UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **March 29, 2024**

Ellington Residential Mortgage REIT

(Exact name of registrant specified in its charter)

Maryland	**001-35896**	**46-0687599**
(State or Other Jurisdiction Of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

53 Forest Avenue
Old Greenwich, CT 06870
(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: **(203) 698-1200**

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares of Beneficial Interest, $0.01 par value per share	EARN	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

In connection with the revocation of the election of Ellington Residential Mortgage REIT (the "Company") to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") (as discussed below), the Board of Trustees of the Company (the "Board") unanimously approved Amendment No. 1 to the Fifth Amended and Restated Management Agreement, dated as of April 1, 2024 (the "Amendment") with Ellington Residential Mortgage Management LLC, a Delaware limited liability company (the "Manager"), which removes certain provisions related to the Company's qualification and maintenance of REIT status from Section 2 (Appointment and Duties of the Manager) of and the Investment Guidelines attached as Exhibit A to the Fifth Amended and Restated Management Agreement, dated as of March 13, 2018, by and between the Company and the Manager (the "Management Agreement" and, as amended by the Amendment, the "Amended Management Agreement").

The Amended Management Agreement is effective as of April 1, 2024. The foregoing summary of the Amendment does not purport to be complete and is qualified in its entirety by reference to the text of the Amendment, a copy of which is as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.03. Material Modification to Rights of Security Holders.

The information set forth in Item 5.03 of this Current Report on Form 8-K is incorporated by reference into this Item 3.03.

Item 5.03. Amendments to the Articles of Incorporation or Bylaws; Changes in Fiscal Year.

On March 29, 2024, the Company revoked its election to be taxed as a REIT pursuant to section 856(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), for the taxable year beginning on January 1, 2024. Pursuant to the Company's charter (the "Charter"), the restrictions on transfer and ownership of shares set forth in Article VII of the Charter cease to be in effect when the Company is no longer treated as a REIT under the Code and, accordingly, the Company's shares will no longer be subject to such restrictions.

The Company also announced that the Board has approved changing the Company's name to Ellington Credit Corporation, with an effective date to be determined later, but that it will retain its ticker 'EARN' on the New York Stock Exchange (the "NYSE"). In connection therewith, the Board expects to approve the Articles of Amendment (the "Charter Amendment") to the Charter and an amended and restatement of the Company's Second Amended and Restated Bylaws for the sole purpose of effectuating the name change. The Charter Amendment will be filed with the State Department of Assessments and Taxation of Maryland at a later date.

Item 7.01. Regulation FD Disclosure.

Press Release

On April 1, 2024, the Company issued a press release announcing, among other things, that the Board has unanimously approved a strategic transformation of the Company's investment strategy to focus on corporate collateralized loan obligations ("CLOs"), and in connection therewith, the revocation of the Company's REIT election. The Company also announced that it intends to convert, later this year, to a closed end fund registered under the Investment Company Act of 1940, as amended, that would be treated as a regulated investment company (a "RIC") under the Internal Revenue Code of 1986, as amended (the "RIC Conversion"). The RIC Conversion will be subject to certain conditions, including obtaining shareholder approval of certain matters relating to the RIC conversion.

The Company also announced that it plans to reschedule its 2024 annual meeting of shareholders, which the Company expected to hold on Friday May 17, 2024, to later this year, in light of the strategic transformation. Until it completes the RIC Conversion, the Company will operate as a taxable C Corporation. As a C Corporation, the Company will generally be subject to U.S. federal and state income taxes on its taxable income. The Company plans to take advantage of its significant existing net operating loss carryforwards ("NOLs") to offset the majority of any U.S. federal taxable liability, and a portion of any state income tax liability, incurred on future taxable income it may generate while operating as a C Corporation. Additionally, the Company announced that it expects to change its name from "Ellington Residential Mortgage REIT" to "Ellington Credit Corporation," but plans to retain its current New York Stock Exchange ticker, 'EARN'.

A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

Investor Presentation

On April 1, 2024, the Company posted to its website, www.earnreit.com, under "For Investors--Presentations" an investor presentation relating to these actions (the "Investor Presentation"). A copy of the Investor Presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

The information in this Item 7.01, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act), or otherwise subject to the liabilities of that Section. The information in this Item 7.01, including Exhibits 99.1 and 99.2, will not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this Item 7.01, including Exhibits 99.1 and 99.2, is not intended to, and does not, constitute a determination or admission by the Company that the information in this Item 7.01, including Exhibits 99.1 and 99.2, is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

Exhibits 99.1 and 99.2 to this Current Report on Form 8-K may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal securities law. It is important to note that the Company’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in Exhibits 99.1 and 99.2 to this Current Report on Form 8-K, as well as those described under Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 and other documents that the Company has filed with the Securities and Exchange Commission (the “SEC”). The Company does not intend to update these statements unless required by the securities laws to do so, and the Company undertakes no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this Current Report on Form 8-K or to reflect the occurrence of unanticipated events.

Item 8.01. Other Events.

Risk Factor Updates and Supplemental Risk Factors

The Company is also filing this Current Report on Form 8-K to provide an update on the priority of reading the risk factors in its Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 12, 2024 (the "Form 10-K") and to add certain supplemental risk factors related to the revocation of the Company's REIT election and the Company’s intention to convert to a registered closed end fund to be treated as a RIC later in 2024 (the “Supplemental Risk Factors”). The updates and Supplemental Risk Factors are attached as Exhibit 99.3 to this Current Report on Form 8-K and are incorporated herein by reference.

Updates to Business Disclosure

The Company is also filing this Current Report on Form 8-K to provide an update to certain of the disclosures in "Part I—Item 1. Business" in its Form 10-K. The updates are attached as Exhibit 99.4 to this Current Report on Form 8-K and are incorporated herein by reference.

