

Ellington Financial LLC
Form 10-Q
November 10, 2014
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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, 2014

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, 2014

33,449,678

Common Shares Representing Limited Liability
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, 2014	December 31, 2013
(In thousands except share amounts)	Expressed in U.S. Dollars	
ASSETS		
Cash and cash equivalents	\$ 129,124	\$ 183,489
Investments, financial derivatives, and repurchase agreements:		
Investments, at fair value (Cost – \$2,391,276 and \$1,688,257)	2,440,828	1,730,130
Financial derivatives—assets, at fair value (Net cost – \$45,074 and \$50,533)	56,366	59,664
Repurchase agreements (Cost – \$47,192 and \$27,943)	47,039	27,962
Total investments, financial derivatives, and repurchase agreements	2,544,233	1,817,756
Due from brokers	141,497	82,571
Receivable for securities sold	1,246,205	883,005
Interest and principal receivable	10,953	6,831
Other assets	2,525	1,546
Total Assets	\$4,074,537	\$2,975,198
LIABILITIES		
Investments and financial derivatives:		
Investments sold short, at fair value (Proceeds – \$1,223,043 and \$847,602)	\$ 1,221,894	\$ 845,614
Financial derivatives—liabilities, at fair value (Net proceeds – \$33,950 and \$29,746)	47,331	44,791
Total investments and financial derivatives	1,269,225	890,405
Reverse repurchase agreements	1,395,132	1,236,166
Due to brokers	12,010	19,762
Payable for securities purchased	576,455	193,047
Securitized debt (Proceeds – \$849 and \$980)	870	983
Accounts payable and accrued expenses	2,144	1,810
Base management fee payable	3,056	2,364
Incentive fee payable	1,400	3,091
Interest and dividends payable	2,138	1,521
Total Liabilities	3,262,430	2,349,149
EQUITY	812,107	626,049
TOTAL LIABILITIES AND EQUITY	\$4,074,537	\$2,975,198
ANALYSIS OF EQUITY:		
Common shares, no par value, 100,000,000 shares authorized; (33,443,572 and 25,428,186 shares issued and outstanding)	\$796,108	\$611,282
Additional paid-in capital – LTIP units	9,269	9,119
Total Shareholders' Equity	805,377	620,401
Non-controlling interests	6,730	5,648
Total Equity	\$812,107	\$626,049
PER SHARE INFORMATION:		
Common shares	\$24.08	\$24.40

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014
(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
	Long Investments (300.56%) (a) (v) (x) (y)			
	Mortgage-Backed Securities (212.31%)			
	Agency Securities (144.78%) (b)			
	Fixed Rate Agency Securities (139.61%)			
	Principal and Interest - Fixed Rate Agency Securities (124.03%)			
\$25,954	Federal National Mortgage Association Pool	3.50%	10/42	\$ 26,602
17,116	Federal National Mortgage Association Pool	4.00%	11/43	18,152
15,562	Federal National Mortgage Association Pool	4.00%	11/43	16,490
14,850	Government National Mortgage Association Pool	4.00%	9/44	15,784
14,095	Federal National Mortgage Association Pool	5.00%	8/41	15,583
12,100	Federal Home Loan Mortgage Corporation Pool	4.50%	1/44	13,227
12,351	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	13,106
11,623	Federal National Mortgage Association Pool	5.00%	3/41	12,984
11,143	Federal Home Loan Mortgage Corporation Pool	4.00%	9/44	11,750
10,646	Federal National Mortgage Association Pool	4.00%	9/44	11,287
9,734	Federal National Mortgage Association Pool	4.00%	6/44	10,335
9,338	Federal National Mortgage Association Pool	4.50%	10/43	10,088
9,040	Federal Home Loan Mortgage Corporation Pool	4.00%	7/43	9,550
8,721	Federal National Mortgage Association Pool	4.00%	8/43	9,219
8,380	Federal National Mortgage Association Pool	4.50%	2/44	9,069
6,711	Federal National Mortgage Association Pool	5.00%	3/44	7,503
7,076	Federal Home Loan Mortgage Corporation Pool	4.00%	10/44	7,490
7,034	Federal National Mortgage Association Pool	3.50%	11/42	7,234
6,692	Federal National Mortgage Association Pool	3.50%	3/28	7,077
6,464	Federal Home Loan Mortgage Corporation Pool	4.50%	2/44	7,068
6,302	Federal National Mortgage Association Pool	4.50%	10/43	6,824
6,218	Federal National Mortgage Association Pool	4.50%	4/26	6,579
6,072	Federal Home Loan Mortgage Corporation Pool	4.00%	9/44	6,403
5,605	Federal National Mortgage Association Pool	4.50%	2/44	6,142
5,789	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	6,142
5,387	Federal National Mortgage Association Pool	5.00%	3/44	6,022
5,633	Federal National Mortgage Association Pool	4.00%	8/43	5,978
5,333	Federal National Mortgage Association Pool	5.50%	10/39	5,939
5,588	Federal National Mortgage Association Pool	4.00%	8/43	5,906
5,289	Government National Mortgage Association Pool	4.54%	11/62	5,760
5,434	Federal National Mortgage Association Pool	4.00%	5/44	5,753
5,427	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	5,731
5,757	Federal Home Loan Mortgage Corporation Pool	3.00%	1/43	5,721
5,384	Federal Home Loan Mortgage Corporation Pool	3.50%	5/29	5,680
5,011	Federal National Mortgage Association Pool	4.50%	12/43	5,480

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ELLINGTON FINANCIAL LLC

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS

AT SEPTEMBER 30, 2014 (CONTINUED)

(UNAUDITED)

