



EJF Capital LLC

Firm Brochure

Form ADV, Part 2A

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This brochure provides information about the qualifications and business practices of EJF Capital LLC. If you have any questions about the contents of this brochure, please contact us at: 703.875.9121 or by email at: fwalker@ejfcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about EJF Capital LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

EJF Capital LLC (“EJF” or the “Firm”) is required to identify and discuss any material changes made to this brochure since the last update. No material changes have occurred since the last update, EJF and its affiliates continued to provide investment management services to its clients.

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Item 4 – Advisory Business

The Company

EJF is an investment advisory firm that started its investment advisory operations in September 2005. EJF's principal owner and Chief Executive Officer, Emanuel J. Friedman, owns approximately 58% of EJF, and Neal Wilson, EJF's Chief Operating Officer, owns approximately 18% of the Firm. Other associated individuals own approximately 24% of EJF. EJF has two affiliated entities; one entity is located in London, United Kingdom, one is located in Shanghai PRC. EJF also has five relying advisers, four located in Arlington, Virginia, and the fifth in Houston, Texas.

Contact information for EJF's headquarters, its affiliated entities, and the relying advisers is as follows:

EJF Capital LLC
2701 Wilson Boulevard, Suite 410
Arlington VA 22201

EJF Capital Ltd
35 Park Lane, 4th Floor
London, UK W1K 1RB

EJF Shanghai Adviser Ltd.
Level 36, 8 Century Avenue
Pudong Shanghai 200120 People's Republic of China

FINS Manager LLC
2107 Wilson Blvd, Suite 410
Arlington VA 22201

EJF CDO Manager LLC
2107 Wilson Blvd, Suite, 410
Arlington, VA 22201

Armadillo Financial Partners LLC
2925 Richmond Ave, Suite 1750
Houston, TX 77098

TPINS Manager LLC
2107 Wilson Blvd, Suite 410
Arlington VA 22201

TFINS Manager LLC
2107 Wilson Blvd, Suite, 410
Arlington, VA 22201

Advisory Services

EJF provides discretionary investment advisory services to pooled investment vehicles and single investor funds (each, a “Fund”, and collectively, the “Funds”). EJF serves as the manager for the Funds and is responsible for the Funds’ trading and other day to day activities. The following Funds are currently open to new investments: EJF Debt Opportunities Master Fund, L.P. (“Debt Opportunities”), a limited partnership formed in the Cayman Islands; EJF Debt Opportunities Master Fund II LP, (“Debt Opportunities II”), a limited liability company formed in the Cayman Islands; EJF Income Fund, LP (“Income Fund”), a limited partnership formed in Delaware; EJF Financial Services Fund, LP (“Financial Services”), a limited partnership formed in Delaware; ; EJF Trust Preferred Master Fund LP (“TruPS”) a limited partnership formed in the Cayman Islands. In addition to the Funds referenced above, EJF also manages a number of Funds that are currently closed to new investors and investments.

Armadillo Financial Partners, LLC (“Armadillo”), a relying adviser on EJF’s Form ADV, serves as the manager for the Armadillo Financial Fund LP, a limited partnership formed under the laws of the State of Delaware (“Armadillo Fund”); and Armadillo Financial Fund II LP, a limited partnership formed under the laws of the State of Delaware (“Armadillo II”). EJF Sidecar Series, LLC – Series F (“Sidecar F”)

EJF CDO Manager LLC (“CDO Manager”), a relying adviser on EJF’s Form ADV, serves as collateral manager for Attentus CDO I, LTD., Attentus CDO III, LTD., Kodiak CDO I, Inc, and Kodiak CDO II, Inc.

FINS Manager LLC (“FINS”) is a relying adviser on EJF’s Form ADV, serves as collateral manager for Financial Institution Note Securitization 2015-1, Ltd.

TPINS Manager LLC (“TPINS”) is a relying adviser on EJF’s Form ADV, serves as collateral manager for Trust Preferred Insurance Note Securitization 2016-1, Ltd.

TFINS Manager LLC (“TFINS”) is a relying adviser on EJF’s Form ADV, serves as collateral manager for TruPS Financials Note Securitization 2016-1, Ltd.

EJF is subject to investment guidelines/restrictions with respect to the Funds. These investment guidelines/restrictions (if any) are described in each Fund’s offering documents and are monitored in EJF’s portfolio management system.

EJF also provides discretionary investment advisory services to separately managed accounts (“SMAs” together with Funds, each, a “Client”, and collectively “Clients”). With regard to discretionary SMAs, the advisory accounts are managed according to the Client’s investment guidelines/restrictions as they appear in the Client’s investment management agreement or a separate document reflecting investment guidelines/restrictions. Examples of

guidelines/restrictions for an SMA include a prohibition on the purchase of a particular security or a limit on the percentage of an SMA client's assets which are invested in a particular asset class. SMA clients with discretionary accounts have the ability to place additional investment guidelines/restrictions or remove or modify existing investment guidelines/restrictions that are described in the investment management agreement. All changes to the investment guidelines/restrictions are reviewed with the client and the product's portfolio manager (or a designee) before they are implemented. To assist with this review, each SMA client's investment guidelines/restrictions are placed in EJJ's portfolio management system, where the trading activity is compared to the client's instructions.

To manage Clients' portfolios, EJJ relies on investment research generated internally and research received from third-party broker-dealers or consultants (proprietary research). EJJ's portfolio managers for different Clients sometimes share investment research and have discussions regarding investment ideas. This practice may create a conflict between EJJ's Clients as resources and investment opportunities could be allocated disproportionately. EJJ does not offer for sale any proprietary investment research or research generated internally. However, the Firm occasionally produces "white papers" which are made available to certain existing and prospective clients or Fund investors.

The portfolios for Funds and SMAs managed by EJJ include, but are not limited to: investments (domestic and foreign) in common stock, preferred stock, investment grade and non-investment grade corporate bonds, fixed income products, derivatives, and private securities. Funds and SMA clients also purchase other securities such as: U.S. Government and agency securities, convertible securities (including convertible preferred stocks and convertible corporate bonds), real estate investment trusts, private placement securities, private funds, triple net lease products, structured products, Troubled Assets Relief Program ("TARP") securities (securities originally issued by banking institutions in connection with the U.S. Department of The Treasury ("Treasury") bail-out program), futures (tangible and intangible), forwards, swaps, municipal bonds, trust preferred securities, and warrants. With regard to one Fund, the investment program includes providing secured business loans, and loans to law firms participating in mass tort litigation or other similar litigation.

EJJ offers advice on trust preferred securities, long-term junior subordinated debt or equity securities with characteristics very similar to trust preferred securities and other preferred or debt securities. EJJ also provides advice on investments in entities that elect to be taxed as real estate investment trusts for U.S. federal income tax purposes. These entities issue structured finance products and/or originate loans that invest in trust preferred securities. EJJ provides advice on different tranches of structured and securitized debt and equity securities such as: mortgage pool residual interests, bank loans, trade claims, derivatives, equity securities received in connection with debt restructurings, and private investments in public equities.

EJJ has agreed to provide certain investors with documents containing detailed information about certain Funds on a monthly basis. EJJ will provide such statements to investors in the Funds upon request, subject to such policies and conditions as may be established by EJJ from time to time in its sole discretion. EJJ may determine, in its sole discretion, to stop providing such statements at any time or to change the information contained in or the timing of such statements. Any investors

that would like to receive such statements will be required to execute a confidentiality agreement prior to receiving such statements.

Termination of SMA Agreement

An SMA client may terminate the investment management agreement at any time. The termination is effective after EJP receives a notice of termination. EJP may terminate an investment management agreement by notifying the SMA client.

Regulatory Assets Under Management

As of December, 31, 2016, EJP had approximately \$ 8,243,712,924.53 in regulatory assets under management ("AUM"). All assets are managed on a discretionary basis.

