

Ellington Financial LLC
 Form 10-Q
 November 06, 2015
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

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 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 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

Non-Accelerated Filer Smaller Reporting Company

(Do not check if a 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

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 October 30, 2015

Common Shares Representing Limited Liability 33,417,118

Company Interests, no par value

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PART 1. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (unaudited)

ELLINGTON FINANCIAL LLC

CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY

(UNAUDITED)

	September 30, 2015	December 31, 2014
(In thousands except share amounts)	Expressed in U.S. Dollars	
ASSETS		
Cash and cash equivalents	\$ 139,395	\$ 114,140
Restricted cash	5,580	—
Investments, financial derivatives, and repurchase agreements:		
Investments, at fair value (Cost – \$1,883,248 and \$2,122,326)	1,894,679	2,172,082
Financial derivatives—assets, at fair value (Net cost – \$60,525 and \$61,560)	73,994	80,029
Repurchase agreements (Cost – \$110,060 and \$172,001)	109,591	172,001
Total investments, financial derivatives, and repurchase agreements	2,078,264	2,424,112
Due from brokers	163,066	146,965
Receivable for securities sold and financial derivatives	909,106	1,237,592
Interest and principal receivable	25,794	20,611
Other assets	2,727	1,935
Total Assets	\$3,323,932	\$3,945,355
LIABILITIES		
Investments and financial derivatives:		
Investments sold short, at fair value (Proceeds – \$985,360 and \$1,290,091)	\$987,755	\$1,291,370
Financial derivatives—liabilities, at fair value (Net proceeds – \$48,316 and \$33,555)	70,925	66,116
Total investments and financial derivatives	1,058,680	1,357,486
Reverse repurchase agreements	1,372,794	1,669,433
Due to brokers	2,831	22,224
Payable for securities purchased and financial derivatives	121,645	98,747
Securitized debt (Proceeds – \$499 and \$749)	503	774
Accounts payable and accrued expenses	2,807	2,798
Base management fee payable	2,849	2,963
Interest and dividends payable	2,185	2,386
Other liabilities	1,297	—
Total Liabilities	2,565,591	3,156,811
EQUITY	758,341	788,544
TOTAL LIABILITIES AND EQUITY	\$3,323,932	\$3,945,355
Commitments and contingencies (Note 15)		
ANALYSIS OF EQUITY:		
Common shares, no par value, 100,000,000 shares authorized; (33,417,118 and 33,449,678 shares issued and outstanding)	\$742,494	\$772,811
Additional paid-in capital – LTIP units	9,591	9,344
Total Shareholders' Equity	752,085	782,155
Non-controlling interests	6,256	6,389
Total Equity	\$758,341	\$788,544
PER SHARE INFORMATION:		
Common shares	\$22.51	\$23.38

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Long Investments (249.85%) (a) (b) (ag)			
	Mortgage-Backed Securities (214.00%)			
	Agency Securities (168.31%) (c)			
	Fixed Rate Agency Securities (163.09%)			
	Principal and Interest—Fixed Rate Agency Securities (154.68%)			
	North America			
	Mortgage-related—Residential			
\$182,200	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.00%	9/42 - 10/45	\$ 195,754
175,990	Federal National Mortgage Association Pools (30 Year)	4.00%	8/42 - 10/45	189,452
138,711	Federal National Mortgage Association Pools (30 Year)	4.50%	10/41 - 10/45	152,082
96,297	Federal National Mortgage Association Pools (30 Year)	3.50%	10/42 - 10/45	100,859
68,133	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.50%	9/43 - 8/45	74,869
58,365	Federal National Mortgage Association Pools (30 Year)	5.00%	10/35 - 12/44	64,851
54,325	Federal National Mortgage Association Pools (15 Year)	3.50%	3/28 - 10/30	57,797
52,023	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.50%	1/42 - 8/45	54,456
45,396	Government National Mortgage Association Pools (30 Year)	4.00%	6/45 - 9/45	48,793
31,865	Federal National Mortgage Association Pools (15 Year)	3.00%	4/30 - 10/30	33,321
22,214	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.50%	9/28 - 9/30	23,620
18,534	Government National Mortgage Association Pools (30 Year)	4.50%	7/45 - 9/45	20,153
12,127	Federal National Mortgage Association Pools (15 Year)	4.00%	6/26 - 12/29	12,922
12,024	Government National Mortgage Association Pools (30 Year)	3.50%	4/45 - 6/45	12,600
8,230	Government National Mortgage Association Pools (Other)	4.56%	1/65	9,217
8,032	Federal National Mortgage Association Pools (Other)	5.00%	9/43 - 1/44	9,038
8,288	Federal Home Loan Mortgage Corporation Pools (Other)	3.50%	2/30 - 6/43	8,671
6,585		4.61%	6/64 - 11/64	7,388

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	Government National Mortgage Association Pools (Other)			
6,114	Government National Mortgage Association Pools (Other)	4.59%	11/64	6,851
6,284	Federal National Mortgage Association Pools (20 Year)	4.00%	11/33 - 12/33	6,796
6,588	Federal National Mortgage Association Pools (30 Year)	3.00%	1/43 - 2/43	6,688
6,060	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.00%	3/28 - 4/30	6,325
5,196	Federal National Mortgage Association Pools (Other)	4.50%	2/44	5,753
5,058	Federal National Mortgage Association Pools (30 Year)	5.50%	10/39	5,660
4,938	Federal National Mortgage Association Pools (15 Year)	4.50%	4/26	5,337
4,168	Government National Mortgage Association Pools (Other)	4.68%	9/64	4,670
3,796	Government National Mortgage Association Pools (Other)	4.50%	7/61	4,171
3,910	Government National Mortgage Association Pools (Other)	4.75%	1/61	4,097
3,554	Government National Mortgage Association Pools (Other)	4.63%	10/64	3,996
3,480	Government National Mortgage Association Pools (Other)	4.80%	2/61	3,663
3,188	Government National Mortgage Association Pools (Other)	4.49%	11/64	3,546
3,130	Government National Mortgage Association Pools (Other)	5.49%	4/60	3,380
2,793	Federal Home Loan Mortgage Corporation Pools (Other)	4.50%	5/44	3,090
2,650	Government National Mortgage Association Pools (Other)	4.64%	3/65	2,983
2,837	Federal Home Loan Mortgage Corporation Pools (Other)	3.00%	6/28	2,957
2,573	Federal National Mortgage Association Pools (30 Year)	6.00%	9/39 - 2/40	2,909
2,619	Government National Mortgage Association Pools (Other)	5.54%	2/60	2,794

