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PennyMac Mortgage Investment Trust
Form 424B5
March 02, 2017

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Registration No. 333-205039

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated March 2, 2017

**PROSPECTUS SUPPLEMENT
(To prospectus dated June 17, 2015)**

Shares

PennyMac Mortgage Investment Trust

% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest (Liquidation Preference \$25.00 Per Share)

We are offering to the public _____ of our _____ % Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share, which we refer to in this prospectus supplement as the Series A Preferred Shares. This is an original issuance of the Series A Preferred Shares. From, and including, the date of original issuance to, but not including, March 15, 2024, we will pay cumulative dividends on the Series A Preferred Shares at a fixed rate of _____ % per annum based on the \$25.00 per share liquidation preference, or \$ _____ per share. From, and including, March 15, 2024 and thereafter, we will pay cumulative dividends on the Series A Preferred Shares at a floating rate equal to three-month LIBOR (as defined herein) as calculated on each applicable dividend determination date (as defined herein) plus a spread of _____ % per annum based on the \$25.00 per share liquidation preference. We will pay quarterly cumulative dividends on the Series A Preferred Shares, in arrears, on the 15th day of each March, June, September and December, commencing on June 15, 2017 (provided that if any dividend payment date is not a business day, then the dividend that would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day).

The Series A Preferred Shares will not be redeemable before March 15, 2024, except in connection with our qualification as a real estate investment trust, or REIT, for U.S. federal income tax purposes and except as described below upon the occurrence of a Change of Control (as defined herein). On or after March 15, 2024, we may, at our option, redeem any or all of the Series A Preferred Shares at \$25.00 per share plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the Series A Preferred Shares within 120 days after the first date on which such Change of Control occurred at \$25.00 per share plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. The Series A Preferred Shares have no stated maturity, are not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless redeemed or repurchased by us or converted into our common shares of beneficial interest, \$0.01 par value per share, or common shares, in connection with a Change of Control by the holders of Series A Preferred Shares.

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Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (subject to our election to redeem the Series A Preferred Shares in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined herein)) to convert some or all of the Series A Preferred Shares held by such holder on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date (as defined herein) and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accumulated and unpaid dividends will be included in this sum), by (ii) the Common Share Price (as defined herein); and

, or the Share Cap, subject to certain adjustments as explained herein;

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

No current market exists for the Series A Preferred Shares. We intend to apply to list the Series A Preferred Shares on the New York Stock Exchange, or the NYSE, under the symbol "PMT PrA." If listing is approved, we expect trading on the NYSE to commence within 30 days after the initial issuance of the Series A Preferred Shares. Our common shares are listed on the NYSE under the trading symbol "PMT."

There are certain restrictions on the ownership and transfer of the Series A Preferred Shares intended to preserve our qualification as a REIT. Please see the sections entitled "Description of the Series A Preferred Shares Restrictions on Ownership and Transfer" in this prospectus supplement and "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus. In addition, except under limited circumstances as described in this prospectus supplement, holders of the Series A Preferred Shares generally will not have any voting rights.

Investing in the Series A Preferred Shares involves a high degree of risk. The Series A Preferred Shares have not been rated and are subject to risks associated with non-rated securities. See "Risk Factors" beginning on page S-9 of this prospectus supplement and in the reports we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, incorporated by reference into this prospectus supplement and the accompanying prospectus, to read about factors you should consider before making an investment in the Series A Preferred Shares.

	Per Share	Total ⁽¹⁾
Price to the public ⁽²⁾	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to us (before expenses)	\$	\$

(1) Assumes no exercise of the underwriters' over-allotment option.

(2) Plus accrued dividends, if any, from March , 2017 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters have an option to purchase a maximum of additional Series A Preferred Shares solely to cover over-allotments, if any, on the same terms and conditions set forth above within 30 days of the date of this prospectus supplement.

Delivery of the Series A Preferred Shares will be made on or about March , 2017, in book-entry form only through The Depository Trust Company, or DTC.

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Joint Book-Running Managers

Morgan Stanley

Keefe, Bruyette & Woods

RBC Capital Markets

A Stifel Company

The date of this prospectus supplement is March , 2017.

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or the SEC. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire document, including this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. To the extent the information contained in or incorporated by reference into this prospectus supplement differs or varies from the information contained in or incorporated by reference into the accompanying prospectus, the information contained in or incorporated by reference into this prospectus supplement updates and supersedes such information.

Unless otherwise indicated or the context requires otherwise, references in this prospectus supplement to "we," "us," "our" and "our company" mean PennyMac Mortgage Investment Trust and its consolidated subsidiaries, including PennyMac Operating Partnership, L.P., or our operating partnership.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, as well as the documents we incorporate herein and therein by reference, contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "continue," "plan" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Examples of forward-looking statements include: (i) projections of our revenues, income, earnings per share, capital structure or other financial items; (ii) descriptions of our plans or objectives for future operations, products or services; (iii) forecasts of our future economic performance, interest rates, profit margins and our share of future markets; and (iv) descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of generating any revenues.

Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. There are a number of factors, many of which are beyond our control, that could cause actual results to differ significantly from management's expectations.

You should not place undue reliance on any forward-looking statement, each of which speaks only as of the date on which it is made. We expressly state that we have no current intention to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

Factors that could cause our actual results and performance to differ materially from historical results or those anticipated include, but are not limited to:

changes in our investment objectives or investment or operational strategies, including any new lines of business or new products and services that may subject us to additional risks;

volatility in our industry, the debt or equity markets, the general economy or the real estate finance and real estate markets specifically, whether the result of market events or otherwise;

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events or circumstances which undermine confidence in the financial markets or otherwise have a broad impact on financial markets, such as the sudden instability or collapse of large depository institutions or other significant corporations, terrorist attacks, natural or man-made disasters, or threatened or actual armed conflicts;

changes in general business, economic, market, employment and political conditions, or in consumer confidence and spending habits from those expected;

declines in real estate or significant changes in U.S. housing prices or activity in the U.S. housing market;

the availability of, and level of competition for, attractive risk-adjusted investment opportunities in mortgage loans and mortgage-related assets that satisfy our investment objectives;

the inherent difficulty in winning bids to acquire mortgage loans, and our success in doing so;

the concentration of credit risks to which we are exposed;

the degree and nature of our competition;

our dependence on PNMAC Capital Management, LLC, "PCM" or "our manager," and PennyMac Loan Services, LLC, "PLS" or "our servicer," potential conflicts of interest with such entities and their affiliates, and the performance of such entities;

changes in personnel and lack of availability of qualified personnel at our manager, servicer or their affiliates;

the availability, terms and deployment of short-term and long-term capital;

the adequacy of our cash reserves and working capital;

our ability to maintain the desired relationship between our financing and the interest rates and maturities of our assets;

the timing and amount of cash flows, if any, from our investments;

unanticipated increases or volatility in financing and other costs, including a rise in interest rates;

the performance, financial condition and liquidity of borrowers;

the ability of our servicer, which also provides us with fulfillment services, to approve and monitor correspondent sellers and underwrite loans to investor standards;

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incomplete or inaccurate information or documentation provided by customers or counterparties, or adverse changes in the financial condition of our customers and counterparties;

our indemnification and repurchase obligations in connection with mortgage loans we purchase and later sell or securitize;

the quality and enforceability of the collateral documentation evidencing our ownership and rights in the assets in which we invest;

increased rates of delinquency, default and/or decreased recovery rates on our investments;

the performance of mortgage loans underlying mortgage-backed securities, or MBS, in which we retain credit risk;

our ability to foreclose on our investments in a timely manner or at all;

increased prepayments of the mortgages and other loans underlying our MBS or relating to our mortgage servicing rights, or MSRs, excess servicing spread, or ESS, and other investments;

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the degree to which our hedging strategies may or may not protect us from interest rate volatility;

the effect of the accuracy of or changes in the estimates we make about uncertainties, contingencies and asset and liability valuations when measuring and reporting upon our financial condition and results of operations;

our failure to maintain appropriate internal control over financial reporting;

technologies for loans and our ability to mitigate security risks and cyber intrusions;

our ability or that of PLS to obtain and/or maintain licenses and other approvals in those jurisdictions where required to conduct our business;

our ability to detect misconduct and fraud;

our ability to comply with various U.S. federal, state and local laws and regulations that govern our business;

developments in the secondary markets for our mortgage loan products;

legislative and regulatory changes that impact the mortgage loan industry or housing market;

changes in regulations or the occurrence of other events that impact the business, operations or prospects of government agencies such as the Government National Mortgage Association, or Ginnie Mae, the Federal Housing Administration or the Veterans Administration, the U.S. Department of Agriculture, or government-sponsored entities such as the Federal National Mortgage Association, or Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac (Fannie Mae, Freddie Mac and Ginnie Mae are each referred to as an "Agency" and, collectively, as the "Agencies"), or such changes that increase the cost of doing business with such entities;

the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations and regulatory agencies, and any other legislative and regulatory changes that impact the business, operations or governance of mortgage lenders and/or publicly-traded companies;

the Consumer Financial Protection Bureau and its issued and future rules and the enforcement thereof;

changes in government support of homeownership;

changes in government or government-sponsored home affordability programs;

limitations imposed on our business and our ability to satisfy complex rules for us to qualify as a REIT for U.S. federal income tax purposes and qualify for an exclusion from the Investment Company Act of 1940 and the ability of certain of our subsidiaries to qualify as REITs or as taxable REIT subsidiaries, or TRSs, for U.S. federal income tax purposes, as applicable, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;

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changes in governmental regulations, accounting treatment, tax rates and similar matters (including changes to laws governing the taxation of REITs or the exclusions from registration as an investment company);

our ability to make distributions to our shareholders in the future;

the effect of public opinion on our reputation;

the occurrence of natural disasters or other events or circumstances that could impact our operations; and

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our organizational structure and certain requirements in our declaration of trust.