Current Principal (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Principal and Interest - Fixed Rate Agency Securities (124.03%) (continued)				
\$5,179	Federal National Mortgage Association Pool	3.50%	12/28	\$ 5,471
5,155	Federal Home Loan Mortgage Corporation Pool	4.00%	9/44	5,466
5,150	Federal National Mortgage Association Pool	4.00%	6/44	5,448
5,501	Federal National Mortgage Association Pool	3.00%	4/43	5,435
5,108	Federal Home Loan Mortgage Corporation Pool	4.00%	7/44	5,424
5,066	Federal National Mortgage Association Pool	4.00%	5/44	5,374
4,958	Federal National Mortgage Association Pool	4.00%	1/44	5,264
4,684	Federal National Mortgage Association Pool	4.50%	1/44	5,126
4,841	Federal Home Loan Mortgage Corporation Pool	4.00%	9/44	5,124
4,522	Federal Home Loan Mortgage Corporation Pool	4.50%	10/43	4,946
4,623	Federal National Mortgage Association Pool	4.00%	1/43	4,886
4,527	Federal National Mortgage Association Pool	4.00%	9/44	4,800
4,508	Federal Home Loan Mortgage Corporation Pool	4.00%	2/44	4,787
4,514	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	4,770
4,497	Federal Home Loan Mortgage Corporation Pool	4.00%	9/44	4,768
4,312	Federal National Mortgage Association Pool	4.50%	10/43	4,691
4,253	Federal National Mortgage Association Pool	5.00%	10/43	4,686
4,262	Federal National Mortgage Association Pool	4.50%	2/44	4,638
4,387	Federal National Mortgage Association Pool	3.50%	5/29	4,633
4,285	Government National Mortgage Association Pool	4.75%	1/61	4,589
4,188	Federal National Mortgage Association Pool	4.50%	11/43	4,510
4,094	Federal National Mortgage Association Pool	4.50%	3/44	4,462
4,015	Federal National Mortgage Association Pool	5.00%	10/43	4,458
4,138	Federal National Mortgage Association Pool	4.00%	6/44	4,380
4,094	Federal National Mortgage Association Pool	4.00%	4/42	4,327
4,079	Federal National Mortgage Association Pool	4.00%	11/43	4,325
3,988	Federal National Mortgage Association Pool	4.50%	4/44	4,319
3,958	Federal Home Loan Mortgage Corporation Pool	4.50%	12/43	4,290
3,823	Federal National Mortgage Association Pool	5.00%	10/43	4,266
4,035	Federal Home Loan Mortgage Corporation Pool	3.50%	2/29	4,257
3,769	Federal National Mortgage Association Pool	5.00%	1/44	4,237
3,813	Federal National Mortgage Association Pool	5.00%	11/43	4,232
4,162	Federal Home Loan Mortgage Corporation Pool	3.50%	6/43	4,232
3,909	Federal National Mortgage Association Pool	4.00%	10/44	4,137
3,742	Federal National Mortgage Association Pool	5.00%	1/44	4,128
3,718	Federal National Mortgage Association Pool	5.00%	11/40	4,117
3,815	Federal National Mortgage Association Pool	4.50%	8/43	4,112
3,838	Federal National Mortgage Association Pool	4.00%	11/33	4,105
3,674	Federal National Mortgage Association Pool	5.00%	10/43	4,094

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Principal and Interest - Fixed Rate Agency Securities (124.03%) (continued)				
\$298,087	Other Federal National Mortgage Association Pools	3.00% - 6.00%	6/26 - 10/44	\$ 318,998
145,950	Other Federal Home Loan Mortgage Corporation Pools	3.00% - 6.00%	3/28 - 10/44	155,009
20,467	Other Government National Mortgage Association Pools	4.49% - 5.54%	2/60 - 6/64	22,265
				1,007,244
Interest Only - Fixed Rate Agency Securities (1.84%)				
68,234	Other Federal National Mortgage Association	3.00% - 5.50%	12/20 - 6/43	9,768
24,917	Other Federal Home Loan Mortgage Corporation	3.00% - 5.50%	12/32 - 1/43	3,663
9,547	Other Government National Mortgage Association	3.00% - 4.75%	7/40 - 11/42	1,526
				14,957
TBA - Fixed Rate Agency Securities (13.74%)				
43,978	Federal National Mortgage Association (30 Year)	3.00%	10/14	43,347
23,750	Federal Home Loan Mortgage Corporation (30 Year)	3.50%	10/14	24,231
23,120	Federal Home Loan Mortgage Corporation (30 Year)	3.00%	10/14	22,815
21,600	Federal National Mortgage Association (30 Year)	3.00%	11/14	21,231
				111,624
				1,133,825
Total Fixed Rate Agency Securities (Cost \$1,124,947)				
Floating Rate Agency Securities (5.17%)				
Principal and Interest - Floating Rate Agency Securities (2.26%)				
5,085	Federal Home Loan Mortgage Corporation Pool	4.92%	4/38	5,440
6,543	Other Federal National Mortgage Association Pools	5.04% - 6.05%	9/35 - 9/37	7,000
5,662	Other Federal Home Loan Mortgage Corporation Pools	2.36% - 5.94%	6/37 - 5/44	5,920
				18,360
Interest Only - Floating Rate Agency Securities (2.91%)				
192,100	Other Government National Mortgage Association	0.39% - 6.60%	11/42 - 10/63	15,481
29,766	Other Federal National Mortgage Association	5.50% - 6.60%	4/35 - 7/43	5,161
21,706	Resecuritization of Government National Mortgage Association (w)	4.34%	8/60	2,032
7,692	Other Federal Home Loan Mortgage Corporation	5.85%	8/39	941
				23,615
				41,975
				1,175,800
Total Floating Rate Agency Securities (Cost \$40,824)				
Total Agency Securities (Cost \$1,165,771)				

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/ Notional Value/ Number of Properties/ Number of Shares (In thousands)	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
Private Label Securities (67.53%)				
Principal and Interest - Private Label Securities (66.86%)				
\$866,595	Various	0% - 9.35%	7/15 - 1/61	\$ 542,990
Total Principal and Interest - Private Label Securities (Cost \$504,510)				542,990
Principal Only - Private Label Securities (0.40%)				
5,800	Various	—%	8/30	3,248
Total Principal Only - Private Label Securities (Cost \$2,671)				3,248
Interest Only - Private Label Securities (0.27%)				
60,779	Various	0.50% - 2.00%	6/44 - 9/47	2,149
Total Interest Only - Private Label Securities (Cost \$1,387)				2,149
Other Private Label Securities (0.00%)				
114,905	Various	—%	6/37 - 10/47	—
Total Other Private Label Securities (Cost \$311)				—
Total Private Label Securities (Cost \$508,879)				548,387
Total Mortgage-Backed Securities (Cost \$1,674,650)				1,724,187
Other Asset-Backed Securities and Loans (13.44%)				
126,490	Various	0% - 9.73%	3/17 - 9/68	109,152
Total Other Asset-Backed Securities and Loans (Cost \$110,423)				109,152
Commercial Mortgage Loans (3.68%) (t)				
34,123	Various	0% - 10.00%	12/14 - 11/17	29,852
Total Commercial Mortgage Loans (Cost \$29,850)				29,852
Residential Mortgage Loans (2.11%)				
23,551	Various	—%	2/18 - 5/54	17,147
Total Residential Mortgage Loans (Cost \$16,324)				17,147
Real Estate Owned (0.92%) (u)				
46	Single-Family Houses			5,420
1	Commercial Property			2,044
Total Real Estate Owned (Cost \$7,252)				7,464
Private Corporate Investments (0.95%)				
5,000	Preferred Equity Investment in Commercial Mortgage-related Partnership			5,000
8,225	Equity Investment in Mortgage Originator			2,686
Private Corporate Investments (Cost \$7,924)				7,686
U.S. Treasury Securities (67.15%)				
526,091	U.S. Treasury Note	1.75%	9/19	525,452