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
\$2,408	Government National Mortgage Association Pools (Other)	5.51%	2/60	\$ 2,608
2,016	Federal Home Loan Mortgage Corporation Pools (15 Year)	4.00%	2/29	2,141
1,720	Federal Home Loan Mortgage Corporation Pools (30 Year)	6.00%	4/39 - 5/40	1,935
1,469	Federal Home Loan Mortgage Corporation Pools (20 Year)	4.50%	12/33	1,609
1,146	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.00%	7/43	1,160
882	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.00%	7/44	977
733	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.50%	8/33	814
218	Federal National Mortgage Association Pools (Other)	4.00%	6/37	227
				1,172,980
Interest Only—Fixed Rate Agency Securities (1.14%)				
North America				
Mortgage-related—Residential				
15,412	Federal National Mortgage Association	4.50%	12/20 - 5/43	1,863
9,318	Government National Mortgage Association	5.50%	11/43	1,670
12,654	Federal National Mortgage Association	5.00%	1/36 - 5/40	1,540
6,195	Federal Home Loan Mortgage Corporation	3.50%	12/32	893
5,465	Federal Home Loan Mortgage Corporation	5.00%	3/40	582
4,101	Federal National Mortgage Association	3.00%	9/41	437
2,142	Government National Mortgage Association	4.75%	7/40	385
1,759	Government National Mortgage Association	6.00%	6/38	347
4,175	Government National Mortgage Association	5.00%	5/37	331
1,778	Federal National Mortgage Association	5.50%	10/40	250
1,428	Federal National Mortgage Association	4.00%	5/39	228
1,212	Federal Home Loan Mortgage Corporation	5.50%	1/39	138
				8,664
TBA—Fixed Rate Agency Securities (7.27%)				
North America				
Mortgage-related—Residential				
34,240	Federal Home Loan Mortgage Corporation (30 Year)	3.00%	10/15	34,585
13,450	Government National Mortgage Association (30 Year)	3.50%	10/15	14,091
4,320	Federal Home Loan Mortgage Corporation (30 Year)	3.50%	10/15	4,494

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1,200	Government National Mortgage Association (30 Year)	4.00%	10/15	1,279
658	Federal National Mortgage Association (30 Year)	3.00%	10/15	667
				55,116
	Total Fixed Rate Agency Securities (Cost \$1,224,138)			1,236,760
	Floating Rate Agency Securities (5.22%)			
	Principal and Interest–Floating Rate Agency Securities (2.62%)			
	North America			
	Mortgage-related—Residential			
8,485	Federal National Mortgage Association Pools	2.75% - 6.05%	9/35 - 5/45	8,993
7,747	Federal Home Loan Mortgage Corporation Pools	2.61% - 5.94%	6/37 - 5/44	8,233
2,449	Government National Mortgage Association Pools	2.55%	11/64	2,638
				19,864

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal /Notional Value (In thousands)	Description	Rate	Maturity	Fair Value
				Expressed in U.S. Dollars
	Interest Only—Floating Rate Agency Securities (2.60%)			
	North America			
	Mortgage-related—Residential			
\$208,573	Government National Mortgage Association	0.40% - 6.53%	11/42 - 10/63	\$ 13,554
19,783	Federal National Mortgage Association	5.50% - 7.36%	6/33 - 12/41	3,131
21,228	Resecuritization of Government National Mortgage Association (d)	4.31%	8/60	1,774
6,915	Federal Home Loan Mortgage Corporation	5.79% - 6.42%	3/36 - 8/39	1,232
				19,691
				39,555
	Total Floating Rate Agency Securities (Cost \$38,247)			39,555
	Total Agency Securities (Cost \$1,262,385)			1,276,315
	Private Label Securities (45.69%)			
	Principal and Interest—Private Label Securities (44.84%)			
	North America (38.48%)			
	Mortgage-related—Residential			
438,643	Various	0.00% - 9.35%	5/19 - 9/46	261,434
	Mortgage-related—Commercial			
114,942	Various	3.00% - 4.56%	7/45 - 2/48	30,339
	Total North America (Cost \$276,610)			291,773
	Europe (6.36%)			
	Mortgage-related—Residential			
40,938	Various	0.00% - 5.33%	6/25 - 3/50	37,982
	Mortgage-related—Commercial			
14,932	Various	0.00% - 11.00%	10/15 - 6/19	10,276
	Total Europe (Cost \$53,625)			48,258
	Total Principal and Interest—Private Label Securities (Cost \$330,235)			340,031
	Principal Only—Private Label Securities (0.45%)			
	North America			
	Mortgage-related—Residential			
5,800	Various	—%	8/30	3,438
	Total Principal Only—Private Label Securities (\$2,950)			3,438
	Interest Only—Private Label Securities (0.40%)			
	North America			
	Mortgage-related—Residential			
42,536	Various	0.50% - 2.00%	6/44 - 9/47	1,129
	Mortgage-related—Commercial			
27,254	Various	1.57% - 1.60%	10/47 - 2/48	1,900

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Total Interest Only—Private Label Securities (Cost \$2,136)				3,029
Other Private Label Securities (0.00%)				
North America				
Mortgage-related—Residential				
104,463	Various	—%	6/37	—

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
\$—	Mortgage-related—Commercial Various	—%	7/45 - 2/48	\$ —
	Total Other Private Label Securities (Cost \$283)			—
	Total Private Label Securities (Cost \$335,604)			346,498
	Total Mortgage-Backed Securities (Cost \$1,597,989)			1,622,813
	Collateralized Loan Obligations (7.49%)			
	North America (3.96%)			
65,573	Various	0.00% - 9.15%	5/16 - 9/68	29,997
	Total North America (Cost \$36,248)			29,997
	Europe (3.53%)			
39,195	Various	0.00% - 4.48%	1/22 - 12/56	26,806
	Total Europe (Cost \$27,250)			26,806
	Total Collateralized Loan Obligations (Cost \$63,498)			56,803
	Consumer Loans and Asset-backed Securities backed by Consumer Loans (10.25%) (e)			
	North America (9.86%)			
	Consumer (f)			
71,921	Various	5.50% - 49.00%	10/15 - 9/20	74,744
	Total North America (Cost \$74,116)			74,744
	Europe (0.39%)			
	Consumer			
2,582	Various	—%	8/24	2,957
	Total Europe (Cost \$3,165)			2,957
	Total Consumer Loans and Asset-backed Securities backed by Consumer Loans (Cost \$77,281)			77,701
	Corporate Debt (3.72%)			
	North America (2.22%)			
	Basic Materials			
5,720	Various	11.75%	1/19	1,165
	Consumer			
2,933	Various	4.83% - 7.83%	7/20	1,690
	Energy			
16,026	Various	4.33% - 11.25%	9/18 - 4/21	3,627
	Mortgage-related—Residential			
10,500	Various	15.00%	10/19	10,400
	Total North America (Cost \$22,690)			16,882
	Europe (1.50%)			
	Communications			
8,155	Various	14.00%	10/18	8,889
	Consumer			

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16,218	Various	7.50%	12/16	553
Energy				
2,800	Various	12.25%	1/17	1,923
Total Europe (Cost \$12,034)				11,365
Total Corporate Debt (Cost \$34,724)				28,247

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal/Number of Properties/Number of Shares (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Mortgage Loans (9.53%) (e) North America Mortgage-related—Commercial (g)			
\$60,519	Various	2.50% - 12.00%	11/15 - 7/45	\$ 54,620
	Mortgage-related—Residential (i)			
25,979	Various	1.00% - 13.50%	7/21 - 9/55	17,659
	Total Mortgage Loans (Cost \$73,044)			72,279
	Real Estate Owned (1.96%) (e) (h) North America Real estate-related			
43	Single-Family Houses			7,061
2	Commercial Property			7,769
	Total Real Estate Owned (Cost \$14,714)			14,830
	Private Corporate Equity Investments (2.90%) North America (2.90%) Consumer			
1,578	Non-Exchange Traded Corporate Equity Diversified			2,726
160	Non-Exchange Traded Corporate Equity Mortgage-related—Commercial			2,403
8,171	Non-Exchange Traded Preferred Equity Investment in Commercial Mortgage-Related Private Partnership			7,991
n/a	Non-Controlling Interest in Mortgage-Related Private Partnership			2,826
	Mortgage-related—Residential			
9,482	Non-Exchange Traded Preferred Equity Investment in Mortgage Originators			4,325
7,478	Non-Exchange Traded Equity Investment in Mortgage Originators			913
	Technology			
99	Non-Exchange Traded Corporate Equity			822
	Total North America (Cost \$21,998)			22,006
	Europe (0.00%) Consumer			
125	Non-Exchange Traded Corporate Equity			—
	Total Europe			—

