Ellington Financial LLC
Form 10-Q
November 09, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-34569
Ellington Financial LLC
(Exact Name of Registrant as Specified in Its Charter)

Delaware	26-0489289
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

53 Forest Avenue, Old Greenwich, Connecticut 06870
(Address of Principal Executive Office) (Zip Code)
(203) 698-1200
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	¨	Accelerated Filer	x
Non-Accelerated Filer (Do not check if a smaller reporting company)	¨	Smaller Reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 4, 2016
Common Shares Representing Limited Liability Company Interests, no par value	32,527,532

Table of Contents

ELLINGTON FINANCIAL LLC

INDEX

Table of Contents

PART 1. FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements (unaudited)
ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
(UNAUDITED)

	September 30, 2016	December 31, 2015
(In thousands except share amounts)	Expressed in U.S. Dollars	
ASSETS		
Cash and cash equivalents	$179,618	$ 183,909
Restricted cash	5,610	4,857
Investments, financial derivatives, and repurchase agreements:		
Investments, at fair value (Cost – $1,501,092 and $1,672,400)	1,499,715	1,661,118
Financial derivatives–assets, at fair value (Net cost – $63,635 and $163,943)	64,817	162,905
Repurchase agreements, at fair value (Cost – $164,669 and $105,329)	165,048	105,700
Total investments, financial derivatives, and repurchase agreements	1,729,580	1,929,723
Due from brokers	126,255	141,605
Receivable for securities sold and financial derivatives	563,462	705,748
Interest and principal receivable	17,377	20,444
Other assets	29,907	5,269
Total Assets	$2,651,809	$ 2,991,555
LIABILITIES		
Investments and financial derivatives:		
Investments sold short, at fair value (Proceeds – $677,286 and $731,048)	$679,021	$ 728,747
Financial derivatives–liabilities, at fair value (Net proceeds – $17,751 and $56,200)	39,816	60,472
Total investments and financial derivatives	718,837	789,219
Reverse repurchase agreements	983,814	1,174,189
Due to brokers	15,600	114,797
Payable for securities purchased and financial derivatives	229,212	165,365
Securitized debt (Proceeds – $30,771 and $0)	30,771	—
Accounts payable and accrued expenses	2,896	3,626
Base management fee payable	2,485	2,773
Interest and dividends payable	3,278	1,806
Other liabilities	163	828
Total Liabilities	1,987,056	2,252,603
EQUITY	664,753	738,952
TOTAL LIABILITIES AND EQUITY	$2,651,809	$ 2,991,555
Commitments and contingencies (Note 15)		
ANALYSIS OF EQUITY:		
Common shares, no par value, 100,000,000 shares authorized;		
(32,619,060 and 33,126,012 shares issued and outstanding)	$645,961	$ 722,360
Additional paid-in capital – LTIP units	9,942	9,689
Total Shareholders' Equity	655,903	732,049
Non-controlling interests	8,850	6,903
Total Equity	$664,753	$ 738,952
PER SHARE INFORMATION:		
Common shares	$20.11	$ 22.10

