

Ellington Financial LLC

Form POS AM

May 30, 2018

As filed with the Securities and Exchange Commission on May 29, 2018

Registration No. 333-218371

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Post-Effective Amendment No. 1 to
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Ellington Financial LLC
(Exact name of registrant as specified in its governing instruments)

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

53 Forest Avenue
Old Greenwich, Connecticut 06870
(203) 409-3575
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)
Laurence Penn
Chief Executive Officer
53 Forest Avenue
Old Greenwich, Connecticut 06870
(203) 409-3575
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Daniel M. LeBey
Christopher C. Green
Vinson & Elkins L.L.P.
Riverfront Plaza, West Tower
901 E. Byrd Street, Suite 1500
Richmond, Virginia 23219
(804) 327-6300
(713) 758-2346 (Facsimile)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest

reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large Accelerated Filer Accelerated Filer x
Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Explanatory Note

As a consequence of changes in the rules and regulations of the U.S. Commodity Futures Trading Commission (the "CFTC") implemented under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act"), effective as of January 1, 2013, Ellington Financial LLC (the "Company") has been operated pursuant to a commodity pool operator operational exemption from certain regulatory requirements under the U.S. Commodity Exchange Act, as amended (the "Commodity Exchange Act"), and the regulations of the CFTC. This Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 (Registration No. 333-218371) of the Company is being filed solely to update certain disclosures required pursuant to such rules and regulations. In addition, we are generally updating the Registration Statement for factual information regarding the Company.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where an offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 29, 2018

Prospectus

Ellington Financial LLC

\$500,000,000

Common Shares Representing Limited Liability Company Interests

Preferred Shares Representing Limited Liability Company Interests

Shareholder Rights to Purchase Common or Preferred Shares Representing

Limited Liability Company Interests

Warrants to Purchase Common or Preferred Shares Representing Limited

Liability Company Interests

Debt Securities

We may offer, issue and sell, from time to time, up to an aggregate of \$500,000,000 of common shares representing limited liability company interests, which we refer to as “common shares,” preferred shares representing limited liability company interests, which we refer to as “preferred shares,” shareholder rights to purchase common or preferred shares, which we refer to as “shareholder rights,” warrants to purchase common or preferred shares, which we refer to as “warrants” and debt securities, which may consist of debentures, notes, or other types of debt, in one or more offerings. We will provide specific terms of each issuance of these securities in supplements to this prospectus. We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. You should read this prospectus and any supplement carefully before you decide to invest. This prospectus may not be used to consummate sales of these securities unless it is accompanied by a prospectus supplement.

Ellington Financial LLC is a specialty finance company that invests in a diverse array of financial assets, including residential and commercial mortgage-backed securities, residential and commercial mortgage loans, consumer loans and asset-backed securities backed by consumer loans, collateralized loan obligations, corporate equity and debt securities (including distressed debt), non-mortgage and mortgage-related derivatives, equity investments in mortgage-related entities, and other strategic investments. We are externally managed and advised by Ellington Financial Management LLC, or our “Manager,” an affiliate of Ellington Management Group, L.L.C.

Our common shares are listed on the New York Stock Exchange, or “NYSE,” under the symbol “EFC.” The last reported sale price of our common shares on the NYSE on May 25, 2018 was \$16.26 per share.

Investing in these securities involves risks. You should carefully read and consider the information referred to under “Risk Factors” on page 17 of this prospectus and any prospectus supplement before making a decision to purchase these securities.

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

THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

The date of this prospectus is , 2018

RISK DISCLOSURE STATEMENT PURSUANT TO SECTION 4.24
OF THE COMMODITY EXCHANGE ACT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT COMMODITY INTEREST TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL AT PAGE 15 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, AT PAGE 15.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 17.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED. SWAPS TRANSACTIONS, LIKE OTHER FINANCIAL TRANSACTIONS, INVOLVE A VARIETY OF SIGNIFICANT RISKS. THE SPECIFIC RISKS PRESENTED BY A PARTICULAR SWAP TRANSACTION NECESSARILY DEPEND UPON THE TERMS OF THE TRANSACTION AND YOUR CIRCUMSTANCES. IN GENERAL, HOWEVER, ALL SWAPS TRANSACTIONS INVOLVE SOME COMBINATION OF MARKET RISK, CREDIT RISK, COUNTERPARTY CREDIT RISK, FUNDING RISK, LIQUIDITY RISK, AND OPERATIONAL RISK.

HIGHLY CUSTOMIZED SWAPS TRANSACTIONS IN PARTICULAR MAY INCREASE LIQUIDITY RISK, WHICH MAY RESULT IN A SUSPENSION OF REDEMPTIONS. HIGHLY LEVERAGED TRANSACTIONS MAY EXPERIENCE SUBSTANTIAL GAINS OR LOSSES IN VALUE AS A RESULT OF RELATIVELY SMALL CHANGES IN THE VALUE OR LEVEL OF AN UNDERLYING OR RELATED MARKET FACTOR. IN EVALUATING THE RISKS AND CONTRACTUAL OBLIGATIONS ASSOCIATED WITH A PARTICULAR SWAP TRANSACTION, IT IS IMPORTANT TO CONSIDER THAT A SWAP TRANSACTION MAY BE MODIFIED OR TERMINATED ONLY BY MUTUAL CONSENT OF THE ORIGINAL PARTIES AND SUBJECT TO AGREEMENT ON INDIVIDUALLY NEGOTIATED TERMS. THEREFORE, IT MAY NOT BE POSSIBLE FOR THE COMMODITY POOL OPERATOR TO MODIFY, TERMINATE, OR OFFSET THE POOL'S OBLIGATIONS OR THE POOL'S EXPOSURE TO THE RISKS ASSOCIATED WITH A TRANSACTION PRIOR TO ITS SCHEDULED TERMINATION DATE.

REGULATORY NOTICE

MONTHLY ACCOUNT STATEMENTS, THE ANNUAL REPORT AND THE DISCLOSURE DOCUMENT FOR THE COMPANY CONFORMING TO COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") AND THE NATIONAL FUTURES ASSOCIATION (THE "NFA") REQUIREMENTS ARE POSTED ON THE

Edgar Filing: Ellington Financial LLC - Form POS AM

MANAGER'S WEBSITE AT <http://ir.ellingtonfinancial.com/phoenix.zhtml?c=214142&p=irol-CFTCReg>.
ADDITIONAL REPORTS ARE POSTED ON THE MANAGER'S WEBSITE IN THE DISCRETION OF THE
MANAGER OR AS REQUIRED BY REGULATORY AUTHORITIES.