Updated Material U.S. Federal Income Tax Disclosure

The discussion under the heading “Material U.S. Federal Income Tax Considerations” in Exhibit 99.5 to this Current Report on Form 8-K, which is incorporated herein by reference, supersedes and replaces in its entirety the discussion under the heading “Material U.S. Federal Income Tax Considerations” in the prospectus dated November 7, 2023, which is a part of the Company’s Registration Statement on Form S-3 (File No. 333-275162) filed with the SEC on November 1, 2023 and which is also attached to the prospectus supplement dated November 14, 2023, filed by the Company with the SEC pursuant to Rule 424(b) of the Securities Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1	Amendment No. 1 to the Fifth Amended and Restated Management Agreement, dated as of April 1, 2024, by and between Ellington Residential Mortgage REIT, a Maryland real estate investment trust, and Ellington Residential Mortgage Management LLC, a Delaware limited liability company
99.1	Press Release dated April 1. 2024
99.2	Investor Presentation
99.3	Risk Factor Updates and Supplemental Risk Factors
99.4	Updates to Business Disclosure
99.5	Updated Material U.S. Federal Income Tax Disclosure
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K (including the exhibits hereto, this "Form 8-K") contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are based on our beliefs, assumptions and expectations of our future operations, business strategies, performance, financial condition, liquidity and prospects, taking into account information currently available to us. These beliefs, assumptions, and expectations are subject to numerous 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, results of operations and strategies may vary materially from those expressed or implied in our forward-looking statements or from our beliefs, expectations, estimates and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may," "seek," or similar expressions or their negative forms, or by references to strategy, plans, or intentions. Examples of forward-looking statements in this Form 8-K include, without limitation, our intention to pivot our investment strategy to focus on CLOs, our intention to build upon our current CLO portfolio, our intention to convert to a registered closed end fund to be treated as a RIC, our beliefs regarding the current economic and investment environment, our ability to implement our investment and hedging strategies, volatility and its impact on us, the performance of our investment and hedging strategies, our ability to implement our new strategy following our decision to revoke our REIT election, our ability to use NOLs in the future to offset taxable income, our expectations regarding the CLO market generally and our CLO investments, including relating to the CLO market being inefficient and our ability to take advantage of these inefficiencies to drive earnings growth with lower leverage, our ability to grow book value per share over time and unlock additional value for our shareholders, our expectations regarding the costs associated with the conversion to a RIC, including the transitioning of the investment portfolio, our ability to expand our valuation multiple, open more channels for growth, and enhance our access to the capital markets, the expected returns from our CLO investments, and our intention to change our name to Ellington Credit Corporation. The following factors are examples of those that could cause actual results to vary from those stated or implied by our forward-looking statements: changes in interest rates and the market value of our investments, market volatility, changes in the default rates or corporate loans, our ability to borrow to finance our assets, changes in government regulations affecting our business, our ability to maintain our exclusion from registration under the Investment Company Act of 1940, our ability to pivot our investment strategy to focus on CLOs, a deterioration in the CLO market, our ability to utilize our NOLs, our ability to convert to a closed end fund/RIC, including our ability to obtain shareholder approval of our conversion to a closed end fund/RIC, and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. Furthermore, as stated above, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K, which can be accessed through the link to our SEC filings under "For Investors" on our website (at www.earnreit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected or implied may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Disclaimer

Nothing in this Form 8-K shall be construed or interpreted as an offer to sell any securities or as soliciting an offer to buy any securities. The information contained in this Form 8-K does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Furthermore, this Form 8-K is not a solicitation of votes or proxies. Any such solicitation will only be made pursuant to a proxy statement or other appropriate proxy materials filed with the SEC and labeled as such.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ELLINGTON RESIDENTIAL MORTGAGE REIT

Dated:	April 1, 2024	By: **/s/ Christopher Smernoff**
		Christopher Smernoff
		Chief Financial Officer

AMENDMENT NO. 1 TO THE FIFTH AMENDED AND RESTATED MANAGEMENT AGREEMENT

This AMENDMENT NO. 1 TO THE FIFTH AMENDED AND RESTATED MANAGEMENT AGREEMENT (this "Amendment") is entered into as of April 1, 2024 by and among Ellington Residential Mortgage REIT, a Maryland real estate investment trust (the "Company"), for itself and on behalf of each of the Company's current and future Subsidiaries, and Ellington Residential Mortgage Management LLC, a Delaware limited liability company (the "Manager"). Unless the context requires otherwise, capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

WHEREAS, the Company and the Manager are parties to that certain Fifth Amended and Restated Management Agreement, dated as of March 13, 2018 (as amended from time to time, the "Agreement"); and

WHEREAS, the Company and the Manager desire to amend the Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Amendments.

(a) Section 1 of the Agreement is hereby amended to add the following definition in proper alphabetical order.

"CLOs" means collateralized loan obligations.

(b) Section 1 of the Agreement is hereby amended by removing the definition of "Investment Guidelines" and replacing it in its entirety with the following:

"Investment Guidelines" means the general criteria, parameters and policies relating to Investments as established by the Board of Trustees, as the same may be modified from time-to-time by the Board of Trustees. The Company's current Investment Guidelines are attached hereto as Exhibit A.

(c) Section 1 of the Agreement is hereby amended by removing the definition of "REIT" in its entirety.

(d) Section 2(b) of the Agreement is hereby amended by removing clauses (xiv), (xvi), (xx) and (xxiii) and respectively replacing them in their entirety with the following:

(xiv) [Redacted];

(xvi) assisting the Company in developing criteria for asset purchase commitments that are specifically tailored to the Company's investment objectives and making available to the Company its knowledge and experience with respect to CLOs, mortgage loans, real estate, real estate related securities, other real estate related assets, asset-backed securities, non-real estate related assets and real estate operating companies;

(xx) causing the Company to retain, at the sole cost and expense of the Company, qualified independent accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting obligations, and to conduct quarterly compliance reviews with respect thereto;

(xxiii) taking all necessary actions to enable the Company to make required tax filings and reports and compliance with the provisions of the Code, and Treasury Regulations applicable to the Company;

(e) Exhibit A of the Agreement is hereby amended by replacing it in its entirety with Exhibit A attached hereto.

Section 2. Status. This Amendment amends the Agreement, but only to the extent expressly set forth herein. All other provisions of the Agreement remain in full force and effect.

