

## EJF Investments Limited

EJF

## MONTHLY FACTSHEET

## MONTHLY NAV PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024 Monthly Performance (inclusive of dividends) (%)	0.80	1.10	1.10	1.26	(0.26)	1.45	(0.19)	(0.42)	(1.75)	2.64			<b>5.81</b>
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	(0.69)	0.25	<b>(7.27)</b>
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	<b>13.85</b>
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)	<b>11.02</b>
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	<b>(7.02)</b>
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	<b>11.88</b>
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)	<b>19.08</b>
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	<b>23.47</b>

\*This performance reflects the period 1 February through 9 February, the Exchange Offer Completion Date.

EJF Capital LLC AUM<sup>1</sup>

\$6.0 Billion

EJFI Annualised Performance since inception<sup>2</sup> (%)

8.74

## Investment Manager Monthly Commentary

**Portfolio Activity:**

EJFI's October 2024 NAV was £98.7<sup>2</sup> million or GBp161<sup>2</sup> per share, representing a gain (inclusive of dividends) of 2.64%<sup>2</sup> for the month which was driven by FX gains of 2.31%, a reversal of a three-month trend of GBP strengthening versus the USD. The Company continues to hedge approximately 53% of its underlying US Dollar asset exposure as at month end.

Aside from the FX gain, the underlying assets in the portfolio returned 0.66%. Securitisations & Related Investments contributed 0.52%, the Credit Risk Transfer portfolio contributed 0.09%, and MSRs contributed 0.52%, while US Treasuries were down 0.07%.

**Market:**

Bank equity performance was strong in October due to renewed optimism ahead of the US election in combination with expectations that the US Federal Reserve (the "Fed") would continue to cut interest rates. Third quarter earnings reports for US banks also highlighted net interest margin expansion alongside manageable credit quality and strong growth in tangible equity from earnings and lower interest rates during the quarter.

Subsequent to month-end, equity markets have rallied on Donald Trump's victory in the presidential race along with a Republican sweep in both the Senate and the House of Representatives. These surprising developments give Republicans the potential to pass legislation without the support of Democrats which would most notably include extending the corporate tax cuts passed in Trump's first administration. Under a Trump Administration, the Manager expects immediate business-friendly appointments to the primary bank regulators, the OCC and FDIC, as well as an appointment of a new Fed chairperson when Jerome Powell's term expires in January 2026. The Manager believes that the expected trifecta of loosening regulations, increased M&A and robust loan growth should benefit much of the underlying exposure of the Company. For further thoughts on the Manager's views of the election's impact on US banks, please view EJFI's recent paper here: [Election Impact Update: U.S. Community and Regional Banks](#).

Additionally, on 7 November, the Federal Reserve Open Market Committee cut interest rates by 25bps, the second reduction in short-term rates in 2024 after September's 50bp cut. The yield curve, as denoted by the spread between the 2-year and 10-year Treasury bonds, continues to steepen which is very positive for bank net interest margins. This is likely due to President-elect Trump's first 100-day agenda of fiscal initiatives currently being assumed to lead to strong economic growth and elevated inflation given his stated desire to double-down on the use of tariffs in his second administration. In terms of tariffs, it is important to note that most of the smaller banks owned by the Company will not be directly affected as they have domestically focused businesses.

## EJFI Key Facts (as of 31 October 2024)

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBp161 (\$2.08 equivalent)
<b>Share Price</b>	GBp114.5
<b>Share Price Discount to NAV</b>	28.9%
<b>EJFI NAV</b>	£98.7 million
<b>Market Cap</b>	£70.0 million
<b>Gross Asset Value</b>	£125.0 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>	9.7% p.a. (share price)
<b>Hedging ratio<sup>2</sup></b>	53.3%
<b>Gearing ratio<sup>3</sup></b>	26.0%
<b>Ongoing Charges<sup>4</sup></b>	1.2% (1.8% gross of Manager reimbursement)
<b>2025 ZDP Shares</b>	Ticker: EJF0 LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp130.5

<sup>1</sup>The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2024, 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 2024, USD 85.3m of approximately USD 159.9m 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 23 and calculated in line with Association of Investment Companies ("AIC") recommended methodology. Manager Reimbursement reduced from 60% for FY23 to 10% until 30 June 2024 and nil thereafter.