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Private Corporate Equity Investments (Cost \$21,998)

22,006

Total Long Investments (Cost \$1,883,248)

\$ 1,894,679

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Repurchase Agreements (14.45%) (a) (b) (j) North America (11.06%) Government			
\$20,344	Bank of America Collateralized by Par Value \$20,550 U.S. Treasury Note, Coupon 2.00%, Maturity Date 8/25	0.07%	10/15	\$ 20,344
14,962	Bank of America Collateralized by Par Value \$15,000 U.S. Treasury Note, Coupon 2.00%, Maturity Date 2/25	0.20%	10/15	14,962
13,982	Bank of America Collateralized by Par Value \$14,000 U.S. Treasury Note, Coupon 1.38%, Maturity Date 9/20	0.20%	10/15	13,982
12,165	Bank of America Collateralized by Par Value \$12,000 U.S. Treasury Note, Coupon 1.63%, Maturity Date 6/20	0.20%	10/15	12,165
5,063	Bank of America Collateralized by Par Value \$5,000 U.S. Treasury Note, Coupon 1.25%, Maturity Date 10/18	0.17%	10/15	5,063
4,040	Bank of America Collateralized by Par Value \$4,000 U.S. Treasury Note Coupon 1.50%, Maturity Date 5/20	0.20%	10/15	4,040
4,010	Bank of America Collateralized by Par Value \$4,000 U.S. Treasury Note Coupon 1.38%, Maturity Date 3/20	0.20%	10/15	4,010
3,276	Bank of America Collateralized by Par Value \$3,200 U.S. Treasury Note, Coupon 2.25%, Maturity Date 11/24	0.15%	10/15	3,276
2,038	Bank of America Collateralized by Par Value \$2,000 U.S. Treasury Note, Coupon 2.00%, Maturity Date 7/22	0.20%	10/15	2,038
2,013	Bank of America Collateralized by Par Value \$2,000 U.S. Treasury Note Coupon 2.13%,	0.20%	10/15	2,013

Maturity Date 5/25

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
\$1,995	Bank of America Collateralized by Par Value \$2,000 U.S. Treasury Note Coupon 1.25%, Maturity Date 1/20	0.20%	10/15	\$ 1,995
	Total North America (Cost \$83,888)			83,888
	Europe (3.39%)			
	Government			
15,622	Barclays Capital Inc. Collateralized by Par Value \$15,353 Sovereign Government Bond, Coupon 0.25%, Maturity Date 4/18	(0.28)%	10/15	15,622
8,023	Barclays Capital Inc. Collateralized by Par Value \$7,244 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.28)%	10/15	8,023
2,058	Barclays Capital Inc. Collateralized by Par Value \$1,969 Sovereign Government Bond, 4.00%, Maturity Date 9/16	0.40%	10/15	2,058
	Total Europe (Cost \$26,172)			25,703
	Total Repurchase Agreements (Cost \$110,060)			\$ 109,591

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

Current Principal	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
(In thousands)				
	Investments Sold Short (-130.25%) (a) (b)			
	TBA-Fixed Rate Agency Securities Sold Short (-116.39%) (k)			
	North America			
	Government			
\$ (132,607	) Federal Home Loan Mortgage Corporation (30 year)	4.00%	10/15	\$ (141,154)
(114,080	) Federal National Mortgage Association (15 year)	3.50%	10/15	(120,497)
(91,910	) Federal National Mortgage Association (30 year)	4.50%	10/15	(99,640)
(92,458	) Federal National Mortgage Association (30 year)	4.00%	10/15	(98,623)
(78,842	) Federal National Mortgage Association (30 year)	3.50%	10/15	(82,242)
(51,970	) Federal National Mortgage Association (30 year)	5.00%	10/15	(57,270)
(39,200	) Federal National Mortgage Association (30 year)	4.50%	11/15	(42,462)
(35,750	) Federal National Mortgage Association (15 year)	3.00%	10/15	(37,225)
(30,231	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	10/15	(32,716)
(30,200	) Federal National Mortgage Association (30 year)	4.00%	11/15	(32,155)
(28,800	) Federal National Mortgage Association (15 year)	2.50%	10/15	(29,362)
(19,980	) Federal Home Loan Mortgage Corporation (15 year)	3.50%	10/15	(21,066)
(16,950	) Government National Mortgage Association (30 year)	4.00%	10/15	(18,057)
(16,510	) Federal Home Loan Mortgage Corporation (15 year)	3.00%	10/15	(17,176)
(15,200	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	11/15	(16,435)
(11,170	) Federal National Mortgage Association (15 year)	4.00%	10/15	(11,695)
(8,570	) Government National Mortgage Association (30 year)	3.50%	10/15	(8,966)
(6,860	) Federal National Mortgage Association (30 year)	5.50%	10/15	(7,665)
(5,400	) Federal National Mortgage Association (30 year)	3.50%	11/15	(5,620)
(1,300	) Federal Home Loan Mortgage Corporation (30 year)	5.50%	10/15	(1,442)
(1,100	) Government National Mortgage Association (30 year)	4.50%	10/15	(1,182)
	Total TBA-Fixed Rate Agency Securities Sold Short (Proceeds -\$880,077)			(882,650)
	Government Debt Sold Short (-13.86%)			
	North America (-10.54%)			
	Government			
(79,750) U.S. Treasury Note	1.25% - 2.25%	10/18 - 8/25	(79,953)
	Total North America (Proceeds -\$79,239)			(79,953)
	Europe (-3.32%)			

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Government

(24,567)	European Sovereign Bond	0.25% - 4.00%	9/16 - 4/19	(25,152)
	Total Europe (Proceeds -\$26,044)			(25,152)
	Total Government Debt Sold Short (Proceeds -\$105,283)			(105,105)
	Total Investments Sold Short (Proceeds -\$985,360)			\$ (987,755)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S. Dollars
Financial Derivatives—Assets (9.76%) (a) (b)				
Swaps (9.40%)				
Long Swaps:				
Credit Default Swaps on Corporate Bond Indices (l)	Credit	\$377,478	12/17 - 12/20	\$ 34,580
Interest Rate Swaps (m)	Interest Rates	1,037,276	10/16 - 9/45	24,328
Credit Default Swaps on Asset-Backed Indices (l)	Credit	1,532	12/37	59
North America				
Total Return Swaps				
Communications (q)	Credit	6,467	3/16 - 7/16	97
Consumer (q)	Credit	4,972	3/16 - 6/16	68
Financial (q)	Credit	2,646	9/16	11
Financial (p)	Equity Market	487	11/16	5
Total Total Return Swaps				181
Short Swaps:				
Credit Default Swaps on Asset-Backed Indices (n)	Credit	(59,146	) 5/46 - 5/63	2,912
Interest Rate Swaps (o)	Interest Rates	(48,700	) 10/17 - 2/45	273
North America				
Credit Default Swaps on Asset-Backed Securities (n)				
Mortgage-related—residential	Credit	(14,231	) 9/34 - 5/36	8,927
Credit Default Swaps on Corporate Bonds (n)				
Consumer	Credit	(590	) 12/19	1
Total Return Swaps				
Energy (p)	Equity Market	(116	) 7/17	—
Financial (p)	Equity Market	(3,309	) 3/17	—
Total Total Return Swaps				—
Total Swaps (Net cost \$59,405)				71,261
Futures (0.03%)				
Long Futures:				
U.S. Treasury Note Futures (s)	Interest Rates	59,200	12/15	172
Eurodollar Futures (r)	Interest Rates	14,000	6/17	38
Short Futures:				
U.S. Treasury Note Futures (s)	Interest Rates	(5,600	) 12/15	1
Total Futures				211
Options (0.19%)				
Purchased Options:				
Put Options on Credit Default Swaps on Corporate Bond Indices (w)	Credit	101,208	10/15 - 12/15	898
Call Options on U.S. Treasury Futures (t)	Interest Rates	5,800	11/15	177
Payer Swaptions (z)	Interest Rates	73,300	11/15	46
Receiver Swaptions (aa)	Interest Rates	118,000	9/17	316