Item 5 – Fees and Compensation

The fees and compensation applicable to each Client is set forth in detail in each Client's offering documents or investment management agreement, as amended from time to time. A brief summary of such fees is provided below. Clients generally pay an asset based management fee in connection with EJP's advisory services. Clients may also pay a performance-based compensation, generally at the end of the year, based on a percentage of the increase in the value of each Client's investment, subject to certain limitations and discounts. On occasion, certain Clients will pay fees to EJP for investments where other Clients will pay lesser or no fees for the same or substantially similar investments.

Funds

As the investment adviser responsible for managing the Funds, EJP charges a maximum management fee of 2% based on the AUM, and a performance-based compensation of 25% excess of the Fund's profits. EJP could agree to charge certain Funds or certain Funds' investors lower management fees and performance-based compensation, even if the assets are managed in a similar investment style. This may include, on certain occasions, some Clients paying different fees or amounts for the same holdings. EJP may also decide to waive all or a portion of the Firm's negotiated fees for a given period or for a particular Client. For example, EJP may decide to negotiate its management fee because of an investor's asset level in the portfolio or an investor's special situation. Certain Clients are invested in Funds managed by EJP, in which case those Clients will be placed in a non-fee paying class of the Funds in which they are invested (certain EJP employees are in a non-fee paying class).

Certain Funds that are open to new investors calculate and pay management fees to EJP monthly in arrears, and several Funds (which are currently closed to new investors) calculate management fees on a quarterly basis in arrears. In addition, EJP manages several Funds that are closed to new investors and do not pay any management fees. Certain investors in the Funds have special management fee arrangements that are provided for in the Funds' offering documents. None of EJP's Funds pay management fees in advance.

Certain Funds that are open to new investors calculate and pay performance-based fees at the end of the Fund's fiscal year and several Funds (which are currently closed to new investors) calculate and pay performance-based fees at the dissolution of the Fund. These fees may be subject to

preferred return hurdles, catch-up allocations and/or claw-backs, depending, among other things, on the strategy of the Fund.

Funds - Deduction of Management Fees

Management fees for all Funds are deducted either monthly or quarterly from each Fund's portfolio. Management fees are first segregated into an escrow account by EJJF personnel pursuant to EJJF's written money transfer policies and procedures. Management fees remain in the escrow account until the Fund's administrator verifies the amounts. After the administrator verifies the management fee amounts, the administrator moves the assets to an EJJF bank account.

Funds - Transaction/Trading Costs

Broker-dealers executing Client trades generally charge a brokerage commission on equity securities and a markup or markdown on fixed income securities. For example, fixed income securities trade at a bid/ask spread and have no explicit brokerage expense. Although there is no formal brokerage expense, the Funds will incur the implicit trading cost reflected in the broker/dealer spreads. For additional information regarding the Firm's trading practices, see Item 12, Brokerage Practices. Securities transaction costs are paid by the Client, not EJJF. In addition to transaction costs, certain Funds also pay expenses that include but are not limited to: organization costs, modeling expenses, custodian fees, legal and audit expenses, taxes, pricing services, and administrative fees. Additional information regarding transaction costs is located in Item 12, Brokerage Practices.

Funds - Other Fees or Expenses Charged to the Funds

To the extent permitted under the applicable offering documents, as amended from time to time, one or more of EJJF's Funds bear some or all of the following expenses directly or indirectly: (i) fees or expenses associated with structured products or other securities in which the Funds invest, such as management fees associated with Collateralized Debt Obligations, Exchange Traded Funds, money market mutual funds, or other securities; (ii) fees and charges of clearing agencies; (iii) interest and commitment fees on loans and debit balances; (iv) income taxes, withholding taxes, transfer taxes and other governmental charges and duties; (v) fees of legal advisors, independent auditors and fund administrators; (vi) directors' fees and expenses, if any; (vii) the costs of any liability insurance or fidelity bonding obtained on behalf of or for the benefit of the Funds; (viii) the costs of maintaining the Funds' recognition, registered agents and registered offices in a variety of jurisdictions; (ix) the costs of any reports and notices to investors; (x) expenses relating to researching investments; (xi) offering expenses (including the costs of printing and distributing any offering documents); and (xii) fees for escrows, storage, custodians and other out of pocket expenses. A portion of these operating expenses may be shared with other Clients, EJJF or its affiliates.

It should be noted that EJJF, or its affiliates, acts as administrator for some Clients' accounts, and it receives a fee for performing such services. It should also be noted that Clients may invest in securities such as structured products that are issued or managed by other Clients, or their affiliates. In such cases Clients may be paying management or performance fees to other Clients.

Funds - Investors

Certain Fund investors in certain classes of the Funds are subject to additional upfront fees of up to 2.5%, as well as ongoing fees of up to 0.5% per annum. These additional fees are paid to placement agents. The placement agent receives an up-front fee based on the dollar amount invested by the investors placed with the applicable Fund. The placement fee is ultimately paid by the Fund investor. With regard to redemption fees, certain Funds could charge an investor if it redeems from the Fund prior to the one year anniversary of each subscription date. EJJ may also waive all or a portion of a certain investor's redemption fees. Several Funds have private equity structures with investment periods of 5 years or more with no redemption rights. In general, investors are not allowed to redeem from private equity funds until the lockup period has expired.

SMAs

As noted above, EJJ manages a number of SMA

s on a discretionary basis. The maximum management fee charged by EJJ to discretionary SMAs is 1.50% (on an annualized basis), payable monthly in arrears, and 20% performance based fee, generally payable, when applicable, at fiscal year-end. The management fee charged is based on AUM. None of EJJ's SMAs pay any management fees in advance. Fees for SMAs are negotiated and memorialized in each SMA's investment management agreement. An SMA client could pay a management fee that is higher or lower than another client, based on factors such as the amount of assets managed for the account and the negotiated percentage of the management fee.

Certain SMA

s calculate and pay performance-based fees at the fiscal year end while other SMAs pay performance-based fees at the liquidation of certain investments or strategies. These performance-based fees may be subject to preferred return hurdles, catch-up allocations and/or claw-backs, depending, among other things, on the strategy of the SMA.

SMA - Deduction of Management Fees

SMA clients (or their representatives) are provided an invoice reflecting the amount of management fees charged for the period in question. Some SMA clients pay EJJ directly; other clients direct their custodian or a representative to pay the management fee to EJJ. EJJ employees do not deduct management fees from SMA client accounts.

SMA - Other Fees or Expenses Charged to SMAs

SMA clients are generally charged a brokerage commission or other form of transaction cost for trades executed in their accounts. For example, equity securities are generally charged a brokerage commission while fixed income securities incorporate a markup/markdown into the execution price. Fixed income securities trade at a bid/ask spread and have no explicit brokerage expense. Although there is no formal brokerage expense, the SMA

s will incur the implicit trading cost reflected in the broker-dealer spreads. For additional information regarding the Firm's trading practices, see Item 12, Brokerage Practices. In addition, SMA clients could be subject to custodian fees, wire transfer fees, and transaction fees charged by third party custodians. All fees charged to an SMA client's account are reflected on the brokerage account statements received by each SMA client. For additional information regarding brokerage transaction cost, please see Item 12 – Brokerage Practices.

Clients – Fee and Expense Allocation Generally

Occasionally, EJF will incur fees or expenses that are associated with the management of a Client account. If permissible, in accordance with applicable operating and investment management agreements, EJF will allocate the expense to the Client or seek reimbursement from the Client account. When EJF incurs expenses on behalf of multiple Client accounts, in accordance with the applicable operating and investment management agreements, EJF allocates the expenses among the applicable Clients in a fair and reasonable manner. In some instances, it is not possible or practical, in the Firm's opinion, to allocate all expenses ratably across all of the Clients accounts. On such occasions, the Firm allocates expenses disproportionately among Clients, or EJF assumes a portion or all of certain Clients' expenses. Accordingly, certain Clients will receive more favorable fee and expense treatment over other Client accounts.

