



## SEMIANNUAL REPORT

June 30, 2023

**Ellington Income Opportunities Fund****TABLE OF CONTENTS (Unaudited)**

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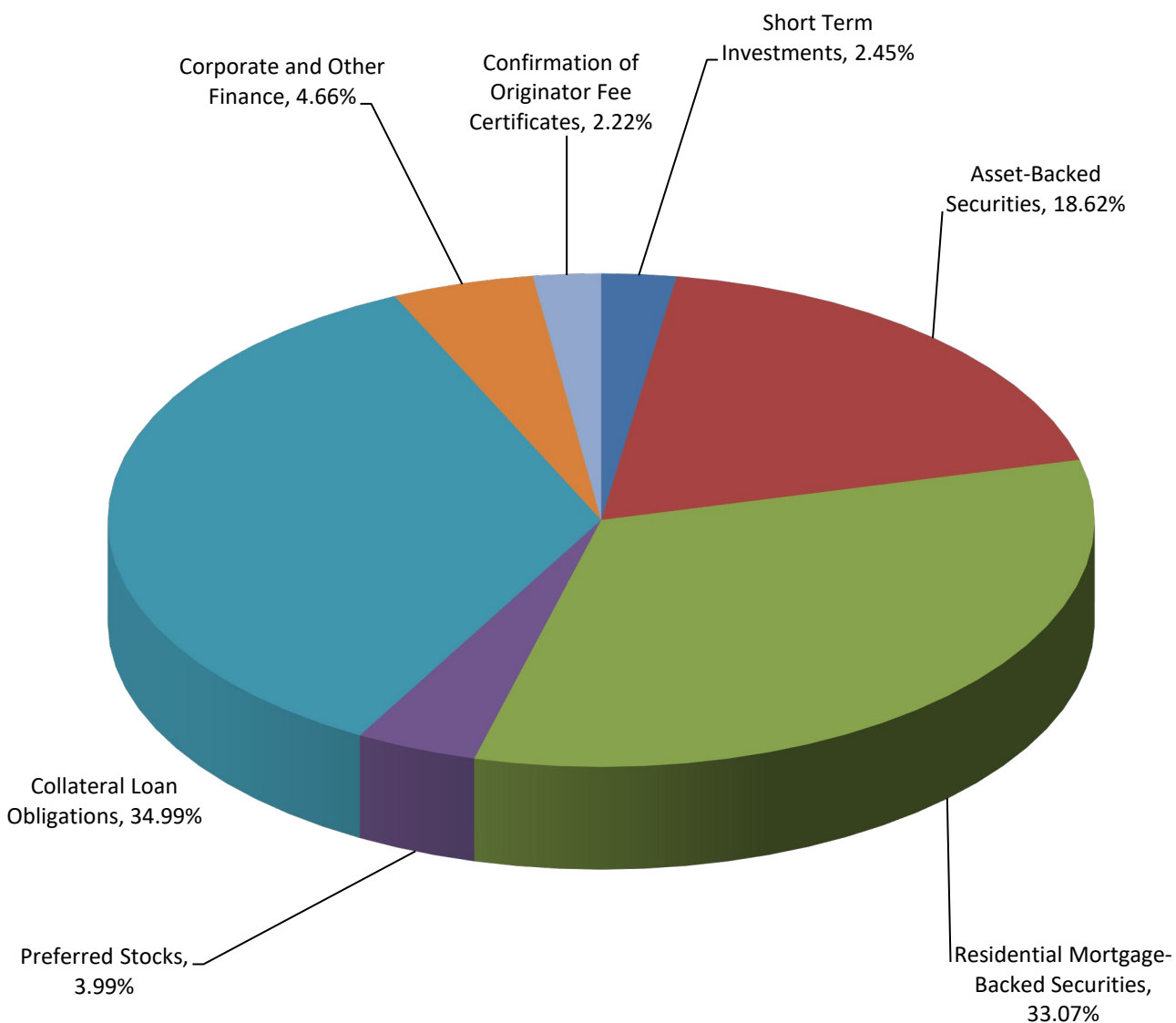
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**Ellington Income Opportunities Fund**

**ALLOCATION OF PORTFOLIO ASSETS<sup>(1)</sup>**

**June 30, 2023 (Unaudited)**

*(Expressed as a Percentage of Total Investments)*



<sup>(1)</sup> Fund holdings are subject to change and there is no assurance that the Fund will continue to hold any particular security.