Total Options (Cost \$1,020)

1,437

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value	
(In thousands)					Expressed in U.S. Dollars
Forwards (0.13%)					
Short Forwards					
Currency Forwards (af)	Currency	\$(99,922	) 12/15	\$ 974	
Total Forwards				974	
Warrants (0.01%)					
North America					
Warrants (v)					
Mortgage-related—residential	Equity Market	1,554		100	
Total Warrants (Cost \$100)				100	
Mortgage Loan Purchase Commitments (0.00%)					
North America					
Mortgage Loan Purchase Commitments (ad)					
Mortgage-related—residential	Interest Rates	4,773	10/15 - 11/15	11	
Total Mortgage Loan Purchase Commitments				11	
Total Financial Derivatives—Assets (Net cost \$60,525)				\$ 73,994	
Financial Derivatives—Liabilities (-9.35%) (a) (b)					
Swaps (-8.97%) (ah)					
Long Swaps:					
Credit Default Swaps on Asset-Backed Indices (l)	Credit	45,193	1/47 - 5/63	(4,540)
Interest Rate Swaps (m)	Interest Rates	49,142	10/17 - 10/45	(15)
North America					
Total Return Swaps					
Basic Materials (q)	Credit	6,496	3/16	(562)
Communications (q)	Credit	7,289	3/16 - 8/16	(1,882)
Consumer (q)	Credit	2,790	6/16 - 8/16	(49)
Diversified (q)	Credit	2,772	3/16	(13)
Energy (q)	Credit	6,085	4/16 - 10/16	(533)
Financial (p)	Equity Market	25,496	11/16	(1)
Industrial (q)	Credit	1,000	3/16	(6)
Technology (q)	Credit	1,391	6/16	(10)
Total Total Return Swaps				(3,056)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value	
				Expressed in U.S. Dollars	
(In thousands)					
Short Swaps:					
Interest Rate Swaps (o)	Interest Rates	\$(1,494,961	) 1/16 - 10/45	\$ (27,623)
Credit Default Swaps on Corporate Bond Indices (n)	Credit	(603,856	) 12/16-12/20	(32,108)
North America					
Credit Default Swaps on Asset-Backed Securities (n)					
Mortgage-related—residential	Credit	(3,234	) 10/34 - 3/35	(262)
Credit Default Swaps on Corporate Bonds (n)					
Consumer	Credit	(6,580	) 9/19 - 9/20	(354)
Financial	Credit	(4,000	) 3/20	(99)
Total Credit Default Swaps on Corporate Bonds				(453)
Total Return Swaps					
Energy (p)	Equity Market	(439	) 3/17	—	
Financial (p)	Equity Market	(889	) 3/17	—	
Total Total Return Swaps				—	
Total Swaps (Net proceeds -\$43,941)				(68,057)
Futures (-0.16%)					
Short Futures:					
U.S. Treasury Note Futures (s)	Interest Rates	(20,700	) 12/15	(233)
Eurodollar Futures (r)	Interest Rates	(734,000	) 3/16 - 12/17	(970)
Total Futures				(1,203)
Options (-0.20%)					
Written Options:					
Call Options on Credit Default Swaps on Corporate Bond Indices (x)	Credit	(722,700	) 10/15 - 12/15	(1,050)
Put Options on Credit Default Swaps on Corporate Bond Indices (y)	Credit	(26,359	) 12/15	(150)
Put Options on U.S. Treasury Futures (u)	Interest Rates	(5,800	) 11/15	(59)
Payer Swaption (ac)	Interest Rates	(49,700	) 11/15	(44)
Receiver Swaption (ab)	Interest Rates	(207,000	) 9/17	(221)
Total Options (Proceeds -\$4,375)				(1,524)
Forwards (-0.02%)					
Long Forwards:					
Currency Forwards (ae)	Currency	33,615	12/15	(141)
Total Forwards				(141)
Total Financial Derivatives—Liabilities (Net proceeds -\$48,316)				\$ (70,925)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2015 (CONTINUED)
(UNAUDITED)

- (a) See Note 2 and Note 3 in Notes to Consolidated Financial Statements.
- (b) Classification percentages are based on Total Equity.
At September 30, 2015, the Company's long investments guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association, represented 88.46%, 56.51%, and 23.34% of equity, respectively.
- (c) Private trust 100% backed by interest in Government National Mortgage Association collateralized mortgage obligation certificates.
- (d) Loans and real estate owned are beneficially owned by the Company through participation certificates in the various trusts that hold such investments.
Includes investments in participation certificates in a trust owned by a related party of Ellington Financial Management LLC for which the Company has beneficial interests in the residual cash flows of the underlying loans held by the trust. At September 30, 2015 loans held in the related party trust for which the Company has beneficial interests in the residual cash flows, totaled \$2.7 million.
- (e) Includes non-performing commercial loans in the amount of \$6.3 million whereby principal and/or interest is past due and a maturity date is not applicable.
- (f) Number of properties not shown in thousands, represents actual number of properties owned.
- (g) As of September 30, 2015, the Company had residential mortgage loans that were in the process of foreclosure with a fair value of \$5.7 million.
- (h) In general, securities received pursuant to repurchase agreements were delivered to counterparties in short sale transactions.
At September 30, 2015, the Company's short investments guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association, represented 82.34%, 30.33%, and 3.72% of equity, respectively.
- (i) For long credit default swaps, the Company sold protection.
- (j) For long interest rate swap contracts, a floating rate is being paid and a fixed rate is being received.
- (k) For short credit default swaps, the Company purchased protection.
- (l) For short interest rate swap contracts, a fixed rate is being paid and a floating rate is being received.
- (m) Notional value represents number of underlying shares times the closing price of the underlying security.
- (n) Notional value represents outstanding principal balance on underlying corporate debt.
- (o) Every \$1,000,000 in notional value represents one contract.
- (p) Notional value represents the total face amount of U.S. Treasury Notes underlying all contracts held; as of September 30, 2015, 321 long futures contracts and 997 short futures contracts were held.
- (q) Represents the option on the part of the Company to enter into a futures contract with a counterparty; as of September 30, 2015 58 call options contracts were held.
- (r) Represents the option on the part of a counterparty to enter into a futures contract with the Company; as of September 30, 2015 58 put options contracts were held.
- (s) Notional amount represents number of warrants.
- (t) Represents the option on the part of the Company to enter into a credit default swap on a corporate bond index whereby the Company would pay a fixed rate and receive credit protection payments.
- (u) Represents the option on the part of a counterparty to enter into a credit default swap on a corporate bond index whereby the Company would pay a fixed rate and receive credit protection payments.
- (v) Represents the option on the part of a counterparty to enter into a credit default swap on a corporate bond index whereby the Company would receive a fixed rate and pay credit protection payments.
- (w)
- (x)
- (y)
- (z)

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Represents the option on the part of the Company to enter into an interest rate swap whereby the Company would pay a fixed rate and receive a floating rate.