These factors and the other risk factors described in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, are not necessarily all of the important factors that could cause our actual results and performance to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could adversely affect our actual results and performance. Consequently, there can be no assurance that the results or performance anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us.

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SUMMARY

This summary highlights information about us and the Series A Preferred Shares being offered by this prospectus supplement and the accompanying prospectus. This summary is not complete and may not contain all of the information that you should consider prior to investing in the Series A Preferred Shares. For a more complete understanding of our company, we encourage you to read this entire document, including the information incorporated by reference into this document and the other documents to which we have referred.

PennyMac Mortgage Investment Trust

We are a specialty finance company that invests primarily in residential mortgage-related assets. Our objective is to provide attractive risk-adjusted returns to our investors over the long-term, primarily through dividends and secondarily through capital appreciation.

We operate in two segments, correspondent production and investment activities:

The investment activities segment represents our investments in mortgage-related assets, which include distressed mortgage loans, ESS, credit risk transfer agreements, real estate acquired in settlement of loans, real estate held for investment, MSRs, MBS and small balance commercial real estate mortgage loans.

The correspondent production segment represents our operations aimed at serving as an intermediary between mortgage lenders and the capital markets by purchasing, pooling and reselling newly originated prime credit quality mortgage loans either directly or in the form of MBS, using the services of PCM and PLS, both indirect controlled subsidiaries of PennyMac Financial Services, Inc.

Most of the mortgage loans we have acquired in our correspondent production activities have been eligible for sale to government-sponsored entities such as Fannie Mae and Freddie Mac or through government agencies such as Ginnie Mae.

We conduct substantially all of our operations, and make substantially all of our investments, through our operating partnership and its subsidiaries. We are the sole limited partner and one of our subsidiaries is the sole general partner of our operating partnership.

We believe that we qualify, and we have elected to be taxed, as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, beginning with our taxable period ended on December 31, 2009. To maintain our tax status as a REIT, we have to distribute at least 90% of our taxable income in the form of qualifying distributions to shareholders.

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The Offering

Issuer	PennyMac Mortgage Investment Trust
Securities Offered	of our % Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 par value per share (plus up to an additional Series A Preferred Shares that we will issue and sell if the underwriters exercise their over-allotment option in full).
Dividends	<p>Holders of Series A Preferred Shares will be entitled to receive cumulative cash dividends (i) from, and including, the date of original issuance to, but not including, March 15, 2024, at a fixed rate equal to % per annum based on the \$25.00 per share liquidation preference, or \$ per share; and (ii) from, and including, March 15, 2024 and thereafter, at a floating rate equal to three-month LIBOR as calculated on each applicable dividend determination date plus a spread of % per annum based on the \$25.00 per share liquidation preference. Dividends will be payable quarterly in arrears on the 15th day of each March, June, September and December, provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends will accumulate and be cumulative from, and including, the date of original issuance, which is expected to be March , 2017. The first dividend will be payable on June 15, 2017 in the amount of \$ per share and will be paid to the persons who are the holders of record of the Series A Preferred Shares at the close of business on the corresponding dividend record date, which will be June 1, 2017.</p>
No Maturity	The Series A Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption. The Series A Preferred Shares will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under " Conversion Rights." We are not required to set apart for payment the funds to redeem the Series A Preferred Shares.

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Optional Redemption

The Series A Preferred Shares are not redeemable by us prior to March 15, 2024, except in connection with our qualification as a REIT for U.S. federal income tax purposes and except as described below under " Special Optional Redemption." On and after March 15, 2024, we may, at our option, redeem the Series A Preferred Shares, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. See the section entitled "Description of the Series A Preferred Shares Redemption Optional Redemption" in this prospectus supplement.

Special Optional Redemption

Upon the occurrence of a Change of Control, we may, at our option, redeem the Series A Preferred Shares, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the Series A Preferred Shares (whether pursuant to our optional redemption right described above or this special optional redemption right), the holders of Series A Preferred Shares will not have the conversion right described below under " Conversion Rights" with respect to the Series A Preferred Shares called for redemption. See the section entitled "Description of the Series A Preferred Shares Redemption Special Optional Redemption" in this prospectus supplement.

A "Change of Control" is deemed to occur when, after the original issuance of the Series A Preferred Shares, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our shares of beneficial interest entitling that person to exercise more than 50% of the total voting power of all our shares of beneficial interest entitled to vote generally in the election of our trustees (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

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Conversion Rights

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity, or a parent of our company or such an acquiring or surviving entity, has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT LLC (the "NYSE MKT") or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or the Nasdaq Stock Market.

Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described above under " Optional Redemption" or " Special Optional Redemption") to convert some or all of the Series A Preferred Shares on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accumulated and unpaid dividends will be included in this sum), by (ii) the Common Share Price; and

Liquidation Preference

, or the Share Cap, subject to adjustments to the Share Cap for any splits, subdivisions or combinations of our common shares; in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

If we liquidate, dissolve or wind up, holders of the Series A Preferred Shares will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date of payment, before any payment is made to the holders of our common shares. See the section entitled "Description of the Series A Preferred Shares Liquidation Preference" in the prospectus supplement.

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Ranking

The Series A Preferred Shares will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, (1) senior to all classes or series of our common shares and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3) below; (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series A Preferred Shares with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series A Preferred Shares with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common shares or preferred shares of beneficial interest, \$0.01 par value per share, or preferred shares) and other liabilities and to the indebtedness and other liabilities and preferred equity of any of our existing or future subsidiaries. The term "equity securities" in the foregoing does not include convertible or exchangeable debt securities. At December 31, 2016, we and our consolidated subsidiaries had outstanding approximately \$5.0 billion of indebtedness and other liabilities ranking senior to the Series A Preferred Shares. See the section entitled "Description of the Series A Preferred Shares Ranking" in this prospectus supplement.

Voting Rights

Holders of Series A Preferred Shares will generally have no voting rights. However, if we do not pay dividends on the Series A Preferred Shares for six or more quarterly dividend periods (whether or not consecutive), the holders of the Series A Preferred Shares and the holders of shares of all other classes and series of our preferred shares we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares in the election referred to below, voting together as a single class, will be entitled to vote for the election of two additional trustees to serve on our board of trustees until we pay all dividends accumulated on the Series A Preferred Shares for all past dividend periods and the then-current dividend period. In addition, the affirmative vote of the holders of at least

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Information Rights

two-thirds of the outstanding Series A Preferred Shares and the holders of shares of all other classes and series of our preferred shares we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares on such matters, voting together as a single class, is required for us (a) to authorize or issue shares of beneficial interest of any class or series ranking senior to the Series A Preferred Shares with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or (b) to amend any provision of our declaration of trust so as to materially and adversely affect any rights of the Series A Preferred Shares, subject to certain exceptions. See the section entitled "Description of the Series A Preferred Shares Voting Rights" in this prospectus supplement.

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any Series A Preferred Shares are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Shares, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series A Preferred Shares. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series A Preferred Shares within 15 days after the respective dates by which an annual report on Form 10-K or a quarterly report on Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

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Listing	No current market exists for the Series A Preferred Shares. We intend to apply to list the Series A Preferred Shares on the NYSE under the symbol "PMT PrA." If listing is approved, we expect trading on the NYSE to commence within 30 days after the initial issuance of the Series A Preferred Shares. The underwriters have advised us that they intend to make a market in the Series A Preferred Shares prior to the commencement of any trading on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a market for the Series A Preferred Shares will develop prior to (or after) commencement of trading on the NYSE or, if developed, will be maintained or will provide you with adequate liquidity.
Book Entry and Form	The Series A Preferred Shares will be evidenced by one or more global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC.
Use of Proceeds	We expect that the net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discounts and commissions and our estimated expenses. We intend to use the net proceeds from this offering (1) to fund our business and investment activities, (2) for the repayment of indebtedness, (3) to repurchase outstanding common shares pursuant to our share repurchase program, and (4) for other general corporate purposes. See the section entitled "Use of Proceeds" in this prospectus supplement.
Restrictions on Ownership and Transfer	Subject to certain exceptions, our declaration of trust restricts ownership of more than 9.8% by vote or value, whichever is more restrictive, of our outstanding common shares, or 9.8% by vote or value, whichever is more restrictive, of the aggregate of our outstanding shares of beneficial interest, including the Series A Preferred Shares, in order to protect our status as a REIT for U.S. federal income tax purposes. These provisions may restrict the ability of a holder of Series A Preferred Shares to convert such Series A Preferred Shares into our common shares. See the sections entitled "Description of the Series A Preferred Shares Restrictions on Ownership and Transfer" in this prospectus supplement and "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.

