

Ellington Financial LLC  
Form 10-Q  
May 09, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34569

Ellington Financial LLC

(Exact Name of Registrant as Specified in Its Charter)

Delaware

26-0489289

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

53 Forest Avenue, Old Greenwich, Connecticut 06870

(Address of Principal Executive Office) (Zip Code)

(203) 698-1200

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large Accelerated Filer  Accelerated Filer

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

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

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

| Class  | Outstanding at May 2, 2016 |
|--|----------------------------|
| Common Shares Representing Limited Liability Company Interests, no par value | 32,826,427                 |



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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)

|  | March 31,<br>2016         | December 31,<br>2015 |
|--|---------------------------|----------------------|
| (In thousands except share amounts)  |                           |                      |
|  | Expressed in U.S. Dollars |                      |
| <b>ASSETS</b>  |                           |                      |
| Cash and cash equivalents  | \$142,082                 | \$ 183,909           |
| Restricted cash  | 4,485                     | 4,857                |
| Investments, financial derivatives, and repurchase agreements:   |                           |                      |
| Investments, at fair value (Cost – \$1,634,790 and \$1,672,400)  | 1,625,585                 | 1,661,118            |
| Financial derivatives–assets, at fair value (Net cost – \$182,182 and \$163,943)   | 190,798                   | 162,905              |
| Repurchase agreements, at fair value (Cost – \$126,867 and \$105,329)  | 127,468                   | 105,700              |
| Total investments, financial derivatives, and repurchase agreements  | 1,943,851                 | 1,929,723            |
| Due from brokers   | 184,973                   | 141,605              |
| Receivable for securities sold and financial derivatives   | 606,551                   | 705,748              |
| Interest and principal receivable  | 18,289                    | 20,444               |
| Other assets   | 2,664                     | 5,269                |
| Total Assets   | \$2,902,895               | \$ 2,991,555         |
| <b>LIABILITIES</b>   |                           |                      |
| Investments and financial derivatives:   |                           |                      |
| Investments sold short, at fair value (Proceeds – \$708,403 and \$731,048)   | \$712,128                 | \$ 728,747           |
| Financial derivatives–liabilities, at fair value (Net proceeds – \$51,443 and \$56,200)                                  | 85,679                    | 60,472               |
| Total investments and financial derivatives  | 797,807                   | 789,219              |
| Reverse repurchase agreements  | 1,149,064                 | 1,174,189            |
| Due to brokers   | 124,940                   | 114,797              |
| Payable for securities purchased and financial derivatives   | 103,376                   | 165,365              |
| Securitized debt (Proceeds – \$23,238 and \$0)   | 23,238                    | —                    |
| Accounts payable and accrued expenses  | 3,771                     | 3,626                |
| Base management fee payable  | 2,611                     | 2,773                |
| Interest and dividends payable   | 2,549                     | 1,806                |
| Other liabilities  | 617                       | 828                  |
| Total Liabilities  | 2,207,973                 | 2,252,603            |
| <b>EQUITY</b>  | 694,922                   | 738,952              |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>\$2,902,895</b>        | <b>\$ 2,991,555</b>  |
| Commitments and contingencies (Note 15)  |                           |                      |
| <b>ANALYSIS OF EQUITY:</b>   |                           |                      |
| Common shares, no par value, 100,000,000 shares authorized;<br>(32,962,979 and 33,126,012 shares issued and outstanding) | \$679,557                 | \$ 722,360           |
| Additional paid-in capital – LTIP units  | 9,787                     | 9,689                |
| Total Shareholders' Equity   | 689,344                   | 732,049              |
| Non-controlling interests  | 5,578                     | 6,903                |
| Total Equity   | \$694,922                 | \$ 738,952           |
| <b>PER SHARE INFORMATION:</b>  |                           |                      |
| Common shares  | \$20.91                   | \$ 22.10             |



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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016  
(UNAUDITED)