ELLINGTON FINANCIAL LLC
 TABLE OF CONTENTS
 PART ONE
 DISCLOSURE DOCUMENT

	Page
ABOUT THIS PROSPECTUS	<u>1</u>
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	<u>2</u>
ELLINGTON FINANCIAL LLC	
Our Company	<u>4</u>
Our Corporate Information	<u>4</u>
Our Manager and Ellington	<u>5</u>
BREAK-EVEN ANALYSIS PURSUANT TO SECTION 4.24 OF THE COMMODITY EXCHANGE ACT	<u>15</u>
HISTORICAL PERFORMANCE OF THE COMPANY PURSUANT TO SECTION 4.24 OF THE COMMODITY EXCHANGE ACT	<u>16</u>
RISK FACTORS	<u>17</u>
OUR INVESTMENT PROGRAM	
Our Strategy	<u>50</u>
Our Targeted Asset Classes	<u>50</u>
Investment Process	<u>54</u>
Valuation of Assets	<u>54</u>
Risk Management	<u>55</u>
Our Financing Strategies and Use of Leverage	<u>56</u>
Futures Commission Merchant Disclosure Required Pursuant to Section 4.24 of the Commodity Exchange Act	<u>56</u>
OUR MANAGEMENT AGREEMENT	
General	<u>78</u>
Base Management Fees, Incentive Fees and Reimbursement of Expenses	<u>79</u>
Term and Termination	<u>80</u>
CONFLICTS OF INTEREST; EQUITABLE ALLOCATION OF OPPORTUNITIES	<u>81</u>
Legal Proceedings	<u>82</u>
USE OF PROCEEDS	<u>83</u>
RATIO OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS	<u>84</u>
DESCRIPTION OF COMMON SHARES	<u>85</u>
Authorized Shares	<u>85</u>
General	<u>85</u>
LTIP Units	<u>85</u>
Restrictions on Transfer	<u>87</u>
DESCRIPTION OF PREFERRED SHARES	<u>88</u>
Restrictions on Transfer	<u>88</u>

	Page
DESCRIPTION OF SHAREHOLDER RIGHTS	<u>89</u>
DESCRIPTION OF WARRANTS	<u>90</u>
DESCRIPTION OF DEBT SECURITIES	<u>91</u>
General	<u>91</u>
Ranking	<u>91</u>
Provisions of a Particular Series	<u>91</u>
Subordination	<u>93</u>
Form, Exchange and Transfer	<u>93</u>
Payment and Paying Agents	<u>94</u>
Redemption	<u>94</u>
Consolidation, Merger and Sale of Assets	<u>94</u>
Events of Default	<u>95</u>
Modification and Waiver	<u>96</u>
Defeasance	<u>98</u>
Resignation, Removal of Debt Securities Trustee; Appointment of Successor	<u>98</u>
Notices	<u>98</u>
Title	<u>98</u>
Governing law	<u>98</u>
GLOBAL SECURITIES	<u>99</u>
CERTAIN PROVISIONS OF DELAWARE LAW AND OUR OPERATING AGREEMENT	<u>100</u>
Organization and Duration	<u>100</u>
Purpose	<u>100</u>
Agreement to be Bound by our Operating Agreement; Power of Attorney	<u>100</u>
Duties of Officers and Directors	<u>100</u>
Election of Members of Our Board of Directors	<u>100</u>
Removal of Members of Our Board of Directors	<u>101</u>
Shareholder Meetings	<u>101</u>
Advance Notice of Nominations and Shareholder Business	<u>101</u>
Limited Liability	<u>101</u>
Limitations on Liability and Indemnification of Our Directors and Officers	<u>101</u>
Amendment of Our Operating Agreement	<u>102</u>
Merger, Sale or Other Disposition of Assets	<u>103</u>
Termination and Dissolution	<u>103</u>
Election to be Treated as a Corporation	<u>103</u>
Books and Reports	<u>103</u>
Provisions in the Operating Agreement that may have an Anti-Takeover Effect	<u>103</u>
Restrictions on Ownership and Transfer	<u>104</u>

	Page
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS	<u>106</u>
Introduction	<u>106</u>
Our Taxation	<u>107</u>
Taxation of Holders of Our Shares	<u>108</u>
Taxation of Non-U.S. Holders of Our Shares	<u>112</u>
Nature of Our Business Activities	<u>114</u>
Administrative Matters	<u>118</u>
New Legislation or Administrative or Judicial Action	<u>120</u>
Certain State, Local and Non-U.S. Tax Matters	<u>121</u>
Material U.S. Federal Income Tax Considerations Relating to Investments in REITs	<u>121</u>
PLAN OF DISTRIBUTION	<u>124</u>
Sale through Underwriters or Dealers	<u>124</u>
Direct Sales and Sales through Agents	<u>125</u>
Remarketing Arrangements	<u>125</u>
Delayed Delivery Contracts	<u>125</u>
General Information	<u>126</u>
LEGAL MATTERS	<u>127</u>
EXPERTS	<u>127</u>
WHERE YOU CAN FIND MORE INFORMATION	<u>127</u>
DOCUMENTS INCORPORATED BY REFERENCE	<u>127</u>

You should rely only on the information contained in or incorporated by reference into this prospectus, any prospectus supplement, any free writing prospectus prepared by us or on our behalf or information to which we have referred you. We have not authorized any other person to provide you with information that is different from that contained in or incorporated by reference in this prospectus, any prospectus supplement or in any free writing prospectus prepared by us or on our behalf. If anyone provides you with different or inconsistent information, you should not rely on it. We are not soliciting an offer to buy or making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus or any prospectus supplement or the documents incorporated by reference herein and therein is current only as of the date on the front of those documents.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or “SEC.” Under this shelf registration statement, we may offer and sell any combination of our common shares, preferred shares, shareholder rights, warrants and debt securities in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities under this shelf registration statement, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may add, update or change information contained in this prospectus. Before you buy any of our securities, it is important for you to consider the information contained in this prospectus and any prospectus supplement together with additional information described under the headings “Where You Can Find More Information.” This prospectus (also referred to as a “disclosure document” for commodities law purposes) is also available at <http://ir.ellingtonfinancial.com/phoenix.zhtml?c=214142&p=irol-CFTCReg>. Our internet website, and the information contained therein or connected thereto does not constitute part of this prospectus.

The SEC allows us to incorporate by reference information that is contained in certain reports and other documents that we file with them, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and, where applicable, supersede this information.

Except where the context suggests otherwise, “Company,” “we,” “us” and “our” refer to Ellington Financial LLC and its consolidated subsidiaries, including Ellington Financial Operating Partnership LLC, our operating partnership subsidiary, which we refer to as our “Operating Partnership.” We conduct all of our operations and business activities through our Operating Partnership. Our “Manager” refers to Ellington Financial Management LLC, our external manager, “Ellington” refers to Ellington Management Group, L.L.C. and its affiliated investment advisory firms, including our Manager, and “Manager Group” refers collectively to Ellington and its principals (including family trusts established by its principals) and entities in which 100% of the interests are beneficially owned by the foregoing. In certain instances, references to our Manager and services to be provided to us by our Manager may also include services provided by Ellington and its other affiliates from time to time.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus and in the documents incorporated by reference in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assured future results of our business, financial condition, liquidity, results of operations, cash flow and plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “continue,” “intend,” “should,” “would,” “could,” “goal,” “objective,” “will,” “may,” “seek,” or similar expressions or their negative forms, or refer to strategies, plans, or intentions, we intend to identify forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” and as such, may involve known and unknown risks, uncertainties, and assumptions.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed, anticipated or contemplated in our forward-looking statements. You should carefully consider these risks before you invest in our securities. The following factors are examples of those that could cause actual results to vary materially from our forward-looking statements:

- difficult conditions in the mortgage and residential real estate markets;
- the effect of the U.S. Federal Reserve’s, or “Federal Reserve,” and the U.S. Treasury’s actions and programs on the liquidity of the capital markets and the impact and timing of any further programs or regulations implemented by the U.S. government or its agencies;
- the federal conservatorship of the Federal National Mortgage Association, or “Fannie Mae,” and the Federal Home Loan Mortgage Corporation, or “Freddie Mac,” and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and the Government National Mortgage Association, within the U.S. Department of Housing and Urban Development, or “Ginnie Mae,” and the U.S. government;
- the impact of the downgrade of the long-term credit ratings of the United States, Fannie Mae, Freddie Mac and Ginnie Mae; increased prepayments of the mortgages and other loans underlying our Agency RMBS (as defined below);
- the volatility of our target markets and of the market value of our securities;
- increased rates of default and/or decreased recovery rates on our assets;
- mortgage loan modification programs and future legislative action;
- the degree to which our hedging strategies may or may not protect us from, or expose us to, credit or interest rate risk;
- changes in our business and strategy;
- availability, terms and deployment of capital;
- our projected financial and operating results;
- changes in interest rates and the market value of the securities in our portfolio;
- our ability to maintain existing financing agreements, obtain future financing arrangements and the terms of such arrangements;
- changes in economic conditions generally and the real estate and debt securities markets specifically;
- legislative or regulatory changes (including tax law changes and changes to laws governing the regulation of investment companies);
- availability of qualified personnel;
- changes in our industry;
- availability of investment opportunities;
- our estimated book value per common share;
- the degree and nature of our competition;
- changes to generally accepted accounting principles in the United States, or “U.S. GAAP”;
- market volatility;
- changes in government regulations affecting our business;

our ability to maintain our exclusion from registration under the Investment Company Act of 1940, as amended, or “Investment Company Act”; and

risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and other important factors identified, or incorporated by reference in this prospectus, including, but not limited to, those described under the caption “Risk Factors” in this prospectus, as well as those described under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures about Market Risk” in our most recent Annual Report on Form 10-K and in our subsequently filed Quarterly Reports on Form 10-Q and in the other documents incorporated by reference in this prospectus, could cause our actual results to differ materially from those projected in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. See “Where You Can Find More Information” below.

ELLINGTON FINANCIAL LLC

Our Company

Ellington Financial LLC is a specialty finance company formed as a Delaware limited liability company in 2007 that acquires and manages mortgage-related, consumer-related, corporate-related, and other financial assets. Our primary objective is to generate attractive, risk-adjusted total returns for our shareholders by making investments that we believe compensate us appropriately for the risks associated with them. We seek to attain this objective by utilizing an opportunistic strategy. Our targeted assets currently include investments in the U.S. and Europe (as applicable) in the following categories:

residential mortgage-backed securities, or "RMBS," backed by loans for which the principal and interest payments are not guaranteed by a U.S. government agency or a U.S. government-sponsored entity, collectively referred to as "non-Agency RMBS";

RMBS for which the principal and interest payments are guaranteed by a U.S. government agency or a U.S. government-sponsored entity, or "Agency RMBS";

commercial mortgage-backed securities, or "CMBS," commercial mortgage loans and other commercial real estate debt;

residential mortgage loans, including mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the Consumer Financial Protection Bureau, or "non-QM loans," and non-performing and re-performing residential mortgage loans, or "residential NPLs," including "legacy" (i.e. issued before the 2008 financial crisis) NPLs;

consumer loans and asset-backed securities, or "ABS," backed by consumer loans;

collateralized loan obligations, or "CLOs";

corporate debt and equity securities, including distressed debt and equity;

mortgage-related and non-mortgage-related derivatives; and

other investments, including strategic investments in companies from which we purchase, or may in the future purchase, targeted assets.

We opportunistically utilize derivatives and other hedging instruments to hedge our credit, interest rate, and foreign currency risk.

Our investments in residential and commercial mortgage loans may consist of performing, non-performing, or sub-performing loans. In addition, we may from time to time acquire real property. We also have made, and may in the future make, investments in the debt and/or equity of other entities engaged in mortgage-related businesses, such as mortgage originators and other mortgage-related entities. In connection with investments in mortgage originators, we may also enter into flow agreements that will allow us to purchase new loans from the mortgage originators in which we invest in accordance with the parameters set forth in the applicable flow agreement. We also opportunistically engage in relative value trading strategies, whereby we seek to identify and capitalize on short-term pricing disparities in various equity and/or fixed-income markets, such as corporate credit. We may also opportunistically acquire and manage other types of mortgage-related and financial assets not listed above, such as mortgage servicing rights, or "MSRs," and credit risk transfer securities, or "CRTs."

Our Credit portfolio, which includes all of our assets other than Agency RMBS, has been the primary driver of our risk and return, and we expect that this will continue in the near to medium term. We also maintain a highly leveraged portfolio of Agency RMBS to take advantage of opportunities in that market sector and to maintain our exclusion from registration as an investment company under the Investment Company Act. Unless we acquire very substantial amounts of whole mortgage loans or there are changes to the rules and regulations applicable to us under the Investment Company Act, we expect that we will maintain a core amount of Agency RMBS. For more information on our targeted assets, see "Our Investment Program" below.

We believe that we have been organized and have operated so that we have qualified to be treated for U.S. federal income tax purposes as a partnership and not as an association or a publicly traded partnership taxable as a corporation.

Certain performance data with respect to the Company can be found on page 16.

Our Corporate Information

Edgar Filing: Ellington Financial LLC - Form POS AM

We were formed as a Delaware limited liability company in 2007. Our principal executive offices are located at 53 Forest Avenue, Old Greenwich, CT 06870. Our telephone number is (203) 409-3575. Our internet address is www.ellingtonfinancial.com. Our internet website, and the information contained therein or connected thereto, does not constitute part of this prospectus. The books and records of our company and our Manager are maintained and made available for inspection at our principal executive offices.

Our Manager and Ellington

We are externally managed and advised by our Manager, an affiliate of Ellington, pursuant to a management agreement. Our Manager was formed solely to serve as our manager and does not have any other clients. In addition, our Manager currently does not have any employees and instead relies on the employees of Ellington to perform its obligations to us. Ellington is an investment management firm and registered investment advisor with a 23-year history of investing in a broad spectrum of mortgage-backed securities, or "MBS," and related derivatives.

The members of our management team include Michael Vranos, founder and Chief Executive Officer of Ellington, who serves as our Co-Chief Investment Officer and a member of our board of directors ("Board of Directors"); Laurence Penn, Vice Chairman and Chief Operating Officer of Ellington, who serves as our Chief Executive Officer and President and a member of our Board of Directors; Mark Tecotzky, a Managing Director of Ellington, who serves as our Co-Chief Investment Officer; JR Herlihy, who serves as our Chief Financial Officer; Christopher Smernoff, who serves as our Chief Accounting Officer; Daniel Margolis, General Counsel of Ellington, who serves as our General Counsel; and Jason Frank, Associate General Counsel of Ellington, who serves as our Secretary. Each of these individuals is an officer of our Manager.