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12,223	U.S. Treasury Note	1.00%	9/17	12,206
7,769	U.S. Treasury Note	2.38%	8/24	7,682
	U.S. Treasury Securities (Cost \$544,853)			545,340
	Total Long Investments (Cost \$2,391,276)			\$ 2,440,828

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT SEPTEMBER 30, 2014 (CONTINUED)
 (UNAUDITED)

Current Principal	Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
(In thousands)				
Repurchase Agreements (5.79%) (a) (c) (x) (y)				
\$18,492	Deutsche Bank Securities Collateralized by Par Value \$15,657 Sovereign Government Bond, Coupon 3.75%, Maturity Date 10/18	(0.25)%	10/14	\$ 18,492
8,502	Deutsche Bank Securities Collateralized by Par Value \$7,580 Sovereign Government Bond, Coupon 2.75%, Maturity Date 4/19	(0.15)%	10/14	8,502
7,602	Barclays Capital Inc. Collateralized by Par Value \$7,669 U.S. Treasury Bond, Coupon 3.13%, Maturity Date 8/44	(0.40)%	10/14	7,602
7,453	Barclays Capital Inc. Collateralized by Par Value \$7,500 U.S. Treasury Note, Coupon 1.63%, Maturity Date 8/19	(3.00)%	10/14	7,453
4,963	Barclays Capital Inc. Collateralized by Par Value \$5,000 U.S. Treasury Note, Coupon 1.25%, Maturity Date 10/18	(0.10)%	10/14	4,962
28	Deutsche Bank Securities Collateralized by Par Value \$28 U.S. Treasury Note, Coupon 1.00%, Maturity Date 9/17	(1.15)%	10/14	28
	Total Repurchase Agreements (Cost \$47,192)			\$ 47,039

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014 (CONTINUED)
(UNAUDITED)

Current Principal/ Number of Shares	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Investments Sold Short (-150.46%) (a) (x) (y)				
TBA - Fixed Rate Agency Securities Sold Short (-142.70%) (d)				
\$(248,558	) Federal National Mortgage Association (30 year)	4.00%	10/14	\$ (261,957)
(192,422	) Federal National Mortgage Association (30 year)	3.50%	10/14	(196,669)
(119,830	) Federal National Mortgage Association (15 year)	3.50%	10/14	(126,046)
(115,217	) Federal Home Loan Mortgage Corporation (30 year)	4.00%	10/14	(121,293)
(84,730	) Federal National Mortgage Association (30 year)	4.50%	10/14	(91,429)
(62,750	) Federal National Mortgage Association (30 year)	5.00%	10/14	(69,263)
(61,110	) Federal National Mortgage Association (15 year)	3.00%	10/14	(62,943)
(38,900	) Federal National Mortgage Association (15 year)	2.50%	10/14	(39,119)
(29,700	) Federal Home Loan Mortgage Corporation (15 year)	3.50%	10/14	(31,180)
(29,300	) Federal National Mortgage Association (30 year)	4.00%	11/14	(30,788)
(27,300	) Federal National Mortgage Association (30 year)	5.00%	12/14	(30,014)
(17,500	) Federal National Mortgage Association (30 year)	4.50%	11/14	(18,837)
(17,300	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	11/14	(18,616)
(14,900	) Government National Mortgage Association (30 year)	4.00%	11/14	(15,768)
(12,631	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	10/14	(13,625)
(9,870	) Federal National Mortgage Association (15 year)	4.00%	10/14	(10,447)
(6,700	) Federal National Mortgage Association (30 year)	5.50%	10/14	(7,464)
(6,000	) Federal Home Loan Mortgage Corporation (30 year)	5.00%	10/14	(6,612)
(4,100	) Federal Home Loan Mortgage Corporation (15 year)	3.00%	10/14	(4,216)
(1,300	) Other Federal Home Loan Mortgage Corporation (30 year)	5.50%	10/14	(1,444)
(1,100	) Other Federal Home Loan Mortgage Corporation (15 year)	4.00%	10/14	(1,162)
Total TBA - Fixed Rate Agency Securities Sold Short (Proceeds -\$1,158,171)				(1,158,892)
Government Debt Sold Short (-5.38%)				
(21,367	) European Sovereign Bonds	2.75% - 3.75%	10/18- 4/19	(23,707)
(12,500	) U.S. Treasury Note	1.25% - 1.63%	10/18- 8/19	(12,389)
(8	) U.S. Treasury Bond	3.13%	8/44	(7,550)
Total Government Debt Sold Short (Proceeds -\$44,034)				(43,646)
Common Stock Sold Short (-2.38%)				
(2,113	) Publicly Traded Real Estate Investment Trusts			(19,356)
Total Common Stock Sold Short (Proceeds -\$20,838)				(19,356)
Total Investments Sold Short (Proceeds -\$1,223,043)				\$ (1,221,894)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S.Dollars
Financial Derivatives—Assets (6.94%) (a) (x) (y)				
Swaps (6.79%)				
Long Swaps:				
Credit Default Swaps on Corporate Bond Indices (Cost - \$19,410) (e)	Credit	\$ 114,693	12/18 - 6/19	\$ 20,044
Credit Default Swaps on Asset-Backed Indices (Proceeds -\$217) (e)	Credit	1,789	12/37	57
Interest Rate Swaps (f)	Interest Rates	682,994	9/16 - 9/44	8,446
Short Swaps:				
Credit Default Swaps on Asset-Backed Securities (g)	Credit	(18,892	) 9/34 - 5/36	12,788
Credit Default Swaps on Asset-Backed Indices (g)	Credit	(66,061	) 5/46 - 5/63	2,247
Interest Rate Swaps (h)	Interest Rates	(1,059,638	) 2/16 - 9/44	11,518
Total Return Swaps (i)	Equity Market	(3,065	) 10/16 - 10/18	29
Total Swaps (Net cost \$45,042)				55,129
Futures (0.07%)				
Long Futures:				
U.S. Treasury Note Futures (k)	Interest Rates	242,100	12/14	477
Eurodollar Futures (j)	Interest Rates	18,000	12/14	—
Short Futures:				
Eurodollar Futures (j)	Interest Rates	(186,000	) 9/15 - 12/16	65
Equity Index Futures (l)	Credit	(2,850	) 12/14	7
Total Futures				549
Options (0.03%)				
Purchased Options:				
Payer Swaption (n)	Interest Rates	774,000	2/17 - 3/17	261
Options on Eurodollar Futures (o)	Interest Rates	150,000	3/15	31
Total Options (Cost \$32)				292
Forwards (0.05%)				
Short Forwards:				
Currency Forwards (s)	Currency	(21,265	) 12/14	396
Total Forwards				396
Total Financial Derivatives—Assets (Net cost \$45,074)				\$ 56,366