| Current Principal<br>(In<br>thousands) | Description   | Rate  | Maturity      | Fair Value<br>Expressed in U.S.<br>Dollars |
|--|---|-------|---------------|--|
|  | Long Investments (233.92%) (a) (b) (ac)                         |       |               |  |
|  | Mortgage-Backed Securities (182.86%)                            |       |               |  |
|  | Agency Securities (145.58%) (c)                                 |       |               |  |
|  | Fixed Rate Agency Securities (140.53%)                          |       |               |  |
|  | Principal and Interest - Fixed Rate Agency Securities (128.89%) |       |               |  |
|  | North America   |       |               |  |
|  | Mortgage-related—Residential                                    |       |               |  |
| \$133,583                              | Federal National Mortgage Association Pools (30 Year)           | 4.00% | 8/42 - 4/46   | \$ 144,036                                 |
| 121,914                                | Federal Home Loan Mortgage Corporation Pools (30 Year)          | 4.00% | 8/43 - 3/46   | 131,292                                    |
| 104,184                                | Federal National Mortgage Association Pools (30 Year)           | 4.50% | 10/41 - 3/46  | 114,527                                    |
| 89,125                                 | Federal National Mortgage Association Pools (30 Year)           | 3.50% | 10/42 - 4/46  | 94,018                                     |
| 58,922                                 | Federal National Mortgage Association Pools (15 Year)           | 3.50% | 3/28 - 4/31   | 62,734                                     |
| 51,384                                 | Federal National Mortgage Association Pools (30 Year)           | 5.00% | 10/35 - 12/44 | 57,224                                     |
| 40,491                                 | Federal Home Loan Mortgage Corporation Pools (30 Year)          | 4.50% | 9/43 - 3/46   | 44,443                                     |
| 27,153                                 | Federal Home Loan Mortgage Corporation Pools (30 Year)          | 3.50% | 1/42 - 10/45  | 28,668                                     |
| 23,126                                 | Government National Mortgage Association Pools (30 Year)        | 4.00% | 6/45 - 3/46   | 24,896                                     |
| 15,066                                 | Government National Mortgage Association Pools (30 Year)        | 3.50% | 4/45 - 2/46   | 15,956                                     |
| 14,572                                 | Government National Mortgage Association Pools (30 Year)        | 4.50% | 8/45 - 9/45   | 15,850                                     |
| 12,782                                 | Federal National Mortgage Association Pools (15 Year)           | 3.00% | 4/30 - 10/30  | 13,416                                     |
| 10,853                                 | Federal National Mortgage Association Pools (15 Year)           | 4.00% | 6/26 - 12/29  | 11,651                                     |
| 10,395                                 | Federal Home Loan Mortgage Corporation Pools (15 Year)          | 3.50% | 9/28 - 9/30   | 11,045                                     |
| 9,395                                  | Federal Home Loan Mortgage Corporation Pools (Other)            | 3.50% | 2/30 - 3/46   | 9,887                                      |
| 8,222                                  | Government National Mortgage Association Pools (Other)          | 4.56% | 1/65          | 9,219                                      |
| 7,509                                  | Federal National Mortgage Association Pools (Other)             | 5.00% | 9/43 - 1/44   | 8,400                                      |
| 6,606                                  | Government National Mortgage Association Pools (Other)          | 4.68% | 11/63 - 9/64  | 7,372                                      |
| 6,110                                  | Government National Mortgage Association Pools (Other)          | 4.59% | 11/64         | 6,859                                      |
| 6,028                                  | Government National Mortgage Association Pools (Other)          | 4.61% | 6/64 - 11/64  | 6,749                                      |
| 5,993                                  | Federal National Mortgage Association Pools (20 Year)           | 4.00% | 11/33 - 12/33 | 6,491                                      |
| 5,609                                  | Federal National Mortgage Association Pools (30 Year)           | 3.00% | 1/42 - 6/45   | 5,768                                      |
| 4,688                                  | Federal National Mortgage Association Pools (30 Year)           | 5.50% | 10/39         | 5,278                                      |
| 4,732                                  | Government National Mortgage Association Pools (Other)          | 4.62% | 12/63         | 5,240                                      |
| 4,342                                  | Federal National Mortgage Association Pools (15 Year)           | 4.50% | 4/26          | 4,680                                      |
| 3,754                                  | Government National Mortgage Association Pools (Other)          | 4.50% | 7/61          | 4,103                                      |
| 3,444                                  | Government National Mortgage Association Pools (Other)          | 4.63% | 10/64         | 3,878                                      |
| 3,471                                  | Government National Mortgage Association Pools (Other)          | 4.75% | 1/61          | 3,581                                      |
| 3,356                                  | Federal Home Loan Mortgage Corporation Pools (15 Year)          | 3.00% | 4/30          | 3,517                                      |
| 3,093                                  | Government National Mortgage Association Pools (Other)          | 4.49% | 11/64         | 3,443                                      |
| 3,206                                  | Government National Mortgage Association Pools (Other)          | 4.80% | 2/61          | 3,321                                      |
| 2,889                                  | Government National Mortgage Association Pools (Other)          | 5.49% | 4/60          | 3,070                                      |
| 2,765                                  | Federal Home Loan Mortgage Corporation Pools (Other)            | 4.50% | 5/44          | 3,041                                      |
| 2,521                                  | Federal National Mortgage Association Pools (30 Year)           | 6.00% | 9/39 - 2/40   | 2,885                                      |
| 2,552                                  | Government National Mortgage Association Pools (Other)          | 4.64% | 3/65          | 2,869                                      |