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U.S. Federal Income Tax Considerations	For a discussion of the U.S. federal income tax consequences of purchasing, owning and disposing of the Series A Preferred Shares and any common shares received upon conversion of the Series A Preferred Shares, please see the sections entitled "Supplement to U.S. Federal Income Tax Considerations" in this prospectus supplement and "U.S. Federal Income Tax Considerations" in the accompanying prospectus.
Risk Factors	An investment in the Series A Preferred Shares involves a high degree of risk, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page S-9 of this prospectus supplement, as well as the reports we file with the SEC pursuant to the Exchange Act incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the Series A Preferred Shares.

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RISK FACTORS

Investing in the Series A Preferred Shares involves a high degree of risk. You should carefully read and consider the risks related to this offering described below, as well as the risks described in the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the Series A Preferred Shares. Each of these risks could materially and adversely affect our business, financial condition, results of operations, liquidity and prospects, and could result in a partial or complete loss of your investment.

Risks Related to this Offering

The Series A Preferred Shares will rank junior to all of our indebtedness and other liabilities and to the indebtedness and other liabilities and preferred equity of our subsidiaries.

In the event of our bankruptcy, liquidation, dissolution or the winding-up of our affairs, our assets will be available to pay obligations on the Series A Preferred Shares only after all of our indebtedness and other liabilities (including trade payables) have been paid. The rights of holders of the Series A Preferred Shares to participate in the distribution of our assets will rank junior to the prior claims of our current and future creditors and any future class or series of preferred shares we may issue that ranks senior to the Series A Preferred Shares. In addition, the Series A Preferred Shares would effectively rank junior to all indebtedness and other liabilities (including trade payables) and preferred equity of any of our existing or future subsidiaries. Such subsidiaries are or would be, as the case may be, separate legal entities and have or will have, as the case may be, no legal obligation to pay any amounts to us in respect of dividends due on the Series A Preferred Shares. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series A Preferred Shares then outstanding. We have incurred and may in the future incur substantial amounts of debt and other obligations that will rank senior to the Series A Preferred Shares. At December 31, 2016, we and our consolidated subsidiaries had outstanding approximately \$5.0 billion of indebtedness and other liabilities ranking senior to the Series A Preferred Shares. Certain of our existing or future debt instruments may, under certain circumstances, restrict distributions from certain of our subsidiaries and the authorization, payment or setting apart of dividends on the Series A Preferred Shares.

Future offerings of debt or senior equity securities may adversely affect the market price of the Series A Preferred Shares. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series A Preferred Shares and may result in dilution to owners of the Series A Preferred Shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of the Series A Preferred Shares will bear the risk of our future offerings reducing the market price of the Series A Preferred Shares and diluting the value of their holdings in us.

The Series A Preferred Shares have not been rated.

We have not sought to obtain a rating for the Series A Preferred Shares. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series A Preferred Shares or that we may elect to obtain a rating of our Series A Preferred Shares in the future. Furthermore, we may have other securities which may be assigned a rating from time to time. If any ratings are assigned to the Series A Preferred Shares or to other securities in the future, such ratings, if

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they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Series A Preferred Shares.

Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. Further, a rating is not a recommendation to purchase, sell or hold any particular security, including the Series A Preferred Shares. In addition, ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series A Preferred Shares may not reflect all risks related to us and our business, or the structure or market value of the Series A Preferred Shares.

We may issue additional Series A Preferred Shares or additional classes or series of preferred shares that will rank on parity with the Series A Preferred Shares as to dividend rights, rights upon liquidation or voting rights.

Our declaration of trust permits us to issue additional Series A Preferred Shares and to classify, reclassify and issue additional classes or series of preferred shares that would rank equally with the Series A Preferred Shares as to dividend payments and rights upon our liquidation, dissolution or the winding up of our affairs, which we refer to in this prospectus supplement as "parity preferred shares," without any vote of the holders of the Series A Preferred Shares. The issuance of additional Series A Preferred Shares or additional classes or series of parity preferred shares could have the effect of reducing the amounts available to the Series A Preferred Shares issued in this offering upon our liquidation or dissolution or the winding up of our affairs. It also may reduce dividend payments on the Series A Preferred Shares issued in this offering if we do not have sufficient funds to pay dividends on all Series A Preferred Shares outstanding and other parity preferred shares.

In addition, although holders of Series A Preferred Shares will be entitled to limited voting rights, as described in "Description of the Series A Preferred Shares Voting Rights," the holders of Series A Preferred Shares and the holders of shares of all other classes and series of our preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class, will vote together as a single class. As a result, the voting rights of holders of Series A Preferred Shares may be significantly diluted, and the holders of such other classes or series of preferred shares that we may issue may be able to control or significantly influence the outcome of any vote.

Future issuances and sales of Series A Preferred Shares or parity preferred shares, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series A Preferred Shares and our common shares to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

We may not be able to pay dividends or other distributions on the Series A Preferred Shares.

There can be no guarantee that we will have sufficient cash to pay dividends on the Series A Preferred Shares. Our ability to pay dividends may be impaired if any of the risks described in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement or into the accompanying prospectus were to occur. In addition, payment of our dividends depends upon our earnings, our financial condition, maintenance of our REIT qualification and other factors as our board of trustees may deem relevant from time to time. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common shares and preferred shares, including the Series A Preferred Shares offered by this prospectus supplement, to pay our indebtedness or to fund our other liquidity needs.

Future issuances and sales of parity preferred shares, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series A Preferred Shares and our

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common shares to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

You may not be able to exercise conversion rights upon a Change of Control. If exercisable, the change of control conversion rights described in this prospectus supplement may not adequately compensate you. These change of control conversion rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Upon the occurrence of a Change of Control, each holder of the Series A Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described under "Description of the Series A Preferred Shares Redemption Optional Redemption" or "Special Optional Redemption," in which case such holder will have the right only with respect to Series A Preferred Shares that are not called for redemption) to convert some or all of such holder's Series A Preferred Shares into our common shares (or, under specified circumstances, certain alternative consideration). Notwithstanding that we generally may not redeem the Series A Preferred Shares prior to March 15, 2024, we will have a special optional redemption right to redeem the Series A Preferred Shares in the event of a Change of Control, and holders of the Series A Preferred Shares will not have the right to convert any Series A Preferred Shares that we have elected to redeem prior to the Change of Control Conversion Date. See the sections entitled "Description of the Series A Preferred Shares Redemption Special Optional Redemption" and "Description of the Series A Preferred Shares Conversion Rights."

If we do not elect to redeem the Series A Preferred Shares prior to the Change of Control Conversion Date, then, upon an exercise of the conversion rights provided to the holders of our Series A Preferred Shares, the holders of Series A Preferred Shares will be limited to a maximum number of our common shares (or, if applicable, the Alternative Conversion Consideration (as defined below)) equal to the Share Cap multiplied by the number of Series A Preferred Shares converted. If the Common Share Price is less than \$ per share (which is 50% of the per share closing sale price of our common shares reported on the NYSE on March , 2017), subject to adjustment in certain circumstances, the holders of the Series A Preferred Shares will receive a maximum of of our common shares per Series A Preferred Share, which may result in a holder receiving common shares (or Alternative Conversion Consideration, as applicable) with a value that is less than the liquidation preference of the Series A Preferred Shares plus any accumulated and unpaid dividends thereon.

In addition, the Change of Control conversion feature of the Series A Preferred Shares may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing certain change of control transactions under circumstances that otherwise could provide the holders of our common shares and Series A Preferred Shares with the opportunity to realize a premium over the then-current market price of such shares or that shareholders may otherwise believe is in their best interests.

The Series A Preferred Shares are redeemable at our option.

We may, at our option, redeem some or all of the Series A Preferred Shares on and after March 15, 2024, to the extent we have funds legally available for such purpose. If we redeem your Series A Preferred Shares, you will be entitled to receive a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. It is likely that we would choose to exercise our optional redemption right only when prevailing interest rates have declined, which would adversely affect your ability to reinvest your proceeds from the redemption in a comparable investment with a yield equal to or greater than the yield on the Series A Preferred Shares had the Series A Preferred Shares not been redeemed.

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The amount of your liquidation preference is fixed and you will have no right to receive any greater payment.

The payment due to holders of the Series A Preferred Shares upon liquidation is fixed at the liquidation preference of \$25.00 per Series A Preferred Share, plus any accumulated and unpaid dividends thereon to, but not including, the date of payment. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. In addition, if the market price of your Series A Preferred Shares is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

The market price of the Series A Preferred Shares could be substantially affected by various factors.

The market price of the Series A Preferred Shares will depend on many factors, which may change from time to time, including:

prevailing interest rates, increases in which may have an adverse effect on the market price of the Series A Preferred Shares;

trading prices of common and preferred equity securities issued by REITs and other similar companies;

the annual yield from distributions on the Series A Preferred Shares as compared to yields on other financial instruments;

general economic and financial market conditions;

government action or regulation;

our financial condition, performance and prospects and those of our competitors;

changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;

our issuance of additional preferred shares or debt securities; and

actual or anticipated variations in quarterly operating results of our company and of our competitors.

