

EJF Alpha Opportunities

Monthly Newsletter

iam

28 Feb 2023

For professional investors only

Fund Overview

IAM EJF Alpha Opportunities follows a low net Long/Short Equity strategy. The investment objective of the Fund is to achieve attractive risk-adjusted performance returns and to produce capital appreciation over the long-term. It will seek to achieve its investment objective primarily through investments in equity securities in the financial services sector. The Fund will primarily invest in U.S. equity securities issued by financial services entities that are impacted directly or indirectly by:

- (1) Reform of U.S. financial legislation and related policy changes by the U.S. government impacting on financial institutions;
- (2) Recapitalizations and/or restructurings of regulated financial institutions including banks.

Monthly Commentary

February was challenging for the financial sector given persistent interest rate volatility. The policy-sensitive 2-year Treasury bond increased from 4.20% to 4.82% during the month as the January Consumer Price Index ("CPI") unexpectedly rose 0.5% MoM. At the end of February, Fed Funds futures expected to see continued hikes with almost no cuts throughout 2023, ending the year with rates around 5.5%. The market is also now anticipating the U.S. Federal Reserve (the "Fed") to increase Fed Funds rate by 25 to 50 basis points in March 2023. After month end, this belief was only strengthened by hawkish comments from Chairman Jay Powell to the Senate Committee on Banking, Housing, and Urban Affairs.

This repricing of the interest rate curve resulted in a pullback in the broader markets, specifically in banks where concerns over net interest margin ("NIM") compression remained. As a result of the deterioration of the macroeconomic backdrop, the Manager reduced gross and net exposure during the month. The Manager also selectively added several single name short positions in the Fund.

Although the Manager believes credit quality remains relatively strong thus far in the cycle, the Manager remains concerned that the dramatic increase in rates may eventually test the resiliency of borrowers. Given the combination of lower deposit growth and higher cost of funding, banks have been more prudent on new loan originations. In the Federal Reserve Senior Loan Officer Survey released in February, all loan categories saw both weaker demand and tightening lending standards. Approximately 60% of banks reported tightening C&I and CRE lending standards and over 50% of banks expect weaker demand for commercial lending in 2023. The survey results are the weakest since the 1st quarter of 2009 and are representative of an industry preparing for economic recession.

Regarding exposure, the Manager reduced the long exposure of the Fund to approximately 64.33% and short exposure of the Fund to approximately 49.93% resulting in 14.40% net exposure at month-end. The gross exposure of the Fund decreased during the month of February to 114.26%.

From an attribution perspective, the Fund lost (0.44%) on long positions and gained 0.82% on short positions in February.

Fund Characteristics

Market Capitalisation

- US\$100mn – \$100bn

Average Holding Period

- 12-24m Longs
- 3-12m Shorts

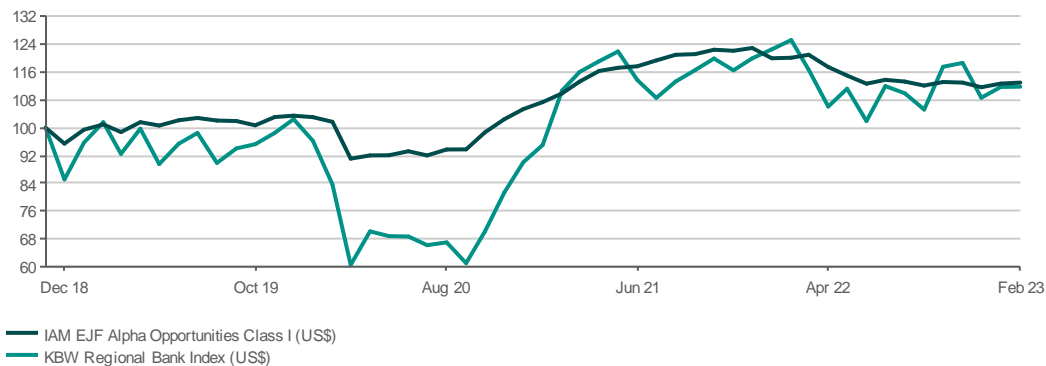
Exposure Range

- 20 to +20% Net
- 100-150% Gross

Number of Positions

- 25-50 Longs
- 25-50 Shorts

Historical Performance



Historical Monthly Returns – IAM EJF Alpha Opportunities Class I (US\$) (%) (Net)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HFRU EH (%) YTD	KBW (%) YTD
2023	0.93	0.28	-	-	-	-	-	-	-	-	-	-	1.21	2.34	2.94
2022	-2.43	0.14	0.71	-2.91	-2.10	-2.02	0.98	-0.45	-1.01	0.93	-0.15	-1.20	-9.20	-9.01	-9.45
2021	1.91	2.37	3.09	2.70	0.76	0.37	1.44	1.38	0.15	1.04	-0.17	0.66	16.73	7.04	33.19
2020	-0.41	-1.30	-10.43	1.03	0.05	1.27	-1.30	1.86	0.02	5.25	3.83	2.80	1.81	0.91	-12.10
2019	4.22	1.50	-2.19	2.89	-0.95	1.52	0.65	-0.74	-0.13	-1.19	2.37	0.36	8.43	6.36	20.38
2018	-	-	-	-	-	-	-	-	-	-	-	-4.59	-4.59	-2.77	-14.89