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

| Current Value  | Principal/Notional Description                         | Rate  | Maturity     | Fair Value                |
|--|--|-------|--------------|---------------------------|
| (In thousands)<br>(continued)                        |  |       |              | Expressed in U.S. Dollars |
| \$2,715  | Federal Home Loan Mortgage Corporation Pools (Other)   | 3.00% | 6/28         | \$ 2,844                  |
| 2,334  | Government National Mortgage Association Pools (Other) | 5.54% | 2/60         | 2,458                     |
| 2,169  | Government National Mortgage Association Pools (Other) | 5.51% | 2/60         | 2,316                     |
| 1,961  | Federal Home Loan Mortgage Corporation Pools (15 Year) | 4.00% | 2/29         | 2,115                     |
| 1,774  | Federal Home Loan Mortgage Corporation Pools (30 Year) | 3.00% | 7/43 - 10/45 | 1,822                     |
| 1,501  | Federal Home Loan Mortgage Corporation Pools (30 Year) | 6.00% | 4/39 - 5/40  | 1,704                     |
| 1,277  | Federal Home Loan Mortgage Corporation Pools (20 Year) | 4.50% | 12/33        | 1,402                     |
| 696  | Federal Home Loan Mortgage Corporation Pools (30 Year) | 5.00% | 7/44         | 765                       |
| 681  | Federal Home Loan Mortgage Corporation Pools (30 Year) | 5.50% | 8/33         | 763                       |
| 110  | Federal National Mortgage Association Pools (Other)    | 4.00% | 6/37         | 115                       |
|  |  |       |              | 895,711                   |
| Interest Only - Fixed Rate Agency Securities (0.86%) |  |       |              |                           |
| North America  |  |       |              |                           |
| Mortgage-related—Residential                         |  |       |              |                           |
| 8,051  | Government National Mortgage Association               | 5.50% | 11/43        | 1,340                     |
| 10,311   | Federal National Mortgage Association                  | 5.00% | 1/38 - 5/40  | 1,085                     |
| 5,775  | Federal Home Loan Mortgage Corporation                 | 3.50% | 12/32        | 767                       |
| 7,844  | Federal National Mortgage Association                  | 4.50% | 12/20 - 5/43 | 717                       |
| 4,389  | Federal Home Loan Mortgage Corporation                 | 5.00% | 3/40         | 409                       |
| 3,766  | Federal National Mortgage Association                  | 3.00% | 9/41         | 341                       |
| 1,360  | Government National Mortgage Association               | 6.00% | 6/38         | 301                       |
| 1,861  | Government National Mortgage Association               | 4.75% | 7/40         | 290                       |
| 3,426  | Government National Mortgage Association               | 5.00% | 5/37         | 214                       |
| 1,539  | Federal National Mortgage Association                  | 5.50% | 10/40        | 198                       |
| 1,260  | Federal National Mortgage Association                  | 4.00% | 5/39         | 179                       |
| 1,028  | Federal Home Loan Mortgage Corporation                 | 5.50% | 1/39         | 101                       |
|  |  |       |              | 5,942                     |
| TBA - Fixed Rate Agency Securities (10.78%)          |  |       |              |                           |
| North America  |  |       |              |                           |
| Mortgage-related—Residential                         |  |       |              |                           |
| 30,000   | Federal Home Loan Mortgage Corporation (30 Year)       | 3.50% | 4/16         | 31,420                    |
| 24,650   | Government National Mortgage Association (30 Year)     | 4.00% | 4/16         | 26,359                    |
| 14,395   | Federal Home Loan Mortgage Corporation (30 Year)       | 3.00% | 4/16         | 14,746                    |
| 2,200  | Government National Mortgage Association (30 Year)     | 4.50% | 4/16         | 2,361                     |
|  |  |       |              | 74,886                    |
| Total Fixed Rate Agency Securities (Cost \$966,759)  |  |       |              | 976,539                   |



See Notes to Consolidated Financial Statements

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CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

| Current Value<br>(In thousands) | Principal/Notional Description   | Rate           | Maturity      | Fair Value<br>Expressed in U.S. Dollars |
|---------------------------------|--|----------------|---------------|---|
|                                 | Floating Rate Agency Securities (5.05%)                                  |                |               |   |
|                                 | Principal and Interest - Floating Rate Agency Securities (2.70%)         |                |               |   |
|                                 | North America  |                |               |   |
|                                 | Mortgage-related—Residential   |                |               |   |
| \$9,391                         | Federal National Mortgage Association Pools                              | 2.05% - 6.04%  | 11/34 - 5/45  | \$ 9,876                                |
| 6,096                           | Federal Home Loan Mortgage Corporation Pools                             | 2.61% - 5.94%  | 6/37 - 5/44   | 6,440                                   |
| 2,287                           | Government National Mortgage Association Pools                           | 2.78%          | 11/64         | 2,421                                   |
|                                 |  |                |               | 18,737                                  |
|                                 | Interest Only - Floating Rate Agency Securities (2.35%)                  |                |               |   |
|                                 | North America  |                |               |   |
|                                 | Mortgage-related—Residential   |                |               |   |
| 195,788                         | Government National Mortgage Association                                 | 0.40% - 6.32%  | 11/42 - 10/63 | 11,269                                  |
| 17,511                          | Federal National Mortgage Association                                    | 5.50% - 7.12%  | 6/33 - 12/41  | 2,511                                   |
| 19,155                          | Resecuritization of Government National Mortgage Association (d)         | 4.06%          | 8/60          | 1,467                                   |
| 6,183                           | Federal Home Loan Mortgage Corporation                                   | 5.56% - 6.19%  | 3/36 - 8/39   | 1,117                                   |
|                                 |  |                |               | 16,364                                  |
|                                 | Total Floating Rate Agency Securities (Cost \$34,311)                    |                |               | 35,101                                  |
|                                 | Total Agency Securities (Cost \$1,001,070)                               |                |               | 1,011,640                               |
|                                 | Private Label Securities (37.28%)  |                |               |   |
|                                 | Principal and Interest - Private Label Securities (36.18%)               |                |               |   |
|                                 | North America (29.06%)   |                |               |   |
|                                 | Mortgage-related—Residential   |                |               |   |
| 336,129                         | Various  | 0.00% - 9.35%  | 5/19 - 9/46   | 177,669                                 |
|                                 | Mortgage-related—Commercial  |                |               |   |
| 95,731                          | Various  | 3.00% - 4.40%  | 7/45 - 3/49   | 24,259                                  |
|                                 | Total North America (Cost \$198,343)                                     |                |               | 201,928                                 |
|                                 | Europe (7.12%)   |                |               |   |
|                                 | Mortgage-related—Residential   |                |               |   |
| 56,929                          | Various  | 0.00% - 5.34%  | 6/25 - 3/50   | 41,298                                  |
|                                 | Mortgage-related—Commercial  |                |               |   |
| 8,205                           | Various  | 0.00% - 11.00% | 6/17 - 6/19   | 8,195                                   |
|                                 | Total Europe (Cost \$56,399)   |                |               | 49,493                                  |
|                                 | Total Principal and Interest - Private Label Securities (Cost \$254,742) |                |               | 251,421                                 |
|                                 | Principal Only - Private Label Securities (0.53%)                        |                |               |   |
|                                 | North America  |                |               |   |
|                                 | Mortgage-related—Residential   |                |               |   |
| 5,668                           | Various  | —%             | 8/30          | 3,699                                   |
|                                 | Total Principal Only - Private Label Securities (Cost \$2,967)           |                |               | 3,699                                   |