As a result of these and other factors, investors who purchase the Series A Preferred Shares in this offering may experience a decrease, which could be substantial and rapid, in the market price of the Series A Preferred Shares, including decreases unrelated to our operating performance or prospects.

Our declaration of trust contains restrictions on ownership and transfer of the Series A Preferred Shares, which may impair the ability of holders to convert Series A Preferred Shares into our common shares.

Our declaration of trust contains restrictions on ownership and transfer of the Series A Preferred Shares intended, among other purposes, to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. Our declaration of trust restricts ownership of more than 9.8% by vote or value, whichever is more restrictive, of our outstanding common shares, or 9.8% by vote or value, whichever is more restrictive, of the aggregate of our outstanding shares of beneficial interest, including the Series A Preferred Shares. See the sections entitled "Description of the Series A Preferred Shares Restrictions on Ownership and Transfer" in this prospectus supplement and "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus. You should consider these ownership limitations prior to your purchase of the Series A Preferred Shares. Notwithstanding any other provision of the Series A Preferred Shares, no holder of Series A Preferred Shares will be entitled to convert such Series A Preferred Shares into our common shares to the extent that receipt of our common shares would cause such holder (or any other person)

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to exceed these ownership limitations or violate any other restriction on ownership and transfer of our shares of beneficial interest contained in our declaration of trust, unless we provide an exemption from the applicable limitation to such holder. In addition, these restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of the Series A Preferred Shares.

The historical levels of three-month LIBOR are not an indication of the future levels of three-month LIBOR.

From and including March 15, 2024, the dividend rate for the Series A Preferred Shares will be determined based on three-month LIBOR. In the past, the level of three-month LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of three-month LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in three-month LIBOR is not an indication that three-month LIBOR is more or less likely to increase or decrease at any time during the floating rate period (as defined herein), and you should not take the historical levels of three-month LIBOR as an indication of its future level. Although the actual three-month LIBOR on a dividend payment date or at other times during a dividend period (as defined herein) may be higher than the three-month LIBOR on the applicable dividend determination date, you will not benefit from the three-month LIBOR at any time other than on the dividend determination date for such dividend period. As a result, changes in the three-month LIBOR may not result in a comparable change in the market value of the Series A Preferred Shares from and after March 15, 2024.

As a holder of Series A Preferred Shares, you will have limited voting rights.

Your voting rights as a holder of Series A Preferred Shares will be limited. Our common shares are the only class of our securities that carries full voting rights. Holders of Series A Preferred Shares may vote only (a) to elect two additional trustees to our board of trustees, as described in the section entitled "Description of the Series A Preferred Shares Voting Rights," in the event that six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Shares are in arrears, (b) to authorize, increase or create additional classes or series of our shares of beneficial interest that are senior to the Series A Preferred Shares or (c) on amendments to our declaration of trust that materially and adversely affect the rights of the holders of Series A Preferred Shares. The holders of Series A Preferred Shares and the holders of shares of all other classes and series of our preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class will vote together as a single class on each of these matters. However, holders of any parity preferred shares shall not be entitled to vote together as a class with the holders of Series A Preferred Shares as to any declaration of trust amendment described in (c) above if holders of Series A Preferred Shares are affected unequally by such amendment. As a result, the voting rights of holders of Series A Preferred Shares may be significantly diluted, and the holders of such other classes or series of preferred shares that we may issue may be able to control or significantly influence the outcome of any vote. See the section entitled "Description of the Series A Preferred Shares Voting Rights" in this prospectus supplement.

The Series A Preferred Shares are a new issue of securities and do not have an established trading market, which may negatively affect the value of the Series A Preferred Shares and your ability to transfer and sell your Series A Preferred Shares.

The Series A Preferred Shares are a new issue of securities and currently no market exists for the Series A Preferred Shares. We intend to apply to list the Series A Preferred Shares on the NYSE. However, we cannot assure you that the Series A Preferred Shares will be approved for listing on the NYSE. Even if so approved, trading of the Series A Preferred Shares on the NYSE is not expected to begin until some time during the period ending 30 days after the date of initial issuance of the Series A Preferred Shares and, in any event, a trading market on the NYSE for the Series A Preferred Shares

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may never develop or, even if one develops, may not be maintained and may not provide you with adequate liquidity. The underwriters have advised us that they intend to make a market in the Series A Preferred Shares prior to the commencement of any trading on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice. The liquidity of any market for the Series A Preferred Shares that may develop will depend on a number of factors, including prevailing interest rates, the dividend rate on our common shares, our financial condition and operating results, the number of holders of the Series A Preferred Shares, the market for similar securities and the interest of securities dealers in making a market in the Series A Preferred Shares. As a result, the ability to transfer or sell the Series A Preferred Shares and the amount you receive upon any sale or transfer of the Series A Preferred Shares could be adversely affected.

If our common shares are delisted, your ability to transfer or sell your Series A Preferred Shares may be limited and the market value of the Series A Preferred Shares will likely be materially adversely affected.

Other than following a Change of Control, the Series A Preferred Shares do not contain provisions that are intended to protect you if our common shares are delisted from the NYSE. Since the Series A Preferred Shares have no stated maturity date, you may be forced to hold your Series A Preferred Shares and receive stated dividends on the Series A Preferred Shares when, as and if authorized by our board of trustees and paid by us with no assurance as to ever receiving the liquidation value thereof. In addition, if our common shares are delisted from the NYSE, it is likely that the Series A Preferred Shares will be delisted from the NYSE as well. Accordingly, if our common shares are delisted from the NYSE, your ability to transfer or sell your Series A Preferred Shares may be limited and the market value of the Series A Preferred Shares will likely be materially adversely affected.

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USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discounts and commissions and our estimated expenses. We intend to use the net proceeds from this offering (1) to fund our business and investment activities, (2) for the repayment of indebtedness, (3) to repurchase outstanding common shares pursuant to our share repurchase program, and (4) for other general corporate purposes.

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**RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED SHARE DISTRIBUTIONS**

The following table sets forth our ratio of earnings to combined fixed charges and preferred share distributions for the periods shown:

	For the years ended December 31,				
	2016	2015	2014	2013	2012
Ratio of earnings to combined fixed charges and preferred share distributions ⁽¹⁾	1.4	1.6	3.1	4.3	6.9

⁽¹⁾ The ratios of earnings to combined fixed charges and preferred share distributions were computed by dividing earnings as adjusted by fixed charges and preferred share distributions (if applicable). For this purpose, earnings consist of pre-tax income from continuing operations plus fixed charges. Fixed charges consist of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses relating to indebtedness. As of the date of this prospectus supplement, there are no preferred shares issued and outstanding and, therefore, there are no amounts for preferred distributions included in the above calculations.

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DESCRIPTION OF THE SERIES A PREFERRED SHARES

This description of certain terms of the Series A Preferred Shares supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of our preferred shares set forth in the accompanying prospectus. The description of certain terms of the Series A Preferred Shares in this prospectus supplement does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of, our declaration of trust, including the articles supplementary establishing the terms of the Series A Preferred Shares, our amended and restated bylaws, or our bylaws, and the Maryland REIT Law, or the MRL. Copies of our declaration of trust and our bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.

General

Pursuant to our declaration of trust, we are currently authorized to classify and issue up to 100,000,000 preferred shares of beneficial interest, \$0.01 par value per share, in one or more classes or series and, subject to the limitations prescribed by our declaration of trust and the MRL, with such terms of each class or series of preferred shares, including preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption, and the designation and number of shares constituting any class or series, as our board of trustees may determine, without any vote or action by our shareholders. As of the date of this prospectus supplement, we have available for issuance 100,000,000 preferred shares.

In connection with this offering, our board of trustees or a committee of our board will, as permitted by our declaration of trust, classify a new series of preferred shares consisting of _____ preferred shares (including up to _____ preferred shares which may be issued upon exercise of the underwriters' over-allotment option), as _____ % Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest, which we refer to herein as the Series A Preferred Shares, and will approve articles supplementary setting forth the terms of the Series A Preferred Shares, which we refer to as the articles supplementary. Our board of trustees may, without the approval of holders of the Series A Preferred Shares or our common shares, classify additional classes or series of authorized preferred shares ranking junior to or on parity with the Series A Preferred Shares or classify additional Series A Preferred Shares and authorize the issuance of such shares.

We intend to apply to list the Series A Preferred Shares on the NYSE under the symbol "PMT PrA." If listing is approved, we expect trading on the NYSE to commence within 30 days after the initial issuance of the Series A Preferred Shares.

The registrar, transfer agent and dividend and redemption price disbursing agent in respect of the Series A Preferred Shares will be Computershare Shareowner Services LLC. The articles supplementary will provide that we will maintain an office or agency where Series A Preferred Shares may be surrendered for payment (including upon redemption), conversion, registration of transfer or exchange.

Maturity

The Series A Preferred Shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption. The Series A Preferred Shares will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under " Conversion Rights." We are not required to set apart for payment the funds to redeem the Series A Preferred Shares.

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Ranking

The Series A Preferred Shares will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

- (1) senior to all classes or series of our common shares and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3) below;
- (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series A Preferred Shares with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up;
- (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series A Preferred Shares with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and
- (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common shares or preferred shares) and other liabilities and to the indebtedness and other liabilities and preferred equity of our existing and future subsidiaries.