Additional Compensation

Neither EJF nor any of its employees or affiliates is paid additional compensation, such as brokerage commissions, for purchasing or selling securities placed in a Client's portfolio. It should be noted that EJF, or its affiliates, acts as administrator for at least one Client's account, and it receives a fee for performing such services. Additionally, there are instances where an EJF affiliate, owned by Clients but controlled by EJF or its affiliate, may receive fees such as collateral management fees, and loan or property management fees in connection with such services. EJF, its employees, and affiliates, will only receive a share of such fees proportionate to its interest in the Client account, where applicable.

Item 6 – Performance-Based Fees and Side by Side Management

EJF charges certain Clients performance-based fees. The receipt of performance-based fees creates a conflict of interest for EJF. Since positive investment returns would likely increase the performance fee paid to EJF by its clients, the Firm has an incentive to favor those clients that pay EJF a performance fee or higher performance fees. For example, if EJF allocated profitable trades exclusively to those clients that pay EJF a performance-based fee or the highest performance fee, EJF would have a conflict of interest. EJF manages this potential conflict of interest by creating, implementing, and enforcing trade allocation policies and procedures. EJF believes that it has policies and procedures that will result in fair trade allocations to clients over time, even though a particular trade allocation appears to benefit one or more accounts when viewed individually. Whenever possible, EJF will bunch trade orders to minimize trade execution cost and to assist with obtaining best execution.

There could be occasions when EJF does not allocate a particular security to a client in the same investment strategy as another client that received a trade allocation. Reasons for not allocating a security to a Client include but are not limited to the following: the investment guidelines/restrictions do not permit the purchase of the security; the Client's portfolio currently contain the prescribed limits of the security or a similar security that is designed to fill the same investment objective; the Client does not have a sufficient cash balance to participate in the trade; the Client has unique investment goals; liquidity requirement; or a security is only issued in increments of a certain size and the smallest increment of the security for the allocation exceeds the Client's limit. These limitations to allocation could result in different investment returns for Clients with assets in the same investment strategy and managed by the same portfolio manager.

As stated in Item 5, EJF also charges its Clients an asset-based management fee.

As noted above, certain Funds managed by EJJ are charged an annual performance fee. This fee is up to 25% (the fee for at least one Fund is less than 20%) of the excess, if any, of the net asset value of each series of units or shares in a Fund over a high-water mark and, in certain cases, a hurdle. Certain Funds, as well as classes within Funds, are not subject to a high-water mark. Additionally, the Firm, in accordance with applicable provisions of the Fund's offering documents, may transfer investors between classes. Not all investors in the Funds are subject to the 25% performance fee charged by the Funds. In addition, certain Funds are subject to claw-back provisions with regard to performance fees. Performance fees are not crystallized with regard to private equity funds until the Fund is closed and assets are returned to Fund investors.

Funds and certain SMAs generally pay EJJ performance fees annually. However, on a monthly or quarterly basis, a performance fee accrual is made on EJJ's books for each applicable Client.

With regard to certain SMA clients, EJJ is entitled to receive an annual performance fee of up to 20% of any realized and unrealized capital appreciation of AUM (at least one SMA client may pay a performance fee that is less than 20%), subject, in certain cases, to a threshold amount.

Performance fees are negotiable.

EJJ does not charge any of its Clients a flat fee or a fee that is calculated based on hourly rates.

Item 7 – Types of Clients

EJJ has SMA clients and Fund investors (the Fund is the client) that include but are not limited to the following categories: foundations, trusts, IRAs, fund of funds, endowments, pensions, profit sharing plans, business entities, high net worth individuals, and family offices. As EJJ grows, additional categories will be added if necessary.

The minimum investment amount for investors in any of the Funds is generally \$100,000; with regard to off-shore Funds, the minimum investment is mandated by law to be \$100,000. The minimum investment amount to open an SMA is generally \$50,000,000. EJJ and its affiliates reserve the right to waive the minimum account size for investors in the Funds or individuals/entities opening SMAs.

EJJ has a diverse and sophisticated client base, some of which have a nexus to the financial industry which could create various conflicts of interest. For example, EJJ's Clients and Fund investors, and their respective affiliates, may issue structured products, fixed income securities, investment companies, equities, or other securities. EJJ from time to time trades in such securities on behalf of other Clients' accounts. This could create a conflict of interest by placing Clients in securities issued by other Clients or Fund investors. Additionally, the Firm or its Funds from time to time pay to attend conferences or events sponsored by investors of Funds for marketing or research purposes. This situation may also create a conflict of interest between EJJ Funds and certain Fund investors receiving payments from EJJ. Certain EJJ employees have invested in securities issued by investors of Funds, which could create a conflict of interest between EJJ Funds and certain Fund investors receiving payments from EJJ.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

EJF INVESTMENT STRATEGIES

All EJF Clients utilize one or more of the following strategies in their portfolios in accordance with their respective mandates and the private placement memorandum, the organizational documents and/or in the Client's investment management agreement.

Fixed Income Strategy

EJF's fixed income strategy is designed to target attractive performance returns and to seek to produce long-term capital appreciation through direct and indirect investments in private and public debt markets. EJF's approach is to take advantage of its strength, experience, and expertise in analyzing investment opportunities across debt capital markets. This approach allows EJF to identify investment opportunities in relatively complex markets that strive to offer attractive absolute total returns. EJF's fixed income strategy looks for specific events to improve a security's price or liquidity in order to make an investment. As a result, much of the expected performance return for the most essential positions in a portfolio could result from changes in security prices rather than interest income. The strategy is designed to limit downside risk if the expected events surrounding a particular investment do not materialize.

In certain situations, EJF will short securities in order to hedge long exposures in the portfolio and trade individual names and index credit default swaps. The fixed income strategy occasionally borrows as determined by the portfolio manager or the Fund's investment team. Borrowing is achieved through the use of repo financing and margin, both methods involve pledging collateral against the financed amount. Borrowing is provided by registered broker-dealers, including prime brokers used by EJF.

The fixed income strategy uses debt, equity and hybrid investments in privately held companies. Private transactions include but are not limited to, securities offered pursuant to Rule 144A of the Securities Act of 1933 ("Securities Act"), private investments in public equities, and assets currently held by the Treasury in connection with the Capital Purchase Program under TARP. The strategy could also invest in entities that elect to be taxed as real estate investment trusts, or "REITs," for U.S. federal income tax purposes that issue structured finance products. The fixed income strategy may also acquire interests in common or preferred stock, senior debt, subordinated debt, convertible debt, options, notes, warrants, and futures. Investment grade, senior, mezzanine, and junior tranches of securities issued by CDOs, and other securitization vehicles are occasionally used in the strategy. In this strategy, Funds purchase securities issued by domestic or foreign entities.

In another fixed income strategy a Fund focuses on a variety of niche fixed income markets where it is believed attractive returns can be generated with moderate risk. This includes residential mortgage backed securities, commercial mortgage backed securities, and commercial real estate collateralized debt obligations. The strategy may also invest in agency whole pool mortgage certificates, commercial mortgage loans, CRE mezzanine loans, securities issued by financial institutions, and net lease loans and properties.

Public Equity Strategies

One of EJJ's equity strategies is designed to pursue absolute returns, and to achieve medium to long-term capital appreciation from investments providing exposure to securities issued by companies in certain regions of the world. EJJ primarily uses an equity long/short strategy, and primarily seeks to invest in securities that are listed, quoted, or traded on stock markets domestically and internationally.

