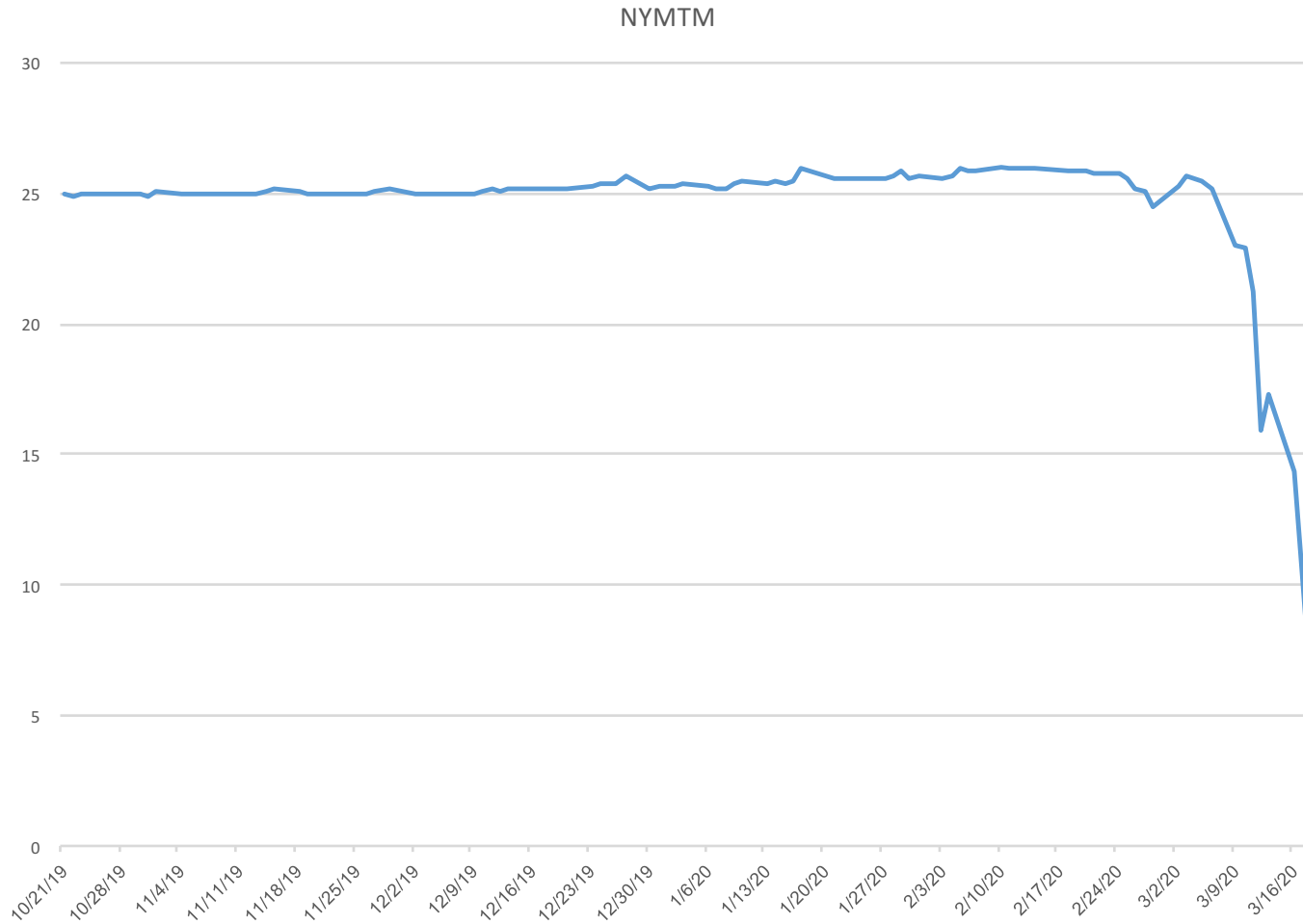


New York Mortgage Trust Inc. 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock \$25 Face Value (NYMTM)



SC Capital Management LLC

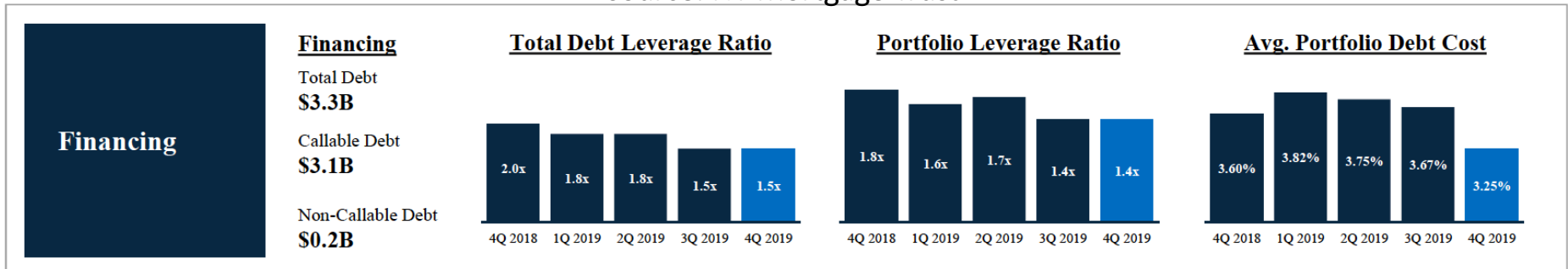
This is not a recommendation to buy or sell any security. Investing involves risk of loss