3

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Long Investments (225.60%) (a) (b) (z)				
Mortgage-Backed Securities (176.06%)				
Agency Securities (147.12%) (c)				
Fixed Rate Agency Securities (142.53%)				
Principal and Interest - Fixed Rate Agency Securities (116.22%)				
North America				
Mortgage-related—Residential				
$145,568	Federal National Mortgage Association Pools (30 Year)	4.00%	8/42 - 8/46	$ 158,067
117,608	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.00%	8/43 - 5/46	127,782
71,888	Federal National Mortgage Association Pools (30 Year)	4.50%	10/41 - 3/46	79,661
59,343	Federal National Mortgage Association Pools (30 Year)	3.50%	3/43 - 9/46	63,266
52,496	Federal National Mortgage Association Pools (15 Year)	3.50%	3/28 - 4/31	55,919
46,760	Federal National Mortgage Association Pools (30 Year)	5.00%	10/35 - 12/44	52,280
41,832	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.50%	9/43 - 9/46	46,319
18,190	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.50%	1/42 - 10/46	19,413
12,144	Federal National Mortgage Association Pools (15 Year)	3.00%	4/30 - 10/30	12,821
11,094	Government National Mortgage Association Pools (30 Year)	4.00%	6/45 - 9/46	12,088
10,735	Federal National Mortgage Association Pools (15 Year)	4.00%	6/26 - 5/31	11,538
9,467	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.50%	9/28 - 9/30	10,088
8,885	Government National Mortgage Association Pools (30 Year)	3.50%	3/43 - 2/46	9,504
8,923	Federal Home Loan Mortgage Corporation Pools (Other)	3.50%	2/30 - 3/46	9,448
8,247	Government National Mortgage Association Pools (Other)	4.61%	12/63 - 11/64	9,214
7,037	Federal National Mortgage Association Pools (Other)	5.00%	9/43 - 1/44	7,906
6,754	Government National Mortgage Association Pools (30 Year)	4.50%	8/45 - 9/46	7,464
6,461	Government National Mortgage Association Pools (Other)	4.68%	11/63 - 9/64	7,211
5,992	Government National Mortgage Association Pools (Other)	4.60%	11/64	6,722
5,354	Government National Mortgage Association Pools (Other)	4.56%	1/65	6,012
5,035	Government National Mortgage Association Pools (Other)	4.63%	6/64 - 10/64	5,652
3,765	Federal National Mortgage Association Pools (15 Year)	4.50%	4/26	4,061
3,605	Government National Mortgage Association Pools (Other)	4.43%	7/61	3,911
3,395	Federal National Mortgage Association Pools (30 Year)	5.50%	10/39	3,815
3,089	Government National Mortgage Association Pools (Other)	4.48%	11/64	3,438
2,992	Government National Mortgage Association Pools (Other)	4.57%	1/65	3,353
3,077	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.00%	4/30	3,244
2,738	Federal Home Loan Mortgage Corporation Pools (Other)	4.50%	5/44	3,036
2,504	Government National Mortgage Association Pools (Other)	4.64%	3/65	2,820
2,655	Government National Mortgage Association Pools (Other)	5.49%	4/60	2,797
2,588	Federal Home Loan Mortgage Corporation Pools (Other)	3.00%	6/28	2,724
2,295	Federal National Mortgage Association Pools (20 Year)	4.00%	12/33	2,496
2,055	Federal National Mortgage Association Pools (30 Year)	6.00%	9/39 - 2/40	2,360
2,220	Federal National Mortgage Association Pools (30 Year)	3.00%	1/42 - 6/45	2,313
1,981	Government National Mortgage Association Pools (Other)	5.51%	2/60	2,098

1,927	Government National Mortgage Association Pools (Other)	5.56%	2/60	2,022
1,760	Federal Home Loan Mortgage Corporation Pools (15 Year)	4.00%	2/29	1,891

See Notes to Consolidated Financial Statements

4

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
(continued)				
$1,821	Government National Mortgage Association Pools (Other)	3.00%	5/30 - 6/30	$ 1,867
1,667	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.00%	7/43 - 10/45	1,737
1,375	Federal Home Loan Mortgage Corporation Pools (30 Year)	6.00%	4/39 - 5/40	1,574
1,251	Federal Home Loan Mortgage Corporation Pools (20 Year)	4.50%	12/33	1,386
537	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.50%	8/33	603
501	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.00%	7/44	552
87	Federal National Mortgage Association Pools (Other)	4.00%	6/37	92
				772,565
Interest Only - Fixed Rate Agency Securities (0.71%)				
North America				
Mortgage-related—Residential				
6,842	Government National Mortgage Association	5.50%	11/43	1,117
8,066	Federal National Mortgage Association	5.00%	1/38 - 5/40	804
5,351	Federal Home Loan Mortgage Corporation	3.50%	12/32	721
6,066	Federal National Mortgage Association	4.50%	12/20 - 5/43	535
3,325	Federal National Mortgage Association	3.00%	9/41	273
3,442	Federal Home Loan Mortgage Corporation	5.00%	3/40	272
1,181	Government National Mortgage Association	6.00%	6/38	261
1,560	Government National Mortgage Association	4.75%	7/40	218
1,311	Federal National Mortgage Association	5.50%	10/40	160
1,112	Federal National Mortgage Association	4.00%	5/39	149
2,651	Government National Mortgage Association	5.00%	5/37	136
850	Federal Home Loan Mortgage Corporation	5.50%	1/39	75
				4,721
TBA - Fixed Rate Agency Securities (25.60%)				
North America				
Mortgage-related—Residential				
63,488	Federal National Mortgage Association (30 Year)	3.50%	10/16	67,002
43,690	Government National Mortgage Association (30 Year)	4.00%	10/16	46,973
37,560	Federal Home Loan Mortgage Corporation (30 Year)	3.50%	10/16	39,635
13,460	Federal National Mortgage Association (15 Year)	3.00%	10/16	14,131
2,282	Federal National Mortgage Association (30 Year)	4.00%	10/16	2,451
				170,192
Total Fixed Rate Agency Securities (Cost $933,090)				947,478
Floating Rate Agency Securities (4.59%)				
Principal and Interest - Floating Rate Agency Securities (2.32%)				
North America				
Mortgage-related—Residential				
6,887	Federal National Mortgage Association Pools	2.55% - 5.94%	9/35 - 5/45	7,244
5,570	Federal Home Loan Mortgage Corporation Pools	3.11% - 5.98%	6/37 - 5/44	5,871