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT SEPTEMBER 30, 2014 (CONTINUED)
(UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value	
(In thousands)					Expressed in U.S.Dollars
Financial Derivatives—Liabilities (-5.83%) (a) (x)					
(y)					
Swaps (-5.77%)					
Long Swaps:					
Credit Default Swaps on Asset-Backed Indices (Proceeds - \$5,461) (e)	Credit	\$ 14,770	1/47 - 10/52	\$ (4,311)
Credit Default Swaps on Corporate Bond Indices (Proceeds - \$1,200) (e)	Credit	3,756	12/17	(1,166)
Credit Default Swaps on Corporate Bonds (Proceeds - \$1,968) (e)	Credit	5,005	6/19 - 12/19	(2,583)
Interest Rate Swaps (f)	Interest Rates	438,894	7/16 - 10/44	(1,141)
Total Return Swaps (i)	Equity Market	76,371	6/18 - 10/19	(40)
Short Swaps:					
Interest Rate Swaps (h)	Interest Rates	(1,098,816	) 3/15 - 9/44	(14,625)
Credit Default Swaps on Asset-Backed Indices (g)	Credit	(16,250	) 5/63	(74)
Credit Default Swaps on Corporate Bond Indices (g)	Credit	(284,577	) 12/16 - 6/19	(22,463)
Credit Default Swaps on Asset-Backed Securities (g)	Credit	(3,000	) 3/35	(378)
Credit Default Swaps on Corporate Bonds (g)	Credit	(2,475	) 6/19 - 9/19	(112)
Total Return Swaps (i)	Equity Market	(7,051	) 10/18	—)
Total Swaps (Net proceeds -\$33,692)				(46,893)
Futures (-0.01%)					
Long Futures:					
Eurodollar Futures (j)	Interest Rates	91,000	3/17 - 6/17	(22)
Short Futures:					
Eurodollar Futures (j)	Interest Rates	(143,000	) 3/15 - 6/15	(39)
Total Futures				(61)
Options (-0.05%)					
Purchased Options:					
Payer Swaption (n)	Interest Rates	504,000	1/17 - 2/17	(109)
Straddle Swaption (q)	Interest Rates	30,000	5/29	(79)
Written Options:					
Options on Credit Default Swaps on Corporate Bond Indices (m)	Credit	(59,202	) 10/14 - 11/14	(158)
Options on Eurodollar Futures (p)	Interest Rates	(150,000	) 3/15	(6)
Straddle Swaption (r)	Interest Rates	(34,000	) 9/25	(25)
Total Options (Proceeds -\$258)				(377)
Total Financial Derivatives—Liabilities (Net proceeds -\$33,950)				\$ (47,331)

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT SEPTEMBER 30, 2014 (CONTINUED)
 (UNAUDITED)

- (a) See Note 2 and Note 3 in Notes to Consolidated Financial Statements.
 At September 30, 2014, 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 92.40%, 44.08%, and 8.30% of equity, respectively.
- (b) In general, securities received pursuant to repurchase agreements were delivered to counterparties in short sale transactions.
 At September 30, 2014, 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 116.36%, 24.40%, and 1.94% of equity, respectively.
- (c) For long credit default swaps, the Company sold protection.
- (d) For long interest rate swap contracts, a floating rate is being paid and a fixed rate is being received.
- (e) For short credit default swaps, the Company purchased protection.
- (f) For short interest rate swap contracts, a fixed rate is being paid and a floating rate is being received.
- (g) Notional value represents number of underlying shares times the closing price of the underlying security.
- (h) Every \$1,000,000 in notional value represents one contract.
- (i) Notional value represents the total face amount of U.S. Treasury Notes underlying all contracts held; as of September 30, 2014, 1,934 contracts were held.
- (j) Notional value represents the number of contracts held times 50 times the Index price at September 30, 2014; as of September 30, 2014, 29 contracts were held.
- (k) 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.
- (l) 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.
- (m) Represents the option on the part of the Company to enter into a futures contract with a counterparty. Every \$1,000,000 in notional value represents one contract.
- (n) Represents the option on the part of a counterparty to enter into a futures contract with the Company. Every \$1,000,000 in notional value represents one contract.
- (o) Represents the combination of a purchased payer swaption and a purchased receiver swaption on the same underlying swap.
- (p) Represents the combination of a written payer swaption and a written receiver swaption on the same underlying swap.
- (q) Notional amount represents U.S. Dollars to be received by the Company at the maturity of the forward contract.
- (r) Includes non-performing commercial loans in the amount of \$10.6 million whereby principal and/or interest is past due and a maturity date is not applicable.
- (s) Number of properties not shown in thousands, represents actual number of properties owned.
 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.
- (v) 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	144.78	%
A/A/A	0.64	%

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Baa/BBB/BBB	4.59	%
Ba/BB/BB or below	66.71	%
Unrated	83.84	%

(w) Private trust 100% backed by interest in Government National Mortgage Association collateralized mortgage obligation certificates.

(x) Classification percentages are based on Total Equity.

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT SEPTEMBER 30, 2014 (CONCLUDED)
 (UNAUDITED)

(y) The following table details the breakout by geographical region of long investments, investments sold short, repurchase agreements, financial derivatives—assets, and financial derivatives—liabilities.

Region	Current Principal/ Notional Value/Number of Properties/Number of Shares	Cost/(Proceeds)	Fair Value	Percent of Equity	
Long Investments: (In thousands, Expressed in U.S. Dollars)					
North America	3,161,385	\$2,342,001	\$2,393,715	294.75	%
Europe	43,235	41,351	39,427	4.85	%
North America (Common Stock)	13,225	7,924	7,686	0.95	%
Total		\$2,391,276	\$2,440,828	300.56	%
Investments Sold Short:					
North America (TBAs and Government Debt)	(1,121,387	) \$(1,178,095	) \$(1,178,831	) (145.16)%
Europe (Government Debt)	(21,367	) (24,110	) (23,707	) (2.92)%
North America (Common Stock)	(2,113	) (20,838	) (19,356	) (2.38)%
Total		\$(1,223,043	) \$(1,221,894	) (150.46)%
Repurchase Agreements:					
North America	20,046	\$20,045	\$20,045	2.47	%
Europe	26,994	27,147	26,994	3.32	%
Total	47,040	\$47,192	\$47,039	5.79	%
Financial Derivatives—Assets:					
North America	634,538	\$45,074	\$56,365	6.94	%
Europe	(8,733	) —	1	—	%
Total	625,805	\$45,074	\$56,366	6.94	%
Financial Derivatives—Liabilities:					
North America	(617,900) \$(32,133) \$(45,569) (5.61)%
Europe	(16,675) (1,817) (1,762) (0.22)%
Total	(634,575) \$(33,950) \$(47,331) (5.83)%

