Target Return	8%-10% total return
Quarterly Dividend <sup>1</sup>	GBp2.675 per share (GBp10.7 per share p.a.)
Dividend Yield	8.63% (share price) 6.33% (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: 120.5GBp Current Share Price: GBp122.0
2025 ZDP Shares	Ticker: EJFo LN Shares: 6m, Maturity: 6/2025 Capital Entitlement: GBp140.0 GRY: 7.00% Current NAV: 105.3GBp Current Share Price: GBp106.0

<sup>1</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 31 March 2021, only USD39.4m of USD 162.2m exposure is hedged.

Based on the Company's 31 March 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.

# EJF Investments Limited

## FACTSHEET

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

#### Securitisations & Related Investments

- £90.2 million investment in the equity tranches of eight securitisations sponsored by EJF Capital LLC
- £9.0 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.2 million investment in portfolio of TruPS CDO securities

#### Specialty Finance Investments

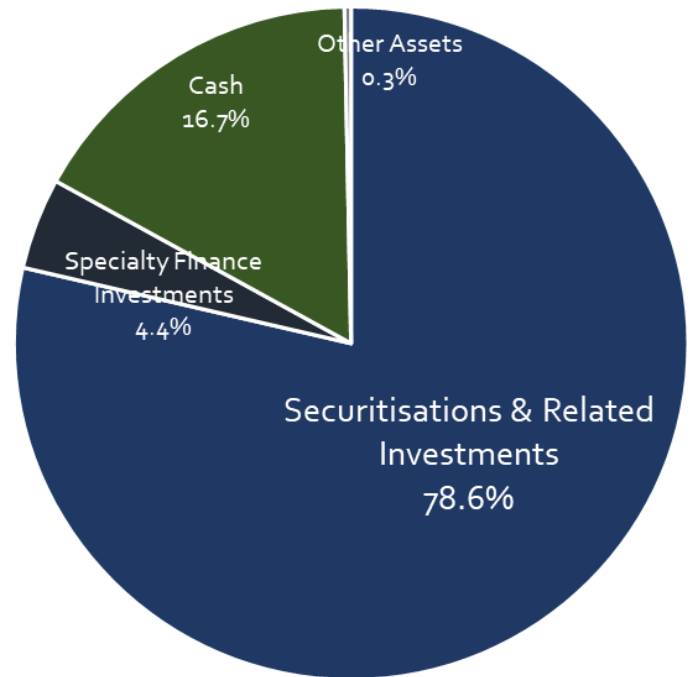
- £1.9 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £3.7 million investment in a portfolio of mortgage servicing rights

#### Cash

- £19.6 million unrestricted cash
- £1.5 million restricted cash<sup>2</sup>

#### Other Assets

- £0.1 million of forward currency contracts
- £0.6 million of other assets



1. Based on the Company's 31 March 2021 unaudited financials.
2. Net of the Company's forward currency contracts mark to market valuation of £(0.2) million

### 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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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 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.