**Ellington Income Opportunities Fund**
**SCHEDULE OF INVESTMENTS**
**June 30, 2023 (Unaudited)**

Current Principal Amount/ Shares	Description	Rate <sup>(2)</sup>	Maturity	Percentage of Net Assets	Fair Value
<b>Asset Backed Securities (27.03%) <sup>(1)</sup></b>					
2,164,359	AASET 2021-1A C <sup>(4)</sup>	5.82%	11/16/2041	4.01%	\$ 996,534
895,192	Blackbird Capital Aircraft 2021-1A B <sup>(4)</sup>	3.45%	07/15/2046	2.96%	736,613
1,310,000	Midland Loan Services LP - Rental ABS <sup>(4)</sup>	8.19%	04/17/2037	5.00%	1,243,941
880,801	Raptor Aircraft Finance LLC 2019-1 A <sup>(4)</sup>	4.21%	08/23/2044	2.78%	692,110
1,050,000	SALTT 2021-1A D 02/28/2033 <sup>(6)</sup>	0.00%	07/27/2038	3.87%	963,259
1,050,000	Skyline Aircraft Finance LLC (Westjet) <sup>(6)</sup>	0.00%	07/27/2038	3.87%	963,375
1,306,506	SOLRR Aircraft 2021-1 C <sup>(4)</sup>	5.68%	10/15/2046	4.54%	1,130,042
<b>Total Asset Backed Securities (Cost \$8,523,153)</b>					<b>6,725,874</b>
<b>Collateralized Loan Obligations (50.81%) <sup>(1)</sup></b>					
1,300,000	ACRE Manager 2021-FL1 E <sup>(4)(5)</sup>	8.16%	10/16/2036	4.82%	1,195,520
1,000,000	Blue Mountain Capital Management CLO 2018-2A SUB <sup>(4)(6)</sup>	0.00%	08/15/2031	0.46%	115,000
1,100,000	Cross Harbor CP 2021-FL1 D (1 Month LIBOR USD + 3.00%, 3.00% Floor) <sup>(4)(5)</sup>	8.22%	02/15/2038	4.14%	1,029,468
1,000,000	Diamond CLO 2019-1A E (3 Month LIBOR USD + 8.05%, 8.05% Floor) <sup>(4)(5)</sup>	13.31%	04/25/2029	3.89%	968,658
1,070,000	Elmwood CLO I 2019-1A SUB <sup>(4)(6)</sup>	0.00%	10/20/2033	2.31%	575,470
1,250,000	Greywolf Capital Management CLO 2019-1A SUBB <sup>(4)</sup>	0.00%	04/17/2034	2.36%	587,500
1,500,000	LoanCore Capital Credit CLO (1 Month LIBOR USD + 2.95%, 2.95% Floor) <sup>(4)(5)</sup>	8.14%	05/15/2028	6.03%	1,500,920
600,000	MJX Asset Management - Venture CDO Ltd. 2018-32A SUB <sup>(4)</sup>	0.00%	07/18/2031	0.60%	150,000
1,100,000	MJX Asset Management - Venture XXIV CDO Ltd. 2016-24A SUB <sup>(4)</sup>	0.00%	10/20/2028	0.69%	170,500
470,000	MJX Asset Management - Venture CDO Ltd. 2018-34A SUB <sup>(4)</sup>	0.00%	10/15/2031	0.60%	148,050
5,000,000	Neuberger Berman CLO Series 2019-35A <sup>(4)(6)</sup>	3.64%	01/19/2033	2.96%	736,720