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2013
(UNAUDITED)

Current Principal Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars
(In thousands)			
Long Investments (276.36%) (a) (s) (u) (v)			
Mortgage-Backed Securities (262.62%)			
Agency Securities (164.58%) (b)			
Fixed Rate Agency Securities (156.28%)			
Principal and Interest-Fixed Rate Agency Securities (137.75%)			
\$38,439 Federal National Mortgage Association Pool	3.50%	1/43	\$ 37,742
27,523 Federal National Mortgage Association Pool	3.50%	10/42	27,407
17,735 Federal National Mortgage Association Pool	4.00%	11/43	18,327
18,267 Federal Home Loan Mortgage Corporation Pool	3.00%	4/43	17,322
15,538 Federal National Mortgage Association Pool	5.00%	8/41	16,910
16,572 Federal National Mortgage Association Pool	3.00%	6/28	16,729
15,759 Federal National Mortgage Association Pool	4.00%	11/43	16,279
15,017 Federal National Mortgage Association Pool	4.50%	10/41	15,958
14,835 Federal National Mortgage Association Pool	4.50%	9/41	15,743
13,367 Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	13,783
12,686 Federal Home Loan Mortgage Corporation Pool	5.00%	7/41	13,692
12,316 Federal National Mortgage Association Pool	5.00%	3/41	13,444
11,295 Federal National Mortgage Association Pool	4.50%	10/43	12,005
11,478 Federal National Mortgage Association Pool	4.00%	10/43	11,861
11,835 Federal National Mortgage Association Pool	3.00%	8/42	11,263
9,697 Federal Home Loan Mortgage Corporation Pool	4.00%	7/43	9,979
9,114 Federal National Mortgage Association Pool	4.00%	8/43	9,409
8,841 Federal Home Loan Mortgage Corporation Pool	4.50%	10/41	9,378
9,025 Federal National Mortgage Association Pool	4.00%	12/43	9,326
9,747 Federal Home Loan Mortgage Corporation Pool	3.00%	2/43	9,251
8,789 Federal National Mortgage Association Pool	4.00%	11/43	9,013
7,413 Federal National Mortgage Association Pool	4.50%	4/26	7,898
6,893 Federal National Mortgage Association Pool	4.50%	10/43	7,326
7,327 Federal National Mortgage Association Pool	3.50%	11/42	7,299
6,854 Federal Home Loan Mortgage Corporation Pool	4.00%	10/43	7,005
6,288 Federal National Mortgage Association Pool	5.50%	10/39	6,946
6,463 Federal National Mortgage Association Pool	4.50%	9/43	6,865
6,033 Federal National Mortgage Association Pool	4.50%	12/43	6,418
6,022 Federal National Mortgage Association Pool	4.00%	8/43	6,228
6,025 Federal National Mortgage Association Pool	4.00%	10/43	6,218
5,632 Government National Mortgage Association Pool	4.46%	2/63	6,136
5,893 Federal National Mortgage Association Pool	4.00%	8/43	6,083

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ELLINGTON FINANCIAL LLC

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS

AT DECEMBER 31, 2013 (CONTINUED)

(UNAUDITED)

Current Principal Description	Rate	Maturity	Fair Value Expressed in U.S. Dollars	
(In thousands)				
Principal and Interest-Fixed Rate Agency Securities (137.75%) (continued)				
\$6,342	Federal National Mortgage Association Pool	3.00%	4/42	\$ 6,035
6,287	Federal Home Loan Mortgage Corporation Pool	3.00%	1/43	5,967
5,410	Federal National Mortgage Association Pool	5.00%	10/43	5,925
5,702	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	5,867
5,361	Government National Mortgage Association Pool	4.54%	11/62	5,859
5,241	Government National Mortgage Association Pool	4.58%	10/62	5,733
5,234	Government National Mortgage Association Pool	4.63%	6/61	5,688
5,978	Federal Home Loan Mortgage Corporation Pool	3.00%	4/43	5,676
5,189	Government National Mortgage Association Pool	4.60%	6/62	5,672
5,338	Federal National Mortgage Association Pool	4.50%	11/43	5,668
5,274	Federal National Mortgage Association Pool	4.00%	7/26	5,593
5,147	Federal Home Loan Mortgage Corporation Pool	4.50%	10/43	5,460
5,130	Federal Home Loan Mortgage Corporation Pool	4.50%	10/43	5,442
4,904	Federal National Mortgage Association Pool	4.00%	1/43	5,063
4,484	Federal National Mortgage Association Pool	5.00%	10/43	4,897
4,720	Federal National Mortgage Association Pool	4.00%	4/42	4,873
5,032	Federal Home Loan Mortgage Corporation Pool	3.00%	6/43	4,776
4,472	Federal National Mortgage Association Pool	4.50%	10/43	4,768
4,604	Federal National Mortgage Association Pool	4.00%	11/43	4,758
4,477	Federal National Mortgage Association Pool	4.50%	8/43	4,754
4,581	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	4,715
4,359	Federal Home Loan Mortgage Corporation Pool	4.50%	9/43	4,625
4,604	Federal National Mortgage Association Pool	3.50%	8/43	4,586
4,673	Federal Home Loan Mortgage Corporation Pool	3.00%	2/43	4,435
4,060	Federal National Mortgage Association Pool	5.00%	10/43	4,423
4,025	Federal National Mortgage Association Pool	5.00%	10/43	4,387
4,231	Federal National Mortgage Association Pool	4.00%	11/43	4,372
3,932	Government National Mortgage Association Pool	4.69%	7/61	4,288
3,886	Government National Mortgage Association Pool	4.75%	1/61	4,213
3,864	Federal National Mortgage Association Pool	5.00%	11/40	4,203
3,811	Federal National Mortgage Association Pool	5.00%	1/44	4,169
3,826	Government National Mortgage Association Pool	4.80%	2/61	4,157
4,225	Federal Home Loan Mortgage Corporation Pool	3.50%	6/43	4,137
3,929	Federal Home Loan Mortgage Corporation Pool	4.00%	10/43	4,043
3,801	Federal Home Loan Mortgage Corporation Pool	4.00%	11/43	3,885
3,599	Federal National Mortgage Association Pool	4.50%	12/43	3,837
3,737	Federal Home Loan Mortgage Corporation Pool	3.00%	3/28	3,810
3,434	Government National Mortgage Association Pool	4.66%	1/63	3,772
3,448	Federal National Mortgage Association Pool	5.00%	12/40	3,759