Our Manager is responsible for administering our business activities and day-to-day operations and, pursuant to a services agreement between our Manager and Ellington, relies on the resources of Ellington to support our operations. Ellington has well-established portfolio management resources for each of our targeted asset classes and an established infrastructure supporting those resources. Through our relationship with our Manager, we benefit from Ellington's highly analytical investment processes, broad-based deal flow, extensive relationships in the financial community, financial and capital structuring skills, investment surveillance database, and operational expertise. For example, Ellington's analytic approach to the investment process involves collection of substantial amounts of data regarding historical performance of MBS and their underlying collateral, as well as MBS market transactions. Ellington analyzes this data to identify possible relationships and trends, and develops financial models used to support our investment and risk management process. In addition, throughout Ellington's 23-year investing history, it has developed strong relationships with a wide range of dealers and other market participants that provide Ellington access to a broad range of trading opportunities and market information. As a result, Ellington is able to provide us with access to a wide variety of asset acquisition and disposition opportunities and information that assist us in making asset management decisions across our targeted asset classes, which we believe provides us with a significant competitive advantage. We also benefit from Ellington's finance, accounting, operational, legal, compliance, and administrative functions.

As of March 31, 2018, Ellington employed over 160 employees and had \$7.3 billion in assets under management, including \$0.7 billion in Ellington-managed CLOs. For these purposes, the Ellington-managed CLO figure represents the aggregate outstanding balance of CLO notes and market value of CLO equity, excluding any notes and equity held by other Ellington-managed funds and accounts.

Our Manager, which was formed as a Delaware limited liability company in 2007, serves as our commodity pool operator ("CPO") and has been registered with the CFTC as a CPO and been a member of the NFA in such capacity since October 10, 2012. Our Manager's principal place of business is 53 Forest Avenue, Old Greenwich, Connecticut 06870, telephone number (203) 409-3575. The owners of our Manager are VC Investments L.L.C. ("VC") and EMG Holdings L.P. ("EMGH"). VC and EMGH have been listed with the NFA as principals of our Manager since October 3, 2012. VC has been listed with the NFA as a principal of Ellington since March 14, 1996, and EMGH has been listed with the NFA as a principal of Ellington since May 6, 2008. The books and records of our Manager are maintained and made available for inspection at our Manager's principal executive offices.

Our Manager is currently operating the Company pursuant to the CPO operational exemption in CFTC Regulation 4.12(c).

As of March 31, 2018, the Manager and its principals own 0.0% and 9.2% of our common shares, respectively. As of March 31, 2018, Ellington Management Group, L.L.C. and its principals own 0.0% and 9.2% of our common shares, respectively.

Edgar Filing: Ellington Financial LLC - Form POS AM

Ellington serves as our commodity trading advisor (“CTA”) and has been registered with the CFTC as a CTA and been a member of the NFA in such capacity since March 14, 1996. Ellington has also been registered with the CFTC as a CPO and a swap firm in such capacities since July 18, 1996 and October 10, 2012, respectively. Ellington’s principal place of business is 53 Forest Avenue, Old Greenwich, Connecticut 06870, telephone number (203) 698-1200. Performance information with respect to the offered pool starts on page 16.

Michael W. Vranos, Laurence Penn, Mark Tecotzky, and JR Herlihy are listed with the NFA as principals of our Manager. Michael W. Vranos, Laurence Penn, and Paul Asaro are listed with the NFA as principals of Ellington. Michael W. Vranos, Laurence Penn and Mark Tecotzky make trading and investment decisions on behalf of the Company. Richard Brounstein, Robert Kinderman, and David Rice are listed with the NFA as principals of our Manager and Ellington.

Our Manager and Ellington have certain other CFTC registered affiliates that are not involved in the Company's operations. CII GP LLC ("CIIGP") has been registered with the CFTC as a CPO and a swap firm and has been a member of the NFA in such capacities since January 1, 2013. CIIGP's main business is to serve as the general partner to a private fund advised by Ellington. ECOP GP LLC ("ECOPGP") has been registered with the CFTC as a CPO since September 1, 2010 and as a swap firm since March 1, 2013 and has been a member of the NFA since September 1, 2010. ECOP GP's main business is to serve as the general partner to a private fund advised by Ellington. Ellington Capital Holdings Quant I GP LLC ("ECHQ") was registered with the CFTC as a CPO and a swap firm and was a member of the NFA between January 1, 2013 and May 26, 2017. ECHQ's main business was to serve as the general partner to a private fund advised by Ellington. ESO MM LLC ("ESOMM") has been registered with the CFTC as a CPO and swap firm and has been a member of the NFA since September 24, 2013. ESOMM's main business is to serve as the managing member of a private fund advised by Ellington. EQMP MM LLC ("EQMPMM") has been registered with the CFTC as a CPO and swap firm and has been a member of the NFA since November 14, 2014. EQMPMM's main business is to serve as the managing member of a private fund advised by Ellington. Ellington Global Asset Management, LLC ("EGAM") has been registered with the CFTC as a CTA and swap firm and has been a member of the NFA since April 28, 2015. EGAM's status as a CPO is pending as of May 14, 2018. EGAM's main business is to advise private funds and institutional managed accounts primarily with respect to investments in mortgage-backed and asset-backed securities and related instruments. Ellington Capital Management, L.L.C. ("ECM") was registered with the CFTC as a CPO and was a member of the NFA between August 24, 1995 and October 19, 2012. ECM's main business was to serve as the managing member or general partner of private funds advised by Ellington. HJS MM LLC ("HJSMM") was registered with the CFTC as a CPO and swap firm and was a member of the NFA between October 8, 2013 and October 23, 2014. HJSMM's primary business was to serve as the managing member of a proposed private fund to be advised by Ellington. Ellington Residential Mortgage Management LLC ("ERMM") was registered with the CFTC as a CPO and swap firm and was a member of the NFA between December 31, 2012 and August 7, 2013. ERMM's primary business is to manage a publicly traded agency REIT.

The following persons serve in the capacities indicated on behalf of our Manager and/or Ellington:

Name/position
at Ellington/our Age Background summary
Manager

Mr. Vranos is the founder and Chief Executive Officer of Ellington, a position he has held since March 1995. Mr. Vranos is also the Chief Executive Officer and President of our Manager, positions he has held since August 2007, and serves on our Manager’s investment and risk management committee. Mr. Vranos has been our Co-Chief Investment Officer since June 2009. Mr. Vranos has served as a member of our Board of Directors since August 2007, and from August 2007 until October 2009, Mr. Vranos served as our Chairman. Mr. Vranos also serves as Co-Chief Investment Officer and as a member of the Board of Trustees of Ellington Residential Mortgage REIT. Mr. Vranos founded Ellington in December of 1994 to capitalize on distressed conditions in the MBS derivatives market. Mr. Vranos graduated magna cum laude, Phi Beta Kappa with a B.A. in Mathematics from Harvard University.

Mr. Vranos has been listed with the NFA as a principal of our Manager since October 3, 2012 and has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since October 10, 2012. He has been listed with the NFA as a principal of Ellington and has been registered with the CFTC as an associated person of Ellington and been a member of the NFA in such capacity since March 14, 1996. He has been registered with the CFTC as a swap associated person of Ellington since October 10, 2012.