2,172	Government National Mortgage Association Pools	2.85%	11/64	2,321
				15,436

See Notes to Consolidated Financial Statements

5

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Interest Only - Floating Rate Agency Securities (2.27%)				
North America				
Mortgage-related—Residential				
$195,481	Other Government National Mortgage Association	0.50% - 6.22%	11/37 - 10/63	$ 10,917
14,112	Other Federal National Mortgage Association	5.50% - 7.02%	6/33 - 12/41	2,034
17,296	Resecuritization of Government National Mortgage Association (d)	4.02%	8/60	1,137
5,472	Other Federal Home Loan Mortgage Corporation	5.48% - 6.11%	3/36 - 8/39	1,015
				15,103
Total Floating Rate Agency Securities (Cost $29,773)				30,539
Total Agency Securities (Cost $962,863)				978,017
Private Label Securities (28.94%)				
Principal and Interest - Private Label Securities (28.20%)				
North America (21.51%)				
Mortgage-related—Residential				
242,341	Various	0.00% - 9.35%	5/19 - 9/46	117,760
Mortgage-related—Commercial				
106,251	Various	2.45% - 4.40%	7/45 - 11/49	25,247
Total North America (Cost $136,972)				143,007
Europe (6.69%)				
Mortgage-related—Residential				
56,009	Various	0.00% - 9.10%	6/25 - 3/50	36,553
Mortgage-related—Commercial				
8,091	Various	0.00% - 11.00%	6/17 - 6/19	7,885
Total Europe (Cost $52,270)				44,438
Total Principal and Interest - Private Label Securities (Cost $189,242)				187,445
Interest Only - Private Label Securities (0.74%)				
North America				
Mortgage-related—Residential				
37,269	Various	0.50% - 2.00%	6/44 - 9/47	1,102
Mortgage-related—Commercial				
65,491	Various	1.25% - 2.00%	10/47 - 11/49	3,813
Total Interest Only - Private Label Securities (Cost $4,515)				4,915
Other Private Label Securities (0.00%)				
North America				
Mortgage-related—Residential				
91,700	Various	—%	6/37	—
Mortgage-related—Commercial				

—	Various	—%	7/45 - 11/49	—
Total Other Private Label Securities (Cost $248)				—
Total Private Label Securities (Cost $194,005)				192,360
Total Mortgage-Backed Securities (Cost $1,156,868)				1,170,377

See Notes to Consolidated Financial Statements
6

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Collateralized Loan Obligations (4.27%)				
North America (2.17%)				
$61,490	Various	0.00% - 7.68%	11/17 - 6/24	$ 14,406
Total North America (Cost $18,390)				14,406
Europe (2.10%)				
22,041	Various	0.00% - 9.30%	1/22 - 3/25	13,997
Total Europe (Cost $13,354)				13,997
Total Collateralized Loan Obligations (Cost $31,744)				28,403
Consumer Loans and Asset-backed Securities backed by Consumer Loans (17.92%) (e)				
North America (17.40%)				
Consumer (f) (g) (h)				
113,967	Various	5.44% - 59.41%	10/16 - 9/21	115,660
Total North America (Cost $119,558)				115,660
Europe (0.52%)				
Consumer				
4,112	Various	—%	5/22 - 8/24	3,439
Total Europe (Cost $2,627)				3,439
Total Consumer Loans and Asset-backed Securities backed by Consumer Loans (Cost $122,185)				119,099
Corporate Debt (8.47%)				
North America (8.41%)				
Basic Materials				