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2013 (CONTINUED)
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Current Principal/ Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Principal and Interest-Fixed Rate Agency Securities (137.75%) (continued)				
\$3,601	Federal National Mortgage Association Pool	4.00%	8/43	\$ 3,715
3,594	Federal National Mortgage Association Pool	4.00%	8/43	3,710
3,566	Federal National Mortgage Association Pool	4.00%	8/43	3,683
3,400	Federal National Mortgage Association Pool	4.50%	10/43	3,613
3,495	Federal National Mortgage Association Pool	4.00%	8/43	3,608
3,273	Federal National Mortgage Association Pool	4.50%	10/43	3,479
3,515	Federal Home Loan Mortgage Corporation Pool	3.50%	6/43	3,454
3,111	Federal National Mortgage Association Pool	5.00%	10/35	3,429
3,134	Government National Mortgage Association Pool	4.68%	10/61	3,421
3,094	Government National Mortgage Association Pool	5.54%	2/60	3,420
3,469	Federal National Mortgage Association Pool	3.50%	6/42	3,419
3,387	Federal Home Loan Mortgage Corporation Pool	3.00%	6/28	3,412
3,421	Federal National Mortgage Association Pool	3.50%	1/43	3,407
3,170	Federal National Mortgage Association Pool	4.00%	6/26	3,362
3,200	Federal National Mortgage Association Pool	3.50%	11/28	3,355
3,194	Federal Home Loan Mortgage Corporation Pool	4.00%	8/43	3,294
3,203	Federal National Mortgage Association Pool	3.00%	6/28	3,274
2,981	Federal National Mortgage Association Pool	5.00%	11/43	3,261
3,218	Federal National Mortgage Association Pool	3.00%	3/28	3,249
3,142	Federal National Mortgage Association Pool	4.00%	10/43	3,247
3,124	Federal National Mortgage Association Pool	3.00%	7/28	3,193
2,998	Federal Home Loan Mortgage Corporation Pool	4.50%	9/43	3,191
2,996	Federal National Mortgage Association Pool	4.50%	4/42	3,182
111,228	Other Federal National Mortgage Association Pools	3.00% - 6.00%	6/28 - 1/44	115,792
80,675	Other Federal Home Loan Mortgage Corporation Pools	2.50% - 6.00%	9/28 - 12/43	81,716
8,191	Other Government National Mortgage Association Pools	4.49% - 4.68%	11/61 - 11/62	8,949
				862,368
Interest Only-Fixed Rate Agency Securities (3.06%)				
97,796	Other Federal National Mortgage Association	3.00% - 5.50%	12/20 - 6/43	13,821
21,959	Other Federal Home Loan Mortgage Corporation	3.00% - 5.50%	12/32 - 1/43	3,577
10,460	Other Government National Mortgage Association	3.00% - 5.50%	3/36 - 11/42	1,734
				19,132

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT DECEMBER 31, 2013 (CONTINUED)
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Current Principal/ Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
TBA-Fixed Rate Agency Securities (15.47%)				
\$63,300	Federal Home Loan Mortgage Corporation (30 Year)	3.00%	1/14	\$ 60,016
31,150	Federal National Mortgage Association (30 Year)	3.00%	1/14	29,612
6,700	Federal Home Loan Mortgage Corporation (30 Year)	5.00%	1/14	7,228
				96,856
Total Fixed Rate Agency Securities (Cost \$992,207)				978,356
Floating Rate Agency Securities (8.30%)				
Principal and Interest-Floating Rate Agency Securities (4.89%)				
6,281	Federal Home Loan Mortgage Corporation Pool	4.92%	4/38	6,709
4,935	Federal National Mortgage Association Pool	4.27%	4/40	5,256
3,674	Federal National Mortgage Association Pool	5.73%	7/37	3,937
3,646	Federal National Mortgage Association Pool	2.53%	5/38	3,878
3,395	Federal National Mortgage Association Pool	6.10%	8/37	3,597
3,148	Other Federal Home Loan Mortgage Corporation Pools	5.83% - 5.89%	6/37 - 7/37	3,341
3,667	Other Federal National Mortgage Association Pools	2.64% - 6.05%	4/36 - 9/37	3,900
				30,618
Interest Only-Floating Rate Agency Securities (3.41%)				
108,194	Other Government National Mortgage Association	1.64% - 6.58%	11/42 - 8/63	11,987
25,322	Other Federal National Mortgage Association	5.50% - 6.59%	8/36 - 7/43	4,600
18,180	Other Federal Home Loan Mortgage Corporation	5.83% - 6.53%	11/38 - 8/39	2,433
22,796	Resecuritization of Government National Mortgage Association (t)	4.34%	8/60	2,352
				21,372
Total Floating Rate Agency Securities (Cost \$50,969)				51,990
Total Agency Securities (Cost \$1,043,176)				1,030,346

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2013 (CONTINUED)
(UNAUDITED)

Current Principal/ Notional Value	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Private Label Securities (98.04%)				
Principal and Interest—Private Label Securities (97.40%)				
\$920,032	Various	0.24% - 9.35%	5/19 - 6/50	\$ 609,766
Total Principal and Interest—Private Label Securities (Cost \$555,708)				609,766
Principal Only—Private Label Securities (0.45%)				
5,800	Various	0.00%	8/30	2,784
Total Principal Only—Private Label Securities (Cost \$2,477)				2,784
Interest Only—Private Label Securities (0.19%)				
50,649	Various	0.50% - 2.00%	6/44 - 9/47	1,216
Total Interest Only—Private Label Securities (Cost \$519)				1,216
Other Private Label Securities (0.00%)				
127,491	Various	0.00%	6/37 - 7/45	—
Total Other Private Label Securities (Cost \$345)				—
Total Private Label Securities (Cost \$559,049)				613,766
Total Mortgage-Backed Securities (Cost \$1,602,225)				1,644,112
Other Asset-Backed Securities (6.08%)				
42,822	Various	0% - 9.74%	6/17 - 12/40	38,069
Total Other Asset-Backed Securities (Cost \$38,758)				38,069
Commercial Mortgage Loans (3.82%) (r)				
26,227	Various	0% - 7.25%	6/14 - 12/16	23,887
Total Commercial Mortgage Loans (Cost \$23,212)				23,887
Residential Mortgage Loans (3.84%)				
36,218	Various	0.00%	8/24 - 10/42	24,062
Total Residential Mortgage Loans (Cost \$24,062)				24,062
Total Long Investments (Cost \$1,688,257)				\$ 1,730,130
Repurchase Agreements (4.47%) (a) (c) (u) (v)				
J.P. Morgan Securities Inc.				
\$19,675	Collateralized by Par Value \$20,000 U.S. Treasury Note, Coupon 1.25%, Maturity Date 10/18	(0.05)%	1/14	\$19,675
Deutsche Bank Securities				
8,287	Collateralized by Par Value \$7,751 European Sovereign Bond, Coupon 3.75%, Maturity Date 10/18	0.00%	1/14	8,287
Total Repurchase Agreements (Cost \$27,943)				\$27,962