Section 3. Representations. In order to induce both the Company and the Manager to execute and deliver this Amendment, each party represents that, as of the date hereof, it is in full compliance with all of the terms and conditions of the Agreement.

Section 4. Governing Law; Jurisdiction. This Amendment shall be governed by and construed in accordance with the applicable terms and provisions of Section 20 of the Agreement, which terms and provisions are incorporated herein by reference.

Section 5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

THE COMPANY:
ELLINGTON RESIDENTIAL MORTGAGE REIT (for itself and each of its direct and indirect subsidiaries)

By: /s/ Laurence Penn
Name: Laurence Penn
Title: Authorized Representative

THE MANAGER:
ELLINGTON RESIDENTIAL MORTGAGE MANAGEMENT LLC

By: /s/ Laurence Penn
Name: Laurence Penn
Title: Executive Vice President

Exhibit A

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in that certain Fifth Amended and Restated Management Agreement, dated as of March 13, 2018, as may be amended from time to time (the "Management Agreement"), by and among Ellington Residential Mortgage REIT (the "Company"), for itself and each of its direct and indirect subsidiaries, and Ellington Residential Mortgage Management LLC (the "Manager").

1. No investment shall be made that would cause the Company to be regulated as an investment company under the Investment Company Act;

2. The Company shall not enter into Cross Transactions, Principal Transactions or Split Price Executions with the Manager or any of its Affiliates unless (i) such transaction is otherwise in accordance with these guidelines and the Management Agreement and (ii) the terms of such transaction are at least as favorable to the Company as to the Manager or such Affiliate (as applicable); and

3. Any proposed material investment that is outside those targeted or other asset classes or targeted platforms or opportunities mentioned or otherwise described in or contemplated by any disclosure package used in connection with any securities offering by the Company, or under the heading "Our Targeted Assets" in an Annual Report on Form 10-K filed by the Company with the U.S. Securities and Exchange Commission must be approved by at least a majority of the Independent Trustees.

These investment guidelines may be changed by the Company's board of trustees without the approval of its shareholders.

Exhibit 99.1

ELLINGTON RESIDENTIAL ANNOUNCES STRATEGIC TRANSFORMATION

- Focus on CLO Investments Expected to Enhance Earnings, Reduce Volatility and Drive Book Value Growth, Utilizing Less Leverage -

- Company Revokes REIT Election and Intends to Convert to a Closed End Fund/RIC Later this Year -

- Expects to Change Name to Ellington Credit Corporation but will Retain Ticker EARN -

OLD GREENWICH, CONNECTICUT, April 1, 2024—Ellington Residential Mortgage REIT (NYSE: EARN) (the "Company") today announced that its Board of Trustees has unanimously approved a strategic transformation of its investment strategy to focus on corporate collateralized loan obligations ("CLOs"). The Company intends to build upon its current $44 million CLO portfolio, with an emphasis on secondary CLO mezzanine debt and equity tranches.

In connection with its strategic transformation, the Company has decided to revoke its REIT election for tax year 2024. Later this year, the Company intends to convert to a registered closed end fund to be treated as a regulated investment company (a "RIC") and, in the meantime, will operate as a taxable C-Corp and plans to take advantage of its significant existing net operating loss carryforwards to offset the majority of its U.S. federal taxable income. The Company intends to complete all necessary steps for the closed end fund/RIC conversion later this year, subject to receiving shareholder approval of certain matters. In light of the strategic transformation, the Company will reschedule its 2024 annual meeting of shareholders.

"We are excited to pivot EARN's investment strategy to what we believe is a highly attractive space," said Laurence Penn, Chief Executive Officer and President. "Ellington has a longstanding and successful track record of investing in secondary CLOs, spanning more than a decade across a wide variety of market conditions, and EARN's CLO investments to date have generated excellent returns. While the CLO market has grown significantly over the years, many parts of the market – particularly the secondary markets for CLO mezzanine debt and equity – remain highly inefficient. We expect that EARN's differentiated approach to CLO investing will capitalize on these inefficiencies and drive earnings growth, all while utilizing lower leverage. We believe that this strategic transformation will greatly enhance our ability to grow book value per share over time and unlock additional value for our shareholders. Furthermore, thanks to the high liquidity of our Agency MBS pool portfolio, the conversion to a closed end fund/RIC, including the transitioning of the investment portfolio, should entail only modest costs. Finally, we are excited about the benefits of the closed end fund/RIC structure, which we believe will enhance our access to the capital markets, open more channels for growth, and – perhaps most importantly – expand our valuation multiple."

"The Board of Trustees appreciates the work management has done to develop this important change in strategy for EARN," said Barry Allardice, Chairman of the Board. "We are unanimous in our belief that this transformation is in the best interests of our shareholders."

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are based on our beliefs, assumptions and expectations of our future operations, business strategies, performance, financial condition, liquidity and prospects, taking into account information currently available to us. These beliefs, assumptions, and expectations are subject to numerous 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, results of operations and strategies may vary materially from those expressed or implied in our forward-looking statements or from our beliefs, expectations, estimates and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may," "seek," or similar expressions or their negative forms, or by references to strategy, plans, or intentions. Examples of forward-looking statements in this press release include, without limitation, our intention to pivot our investment strategy to focus on CLOs, our intention to build upon our current CLO portfolio, our intention to convert to a registered closed end fund to be treated as a RIC, our beliefs regarding the current economic and investment environment, our ability to implement our investment and hedging strategies, volatility and its impact on us, the performance of our investment and hedging strategies, our ability to implement our new strategy following our decision to revoke our REIT election, our ability to use NOLs in the future to offset taxable income, our expectations regarding the CLO market generally and our CLO investments, including relating to the CLO market being inefficient and our ability to take advantage of these inefficiencies to drive earnings growth with lower leverage, our ability to grow book value per share over time and unlock additional value for our shareholders, our expectations regarding the costs associated with the conversion to a closed end fund/RIC, including the transitioning of the investment portfolio, our ability to expand our valuation multiple, open more channels for growth, and enhance our access to the capital markets, the expected returns from our CLO investments, and our intention to change our name to Ellington Credit Corporation. The *following factors are examples of those that could cause actual results to vary from those stated or implied by our forward-looking statements: changes in interest rates and the market value of our investments, market volatility, changes in the default rates or corporate loans, our ability to borrow to finance our assets, changes in government regulations affecting our business, our ability to maintain our exclusion from registration under the Investment Company Act of 1940, our ability to pivot our investment strategy to focus on CLOs, a deterioration in the CLO market, our ability to utilize our NOLs, our ability to convert to a closed end fund/RIC, including our ability to obtain shareholder approval of our conversion to a closed end fund/RIC, and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. Furthermore, as stated above, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K, which can be accessed through the link to our SEC filings under "For Investors" on our website (at www.earnreit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected or implied may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.*

