

## 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)									(3.86)
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>

\$7.0 Billion

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

10.48%

## Investment Manager Monthly Commentary

## Portfolio Activity:

EJFI's April 2023 NAV was £106.6<sup>2</sup> million or GBp174<sup>2</sup> per share, representing a loss for the month of 0.17%<sup>2</sup>. The performance was primarily driven by negative FX losses of 0.90%. The Company has hedges equivalent to c.57% of its underlying USD exposure which helped offset the adverse FX rate movement. Overall, the underlying portfolio had a positive performance of 0.97% which represented resilience in a volatile environment. Securitisations & related investments contributed 1.11% to performance largely due to regular income accruals. Elsewhere, MSRs and related hedges recorded a modest loss of 0.15%.

## Market:

The banking sector experienced further declines in April as investors digested earnings reports in the aftermath of the failures of Silicon Valley Bank and Signature Bank. While earnings power continued to decline due to rising funding costs, the Investment Manager believes liquidity within the banking system remains healthy in most instances and deposit trends at smaller banks were better than feared after the sell-off in March. Towards the end of the month, First Republic Bank was seized by regulators and sold to JP Morgan Chase. Subsequent to month-end, both PacWest ("PACW") and Western Alliance ("WAL") provided deposit updates which showed greater stability in recent weeks. While PACW noted they were evaluating all strategic options, this commentary simply reiterated the comments made in its recent earnings calls as new management entered. WAL refuted that they are up for sale. The only significant new development in early May in the Investment Manager's opinion, was the termination of the deal between First Horizon and TD Bank.

On 1 May 2023, the Federal Deposit Insurance Corporation ("FDIC") released an overview of deposit insurance as well as three options to address financial stability and to prevent future bank runs. Of the three options of limited coverage, unlimited coverage or targeted coverage of deposits, the FDIC believes that targeted coverage would be the most effective. In particular, the FDIC described targeted coverage as 'Offering different deposit insurance limits across account types, where business payment accounts receive significantly higher coverage than other accounts.' We view ongoing discussions and a desire to further stabilise the system positively.

In the near-term, the Investment Manager believes that banks are in the process of using Insured Cash Sweep and other means to reduce uninsured deposit risk. The Investment Manager further believes that enhanced deposit insurance through the FDIC is crucial in the long-term to the small and medium sized institutions that serve 30 million small businesses in the U.S.

## Other corporate activity

- During the month, the Board declared a dividend of 2.675 pence per share in respect of the quarter ended 31 March 2023, in line with meeting the Company's 2023 target dividend of 10.7 pence per share. The dividend will be paid on or around 31 May 2023 with an ex-dividend date of 5 May 2023.
- On 18 May 2023, the Company issued a circular convening an annual general meeting on 13 June 2023. Details can be accessed [here](#).

<sup>1</sup>AUM includes \$3.3 billion of CDO managed assets and \$222.9 million of uncalled capital as at 31 March 2023.

<sup>2</sup>Based on the Company's 30 April 2023 unaudited financials.

## EJFI Key Facts (as of 30 April 2023)

Ticker Symbol	EJFI LN
NAV/Share	GBp174 (\$2.19 equivalent)
Share Price	GBp120.5
Share Price (Discount) to NAV	(30.7)%
EJFI NAV	£106.6 million
Market Cap	£73.7 million
Gross Asset Value	£130.0 million
Target Return	8%-10% total return p.a.
Quarterly Dividend <sup>1</sup>	GBp2.675 per share (GBp10.7 per share p.a.)
Dividend Yield	8.9% p.a. (share price)
Hedging ratio <sup>2</sup>	56.6%
Gearing ratio <sup>3</sup>	21.4%
Ongoing Charges <sup>4</sup>	1.2%
2025 ZDP Shares	Ticker: EJFO LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp118.5

<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 30 April 2023, USD 85.3m of approximately USD 150.8m 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.

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

#### Securitisations & Related Investments

- £85.5 million investment in the equity tranches of seven securitisations sponsored by EJF Capital LLC
- £6.9 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.3 million investment in a TruPS CDO security

#### Specialty Finance Investments

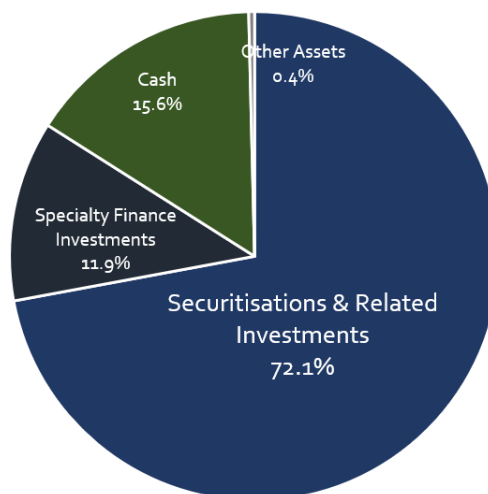
- £9.9 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £3.5 million in U.S. Treasury bills to partially hedge MSRs
- £2.1 million investment in FinTech debt securities

#### Cash

- £16.5 million unrestricted cash
- £3.8 million restricted cash<sup>2</sup>

#### Other Assets

- £0.5 million of other assets



<sup>1</sup>Based on the Company's 30 April 2023 unaudited financials.

<sup>2</sup>Including an unrealised gain on forward currency contracts of £2.2 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.

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Barclays Bank PLC	U.K. Office	1 Churchill Place, London E14 5HP	andrew.davies@barclays.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.