5,580	Various	3.10% - 4.50%	3/20 - 1/21	5,407
Consumer				
17,205	Various	0.00% - 10.00%	5/20 - 11/22	15,718
Energy				
13,050	Various	4.63% - 9.63%	3/19 - 9/21	13,018
Industrial				
6,330	Various	4.88%	12/22	6,882
Mortgage-related—Residential				
14,179	Various	0.00% - 15.00%	12/17 - 10/19	10,175
Technology				
3,607	Various	5.13% - 7.50%	3/20 - 8/22	3,774
Utilities				
840	Various	7.38%	7/21	967
Total North America (Cost $61,405)				55,941
Europe (0.06%)				
Consumer				
17,855	Various	—%	12/16	376
Total Europe (Cost $1,019)				376
Total Corporate Debt (Cost $62,424)				56,317

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal/Number of Properties/Number of Shares (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Mortgage Loans (15.20%) (e)				
North America				
Mortgage-related—Commercial (i)				
$65,851	Various	2.73% - 11.00%	10/16 - 7/45	$ 56,969
Mortgage-related—Residential (k)				
47,046	Various	0.00% - 12.63%	4/22 - 6/56	44,075
Total Mortgage Loans (Cost $102,421)				101,044
Real Estate Owned (0.54%) (e) (j)				
North America				
Real estate-related				
14	Single-Family Houses			1,859
1	Commercial Property			1,725
Total Real Estate Owned (Cost $3,861)				3,584
Private Corporate Equity Investments (2.33%)				
North America (2.33%)				
Consumer				
1,567	Non-Exchange Traded Corporate Equity			836
Diversified				
200	Non-Exchange Traded Corporate Equity			3,595
Mortgage-related—Commercial				
n/a	Non-Controlling Interest in Mortgage-Related Private Partnership			3,030
Mortgage-related—Residential				
15,914	Non-Exchange Traded Preferred Equity Investment in Mortgage Originators			6,425
7,478	Non-Exchange Traded Equity Investment in Mortgage Originators			1,089
Technology				
99	Non-Exchange Traded Corporate Equity			543
Total North America (Cost $16,210)				15,518
Europe (0.00%)				
Consumer				
141	Non-Exchange Traded Corporate Equity			—
Total Europe (Cost $0)				—
Total Private Corporate Equity Investments (Cost $16,210)				15,518
U.S. Treasury Securities (0.81%)				

North America				
Government				
5,362	U.S. Treasury Note	0.75% - 1.63%	7/19 - 5/26	5,373
Total U.S. Treasury Securities (Cost $5,379)				5,373
Total Long Investments (Cost $1,501,092)				$ 1,499,715

See Notes to Consolidated Financial Statements

8

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Repurchase Agreements (24.83%) (a) (b) (l)				
$25,835	Bank of America Securities Collateralized by Par Value $25,900 U.S. Treasury Note, Coupon 1.50%, Maturity Date 8/26	0.35%	10/16	$ 25,835
15,899	JP Morgan Securities LLC Collateralized by Par Value $15,457 Sovereign Government Bond, Coupon 0.25%, Maturity Date 4/18	(0.65)%	10/16	15,899
13,879	JP Morgan Securities LLC Collateralized by Par Value $13,316 Sovereign Government Bond, Coupon 0.25%, Maturity Date 11/20	(0.60)%	10/16	13,879
9,392	JP Morgan Securities LLC Collateralized by Par Value $8,797 Sovereign Government Bond, Coupon 1.15%, Maturity Date 7/20	(0.55)%	10/16	9,392
9,198	JP Morgan Securities LLC Collateralized by Par Value $8,797 Sovereign Government Bond, Coupon 0.65%, Maturity Date 11/20	(0.49)%	10/16	9,198
8,073	JP Morgan Securities LLC Collateralized by Par Value $7,293 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.60)%	10/16	8,073
6,752	JP Morgan Securities LLC Collateralized by Par Value $6,710 U.S. Treasury Note, Coupon 1.13%, Maturity Date 8/21	0.30%	10/16	6,752
5,075	Bank of America Securities Collateralized by Par Value $5,000 U.S. Treasury Note, Coupon 1.25%, Maturity Date 10/18	0.80%	10/16	5,075
5,041	RBC Capital Markets LLC Collateralized by Par Value $4,970 Exchange-Traded Corporate Debt, Coupon 3.88%, Maturity Date 1/22	0.05%	10/16	5,041
4,105	Bank of America Securities Collateralized by Par Value $4,000 U.S. Treasury Note, Coupon 1.63%, Maturity Date 6/20	0.80%	10/16	4,105
4,090	Bank of America Securities	0.80%	10/16	4,090