This release and the information contained herein do not constitute an offer of any securities or solicitation of an offer to purchase securities. In addition, the release is not a solicitation of votes or proxies. Any such solicitation will only be made pursuant to a proxy statement or other appropriate proxy materials filed with the SEC and labeled as such.

EARN

an Ellington Company

Important Notice

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Forward-Looking Statements

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The following factors are examples of those that could cause actual results to vary from those stated or implied by our forward-looking statements: changes in interest rates and the market value of our investments, market volatility, changes in the default rates or corporate loans, our ability to borrow to finance our assets, changes in government regulations affecting our business, our ability to maintain our exclusion from registration under the Investment Company Act of 1940, our ability to pivot our investment strategy to focus on CLOs, a deterioration in the CLO market, our ability to utilize our NOLs, our ability to convert to a closed end fund/RIC, including our ability to obtain shareholder approval of our conversion to a closed end fund/RIC, and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. Furthermore, as stated above, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K, which can be accessed through the link to our SEC filings under "For Investors" on our website (at www.earnreit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected or implied may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Modeling

Some statements in this presentation may be derived from proprietary models developed by Ellington Management Group, L.L.C. ("Ellington"). Some examples provided may be based upon the hypothetical performance of such models. Models, however, are inherently imperfect and subject to a number of risks, including that the underlying data used by the models is incorrect, inaccurate, or incomplete, or that the models rely upon assumptions that may prove to be incorrect. The utility of model-based information is highly limited. The information is designed to illustrate Ellington's current view and expectations and is based on a number of assumptions and limitations, including those specified herein. Certain models make use of discretionary settings or parameters which can have a material effect on the output of the model. Ellington exercises discretion as to which settings or parameters to use in different situations, including using different settings or parameters to model different securities. Actual results and events may differ materially from those described by such models.

Example Analyses

The example analyses included herein are for illustrative purposes only and are intended to illustrate Ellington's analytic approach. They are not and should not be considered a recommendation to purchase or sell any security or a projection of our future results or performance. The example analyses are only as of the date specified and do not reflect changes since that time.

Projected Yields and Spreads

Projected yields and spreads discussed herein are based upon Ellington models and rely on a number of assumptions, including as to prepayments, defaults, recoveries and interest rates. Such models are inherently imperfect and there is no assurance that any particular investment will perform as predicted by the models, or that any such investment will be profitable. Projected yields are presented for the purposes of (i) providing insight into the strategy's objectives, (ii) detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments, (iii) illustrating Ellington's current views and expectations, and (iv) aiding future evaluations of performance. They are not a guarantee of future performance. They are based upon assumptions regarding current and future events and conditions, which may not prove to be accurate. There can be no assurance that the projected yields will be achieved. Investments involve risk of loss.

Financial Information

All financial information included in this presentation is as of December 31, 2023 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

This presentation is not an offer to sell any securities and is not soliciting an offer to buy any securities. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

In addition, the presentation is not a solicitation of votes or proxies. Any such solicitation will only be made pursuant to a proxy statement or other appropriate proxy materials filed with the SEC and labeled as such.

- EARN believes there is greater investment return potential for shareholders in the corporate collateralized loan obligations ("CLO") sector
- EARN has begun the process to pivot its investment strategy to focus on the mezzanine debt and equity tranches of CLOs
- To effectuate the transition of its investment strategy, EARN has decided to revoke its REIT election and intends to take all necessary steps, including seeking and obtaining all necessary approvals, to convert to a registered closed end fund to be treated as a regulated investment company ("RIC") later this year
- EARN expects to maintain its $0.08 per common share regular monthly dividend
- EARN's Board of Trustees has unanimously approved the strategic transformation
- Ellington has a longstanding and successful track record of investing in the CLO sector

Strategic Transformation Summary

Highly Attractive Asset Class

- Pivot EARN's investment strategy to focus on corporate collateralized loan obligations ("CLOs")
- Capitalize on a growing but still-inefficient market characterized by limited competition and attractive investment opportunities
- Invest in and actively manage a portfolio of CLOs, with an emphasis on mezzanine debt and equity tranches purchased in the secondary market
- Many CLO tranches benefit from structural features that have helped preserve cash flows during times of stress
- Robust risk-adjusted returns should drive earnings and value for EARN's shareholders

Ellington's CLO Expertise

- Ellington has a longstanding and successful track record of investing in CLOs, across a wide variety of market conditions and spanning more than a decade[(1)]
- EARN currently holds $44 million of CLO mezzanine debt and equity investments, which have generated strong returns and contributed positively to earnings[(2)]

Corporate Structure

- Company has decided to revoke its REIT Election for the 2024 tax year
- Later this year, Company intends to convert to a registered closed end fund to be treated as a RIC
- In the meantime, Company intends to operate as a taxable C-Corp and plans to take advantage of its significant existing Net Operating Loss Carryforwards ("NOLs") to offset the majority of its U.S. federal taxable income
- Thanks to the high liquidity of the Company's Agency pool portfolio, the closed end fund/RIC conversion, including the transitioning of the investment portfolio, should entail only modest costs
- Company intends to take all necessary steps, including seeking and obtaining all necessary approvals, to complete the closed end fund/RIC conversion later this year
- Company expects to change its name to Ellington Credit Corporation, but will retain the ticker EARN

1) Returns based on U.S. CLOs and their associated hedges in funds managed by Ellington Management Group ("Ellington") and participating in a hedged CLO strategy. Past performance of Ellington's investments in CLOs is not a guarantee of success with respect to any CLOs that EARN may invest in. You should not rely on the historical record of Ellington's performance as indicative of EARN's future performance.
2) Past performance of EARN's investments in CLOs is not a guarantee of success with respect to any CLOs that EARN may invest in in the future. You should not rely on the historical record of EARN's performance as indicative of EARN's future performance.