<sup>1</sup>AUM includes \$3.2 billion of CDO managed assets and \$125.8 million of uncalled capital as at 30 June 2024. <sup>2</sup>Based on the Company's 31 October 2024 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



## MONTHLY FACTSHEET

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

#### Securitisations & Related Investments

- £72.3 million investment in 7 CDO Equity Tranches of securitisations sponsored by EJF Capital LLC
- £5.3 million investment in EJF CDO Manager LLC (49% ownership interest)
- £4.6 million investment in 7 Mezzanine debt securities of securitisations sponsored by EJF Capital LLC
- £1.1 million investment in a TruPS CDO security

#### Specialty Finance Investments

- £8.1 million investment in a portfolio of mortgage servicing rights ("MSRs")

#### Credit Risk Transfer

- £4.7 million in two Credit Risk Transfer ("CRT") transactions

#### U.S. Treasuries

- £3.1 million in U.S. Treasury bills to partially hedge MSRs

#### U.S. Bank debt

- £1.5 million in one subordinated debt instrument issued by a US Bank

#### Cash and Cash Equivalents

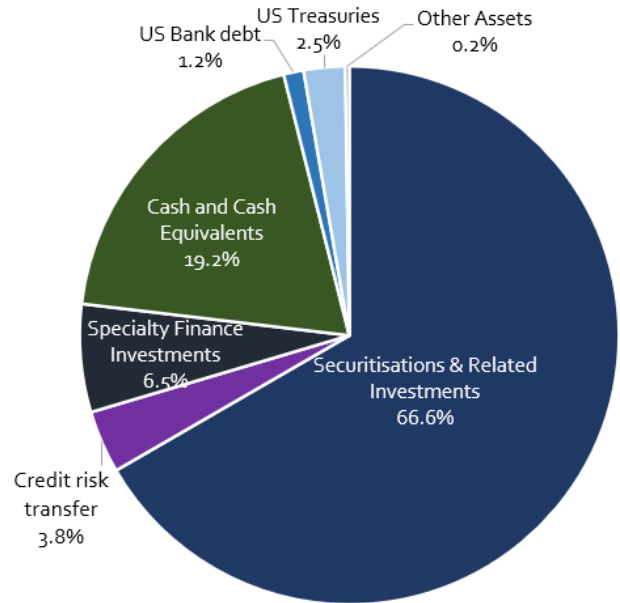
- £3.0 million unrestricted cash
- £2.5 million restricted cash<sup>2</sup>
- £18.5 million in a money market fund

#### Other Assets

- £0.3 million of other assets

<sup>1</sup>Based on the Company's 31 October 2024 unaudited financials.

<sup>2</sup>Including an unrealised loss on forward currency contracts of £1.1 million.



## COMPANY OVERVIEW

EJF Investments Ltd ("EJFI" or the "Company", together with its subsidiary the "Group") is a Jersey incorporated, closed end 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. EJFI also invests in Credit Risk Transfer ("CRT") bond which enables a bank to reduce its regulatory capital on a pool of loans that are carried on its balance sheet.

EJF Investments Manager LLC (the "Manager")	U.K. Office	11 Berkeley Street, 5th Floor, London, W1J 8DS	Info@ejfi.com
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Barclays Bank PLC	U.K. Office	1 Churchill Place, London E14 5HP	barclaysinvestmentcompanies@barclays.com
Apex Financial Services (Alternative Funds) Limited	Jersey Office	IFC 5, St Helier, Jersey JE1 1ST	ejfcosec@apexgroup.com

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## MONTHLY FACTSHEET

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