Collateralized by Par Value $4,000
U.S. Treasury Note, Coupon 1.50%,
Maturity Date 5/20

See Notes to Consolidated Financial Statements

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
$3,626	Bank of America Securities Collateralized by Par Value $3,630 U.S. Treasury Bond, Coupon 2.25%, Maturity Date 8/46	(0.30)%	10/16	$ 3,626
3,498	Bank of America Securities Collateralized by Par Value $3,400 U.S. Treasury Note, Coupon 1.63%, Maturity Date 11/20	0.80%	10/16	3,498
3,416	Bank of America Securities Collateralized by Par Value $3,200 U.S. Treasury Note, Coupon 2.25%, Maturity Date 11/24	0.80%	10/16	3,416
3,388	RBC Capital Markets LLC Collateralized by Par Value $3,440 Exchange-Traded Corporate Debt, Coupon 6.25%, Maturity Date 9/21	0.05%	10/16	3,388
2,897	RBC Capital Markets LLC Collateralized by Par Value $2,840 Exchange-Traded Corporate Debt, Coupon 6.25%, Maturity Date 7/22	0.05%	10/16	2,897
2,575	RBC Capital Markets LLC Collateralized by Par Value $2,390 Exchange-Traded Corporate Debt, Coupon 5.25%, Maturity Date 9/22	0.05%	10/16	2,575
2,180	Barclays Capital Inc Collateralized by Par Value $2,220 Exchange-Traded Corporate Debt, Coupon 4.00%, Maturity Date 11/21	(0.50)%	10/16	2,180
2,179	Barclays Capital Inc Collateralized by Par Value $2,424 Exchange-Traded Corporate Debt, Coupon 4.50%, Maturity Date 4/22	(4.75)%	10/16	2,179
2,107	Bank of America Securities Collateralized by Par Value $2,071 U.S. Treasury Note, Coupon 1.38%, Maturity Date 4/21	0.75%	10/16	2,107
2,090	Bank of America Securities Collateralized by Par Value $2,000 U.S. Treasury Note, Coupon 2.00%, Maturity Date 7/22	0.80%	10/16	2,090
2,028	RBC Capital Markets LLC	(4.50)%	10/16	2,028

Collateralized by Par Value $2,279
Exchange-Traded Corporate Debt, Coupon 4.50%,
Maturity Date 4/22

See Notes to Consolidated Financial Statements
10

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
$2,025	Bank of America Securities Collateralized by Par Value $2,000 U.S. Treasury Note, Coupon 1.25%, Maturity Date 1/20	0.80%	10/16	$ 2,025
1,762	JP Morgan Securities LLC Collateralized by Par Value $1,573 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.53)%	10/16	1,762
1,681	RBC Capital Markets LLC Collateralized by Par Value $1,900 Exchange-Traded Corporate Debt, Coupon 3.55%, Maturity Date 3/22	(1.00)%	10/16	1,681
1,590	CS First Boston Collateralized by Par Value $1,400 Exchange-Traded Corporate Debt, Coupon 6.13%, Maturity Date 10/22	(0.25)%	10/16	1,590
1,473	RBC Capital Markets LLC Collateralized by Par Value $1,420 Exchange-Traded Corporate Debt, Coupon 5.38%, Maturity Date 3/22	(0.35)%	10/16	1,473
1,317	Bank of America Securities Collateralized by Par Value $1,314 U.S. Treasury Note, Coupon 1.13%, Maturity Date 2/21	0.80%	10/16	1,317
1,295	Barclays Capital Inc Collateralized by Par Value $1,240 Exchange-Traded Corporate Debt, Coupon 2.40%, Maturity Date 12/22	(0.10)%	10/16	1,295
1,283	Barclays Capital Inc Collateralized by Par Value $1,100 Exchange-Traded Corporate Debt, Coupon 5.25%, Maturity Date 11/22	(0.10)%	10/16	1,283
1,243	RBC Capital Markets LLC Collateralized by Par Value $1,170 Exchange-Traded Corporate Debt, Coupon 6.73%, Maturity Date 4/22	0.05%	10/16	1,243
1,199	Bank of America Securities Collateralized by Par Value $1,200 U.S. Treasury Note, Coupon 0.75%, Maturity Date 8/19	0.60%	10/16	1,199
1,175	CS First Boston	(0.50)%	10/16	1,175

Collateralized by Par Value $1,110
Exchange-Traded Corporate Debt, Coupon 3.35%,
Maturity Date 11/24