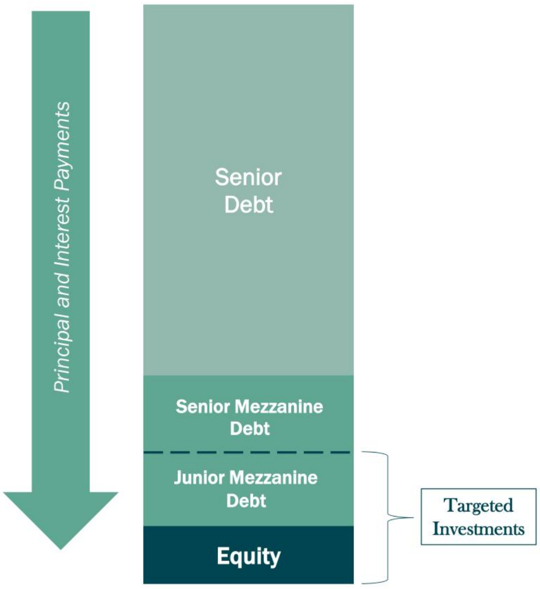
Anticipated Benefits to Shareholders

EARN
an Ellington Company

- **Increase earnings** by acquiring CLO investments with high risk-adjusted returns
- Opportunity to **expand valuation multiple** through CLO-focused investment strategy in a RIC structure
- Higher net interest margins from CLOs support **strong current interest income** and drive earnings
- **Substantially reduce EARN's leverage** as the CLO investment strategy requires significantly less debt financing than the Agency pool strategy
- Expect to **maintain $0.08 per common share regular monthly dividend**
- CLOs, which are primarily backed by floating-rate loans, tend to have only **limited interest rate risk**
- Anticipate **more stable book value per share and earnings per share**
- Capitalize on **inefficient CLO market** with relatively **limited competition**
- Opportunity to **grow book value per share** over time with high risk-adjusted returns, in contrast to most Agency MBS strategies which have experienced book value per share erosion due to negative interest rate convexity
- **More favorable cost of capital** as a RIC, to support future growth

- Collateralized loan obligations are actively managed securitizations typically backed by well diversified pools of 200+ corporate credit assets
  - Typically senior secured, first lien, floating rate loans with an average issuance size of ~$1.5 billion
  - Loans obtain public credit ratings from major rating agencies such as S&P, Moody's, and Fitch
  - Underlying borrowers are typically large, established businesses
- CLOs receive interest and principal cash flows from their underlying assets and typically distribute them quarterly
  - Senior debt tranches are paid first, then mezzanine debt tranches, then equity

Illustrative CLO Capital Structure



CLO Market Opportunity

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Growing Asset Class with Improving Liquidity and Scalability

- CLO market has nearly doubled in size to $1.2 trillion(1) over the past five years, and is now the largest asset class in the private-label securitized products universe
- This rapid growth has meaningfully improved availability and liquidity of CLO mezzanine debt and equity in the secondary market
- CLO market growth has significantly expanded the investment opportunity set, especially as the spectrum of seasoned investment profiles continues to broaden

Inefficiencies Create Attractive Investment Opportunities

- Many parts of the CLO market remain highly inefficient, with much of the increased participation in the space coming from investors focused on adding the most liquid and standardized profiles
- Attractive investment opportunities exist for sophisticated institutional investors who are able to conduct thorough analysis of the documents, structures, and underlying corporate borrowers in less standardized CLO investment profiles
- Dispersion in CLO collateral performance going forward should continue to provide ample ongoing investment opportunities
- A CLO-focused closed end fund provides individual investors access to a highly attractive investment strategy otherwise limited to the institutional market

Limited Competition Drives Attractive Yield Profile

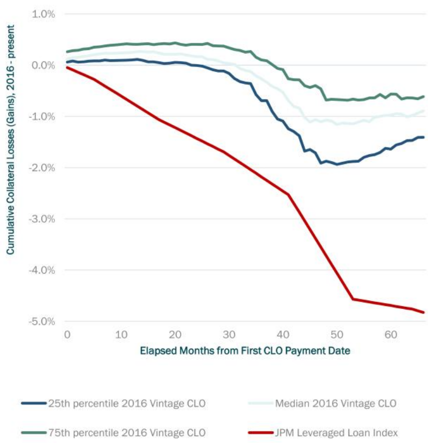
- High barriers to entry for asset class
- Competition for many CLO mezzanine debt and equity opportunities is limited, as the complexity of the asset class requires strong analytical and underwriting capabilities
- Despite the strong finish to 2023, CLO credit spreads have lagged the broader corporate bond rally and should have further room to tighten
- Percentage ROEs for CLO investments targeted to be in mid-teens to low-20s

Source: [1]BofA Global Research

Favorable Characteristics of Corporate CLOs

- CLOs present a compelling, well-diversified way to access the bank loan market, a seasoned, $1.7 trillion[1] market with over $230 billion in gross issuance in 2023[2]
- CLOs are the largest asset class within the private-label securitized products universe, eclipsing $100 billion in issuance every year since 2016[3] and totaling over $1.2 trillion[4] in outstanding notional amount
- Historically, CLO debt tranches have demonstrated resiliency to corporate defaults due to structural features that preserve cash flows in times of stress, such as:
  - Floating rate notes with excess spread
  - Credit enhancement in the form of subordinate securities and overcollateralization
  - Deal triggers that divert excess interest to protect debt tranches
- Attractive opportunities exist in CLO debt tranches that are in a deleveraging phase, when they tend to trade to maturity as opposed to a near term call
  - Mispriced call options offer meaningful upside in scenarios where loans rally even slightly
  - Deleveraging tranches are more likely to obtain credit rating upgrades, enhancing total return by improving liquidity
- CLO equity tranches also offer attractive return profiles for credit investors, often providing strong current interest carry, positive credit convexity, and optionality
  - High barriers to entry limit competition
  - Valuable options such as deal calls and refinancings are often mispriced or ignored