- (aa) Represents the option on the part of the Company to enter into an interest rate swap whereby the Company would pay a floating rate and receive a fixed rate.
- (ab) Represents the option on the part of a counterparty to enter into an interest rate swap with the Company whereby the Company would pay a fixed rate and receive a floating rate.
- (ac) Represents the option on the part of a counterparty to enter into an interest rate swap with the Company whereby the Company would receive a fixed rate and pay a floating rate.
- (ad) Notional amount represents principal balance of mortgage loan purchase commitments. Actual loan purchases are contingent upon successful loan closings in accordance with agreed-upon parameters.
- (ae) Notional amount represents U.S. Dollars to be paid by the Company at the maturity of the forward contract.
- (af) Notional amount represents U.S. Dollars to be received by the Company at the maturity of the forward contract.

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT SEPTEMBER 30, 2015 (CONCLUDED)
 (UNAUDITED)

The table below shows the ratings on the Company's long investments from Moody's, Standard and Poor's, or Fitch, as well as the Company's long investments that were unrated but guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage (ag) Association. Ratings tend to be a lagging credit indicator; as a result, the credit quality of the Company's long investment holdings may be lower than the credit quality implied based on the ratings listed below. In situations where an investment has a split rating, the lowest provided rating is used. The ratings descriptions include ratings qualified with a "+," "-", "1," "2," or "3."

Rating Description	Percent of Equity	
Unrated but Agency-Guaranteed	168.31	%
A/A/A	0.33	%
Baa/BBB/BBB	1.64	%
Ba/BB/BB or below	39.54	%
Unrated	40.03	%

(ah) The following table shows the Company's swap liabilities by dealer as a percentage of Total Equity:

Dealer/Parent Company	Asset/Liability	Percent of Equity	
Affiliates of JP Morgan	Financial derivatives—liability	(5.81)%

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Long Investments (275.46%) (a) (b) (c) (z)			
	Mortgage-Backed Securities (241.27%)			
	Agency Securities (163.60%) (d)			
	Fixed Rate Agency Securities (158.20%)			
	Principal and Interest - Fixed Rate Agency Securities (147.82%)			
	North America			
	Mortgage-related—Residential			
\$191,734	Federal National Mortgage Association Pools (30 Year)	4.00%	4/42 - 1/45	\$ 206,080
176,029	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.00%	9/42 - 1/45	188,912
171,291	Federal National Mortgage Association Pools (30 Year)	4.50%	10/41 - 1/45	187,748
93,720	Federal National Mortgage Association Pools (30 Year)	5.00%	10/35 - 12/44	104,347
84,478	Federal National Mortgage Association Pools (15 Year)	3.50%	3/28 - 12/29	89,707
71,332	Federal Home Loan Mortgage Corporation Pools (30 Year)	4.50%	9/43 - 12/44	78,285
63,040	Federal National Mortgage Association Pools (30 Year)	3.50%	10/42 - 11/44	65,989
53,456	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.50%	1/42 - 1/45	55,840
21,139	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.50%	9/28 - 9/29	22,410
20,140	Federal National Mortgage Association Pools (30 Year)	3.00%	1/43 - 5/43	20,425
14,283	Federal National Mortgage Association Pools (15 Year)	4.00%	6/26 - 12/29	15,211
10,130	Federal Home Loan Mortgage Corporation Pools (30 Year)	3.00%	1/43 - 4/43	10,271
8,424	Federal National Mortgage Association Pools (Other)	5.00%	9/43 - 1/44	9,497
6,883	Government National Mortgage Association Pools (Other)	4.61%	6/64 - 11/64	7,738
7,402	Federal Home Loan Mortgage Corporation Pools (Other)	3.50%	4/43 - 6/43	7,678
6,663	Federal National Mortgage Association Pools (20 Year)	4.00%	11/33 - 12/33	7,213
5,945	Government National Mortgage Association Pools (Other)	4.59%	11/64	6,695
5,916		4.50%	4/26	6,232

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	Federal National Mortgage Association Pools (15 Year)			
5,526	Federal National Mortgage Association Pools (Other)	4.50%	2/44	6,108
5,131	Federal National Mortgage Association Pools (30 Year)	5.50%	10/39	5,741
4,131	Government National Mortgage Association Pools (Other)	4.68%	9/64	4,647
4,181	Government National Mortgage Association Pools (Other)	4.75%	1/61	4,457
3,809	Government National Mortgage Association Pools (Other)	4.63%	10/64	4,295
3,680	Government National Mortgage Association Pools (Other)	4.80%	2/61	3,933
3,487	Government National Mortgage Association Pools (Other)	5.49%	4/60	3,811
3,458	Government National Mortgage Association Pools (Other)	4.66%	1/63	3,792
3,300	Government National Mortgage Association Pools (Other)	4.49%	11/64	3,698
3,290	Government National Mortgage Association Pools (Other)	4.67%	10/61	3,551
2,931	Government National Mortgage Association Pools (Other)	5.54%	2/60	3,177
2,794	Federal National Mortgage Association Pools (30 Year)	6.00%	9/39 - 2/40	3,164
3,027	Federal Home Loan Mortgage Corporation Pools (Other)	3.00%	6/28	3,139
2,836	Federal Home Loan Mortgage Corporation Pools (Other)	4.50%	5/44	3,131
2,990	Federal Home Loan Mortgage Corporation Pools (15 Year)	3.00%	3/28	3,114
2,668	Government National Mortgage Association Pools (Other)	5.51%	2/60	2,919
2,561	Federal Home Loan Mortgage Corporation Pools (15 Year)	4.00%	2/29	2,728

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
\$2,238	Federal Home Loan Mortgage Corporation Pools (Other)	4.00%	7/43 - 10/44	\$ 2,398
1,849	Federal Home Loan Mortgage Corporation Pools (30 Year)	6.00%	4/39 - 5/40	2,084
1,510	Federal Home Loan Mortgage Corporation Pools (20 Year)	4.50%	12/33	1,652
1,298	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.00%	7/44	1,444
1,079	Government National Mortgage Association Pools (Other)	4.65%	11/61	1,167
851	Federal Home Loan Mortgage Corporation Pools (30 Year)	5.50%	8/33	954
245	Federal National Mortgage Association Pools (Other)	4.00%	6/37	260
				1,165,642
Interest Only - Fixed Rate Agency Securities (1.20%)				
North America				
Mortgage-related—Residential				
30,581	Federal National Mortgage Association	4.50%	12/20 - 6/43	3,946
17,397	Federal National Mortgage Association	5.00%	1/36 - 5/40	1,899
6,935	Federal Home Loan Mortgage Corporation	3.50%	12/32	1,001
7,621	Federal Home Loan Mortgage Corporation	5.00%	3/40	815
4,691	Federal National Mortgage Association	3.00%	9/41	554
2,142	Government National Mortgage Association	4.75%	7/40	461
1,826	Federal National Mortgage Association	4.00%	5/39	287
2,242	Federal National Mortgage Association	5.50%	10/40	285
1,609	Federal Home Loan Mortgage Corporation	5.50%	1/39	193
				9,441
TBA - Fixed Rate Agency Securities (9.18%)				
North America				
Mortgage-related—Residential				
44,478	Federal National Mortgage Association (30 Year)	3.00%	1/15	45,015
27,120	Federal Home Loan Mortgage Corporation (30 Year)	3.00%	1/15	27,395
				72,410
Total Fixed Rate Agency Securities (Cost \$1,230,414)				1,247,493
Floating Rate Agency Securities (5.40%)				
Principal and Interest - Floating Rate Agency Securities (2.62%)				
North America				
Mortgage-related—Residential				
9,737	Federal Home Loan Mortgage Corporation Pools	2.36% - 5.94%	6/37 - 5/44	10,282