See Notes to Consolidated Financial Statements
11

Table of Contents
ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
$1,132	Barclays Capital Inc Collateralized by Par Value $1,090 Exchange-Traded Corporate Debt, Coupon 7.75%, Maturity Date 6/21	(6.25)%	10/16	$ 1,132
1,110	RBC Capital Markets LLC Collateralized by Par Value $1,110 Exchange-Traded Corporate Debt, Coupon 5.50%, Maturity Date 10/24	(0.13)%	10/16	1,110
1,100	RBC Capital Markets LLC Collateralized by Par Value $1,100 Exchange-Traded Corporate Debt, Coupon 5.50%, Maturity Date 2/24	—%	10/16	1,100
1,072	RBC Capital Markets LLC Collateralized by Par Value $1,080 Exchange-Traded Corporate Debt, Coupon 7.75%, Maturity Date 6/21	(4.75)%	10/16	1,072
926	RBC Capital Markets LLC Collateralized by Par Value $880 Exchange-Traded Corporate Debt, Coupon 6.50%, Maturity Date 1/22	0.05%	10/16	926
916	RBC Capital Markets LLC Collateralized by Par Value $860 Exchange-Traded Corporate Debt, Coupon 5.13%, Maturity Date 10/21	0.05%	10/16	916
850	RBC Capital Markets LLC Collateralized by Par Value $800 Exchange-Traded Corporate Debt, Coupon 5.38%, Maturity Date 8/22	0.05%	10/16	850
751	Barclays Capital Inc Collateralized by Par Value $680 Exchange-Traded Corporate Debt, Coupon 6.25%, Maturity Date 10/22	(3.00)%	10/16	751
695	CS First Boston Collateralized by Par Value $610 Exchange-Traded Corporate Debt, Coupon 6.13%, Maturity Date 10/22	(0.50)%	10/16	695
587	Barclays Capital Inc Collateralized by Par Value $540 Exchange-Traded Corporate Debt, Coupon 3.35%,	(0.50)%	10/16	587

Maturity Date 11/24

See Notes to Consolidated Financial Statements
12

Table of Contents

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
$579	RBC Capital Markets LLC Collateralized by Par Value $550 Exchange-Traded Corporate Debt, Coupon 3.88%, Maturity Date 1/22	—%	10/16	$ 579
516	Barclays Capital Inc Collateralized by Par Value $545 Exchange-Traded Corporate Debt, Coupon 3.55%, Maturity Date 3/22	(1.00)%	10/16	516
445	RBC Capital Markets LLC Collateralized by Par Value $430 Exchange-Traded Corporate Debt, Coupon 5.38%, Maturity Date 3/22	(0.30)%	10/16	445
426	Bank of America Securities Collateralized by Par Value $417 U.S. Treasury Note, Coupon 1.38%, Maturity Date 3/20	0.80%	10/16	426
423	CS First Boston Collateralized by Par Value $400 Exchange-Traded Corporate Debt, Coupon 5.38%, Maturity Date 3/22	(0.25)%	10/16	423
154	Barclays Capital Inc Collateralized by Par Value $140 Exchange-Traded Corporate Debt, Coupon 6.13%, Maturity Date 6/23	(0.10)%	10/16	154
Total Repurchase Agreements (Cost $164,669)				$ 165,048