Indices used are HFRU Equity Hedge Index (US\$) and KBW Regional Bank Index (US\$). Past performance is not indicative of future returns.
 *Dec 2018.

Fund Information

Fund Inception	6 November 2018
Investment Manager/ Distributor	International Asset Management Ltd
Sub-Investment Manager	EJF Capital LLC
IAM EJF Alpha Opps. AuM	US\$70m
EJF Capital Firm AuM	Approx. US\$3.9bn (plus US\$3.3bn of CDO assets through affiliates) ¹
Subscriptions	Daily, T-1 Notice, T+3 Settlement
Redemptions	Daily, T-3 Notice, T+3 Settlement

Performance – Share Classes (UCITS)

Class	ISIN	NAV	MTD (%)	YTD (%)	Since Inc. (%)
I EUR (Acc)	IE00BDFXQM87	1,010.32	0.14	0.81	1.03
I USD (Acc)	IE00BDFXQN94	1,094.43	0.28	1.21	9.44

¹Firm AUM as of 31/12/2022 includes \$211.5 million of uncalled capital.
 Source: IAM as of 28/02/2023. All data is net of fees.

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Portfolio Analysis (Gross of fees)

Direction	Contribution (%)
Long	-0.61
Short	0.94
	0.33

Top 5 Contributors	Contribution (%)
SHORT POSITION	0.33
SHORT POSITION	0.13
CADENCE BANK	0.12
SHORT POSITION	0.12
CROSSFIRST BANKS	0.11
	0.81

Top 5 Detractors	Contribution (%)
FIRST REPUBLIC B	-0.25
HANCOCK WHITNEY	-0.22
FIRST MERCHANTS	-0.12
PINNACLE FINL	-0.10
BRIDGEWATER BANC	-0.09
	-0.78

Top 5 Long Holdings	Group	Exposure (%)
HANCOCK WHITNEY	Super-Community Banks	4.56
COASTAL FINANCIA	Community Banks	4.33
BANC OF CALIFORN	Community Banks	3.80
VALLEY NATL BANC	Super-Community Banks	3.31
ENTERPRISE FINAN	Community Banks	3.17

Portfolio Manager and Firm Background

Jason Ruggiero, Portfolio Manager

Mr. Ruggiero joined EJF at its founding in 2005 and is a member of the Executive Committee. Mr. Ruggiero serves as the primary portfolio manager for EJF's equity focused strategies as well as the Co-Chief Investment Officer for EJF's capital markets products. Mr. Ruggiero also serves as a member of EJF's Risk Committee and ESG Committee. Mr. Ruggiero currently serves on the Board of Directors of Arlington Food Assistance Center and formerly served on the Board of Directors of FB Corporation in St. Louis, MO and TIG Bancorp in Denver, CO. He also formerly served as a member of the JMU College of Education Executive Advisory Council. Prior to joining EJF, Mr. Ruggiero was an equity trader in FBR's Alternative Asset Investment Group, where he assisted Mr. Friedman in the day-to-day operations of FBR Ashton, L.P., a long/short hedge fund. In 2004, Mr. Ruggiero assumed co-portfolio manager responsibilities for FBR Ashton, L.P. Before joining FBR, Mr. Ruggiero was an auditor for Deloitte and Touche in Washington, DC, where he focused on the financial services industry. He holds a BBA in accounting from James Madison University and an MBA in finance from the University of Maryland.

EJF Capital, LLC

EJF Capital LLC was founded in September 2005 and leverages the asset management and capital markets experience of Emanuel J. Friedman, co-founder and former Co- Chairman and Co-CEO of Friedman, Billings Ramsey Group, Inc. ("FBR," later known as Arlington Asset Investment Corporation, NYSE: AI and FBR & Co.) Mr. Friedman has more than 40 years of experience in the U.S. securities industry, including more than 20 years as a hedge fund and private equity portfolio manager. EJF was co-founded by Neal J. Wilson, formerly Senior Managing Director for the Alternative Asset Investment and Private Wealth Management groups at FBR.

Source: IAM.

www.iaminvestments.com

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