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6,265	Federal National Mortgage Association Pools	5.04% - 6.05%	9/35 - 9/37	6,692
3,404	Government National Mortgage Association Pool	2.47%	11/64	3,673
				20,647

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Interest Only - Floating Rate Agency Securities (2.78%)				
North America				
Mortgage-related—Residential				
\$183,794	Government National Mortgage Association	0.40% - 6.58%	11/42 - 10/63	\$ 13,591
28,251	Federal National Mortgage Association	5.50% - 6.58%	4/35 - 7/43	4,508
21,145	Resecuritization of Government National Mortgage Association (f)	4.34%	8/60	1,973
13,048	Federal Home Loan Mortgage Corporation	5.84% - 6.47%	3/36 - 8/39	1,872
				21,944
Total Floating Rate Agency Securities (Cost \$41,787)				42,591
Total Agency Securities (Cost \$1,272,201)				1,290,084
Private Label Securities (77.67%)				
Principal and Interest - Private Label Securities (76.95%)				
North America (71.67%)				
Mortgage-related—Residential				
799,083	Various	0.00% - 9.35%	5/19 - 7/47	525,877
Mortgage-related—Commercial				
117,877	Various	3.00% - 5.40%	7/45 - 12/49	39,240
Total North America (Cost \$526,764)				565,117
Europe (5.28%)				
Mortgage-related—Residential				
33,294	Various	0.34% - 4.41%	8/38 - 1/61	28,803
Mortgage-related—Commercial				
12,784	Various	0.00%-12.25%	7/15 - 3/24	12,837
Total Europe (Cost \$45,070)				41,640
Total Principal and Interest - Private Label Securities (Cost \$571,834)				606,757
Principal Only - Private Label Securities (0.41%)				
North America				
Mortgage-related—Residential				
5,800	Various	—%	8/30	3,248
Total Principal Only - Private Label Securities (Cost \$2,737)				3,248
Interest Only - Private Label Securities (0.31%)				
North America				
Mortgage-related—Residential				
47,557	Various	0.50% - 2.00%	6/44 - 9/47	1,189
Mortgage-related—Commercial				
17,666	Various	1.42% - 1.45%	10/47 - 12/47	1,234
Total Interest Only - Private Label Securities (Cost \$1,602)				2,423

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
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Current Principal/Notional Value (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Other Private Label Securities (0.00%)				
North America				
Mortgage-related—Residential				
\$111,629	Various	—%	6/37	\$ —
Mortgage-related—Commercial				
—	Various	—%	7/45 - 10/47	—
Total Other Private Label Securities (Cost \$302)				
Total Private Label Securities (Cost \$576,475)				
Total Mortgage-Backed Securities (Cost \$1,848,676)				
Collateralized Loan Obligations (15.47%)				
North America (13.05%)				
128,188	Various	0.00% - 9.73%	2/17 - 9/68	102,883
Total North America (Cost \$104,547)				
Europe (2.42%)				
19,786	Various	1.73% - 4.00%	3/17 - 3/23	19,111
Total Europe (Cost \$20,015)				
Total Collateralized Loan Obligations (Cost \$124,562)				
Consumer Loans and Asset-backed Securities backed by Consumer Loans (3.08%) (i)				
North America (2.59%)				
Consumer				
17,624	Various	0.00%-49.00%	6/15 - 7/19	20,434
Total North America (Cost \$20,549)				
Europe (0.49%)				
Consumer				
3,860	Various	—%	8/24	3,860
Total Europe (Cost \$4,275)				
Total Consumer Loans and Asset-backed Securities backed by Consumer Loans (Cost \$24,824)				
Corporate Debt (5.41%)				
North America				
Basic Materials				
5,440	Various	9.00%	11/19	5,114
Communications				
15,255	Various	7.75%-14.00%	12/16 - 6/19	14,671
Consumer				
6,543	Various	5.25%-11.50%	6/16 - 9/21	5,867
Diversified				
2,793	Various	7.50%	5/20	2,779
Energy				
7,475	Various	7.00%-12.25%	1/17 - 6/19	5,877

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/ of Properties/ Number of Shares (In thousands) (continued)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Mortgage-related—Residential			
\$8,500	Various	15.00%	10/19	\$ 8,400
	Total Corporate Debt (Cost \$43,585)			42,708
	Mortgage Loans (7.08%) (i)			
	North America			
	Mortgage-related—Commercial (g)			
32,519	Various	0.00%-10.00%	1/15 - 11/17	28,309
	Mortgage-related—Residential			
44,336	Various	—%	2/18 - 10/54	27,482
	Total Mortgage Loans (Cost \$55,664)			55,791
	Real Estate Owned (1.10%) (h) (i)			
	North America			
	Real estate-related			
50	Single-Family Houses			6,591
1	Commercial Property			2,044
	Total Real Estate Owned (Cost \$8,748)			8,635
	Private Corporate Equity Investments (1.84%)			
	North America			
	Consumer			
32	Non-Exchange Traded Corporate Equity			2,090
	Diversified			
56	Non-Exchange Traded Corporate Equity			770
	Mortgage-related—Commercial			
6,241	Non-Exchange Traded Preferred Equity Investment in Commercial Mortgage-Related Private Partnership			6,241
n/a	Non-Controlling Interest in Mortgage-Related Private Partnership			2,673
	Mortgage-related—Residential			
7,657	Non-Exchange Traded Preferred Equity Investment in Mortgage Originators			2,500
728	Non-Exchange Traded Equity Investment in Mortgage Originators			238
	Total Private Corporate Equity Investments (Cost \$14,717)			14,512
	U.S. Treasury Securities (0.21%)			
	North America			
	Government			
1,560	U.S. Treasury Bond	3.00%	11/44	1,636

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Total U.S. Treasury Securities (Cost \$1,550)	1,636
Total Long Investments (Cost \$2,122,326)	\$ 2,172,082