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
AT DECEMBER 31, 2013 (CONTINUED)
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Current Principal/ Number of Shares	Description	Rate	Maturity	Fair Value
(In thousands)				Expressed in U.S. Dollars
Investments Sold Short (-135.07%) (a) (u) (v)				
TBA-Fixed Rate Agency Securities Sold Short (-129.69%) (d)				
\$ (156,890	) Federal National Mortgage Association (30 year)	4.00%	1/14	\$ (161,689)
(136,182	) Federal National Mortgage Association (30 year)	3.50%	1/14	(135,427)
(96,700	) Federal National Mortgage Association (30 year)	4.50%	1/14	(102,559)
(89,600	) Federal National Mortgage Association (15 year)	3.50%	1/14	(93,716)
(57,600	) Federal National Mortgage Association (30 year)	5.00%	1/14	(62,617)
(58,960	) Federal National Mortgage Association (15 year)	3.00%	1/14	(60,158)
(57,837	) Federal Home Loan Mortgage Corporation (30 year)	4.00%	1/14	(59,409)
(31,150	) Federal National Mortgage Association (15 year)	2.50%	1/14	(30,816)
(24,400	) Federal National Mortgage Association (30 year)	4.50%	2/14	(25,798)
(23,200	) Federal Home Loan Mortgage Corporation (30 year)	5.00%	2/14	(24,996)
(16,604	) Federal National Mortgage Association (15 year)	4.00%	1/14	(17,589)
(8,200	) Federal Home Loan Mortgage Corporation (15 year)	3.50%	1/14	(8,550)
(6,700	) Federal National Mortgage Association (30 year)	5.50%	1/14	(7,373)
(6,550	) Federal Home Loan Mortgage Corporation (30 year)	3.50%	1/14	(6,495)
(4,100	) Federal Home Loan Mortgage Corporation (15 year)	3.00%	1/14	(4,175)
(3,900	) Federal Home Loan Mortgage Corporation (30 year)	4.50%	1/14	(4,129)
(3,815	) Other Federal Home Loan Mortgage Corporation (30 Year)	2.50%-5.50%	1/14	(3,685)
(2,500	) Other Federal National Mortgage Association (30 Year)	6.00%	1/14	(2,776)
Total TBA-Fixed Rate Agency Securities Sold Short (Proceeds -\$813,757)				(811,957)
Government Debt Sold Short (-4.36%)				
(20,000	) U.S. Treasury Note	1.25%	10/18	(19,607)
(7,337	) European Sovereign Bond	3.75%	10/18	(7,681)
Total Government Debt Sold Short (Proceeds -\$27,532)				(27,288)
Common Stock Sold Short (-1.02%)				
(763	) Publicly Traded Real Estate Investment Trusts			(6,369)
Total Common Stock Sold Short (Proceeds -\$6,313)				(6,369)
Total Investments Sold Short (Proceeds -\$847,602)				\$ (845,614)

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ELLINGTON FINANCIAL LLC
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
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	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S. Dollars
Financial Derivatives—Assets (9.53%) (a) (u) (v)				
Swaps (9.49%)				
Long Swaps:				
Credit Default Swaps on Corporate Bond Indices (Cost \$13,248) (g)	Credit	\$70,425	12/18	\$ 14,273
Interest Rate Swaps (f)	Interest Rates	153,100	7/18 - 9/23	1,978
Credit Default Swaps on Asset-Backed Indices (Proceeds -\$217) (e)	Credit	1,990	12/37	61
Total Return Swaps (l)	Equity Market	3,044	6/14 - 6/15	4
Short Swaps:				
Credit Default Swaps on Asset-Backed Securities (h)	Credit	(23,426)	9/34 - 5/36	16,646
Credit Default Swaps on Asset-Backed Indices (i)	Credit	(72,422)	5/46 - 5/63	4,876
Interest Rate Swaps (j)	Interest Rates	(840,600)	11/16 - 8/43	21,575
Total Return Swaps (l)	Equity Market	(23)	9/15	—
Total Swaps (Net cost \$50,039)				59,413
Options (0.04%)				
Purchased Options:				
Options on CDS on Corporate Bond Indices (o)	Credit	22,588	6/14	190
Swaptions (p)	Interest Rates	15,000	4/14	61
Total Options (Cost \$494)				251
Total Financial Derivatives—Assets (Net cost \$50,533)				\$ 59,664
Financial Derivatives—Liabilities (-7.16%) (a) (u) (v)				
Swaps (-6.76%)				
Long Swaps:				
Credit Default Swaps on Asset-Backed Indices (Proceeds - \$14,331) (e)	Credit	\$44,082	12/49 - 10/52	\$ (11,866)
Interest Rate Swaps (f)	Interest Rates	234,600	10/17 - 7/43	(2,857)
Credit Default Swaps on Corporate Bond Indices (Proceeds - \$1,200) (g)	Credit	4,000	12/17	(1,047)
Total Return Swaps (l)	Equity Market	47,974	6/15	—
Short Swaps:				
Interest Rate Swaps (j)	Interest Rates	(323,800)	3/15 - 9/43	(2,207)
Credit Default Swaps on Corporate Bond Indices (k)	Credit	(337,815)	12/16 - 12/18	(23,902)
Credit Default Swaps on Asset-Backed Securities (h)	Credit	(3,000)	3/35	(350)
Total Return Swaps (l)	Equity Market	(10,374)	9/14 - 9/15	(67)
Total Swaps (Net proceeds -\$29,746)				(42,296)

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 AT DECEMBER 31, 2013 (CONTINUED)
 (UNAUDITED)

	Primary Risk Exposure	Notional Value	Range of Expiration Dates	Fair Value
(In thousands)				Expressed in U.S. Dollars
Futures (-0.38%)				
Long Futures:				
U.S. Treasury Note Futures (n)	Interest Rates	\$227,200	3/14	\$ (2,370)
Short Futures:				
Eurodollar Futures (m)	Interest Rates	(14,000)	3/14 - 9/15	(3)
Total Futures				(2,373)
Options (-0.01%)				
Written Options:				
Swaption (q)	Interest Rates	(4,000)	4/14	(84)
Total Options				(84)
Forwards (-0.01%)				
Currency Forwards	Currency	(6,575)	3/14	(38)
Total Forwards				(38)
Total Financial Derivatives–Liabilities				\$ (44,791)
(Net proceeds -\$29,746)				