Michael W.
Vranos
Founder &
Chief
Executive
Officer of
Ellington

56

Additionally, Mr. Vranos has been listed with the NFA as a principal of CIIGP since December 19, 2012 and has been registered with the CFTC as an associated person and swap associated person of CIIGP and has been a member of the NFA with respect to CIIGP since January 1, 2013; Mr. Vranos has been listed with the NFA as a principal of ECOPGP since September 20, 2010 and has been registered with the CFTC as an associated person since September 20, 2010 and swap associated person of ECOPGP since March 1, 2013 and been a member of the NFA with respect to ECOPGP since September 20, 2010; Mr. Vranos was listed with the NFA as a principal of ECHQ between December 19, 2012 and May 26, 2017 and was registered with the CFTC as an associated person and swap associated person of ECHQ and was a member of the NFA with respect to ECHQ between January 1, 2013 and May 26, 2017; Mr. Vranos has been listed with the NFA as a principal of ESOMM and has been registered with the CFTC as an associated person and swap associated person of ESOMM since September 24, 2013, and has been a member of the NFA with respect to ESOMM since September 11, 2013; Mr. Vranos has been listed with the NFA as a principal of EQMPMM since October 27, 2014 and has been registered with the CFTC as an associated person and swap associated person of EQMPMM and has been a member of the NFA with respect to EQMPMM since November 14, 2014; Mr. Vranos has been listed with the NFA as a principal of EGAM since April 21, 2015 and has been registered with the CFTC as an associated person and swap associated person of EGAM and has been a member of the NFA with respect to EGAM since April 28, 2015; and Mr. Vranos was listed with the NFA as a principal of ERMM between December 19, 2012 and August 7, 2013 and was registered with the CFTC as an associated person and swap associated person of ERMM and was a member of the NFA with respect to ERMM between December 31, 2012 and August 7, 2013; Mr. Vranos was listed with the NFA as a principal of HJSMM between October 2, 2013 and October 23, 2014 and was registered with the CFTC as an associated person and swap associated person of HJSMM and was a member of the NFA with respect to HJSMM between October 8, 2013 and October 23, 2014; and Mr. Vranos was listed with the NFA as a principal of ECM between August 24, 1995 and October 19, 2012 and was registered with the CFTC as an associated person of ECM and was a member of the NFA with respect to ECM between August 24, 1995 and October 19, 2012.

Chief
Executive
Officer and
President of
our Manager

Edgar Filing: Ellington Financial LLC - Form POS AM

Name/position at Ellington/our Manager	Age	Background summary
Laurence Penn Vice Chairman of Ellington Executive Vice President of our Manager	56	<p>Mr. Penn has been our Chief Executive Officer and President and has served as a member of our Board of Directors since August 2007. Mr. Penn is also a Vice Chairman of Ellington, a position he has held since March 1995, where he helps oversee many functions of the firm. Mr. Penn is also the Executive Vice President of our Manager, a position he has held since August 2007, and serves on Ellington’s Investment and Risk Management Committee. Mr. Penn also serves as President and Chief Executive Officer and as a member of the Board of Trustees of Ellington Residential Mortgage REIT. In Ellington’s earlier years, Mr. Penn was the senior portfolio manager primarily responsible for investments in Agency RMBS. Mr. Penn received a Master of Advanced Study in Mathematics from Cambridge University, where he studied as both a National Science Foundation and Winston Churchill Scholar. Mr. Penn graduated summa cum laude, Phi Beta Kappa with a B.A. in Mathematics from Harvard University in 1983. He was one of five winners nationwide in the 1980 Putnam collegiate mathematics problem solving competition, and represented the United States in the 21st International Mathematics Olympiad held in London, England.</p> <p>Mr. Penn has been listed with the NFA as a principal of our Manager since October 3, 2012 and has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since October 10, 2012. He has been listed with the NFA as a principal of Ellington and has been registered with the CFTC as an associated person of Ellington and been a member of the NFA in such capacity since March 14, 1996. He has been registered with the CFTC as a swap associated person of Ellington since October 10, 2012.</p> <p>Additionally, Mr. Penn has been listed with the NFA as a principal of CIIGP since December 19, 2012 and has been registered with the CFTC as an associated person and swap associated person of CIIGP and has been a member of the NFA with respect to CIIGP since January 1, 2013; Mr. Penn has been listed with the NFA as a principal of ECOPGP since September 20, 2010 and has been registered with the CFTC as an associated person since September 20, 2010 and swap associated person of ECOPGP since March 1, 2013 and been a member of the NFA with respect to ECOPGP since September 20, 2010; Mr. Penn was listed with the NFA as a principal of ECHQ between December 19, 2012 and May 26, 2017 and was registered with the CFTC as an associated person and swap associated person of ECHQ and was a member of the NFA with respect to ECHQ between January 1, 2013 and May 26, 2017; Mr. Penn has been listed with the NFA as a principal of ESOMM and has been registered with the CFTC as an associated person and swap associated person of ESOMM and has been a member of the NFA with respect to ESOMM since October 2, 2013; Mr. Penn has been listed with the NFA as a principal of EQMPMM and has been registered with the CFTC as an associated person and swap associated person of EQMPMM and has been a member of the NFA with respect to EQMPMM since November 17, 2014; Mr. Penn has been listed with the NFA as a principal of EGAM since April 21, 2015 and has been registered with the CFTC as an associated person and swap associated person of EGAM and has been a member of the NFA with respect to EGAM since April 28, 2015; and Mr. Penn was listed with the NFA as a principal of ERMM between December 19, 2012 and August 7, 2013 and was registered with the CFTC as an associated person and swap associated person of ERMM and was a member of the NFA with respect to ERMM between December 31, 2012 and August 7, 2013; Mr. Penn was listed with the NFA as a principal of HJSMM between October 2, 2013 and October 23, 2014 and was registered with the CFTC as an associated person and swap associated person of HJSMM and was a member of the NFA with</p>

Edgar Filing: Ellington Financial LLC - Form POS AM

respect to HJSMM between October 8, 2013 and October 23, 2014; and Mr. Penn was listed with the NFA as a principal of ECM between August 24, 1995 and October 19, 2012 and was registered with the CFTC as an associated person of ECM and was a member of the NFA with respect to ECM between August 24, 1995 and October 19, 2012.