CLOs have historically experienced better credit performance than the benchmark leveraged loan index[5][6]



Sources: [1]SIFMA [2,3]LCD, [4,5]BofA Global Research, [6]J.P. Morgan

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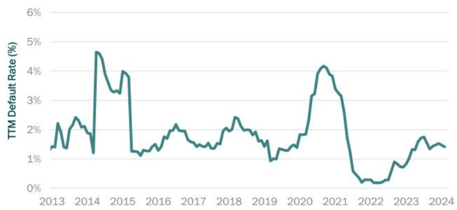
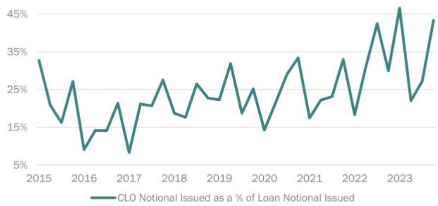
Market Overview: Leveraged Loan Performance and Resiliency Over Time

Leveraged loans have been resilient historically and continue to enjoy tailwinds in the current market environment »

Trailing Twelve Month Morningstar/LSTA Leveraged Loan Default Rate: 1.41%[1]



Loan issuance remains low relative to CLO issuance, providing technical support for loan spreads[1]



1) Source: Morningstar/LCD. Loan default data as of February 29, 2024. Loan issuance data through Q4 2023.

- Since inception of the strategy, EARN's CLO portfolio has generated an annualized unlevered total return in excess of 20%(1), including hedges
  - Returns could be enhanced further by repo leverage, which EARN's CLO strategy has begun to utilize
- EARN's CLO portfolio has grown to $44 million as of 3/28/24, representing approximately 32% of EARN's year-end total equity

EARN's CLO Strategy Investment Performance

($ in thousands)

Category	Total Assets(1)	Long P&L	Unlevered Returns - Long Only(1)(2)	P&L on Hedges(3)	P&L Net of Hedges	Net Unlevered Returns(1)(2)
CLO Mezzanine	$ 12,152	$ 1,445	23.8%	$ (62)	$ 1,383	22.8%
CLO Equity	2,774	277	20.0%	(14)	263	19.0%
Total	$ 14,926	$ 1,722	23.1%	$ (76)	$ 1,646	22.1%

Ellington's4 CLO Experience

Strategy Inception:	2012
Investment Professionals:	7
Avg. years of industry experience for senior investment professionals:	21

- Ellington(4) has extensive experience successfully managing CLO investments, including deep credit, structural, and fundamental analysis, understanding of market technicals and dynamics, and strong risk management
- Through thoughtful security and hedge selection, Ellington's (4) secondary market CLO strategy has outperformed the benchmark CLO indices with substantially less volatility

Note: Past performance is not necessarily indicative of future results.
(1) Calculated using average month-end market value for CLO assets during the period Sept 2023 – Feb 2024.
(2) Annualized and excludes financing.
(3) Allocated based on percentage of average CLO assets for each category during the period.
(4) All references to "Ellington" refer to Ellington Management Group and its affiliated management companies.

- Opportunistically invest in multiple parts of the CLO capital structure, including mezzanine debt and equity tranches
- Select investments for their ability to provide a strong total return to drive a sustainable earnings stream and book value growth over a long-term horizon, rather than focusing just on current yield
- Trading-oriented approach to take advantage of pricing inefficiencies, as opposed to simply "buy-and-hold"
- Strong risk management, including disciplined liquidity management and selective use of credit hedges, in order to preserve book value during times of stress
- Leverage Ellington's proprietary technology, analytics and risk management systems to enhance underwriting and investment selection and to guide ongoing portfolio monitoring and surveillance

- Ellington's proprietary models and systems allow for detailed, real-time analysis of investment opportunities and their associated risks across scenarios
- Highly analytical approach to CLOs facilitates investments in complex segments of the market, which may offer superior risk-adjusted returns

Sample analyses are not a recommendation to transact in the security described. There can be no assurance that Ellington will be able to identify or acquire investments in instruments substantially like those discussed.

1 Revoke REIT Election

- EARN has decided to revoke its REIT election, effective for the 2024 tax year
- As a C-Corp, EARN now has more balance sheet flexibility and is not subject to REIT qualification testing
- EARN expects to maintain its $0.08 per common share regular monthly dividend

2 Operate as a C-Corp

- EARN to operate as a C-Corp pending completion of the closed end fund/RIC conversion, and plans to take advantage of its existing NOLs to offset the majority of U.S. federal taxable income during this period
- Continue to reallocate capital from liquid Agency MBS pools to CLOs
- Maintain core portfolio of liquid Agency MBS pools to maintain 1940 Act exemption during this period
- CLOs should quickly represent the majority of capital allocation

3 Convert to a RIC

- Company intends to take all necessary steps, including seeking and obtaining all necessary approvals, to complete the closed end fund/RIC conversion later this year
- Shortly before closed end fund/RIC conversion becomes effective, remaining liquid Agency MBS pools would be sold and leverage would be reduced in order to comply with 1940 Act leverage limitations

About Ellington Management Group

Ellington Profile

As of 12/31/2023

Founded:	1994
Employees:	>170
Investment Professionals:	>60
Global offices:	3

$10.3
Billion in assets under management(1)

9
Employee-partners own the firm(2)

29
Years of average industry experience of senior portfolio managers

20%
Employees dedicated to research and information technology

Ellington and its Affiliated Management Companies

- Our external manager Ellington Residential Mortgage Management LLC is part of the Ellington family of SEC-registered investment advisors(3).
- Ellington Management Group and its affiliates manage Ellington Residential Mortgage REIT (EARN), Ellington Financial Inc. (EFC), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support

Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 20% of employees dedicated to research and information technology
- Structured credit trading experience and analytical skills developed since the firm's founding 29 years ago
- Ellington's portfolio managers are among the most experienced in the structured products sector

(1) $10.3 billion in assets under management includes approximately $0.8 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.
(2) Does not include partners formerly employed by Ellington who may have residual capital balances but who no longer have voting rights in the partnership.
(3) Registration with the SEC does not imply that the firm or any of its principals or employees possess a particular level of skill or training in the investment advisory or any other business

Risk Factor Updates and Supplemental Risk Factors

On March 29, 2024, Ellington Residential Mortgage REIT (the "Company") revoked its election to be taxed as a real estate investment trust for U.S. federal income tax purposes (“REIT”), with such revocation effective as of January 1, 2024. In light of such revocation, the Company is providing updated instructions on the reading of the risk factors previously presented in its Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission on March 12, 2024 (the "Form 10-K") and to add certain supplemental risk factors related such revocation. Unless the context requires otherwise, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Form 10-K.

