

## 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	1.77	1.97	<b>9.80</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>

\$5.44 Billion

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

9.06

## Investment Manager Monthly Commentary

## Portfolio Activity:

EJFI's December 2024 NAV was £100.7<sup>2</sup> million or GBP165<sup>2</sup> per share, representing a gain (inclusive of dividends) of 1.97%<sup>2</sup> for the month which was driven by 1.20% gain on the underlying portfolio along with FX gains of 1.15%. The Company hedged approximately 53% of its underlying US Dollar asset exposure as at month end.

The underlying portfolio return of 1.20% was driven by a 0.96% return from Securitisations & Related Investments. CDO Equity Tranche prices were flat month on month, CDO Mezzanine Debt securities returned 0.28% and the remaining return was driven largely by regular interest accruals. Elsewhere, MSRs were up 0.20% on account of mortgage rate movements and the Credit Risk Transfer portfolio contributed 0.05%. US Treasuries were down 0.04% and the US Bank debt portfolio was up 0.02%.

## Market:

Bank equity performance was weak in December given concerns that the Federal Reserve (the "Fed") may slow or pause interest rate cuts. The KBW Regional Banking Index ("KRX") experienced an approximate 15% peak-to-trough decline post the election rally. The Manager is quite surprised that the banking sector is nearly unchanged since prior to the election given the Republican sweep and the high likelihood of a deregulatory agenda. The Manager also believes that net interest margin expansion should provide a strong tailwind for earnings growth, particularly over 2025 and 2026. This sentiment is reflected by the Manager's Chief Executive Officer, Neal Wilson, commenting in EJF's 2025 Thematic Outlook, "As small bank loan growth and M&A heats up, the Manager believes that there will be no better "Trump Trade" than owning small bank equities and debt."

On 18 December, the Federal Reserve Open Market Committee cut interest rates by 25bps to a range of 4.25% to 4.50%, taking total rate cuts to 100bps since

September. In the Fed's commentary, though, they noted that inflation remains elevated and their dot plot expectations for rate cuts were lowered from four to just two in 2025. As a result, bank equities declined over the following weeks given a renewed fear over the implications of a higher-for-longer interest rate environment. The Manager would make two important points on these issues.

First, the yield curve, as denoted by the spread between the 2-year and 10-year Treasury bonds, steepened to 33bps by year-end. The Manager believes that steepness in the curve is positive for future lending margins. For example, the Manager expects that fixed asset repricing may actually be better than analyst expectations given the higher medium/long part of the curve. Additionally, the Manager believes that the first 100bps of interest rate cuts has yet to be seen within bank earnings results. In conversations with management teams this quarter, deposit growth and pricing has been better than expected. In sum, the Manager is not convinced that a pause in rate cuts is necessarily a negative for bank earnings in the near-term.

Secondly, the Manager believes that the markets are currently underappreciating the speed with which the Manager expects President Trump's transition team to act following his inauguration. The Manager expects that acting chairs of the bank regulatory agencies will be named quickly and the approach to supervision and enforcement will immediately shift from the Biden regime. Trump's nominations of Scott Bessent for Treasury Secretary and Paul Atkins for Chair of the SEC are pragmatic choices as the administration aims to simplify regulations and increase transparency. While the Manager is skeptical that wholesale changes will be made to broad restructuring of financial regulation or to any specific agencies themselves, we are quite optimistic that a business-friendly approach will unleash M&A activity within the sector.

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

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBP165 (\$2.07 equivalent)
<b>Share Price</b>	GBP120.0
<b>Share Price Discount to NAV</b>	27.3%
<b>EJFI NAV</b>	£100.7 million
<b>Market Cap</b>	£73.4 million
<b>Gross Asset Value</b>	£127.4 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>	8.9% p.a. (share price)
<b>Hedging ratio<sup>2</sup></b>	53.4%
<b>Gearing ratio<sup>3</sup></b>	25.8%
<b>Ongoing Charges<sup>4</sup></b>	1.9%
<b>2025 ZDP Shares</b>	Ticker: EJF0 LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBP140.0 Current Share Price: GBP132.5

<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 December 2024, USD 85.3m of approximately USD 159.7m 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 24 and calculated in line with Association of Investment Companies ("AIC") recommended methodology.

<sup>1</sup>AUM includes \$2.9 billion of CDO managed assets and \$86.5 million of uncalled capital as at 30 September 2024. <sup>2</sup>Based on the Company's 31 December 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

- £74.7 million investment in 7 CDO Equity Tranches of securitisations sponsored by EJF Capital LLC
- £4.8 million investment in EJF CDO Manager LLC (49% ownership interest)
- £5.0 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

- £8.8 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

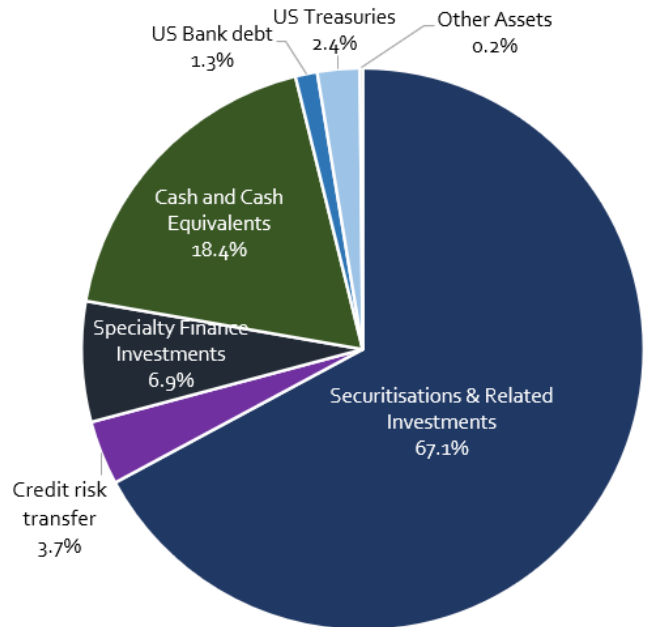
- £1.6 million in one subordinated debt instrument issued by a US Bank

#### Cash and Cash Equivalents

- £4.4 million unrestricted cash
- £3.0 million restricted cash<sup>2</sup>
- £16.0 million in a money market fund

#### Other Assets

- £0.2 million of other assets



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

<sup>2</sup>Including an unrealised loss on forward currency contracts of £1.9 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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