The term "equity securities" in the foregoing does not include convertible or exchangeable debt securities. At December 31, 2016, we and our consolidated subsidiaries had outstanding approximately \$5.0 billion of indebtedness and other liabilities ranking senior to the Series A Preferred Shares.

Dividends

Holders of Series A Preferred Shares will be entitled to receive, when, as and if authorized by our board of trustees and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends (i) from, and including, the date of original issuance to, but not including, March 15, 2024 (the "fixed rate period"), at a fixed rate equal to % per annum based on the \$25.00 per share liquidation preference, or \$ per share; and (ii) from, and including, March 15, 2024 and thereafter (the "floating rate period"), at a floating rate equal to three-month LIBOR (as defined below) as calculated on each applicable dividend determination date (as defined below) plus a spread of % per annum based on the \$25.00 per share liquidation preference.

Dividends on the Series A Preferred Shares will accumulate daily and be cumulative from, and including, the date of original issuance or, if later, the most recent dividend payment date (as defined below) to which dividends have been paid in full and will be payable quarterly in arrears on the 15th day of each March, June, September and December (each, a "dividend payment date"). If any dividend payment date is not a business day, as defined in the articles supplementary, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accumulate on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. The first dividend on the Series A Preferred Shares is scheduled to be paid on June 15, 2017 in the amount of \$ per share and will represent accrual for more than a full quarter, covering the period from, and including, the date of original issuance to, but not including, June 15, 2017. That dividend will be paid to the persons who are the holders of record of the Series A Preferred Shares at the close of business on the corresponding dividend record date, which will be June 1, 2017.

Dividends payable on the Series A Preferred Shares during the fixed rate period, including dividends payable for the first dividend period and any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series A Preferred Shares during the floating rate period, including dividends payable for any partial dividend period, will be computed based on the actual number of days and a 360-day year. Dividends will be

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payable to holders of record as they appear in our share transfer records for the Series A Preferred Shares at the close of business on the applicable dividend record date, which shall be the 1st day of the calendar month, whether or not a business day, in which the applicable dividend payment date occurs (each, a "dividend record date").

For each dividend period during the floating rate period, LIBOR (the London interbank offered rate) ("three-month LIBOR") will be determined by us, as of the applicable dividend determination date, in accordance with the following provisions:

LIBOR will be the rate (expressed as a percentage per year) for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1,000,000, as such rate appears on "Reuters page LIBOR01" at approximately 11:00 a.m. (London time) on the relevant dividend determination date; or

if no such rate appears on "Reuters page LIBOR01" or if the "Reuters page LIBOR01" is not available at approximately 11:00 a.m. (London time) on the relevant dividend determination date, then we will select four nationally-recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide us with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable dividend period, to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the dividend determination date for the applicable dividend period. Offered quotations must be based on a principal amount equal to an amount that, in our discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the three-month LIBOR for such dividend period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the three-month LIBOR for such dividend period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that dividend determination date for such dividend period by three nationally-recognized banks in New York, New York selected by us, for loans in U.S. dollars to nationally-recognized European banks (as selected by us), for a period of three months commencing on the first day of such dividend period. The rates quoted must be based on an amount that, in our discretion, is representative of a single transaction in U.S. dollars in that market at that time. If fewer than three New York, New York banks selected by us quote rates in the manner described above, the three-month LIBOR for the applicable dividend period will be the same as for the immediately preceding dividend period, or, if there was no such dividend period, the dividend shall be calculated at the dividend rate in effect for the immediately preceding dividend period.

"Dividend determination date" means the London business day (as defined below) immediately preceding the first date of the applicable dividend period.

"Dividend period" means the period from, and including, a dividend payment date to, but not including, the next succeeding dividend payment date, except for the initial dividend period, which will be the period from, and including, the date of original issuance of the Series A Preferred Shares to, but not including, June 15, 2017.

"London business day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

"Reuters page LIBOR01" means the display so designated on the Reuters 3000 Xtra (or such other page as may replace the LIBOR01 page on that service, or such other service as may be nominated by the ICE Benchmark Administration Limited, or ICE, or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer

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does so, as the successor service, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

No dividends on the Series A Preferred Shares may be authorized by our board of trustees or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law. You should review the information appearing above under "Risk Factors Risks Related to this Offering We may not be able to pay dividends or other distributions on the Series A Preferred Shares" for more information as to, among other things, other circumstances under which we may be unable to pay dividends on the Series A Preferred Shares.

Notwithstanding the foregoing, dividends on the Series A Preferred Shares will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series A Preferred Shares which may be in arrears, and holders of the Series A Preferred Shares will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series A Preferred Shares will first be credited against the earliest accumulated but unpaid dividend due with respect to those Series A Preferred Shares.

Future dividends on our common shares and preferred shares, including the Series A Preferred Shares offered pursuant to this prospectus supplement, will be authorized at the discretion of our board of trustees and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of trustees deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series A Preferred Shares or what the actual dividends will be for any dividend period.

Unless full cumulative dividends on all Series A Preferred Shares have been or contemporaneously are paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods, (i) no dividends (other than dividends paid in common shares or in any class or series of preferred shares that we may issue ranking junior to the Series A Preferred Shares as to dividends and upon liquidation) may be paid or declared and set apart for payment upon our common shares or any class or series of preferred shares that we may issue ranking junior to or on a parity with the Series A Preferred Shares as to dividends or upon liquidation, (ii) no other distribution (other than a repurchase that is considered a distribution as to which clause (iii) would apply) may be paid or declared and set apart for payment upon common shares or any class or series of preferred shares that we may issue ranking junior to or on a parity with the Series A Preferred Shares as to dividends or upon liquidation and (iii) no common shares or any class or series of preferred shares that we may issue ranking junior to or on a parity with the Series A Preferred Shares as to dividends or upon liquidation may be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us, except, in the case of clause (iii), by conversion into or exchange for common shares or any other class or series of shares of beneficial interest that we may issue ranking junior to the Series A Preferred Shares as to dividends and upon liquidation, and except that none of the foregoing nor the restriction described in the following paragraph will prevent the purchase or acquisition by us of shares of any class or series of shares of beneficial interest pursuant to (A) the provisions of our declaration of trust relating to restrictions on ownership and transfer of our shares of beneficial interest in connection with our status as a REIT or (B) a purchase or exchange offer made on the same terms to holders of all outstanding

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Series A Preferred Shares and holders of all outstanding shares of any class or series of preferred shares that we may issue ranking on parity with the Series A Preferred Shares as to dividends or upon liquidation, or a redemption, purchase or other acquisition of common shares made for purposes of and in compliance with the requirements of an employee incentive or benefit plan of ours or any of our subsidiaries.

When dividends are not so paid in full (or declared and a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Shares and any other class or series of preferred shares that we may issue ranking on a parity as to dividends with the Series A Preferred Shares, except as described in the above paragraph, all dividends declared upon the Series A Preferred Shares and such other class or series of preferred shares must be declared *pro rata* so that the amount of dividends declared per Series A Preferred Share and per share on such other class or series of preferred shares will in all cases bear to each other the same ratio that accumulated dividends per Series A Preferred Share and per share on such other class or series of preferred shares (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred shares do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Shares which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of the Series A Preferred Shares will be entitled to be paid out of the assets we have legally available for distribution to our shareholders, subject to the preferential rights of the holders of shares of any class or series of our shares of beneficial interest ranking senior to the Series A Preferred Shares with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends thereon (whether or not earned or declared) to, but not including, the date of payment, before any distribution of assets upon liquidation, dissolution or winding up is made to holders of our common shares or any other class or series of our shares of beneficial interest we may issue ranking junior to the Series A Preferred Shares as to liquidation rights.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding Series A Preferred Shares and the corresponding amounts payable on shares of all other classes or series of our shares of beneficial interest ranking on a parity with the Series A Preferred Shares in the distribution of assets, then the holders of the Series A Preferred Shares and all other such classes or series of shares of beneficial interest will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of Series A Preferred Shares will be entitled to written notice of any such payment upon our voluntary or involuntary liquidation, dissolution or winding up no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Shares will have no right or claim to any of our remaining assets.

The consolidation or merger of our company with or into any other real estate investment trust, corporation or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding up of our company (although such events may give rise to the special optional redemption and contingent conversion rights described below).

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Redemption

The Series A Preferred Shares are not redeemable by us prior to March 15, 2024, except as described below under " Special Optional Redemption" and except that, as provided in our declaration of trust, we may purchase or redeem Series A Preferred Shares prior to that date in connection with our qualification as a REIT for U.S. federal income tax purposes. See the section entitled "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.

Optional Redemption. On and after March 15, 2024, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series A Preferred Shares, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series A Preferred Shares, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the Series A Preferred Shares (whether pursuant to our optional redemption right described above under " Optional Redemption" or this special optional redemption right), the holders of Series A Preferred Shares will not have the Change of Control Conversion Right (as defined below) described below under " Conversion Rights" with respect to the Series A Preferred Shares called for redemption.