See Notes to Consolidated Financial Statements

Table of Contents
ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Investments Sold Short (-102.15%) (a) (b)			
	TBA - Fixed Rate Agency Securities Sold Short (-76.98%) (m)			
	North America			
	Mortgage-related—Residential			
$(78,617)	Federal Home Loan Mortgage Corporation (30 year)	4.00%	11/16	$ (84,243)
(68,630)	Government National Mortgage Association (30 year)	3.50%	10/16	(72,931)
(51,350)	Federal National Mortgage Association (15 year)	3.50%	11/16	(54,108)
(46,000)	Federal National Mortgage Association (30 year)	4.00%	11/16	(49,346)
(42,292)	Federal National Mortgage Association (30 year)	3.00%	10/16	(43,965)
(31,620)	Federal National Mortgage Association (30 year)	5.00%	11/16	(35,107)
(28,000)	Federal National Mortgage Association (30 year)	4.50%	11/16	(30,635)
(28,000)	Federal National Mortgage Association (30 year)	3.50%	11/16	(29,516)
(23,151)	Federal Home Loan Mortgage Corporation (30 year)	4.50%	11/16	(25,328)
(15,770)	Government National Mortgage Association (30 year)	4.50%	10/16	(17,411)
(14,930)	Federal National Mortgage Association (30 year)	4.50%	10/16	(16,351)
(13,510)	Federal Home Loan Mortgage Corporation (15 year)	3.00%	10/16	(14,192)
(11,170)	Federal National Mortgage Association (15 year)	4.00%	10/16	(11,545)
(8,790)	Federal Home Loan Mortgage Corporation (15 year)	3.50%	10/16	(9,288)
(6,860)	Federal National Mortgage Association (30 year)	5.50%	10/16	(7,731)
(4,000)	Government National Mortgage Association (30 year)	3.50%	11/16	(4,245)
(3,155)	Federal Home Loan Mortgage Corporation (30 year)	3.00%	10/16	(3,280)
(2,100)	Government National Mortgage Association (30 year)	3.00%	10/16	(2,200)
(310)	Government National Mortgage Association (30 year)	4.00%	10/16	(332)
	Total TBA - Fixed Rate Agency Securities Sold Short (Proceeds -$511,170)			(511,754)
	Government Debt Sold Short (-14.84%)			
	North America (-6.26%)			
	Government			
(8,020)	U.S. Treasury Note	1.50%	8/26	(7,942)
(6,060)	U.S. Treasury Note	1.13%	8/21	(6,055)
(5,630)	U.S. Treasury Note	1.13%	9/21	(5,622)
(4,000)	U.S. Treasury Note	1.50%	5/20	(4,070)
(3,630)	U.S. Treasury Bond	2.25%	8/46	(3,564)
(3,400)	U.S. Treasury Note	1.63%	11/20	(3,475)
(2,071)	U.S. Treasury Note	1.38%	4/21	(2,093)
(2,000)	U.S. Treasury Note	2.00%	7/22	(2,079)
(2,000)	U.S. Treasury Note	1.25%	1/20	(2,019)
(1,695)	U.S. Treasury Note	1.63%	6/20	(1,732)
(1,314)	U.S. Treasury Note	1.13%	2/21	(1,315)
(1,200)	U.S. Treasury Note	0.75%	8/19	(1,196)
(417)	U.S. Treasury Note	1.38%	3/20	(423)

Total North America (Proceeds -$41,199)	(41,585)

See Notes to Consolidated Financial Statements

14

ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

Current Principal/Number of Shares	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
(continued)				
Europe (-8.58%)				
Government				
$(22,113)	European Sovereign Bond	0.25% - 0.65%	11/20	$ (22,721)
(15,457)	Spanish Sovereign Bond	0.25%	4/18	(15,572)
(8,867)	Spanish Sovereign Bond	2.75%	4/19	(9,526)
(8,797)	Spanish Sovereign Bond	1.15%	7/20	(9,200)
Total Europe (Proceeds -$57,023)				(57,019)
Total Government Debt Sold Short (Proceeds -$98,222)				(98,604)
Common Stock Sold Short (-4.43%)				
North America				
Financial				
(317)	Exchange Traded Equity			(27,669)
(312)	Publicly Traded Real Estate Investment Trusts			(1,807)
Total Common Stock Sold Short (Proceeds -$29,044)				(29,476)
Corporate Debt Sold Short (-5.90%)				
North America				
Basic Materials				
(6,100)	Various	3.55% - 5.13%	10/21 - 3/22	(5,793)
Communications				
(9,800)	Various	5.25% - 6.73%	9/21 - 10/22	(10,019)
Consumer				
(11,070)	Various	3.88% - 6.25%	1/22 - 10/24	(11,556)
Energy				
(8,677)	Various	2.40% - 7.75%	6/21 - 11/24	(8,082)
Utilities				
(3,670)	Various	5.50% - 6.25%	7/22 - 2/24	(3,737)
Total Corporate Debt Sold Short (Proceeds -$38,850)				(39,187)
Total Investments Sold Short (Proceeds -$677,286)				$ (679,021)