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

Current Principal Description (In thousands)	Rate	Maturity	Fair Value Expressed in U.S. Dollars	
Repurchase Agreements (21.81%) (a) (b) (c) (e)				
North America (17.78%)				
Government				
\$122,256	Deutsche Bank Securities Collateralized by Par Value \$122,870 U.S. Treasury Note, Coupon 1.50%, Maturity Date 11/19	(0.22)%	1/15	\$ 122,256
7,465	Bank of America Collateralized by Par Value \$7,410 U.S. Treasury Note, Coupon 2.25%, Maturity Date 11/24	(0.22)%	1/15	7,465
4,975	Pierpont Securities LLC Collateralized by Par Value \$5,000, U.S. Treasury Note, Coupon 1.25%, Maturity Date 10/18	(0.10)%	1/15	4,975
3,379	Bank of America Collateralized by Par Value \$3,354 U.S. Treasury Note, Coupon 2.25%, Maturity Date 11/24	(0.25)%	1/15	3,379
2,173	Pierpont Securities LLC Collateralized by Par Value \$2,000 U.S. Treasury Bond, Coupon 3.13%, Maturity Date 8/44	(0.30)%	1/15	2,173
Total North America (Cost \$140,248)				140,248
Europe (4.03%)				
Government				
13,090	Barclays Capital Inc. Collateralized by Par Value \$11,508 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.10)%	1/15	13,090
9,712	Barclays Capital Inc. Collateralized by Par Value \$8,390 Sovereign Government Bond, Coupon 3.75%, Maturity Date 10/18	(0.10)%	1/15	9,712
6,888	Barclays Capital Inc. Collateralized by Par Value \$6,393 Sovereign Government Bond, Coupon 4.00%, Maturity Date 9/16	0.15%	1/15	6,888
2,063	Deutsche Bank Securities Collateralized by Par Value \$1,827 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.10)%	1/15	2,063

Total Europe (Cost \$31,753)	31,753
Total Repurchase Agreements (Cost \$172,001)	\$ 172,001

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

Current Principal	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Investments Sold Short (-163.77%) (a) (b) (c)				
TBA - Fixed Rate Agency Securities Sold Short (-153.39%) (j)				
North America				
Mortgage-related—Residential				
\$ (213,928 )	) Federal National Mortgage Association (30 year)	4.00%	1/15	\$ (228,376)
(205,082 )	) Federal National Mortgage Association (30 year)	3.50%	1/15	(213,870)
(146,580 )	) Federal National Mortgage Association (15 year)	3.50%	1/15	(154,837)
(123,117 )	) Federal Home Loan Mortgage Corporation (30 year)	4.00%	1/15	(131,254)
(92,080 )	) Federal National Mortgage Association (30 year)	4.50%	1/15	(99,968)
(54,100 )	) Federal National Mortgage Association (30 year)	5.00%	2/15	(59,698)
(48,150 )	) Federal National Mortgage Association (30 year)	5.00%	1/15	(53,193)
(48,800 )	) Federal National Mortgage Association (30 year)	4.50%	2/15	(52,889)
(38,360 )	) Federal National Mortgage Association (15 year)	3.00%	1/15	(39,870)
(36,081 )	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	1/15	(39,111)
(26,400 )	) Federal Home Loan Mortgage Corporation (30 year)	4.00%	2/15	(28,071)
(21,840 )	) Federal National Mortgage Association (30 year)	4.00%	2/15	(23,255)
(20,300 )	) Federal Home Loan Mortgage Corporation (15 year)	3.50%	1/15	(21,429)
(15,850 )	) Federal National Mortgage Association (15 year)	2.50%	1/15	(16,140)
(14,020 )	) Federal Home Loan Mortgage Corporation (30 year)	3.50%	1/15	(14,579)
(7,900 )	) Federal National Mortgage Association (15 year)	4.00%	2/15	(8,365)
(6,860 )	) Federal National Mortgage Association (30 year)	5.50%	1/15	(7,673)
(6,000 )	) Federal Home Loan Mortgage Corporation (30 year)	5.00%	1/15	(6,622)
(4,100 )	) Federal Home Loan Mortgage Corporation (15 year)	3.00%	1/15	(4,256)
(3,270 )	) Federal National Mortgage Association (15 year)	4.00%	1/15	(3,465)
(1,300 )	) Federal Home Loan Mortgage Corporation (30 year)	5.50%	1/15	(1,453)
(1,100 )	) Federal Home Loan Mortgage Corporation (15 year)	4.00%	1/15	(1,165)
Total TBA - Fixed Rate Agency Securities Sold Short (Proceeds -\$1,205,876)				(1,209,539)

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT DECEMBER 31, 2014 (CONTINUED)
 (UNAUDITED)

Current Principal/ Number of Shares (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Government Debt Sold Short (-7.02%)			
	North America (-3.14%)			
	Government			
\$(22,485)	U.S. Treasury Note	1.25% - 2.25%	10/18 - 11/24	\$ (22,560)
(2,000)	U.S. Treasury Bond	3.13%	8/44	(2,149)
	Total North America (Cost \$24,602)			(24,709)
	Europe (-3.88%)			
	Government			
(28,118)	European Sovereign Bonds	2.75% - 4.00%	9/16- 4/19	(30,606)
	Total Europe (Cost \$32,008)			(30,606)
	Total Government Debt Sold Short (Proceeds -\$56,610)			(55,315)
	Common Stock Sold Short (-3.36%)			
	North America			
	Financial			
(2,986)	Publicly Traded Real Estate Investment Trusts			(26,516)
	Total Common Stock Sold Short (Proceeds -\$27,605)			(26,516)
	Total Investments Sold Short (Proceeds -\$1,290,091)			\$ (1,291,370)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Financial Derivatives—Assets (10.15%) (a) (b) (c)				
Swaps (9.87%)				
Long Swaps:				
Credit Default Swaps on Corporate Bond Indices (k)	Credit	\$311,983	12/17 - 12/19	\$ 35,865
Credit Default Swaps on Asset-Backed Indices (k)	Credit	3,734	12/37 - 5/63	61
Interest Rate Swaps (l)	Interest Rates	1,017,067	7/16 - 12/44	23,243
North America				
Total Return Swaps				
Financial (o)	Equity Market	875	6/15	8
Short Swaps:				
Credit Default Swaps on Asset-Backed Indices (m)	Credit	(50,981	) 5/46 - 10/52	1,820
Interest Rate Swaps (n)	Interest Rates	(627,931	) 10/16 - 12/44	5,411
North America				
Credit Default Swaps on Asset-Backed Securities (m)				
Mortgage-related—Residential	Credit	(17,691	) 9/34 - 5/36	11,387
Total Swaps (Net cost \$59,299)				77,795
Futures (0.03%)				
Long Futures:				
U.S. Treasury Note Futures (q)	Interest Rates	109,300	3/15	162
Eurodollar Futures (p)	Interest Rates	11,000	6/17	7
Short Futures:				
Eurodollar Futures (p)	Interest Rates	(520,000	) 9/15 - 9/17	92
Total Futures				261
Options (0.13%)				
Purchased Options:				
Options on Credit Default Swaps on Corporate Bond Indices (s)	Credit	364,400	1/15 - 3/15	625
Payer Swaption (u)	Interest Rates	822,800	1/15 - 6/15	344
Options on U.S. Treasury Futures (w)	Interest Rates	11,000	2/15 - 3/15	20
Total Options (Cost \$2,161)				989
Forwards (0.11%)				
Short Forwards:				
Currency Forwards (y)	Currency	(35,849) 3/15	884
Total Forwards				884
Warrants (0.01%)				
North America				
Warrants (r)				

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Mortgage-related—Residential	Equity Market 1,554	100
Total Warrants (Cost \$100)		100
Total Financial Derivatives—Assets (Net cost \$61,560)		\$ 80,029