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

| Current Value  | Principal/Notional Description                                | Rate          | Maturity     | Fair Value                |
|----------------|---|---------------|--------------|---------------------------|
| (In thousands) |   |               |              | Expressed in U.S. Dollars |
|                | Interest Only - Private Label Securities (0.57%)              |               |              |                           |
|                | North America   |               |              |                           |
|                | Mortgage-related—Residential                                  |               |              |                           |
| \$38,978       | Various   | 0.50% - 2.00% | 6/44 - 9/47  | \$ 1,049                  |
|                | Mortgage-related—Commercial                                   |               |              |                           |
| 49,918         | Various   | 1.25% - 1.57% | 10/47 - 3/49 | 2,896                     |
|                | Total Interest Only - Private Label Securities (Cost \$3,465) |               |              |                           |
|                | Other Private Label Securities (0.00%)                        |               |              |                           |
|                | North America   |               |              |                           |
|                | Mortgage-related—Residential                                  |               |              |                           |
| 97,421         | Various   | —%            | 6/37         | —                         |
|                | Mortgage-related—Commercial                                   |               |              |                           |
| —              | Various   | —%            | 7/45 - 3/49  | —                         |
|                | Total Other Private Label Securities (Cost \$264)             |               |              |                           |
|                | Total Private Label Securities (Cost \$261,438)               |               |              |                           |
|                | Total Mortgage-Backed Securities (Cost \$1,262,508)           |               |              |                           |
|                | Collateralized Loan Obligations (4.95%)                       |               |              |                           |
|                | North America (2.40%)   |               |              |                           |
| 62,932         | Various   | 0.00% - 9.15% | 5/16 - 1/24  | 16,685                    |
|                | Total North America (Cost \$22,318)                           |               |              |                           |
|                | Europe (2.55%)  |               |              |                           |
| 27,578         | Various   | 0.00% - 9.37% | 1/22 - 3/25  | 17,730                    |
|                | Total Europe (Cost \$18,427)                                  |               |              |                           |
|                | 34,415  |               |              |                           |

|                      |         |                |             |         |
|----------------------|---------|----------------|-------------|---------|
| Total Collateralized |         |                |             |         |
| Loan Obligations     |         |                |             |         |
| (Cost \$40,745)      |         |                |             |         |
| Consumer Loans and   |         |                |             |         |
| Asset-backed         |         |                |             |         |
| Securities backed by |         |                |             |         |
| Consumer Loans       |         |                |             |         |
| (20.70%) (e)         |         |                |             |         |
| North America        |         |                |             |         |
| (20.29%)             |         |                |             |         |
| Consumer (f)         |         |                |             |         |
| 139,286              | Various | 5.50% - 49.00% | 4/16 - 3/21 | 141,012 |
| Total North America  |         |                |             | 141,012 |
| (Cost \$141,696)     |         |                |             |         |
| Europe (0.41%)       |         |                |             |         |
| Consumer             |         |                |             |         |
| 1,814                | Various | —%             | 8/24        | 2,842   |
| Total Europe (Cost   |         |                |             | 2,842   |
| \$2,300)             |         |                |             |         |
| Total Consumer       |         |                |             |         |
| Loans and            |         |                |             |         |
| Asset-backed         |         |                |             |         |
| Securities backed by |         |                |             | 143,854 |
| Consumer Loans       |         |                |             |         |
| (Cost \$143,996)     |         |                |             |         |

See Notes to Consolidated Financial Statements

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

| Current Principal/Number<br>of Description | Rate           | Maturity      | Fair Value                   |
|--|----------------|---------------|------------------------------|
| Properties<br>(In thousands)               |                |               | Expressed in U.S.<br>Dollars |
| Corporate Debt (3.53%)                     |                |               |                              |
| North America (2.32%)                      |                |               |                              |
| Basic Materials                            |                |               |                              |
| \$5,720 Various                            | 11.75%         | 1/19          | \$ 766                       |
| Communications                             |                |               |                              |
| 1,390 Various                              | 8.50%          | 4/20          | 1,433                        |
| Consumer                                   |                |               |                              |
| 4,025 Various                              | 5.50% - 10.00% | 5/20 - 7/20   | 1,160                        |
| Energy                                     |                |               |                              |
| 14,194 Various                             | 0.00% - 10.75% | 9/18 - 2/20   | 2,198                        |
| Financial                                  |                |               |                              |
| 54 Various                                 | 10.25%         | 8/23          | 51                           |
| Mortgage-related—Residential               |                |               |                              |
| 14,250 Various                             | 0.00% - 15.00% | 12/17 - 10/19 | 10,350                       |
| Technology                                 |                |               |                              |
| 190 Various                                | 10.75%         | 9/16          | 188                          |
| Total North America (Cost<br>\$27,597)     |                |               | 16,146                       |
| Europe (1.21%)                             |                |               |                              |
| Communications                             |                |               |                              |
| 7,670 Various                              | 14.00%         | 10/18         | 7,900                        |
| Consumer                                   |                |               |                              |
| 17,318 Various                             | —%             | 12/16         | 506                          |
| Total Europe (Cost \$8,688)                |                |               | 8,406                        |
| Total Corporate Debt (Cost<br>\$36,285)    |                |               | 24,552                       |
| Mortgage Loans (13.23%) (e)                |                |               |                              |
| North America                              |                |               |                              |
| Mortgage-related—Commercial<br>(g)         |                |               |                              |
| 65,035 Various                             | 2.54% - 12.00% | 5/16 - 7/45   | 56,365                       |
| Mortgage-related—Residential<br>(i)        |                |               |                              |
| 42,119 Various                             | 2.00% - 13.50% | 7/21 - 2/56   | 35,580                       |
| Total Mortgage Loans (Cost<br>\$91,298)    |                |               | 91,945                       |
| Real Estate Owned (3.14%)<br>(e) (h)       |                |               |                              |
| North America                              |                |               |                              |
| Real estate-related                        |                |               |                              |