EJJ may also apply a strategy in which it uses special situations equity, such as "orphaned" securities previously issued by companies under Rule 144A. Securities in this strategy are issued by either domestic or foreign companies. A Fund using this strategy may also invest in securities consisting of packages of securities that have equity-like characteristics or equity-like returns. These securities could include the purchase or sale of put or call option contracts, shorting shares of common stock or debt, and other securities that EJJ finds appropriate.

In a third equity strategy, EJJ will generally emphasize individual security selection ("bottom-up" investing) and considers a wide range of factors in determining whether a security is overvalued or undervalued. EJJ takes long positions in companies that it believes to be high quality with above-average growth at attractive multiples, and short positions in companies that it believes are underperforming relative to the market. EJJ could allocate a substantial portion of a Fund's assets to one or more concentrated positions that it believes are undervalued or overvalued. EJJ hedges its equity position by allocating a portion of a given portfolio to cash and by taking short positions,

Private Equity Strategies

A changing regulatory regime has resulted in banks and similar financial institutions deleveraging their portfolios and seeking to dispose of certain higher-risk assets that they view as "capitally-inefficient" (i.e., the capital requirements imposed on banking and similar financial institutions in connection with holding certain assets makes their retention by such institutions impracticable and unattractive). Additionally, while an active market has developed for the disposition of such assets by large commercial banks, the Firm believes that, as a result of having a smaller capital base and limited access to capital markets, regional and community banks have had fewer options for efficiently deleveraging and disposing of these assets. The Firm will seek to leverage its experience in the capital markets, including its experience with community banks on behalf of the strategy, to take advantage of market opportunities that are available in the financial industry and related sectors as a result of these changes and, potentially, other market opportunities that become available in the financial industry.

In this strategy, the Firm will seek to achieve its objective in the financial industry by focusing on the following:

- Equity and warrants;
- Debt and Collateralized Debt Obligations;
- Mortgage Servicing Rights;
- Real estate related loans and leases; and
- Cash and Short Term Investments.

Similarly, EJJ also believes that specialty finance companies, challenger banks, REITs and other financial companies stand to benefit from the increased market share left by the void of larger

banks and lending institutions. EJF will invest or partner with operators in the appropriate markets to capitalize on these opportunities which may result in Clients investing in equities that are not publicly traded.

Periodically, EJF affiliates managing private equity funds may come into possession of material non-public information that restricts other EJF affiliates from investing in, or engaging in purchase and sale transactions with certain public issuers.

Non-Marketable Loan Strategies

An investment objective under this strategy is to earn interest income by providing financing to plaintiff law firms participating in mass tort litigation or other similar litigation. The investment strategy could result in highly concentrated and illiquid positions.

This strategy seeks to provide loans to law firms; such loans are secured by the firms' interests in future award settlements from selected dockets (i.e., a group of cases against one defendant or group of defendants) of mass tort cases. The strategy will primarily focus on lending in three areas of mass tort litigation: (i) pharmaceutical, (ii) medical devices, and (iii) asbestos/mesothelioma. Additionally, the strategy may take advantage of other similar opportunities in financing plaintiff law firms participating in other types of litigation.

Risks Relating to Investment Strategies

The investment strategy for each of EJF's Clients involve a substantial degree of risk. The Firm has listed certain risks below; however, the list of risks is not comprehensive or complete. Clients and investors are strongly encouraged to review the risks of their investment strategy, as contained in the private placement memorandum, in organizational documents and/or as set forth in the Client's investment management agreement. In addition, while certain risks may be more important for certain investment strategies, certain risks may overlap and apply to multiple investment strategies. For example, on certain occasions EJF and/or its related persons may engage in transactions where EJF and/or its related persons will provide liquidity for certain Clients. Such transactions present the risk of costing Clients potential future investment income. On such occasions, EJF strives to provide disclosure to the Client prior to the transaction.

Fixed Income Strategy Risk

EJF's fixed income strategy is designed to maintain a security portfolio by position size, sector concentration, capital structure position, maturity, and rating. The overall strategy may be subject to such risks as, interest rate risk, credit risk, extension risk, liquidity, market risk, default risk, concentration risk, geographic concentration and exposure, microeconomic and macroeconomic risk, prepayment risk, volatility, valuation, and inflation. Certain investments utilized in this strategy bear risks appurtenant to the type of security invested. Such examples include as: i) fixed income securities, which may be unrated by a credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities, ii) debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets, iii) debt securities which are not protected by financial covenants or limitations on additional indebtedness, iv) certain asset backed securities and other instruments that bear a higher than

normal prepayment risk, and v) mortgage backed securities and other structured products that may bear lack of standardized terms, shorter maturities, real estate risk and volatile valuation.

EJF is an active manager of risk and will use various techniques to lessen undesirable risk in this strategy. A few forms of risk that may be hedged include, but are not limited to, interest rate risk, currency risk, individual company or issue credit risk, sector-specific risk, leverage, economic conditions, suspension of trading, limited diversification, lack of liquidity in certain investments, and volatility.

Public Equity Security Risk

EJF's Public Equity Strategy is to seize improperly valued publicly traded securities in the market, and sectors EJF deems an opportunity. The overall strategy may be subject to such risks as, the fluctuation in securities prices interest rate movement in the United States' and certain foreign countries' economic growth rates, political events that may have an impact on equity markets, concentration risk, macroeconomic risks, contagion risk, liquidity risk, volatility, and valuation.

Private Equity Risk

While the Firm strives to attain the investment objective of the Funds through its research and portfolio management skills, there is no guarantee of successful performance, that the investment objective can be reached or that a positive return can be achieved. As a general rule, investors can expect that investments with higher return potential will also have higher potential of risk of loss of capital or income. Prospective investors in the Funds should consider the following risks, which are not intended to be an exhaustive listing of all the risks involved in an investment in this strategy.

Clients could have control positions in addition to advisory roles in private equity investments, along with certain contractual rights to protect their investments (including shareholder agreements, redemption rights and/or placement of a designee of the Firm or an affiliate on the boards of directors or as a board observer of portfolio companies), but such Clients do not always have control over their portfolio companies. A Client runs the risk of refusal of management or shareholders of portfolio companies to adopt the recommendations of such Client, disagreement with existing management and any resulting negative impact on the value of the portfolio company or such Client's ability to exit from such investment at a profit as a result of such refusal or disagreement. Should such a refusal or disagreement occur, EJF or an affiliate may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect such Client's position in such companies.

Certain investments advised by EJF will initially be a newly formed entity which has not commenced operations and therefore will have no operating history upon which an investor can evaluate its performance. The prior experience of the investment team or the performance of other investment vehicles does not provide assurance of future investment performance or returns.

Clients may be called upon to provide follow-on funding for its investments or may have the opportunity to increase its investment in private companies and other investments. There can be no assurance that a Client will wish to make such follow-on investments or have available capital to do so, and the inability to make such follow-on investments could have a substantial negative

impact on a portfolio company or other issuer in need of capital or may diminish such Clients' ability to influence the portfolio company's or other issuer's future development.

Non-Marketable Loan Risk

The following risks are associated with the non-marketable loans or will be sufficient to cover loans:

- No guarantee that cases (collateral for loans) will be successful;
- Timing and amount of case settlements could be substantially different than expectations;
- Borrowing law firms could cease to operate, dissolve, or file for bankruptcy;
- Defendants could file for bankruptcy;
- Tort reform could reduce tort litigation or damages awarded to plaintiffs; and
- Potential for conflict with state ethics bar guidelines regarding confidentiality and lending relationships with borrowing firms.

Derivative, Futures, Forwards and Other Security Risk

Each of the strategies could use derivatives, futures, forwards, synthetic instruments or other instruments as supplemental instruments to implement leverage, hedges, protection or exposure to certain areas such as: currency, interest rates, geographic locations, sectors, credit, commodities, and other fields. There is no guarantee that use of such instruments will achieve their intended objective, and may create unintended consequences and risks for EJJ's Clients. Additionally, use of such instruments has inherent risks.