Risk Factor Updates

The risk factors presented under the heading "Item 1A. Risk Factors—Risks Related to Our CLO Investments" in the Form 10-K shall be construed to be read in conjunction with, and accorded equal priority as, all the risk factors outlined under the heading "Item 1A. Risk Factors—Risks Related to Our Business" except for those risks under the heading "Item 1A. Risk Factors—Risks Related to Our Business" that relate specifically to Agency RMBS (as defined in the Form 10-K), which should be read as having less priority than the risks related to corporate collateralized loan obligations (“CLOs”) presented under the headings "Item 1A. Risk Factors—Risks Related to Our Business" and "Item 1A. Risk Factors—Risks Related to Our CLO Investments" in the Form 10-K.

This directive is intended to ensure that investors and stakeholders duly consider the entirety of risk disclosures provided within the Form 10-K and understand that risks associated with CLO investments are to be evaluated in tandem with risks pertinent to the Company's overall business operations.

Supplemental Risk Factors

U.S. Federal Income Tax Risks

We are no longer taxed as a REIT.

We have revoked our election to be taxed as a REIT effective as of January 1, 2024. Beginning January 1, 2024, we will be subject to tax as a C corporation at regular corporate rates.

Our ability to utilize our net operating losses ("NOLs") and other carryforwards may be limited.

Under the Code, a corporation is generally allowed a deduction for NOLs carried over from prior taxable years, subject to certain limitations. As of December 31, 2023, we had approximately $39 million of gross federal NOL carryforwards available to reduce future federal tax liabilities. We also have NOL carryforwards in certain states available to reduce future state tax liabilities. Our NOL carryforwards are subject to adjustment on audit by the Internal Revenue Service and applicable state taxing authorities.

Our ability to use our NOLs and other carryforwards depends on the amount of taxable income generated in future periods. Should we recognize a deferred tax asset with respect to such NOLs, there can be no assurance that a valuation allowance will not be required with respect to our NOLs should our financial performance be negatively impacted in the future. In addition, the use of NOLs and other carryforwards to offset taxable income is subject to various limitations, which could limit our ability to utilize these tax attributes to reduce our taxes even if we generate sufficient taxable income. For example, federal NOLs can be used to offset only 80% of our federal taxable income for any taxable year, and Connecticut NOLs can be used to offset only 50% of our Connecticut taxable income for any taxable year.

A corporation’s ability to deduct its federal NOL carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (“Section 382”) if it undergoes an “ownership change” as defined in Section 382. In general, an “ownership change” occurs if 5% shareholders increase their collective ownership of the aggregate amount of the outstanding shares of our company by more than 50 percentage points looking back over the relevant testing period. If an ownership change occurs, our ability to use our NOL carryforwards and other tax attributes to reduce our taxable income in a future year would be limited to a Section 382 limitation equal to the fair market value of our common shares immediately prior to the ownership change multiplied by the long-term tax-exempt interest rate in effect for the month of the ownership change. An ownership change may severely limit or effectively eliminate our ability to utilize our NOL carryforwards and other tax attributes. Although we do not believe that an ownership change has occurred, no assurance can be provided as to whether an ownership change has occurred or will occur in the future. Limitations imposed by Sections 382 may discourage us from, among other things, repurchasing our common shares or issuing additional common shares to acquire businesses or assets.

Risks Related to Our Intention To Convert to a Registered Closed End Fund / Regulated Investment Company ("RIC")

We may not be able to obtain the necessary approvals to convert to a registered closed end fund to be treated as a RIC.

On April 1, 2024, we announced our intention to focus our investment strategy on CLOs. In connection with this strategic transition, we have revoked our REIT election effective as of January 1, 2024 and intend to convert to a registered closed end fund to be treated as a RIC later in 2024 (the “RIC Conversion”). Our ability to complete the RIC Conversion will be subject to certain conditions, including obtaining the required approval of our shareholders for certain matters related to the RIC Conversion. There can be no assurance that the conditions to the RIC Conversion will be satisfied in a timely manner or at all, or that an effect, event, circumstance, occurrence, development or change will not transpire that could delay or prevent these conditions from being satisfied. Accordingly, we cannot provide any assurances with respect to the timing of the RIC Conversion or whether the RIC Conversion will be completed at all.

Updated Business Disclosure

On March 29, 2024, Ellington Residential Mortgage REIT (the "Company") revoked its election to be taxed as a real estate investment trust for U.S. federal income tax purposes (“REIT”), with an effective date of January 1, 2024. In light of such revocation, the Company is providing updated instructions on the reading of certain disclosures previously presented in "Part I—Item 1. Business" of its Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission on March 12, 2024 (the "Form 10-K"). Unless the context requires otherwise, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Form 10-K.