Edgar Filing: Ellington Financial LLC - Form POS AM

Name/position at Ellington/our Manager	Age	Background summary
<p>Mark Tecotzky Managing Director of Ellington</p> <p>Co-Chief Investment Officer of our Manager</p>	56	<p>Mr. Tecotzky is a Managing Director of Ellington, and head portfolio manager for all MBS/ABS credit, reporting directly to Mr. Vranos, positions he has held since July 2006. Mr. Tecotzky also serves as the Co-Chief Investment Officer of our Manager, a position he has held since March 2008, and serves on Ellington’s Investment and Risk Management Committee. Mr. Tecotzky has been our Co-Chief Investment Officer since March 2008. Mr. Tecotzky also serves as Co-Chief Investment Officer of Ellington Residential Mortgage REIT. Mr. Tecotzky holds a B.S. from Yale University, and received a National Science Foundation fellowship to study at MIT.</p> <p>Mr. Tecotzky has been listed with the NFA as a principal of our Manager since October 18, 2012 and has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since October 18, 2012. He has been registered with the CFTC as an associated person of Ellington since November 30, 2009 and been a member of the NFA in such capacity since November 12, 2009. Additionally, Mr. Tecotzky has been registered with the CFTC as an associated person and swap associated person of CIIGP and has been a member of the NFA with respect to CIIGP since January 1, 2013; Mr. Tecotzky has been registered with the CFTC as an associated person of ECOGP since September 1, 2010 and swap associated person of ECOPGP since March 1, 2013 and been a member of the NFA with respect to ECOPGP since September 1, 2010; Mr. Tecotzky has been registered with the CFTC as an associated person and swap associated person of ESOMM and has been a member of the NFA with respect to ESOMM since October 2, 2013; Mr. Tecotzky has been registered with the CFTC as an associated person and swap associated person of EGAM and has been a member of the NFA with respect to EGAM since April 28, 2015; Mr. Tecotzky was registered with the CFTC as an associated person and swap associated person of ERMM and was a member of the NFA with respect to ERMM between December 31, 2012 and August 7, 2013; Mr. Tecotzky was registered with the CFTC as an associated person and swap associated person of HJSMM and was a member of the NFA with respect to HJSMM between October 8, 2013 and October 23, 2014; and Mr. Tecotzky was registered with the CFTC as an associated person of ECM between November 30, 2009 and October 19, 2012 and was a member of the NFA with respect to ECM between November 16, 2009 and October 19, 2012.</p>
<p>JR Herlihy Chief Financial Officer of our Manager</p>	37	<p>Mr. Herlihy was appointed as our Chief Financial Officer and as the Chief Financial Officer of our Manager in March 2018. Mr. Herlihy also serves as the Chief Operating Officer of Ellington Residential Mortgage REIT, a position he has held since March 2018. Mr. Herlihy has been a director at Ellington since April 2011, where he has served in various capacities, including serving as Co-Chief Investment Officer of the Company’s former affiliate, Ellington Housing Inc. (“EHR”), a real estate investment trust that was focused on single- and multi-family residential real estate assets, from EHR’s inception in September 2012 through December 2016. Mr. Herlihy also served as EHR’s Interim Chief Financial Officer from March 2015 through January 2016. Mr. Herlihy holds a B.A. in Economics and History from Dartmouth College, summa cum laude and Phi Beta Kappa.</p> <p>Mr. Herlihy has been listed with the NFA as a principal of our Manager and has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since April 6, 2018. He has been registered with the CFTC as an associated person of Ellington since March 28, 2018 and as a swap associated person of Ellington since March 13, 2018, and has been a member of the NFA with respect to</p>

Edgar Filing: Ellington Financial LLC - Form POS AM

Name/position at Ellington/our Manager	Age	Background summary
Daniel Margolis General Counsel of Ellington Secretary of our Manager	44	<p>Mr. Margolis has been our General Counsel since August 2013 and also served as our Secretary and Secretary of our Manager from July 2010 to August 2013. Mr. Margolis is also General Counsel of Ellington Residential Mortgage REIT and Ellington's General Counsel, a position he has held since July 2010. He is responsible for advising Ellington on all legal, regulatory, compliance, documentation and litigation matters. In July 2004, he received the John Marshall Award, the Department of Justice's highest award for excellence in legal performance. He has a J.D. from New York University Law School, where he graduated cum laude, and a B.A. from Binghamton University where he graduated magna cum laude with highest honors in Political Science and was a member of Phi Beta Kappa.</p> <p>Mr. Margolis is neither registered nor required to be registered with the CFTC and is not a member of the NFA in any capacity.</p>
Richard Brounstein Vice Chairman and Director of Investor Relations at Ellington	58	<p>Mr. Brounstein is a Vice Chairman and the Director of Investor Relations at Ellington, positions he has held since March 2001. Mr. Brounstein received a M.A. from Columbia University and a B.A. from Fairleigh Dickinson University.</p> <p>Mr. Brounstein has been listed with the NFA as a principal of our Manager since October 3, 2012 and has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacity since October 10, 2012. He has been listed with the NFA as a principal of Ellington and has been registered with the CFTC as an associated person of Ellington since April 15, 2004 and has been a member of the NFA in such capacities since April 13, 2004.</p> <p>Additionally, Mr. Brounstein has been listed with the NFA as a principal of CIIGP since September 1, 2017 and has been registered with the CFTC as an associated person and swap associated person of CIIGP and has been a member of the NFA with respect to CIIGP since January 1, 2013; Mr. Brounstein has been listed with the NFA as a principal of ECOPGP since August 25, 2010 and has been registered with the CFTC as an associated person since September 1, 2010 and swap associated person of ECOPGP since March 1, 2013 and been a member of the NFA with respect to ECOPGP since September 1, 2010; Mr. Brounstein was listed with the NFA as a principal of ECHQ between December 19, 2012 and May 26, 2017 and was registered with the CFTC as an associated person and swap associated person of ECHQ and was a member of the NFA with respect to ECHQ between January 1, 2013 and May 26, 2017; Mr. Brounstein has been listed with the NFA as a principal of ESOMM and has been registered with the CFTC as an associated person and swap associated person of ESOMM and has been a member of the NFA with respect to ESOMM since October 2, 2013; Mr. Brounstein has been listed with the NFA as a principal of EQMPMM since September 1, 2017 and has been registered with the CFTC as an associated person and swap associated person of EQMPMM and has been a member of the NFA with respect to EQMPMM since November 14, 2014; Mr. Brounstein has been listed with the NFA as a principal of EGAM since April 22, 2015 and has been registered with the CFTC as an associated person and swap associated person of EGAM and has been a member of the NFA with respect to EGAM since April 28, 2015; and Mr. Brounstein was listed with the NFA as a principal of ERMM between December 19, 2012 and August 7, 2013 and was registered with the CFTC as an associated person and swap associated person of ERMM and was a member of the NFA with respect to ERMM between December 31, 2012 and August 7, 2013; Mr. Brounstein was listed with the NFA as a principal of HJSMM between October 2, 2013 and October 23, 2014 and was registered with the CFTC as an associated person and swap associated person of HJSMM and was a member of the NFA</p>

Edgar Filing: Ellington Financial LLC - Form POS AM

with respect to HJSMM between October 8, 2013 and October 23, 2014; and Mr. Brounstein was listed with the NFA as a principal of ECM and was registered with the CFTC as an associated person of ECM between April 15, 2004 and October 19, 2012 and was a member of the NFA with respect to ECM between April 13, 2004 and October 19, 2012.