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value	
(In thousands)				Expressed in U.S.Dollars	
Financial Derivatives—Liabilities (-8.39%) (a) (b) (c)					
Swaps (-8.32%) (aa)					
Long Swaps:					
Credit Default Swaps on Asset-Backed Indices (k)	Credit	\$ 17,113	3/49 - 10/52	\$ (4,248)
Credit Default Swaps on Corporate Bond Indices (k)	Credit	3,756	12/17	(1,231)
Interest Rate Swaps (l)	Interest Rates	230,410	10/16 - 12/44	(678)
North America					
Credit Default Swaps on Corporate Bonds (k)					
Communications	Credit	500	9/19	(172)
Consumer	Credit	3,498	6/19	(2,283)
Energy	Credit	430	12/19	(251)
Total Credit Default Swaps on Corporate Bonds				(2,706)
Total Return Swaps					
Financial (o)	Equity Market	72,075	1/15 - 11/16	(21)
Short Swaps:					
Interest Rate Swaps (n)	Interest Rates	(1,024,716	) 3/15 - 11/44	(28,727)
Credit Default Swaps on Asset-Backed Indices (m)	Credit	(20,050	) 5/63	(162)
Credit Default Swaps on Corporate Bond Indices (m)	Credit	(352,945	) 12/16 - 12/19	(27,357)
North America					
Credit Default Swaps on Asset-Backed Securities (m)					
Mortgage-related—Residential	Credit	(3,000	) 3/35	(239)
Credit Default Swaps on Corporate Bonds (m)	Credit	(5,970	) 9/19 - 12/19	(247)
Total Swaps (Net proceeds -\$33,400)				(65,616)
Futures (-0.01%)					
Long Futures:					
U.S. Treasury Note Futures (q)	Interest Rates	50,600	3/15	(13)
Short Futures:					
Eurodollar Futures (p)	Interest Rates	(179,000	) 3/15 - 6/15	(68)
Total Futures				(81)
Options (-0.04%)					
Purchased Options:					
Payer Swaption (u)	Interest Rates	260,000	3/15	(137)
Written Options:					
Options on Credit Default Swaps on Corporate Bond Indices (t)	Credit	(25,900	) 3/18	(146)

Payer Swaption (v)	Interest Rates (10,200) 1/15	—	
Total Options (Proceeds -\$155)		(283)

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT DECEMBER 31, 2014 (CONTINUED)
 (UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Forwards (-0.02%)				
Long Forwards:				
Currency Forwards (x)	Currency	\$9,518	3/15	\$ (136)
Short Forwards:				
Currency Forwards (y)	Currency	(117)	3/15	—
Total Forwards				(136)
Total Financial Derivatives–Liabilities (Net proceeds -\$33,555)				\$ (66,116)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2014 (CONCLUDED)
(UNAUDITED)

- (a) See Note 2 and Note 3 in Notes to Consolidated Financial Statements.
- (b) Classification percentages are based on Total Equity.
- (c) Conformed to current period presentation.
 - At December 31, 2014, the Company's long investments guaranteed by the Federal National Mortgage Association,
- (d) the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association, represented 100.30%, 53.97%, and 9.33% of equity, respectively.
- (e) In general, securities received pursuant to repurchase agreements were delivered to counterparties in short sale transactions.
- (f) Private trust 100% backed by interest in Government National Mortgage Association collateralized mortgage obligation certificates.
- (g) Includes non-performing commercial loans in the amount of \$11.3 million whereby principal and/or interest is past due and a maturity date is not applicable.
- (h) Number of properties not shown in thousands, represents actual number of properties owned.
- (i) Loans and real estate owned are beneficially owned by the Company through participation certificates in the various trusts that hold such investments.
- (j) At December 31, 2014, the Company's short investments guaranteed by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, represented 121.95% and 31.44% of equity, respectively.
- (k) For long credit default swaps, the Company sold protection.
- (l) For long interest rate swap contracts, a floating rate is being paid and a fixed rate is being received.
- (m) For short credit default swaps, the Company purchased protection.
- (n) For short interest rate swap contracts, a fixed rate is being paid and a floating rate is being received.
- (o) Notional value represents number of underlying shares times the closing price of the underlying security.
- (p) Every \$1,000,000 in notional value represents one contract.
- (q) Notional value represents the total face amount of U.S. Treasury Notes underlying all contracts held; as of December 31, 2014, 1,346 contracts were held.
- (r) Notional amount represents number of warrants.
- (s) Represents the option on the part of the Company to enter into a credit default swap on a corporate bond index whereby the Company would pay a fixed rate and receive credit protection payments.
- (t) Represents the option on the part of a counterparty to enter into a credit default swap on a corporate bond index whereby the Company would pay a fixed rate and receive credit protection payments.
- (u) Represents the option on the part of the Company to enter into an interest rate swap whereby the Company would pay a fixed rate and receive a floating rate.
- (v) Represents the option on the part of a counterparty to enter into an interest rate swap with the Company whereby the Company would receive a fixed rate and pay a floating rate.
- (w) Represents the option on the part of the Company to enter into a futures contract with a counterparty; as of December 31, 2014, 110 contracts were held.
- (x) Notional amount represents U.S. Dollars to be paid by the Company at the maturity of the forward contract.
- (y) Notional amount represents U.S. Dollars to be received by the Company at the maturity of the forward contract.
- (z) The table below shows the Company's long investment ratings from Moody's, Standard and Poor's, or Fitch, as well as the Company's long investments that were unrated but guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association. Ratings tend to be a lagging credit indicator; as a result, the credit quality of the Company's long investment holdings may be lower than the credit quality implied based on the ratings listed below. In situations where an investment has a split rating, the lowest provided rating is used. The ratings descriptions include ratings qualified

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with a "+," "-", "1," "2," or "3."

Rating Description	Percent of Equity	
Unrated but Agency-Guaranteed	163.60	%
A/A/A	0.98	%
Baa/BBB/BBB	5.62	%
Ba/BB/BB or below	80.65	%
Unrated	24.61	%

(aa) The following table shows the Company's swap liabilities by dealer as a percentage of Total Equity:

Dealer/Parent Company	Percent of Equity	
Affiliates of JP Morgan	(5.18)%

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ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Month Period Ended September 30, 2015	Three Month Period Ended September 30, 2014 ⁽¹⁾	Nine Month Period Ended September 30, 2015	Nine Month Period Ended September 30, 2014 ⁽¹⁾
(In thousands except per share amounts)				
	Expressed in U.S. Dollars			
INVESTMENT INCOME				
Interest income	\$26,440	\$22,521	\$78,692	\$65,014
Other income	565	—	1,881	—
Total investment income	27,005	22,521	80,573	65,014
EXPENSES				
Base management fee	2,849	3,056	8,720	7,789
Incentive fee	—	1,400	—	1,400
Interest expense	3,073	2,179	8,926	7,222
Other investment related expenses	1,473	1,184	3,838	2,846
Professional fees	587	553	1,934	1,772
Administration fees	342	306	1,027	893
Compensation expense	366	358	1,045	1,030
Insurance expense	162	191	482	573
Directors' fees and expenses	62	70	195	200
Share-based LTIP expense	98	65	294	191
Other expenses	470	560	1,392	1,411
Total expenses	9,482	9,922	27,853	25,327
NET INVESTMENT INCOME	17,523	12,599	52,720	39,687
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FINANCIAL DERIVATIVES, AND FOREIGN CURRENCY TRANSACTIONS/TRANSLATION				
Net realized gain (loss) on:				
Investments	8,477	2,449		