1,400,000	OFS Capital Management CLO 2018-1A SUB <sup>(4)(6)</sup>	0.00%	07/31/2118	1.24%	308,000
800,000	Par-Four Investment Managers - Tralee CDO 2018-5A SUB <sup>(4)</sup>	0.00%	10/20/2028	1.08%	268,857
50,000	Par-Four Investment Managers - Tralee CDO 2018-5A FR (3 Month LIBOR USD + 8.89%, 8.89% Floor) <sup>(4)(6)</sup>	14.14%	10/20/2034	0.14%	35,809
1,014,896	Peaks CLO 2017-2A ER <sup>(4)(5)(6)</sup>	9.82%	07/20/2031	2.59%	644,707
2,500,000	TPG Real Estate Finance 2021-FL4 Class D (1 Month Libor + 3.60%, 3.60% Floor) <sup>(4)(5)</sup>	8.76%	03/15/2038	9.08%	2,259,473
1,000,000	Venture CDO Ltd 2016-25A E <sup>(4)(5)</sup>	12.45%	04/20/2029	3.09%	768,578
1,200,000	Vibrant CLO Ltd 2018-8A SUB <sup>(4)(6)</sup>	0.00%	01/20/2031	0.53%	131,373
1,100,000	Voya Alternative Asset Management CLO 2018-1A SUB <sup>(4)</sup>	0.00%	04/19/2031	1.19%	297,000
1,000,000	Zais Group CLO Ltd. 2017-1A E <sup>(4)(5)</sup>	12.26%	07/15/2029	3.01%	748,543
<b>Total Collateralized Loan Obligation (Cost \$16,596,698)</b>					<b>12,640,146</b>
<b>Confirmation of Originator Fee Certificates (3.23%) <sup>(1)</sup></b>					
9,171,667	SBA Confirmation of Originator Fee Certificates <sup>(6)(7)</sup>	Various	Various	3.23%	803,640
<b>Total Confirmation of Originator Fee Certificates (Cost \$946,101)</b>					<b>803,640</b>
<b>Corporate and Other Finance (6.78%) <sup>(1)</sup></b>					
650,000	Air Canada 2020-1C PTT <sup>(4)(5)</sup>	10.50%	07/15/2026	2.80%	697,125
546,904	Air Canada 2013-1A <sup>(4)(5)</sup>	4.13%	11/15/2026	2.08%	514,090
2,100,000	AXA Investment managers - Allegro CLO Ltd. 2018-1A SUB <sup>(4)</sup>	0.00%	06/13/2031	1.90%	473,372
1,332,000	OFSBS-2018-1A-FEE <sup>(6)</sup>			0.00%	133
<b>Total Corporate and Other Finance (Cost \$2,328,997)</b>					<b>1,684,720</b>
<b>Residential Mortgage-Backed Securities (48.04%) <sup>(1)</sup></b>					
1,000,000	AMSR Mortgage Trust 2020-SFR1 Class H <sup>(4)</sup>	5.30%	04/17/2037	3.76%	934,390
329,626	Bear Stearns Alt-A Trust Series 2005-10 <sup>(5)(6)</sup>	3.69%	01/25/2036	1.12%	278,452
200,888	Bear Stearns Mortgage Funding Series 2007-AR1 (1 Month LIBOR + 0.20%, 0.20% Floor, 11.50% Cap) <sup>(3)(6)</sup>	5.55%	02/25/2037	0.78%	192,815
230,700	Countrywide Alternative Loan Trust Series 2005-49CB	5.50%	11/25/2035	0.57%	142,512