Edgar Filing: Ellington Financial LLC - Form POS AM

Name/position at Ellington/our Manager	Age	Background summary
John Geanakoplos Managing Director of Ellington	63	<p>Professor Geanakoplos is a Managing Director at Ellington where he is the head of Research and Development, a position that he has held since March 1995, and is responsible for the design of computer models to evaluate and hedge the firm's portfolio. Professor Geanakoplos is largely responsible for the theoretical framework of Ellington's proprietary prepayment model and interest rate model. He became a full Professor at Yale University in 1986, at the age of 30, and is currently the James Tobin Professor of Economics and Director of the Cowles Foundation for Research in Economics. He was elected a fellow of the Econometric Society in 1990 and of the American Academy of Arts and Sciences in 1999. He was awarded the Samuelson Prize in 1999, and was awarded the first Bodossaki Prize in economics in 1995. In 1990 and again in 2000, he directed the economics program at the Santa Fe Institute, where he remains an external professor. Professor Geanakoplos graduated summa cum laude, Phi Beta Kappa with a B.A. in Mathematics from Yale University and received a M.A. in Mathematics and a Ph.D. in economics from Harvard University.</p> <p>Professor Geanakoplos is neither registered nor required to be registered with the CFTC and is not a member of the NFA in any capacity.</p>
Peter Green Managing Director of Ellington	39	<p>Mr. Green is a Managing Director at Ellington, a position he has held since January 2010. Mr. Green heads Ellington's Risk Management department, which helps monitor, measure, and manage liquidity, market, credit, operational, and other risks. Mr. Green also serves on Ellington's Investment and Risk Management Committee. At Ellington, Mr. Green oversees the development of the firm's many risk management tools adapted to the particular needs of Ellington's investment strategies. Mr. Green began his career at Ellington in June 2005. Over his career at Ellington, Mr. Green has performed a wide variety of roles at the firm, including assisting in the development of Ellington's interest rate and RMBS credit models, formulating hedging strategies, supporting new business initiatives, and helping design many of the computer systems that support the firm's specific portfolio management and operational needs. Mr. Green holds a Ph.D. in Pure Mathematics from Harvard University and a B.Sc. from McGill University.</p> <p>Mr. Green is neither registered nor required to be registered with the CFTC and is not a member of the NFA in any capacity.</p>
Vassilios Nikos Nicolopoulos Managing Director of Ellington	56	<p>Mr. Nicolopoulos is a Managing Director at Ellington, a position he has held since January 2001, and is responsible for the mathematical modeling and computer implementation of Ellington's interest rate and hedging models, and their use in valuing, hedging, and managing the risk of MBS. Mr. Nicolopoulos graduated magna cum laude, Phi Beta Kappa with a B.A. in Physics from Harvard University, and also holds M.A. and Ph.D. degrees in Theoretical Physics from Princeton University.</p> <p>Mr. Nicolopoulos is neither registered nor required to be registered with the CFTC and is not a member of the NFA in any capacity.</p>

Name/position at Ellington/our Manager	Age	Background summary
David Rice Chief Compliance Officer of Ellington and our Manager	49	<p>Mr. Rice is Ellington's Chief Compliance Officer, a position he has held since July 2008, and chairs the firm's Compliance Committee. He is responsible for implementation of Ellington's compliance program. Mr. Rice is also Chief Compliance Officer of our Manager, a position he has held since October 2009. He has a J.D. from Yale Law School, a Ph.D. in English from the University of California, Irvine, and graduated Phi Beta Kappa, summa cum laude, with a B.A. in English and Philosophy from the University of Southern California.</p> <p>Mr. Rice has been listed with the NFA as a principal of our Manager since October 10, 2012. He has been listed with the NFA as a principal of Ellington since October 11, 2012.</p> <p>Additionally, Mr. Rice has been listed with the NFA as a principal of CIIGP since May 31, 2013; Mr. Rice has been listed with the NFA as a principal of ECOPGP since October 18, 2012; Mr. Rice was listed with the NFA as a principal of ECHQ between December 19, 2012 and May 26, 2017; Mr. Rice has been listed with the NFA as a principal of ESOMM since September 11, 2013; Mr. Rice has been listed with the NFA as a principal of EQMPMM since October 27, 2014; Mr. Rice has been listed with the NFA as a principal of EGAM since April 21, 2015; and Mr. Rice was listed with the NFA as a principal of ERMM between December 19, 2012 and August 7, 2013; and Mr. Rice was listed with the NFA as a principal of HJSMM between October 2, 2013 and October 23, 2014.</p>
Nikolay Stoytchev Managing Director of Ellington	44	<p>Mr. Stoytchev is a Managing Director and Senior Portfolio Manager of Ellington, positions he has held since January 2003, specializing in the trading and risk management of both Agency and non-Agency IOs, POs, IIOs and specified pools. Mr. Stoytchev started his career at Ellington by developing, together with Professor Geanakoplos, many of the firm's proprietary models, most notably Ellington's proprietary mortgage prepayment models. Mr. Stoytchev graduated summa cum laude from Yale University with a Bachelor of Arts in Applied Mathematics and Economics, "With Distinction" in both majors. His senior thesis, Value of Mortgage-Backed Securities, was written under the guidance of Professor Geanakoplos.</p> <p>Mr. Stoytchev has been registered with the CFTC as an associated person of our Manager and been a member of the NFA in such capacity since December 21, 2012. He has been registered with the CFTC as an associated person of Ellington and been a member of the NFA in such capacity since December 14, 2009.</p>

Edgar Filing: Ellington Financial LLC - Form POS AM

Name/position

at Ellington/our Age Background summary
Manager

Mr. Kinderman is a Managing Director at Ellington, a position he has held since June 2006, where he is responsible for trading credit-sensitive securities, including CMBS, ABS, and subordinated RMBS. Mr. Kinderman also serves on Ellington's Investment and Risk Management Committee. He started full-time with Ellington in June 1996, developing credit models as well as pieces of Ellington's proprietary portfolio management systems, and is currently the head trader for all credit-sensitive mortgage-backed and asset-backed investments at Ellington. He also helps direct the development of research, modeling and systems for credit-sensitive products. Mr. Kinderman earned a B.A. from Yale with distinction in Economics and in Mathematics.

Mr. Kinderman has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since December 21, 2012, and has been listed with the NFA as a principal of our Manager since May 19, 2017. He has been registered with the CFTC as an associated person of Ellington since December 4, 2009 and been a member of the NFA in such capacity since December 4, 2009, and has been listed with the NFA as a principal of Ellington since May 19, 2017.

Robert
Kinderman
Managing
Director of
Ellington

42

Additionally, Mr. Kinderman has been registered with the CFTC as an associated person and swap associated person of CIIGP, has been a member of the NFA with respect to CIIGP since January 1, 2013, and has been listed with the NFA as a principal of CIIGP since May 19, 2017; Mr. Kinderman has been registered with the CFTC as an associated person ECOPGP and has been a member of the NFA with respect to ECOPGP since September 1, 2010, has been a swap associated person of ECOPGP since March 1, 2013, and has been listed with the NFA as a principal of ECOPGP since May 19, 2017; Mr. Kinderman has been registered with the CFTC as an associated person and swap associated person of EGAM and has been a member of the NFA with respect to EGAM since April 28, 2015, and has been listed with the NFA as a principal of EGAM since May 19, 2017; Mr. Kinderman has been registered with the CFTC as an associated person and swap associated person of ESOMM and has been a member of the NFA with respect to ESOMM since October 2, 2013, and has been listed with the NFA as a principal of ESOMM since May 19, 2017; Mr. Kinderman was registered with the CFTC as an associated person and swap associated person of ERMM and was a member of the NFA with respect to ERMM between December 31, 2012 and August 7, 2013; Mr. Kinderman was registered with the CFTC as an associated person and swap associated person of HJSMM and was a member of the NFA with respect to HJSMM between October 2, 2013 and October 23, 2014; and Mr. Kinderman was registered with the CFTC as an associated person of ECM and was a member of the NFA with respect to ECM between December 4, 2009 and October 19, 2012. Mr. Kinderman has been listed with the NFA as a principal of EQMPMM since May 19, 2017.