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|    |                         |        |
|----|-------------------------|--------|
| 18 | Single-Family Houses    | 2,779  |
| 5  | Commercial Property     | 19,064 |
|    | Total Real Estate Owned | 21,843 |
|    | (Cost \$20,156)         |        |

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

| Current Principal/Number<br>of Shares<br>(In thousands) | Description   | Rate  | Maturity | Fair Value                   |
|---|---|-------|----------|------------------------------|
|   |   |       |          | Expressed in U.S.<br>Dollars |
|   | Private Corporate Equity Investments (3.54%)  |       |          |                              |
|   | North America (3.54%)   |       |          |                              |
|   | Consumer  |       |          |                              |
| 1,657   | Non-Exchange Traded Corporate Equity<br>Diversified   |       |          | \$ 5,916                     |
| 179   | Non-Exchange Traded Corporate Equity<br>Mortgage-related—Commercial                                   |       |          | 3,028                        |
| 8,171   | Non-Exchange Traded Preferred Equity Investment in Commercial<br>Mortgage-Related Private Partnership |       |          | 7,517                        |
| n/a   | Non-Controlling Interest in Mortgage-Related Private Partnership<br>Mortgage-related—Residential      |       |          | 2,918                        |
| 9,482   | Non-Exchange Traded Preferred Equity Investment in Mortgage<br>Originators                            |       |          | 3,700                        |
| 7,478   | Non-Exchange Traded Equity Investment in Mortgage Originators<br>Technology                           |       |          | 853                          |
| 99  | Non-Exchange Traded Corporate Equity  |       |          | 667                          |
|   | Total North America (Cost \$26,337)   |       |          | 24,599                       |
|   | Europe (0.00%)  |       |          |                              |
|   | Consumer  |       |          |                              |
| 125   | Non-Exchange Traded Corporate Equity  |       |          | —                            |
|   | Total Europe (Cost \$0)   |       |          | —                            |
|   | Total Private Corporate Equity Investments (Cost \$26,337)  |       |          | 24,599                       |
|   | U.S. Treasury Securities (1.97%)  |       |          |                              |
|   | North America   |       |          |                              |
|   | Government  |       |          |                              |
| \$12,033  | U.S. Treasury Bond  | 2.50% | 2/46     | 11,738                       |
| 1,942   | U.S. Treasury Note  | 1.13% | 2/21     | 1,934                        |
|   | Total U.S. Treasury Securities (Cost \$13,465)  |       |          | 13,672                       |
|   | Total Long Investments (Cost \$1,634,790)   |       |          | \$ 1,625,585                 |

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

| Current Balance<br>(In thousands) | Description  | Rate    | Maturity | Fair Value<br>Expressed in U.S.<br>Dollars |
|-----------------------------------|--|---------|----------|--|
|                                   | Repurchase Agreements (18.34%) (a) (b) (j)   |         |          |  |
| \$16,085                          | Barclays Capital Inc.<br>Collateralized by Par Value \$15,673<br>Sovereign Government Bond, Coupon 0.25%,<br>Maturity Date 4/18        | (0.60)% | 4/16     | \$ 16,085                                  |
| 15,244                            | Bank of America Securities<br>Collateralized by Par Value \$15,000<br>U.S. Treasury Note, Coupon 2.00%,<br>Maturity Date 2/25          | 0.40%   | 4/16     | 15,244                                     |
| 13,850                            | Merrill Lynch International<br>Collateralized by Par Value \$13,503<br>Sovereign Government Bond, Coupon 0.25%,<br>Maturity Date 11/20 | (0.56)% | 4/16     | 13,850                                     |
| 9,456                             | Barclays Capital Inc.<br>Collateralized by Par Value \$8,920<br>Sovereign Government Bond, Coupon 1.15%,<br>Maturity Date 7/20         | (0.95)% | 4/16     | 9,456                                      |
| 9,147                             | Deutsche Bank Securities<br>Collateralized by Par Value \$8,920<br>Sovereign Government Bond, Coupon 0.65%,<br>Maturity Date 11/20     | (0.50)% | 4/16     | 9,147                                      |
| 8,329                             | Barclays Capital Inc.<br>Collateralized by Par Value \$7,396<br>Sovereign Government Bond, Coupon 2.75%,<br>Maturity Date 4/19         | (0.60)% | 4/16     | 8,329                                      |
| 7,829                             | Bank of America Securities<br>Collateralized by Par Value \$8,030<br>U.S. Treasury Bond, Coupon 2.50%,<br>Maturity Date 2/46           | 0.15%   | 4/16     | 7,829                                      |
| 5,461                             | Bank of America Securities<br>Collateralized by Par Value \$5,238<br>U.S. Treasury Note, Coupon 2.25%,<br>Maturity Date 11/25          | 0.40%   | 4/16     | 5,461                                      |
| 5,063                             | Bank of America Securities<br>Collateralized by Par Value \$5,000<br>U.S. Treasury Note, Coupon 1.25%,<br>Maturity Date 10/18          | 0.40%   | 4/16     | 5,063                                      |
| 4,456                             | Bank of America Securities<br>Collateralized by Par Value \$4,524<br>U.S. Treasury Note, Coupon 1.63%,<br>Maturity Date 2/26           | (0.25)% | 4/16     | 4,456                                      |
| 4,070                             | Bank of America Securities   | 0.40%   | 4/16     | 4,070                                      |