Our Company

The disclosure under the heading "Our Company" shall be read to replace the first sentence with the following:

> *Ellington Residential Mortgage REIT (the “Company”) is a Maryland real estate investment trust formed in August 2012 that has historically specialized in acquiring, investing in, and managing residential mortgage- and real estate-related assets. As of April 1, 2024, the Company will be primarily focused on acquiring and investing in corporate collateralized loan obligations ("CLOs"), with an emphasis on mezzanine debt and equity tranches purchased in the secondary market. In connection with the transition of its investment strategy, the Company has decided to revoke its election to be taxed as a real estate investment trust for U.S. federal income tax purposes, effective for the 2024 tax year. The Company also intends, later this year, to convert to a closed end fund to be treated as a regulated investment company (a “RIC”), pursuant to the Investment Company Act (the “RIC Conversion”). The RIC Conversion will be subject to certain conditions, including obtaining shareholder approval of certain matters related to the RIC Conversion.*
>
> *Until it completes the RIC Conversion, the Company will operate as a taxable C Corporation. As a C Corporation, the Company will generally be subject to U.S. federal and state income taxes on its taxable income. The Company plans to utilize its existing net operating loss carryforwards (“NOLs”) to offset the majority of any U.S. federal taxable liability, and a portion of any state income tax liability, incurred on future taxable income it may generate while operating as a taxable C Corporation.*
>
> *The Company intends to reallocate capital from its Agency MBS to CLOs while it operates as a taxable C Corporation. During this period, the Company intends to maintain a core portfolio of Agency MBS pools to maintain the Company’s exclusion from registration under the Investment Company Act. Shortly before the RIC Conversion would become effective, the Company would intend to sell its remaining liquid Agency MBS pools and reduce its leverage in order to comply with leverage limitations applicable to RICs under the Investment Company Act.*

Our Strategy

With respect to the disclosure under the heading "Our Strategy", the second bullet (which begins with "constructing and actively managing a hybrid investment portfolio consisting primarily of Agency RMBS...") shall be replaced in its entirety with the following bullet:

- “subject to maintaining our exclusion from registration under the Investment Company Act prior to the RIC Conversion becoming effective, reallocating capital from our liquid Agency MBS pools to CLOs;”.

Furthermore, this revised second bullet shall be read after the third bullet (which begins with "acquiring and managing a portfolio of corporate CLOs...").

Our Targeted Assets

With respect to the disclosure under the heading "Our Targeted Assets," the third row ("CLOs") of the table listing our targeted assets shall be read prior to the first and second rows of such table ("Agency RMBS" and "Non-Agency RMBS," respectively). Similarly, the descriptions of each targeted asset class presented below the table listing our targeted assets shall be read in the same revised order of priority.

Risk Management

With respect to the disclosure under the heading "Risk Management", the disclosure with the heading "Credit Risk Hedging" shall be read prior to the disclosure with the heading "Interest Rate Hedging."

Operating and Regulatory Structure--Tax Requirements

The disclosure under the heading "Operating and Regulatory Structure—Tax Requirements" shall be replaced in its entirety with the following:

> *We have revoked our election to be treated as REIT effective as of January 1, 2024. Beginning January 1, 2024, we will be subject to tax as a C corporation at regular corporate rates on our taxable income. Pending completion of*

the RIC Conversion, we plan to use our existing net operating loss carryforwards to offset the majority of our U.S. federal taxable income during 2024. The revocation of our REIT election is not a taxable event for our shareholders.

General

As discussed above, the Company has revoked its election to be taxed as a real estate investment trust for U.S. federal income tax purposes, effective for the 2024 tax year. Accordingly, disclosure throughout the Form 10-K regarding the Company's election to be taxed as a REIT and maintaining compliance with the requirements to qualify as a REIT is hereby removed in its entirety with respect to all periods on or after January 1, 2024.

Updated Material U.S. Federal Income Tax Disclosure

The following discussion supersedes and replaces in its entirety the discussion under the heading "Material U.S. Federal Income Tax Considerations" in the prospectus dated November 7, 2023, which is a part of the Company's Registration Statement on Form S-3 (File No. No. 333-275162) filed with the U.S. Securities and Exchange Commission (the "SEC") on November 1, 2023 (the "Base Prospectus") and which is also attached to the prospectus supplement dated November 14, 2023, filed by the Company with the SEC pursuant to Rule 424(b) of the Securities Act of 1933, as amended. Unless the context requires otherwise, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Base Prospectus.

Material U.S. Federal Income Tax Considerations

This section summarizes the material U.S. federal income tax considerations that you, as a shareholder, may consider relevant. Because this section is a summary, it does not address all aspects of taxation that may be relevant to particular shareholders in light of their personal investment or tax circumstances, or to certain types of shareholders that are subject to special treatment under the U.S. federal income tax laws, such as:

- insurance companies;
- tax-exempt organizations;
- financial institutions or broker-dealers;
- non-U.S. individuals and non-U.S. corporations;
- U.S. expatriates;
- persons who mark-to-market our securities;
- subchapter S corporations;
- shareholders whose functional currency is not the U.S. dollar;
- regulated investment companies and REITs, and their investors;
- trusts and estates;
- persons who receive our securities through the exercise of employee stock options or otherwise as compensation;
- persons holding our securities as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Internal Revenue Code of 1986, as amended (the "Code");
- persons holding our securities through a partnership or similar pass-through entity; and
- persons holding a 10% or more (by vote or value) beneficial interest in our shares.

This summary assumes that shareholders hold our securities as capital assets for U.S. federal income tax purposes, which generally means as property held for investment.

The statements in this section are not intended to be, and should not be construed as, tax advice. The statements in this section are based on the Code, current, temporary and proposed Treasury Regulations, the legislative history of the Code, current administrative interpretations and practices of the IRS and court decisions. In each case, these sources are relied upon as they exist on the date of this discussion. Future legislation, Treasury Regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law on which the information in this section is based. Any such change could apply retroactively.

WE URGE YOU TO CONSULT YOUR TAX ADVISER REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE PURCHASE, OWNERSHIP AND SALE OF OUR SECURITIES. SPECIFICALLY, YOU SHOULD CONSULT YOUR TAX ADVISER REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND REGARDING POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Our Company and Shareholders

We have revoked our election to be treated as a real estate investment trust within the meaning of Section 856 of the Code (a "REIT") effective as of January 1, 2024. Beginning January 1, 2024, we will be subject to tax as a C corporation at regular corporate rates on our taxable income. We plan to use net operating loss carryforwards to offset the majority of our U.S. federal taxable income during the period that we operate as a C corporation during 2024. The revocation of our REIT election is not a taxable event for our shareholders.