*See Accompanying Notes to the Financial Statements.*

**Ellington Income Opportunities Fund**  
**SCHEDULE OF INVESTMENTS (continued)**  
**June 30, 2023 (Unaudited)**

Current Principal Amount/ Shares	Description	Rate	Maturity	Percentage of Net Assets	Fair Value
<b>Residential Mortgage-Backed Securities (continued) (48.04%) <sup>(1)</sup></b>					
163,577	Countrywide Alternative Loan Trust Series 2006-J5	6.50%	09/25/2036	0.38%	91,129
263,385	Countrywide Home Loan Series 2002-19 <sup>(6)</sup>	6.25%	11/25/2032	1.00%	249,939
243,526	Countrywide Home Loan Series 2003-53	4.17%	02/19/2034	0.67%	165,839
61,881	Countrywide Home Loan Series 2003-49	3.98%	12/19/2033	0.23%	56,177
621,605	Countrywide Home Loan Series 2004-18 <sup>(6)</sup>	6.00%	10/25/2034	1.89%	469,590
232,715	Countrywide Home Loan Series 2005-28 <sup>(6)</sup>	5.25%	11/25/2023	0.52%	128,667
1,080,000	Fannie Mae Series 22-R04 (1 Month SOFR + 9.50%, 0.00% Floor) <sup>(4)(5)</sup>	14.57%	03/25/2042	4.52%	1,123,200
6,035	HarborView Mortgage Loan Trust Series 2004-9 <sup>(6)</sup>	6.12%	12/19/2034	0.02%	5,179
406,732	Harborview Mortgage Loan TRUST C M O SER 2005 7 CL 1A1 <sup>(6)</sup>	4.42%	06/19/2045	0.75%	185,795
59,033	IndyMac INDX Mortgage Loan Trust Series 2006-AR25	2.87%	09/25/2036	0.21%	52,187
25,944	JP Morgan Mortgage Trust Series 2006-A1 <sup>(6)</sup>	3.89%	02/25/2036	0.08%	19,311
1,691,366	LMAT 2017 - RPL1 B <sup>(4)(6)</sup>	5.63%	01/28/2070	5.98%	1,486,912
27,171	MASTR Asset Securitization Trust 2006-1 <sup>(6)</sup>	5.75%	05/25/2036	0.07%	17,765
30,846	Prime Mortgage Trust Series 2003-3 <sup>(4)(6)</sup>	5.98%	01/25/2034	0.07%	17,940
750,000	Progress Residential Trust 2021 - SFR3 H <sup>(4)</sup>	4.75%	05/17/2026	2.61%	649,517
365,906	Residential Asset Securitization Trust <sup>(6)</sup>	5.60%	02/25/2034	1.07%	268,831
899,431	Raistone - First Brands Supply Chain Finance Program 10/04/2 <sup>(6)</sup>	0.00%	02/25/2034	3.50%	871,155
13,292	Residential Funding Mortgage Securities I Series 2005-SA1 <sup>(6)</sup>	4.42%	03/25/2035	0.03%	6,837
2,020,000	STAR 2022-SFR3 F <sup>(4)(5)</sup>	9.58%	05/17/2024	7.70%	1,915,356
118,192	Structured Asset Securities Corporation 2003-9A	5.52%	03/25/2033	0.26%	63,896
1,000,000	US Uninsured Agency 2020-DNA1 B2 (1 Month LIBOR + 5.25%, 0.00% Floor) <sup>(4)</sup>	10.40%	01/25/2050	3.88%	965,625
500,000	US Uninsured Agency 2019-DNA3 B2 (1 Month LIBOR + 8.15%, 0.00% Floor) <sup>(4)(5)</sup>	13.30%	07/25/2049	2.16%	537,500
1,000,000	US Uninsured Agency2020-HQA2 (1 Month LIBOR + 7.60%, 0.00% Floor) <sup>(4)(5)</sup>	12.75%	03/25/2050	4.21%	1,047,500
<b>Total Residential Mortgage-Backed Securities (Cost \$12,952,828)</b>					<b>11,944,016</b>
<b>Preferred Stocks (5.80%) <sup>(1)</sup></b>					
49,521	AGNC Investment Corp, Class B, Series F	6.13%		4.18%	1,039,446
1,594	Annaly Capital Management, Class B	6.50%		0.16%	39,371
11,334	MFA Financial Inc., Class B	6.50%		0.90%	223,620
7,054	New Residential Inv Corp, Class B	6.38%		0.56%	139,810
<b>Total Preferred Stocks (Cost \$1,742,244)</b>					<b>1,442,247</b>
<b>Short-Term Investments - Investment Companies (3.56%) <sup>(1)</sup></b>					
885,902	First American Government Obligation - Class X	5.01%		3.56%	885,902
<b>Total Short-Term Investments - Investment Companies (Cost \$885,902)</b>					<b>885,902</b>
<b>Total Investments (145.25%) <sup>(1)</sup> (Cost \$43,975,923)</b>					<b>36,126,545</b>
<b>Liabilities in Excess of Other Assets (-45.25%) <sup>(1)</sup></b>					<b>(11,254,804)</b>
<b>Total Net Assets Applicable to Unitholders (100.00%) <sup>(1)</sup></b>					<b>\$ 24,871,741</b>

See Accompanying Notes to the Financial Statements.

**Ellington Income Opportunities Fund**  
**SCHEDULE OF INVESTMENTS (continued)**  
**June 30, 2023 (Unaudited)**

<sup>(1)</sup> Percentages are stated as a percent of net assets.

<sup>(2)</sup> Rate reported is the current yield as of June 30, 2023.

<sup>(3)</sup> Step-up bond that pays an initial spread for the first period and then a higher spread for the following periods. Spread shown is as of period end.

<sup>(4)</sup> 144(a) - Security was purchased pursuant to Rule 144a under the Securities Act of 1933 and may not be resold subject to that rule, except to qualified institutional buyers. As of June 30, 2023, these securities amounted to \$27,801,91 or 111.71% of net assets.