Paul Asaro
Chief Financial
Officer of
Ellington

66

Mr. Asaro is the Chief Financial Officer of Ellington, a position he has held since February 2004, and as such is responsible for all accounting and financial reporting. Mr. Asaro has been with Ellington since June 1997. Mr. Asaro received his MBA in Finance from the University of Connecticut and his B.S. in Accounting from Manhattan College. He became a Certified Public Accountant in 1977 and is a member of the American Institute of Certified Public Accountants, or CPAs, and the Connecticut Society of CPAs.

Mr. Asaro has been listed with the NFA as a principal of Ellington since May 6, 2004. Additionally, Mr. Asaro has been listed with the NFA as a principal of ECOPGP since August 25, 2010; Mr. Asaro was listed with the NFA as a principal of ECHQ between December 19,

Edgar Filing: Ellington Financial LLC - Form POS AM

2012 and May 26, 2017; Mr. Asaro has been listed with the NFA as a principal of ESOMM since September 11, 2013; Mr. Asaro has been listed with the NFA as a principal of EGAM since April 21, 2015; and Mr. Asaro was listed with the NFA as a principal of ERMM between December 19, 2012 and August 7, 2013; Mr. Asaro has been listed with the NFA as a principal of CIIGP since May 17, 2016; Mr. Asaro was listed with the NFA as a principal of HJSMM between October 2, 2013 and October 23, 2014; and Mr. Asaro was listed with the NFA as a principal of ECM between May 6, 2004 and October 19, 2012.

Name/position at Ellington/our Manager	Age	Background summary
Olivier Cojot-Goldberg Vice Chairman of Ellington	54	<p>Mr. Cojot-Goldberg is a Vice Chairman of Ellington, a position he has held since March 1995, where he helped develop Ellington’s MBS/ABS credit capabilities and Ellington’s structured products businesses. He currently focuses on business development efforts across the organization. Throughout his career, Mr. Cojot- Goldberg has specialized in structured products and in sectors that have fallen out of favor, and in newer, less well-understood asset classes. Mr. Cojot-Goldberg graduated seventh in his class from the California Institute of Technology in 1987 and received his Master of Science degree in Electrical Engineering from the same institution the following year.</p> <p>Mr. Cojot-Goldberg has been registered with the CFTC as an associated person and swap associated person of our Manager and been a member of the NFA in such capacities since December 21, 2012. He has been registered with the CFTC as an associated person of Ellington and been a member of the NFA in such capacities since March 14, 1996. Additionally, Mr. Cojot-Goldberg has been listed with the NFA as a principal of CIIGP since January 14, 2015, and was listed with the NFA as a principal of ECM between August 24, 1995 and October 19, 2012.</p>

BREAK-EVEN ANALYSIS PURSUANT TO SECTION 4.24 OF THE COMMODITY EXCHANGE ACT

The following “break-even” table indicates the approximate percentage and dollar returns required for the value of an initial \$18.85 investment in a common share of our company to equal the amount originally invested twelve months after purchase. The initial investment in a common share of our company represents our diluted book value per share as of December 31, 2017. Diluted book value takes into account securities convertible into our common shares.

The “break-even” table, as presented, is an approximation only.

	Expenses of the Company		
	Dollar Amount	Percentage	
Expense ⁽¹⁾			
Base management fee ⁽²⁾	\$ 0.28	1.5	%
Incentive fee ⁽³⁾	—	0.0	%
Interest expense ⁽⁴⁾	0.95	5.0	%
Other investment related expenses ⁽⁵⁾	0.30	1.6	%
Other operating expenses ⁽⁶⁾	0.27	1.4	%
12-Month Break-Even	\$ 1.80	9.5	%

The dollar amounts in the above break-even analysis are representative of actual expenses incurred by the Company, with the exception of incentive fees, based upon average common shares and convertible securities outstanding for the year ended December 31, 2017 and assumes comparable expenses for the year ending

(1) December 31, 2018. The Company earns interest on cash held in interest bearing overnight accounts, money market funds, and on margin deposits held with dealers as collateral. The Company currently expects that such interest income on cash deposits would have a de minimis impact on the break-even analysis provided above. The Company pays its Manager a base management fee quarterly in arrears in an amount equal to 1.50% per

(2) annum of equity as of the end of each fiscal quarter before deductions for base management fees and incentive fees payable with respect to such fiscal quarter. In addition to the base management fee, the Company’s Manager is also entitled to a quarterly incentive fee that is

(3) only payable if the Company generates income in excess of a prescribed rate of return. See pages 79 and 80 for a description of the calculation of the incentive fee. The Company pays interest on funds borrowed under reverse repurchase agreements, or “reverse repos,” other secured borrowings, other secured borrowings, at fair value, its senior unsecured notes (each, as described in the

(4) Notes to the Company's consolidated financial statements incorporated by reference herein), coupon interest on securities sold short, and interest on counterparties’ cash collateral held by the Company. These amounts may vary depending upon the cost and amount of reverse repurchase agreements outstanding. Other investment related expenses consist of expenses directly related to specific financial instruments. Such

(5) expenses generally include dividend expense on common stock sold short, servicing fees and corporate and escrow advances on mortgage and consumer loans, and various other expenses and fees related directly to the Company's financial instruments. The Company incurs other operating expenses, including, but not limited to, all brokerage fees and commissions, including interest income paid to futures commission merchants, clearance fees and fees paid to national futures

(6) exchanges and self-regulatory organizations, compensation expense for dedicated and partially dedicated employees of our Manager, administrative fees and professional fees to its independent accountants and external legal counsel.

HISTORICAL PERFORMANCE OF THE COMPANY PURSUANT TO SECTION 4.24 OF THE
COMMODITY EXCHANGE ACT

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Name of CPO:	Ellington Financial Management LLC
Name of Commodity Pool:	Ellington Financial LLC
Type of Pool:	Public, Exchange-listed
Inception of Trading:	8/17/2007
Aggregate Gross Capital Subscriptions as of 3/31/18 (\$ in 000s) ⁽¹⁾ :	\$755,878
Current Shareholders' Equity as of 3/31/18 (\$ in 000s):	\$594,474
Cumulative Dividends as of 3/31/18 (\$ in 000s):	\$549,283
Largest monthly draw-down ⁽²⁾ :	-2.77% 3/31/2016
Worst peak-to-valley draw-down ⁽³⁾ :	-3.17% 12/31/2015 through 3/31/2016

Rate of Return⁽⁴⁾

Month	2018	2017	2016	2015	2014	2013
January	1.96 %	1.03 %	-0.24 %	0.61 %	1.91 %	5.76 %
February	1.27 %	0.69 %	-0.17 %			