Collateralized by Par Value \$4,000  
U.S. Treasury Note, Coupon 1.63%,  
Maturity Date 6/20

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

| Current Balance | Description   | Rate    | Maturity | Fair Value<br>Expressed in U.S.<br>Dollars |
|-----------------|---|---------|----------|--|
| \$4,055         | Bank of America Securities<br>Collateralized by Par Value \$4,000<br>U.S. Treasury Note, Coupon 1.50%,<br>Maturity Date 5/20        | 0.40%   | 4/16     | \$ 4,055                                   |
| 4,050           | Bank of America Securities<br>Collateralized by Par Value \$4,000<br>U.S. Treasury Note, Coupon 1.38%,<br>Maturity Date 3/20        | 0.40%   | 4/16     | 4,050                                      |
| 3,804           | Bank of America Securities<br>Collateralized by Par Value \$3,776<br>U.S. Treasury Note, Coupon 1.38%,<br>Maturity Date 1/21        | 0.20%   | 4/16     | 3,804                                      |
| 3,464           | Bank of America Securities<br>Collateralized by Par Value \$3,400<br>U.S. Treasury Note, Coupon 1.63%,<br>Maturity Date 11/20       | 0.40%   | 4/16     | 3,464                                      |
| 3,340           | Bank of America Securities<br>Collateralized by Par Value \$3,200<br>U.S. Treasury Note, Coupon 2.25%,<br>Maturity Date 11/24       | 0.40%   | 4/16     | 3,340                                      |
| 2,055           | Bank of America Securities<br>Collateralized by Par Value \$2,000<br>U.S. Treasury Note, Coupon 2.00%,<br>Maturity Date 7/22        | 0.40%   | 4/16     | 2,055                                      |
| 2,008           | Bank of America Securities<br>Collateralized by Par Value \$2,000<br>U.S. Treasury Note, Coupon 1.25%,<br>Maturity Date 1/20        | 0.40%   | 4/16     | 2,008                                      |
| 1,932           | Bank of America Securities<br>Collateralized by Par Value \$1,942<br>U.S. Treasury Note, Coupon 1.13%,<br>Maturity Date 2/21        | (0.05)% | 4/16     | 1,932                                      |
| 1,931           | Deutsche Bank Securities<br>Collateralized by Par Value \$1,868<br>Sovereign Government Bond, Coupon 4.00%<br>Maturity Date 9/16    | 0.44%   | 4/16     | 1,931                                      |
| 654             | RBC Capital Markets LLC<br>Collateralized by Par Value \$571<br>Exchange-Traded Corporate Debt, Coupon 3.90%,<br>Maturity Date 8/21 | 0.05%   | 4/16     | 654  |
| 623             | CS First Boston   | —%      | 4/16     | 623  |

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Collateralized by Par Value \$572  
Exchange-Traded Corporate Debt, Coupon 0.88%,  
Maturity Date 5/21

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

| Current Balance  | Description   | Rate    | Maturity | Fair Value                |
|--|---|---------|----------|---------------------------|
| (In thousands)   |   |         |          | Expressed in U.S. Dollars |
| (continued)  |   |         |          |                           |
| \$562  | RBC Capital Markets LLC<br>Collateralized by Par Value \$571<br>Exchange-Traded Corporate Debt, Coupon 0.13%,<br>Maturity Date 6/22 | (0.25)% | 4/16     | \$ 562                    |
| Total Repurchase Agreements (Cost \$126,867)                                 |   |         |          | \$ 127,468                |
| Investments Sold Short (-102.48%) (a) (b)                                    |   |         |          |                           |
| TBA - Fixed Rate Agency Securities Sold Short (-82.18%) (k)                  |   |         |          |                           |
| North America  |   |         |          |                           |
| Mortgage-related—Residential   |   |         |          |                           |
| 99,600   | Federal National Mortgage Association (30 year)   | 4.50%   | 4/16     | 102,940                   |
| 75,917   | Federal Home Loan Mortgage Corporation (30 year)  | 4.00%   | 4/16     | 82,109                    |
| 77,400   | Federal National Mortgage Association (15 year)   | 3.50%   | 4/16     | 75,408                    |
| 58,218   | Federal National Mortgage Association (30 year)   | 4.00%   | 4/16     | 57,935                    |
| 56,620   | Federal National Mortgage Association (30 year)   | 5.00%   | 4/16     | 56,002                    |
| 42,962   | Federal National Mortgage Association (30 year)   | 3.00%   | 4/16     | 44,071                    |
| 40,400   | Government National Mortgage Association (30 year)  | 3.50%   | 4/16     | 43,763                    |
| 25,042   | Federal National Mortgage Association (30 year)   | 3.50%   | 4/16     | 26,256                    |
| 25,951   | Federal Home Loan Mortgage Corporation (30 year)  | 4.50%   | 4/16     | 22,761                    |
| 15,600   | Federal National Mortgage Association (15 year)   | 2.50%   | 4/16     | 17,042                    |
| 15,510   | Federal Home Loan Mortgage Corporation (15 year)  | 3.00%   | 4/16     | 14,126                    |
| 11,710   | Federal National Mortgage Association (15 year)   | 4.00%   | 4/16     | 11,637                    |
| 8,720  | Federal Home Loan Mortgage Corporation (15 year)  | 3.50%   | 4/16     | 9,279                     |
| 6,860  | Federal National Mortgage Association (30 year)   | 5.50%   | 4/16     | 7,692                     |
| 4,860  | Federal National Mortgage Association (15 year)   | 3.00%   | 4/16     | 42                        |
| Total TBA - Fixed Rate Agency Securities Sold Short (Proceeds<br>-\$569,273) |   |         |          | 571,063                   |