Updated 03/19/20

NYMTM is trading far below its face value of \$25. The common shares of NY Mortgage Trust (NYMT) are trading at 0.26 of book value indicating the firm is likely to be insolvent. The question for investors is determining actual bankruptcy risk.

- In the MRQ & end of FY19, NYMT’s book value was \$5.78 for both periods and has been stable. Current common shares: \$1.5
- Recent market turmoil has reduced mREIT book values that were recently at or near 1 to a range of 0.25-0.50.
- In the MRQ & end of FY19, the company’s coverage ratio was 1x on the common and 6x on preferred, ex-common;

source: NY Mortgage Trust



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What's in the balance sheet?

Single-family component

Distressed Loan Purchases

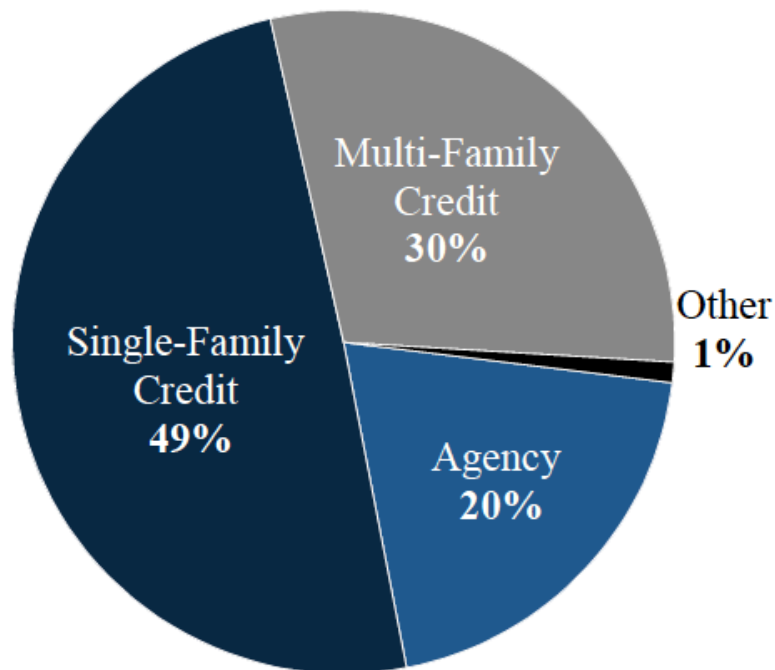
Since Internalization (from 7/1/18 to 12/31/19)

Loan Count	5,342
Avg. Months from Purchase	9.1
Total UPB	\$962.3MM
Avg. Home Value	\$451,548 <i>High Value → Downside protection</i>
Avg. LTV	76 <i>Low Leverage → Downside protection</i>
Avg. Coupon	4.76 <i>Legacy Loan → High current yield</i>
Avg. FICO	584 <i>Low Credit Score → Prepayment Upside</i>

Agency component

Guaranteed by U.S. gov't. MBS securities remain liquid. Only risk is rate risk, not default risk. The company relies on repurchase agreements to fund securities purchases. Fed has increased repo dealing and has specifically targeted MBS buying to ensure liquidity. With only 20% allocation to agency, changes to common book value due to changes in spreads is small.

Investment Portfolio Allocation



as of 12/31/19

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What's actually happening in the marketplace?

Two Harbors (TWO), a hybrid residential mREIT, recently (3/13/20) indicated that book value per share was down 6% quarter-to-date. The company's balance sheet contains 78% agency. "While our current focus is on liquidity and book value preservation, the expected return on our current portfolio has dramatically improved."

New Residential Mortgage Corp (NRZ), an mREIT, recently (3/13/20) indicated book value per share was down around 3% quarter to date. Also indicated the CB's activity in the MBS is a positive.

Annaly Capital Management (NLY), an mREIT, indicated (3/13/20) that book value was down around 10% to 11% quarter to date.