<sup>(5)</sup> Collateral or partial collateral for securities sold subject to repurchase. As of June 30, 2023, these securities amounted to \$16,716,002 or 67.16% of net assets.

<sup>(6)</sup> Security is categorized as Level 3 per the Fund's fair value hierarchy. As of June 30, 2023, these securities amounted to \$7,989,762 or 32.10% of net assets.

<sup>(7)</sup> This security represents a basket of interest only strips. Please refer to the Notes to Financial Statements 7. Additional Disclosure of SBA Confirmation of Originator Fee Certificates Custom Basket Holdings for additional information.

**Centrally Cleared Interest Rate Swaps**

Counterparty	Fixed Annual Rate	Floating Rate Index	Floating Rate Paid or Received	Payment Frequency	Maturity Date	Notional Amount	Upfront Premium Paid / (Received)	Unrealized Appreciation / (Depreciation)	Value
J.P. Morgan	2.61%	SOFR	Received	Annually	08/09/2032	\$ 2,087,000	\$ (1,999)	\$ 60,293	\$ 58,294
							<u>\$ (1,999)</u>	<u>\$ 60,293</u>	<u>\$ 58,294</u>

**Over-the-Counter Credit Default Swaps - Sell Protection**

Counterparty	Reference Index	Fixed Annual Rate Received by Fund	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2023	Notional Amount	Upfront Premium Paid / (Received)	Unrealized Appreciation / (Depreciation)	Value
Morgan Stanley	CDX.NA.HY.37.15-25	5.00%	Quarterly	12/20/2026	3.93%	\$ 1,000,000	\$ 20,500	\$ 2,375	\$ 22,875
							<u>\$ 20,500</u>	<u>\$ 2,375</u>	<u>\$ 22,875</u>
							<u>\$ 18,501</u>	<u>\$ 62,668</u>	<u>\$ 81,169</u>

**Ellington Income Opportunities Fund**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**June 30, 2023 (Unaudited)**

**Assets**

Investments at fair value (cost \$43,975,923)	\$	36,126,545
Centrally cleared interest rate swap contracts, at fair value		58,294
Deposits at broker		143,224
Due from broker		20,115
Receivable for Fund shares sold		613,500
Due from Adviser, net		22,278
Interest Receivable		238,174
Over-the-counter credit default swap contracts, at fair value		22,875
Dividend receivable		18,957
Other assets		42,680
Total assets		<u>37,306,642</u>

**Liabilities**

Reverse repurchase agreements		12,146,000
Due to broker		1,898
Accrued expenses		287,003
Total liabilities		<u>12,434,901</u>
Net assets	\$	<u>24,871,741</u>

**Net Assets Consisting of**

Paid-in capital	\$	31,756,746
Total accumulated losses		(6,885,005)
Net assets	\$	<u>24,871,741</u>

**Class A**

Net Assets	\$	146,826
Shares outstanding, unlimited shares authorized		17,199
Net Asset Value per Share	\$	8.54
Maximum Offering Price (net asset value plus maximum sales charge of 5.75%)	\$	<u>9.06</u>

**Class M**

Net Assets	\$	24,724,915
Shares outstanding, unlimited shares authorized		2,937,672
Net Asset Value per Share	\$	<u>8.42</u>

*See Accompanying Notes to the Financial Statements.*

**Ellington Income Opportunities Fund****STATEMENT OF OPERATIONS****For the Period Ended June 30, 2023 (Unaudited)****Investment Income**

Interest income	\$ 3,285,289
Dividend income	54,332
<b>Total Investment Income</b>	<b>3,339,621</b>

**Expenses**

Management fees	259,038
Administrator fees	110,661
Professional fees	37,184
Transfer agent fees	48,119
Interest expense	416,400
Registration fees	24,074
Trustees' fees	29,753
Sub-accounting transfer agency fees	27,213
Compliance fees	28,398
Insurance expense	21,123
Research and trade expenses	20,606
Custodian fees and expenses	5,335
Shareholder reporting expense	6,301
Shareholder servicing fees - Class A	176
Other expenses	1,388
<b>Total Expenses</b>	<b>1,035,769</b>
Less: fees waived/expenses reimbursed by Adviser	(290,260)
<b>Net Expenses</b>	<b>745,509</b>

**Net Investment Income/(Loss)****2,594,112****Realized and Change in Unrealized Gain/(Loss) on Investments**

Net realized gain/(loss) on:

Investments	(111,651)
Credit Default Swaps	25,139
Interest Rate Swaps	89,151
Net realized gain/(loss)	<b>2,639</b>

Net change in unrealized appreciation/(depreciation) of:

Investments	(1,011,010)
Credit Default Swaps	41,505
Interest Rate Swaps	(97,102)
Net unrealized appreciation/(depreciation)	<b>(1,066,607)</b>

**Net Realized and Change in Unrealized Gain/(Loss) on Investments****(1,063,968)****Increase/(Decrease) in Net Assets Resulting from Operations****\$ 1,530,144***See Accompanying Notes to the Financial Statements.*



**Ellington Income Opportunities Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>For the Period Ended June 30, 2023 (Unaudited)</b>	<b>For the Year Ended December 31, 2022</b>
<b>From Operations</b>		
Net investment income/(loss)	\$ 2,594,112	\$ 2,631,717
Net realized gain/(loss)	2,639	562,669
Net change in unrealized appreciation/(depreciation) on investments	(1,066,607)	(6,198,902)
Net increase/(decrease) in net assets resulting from operations	<u>1,530,144</u>	<u>(3,004,516)</u>
<b>Distributions and Dividends to Shareholders</b>		
From distributable earnings	<u>(1,104,813)</u>	<u>(2,576,908)</u>
Total distributions and dividends to common shareholders	<u>(1,104,813)</u>	<u>(2,576,908)</u>
<b>Capital Share Transactions<sup>(1)</sup></b>		
Proceeds from Class A shareholder subscriptions	-	-
Class A distribution reinvestments	5,296	8,919
Payments for Class A redemptions	-	-
Proceeds from Class M shareholder subscriptions	65,929	4,331,857
Class M distribution reinvestments	360,764	811,671
Payments for Class M redemptions	(5,758,435)	(14,121,029)
Net increase/(decrease) in net assets from capital share transactions	<u>(5,326,446)</u>	<u>(8,968,582)</u>
Total increase/(decrease) in net assets	<u>(4,901,115)</u>	<u>(14,550,006)</u>
<b>Net Assets</b>		
Beginning of fiscal period	29,772,856	44,322,862
End of fiscal period	<u>\$ 24,871,741</u>	<u>\$ 29,772,856</u>

<sup>(1)</sup> For shareholder transaction activity, please see Note 8.

See Accompanying Notes to the Financial Statements.

**Ellington Income Opportunities Fund****STATEMENT OF CASH FLOWS****For the Period Ended June 30, 2023 (Unaudited)****Cash Flows From Operating Activities**

Increase/(decrease) in Net Assets Resulting from Operations	1,530,144
Adjustments to reconcile increase/(decrease) in net assets resulting from operations to net cash provided by operating activities:	
Net realized (gain)/loss on investments and swap contracts	(2,639)
Net change in unrealized (appreciation)/depreciation of investments and swap contracts	1,066,607
Net sales of short term investments	743,579
Purchases of investments in securities	(2,434,364)
Proceeds from sales of investments in securities	9,445,085
Net payments related to swap contracts	95,789
Amortization and accretion on investments	(845,118)
Payment-in-kind interest	
Changes in operating assets and liabilities:	
Deposits at broker	189,962
Due from broker	(19,888)
Interest receivable	(22,222)
Receivable from Adviser, net of waiver	15,050
Other assets	(4,530)
Due to broker	(531,745)
Accrued expenses	(101,951)
<b>Net cash provided by operating activities</b>	<b>9,123,759</b>

**Cash Flows From Financing Activities**

Proceeds from reverse repurchase agreements	(2,079,000)
Proceeds from issuance of shares, net of change in receivable for fund shares sold	(547,571)
Payments for redemptions of shares	(5,758,435)
Distributions paid, net of reinvestments	(738,753)
<b>Net cash used in financing activities</b>	<b>(9,123,759)</b>

**Net Increase/(Decrease) in Cash****-****Cash:**

Beginning of fiscal period	-
End of fiscal period	-

**Supplemental Disclosure of Cash Flow and Non-Cash Information**

Non-cash financing activities not included herein consist of distribution reinvestments	366,060
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*See Accompanying Notes to the Financial Statements.*