A "Change of Control" is deemed to occur when, after the original issuance of the Series A Preferred Shares, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our shares of beneficial interest entitling that person to exercise more than 50% of the total voting power of all our shares of beneficial interest entitled to vote generally in the election of our trustees (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity, including any parent of our company or such an acquiring or surviving entity, has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or the Nasdaq Stock Market.

Redemption Procedures. In the event we elect to redeem Series A Preferred Shares pursuant to our optional redemption right described under " Optional Redemption" or our special optional redemption right described under " Special Optional Redemption," the notice of redemption will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of Series A Preferred Shares called for redemption at such holder's address as it appears on our share transfer records and will state the following:

the redemption date;

the number of Series A Preferred Shares to be redeemed;

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the redemption price;

the place or places where certificates (if any) for the Series A Preferred Shares are to be surrendered for payment of the redemption price;

that dividends on the Series A Preferred Shares to be redeemed will cease to accumulate on the redemption date;

whether such redemption is being made pursuant to the provisions described above under " Optional Redemption" or " Special Optional Redemption;"

if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

if such redemption is being made in connection with a Change of Control, that the holders of Series A Preferred Shares being so called for redemption will not be able to tender such Series A Preferred Shares for conversion in connection with the Change of Control and that each Series A Preferred Share tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date.

If less than all of the Series A Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of Series A Preferred Shares held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series A Preferred Shares, except as to the holder to whom notice was defective or not given.

Holders of Series A Preferred Shares to be redeemed must surrender such Series A Preferred Shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends thereon payable upon the redemption following the surrender. If notice of redemption of any Series A Preferred Shares has been given and if we have irrevocably set apart for payment the funds necessary for redemption in trust for the benefit of the holders of such Series A Preferred Shares so called for redemption, then, from and after the redemption date (unless we default in providing for the payment of the redemption price therefor plus accumulated and unpaid dividends thereon, if any), dividends will cease to accumulate on those Series A Preferred Shares, those Series A Preferred Shares will no longer be deemed outstanding and all rights of the holders of those Series A Preferred Shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends thereon, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends thereon, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding Series A Preferred Shares are to be redeemed, the Series A Preferred Shares to be redeemed shall be selected *pro rata* (as nearly as may be practicable without creating fractional shares) or by lot. If such redemption is to be by lot and, as a result of such redemption, any holder of our shares of beneficial interest, other than a holder that has received an exemption from the applicable ownership limitation, would have actual or constructive ownership of more than 9.8% by vote or value, whichever is more restrictive, of the aggregate of our outstanding shares of beneficial interest or would violate any other restriction on ownership and transfer of our shares set forth in our declaration of trust because a holder's Series A Preferred Shares were not redeemed, or were only redeemed in part, then, except as otherwise provided in our declaration of trust, we will redeem the requisite number of shares of such holder such that no holder will own in excess of the applicable ownership limitation or restriction subsequent to such redemption. See " Restrictions on Ownership and Transfer" in this prospectus

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supplement and "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.

Immediately prior to any redemption of Series A Preferred Shares, we shall pay, in cash, any accumulated and unpaid dividends thereon to, but not including, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series A Preferred Shares at the close of business on such dividend record date will be entitled to the dividend payable on such Series A Preferred Shares on the corresponding dividend payment date notwithstanding the redemption of such Series A Preferred Shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series A Preferred Shares to be redeemed.

Unless full cumulative dividends on all Series A Preferred Shares have been or contemporaneously are paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no Series A Preferred Shares may be redeemed unless all outstanding Series A Preferred Shares are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any Series A Preferred Shares (except by converting them into or exchanging them for our common shares or other shares of beneficial interest ranking junior to the Series A Preferred Shares as to dividends and upon liquidation); provided, however, that the foregoing will not prevent the purchase or acquisition by us of Series A Preferred Shares pursuant to the provisions of our declaration of trust relating to restrictions on ownership and transfer of our shares of beneficial interest in connection with our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred Shares.

Subject to applicable law, we may purchase Series A Preferred Shares in the open market, by tender or by private agreement. Any Series A Preferred Shares that we acquire will be reclassified as authorized but unissued preferred shares, without further designation as to class or series, and may thereafter be classified, reclassified or issued as any class or series of preferred shares.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described above under "Redemption," in which case such holder will have the right only with respect to Series A Preferred Shares that are not called for redemption) to convert some or all of the Series A Preferred Shares held by such holder (which we refer to as the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share to be converted (which we refer to as the "Common Share Conversion Consideration") equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accumulated and unpaid dividends (whether or not earned or declared) thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accumulated and unpaid dividends will be included in this sum), by (ii) the Common Share Price, as defined below (such quotient, the "Conversion Rate"); and

, or the Share Cap, subject to certain adjustments as described below.

Notwithstanding anything in the articles supplementary to the contrary and except as otherwise required by law, the persons who are the holders of record of Series A Preferred Shares at the close of

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business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those Series A Preferred Shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on the Series A Preferred Shares to be converted.

The Share Cap is subject to *pro rata* adjustments for any share splits (including those effected pursuant to a distribution of our common shares to existing holders of our common shares), subdivisions or combinations (in each case, a "Share Split") with respect to our common shares as follows: the adjusted Share Cap as the result of a Share Split will be the number of our common shares that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of our common shares outstanding immediately after giving effect to such Share Split and the denominator of which is the number of our common shares outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of our common shares (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap multiplied by the aggregate number of Series A Preferred Shares issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to *pro rata* adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common shares are or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Series A Preferred Shares will receive upon conversion of such Series A Preferred Shares the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of common shares equal to the Common Share Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"). The Common Share Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "Conversion Consideration."

If the holders of our common shares have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding common shares that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding common shares that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common shares are subject, including, without limitation, *pro rata* reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional common shares upon the conversion of the Series A Preferred Shares in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional common shares based upon the Common Share Price used in determining the Common Share Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all Series A Preferred Shares pursuant to the redemption provisions described above, we will provide to holders of Series A Preferred Shares a notice of the occurrence of

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the Change of Control that describes the resulting Change of Control Conversion Right. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of Series A Preferred Shares may exercise their Change of Control Conversion Right;

the method and period for calculating the Common Share Price;

the Change of Control Conversion Date;

that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any Series A Preferred Shares, holders will not be able to convert the Series A Preferred Shares called for redemption and such Series A Preferred Shares will be redeemed on the related redemption date, even if such Series A Preferred Shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per Series A Preferred Share;

the name and address of the paying agent, transfer agent and conversion agent for the Series A Preferred Shares;

the procedures that the holders of Series A Preferred Shares must follow to exercise the Change of Control Conversion Right (including procedures for surrendering Series A Preferred Shares for conversion through the facilities of a Depository (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

the last date on which holders of Series A Preferred Shares may withdraw Series A Preferred Shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series A Preferred Shares.

To exercise the Change of Control Conversion Right, the holders of Series A Preferred Shares will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing the Series A Preferred Shares to be converted, duly endorsed for transfer (or, in the case of any Series A Preferred Shares held through a Depository, to deliver, on or before the close of business on the Change of Control Conversion Date, the Series A Preferred Shares to be converted through the facilities of such Depository), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of Series A Preferred Shares to be converted; and

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that the Series A Preferred Shares are to be converted pursuant to the applicable provisions of the Series A Preferred Shares.

The "Change of Control Conversion Date" is the date the Series A Preferred Shares are to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series A Preferred Shares.

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The "Common Share Price" is (i) if the consideration to be received in the Change of Control by the holders of our common shares is solely cash, the amount of cash consideration per common share or (ii) if the consideration to be received in the Change of Control by holders of our common shares is other than solely cash (x) the average of the closing sale prices per common share (or, if no closing sale price is reported, the average of the closing bid and ask prices per common share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per common share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common shares are then traded, or (y) the average of the last quoted bid prices for our common shares in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common shares are not then listed for trading on a U.S. securities exchange.

Holders of Series A Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

the number of withdrawn Series A Preferred Shares;

if certificated Series A Preferred Shares have been surrendered for conversion, the certificate numbers of the withdrawn Series A Preferred Shares; and

the number of Series A Preferred Shares, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any Series A Preferred Shares are held through DTC or a similar depository (each, a "Depository"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depository.

Series A Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the Series A Preferred Shares, as described above under "Redemption," in which case only the Series A Preferred Shares properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem Series A Preferred Shares that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such Series A Preferred Shares will not be so converted and the holders of such Series A Preferred Shares will be entitled to receive on the applicable redemption date the redemption price described above under "Redemption Optional Redemption" or "Redemption Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any common shares or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable U.S. federal and state securities laws and stock exchange rules in connection with any conversion of the Series A Preferred Shares into our common shares or other securities or other property. Notwithstanding any other provision of the Series A Preferred Shares, no holder of Series A Preferred Shares will be entitled to convert such Series A Preferred Shares into our common shares to

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the extent that receipt of our common shares would cause such holder (or any other person) to exceed the share ownership limits (as defined below) or violate any other restriction on ownership and transfer of our shares of beneficial interest contained in our declaration of trust, unless we provide an exemption from the applicable limitation to such holder. See the sections entitled "Restrictions on Ownership and Transfer" below and "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. See "Risk Factors Risks Related to this Offering You may not be able to exercise conversion rights upon a Change of Control." If exercisable, the Change of Control Conversion Right described in this prospectus supplement may not adequately compensate you. The Change of Control Conversion Right may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series A Preferred Shares are not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series A Preferred Shares will not have any voting rights, except as set forth below.