The use of such instruments involves a variety of material risks, including the possible use of leverage and the possibility of counterparty non-performance, as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (e.g., due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain instruments are frequently characterized by limited liquidity, which can make it difficult, as well as costly, for EJJ Clients to close out positions in order either to realize gains or to limit losses. Some of the instruments that EJJ Clients trade are "principal-to-principal" or "over-the-counter" ("OTC") contracts between the Clients and third party dealer firms (typically major securities firms) entered into privately, rather than on an organized exchange. As a result, the Clients will not be afforded the regulatory and financial protections of an organized exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The Clients will, therefore, be exposed to greater risk of loss through default than if trading on its behalf were confined to regulated exchanges. While some derivatives have, following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, begun to be cleared, many contracts are still traded OTC. The OTC market consists of privately negotiated contracts, which for many derivatives contracts, are subject to a wide bid/ask spread. Those differences can result in an overstatement of a Client's net asset value and could materially adversely affect Clients in situations in which the Client is required to sell derivative instruments. Furthermore, there is no limitation on the daily price moves of these instruments and a dealer is not required to continue to make markets in such instruments. EJJ's Clients may have difficulty

disposing of certain fixed-income securities because of a thin trading market for such securities.

Management Risk

EJF's opinion regarding the potential increase in the price of a security may be incorrect and a security may not perform as anticipated. In addition, an individual security's value could change more than the securities market as a whole. It is possible that some of EJF's estimates regarding a security's value may be wrong, or may take longer than anticipated to materialize even if correct.

Investing in fixed income/equity securities and futures involves risk of loss that clients should be prepared to bear. EJF does not guarantee positive performance results for any of its products.

Item 9 – Disciplinary Information

More than ten years ago, a disciplinary action was taken against Emanuel Friedman, EJF's Chief Executive Officer. In accordance with the instructions on this brochure, Rule 506(e) of the Securities Act, and other applicable regulations, the following discussion addresses the disciplinary action taken by two regulatory bodies.

On November 17, 2006, Mr. Friedman submitted an offer of settlement to the SEC, which was accepted by the SEC on December 19, 2006. In the offer of settlement, without admitting or denying the findings contained in the order, Mr. Friedman admitted to the jurisdiction of the SEC and consented to the entry of an order by the SEC containing the findings described below.

According to Mr. Friedman's consent, the SEC order found that he was a registered representative of registered broker-dealer Friedman, Billings, Ramsey & Co., Inc. ("FBR") and either chairman or co-chairman and either CEO or Co-CEO of that firm during his entire tenure there. The order further finds that a final judgment was entered by consent against Mr. Friedman enjoining him from violating Section 5 of the Securities Act and, as a controlling person pursuant to Section 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), from violating Exchange Act Sections 10(b) and 15(f) and Rule 10b-5 in the civil action SEC v. Friedman, Billings, Ramsey & Co., Inc., et al., Civil Action No. 06-CV-02160 (D.D.C.).

The SEC's complaint alleged that in September/October 2001, Mr. Friedman, with others, directed or controlled the day-to-day management of FBR; in connection with a PIPE offering by CompuDyne Corp., FBR failed to establish, maintain, and enforce policies and procedures reasonably designed to prevent the misuse of material, non-public information and improperly traded CompuDyne stock in its market-making account while aware of material, nonpublic information concerning the PIPE offering. Mr. Friedman, as a controlling person of FBR, was liable for the foregoing FBR conduct.

Mr. Friedman was barred from associating in a supervisory capacity with any broker or dealer, with the right to reapply for such association after two years (which time period has since expired) to the appropriate self-regulatory organization, or if there is none, to the SEC. Other sanctions were imposed in related civil injunctive proceedings filed by the SEC and the National Association of Securities Dealers (now known as Financial Industry Regulatory Authority).

Item 10 – Other Financial Industry Activities and Affiliations

Registered Individuals of a Broker-Dealer

EJF does not have an affiliated broker-dealer, nor are any of its employees registered or have an application pending to register with a non-affiliated broker-dealer.

Other Registered Entities

EJF's registration as a commodity pool operator and a commodity trading advisor was effective with the Commodities Future Trading Commission ("CFTC") in January 2013. The CFTC is an independent U.S. federal agency that is responsible for regulating the commodities futures and options markets. EJF also became a member of the National Futures Association ("NFA") in January 2013. NFA is the self-regulatory organization for the U.S. futures market. As a result of EJF's registration with the CFTC and its membership in the NFA, a number of its employees are registered with the NFA as associated persons, and several associated persons and certain other employees are classified as principals with the NFA.

With regard to the Alternative Investment Fund Manager Directive ("AIFMD"), EJF has made Fund filings with the Financial Conduct Authority ("FCA") in the United Kingdom. The filing with the FCA allows EJF to market certain Funds to prospective investors in the United Kingdom.

Certain EJF Funds have registered with the Financial Services Agency ("FSA") in Japan. The registration permits EJF to market these Funds in Japan through a firm domiciled in Japan and registered with the FSA. Prior to commencing its marketing efforts in Japan, EJF entered into a placement agent agreement with a brokerage firm so domiciled and registered.

Relationships Material to Advisory business

EJF has a number of affiliated entities, these entities are:

EJF Capital Ltd
35 Park Lane, 4th Floor
London, UK W1K 1RB

EJF Shanghai Adviser Ltd.
Level 36, 8 Century Avenue
Pudong Shanghai 200120 People's Republic of China

EJF has a 100% ownership interest in EJF Investments Manager LLC ("Investments Manager"). In accordance with a management agreement, Investments Manager serves as the manager of EJF Investments Limited, as well as EJF Investments LP. As of January 2017, EJF Investments Manager owned 51% of EJF CDO Manager LLC

FINS is 100% owned by FINS ABS Manager Inc. ("FINS ABS"). FINS ABS is owned by EJF SFO Debt Holdings Offshore LP ("SFO Holdings") and SFO Holdings is owned by EJF SFO Offshore DS LP ("DS"). DS is owned by EJF Specialty Finance Opportunities Offshore Fund LP.

TPINS is 100% owned by Debt Opportunities, Debt Opportunities II, a Fund closed to new investors, and an SMA client.

TFINS is 100% owned by Debt Opportunities, Debt Opportunities II, a Fund closed to new investors, and an SMA client.

EJF has a 45% ownership interest in Armadillo. In accordance with the management agreement, Armadillo serves as the manager for Armadillo Fund and Armadillo II which are specialty lenders to law firms engaged in selected areas of the mass tort industry. Among other things, EJF provides accounting, payroll, payroll taxes, employee benefits, billing/collections, compliance, and financial reporting services for Armadillo.

Broker-Dealers

EJF has entered into a number of solicitation agreements with registered broker-dealers. Under the solicitation arrangements, broker-dealers refer to EJF high net worth individuals or entities that the broker-dealer has determined are qualified to invest in EJF's products. Broker-dealer solicitors are generally paid a percentage of the management fee and/or the performance fee received by EJF from the Fund which the high net worth individual or entity invests. These broker-dealers may issue, underwrite, sponsor or facilitate certain securities in the capital markets for themselves or the benefit of their clients. EJF will purchase and sell such securities for Client accounts as an investment for their account. While these investments are made independent of the aforementioned relationship, nonetheless present a conflict of interest.

EJF also has arrangements with broker-dealers that receive a placement fee for placing investors in certain EJF Funds. The broker-dealer placement agent could receive a fee that is up to 2.5% of the assets invested in the Fund by the placed client (this is a one-time fee ultimately paid by the client). The broker-dealer placement agent may also receive an on-going fee up to .5% per annum of assets invested in a Fund by the placed investor (this fee is also ultimately paid by the client). Such fees can be found on the applicable Fund's offering memorandum, EJF's subscription documents, as well as the investor's statements.