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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

| Current Principal/Number<br>of Shares | Description  | Rate          | Maturity     | Fair Value                   |
|---------------------------------------|--|---------------|--------------|------------------------------|
| (In<br>thousands)                     |  |               |              | Expressed in U.S.<br>Dollars |
|                                       | Government Debt Sold Short (-18.68%)                   |               |              |                              |
|                                       | North America (-10.37%)                                |               |              |                              |
|                                       | Government   |               |              |                              |
| \$(59,007)                            | U.S. Treasury Note                                     | 1.13% - 2.25% | 10/18 - 2/26 | \$ (60,053 )                 |
| (12,320 )                             | U.S. Treasury Bond                                     | 2.50%         | 2/46         | (12,018 )                    |
|                                       | Total North America (Proceeds -\$70,785)               |               |              | (72,071 )                    |
|                                       | Europe (-8.31%)  |               |              |                              |
|                                       | Government   |               |              |                              |
| (56,281 )                             | European Sovereign Bonds                               | 0.25% - 4.00% | 9/16 - 11/20 | (57,727 )                    |
|                                       | Total Europe (Proceeds -\$57,510)                      |               |              | (57,727 )                    |
|                                       | Total Government Debt Sold Short (Proceeds -\$128,295) |               |              | (129,798 )                   |
|                                       | Common Stock Sold Short (-1.19%)                       |               |              |                              |
|                                       | North America  |               |              |                              |
|                                       | Energy   |               |              |                              |
| (386 )                                | Exchange Traded Equity                                 |               |              | (3,799 )                     |
|                                       | Financial  |               |              |                              |
| (300 )                                | Publicly Traded Real Estate Investment Trusts          |               |              | (4,439 )                     |
|                                       | Total Common Stock Sold Short (Proceeds -\$7,827)      |               |              | (8,238 )                     |
|                                       | Corporate Debt Sold Short (-0.43%)                     |               |              |                              |
|                                       | North America  |               |              |                              |
|                                       | Basic Materials  |               |              |                              |
| (571 )                                | Various  | 3.55%         | 3/22         | (397 )                       |
|                                       | Consumer   |               |              |                              |
| (1,998 )                              | Various  | 5.13% - 5.88% | 8/21 - 6/22  | (2,005 )                     |
|                                       | Industrial   |               |              |                              |
| (572 )                                | Various  | 3.90%         | 5/21         | (627 )                       |
|                                       | Total Corporate Debt Sold Short (Proceeds -\$3,008)    |               |              | (3,029 )                     |
|                                       | Total Investments Sold Short (Proceeds -\$708,403)     |               |              | \$ (712,128 )                |

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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

|  | Primary Risk Exposure | Notional Value | Range of Expiration Dates | Fair Value               |
|--|-----------------------|----------------|---------------------------|--------------------------|
| (In thousands)                                       |                       |                |                           | Expressed in U.S.Dollars |
| Financial Derivatives—Assets (27.46%) (a) (b)        |                       |                |                           |                          |
| Swaps (27.40%) (ad)                                  |                       |                |                           |                          |
| Long Swaps:  |                       |                |                           |                          |
| Credit Default Swaps on Corporate Bond Indices       |                       |                |                           |                          |
| (l)  |                       |                |                           |                          |
| CDX.NA.HY 25 35-100                                  | Credit                | \$ 495,250     | 12/20                     | \$ 95,620                |
| ITRX EUR XOVER 24 5Y 35-100                          | Credit                | 189,351        | 12/20                     | 36,859                   |
| Other  | Credit                | 121,840        | 6/18 - 6/20               | 7,305                    |
| Total Credit Default Swaps on Corporate Bond Indices |                       |                |                           | 139,784                  |
| Credit Default Swaps on Asset-Backed Indices (l)     | Credit                | 1,415          | 12/37                     | 54                       |
| Interest Rate Swaps (m)                              | Interest Rates        | 495,980        | 10/16 - 4/46              | 17,321                   |
| North America  |                       |                |                           |                          |
| Total Return Swaps (q)                               |                       |                |                           |                          |
| Basic Materials                                      | Credit                | 184            | 3/17                      | 11                       |
| Communications                                       | Credit                | 10,662         | 2/17                      | 171                      |
| Consumer   | Credit                | 8,648          | 2/17 - 3/17               | 276                      |
| Energy   | Credit                | 2,308          | 2/17                      | 7                        |
| Financial  | Credit                | 938            | 2/17                      | 57                       |
| Industrial   | Credit                | 3,710          | 2/17 - 3/17               | 283                      |
| Technology   | Credit                | 3,160          | 2/17 - 3/17               | 239                      |
| Utilities  | Credit                | 2,330          | 2/17                      | 30                       |
| Total Total Return Swaps                             |                       |                |                           | 1,074                    |
| Credit Default Swaps on Corporate Bonds (l)          |                       |                |                           |                          |
| Consumer   | Credit                | 571            | 6/21                      | 90                       |
| Industrial   | Credit                | 643            | 12/20                     | 8                        |
| Total Credit Default Swaps on Corporate Bonds        |                       |                |                           | 98                       |
| Short Swaps:   |                       |                |                           |                          |
| Credit Default Swaps on Asset-Backed Indices (n)     | Credit                | (146,886       | ) 5/46 - 5/63             | 21,257                   |
| Credit Default Swaps on Corporate Bond Indices (n)   | Credit                | (23,307        | ) 12/17 - 12/19           | 4,564                    |
| North America  |                       |                |                           |                          |
| Credit Default Swaps on Asset-Backed Securities (n)  |                       |                |                           |                          |
| Mortgage-related—Residential                         | Credit                | (8,638         | ) 5/35 - 12/35            | 6,227                    |
| Credit Default Swaps on Corporate Bonds (n)          |                       |                |                           |                          |
| Communications                                       | Credit                | (1,390         | ) 6/20                    | 5                        |
| Consumer   | Credit                | (590           | ) 12/19                   | 11                       |
| Total Credit Default Swaps on Corporate Bonds        |                       |                |                           | 16                       |
| Total Swaps (Net cost \$181,742)                     |                       |                |                           | 190,395                  |
| Futures (0.00%)                                      |                       |                |                           |                          |