**Chimera Investment Corporation
Provides Update on Financing
Environment as of March 18, 2020**

Wed March 18, 2020 1:02 PM | Business Wire | About: CIM

NEW YORK--(BUSINESS WIRE)-- In light of recent market events, Chimera Investment Corporation (CIM) ("Chimera" or the "Company") announced a \$150 million common stock buyback on March 13th and through March 17th Chimera has repurchased \$22 million of its common stock. In addition, Officers and Directors have purchased shares.

The Covid-19 Virus has caused disruptions, but Chimera has the technology in place for all employees to work remotely with little or no change in normal working patterns. Federal Reserve actions have added liquidity to the system to ensure liquidity is available and they have started a purchase program to assist in price stability. Both of these measures are intended to insure the mortgage backed security market and related repurchase market maintain liquidity and order and that transactions between market participants continue to be efficient. Chimera has rolled the financing of approximately \$7.3 billion of collateral since March 1, 2020, including approximately \$2.1 billion of collateral this week.

← Big buyback

← Federal Reserve working.

← Financing acquired.

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The following is the on-balance sheet and at-risk (total) leverage ratios for mREITs as of 12/31/2019 (in order of lowest to highest at-risk (total) leverage ratio:

- 1) EFC: 2.6x on-balance sheet leverage; 1.4x at-risk (total) leverage
- 2) NYMT: 1.5x on-balance sheet leverage; 1.5x at-risk (total) leverage**
- 3) GPMT: 2.3x on-balance sheet leverage; 2.3x at-risk (total) leverage
- 3) PMT: 3.7x on-balance sheet leverage; 2.3x at-risk (total) leverage
- 5) BXMT: 3.0x on-balance sheet leverage; 3.0x at-risk (total) leverage
- 5) MFA: 3.0x on-balance sheet leverage; 3.0x at-risk (total) leverage
- 7) CIM: 3.6x on-balance sheet leverage; 3.6x at-risk (total) leverage
- 8) MITT: 4.1x on-balance sheet leverage; 4.1x at-risk (total) leverage
- 9) NRZ: 3.9x on-balance sheet leverage; 5.4x at-risk (total) leverage
- 9) WMC: 5.4x on-balance sheet leverage; 5.4x at-risk (total) leverage
- 11) CHMI: 6.1x on-balance sheet leverage; 6.4x at-risk (total) leverage
- 12) IVR: 6.5x on-balance sheet leverage; 6.6x at-risk (total) leverage
- 13) ANH: 6.7x on-balance sheet leverage; 7.2x at-risk (total) leverage
- 13) NLY: 7.1x on-balance sheet leverage; 7.2x at-risk (total) leverage
- 15) TWO: 6.1x on-balance sheet leverage; 7.5x at-risk (total) leverage
- 16) ORC: 8.7x on-balance sheet leverage; 8.0x at-risk (total) leverage
- 17) DX: 8.2x on-balance sheet leverage; 8.1x at-risk (total) leverage
- 18) ARR: 8.2x on-balance sheet leverage; 8.8x at-risk (total) leverage
- 19) AGNC: 8.3x on-balance sheet leverage; 8.9x at-risk (total) non-tangible leverage
- 20) CMO: 9.7x on-balance sheet leverage; 9.7x at-risk (total) leverage
- 21) AI: 11.0x on-balance sheet leverage; 11.0x at-risk (total) leverage

Historically below average leverage ratio

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source: Scott Kennedy

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The following were the economic return (loss) percentages twenty one mREITs during the trailing twelve-months ended 12/31/2019 (combination of annual change in BV and dividends accrued for/paid; in order of highest to lowest economic return/lowest to highest economic loss)

- 1) TWO: 22.42% trailing twelve-month economic return
- 2) DX: 18.69% trailing twelve-month economic return
- 3) IVR: 18.23% trailing twelve-month economic return
- 4) AGNC: 16.97% trailing twelve-month economic non-tangible return
- 5) NYMT: 16.17% trailing twelve-month economic return**
- 6) CIM: 13.93% trailing twelve-month economic return
- 7) NLY: 13.65% trailing twelve-month economic return
- 8) MITT: 13.19% trailing twelve-month economic return
- 9) PMT: 12.74% trailing twelve-month economic return
- 10) WMC: 12.52% trailing twelve-month economic return
- 11) NRZ: 11.94% trailing twelve-month economic return
- 12) BXMT: 11.34% trailing twelve-month economic return
- 13) ARR: 10.05% trailing twelve-month economic return
- 14) MFA: 9.70% trailing twelve-month economic return
- 15) CHMI: 8.84% trailing twelve-month economic return
- 16) EFC: 7.41% trailing twelve-month economic return
- 17) GPMT: 6.86% trailing twelve-month economic return
- 18) ANH: 6.72% trailing twelve-month economic return
- 19) ORC: 5.72% trailing twelve-month economic return
- 20) AI: 2.30% trailing twelve-month economic return
- 21) CMO: (3.18%) trailing twelve-month economic loss