EJF also maintains lines of credit and other borrowing facilities with certain lending institutions that are affiliated with broker-dealers or other financial institutions. EJF does not believe such relationships are material, but could pose a conflict of interest for its Clients.

Pooled Investment Vehicles

EJF has an interest in the following Funds (which are open to new investors): Debt Opportunities; Debt Opportunities II; Income Fund; Financial Services; and TruPS.

EJF also has an interest in the following Funds (which are closed to new investors): Specialty Finance; EJF Specialty Finance Solutions Fund; EJF Select Master Fund; Armadillo Fund; and Series E Limited Liability Company Interest of EJF Sidecar Fund, Series LLC.

EJF manages multiple Client accounts with similar mandates, strategies and even similar holdings which may create conflicts of interest. The Firm is not obligated to devote any specific amount of

time, resources, or effort in managing any Clients' accounts. Furthermore, Clients' accounts may compete for investment opportunities, research, internal resources, or even allocation of trades. Certain Clients may also invest in different parts of the capital structure of the same issuer, which may advance or conflict with interests of other Clients, and may directly or indirectly provide economic benefit to other Clients. These transactions impact the valuation, solvency, liquidity and ultimately the performance of Client accounts, and subsequently EJP's fees, which poses a conflict of interest. Certain Clients' accounts also restrict the trading of other Clients' accounts by availing themselves to non-public information in commonly held securities, or ownership limitations.

Given the industry in which EJP performs advisory services, EJP interacts with various entities in many different capacities on behalf of its Clients. Certain managers of pooled investment vehicles, and their affiliates, may act as: competitor, partner, purchaser, seller, investor, co-investor, or trader with EJP's Clients at various points and in different capacities. While EJP does not retain any material relationships with such entities, such interactions could present a conflict.

Lawyers or Law Firms

One of the principal owners of Armadillo is the owner of a law firm and was classified as a creditor of another law firm. The Armadillo Fund, has made loans to one of these law firms and may make additional loans in the future. Making a loan to the law firm could cause a conflict of interest between Armadillo Fund and this law firm in the form of favorable loan terms, forgiveness of obligations or debts, or other instances where Armadillo or EJP could exercise its discretion over the Armadillo Fund. Armadillo, Armadillo II, and Sidecar F also use the second legal firm as a source of collateral valuation, as well as due diligence for current and prospective loans, which may do business with one of the aforementioned law firms and also act as a handler of court awarded proceeds to potential borrowing law firms. This can cause a conflict of interest by granting favorable valuations to the affiliated law firm or other firms, which among other things can ultimately improve the borrowing capacity or lending terms of these borrowing firms, increase the management fee of Armadillo, impact the timing of Armadillo's incentive allocation, assist associated law firms to avoid triggering detrimental covenants such as loan-to-value covenants or other penalizing covenants for non-performance of these borrowing firms. Armadillo Fund could also lend to law firms that are clients of the affiliated law firms, which can create a conflict of interest in the form of favorable loan terms, forgiveness of obligations or debts, or other instances where Armadillo or EJP has discretion. There can be no assurance that such conflicts will be resolved in favor of Armadillo Fund, or Armadillo II.

Service Providers

EJP has engaged Arcesium LLC ("Arcesium") to provide certain technology and services related to various middle- and back-office functions necessary to maintain Clients' accounts. Under the engagement with Arcesium, certain Clients pay fees and expenses associated with services performed on their account by Arcesium. The affiliate of a significant institutional investor in several of EJP's Funds owns a minority interest in Arcesium. Although this raises a potential conflict of interest, EJP believes that this engagement is in the best interest of its Clients.

Recommending/Selecting Investment Advisers for Clients

EJP does not recommend/select investment advisers for its clients.

Item 11 – Code of Ethics

EJF has a code of ethics (the “Code”) that outlines its policies regarding personal trading and various other conflicts of interest that may arise while servicing a client’s account. Under the Code, each employee is required to certify that he or she has read the Code after the individual joins EJF and on an annual basis thereafter. The Code also requires all employees to disclose all brokerage accounts in which they have a beneficial interest (this includes accounts of immediate family members living in the same household). Under the Firm’s Code, employees are not allowed to purchase securities including, but not limited to, stocks, bonds, options, and futures in an account in which they have a beneficial interest. Employees are allowed to purchase mutual funds, exchange-traded funds, Treasuries (including futures on Treasuries), and interest in limited offerings. Transactions in exchange-traded funds, closed end mutual funds, and limited offerings are subject to pre-clearance (exchange-traded funds, closed end mutual funds, and transactions in a limited offering are not subject to pre-clearance if executed under a discretionary account agreement). Employees are also allowed to sell stocks, bonds, options, and futures held in their personal brokerage account after having the security pre-cleared by the Compliance Department. The pre-clearance process is designed to compare an employee’s proposed transaction against trades considered or executed for the Firm’s clients. By pre-clearing employee trades, EJF is attempting to prevent employees from front-running Client traded securities and causing EJF to violate its fiduciary duty to its Clients. Employees are generally not allowed to purchase the same securities that are held by a Client. However, there may be occasions when a new employee joins the Firm and holds in a personal brokerage account a security which is also held by a Client. The new employee is not required to liquidate the security position; however, the new employee will be subject to a 7 day blackout period if a Client sells the security before the EJF employee who also wishes to sell the same security. A new EJF employee is not allowed to purchase an additional interest in a security that was held by the employee prior to employment with EJF and is also held by an EJF Client (as previously noted, employees are only allowed to purchase certain securities). EJF employees are prohibited from purchasing a security and selling the same security within 30 days of the original purchase transaction. Additionally, employees are prohibited from selling a security and repurchasing the same security within 30 days of the original sell transaction (securities exempt from the pre-clearance requirement are also exempt from this requirement). EJF employees are not permitted to purchase any security that is offered in an initial public offering, sell any security short, or place a limit order.

Employees that maintain discretionary accounts managed by third parties must ensure that monthly/quarterly statements are provided to the Firm’s Compliance Department. Employees that maintain discretionary accounts are also subject to periodic certifications.

All employees that maintain brokerage accounts are required to instruct their respective brokerage firms to provide EJF’s Compliance Department with duplicate brokerage account statements and trade confirmations in paper or electronic format. The Firm’s electronic pre-clearance system reviews this information to determine if an employee has violated any provision of the Code. Violations of the Code must be reported to the Chief Compliance Officer. Successive violations are subject to increasingly serious consequences, including termination of employment.

A section of the Code addresses EJJ's fiduciary duties, including placing the client's interest first and the handling of a client's confidential information. The Code also contains a gift policy that requires all employees to record information in the Firm's electronic database used to track gifts accepted or given to individuals or entities that are conducting business with EJJ or seeking to conduct business with EJJ. Employees are generally not permitted to accept or give gifts that exceed a certain dollar value. In addition, the Code requires certain employees to post information in the Firm's electronic database when they entertain or are being entertained by individuals or entities conducting business with EJJ or seeking to conduct business with EJJ. The entertainment opportunities in which employees participate should not be so frequent or so expensive that it would cause one to question the integrity of EJJ or the employee. The Code also describes when a normal entertainment event is classified as a gift by the Chief Compliance Officer. Finally, the Code discusses the sanctions that may be imposed if an employee fails to comply with the Code's guidance.

A non-EJJ sponsored activity engaged in by an EJJ employee may create a conflict of interest. All EJJ employees are required to complete an outside business activity form prior to engaging in any form of outside business activity (this includes, but is not limited to, serving on the board of directors of an unaffiliated entity).

EJJ employees are required to participate in the Firm's annual compliance meeting. Employees are also required to take training classes and are provided compliance alerts, compliance emails, and news updates addressing compliance issues.

