



## COMPANY PROFILE

Ellington Financial LLC, (“EFC” or “the Company”), is a specialty finance company that primarily acquires and manages mortgage-related assets, with the majority of its capital allocated to non-Agency RMBS. EFC’s primary objective is to generate attractive, risk-adjusted returns by utilizing an opportunistic approach to investing in its target assets. The Company seeks to capture upside in good markets and control downside in difficult markets. EFC is externally managed and advised by Ellington Financial Management LLC, an affiliate of Ellington Management Group L.L.C. (“Ellington”), a registered investment advisory firm founded in 1994 with approximately \$5.9 billion in assets under management, primarily focused on mortgage- and real estate-related securities.

## INVESTMENT HIGHLIGHTS

### Seasoned Mortgage Investor

Ellington’s portfolio managers and senior management have a long history of mortgage investing and long-standing relationships within the Company’s key markets. With an average of 25 years of trading in the mortgage markets, the senior management team has managed mortgage assets successfully over multiple market cycles. Ellington emphasizes a quantitative, analytic model-driven approach to portfolio management, and many of the firm’s principals have degrees in mathematics or engineering from top universities, including a number of advanced degrees. The firm’s investment management process is supported by its proprietary portfolio management and analytic systems, which process data covering over 100 million loans, and by over 140 employees, including more than 28 professionals dedicated to research and systems.

### Flexible and Active Investment Approach

The Company employs a sophisticated, active style of investing and has the flexibility to acquire and trade a diverse mix of mortgage-related securities. The publicly traded partnership structure of EFC allows it to hedge its risks as it deems necessary, using a variety of instruments, in both its non-Agency and Agency MBS strategies. The Company uses interest rate and credit hedging instruments to manage risk and volatility. EFC generally seeks to deploy relatively low leverage in the execution of its strategies. The Company’s debt-to-equity ratio, excluding U.S. Treasury securities, of 1.44:1 as of September 30, 2014 was significantly lower than the hybrid mortgage REIT peer group average.

### High Insider Ownership Aligns Management with Shareholders

Management owns approximately 10% of EFC’s shares and securities convertible into shares, which aligns its interests with fellow shareholders<sup>(1)</sup>.

### Established and Strong Track Record

EFC has successfully preserved book value through market cycles while producing strong results for investors. The Company’s life-to-date total return on net book value since inception in August 2007 through September 30, 2014 is approximately 140.5%.



## Third Quarter 2014 Fact Sheet

**NYSE: EFC**  
[www.ellingtonfinancial.com](http://www.ellingtonfinancial.com)

## EFC OVERVIEW (as of 9/30/14)

Market Cap:	\$745.8mm
Q3 Dividend Per Share:	\$0.77
Dividend Yield <sup>(2)</sup> :	13.8%
Total Long Investments <sup>(3)</sup> :	\$1.80bn
Diluted Book Value/Share:	\$23.79
Debt-to-Equity, ex. Treasuries:	1.44x
QTD NAV Based Total Return <sup>(4)</sup> :	1.3%
YTD NAV Based Total Return <sup>(4)</sup> :	8.4%
LTD NAV Based Total Return <sup>(4)</sup> :	140.5%

## TARGET ASSETS

- Non-Agency Strategy:
- Residential Credit
    - Prime Jumbo MBS
    - Alt-A MBS
    - Manufactured Housing MBS
    - Subprime Residential MBS
    - Non-Performing Loans
  - Commercial Mortgage Credit
    - CMBS
    - Mortgage Loans
    - Other Real Estate Debt
  - Residential MBS Derivatives
  - Other Mortgage-Related Assets
  - Other Financial Assets
  - Corporate Debt
    - Consumer Loans and ABS
    - Equity Securities and Derivatives
- Agency RMBS Strategy:
- Whole Pool Pass-Through Certificates
  - Partial Pool Pass-Through Certificates
  - Agency CMOs
  - TBAs
  - Mortgage-Related Operating Businesses