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT DECEMBER 31, 2013 (CONTINUED)
 (UNAUDITED)

- (a) See Note 2 and Note 3 in Notes to Consolidated Financial Statements.
 At December 31, 2013, the Company's long investments guaranteed by the Federal National Mortgage Association, (b) the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association, represented 100.85%, 51.37%, and 12.36% of equity, respectively.
- (c) In general, securities received pursuant to repurchase agreements were delivered to counterparties in short sale transactions.
- (d) At December 31, 2013, the Company's short investments guaranteed by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation represented 111.89% and 17.80% of equity, respectively.
- (e) For long credit default swaps on asset-backed indices, the Company sold protection.
- (f) For long interest rate swap contracts, a floating rate is being paid and a fixed rate is being received.
- (g) For long credit default swaps on corporate bond indices, the Company sold protection.
- (h) For short credit default swaps on asset-backed securities, the Company purchased protection.
- (i) For short credit default swaps on asset-backed indices, the Company purchased protection.
- (j) For short interest rate swap contracts, a fixed rate is being paid and a floating rate is being received.
- (k) For short credit default swaps on corporate bond indices, the Company purchased protection.
- (l) Notional value represents number of underlying shares times the closing price of the underlying security.
- (m) Every \$1,000,000 in notional value represents one contract.
- (n) Notional value represents the total face amount of U.S. Treasury Notes underlying all contracts held; as of December 31, 2013 1,847 contracts were held.
- (o) 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.
- (p) 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.
- (q) 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.
- (r) Includes a loan with a fair value in the amount of \$5.0 million where the maturity date may be extended through November 4, 2015 as well as non-performing commercial mortgage loans.
- 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 Association.
- (s) 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	164.58	%
A/A/A	0.34	%
Baa/BBB/BBB	2.97	%
Ba/BB/BB or below	97.95	%
Unrated	10.52	%

(t) Private trust 100% backed by interest in Government National Mortgage Association collateralized mortgage obligation certificates.

(u) Classification percentages are based on Total Equity.

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
 AT DECEMBER 31, 2013 (CONCLUDED)
 (UNAUDITED)

(v) The following table details the breakout by geographical region of long investments, investments sold short, and repurchase agreements. All financial derivatives were concentrated in North America.

Region	Current Principal/Notional Value/ Number of Shares	Cost/(Proceeds)	Fair Value	Percent of Equity	
Long Investments: (In thousands, Expressed in U.S. Dollars)					
North America	2,470,650	\$1,682,533	\$1,724,370	275.44	%
Europe	7,641	5,724	5,760	0.92	%
Total	2,478,291	\$1,688,257	\$1,730,130	276.36	%
Investments Sold Short:					
North America (TBAs and Government Debt)	(804,888	) \$(833,656	) \$(831,564	) (132.82)%
Europe (Government Debt)	(7,337	) (7,633	) (7,681	) (1.23)%
North America (Common Stock)	(763	) (6,313	) (6,369	) (1.02)%
Total		\$(847,602	) \$(845,614	) (135.07)%
Repurchase Agreements:					
North America	19,675	\$19,675	\$19,675	3.15	%
Europe	8,287	8,268	8,287	1.32	%
Total	27,962	\$27,943	\$27,962	4.47	%

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ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Month Period Ended September 30, 2014	Three Month Period Ended September 30, 2013	Nine Month Period Ended September 30, 2014	Nine Month Period Ended September 30, 2013
(In thousands except per share amounts)				
	Expressed in U.S. Dollars			
INVESTMENT INCOME				
Interest income	\$22,521	\$24,069	\$65,014	\$62,786
EXPENSES				
Base management fee	3,056	2,378	7,789	6,751
Incentive fee	1,400	2,038	1,400	5,275
Interest expense	2,179	3,277	7,222	8,001
Other investment related expenses	1,184	85	2,846	412
Compensation expense	358	523	1,030	1,283
Custody and other fees	560	355	1,411	1,010
Professional fees	553	436	1,772	1,214
Agency and administration fees	306	295	893	838
Insurance expense	191	176	573	529
Directors' fees and expenses	70	57	200	200
Share-based LTIP expense	65	43	191	129
Total expenses	9,922	9,663	25,327	25,642
NET INVESTMENT INCOME	12,599	14,406	39,687	37,144
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FINANCIAL DERIVATIVES, AND FOREIGN CURRENCY TRANSACTIONS/TRANSLATION				
Net realized gain (loss) on:				
Investments	2,449	10,731	16,887	35,326
Financial derivatives	(9,477)	) (6,442)	) (9,075)	) (12,774)
Foreign currency transactions	(1,455)	) —	(1,202)) —
	(8,483)	) 4,289	6,610	22,552
Change in net unrealized gain (loss) on:				
Investments	(2,560)	) (4,867)	) 7,096	(10,000)
Financial derivatives	12,056	(2,005)	) 3,845	14,578
Foreign currency translation	(465)	) —	(48)) —
	9,031	(6,872)	) 10,893	4,578
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FINANCIAL DERIVATIVES, AND FOREIGN CURRENCY TRANSACTIONS/TRANSLATION	548	(2,583)	) 17,503	27,130
NET INCREASE IN EQUITY RESULTING FROM OPERATIONS	13,147	11,823	57,190	64,274
LESS: NET INCREASE IN EQUITY RESULTING FROM OPERATIONS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	199	96	660	612

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NET INCREASE IN SHAREHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$12,948	\$11,727	\$56,530	\$63,662
NET INCREASE IN SHAREHOLDERS' EQUITY RESULTING FROM OPERATIONS PER SHARE: Basic and Diluted	\$0.46	\$0.45	\$2.13	\$2.73

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	Nine Month Period Ended September 30, 2014			Nine Month Period Ended September 30, 2013		
	Shareholders' Equity	Non-controlling Interest	Total Equity	Shareholders' Equity	Non-controlling Interest	Total Equity
(In thousands)						
BEGINNING EQUITY (12/31/2013 and 12/31/2012, respectively)	\$620,401	\$ 5,648	\$626,049	\$506,355	\$ —	\$506,355
CHANGE IN EQUITY RESULTING FROM OPERATIONS						
Net investment income			39,687			37,144
Net realized gain (loss) on investments, financial derivatives, and foreign currency transactions			6,610			22,552
Change in net unrealized gain (loss) on investments, financial derivatives, and foreign currency translation			10,893			4,578
Net increase in equity resulting from operations	56,530					