EJJ maintains a restricted/watch list. The restricted/watch list is loaded into the database used by the Firm to pre-clear personal securities transactions. Securities pre-cleared by an employee are compared to the Firm's restricted/watch list.

EJJ will provide a copy of the Code to any SMA client/Fund investor upon request. Such requests should be directed to EJJ Capital LLC, Attention: Frank R. Walker, Jr., 2107 Wilson Boulevard, Suite 410, Arlington, VA 22201.

Recommendations to Clients

EJJ does not allow employees to purchase securities such as stocks, bonds, options, and futures (employees can purchase exchange-traded funds, closed end mutual funds, and private offerings after they are pre-cleared by the Firm's Chief Compliance Officer or his designee; open ended mutual funds, Treasuries, and futures on Treasuries can be purchased without pre-clearance). Employees are allowed to sell stocks, bonds, options, and futures held in their personal brokerage accounts after the transaction is pre-cleared. If a Client is recommended the same security that an employee holds in his/her personal brokerage account, the employee will be subject to a 7 day blackout period if the employee wishes to sell the security held in his/her personal brokerage account. The blackout period will not allow the employee to sell if the client executed a trade in the same security during the prior 7 days. EJJ employees are prohibited from shorting securities.

Employees are prohibited from purchasing a security and selling the same security within 30 days of the original purchase transaction. Additionally, employees are prohibited from selling a security and repurchasing the same security within 30 days of the original sale transaction. Securities

exempt from the pre-clearance requirement are also exempt from these requirements. Employees are allowed to enter into a relationship with a third party vendor that will execute securities transactions for the employee on a discretionary basis.

Investment in Same Securities Recommended to Clients

Generally, neither EJJ nor its employees are permitted to purchase in a personal brokerage account the same securities recommended to EJJ's clients.

Offshore Funds Board of Directors

Several of the Directors for offshore Funds, including but not limited to Messrs. Friedman and Wilson are investors in the Funds. Certain individuals also serve on the Board of Directors for multiple Funds. Finally, a member of EJJ's management team and a Fund Director have each invested as minority members in a limited liability company, the primary purpose of which is to invest in real property.

Item 12 – Brokerage Practices

EJJ has an approval process that each broker-dealer must go through before EJJ's traders are allowed to execute trades for a client's account. EJJ conducts due diligence on broker-dealers by reviewing items such as their financial status and disciplinary history, if one exists. The Chief Compliance Officer or his designee use the services of a third party vendor to obtain information relating to a broker-dealer that has been recommended for inclusion on the Firm's Approved Broker List. EJJ traders are responsible for negotiating commission rates charged by broker-dealers. After a broker-dealer is approved, EJJ's traders are free to place, buy, or sell transactions with the broker-dealer.

On a quarterly basis, EJJ has a best execution committee meeting. In addition to other issues, the best execution committee meeting is designed to determine where trades are executed and the commission rates charged for the transactions. EJJ has also employed the services of a third party vendor to assist with the best execution analysis of equity securities. The vendor conducts an analysis of commission rates charged and determines if trades were executed within a certain range during the trading day.

EJJ maintains an approved broker list which is generally designed to limit trading to those broker-dealers that are able to demonstrate knowledgeable sales coverage in the Firm's area of trading, quality research, access to securities not traded by other firms, and financial responsibility. EJJ maintains relationships with a number of broker-dealers including some that have affiliated entities or a department within the same entity that provide services to EJJ. Examples of services provided (other than trade execution) by a broker-dealer or a broker-dealer affiliate to EJJ include the following:

- The broker-dealer (that provides trade executions) or an affiliate serves as the prime broker for a Fund's assets;
- The broker-dealer (that provides trade executions) or an affiliate refers prospective investors to the Funds;

- The broker-dealer (that provides trade executions) or an affiliate provides trade executions for Funds or SMA clients;
- The broker-dealer (that provides trade executions) or an affiliate provides pricing information for Funds;
- The broker-dealer (that provides trade executions) or an affiliate provides EJJ with internally generated investment research; and
- The broker-dealer (that provides trade executions) or an affiliate provides custodian services to EJJ clients.

Additionally, affiliates of certain brokers-dealers on the Firm's approved broker list may invest in the Funds.

EJJ's order management system assists traders in calculating the appropriate trade allocations between multiple clients. EJJ's staff will monitor trade allocations to determine if decisions are consistent with its policies and procedures.

Best Execution

EJJ seeks to obtain the best available price for the orders placed by its portfolio managers. The objective is to obtain the most favorable total cost or proceeds with regard to the transaction. With regard to best execution, the lowest commission charged on a trade may not be the optimal indication of best execution. EJJ is not obligated to merely get the best price or lowest commission, but should also determine whether the transaction represents the best qualitative execution for the account. Additionally, certain transactions require specific services that are not available at the lowest possible commission rates.

EJJ uses the services of a third party vendor to assist the Firm with its best execution analysis of equity securities. The vendor provides the Compliance Department with several reports which are used to help determine if best execution was obtained by the Firm's traders.

Research and Other Soft Dollars

EJJ uses broker-dealer proprietary research to assist with its investment decision-making process. To obtain broker-dealer proprietary research, EJJ pays a higher brokerage commission to execute a trade. Brokerage commissions paid to broker-dealers that do not provide investment research are generally lower than those paid to broker-dealers that do provide proprietary research. EJJ could trade more through broker-dealers that provide EJJ with proprietary research. By using proprietary research, EJJ is receiving research that it does not have to produce internally or purchase from third party vendors. Aside from broker-dealer proprietary research, EJJ does not use its commission dollars to obtain research products and services through third party vendors. In addition to unsolicited proprietary research, certain broker-dealers occasionally offer EJJ's employees the option to participate in or attend conferences, provide EJJ employees access to issuers' management teams, present non-public investment opportunities such as equity or debt raises, or make prospective investor introductions.

Brokerage for Client Referrals

EJF does not use its client's brokerage commissions to pay for client referrals. However, EJF occasionally executes trades on behalf of its Clients with broker-dealers that also receive placement agent fees from Fund investors.

Directed Brokerage

EJF does not have any directed brokerage arrangements.

Brokerage Aggregation/Allocation

Purchases and sales of securities for a Client could be aggregated or bunched when an order is placed with a broker-dealer. EJF may not bunch or aggregate orders if the portfolio management team's decisions for different accounts are made separately, if the Firm determines that bunching or aggregating would be inconsistent with its investment management duties or with a Client's direction, or if the orders from the portfolio managers are not received at approximately the same time.

EJF and/or its affiliates have potential conflicts of interest in connection with the allocation of investments or transaction decisions for its Clients, including situations where EJF, its affiliates, and their personnel have a financial interest. EJF and its affiliates may manage accounts that have investment objectives that are similar and/or that seek to make investments in the same securities. This creates potential conflicts of interest and potential differences among the accounts, particularly where there is limited availability or limited liquidity for those investments. EJF has developed allocation policies and procedures that describe how EJF will allocate investment opportunities in a manner it considers to be reasonable and equitable over time.

EJF allocates investment opportunities based on relative size of an order, investment objectives, guidelines/restrictions, risk tolerance, availability of other investment opportunities, and available cash for investments. EJF will also take into consideration whether the client account is allowed to use leverage. Although allocating orders among accounts may create potential conflicts of interest, EJF will not make investment allocation decisions based on the allocation that generates higher fees for the Firm.

EJF could determine that an investment opportunity or purchases/sales are appropriate for one or more SMA clients, but not for a particular Fund. EJF may also determine that one Fund may participate in a transaction but based on guidelines/restrictions or the lack of available cash, another Fund may not purchase a particular security. EJF could also decide that an investment is good for a Client but in different sizes, terms, or timing than is appropriate for another Client.