Whenever dividends on any Series A Preferred Shares are in arrears for six or more quarterly dividend periods, whether or not consecutive, the number of trustees constituting our board of trustees will be automatically increased by two (if not already increased by two by reason of the election of trustees by the holders of shares of any other class or series of our preferred shares we may issue upon which like voting rights have been conferred and are exercisable and with which the Series A Preferred Shares are entitled to vote together as a single class with respect to the election of those two trustees) and the holders of Series A Preferred Shares and the holders of all other classes and series of preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares in the election of those two trustees, voting together as a single class, will be entitled to vote for the election of those two additional trustees at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding Series A Preferred Shares or by the holders of shares of any other class or series of preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares in the election of those two trustees (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our shareholders, in which case, such vote will be held at the earlier of the next annual or special meeting of our shareholders), and at each subsequent annual meeting, until all dividends accumulated on the Series A Preferred Shares for all past dividend periods and the then-current dividend period shall have been fully paid. In that case, the right of holders of the Series A Preferred Shares to elect any trustees will cease and, unless there are outstanding shares of any other class or series of our preferred shares that we may issue upon which like voting rights have been conferred and remain exercisable, the term of office of any trustees elected by holders of the Series A Preferred Shares shall immediately terminate and the number of trustees constituting the board of trustees shall be reduced accordingly. For the avoidance of doubt, in no event shall the total number of trustees elected by holders of the Series A Preferred Shares and shares of all other classes and series of preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the holders of Series A Preferred Shares in the election of such trustees pursuant to these voting rights exceed two.

If a special meeting is not called by us within 30 days after request from the holders of Series A Preferred Shares as described above, then the holders of record of at least 25% of the outstanding Series A Preferred Shares may designate a holder to call the meeting at our expense. In no event will

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the holders of Series A Preferred Shares be entitled to nominate or elect a trustee if such individual's election as a trustee would cause us to fail to satisfy a requirement relating to trustee independence of any national securities exchange on which any class or series of our shares of beneficial interest is listed.

On each matter on which holders of Series A Preferred Shares are entitled to vote, each Series A Preferred Share will entitle the holder thereof to cast one vote, except that when the holders of shares of any other class or series of our preferred shares that we may issue have the right to vote together with the holders of Series A Preferred Shares as a single class on any matter, the holders of Series A Preferred Shares and the shares of each such other class or series will be entitled to cast one vote for each \$25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon the Series A Preferred Shares are exercisable, any vacancy in the office of a trustee elected by the holders of the Series A Preferred Shares and any other classes or series of preferred shares that we may issue upon which like voting rights have been conferred and are exercisable shall occur, then such vacancy may be filled only by the remaining such trustee or by the holders of the outstanding Series A Preferred Shares and shares of any other classes or series of preferred shares that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares in the election of such trustees.

So long as any Series A Preferred Shares remain outstanding, we will not, without the approval of the holders of at least two-thirds of the outstanding Series A Preferred Shares and shares of all other classes and series of preferred shares ranking on a parity with the Series A Preferred Shares that we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote together as a single class with the Series A Preferred Shares on such matters, voting together as a single class, (a) authorize or create, or increase the authorized or issued amount of, any class or series of shares of beneficial interest ranking senior to the Series A Preferred Shares with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any of our authorized shares of beneficial interest into shares of such a class or series, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any shares of such a class or series; or (b) amend, alter or repeal the provisions of our declaration of trust, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Shares (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series A Preferred Shares remain outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the Series A Preferred Shares; and provided, further, that any increase in the amount of the authorized common shares or preferred shares, including the Series A Preferred Shares, or the creation or issuance of any additional Series A Preferred Shares or other class or series of preferred shares that we may issue, or any increase in the amount of authorized shares of such class or series, in each case ranking on a parity with or junior to the Series A Preferred Shares with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. Notwithstanding the foregoing, holders of any parity preferred shares will not be entitled to vote together as a single class with the holders of Series A Preferred Shares on any amendment, alteration or repeal of our declaration of trust unless such action affects the holders of the Series A Preferred Shares and such parity preferred shares equally.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such approval would otherwise be required is effected, all outstanding Series A Preferred

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Shares have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the articles supplementary, the Series A Preferred Shares will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any trust action. The holders of Series A Preferred Shares will have exclusive voting rights on any amendment to our declaration of trust that would alter the contract rights, as expressly set forth in the declaration of trust, of only the Series A Preferred Shares.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any Series A Preferred Shares are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Shares, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series A Preferred Shares. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series A Preferred Shares within 15 days after the respective dates by which an annual report on Form 10-K or a quarterly report on Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

Subject to certain exceptions, our declaration of trust restricts ownership of more than 9.8% by vote or value, whichever is more restrictive, of our outstanding common shares, which we refer to as the "common share ownership limit," or 9.8% by vote or value, whichever is more restrictive, of the aggregate of our outstanding shares of beneficial interest, which we refer to as the "aggregate share ownership limit," in order to protect our status as a REIT for U.S. federal income tax purposes. We refer to the common share ownership limit and the aggregate share ownership limit collectively as the "share ownership limits." The articles supplementary will provide that the aggregate share ownership limit applies to ownership of Series A Preferred Shares. No holder of Series A Preferred Shares will be entitled to convert any Series A Preferred Shares into our common shares to the extent that receipt of our common shares would cause such holder (or any other person) to exceed the share ownership limits or violate any other restriction on ownership and transfer of our shares of beneficial interest contained in our declaration of trust. Our board of trustees may, in its sole discretion, exempt a person from the share ownership limits, as described under "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.

Preemptive Rights

No holders of the Series A Preferred Shares will, as holders of Series A Preferred Shares, have any preemptive rights to purchase or subscribe for our common shares or any of our other securities.

Book-Entry Procedures

DTC will act as securities depository for the Series A Preferred Shares. We will issue one or more fully registered global securities certificates in the name of DTC's nominee, Cede & Co. These

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certificates will represent the total aggregate number of Series A Preferred Shares. We will deposit these certificates with DTC or a custodian appointed by DTC. We will not issue certificates to you for the Series A Preferred Shares that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in the Series A Preferred Shares will pass by book-entry registration of the transfer within the records of DTC in accordance with its procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC. Each person owning a beneficial interest in Series A Preferred Shares must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of the Series A Preferred Shares.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, including the underwriters, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

When you purchase Series A Preferred Shares within the DTC system, the purchase must be by or through a Direct Participant. The Direct Participant will receive a credit for the Series A Preferred Shares on DTC's records. You will be considered to be the "beneficial owner" of the Series A Preferred Shares. Your beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts Series A Preferred Shares are credited.

You will not receive written confirmation from DTC of your purchase. The Direct or Indirect Participants through whom you purchased the Series A Preferred Shares should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers like you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We understand that, under DTC's existing practices, in the event that we request any action of the holders, or an owner of a beneficial interest in a global security, such as you, desires to take any action which a holder is entitled to take under our declaration of trust (including the articles supplementary), DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through

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those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Any redemption notices with respect to the Series A Preferred Shares will be sent to Cede & Co. If less than all of the outstanding Series A Preferred Shares are being redeemed, DTC will reduce each Direct Participant's holdings of Series A Preferred Shares in accordance with its procedures.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the Series A Preferred Shares. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants whose accounts the Series A Preferred Shares are credited to on the record date, which are identified in a listing attached to the omnibus proxy.

Dividends on the Series A Preferred Shares will be made directly to DTC's nominee (or its successor, if applicable). DTC's practice is to credit participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name." These payments will be the responsibility of the participant and not of DTC, us or any agent of ours.

DTC may discontinue providing its services as securities depository with respect to the Series A Preferred Shares at any time by giving reasonable notice to us. Additionally, we may decide to discontinue the book-entry only system of transfers with respect to the Series A Preferred Shares. In that event, we will print and deliver certificates in fully registered form for the Series A Preferred Shares. If DTC notifies us that it is unwilling to continue as securities depository, or it is unable to continue or ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, we will issue the Series A Preferred Shares in definitive form, at our expense, upon registration of transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures

Initial settlement for the Series A Preferred Shares will be made in immediately available funds. Secondary market trading among DTC's Participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

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SUPPLEMENT TO U.S. FEDERAL INCOME TAX CONSIDERATIONS

For purposes of this offering of Series A Preferred Shares, the following summary of material U.S. federal income tax considerations supplements and updates the discussion set forth under the heading "U.S. Federal Income Tax Considerations" in the accompanying prospectus and is for general information only and is not tax advice. Except to the extent otherwise provided below, our qualification and taxation as a REIT and the material U.S. federal income tax consequences of an investment in our Series A Preferred Shares or any of our common shares received upon conversion of such Series A Preferred Shares is discussed under the heading "U.S. Federal Income Tax Considerations" in the accompanying prospectus. This discussion is based upon current law and does not give a detailed description of any state, local or non-U.S. tax considerations. This discussion does not describe all of the U.S. federal income tax considerations that may be relevant to a prospective holder of Series A Preferred Shares in light of his or her particular circumstances (including considerations that may apply to a holder that acquires Series A Preferred Shares at different times or for different prices) or to certain types of holders (including insurance companies, tax-exempt entities, financial institutions or broker dealers) subject to special treatment under U.S. federal income tax laws.