## ANALYST COVERAGE

- Bank of America Merrill Lynch
- Compass Point Research & Trading
- Credit Suisse
- Deutsche Bank
- JMP Securities
- Keefe, Bruyette & Woods
- Maxim Group

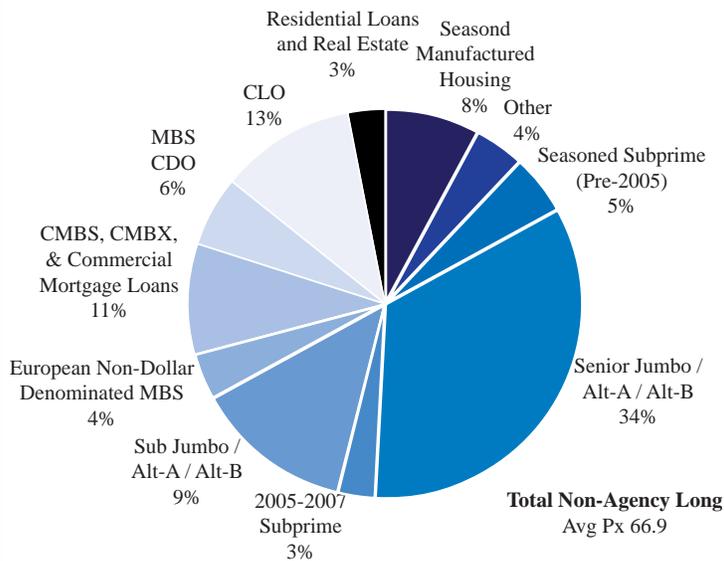
## CONTACT INFORMATION

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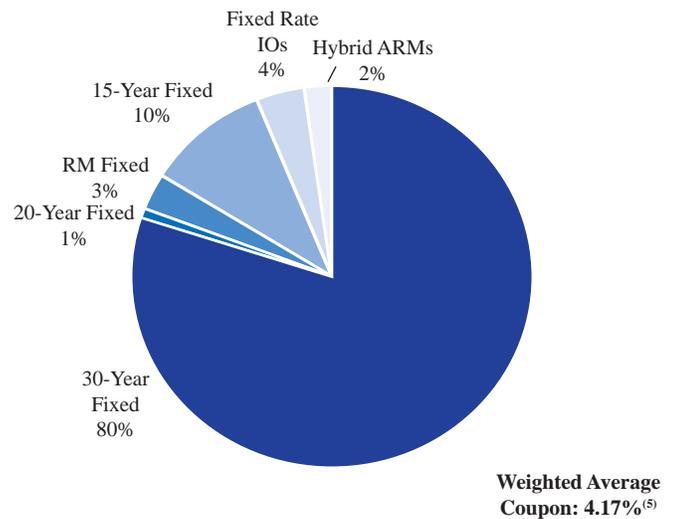
## PORTFOLIO COMPOSITION AS OF 9/30/2014

The following charts set forth additional information regarding EFC's long investment portfolios<sup>(3)</sup>:

### Non-Agency Long Portfolio - \$732mm



### Agency MBS Long Portfolio - \$1,064mm

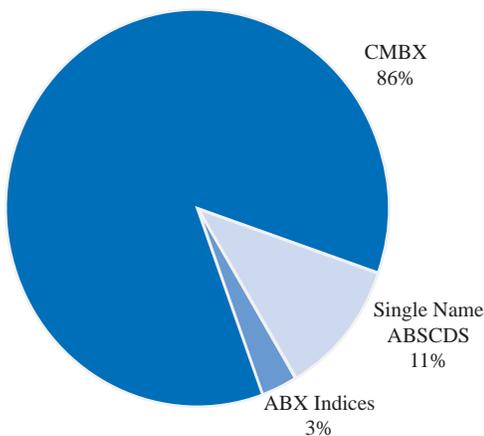


## HEDGING PORTFOLIO AS OF 9/30/2014

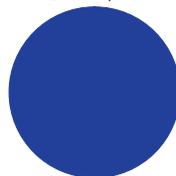
The following charts set forth additional information regarding EFC's credit and interest rate hedging portfolios:

### Non-Agency Hedging Portfolio - Short \$269mm<sup>(6)</sup>

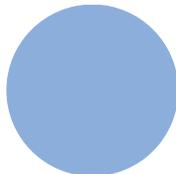
#### CDS on MBS: Net Short \$90mm



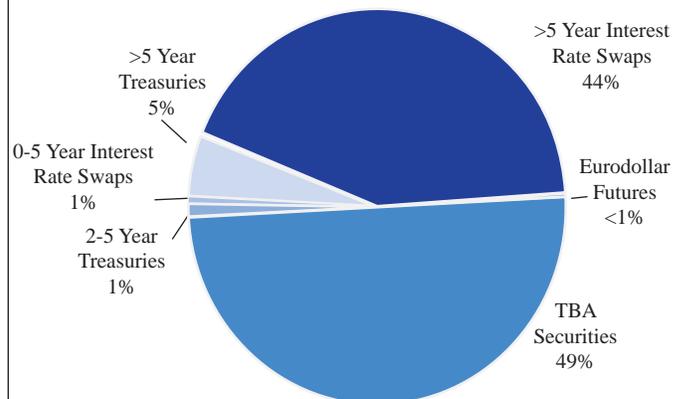
#### Corporate CDS: Net Short \$170mm



#### Short Equity: Short \$10mm



### Agency Hedging Portfolio - Short \$471mm 10-Year Equivalents<sup>(7)</sup>



**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. INVESTMENTS, INCLUDING TRADING IN COMMODITY INTERESTS, INVOLVE SUBSTANTIAL RISK, INCLUDING RISK OF LOSS. This summary does not constitute an offer to sell or the solicitation of an offer to purchase any securities from any entities described herein and may not be used or relied upon in evaluating the merits of investing therein. Information is as of September 30, 2014 unless otherwise noted.**

(1) Management ownership includes shares and convertible units held by principals of Ellington and related family trusts.

(2) Represents the dividend yield, calculated by annualizing the \$0.77 quarterly dividend declared for the quarter ended September 30, 2014 divided by the November 4, 2014 share price of \$22.30.

(3) Total Long Investments is equal to the sum of long positions in the Company's non-Agency portfolio, including any long credit derivatives based on their bond equivalent values, and Agency RMBS. Bond equivalent values for CDS represent the investment amount of a corresponding position in the reference obligation or index constituents, calculated assuming a price equal to the difference between (i) par and (ii) the tear up price ("points up front"). The bond equivalent value of credit derivatives in the non-Agency long portfolio include \$10.5 million of long CMBX positions and \$1.8 million of long PrimeX positions. The corresponding net fair value of net long CMBX and PrimeX is \$(4.3) million.

(4) NAV-based total return is calculated based on net asset value and assumes the reinvestment of dividends. Life-to-date total return is based on \$19.17 net book value per share at inception in August 2007.

(5) Represents weighted average net pass-through rate. Excludes interest only securities.

(6) Credit hedging portfolio includes synthetic credit positions based on their respective bond equivalent values in the case of CDS. Bond equivalent values for CDS represent the investment amount of a corresponding position in the reference obligation or index constituents, calculated assuming a price equal to the points up front. This information does not include interest rate swaps, TBA positions, corporate CDS, common stock and equity swaps, or other hedge positions. The total bond equivalent value of CDS on MBS and Corporate CDS is \$259.3 million. The corresponding net fair value of short CDS on MBS and short Corporate CDS is \$(8.0) million. For short equity, the amounts above represent notional value of equity swaps, defined as the number of underlying shares multiplied by the price per share as of September 30, 2014. The net fair value of the short equity was \$29 thousand as of September 30, 2014.

(7) The Agency hedging portfolio is expressed in "10-year equivalents" which represent the amount of 10-year U.S. Treasury securities that would be expected to experience a similar change in market value under a standard parallel move in interest rates.