Initial Public Offerings

Initial public offerings ("IPOs") are offerings of securities that have limited availability. An IPO may trade at a price above the offering price. If EJF's Clients are permitted to participate in an IPO, the offering will be made available to all Clients equitably, however the Firm, in its sole discretion, could decide that certain Client not participate in IPOs for various reasons. This creates a disproportionate allocation of IPOs among Clients which could be a conflict of interest if it materially impacts the performance and subsequently fees paid by Clients.

Conflicts of Interest

Employees of EJF could have a conflict where they receive personal benefit by virtue of executing trades for Clients' accounts with certain broker-dealers. Some of the Firm's employees previously held positions at other financial institutions, and as a result may have personal or familial relationships with personnel at such companies. Additionally, certain employees maintain a legacy pecuniary interest in these institutions (e.g. employee stock). Additionally, EJF also maintains lines of credit and other borrowing facilities with certain lending institutions that are affiliated with broker-dealers or other financial institutions. EJF does not believe such relationships are material, but could pose a conflict of interest for its Clients. The Firm's Compliance Department is cognizant of these conflicts and monitors Client trades, employee personal trades, and communication between employees and brokers to mitigate the potential conflicts of interest.

Item 13 – Review of Client Accounts

EJF's Chief Operating Officer conducts periodic reviews of security positions held by Clients. Additionally, EJF's Chief Risk Officer provides analysis and reports used by the Firm to monitor portfolios. The other individuals responsible for account reviews are primarily investment professionals at the portfolio manager level. If an SMA client places additional investment guidelines/restrictions (or places investment guidelines/restrictions on the account for the first time), EJF will review the account to determine if/how the new investment guidelines/restrictions impact the account. In addition, SMA clients receive monthly account statements from EJF that includes but is not limited to the securities held in the portfolio, monthly trading activity, management/incentive fee calculations and performance information. SMA clients also receive statements from their custodian on at least a quarterly basis. SMA clients should compare the information appearing in the two documents.

Item 14 – Client Referrals and Other Compensation

EJF occasionally enters into arrangements with unaffiliated third party broker-dealers to obtain client referrals. If applicable, the referral agreements will address the terms and conditions described in the Investment Advisers Act under Rule 206(4)-3.

Under certain referral arrangements, EJF agrees to pay the unaffiliated third party entities a percentage of the management fee paid to EJF by the referred Fund investor or the SMA client.

EJF also enters into arrangements with unaffiliated third party broker-dealers to assist with the placement of units of the Funds. Under these arrangements, investors referred by these broker-dealers to certain Funds are subject to a one time upfront fee of up to 2.5% as well as an ongoing fee of up to 0.5% per annum. The upfront and ongoing placement fees are based on the assets invested by the referred investor. The Income Fund and certain classes of Debt Opportunities are funds which are occasionally subject to these upfront and ongoing placement fees. Placement fees are paid by the referred Fund investor in addition to the management/performance fees. Such fees can be found on the applicable Fund's offering memorandum, EJF's subscription documents, as well as the investor's statements.

With regard to referred clients opening SMAs, EJF will comply with the applicable sections of Rule 206(4)-3 under the Investment Advisers Act, including the delivery of a separate statement listing the name of the investment adviser, the name of the solicitor and a statement describing the relationship between the investment adviser and the solicitor. EJF relies on the solicitor to provide the disclosure documents (referenced above) to the prospective SMA client, as described in Rule 206(4)-3. EJF maintains evidence to demonstrate that the required documentation was provided to the referred client.

No entity or individual provides EJF with economic benefits such as sales awards or other prizes.

Item 15 – Custody

Neither EJF nor its affiliates provide custodial services to Clients. Client assets may be held with several different qualified custodians including unaffiliated broker-dealers, savings associations, banks and registered futures commission merchants. EJF is a manager of Funds and SMAs. With regard to the Funds, EJF or an affiliated entity serves as the general partner of limited partnerships or the managing member of limited liability companies. Under Rule 206(4)-2 (the “Custody Rule”), an investment adviser that operates as a general partner or a managing member for a pooled investment vehicle is deemed to have custody. The Custody Rule provides an exemption for investment advisers that have custody of their clients’ assets because they or an affiliate operate as a general partner or a managing member of a Fund. The Custody Rule allows an investment adviser to deliver audited financial statements to investors in limited partnerships and limited liability companies within 120 days of a fund’s fiscal year end. EJF is not required to comply with certain provisions of the Custody Rule (including the requirement to send quarterly brokerage statements to Fund investors) with regard to the Funds, because it provides audited financial statements to Fund investors within 120 days of the Funds’ fiscal year end. The audited financial statements for the Funds are prepared by two different public accounting firms.

EJF does not have custody of SMA clients’ funds or securities. SMA clients’ assets are held by qualified custodians such as banks and registered broker-dealers, with whom the SMA client establishes and maintains a custodial relationship. When SMA clients receive statements from their custodians, such statements should be reviewed carefully and compared to the Fund-level monthly performance reports provided by EJF. EJF does not have control over the SMAs client assets held by unaffiliated custodians.

EJF does not deduct its management or performance fees directly from SMA client custodian accounts.

Item 16 – Investment Discretion

EJF manages all of its Funds and SMA clients’ assets on a discretionary basis. With regard to the Funds, EJF observes the investment guidelines/restrictions placed on the management of the Funds in the offering documents. With regard to SMA clients for which EJF exercises investment discretion (“Discretionary SMAs”), EJF enters into an investment management agreement with the client, which authorizes EJF to exercise investment discretion with respect to the SMA. The investment management agreement must be signed before EJF exercises investment discretion with regard to the client’s assets. Clients with Discretionary SMAs have the ability to place investment guidelines/restrictions on the management of their account. The most common

investment guidelines/restrictions are those which prohibit EJJ from purchasing specific securities or specific types of securities. EJJ employees periodically have conversations with SMA clients to review the SMA and its investment guidelines/restrictions.

Item 17 – Voting Client Securities

EJJ portfolio managers vote client proxies in the best interest of clients and in a manner that the Firm believes will benefit the economic value of a client’s security holdings. EJJ has been granted authorization to vote its Funds’ and certain SMA clients’ proxies when received from the issuer’s delivery agent.

EJJ’s policies and procedures outline the general guidelines for voting client proxy statements. However, EJJ could vote a proxy in a manner different from the established guidelines if circumstances warrant. For example, EJJ might not vote with management’s recommendation in the case of a proxy fight or a merger.

EJJ and its employees have a fiduciary duty to their clients to act in their best interest. EJJ employees should therefore avoid conflicts of interest if possible. Persons involved with voting proxies should avoid discussing the proxy vote with anyone who has conflicting interests to those of the Client (e.g. management personnel of the issuer, EJJ affiliates with conflicting interests, etc.). If any EJJ employee determines that a material conflict of interest exists with respect to the voting of proxies, such employee shall inform the Compliance Department and a member of the department will implement an appropriate course of action to minimize the influence of any conflict. In the event that EJJ votes a proxy for a security in which it has a conflict of interest, it will generally vote in accordance with its pre-established guidelines.

On occasions when EJJ has investment discretion with regard to a Client’s account, it generally does not allow the client to direct how it should vote a particular proxy.

Upon request, EJJ will provide a copy of its proxy voting policies and procedures as well as information on how a particular proxy was voted. Investors should direct requests for information concerning EJJ’s proxy voting policies and procedures to EJJ Capital LLC, Attention: Frank R. Walker, Jr., 2107 Wilson Boulevard, Suite 410, Arlington, VA, 22201.

Item 18 – Financial Information

Certain registered investment advisers are required to provide financial information to clients if they require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. EJJ does not collect fees six months or more in advance and as a result, is not required to provide its financial information to clients or Fund investors.