Historically high economic return that was amplified by the Fed's repo activity

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source: Scott Kennedy

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The following were the 3/13/2020 premium (discount) to my estimated current BV (BV as of 3/13/2020) percentages for NLY and the twenty mREIT peers (in order of largest to smallest discount/smallest to largest premium):

1) ANH: (49.00%) discount to my estimated BV as of 3/13/2020

2) AI: (45.25%) discount to my estimated BV as of 3/13/2020

3) CHMI: (37.87%) discount to my estimated BV as of 3/13/2020

4) EFC: (30.67%) discount to my estimated BV as of 3/13/2020

5) MITT: (30.22%) discount to my estimated BV as of 3/13/2020

6) GPMT: (29.94%) discount to my estimated BV as of 3/13/2020

7) ORC: (28.52%) discount to my estimated BV as of 3/13/2020

8) DX: (25.12%) discount to my estimated BV as of 3/13/2020

9) CMO: (24.56%) discount to my estimated BV as of 3/13/2020

10) PMT: (23.86%) discount to my estimated BV as of 3/13/2020

11) AGNC: (23.26%) discount to my estimated non-tangible BV as of 3/13/2020*

* = Estimated tangible BV of \$14.70 per share as of 3/13/2020 (when excluding goodwill and other intangible assets); a (18.30%) discount

12) IVR: (22.82%) discount to my estimated BV as of 3/13/2020

13) NYMT: (22.57%) discount to my estimated BV as of 3/13/2020

14) ARR: (21.89%) discount to my estimated BV as of 3/13/2020

15) NRZ: (20.46%) discount to my estimated BV as of 3/13/2020

16) TWO: (19.92%) discount to my estimated BV as of 3/13/2020

17) WMC: (19.59%) discount to my estimated BV as of 3/13/2020

18) NLY: (16.36%) discount to my estimated BV as of 3/13/2020

19) MFA: (6.62%) discount to my estimated BV as of 3/13/2020

20) BXMT: 11.06% premium to my estimated BV as of 3/13/2020

21) CIM: 11.47% premium to my estimated BV as of 3/13/2020

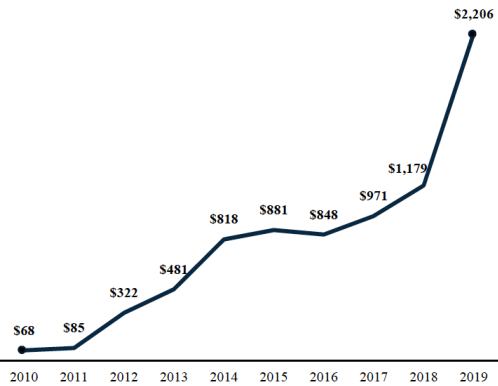
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source: Scott Kennedy

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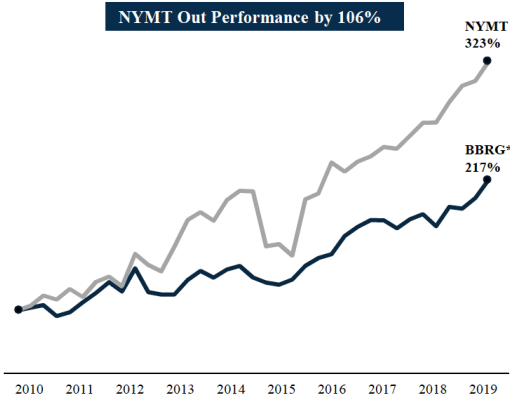
What's the company's balance sheet?

Stockholders' Equity as of December 31,



13.5% Avg. Annual Economic Return for the past 10 years

Total Rate of Return Comparison



* BBRG: Bloomberg Real Estate Investment Trust Mortgage Index

Consistent Dividend + Stable Book Value + Opportunistic Growth = Attractive Returns

\$2.2 billion in equity has been wiped out by expected loss severities in mortgage portfolios and MBS? Not likely. Underwriting standards have been conservative in the last 11 years. This is not a 2008 scenario with liar loans and highly-levered, miss-rated securitized mortgage products.

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Why the severe sell off?

It's impossible to know what has caused sever dislocation in the mREIT space. Here's one factor:

The 3 exchange-traded notes (ETNs) blew up & liquidated. These are 2x levered products.

[\\$MORL](#) UBS ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN = 18.4mln shares at \$25 = \$460mln original value

[\\$MRRL](#) UBS ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN Series B = 23.3mln shares at \$15 = \$350mln original value

[\\$REML](#) Credit Suisse X-Links Monthly Pay 2xLeveraged Mortgage REIT ETN = 6.8mln shares at \$25 = \$170mln original value

Question: Why not cut the common dividend to fund a buyback of preferred?

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