The U.S. federal income tax treatment of holders of the Series A Preferred Shares or any common shares received upon conversion of such Series A Preferred Shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The tax consequences to any particular holder of Series A Preferred Shares or any common shares received upon conversion of such Series A Preferred Shares will depend on the holder's particular tax circumstances. You are urged to consult your tax advisor regarding the U.S. federal, state, local, and non-U.S. income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of the Series A Preferred Shares or any common shares received upon conversion of such Series A Preferred Shares.

Taxation of Taxable Domestic Holders

In the case of taxable domestic holders, distributions with respect to Series A Preferred Shares and gains and losses from dispositions of Series A Preferred Shares are subject to the same U.S. federal income tax rules described under the heading "U.S. Federal Income Tax Considerations" in the accompanying prospectus with respect to distributions with respect to our common shares and gains and losses from dispositions of our common shares, except that in determining the extent to which a distribution will be treated as made from our earnings and profits, our earnings and profits will be allocated, on a *pro rata* basis, first to distributions with respect to the Series A Preferred Shares and then to our common shares. Accordingly, provided that we qualify as a REIT, dividends distributed with respect to our Series A Preferred Shares generally will not be eligible for taxation at the preferential rates for qualified dividend income in the case of non-corporate holders and will not be eligible for a dividends received deduction in the case of corporate holders.

Redemptions

A redemption of the Series A Preferred Shares will generally be treated as a taxable sale or other disposition, in accordance with the treatment of dispositions of our common shares in "U.S. Federal Income Tax Considerations Taxation of Shareholders Taxation of Taxable Domestic Shareholders Dispositions of Our Shares of Beneficial Interest" in the accompanying prospectus.

It is possible, however, that a redemption of the Series A Preferred Shares will be treated as a distribution with respect to shares as described in "U.S. Federal Income Tax Considerations Taxation of Shareholders Taxable Domestic Shareholders Distributions" in the accompanying prospectus unless the redemption satisfies one or more of the tests that enable the redemption to be treated as a

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sale or exchange of the redeemed Series A Preferred Shares. A redemption generally will satisfy such tests if it: (i) is "substantially disproportionate" with respect to the holder; (ii) results in a "complete termination" of the holder's shareholding in us; or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302 of the Code. In determining whether any of these tests have been met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302 of the Code is satisfied with respect to any particular holder of the Series A Preferred Shares will depend upon the facts and circumstances as of the time the determination is made, prospective investors are advised to consult their tax advisors to determine such tax treatment.

If a redemption of the Series A Preferred Shares were treated as a distribution that is taxable as a dividend, the amount of the distribution would be measured by the amount of cash and the fair market value of any property received by the holders. The holder's adjusted tax basis in such redeemed Series A Preferred Shares would, in that case, be transferred to the holder's remaining shareholdings in us. If, however, the holder has no remaining shareholdings in us, such basis may, under certain circumstances, be transferred to a related person, or it may be lost entirely.

Conversion of the Series A Preferred Shares

Except as provided below, (i) a holder generally will not recognize gain or loss upon the conversion of the Series A Preferred Shares into our common shares, and (ii) a holder's basis and holding period in our common shares received upon conversion generally will be the same as those of the converted Series A Preferred Shares (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional share exchanged for cash). Any of our common shares received in a conversion that is attributable to accumulated and unpaid dividends on the converted Series A Preferred Shares will be treated as a distribution that is potentially taxable as a dividend. Cash received upon conversion in lieu of a fractional share generally will be treated as a payment in a taxable exchange for such fractional share, and gain or loss will be recognized on the receipt of cash in an amount equal to the difference between the amount of cash received and the adjusted tax basis allocable to the fractional share deemed exchanged. This gain or loss will be long-term capital gain or loss if the holder has held the Series A Preferred Shares for more than one year at the time of conversion. Domestic holders are urged to consult with their tax advisors regarding the U.S. federal income tax consequences of any transaction by which such holder exchanges shares received on a conversion of Series A Preferred Shares for cash or other property. In addition, if a holder receives the Alternative Form Consideration (in lieu of our common shares) in connection with the conversion of the holder's Series A Preferred Shares, the tax treatment of the receipt of any such other consideration will depend on a number of factors, including the nature of the consideration and the structure of the transaction that gives rise to the Change of Control, and it may be a taxable exchange. Domestic holders converting their Series A Preferred Shares should consult their tax advisors regarding the U.S. federal income tax consequences of any such conversion and of the ownership and disposition of the consideration received upon such conversion.

Taxation of Foreign Holders

In the case of non-U.S. holders, as defined in the accompanying prospectus, distributions with respect to Series A Preferred Shares and gains and losses from dispositions of Series A Preferred Shares are subject to the same U.S. federal income tax rules described under the heading "U.S. Federal Income Tax Considerations" in the accompanying prospectus with respect to distributions with respect to our common shares and gains and losses from dispositions of our common shares, except that in determining the extent to which a distribution will be treated as made from our earnings and profits,

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our earnings and profits will be allocated, on a *pro rata* basis, first to distributions with respect to Series A Preferred Shares and then to our common shares.

A redemption of the Series A Preferred Shares will generally be treated as a sale or other disposition, in accordance with the discussion in "U.S. Federal Income Tax Considerations Taxation of Foreign Shareholders Dispositions of Our Shares of Beneficial Interest" in the accompanying prospectus.

It is possible, however, that a redemption of the Series A Preferred Shares may be treated as a distribution with respect to shares as described in "U.S. Federal Income Tax Considerations Taxation of Foreign Shareholders Ordinary Dividends," "U.S. Federal Income Tax Considerations Taxation of Foreign Shareholders Non-Dividend Distributions," and "U.S. Federal Income Tax Considerations Taxation of Foreign Shareholders Capital Gain Dividends" in the accompanying prospectus, unless the redemption satisfies one or more of the tests that enable the redemption to be treated as a sale or exchange of the redeemed Series A Preferred Shares. A redemption generally will satisfy such tests if it: (i) is "substantially disproportionate" with respect to the non-U.S. holder; (ii) results in a "complete termination" of the non-U.S. holder's shareholding in us; or (iii) is "not essentially equivalent to a dividend" with respect to the non-U.S. holder, all within the meaning of Section 302 of the Code. In determining whether any of these tests have been met, shares considered to be owned by the non-U.S. holder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302 of the Code is satisfied with respect to any particular non-U.S. holder of the Series A Preferred Shares will depend upon the facts and circumstances as of the time the determination is made, prospective investors are advised to consult their tax advisors to determine such tax treatment.

If a redemption of the Series A Preferred Shares were treated as a distribution that is taxable as a dividend, the amount of the distribution would be measured by the amount of cash and the fair market value of any property received by the non-U.S. holder. The non-U.S. holder's adjusted tax basis in such redeemed Series A Preferred Shares would, in that case, be transferred to the non-U.S. holder's remaining shareholdings in us. If, however, the non-U.S. holder has no remaining shareholdings in us, such basis may, under certain circumstances, be transferred to a related person, or it may be lost entirely.

Trading Activity Outside Prohibited Transaction Safe Harbor

We have begun acquiring and holding more residential mortgage-backed securities, or RMBS, than we have historically held. As a consequence, we also expect to be engaging in more extensive RMBS trading activity than we have in the past, because we will be evaluating our RMBS portfolio on a regular basis and expect to be repositioning it from time to time as a trader. We will be acquiring these RMBS positions with the intention of holding them for investment and not for sale to customers in the ordinary course of business. We intend to conduct such trading activities under internal guidelines that we believe are sufficient to demonstrate that this is the case. We therefore believe that we will not be treated as engaging in "prohibited transactions" that would subject to a 100% excise tax any net gain derived from RMBS sales. However, we do not expect that such trading activities will always fall within the statutory "safe harbor" that would conclusively protect us against an assertion by the Internal Revenue Service, or the IRS, to the contrary. If the IRS were successfully to require treatment of sales made in the course of such trading activities as "prohibited transactions," it would subject any net gain derived from such sales to this excise tax, but would not affect our qualification as a REIT.

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Delayed Implementation Date for Withholding Taxes on Certain Foreign Accounts

On September 18, 2015, the IRS issued a Notice with respect to the legislation discussed in "U.S. Federal Income Tax Considerations Taxation of Foreign Shareholders" This Notice extended the date on which withholding begins for gross proceeds withholding from January 1, 2017 to January 1, 2019. Prospective investors should consult their tax advisors regarding all aspects of this legislation.

PATH Act Modification of Certain Rules Applicable to REITs

The Protecting Americans from Tax Hikes Act of 2015, or the PATH Act, was enacted on December 18, 2015 and modifies a number of important rules regarding the taxation of REITs and their shareholders, including, among others, the following rules described below. The rules in the PATH Act were enacted with different effective dates, some of which are retroactive. Prospective investors are urged to consult their tax advisors regarding the implications of the PATH Act.