Long Futures:

|                                |                |        |      |   |
|--------------------------------|----------------|--------|------|---|
| U.S. Treasury Note Futures (t) | Interest Rates | 16,800 | 6/16 | 2 |
|--------------------------------|----------------|--------|------|---|

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ELLINGTON FINANCIAL LLC  
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
AT MARCH 31, 2016 (CONTINUED)  
(UNAUDITED)

|   | Primary Risk Exposure | Notional Value | Range of Expiration Dates | Fair Value               |
|---|-----------------------|----------------|---------------------------|--------------------------|
| (In thousands)  |                       |                |                           | Expressed in U.S.Dollars |
| Short Futures:  |                       |                |                           |                          |
| Eurodollar Futures (s)                                  | Interest Rates        | \$ (91,000 )   | 6/16                      | \$ 68                    |
| Total Futures   |                       |                |                           |                          |
| Options (0.04%)   |                       |                |                           |                          |
| Purchased Options:                                      |                       |                |                           |                          |
| Payer Swaption (w)                                      | Interest Rates        | 17,000         | 5/16                      | 77                       |
| Interest Rate Caps (v)                                  | Interest Rates        | 23,200         | 3/18                      | 1                        |
| Written Options:  |                       |                |                           |                          |
| Payer Swaption (x)                                      | Interest Rates        | (32,000 )      | 4/16                      | 174                      |
| Total Options (Cost \$340)                              |                       |                |                           | 252                      |
| Warrants (0.01%)  |                       |                |                           |                          |
| North America   |                       |                |                           |                          |
| Warrants (u)  |                       |                |                           |                          |
| Mortgage-related—Residential                            | Equity Market         | 1,554          |                           | 100                      |
| Total Warrants (Cost \$100)                             |                       |                |                           | 100                      |
| Mortgage Loan Purchase Commitments (0.01%)              |                       |                |                           |                          |
| North America   |                       |                |                           |                          |
| Mortgage Loan Purchase Commitments (aa)                 |                       |                |                           |                          |
| Mortgage-related—residential                            | Interest Rates        | 13,570         | 4/16 - 5/16               | 43                       |
| Total Mortgage Loan Purchase Commitments                |                       |                |                           | 43                       |
| Total Financial Derivatives—Assets (Net cost \$182,182) |                       |                |                           | \$ 190,798               |
| Financial Derivatives—Liabilities (-12.33%) (a) (b)     |                       |                |                           |                          |
| Swaps (-11.05%) (ad)                                    |                       |                |                           |                          |
| Long Swaps:   |                       |                |                           |                          |
| Credit Default Swaps on Asset-Backed Indices (l)        | Credit                | 7,543          | 10/52 - 5/63              | \$ (1,330 )              |
| Interest Rate Swaps (m)                                 | Interest Rates        | 1,200          | 3/21 - 3/26               | (23 )                    |
| North America   |                       |                |                           |                          |
| Credit Default Swaps on Corporate Bonds (l)             |                       |                |                           |                          |
| Basic Materials   | Credit                | 571            | 6/21                      | (202 )                   |
| Consumer  | Credit                | 1,427          | 6/21                      | (2 )                     |
| Total Credit Default Swaps on Corporate Bonds           |                       |                |                           | (204 )                   |
| Total Return Swaps                                      |                       |                |                           |                          |
| Basic Materials (q)                                     | Credit                | 6,463          | 2/17 - 3/17               | (343 )                   |
| Communications (q)                                      | Credit                | 5,925          | 2/17                      | (104 )                   |
| Consumer (q)  | Credit                | 3,847          | 2/17                      | (24 )                    |
| Diversified (q)   | Credit                | 2,758          | 2/17                      | (153 )                   |

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|                          |               |        |       |      |   |
|--------------------------|---------------|--------|-------|------|---|
| Financial (q)            | Credit        | 2,086  | 2/17  | (50  | ) |
| Financial (p)            | Equity Market | 21,277 | 11/16 | —    | ) |
| Total Total Return Swaps |               |        |       | (674 | ) |

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ELLINGTON FINANCIAL LLC  
 CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS  
 AT MARCH 31, 2016 (CONTINUED)  
 (UNAUDITED)

|   | Primary Risk Exposure | Notional Value | Range of Expiration Dates | Fair Value               |
|---|-----------------------|----------------|---------------------------|--------------------------|
| (In thousands)                                      |                       |                |                           | Expressed in U.S.Dollars |
| Short Swaps:  |                       |                |                           |                          |
| Interest Rate Swaps (o)                             | Interest Rates        | \$ (899,859 )  | 9/16 - 12/45              | \$ (18,462 )             |
| Credit Default Swaps on Corporate Bond Indices (n)  | Credit                | (1,292,314 )   | 12/16 - 12/20             | (55,176 )                |
| Total Return Swaps (r)                              | Credit                | (13,062 )      | 6/16                      | (129 )                   |
| North America                                       |                       |                |                           |                          |
| Credit Default Swaps on Asset-Backed Securities (n) |                       |                |                           |                          |