See Notes to Consolidated Financial Statements

Table of Contents
ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Financial Derivatives–Assets (9.75%) (a) (b)				
Swaps (8.61%)				
Long Swaps:				
Credit Default Swaps on Corporate Bond Indices (n)	Credit	$ 157,716	12/18 - 6/21	$ 15,849
Credit Default Swaps on Asset-Backed Indices (n)	Credit	1,272	12/37	13
Interest Rate Swaps (o)	Interest Rates	353,545	10/16 - 7/46	11,488
North America				
Total Return Swaps (s)				
Consumer	Credit	3,130	2/17 - 3/17	135
Utilities	Credit	687	2/17	61
Total Total Return Swaps				196
Credit Default Swaps on Corporate Bonds (n)				
Communications	Credit	1,300	6/21	71
Consumer	Credit	9,516	3/19 - 12/21	923
Utilities	Credit	3,220	6/21	134
Total Credit Default Swaps on Corporate Bonds				1,128
Short Swaps:				
Credit Default Swaps on Asset-Backed Indices (p)	Credit	(134,719)	5/46 - 9/58	20,959
Interest Rate Swaps (q)	Interest Rates	(60,379)	4/18 - 1/45	93
North America				
Credit Default Swaps on Asset-Backed Securities (p)				
Mortgage-related—Residential	Credit	(7,582)	5/35 - 12/35	5,857
Total Return Swaps (r)				
Financial	Equity Market	(46,662)	8/18	1
Credit Default Swaps on Corporate Bonds (p)				
Basic Materials	Credit	(4,650)	3/20	271
Energy	Credit	(18,760)	6/17 - 12/21	1,360
Total Credit Default Swaps on Corporate Bonds				1,631
Total Swaps (Net cost $56,047)				57,215
Futures (0.00%)				
Short Futures:				
Eurodollar Futures (t)	Interest Rates	(102,000)	12/16	14
Total Futures				14
Options (0.00%)				
Purchased Options:				
Interest Rate Caps (v)	Interest Rates	$ 61,908	3/18 - 10/18	2
Total Options (Cost $2)				2

See Notes to Consolidated Financial Statements

Table of Contents
ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Warrants (1.14%)				
North America				
Warrants (u)				
Mortgage-related—Residential	Equity Market	$ 1,647		$ 7,586
Total Warrants (Cost $7,586)				7,586
Total Financial Derivatives–Assets (Net cost $63,635)				$ 64,817
Financial Derivatives–Liabilities (-5.99%) (a) (b)				
Swaps (-5.93%)				
Long Swaps:				
Credit Default Swaps on Asset-Backed Indices (n)	Credit	27,664	1/47 - 5/63	$ (3,085)
Interest Rate Swaps (o)	Interest Rates	125,211	2/19 - 1/45	(701)
North America				
Credit Default Swaps on Corporate Bonds (n)				
Basic Materials	Credit	5,600	6/21 - 12/21	(928)
Communications	Credit	3,310	6/21	(66)
Consumer	Credit	5,290	6/21 - 12/21	(293)
Energy	Credit	12,707	3/18 - 12/21	(2,145)
Total Credit Default Swaps on Corporate Bonds				(3,432)
Total Return Swaps (s)				
Basic Materials	Credit	5,341	2/17	(403)
Communications	Credit	2,308	2/17	(273)
Consumer	Credit	2,098	2/17	(547)
Total Total Return Swaps				(1,223)
Europe				
Credit Default Swaps on Corporate Bonds (n)				
Basic Materials	Credit	12	12/19	(6)
Short Swaps:				
Interest Rate Swaps (q)	Interest Rates	$ (765,451)	10/16 - 5/46	$ (17,504)
Interest Rate Swaps (x)	Interest Rates	(100,200)	6/17 - 6/19	(94)
Credit Default Swaps on Corporate Bond Indices (p)	Credit	(269,035)	12/16 - 6/21	(9,594)
North America				

Credit Default Swaps on Asset-Backed Securities (p)				
Mortgage-related—Residential	Credit	(3,093)	10/34 - 3/35	(262)
Credit Default Swaps on Corporate Bonds (p)				
Basic Materials	Credit	(2,320)	6/17 - 3/21	(72)
Communications	Credit	(1,300)	6/21	(71)
Consumer	Credit	(26,590)	3/19 - 12/21	(2,747)
Industrial	Credit	(8,380)	6/21 - 12/21	(69)
Technology	Credit	(3,020)	3/20	(378)
Utilities	Credit	(860)	6/21	(121)
Total Credit Default Swaps on Corporate Bonds				(3,458)

See Notes to Consolidated Financial Statements
17

Table of Contents
ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2016 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Total Return Swaps (r)				
Financial	Equity Market	$ (99,938)	5/17 - 8/18	$ (84)
Total Swaps (Net proceeds -$17,722)				(39,443)
Futures (-0.02%)				