**Ellington Income Opportunities Fund**  
**FINANCIAL HIGHLIGHTS - Class A**

	For the Period Ended June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019 <sup>(1)</sup>
<b>Per Share Data <sup>(2)</sup></b>					
Net Asset Value, beginning of fiscal period	\$ 8.40	\$ 9.68	\$ 9.35	\$ 10.33	\$ 10.47
Activity from Investment Operations:					
Net investment income/(loss)	1.37	0.55	0.41	0.45	(0.04)
Net realized and unrealized gain/(loss) on investments	(0.91)	(1.27)	0.40	(0.90)	0.05
Total increase (decrease) from investment operations	0.46	(0.72)	0.81	(0.45)	0.01
Less Distributions and Dividends to Unitholders:					
Net investment income	(0.32)	(0.56)	(0.48)	(0.53)	(0.05)
Net realized gain/loss	-	-	-	-	(0.10)
Total distributions and dividends to shareholders	(0.32)	(0.56)	(0.48)	(0.53)	(0.15)
Net Asset Value, end of fiscal period	\$ 8.54	\$ 8.40	\$ 9.68	\$ 9.35	\$ 10.33
Total Investment Return <sup>(2)(5)</sup>	5.54%	(7.52%)	8.69%	(4.20%)	0.12% <sup>(3)</sup>
<b>Supplemental Data and Ratios</b>					
Net assets, end of fiscal period (in 000s)	\$ 147	\$ 139	\$ 150	\$ 138	\$ 144
Ratio of expenses to average net assets before waiver	3.79%	5.37%	4.69%	4.69%	5.68% <sup>(4)</sup>
Ratio of expenses to average net assets after waiver	2.96%	4.07%	3.54%	3.09%	3.27% <sup>(4)</sup>
Ratio of net investment income/(loss) to average net assets before waiver	8.04%	4.62%	2.44%	3.09%	1.73% <sup>(4)</sup>
Ratio of net investment income/(loss) to average net assets after waiver	8.86%	5.91%	3.88%	4.69%	4.14% <sup>(4)</sup>
Portfolio turnover rate	6.30%	40.45%	46.81%	34.71%	64.79% <sup>(3)</sup>

<sup>(1)</sup> Class A commenced operations on December 17, 2019.

<sup>(2)</sup> Information presented relates to a unit outstanding for the period presented and assumes the reinvestment of dividends and capital gain distributions. Had the adviser not waived a portion of fees, total returns would have been lower.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> All income and expenses are annualized for periods less than one full year with the exception of organizational costs.

<sup>(5)</sup> The total investment return does not reflect the application of a sales load.

**Ellington Income Opportunities Fund**  
**FINANCIAL HIGHLIGHTS - Class M**

	For Period Ended		For the Year Ended			
	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018 <sup>(1)</sup>
<b>Per Share Data <sup>(2)</sup></b>						
Net Asset Value, beginning of fiscal period	\$ 8.30	\$ 9.56	\$ 9.25	\$ 10.23	\$ 9.97	\$ 10.00
Activity from Investment Operations:						
Net investment income/(loss)	0.79	0.64	0.43	0.50	0.54	0.05
Net realized and unrealized gain/(loss) on investments	(0.32)	(1.29)	0.43	(0.89)	0.36	(0.04)
Total increase (decrease) from investment operations	0.47	(0.65)	0.86	(0.39)	0.90	0.01
Less Distributions and Dividends to Unitholders:						
Net investment income	(0.35)	(0.61)	(0.55)	(0.59)	(0.54)	(0.04)
Net realized gain/loss	-	-	-	-	(0.10)	-
Total distributions and dividends to shareholders	(0.35)	(0.61)	(0.55)	(0.59)	(0.64)	(0.04)
Net Asset Value, end of fiscal period	\$ 8.42	\$ 8.30	\$ 9.56	\$ 9.25	\$ 10.23	\$ 9.97
Total Investment Return <sup>(2)</sup>	5.93%	(6.98%)	9.40%	3.56%	9.16%	0.06% <sup>(3)</sup>
<b>Supplemental Data and Ratios</b>						
Net assets, end of fiscal period (in 000s)	\$ 24,725	\$ 29,634	\$ 44,172	\$ 28,733	\$ 26,184	\$ 11,203
Ratio of expenses to average net assets before waiver	3.67%	5.39%	4.70%	4.51%	6.50%	10.07% <sup>(4)</sup>
Ratio of expenses to average net assets after waiver	2.64%	3.75%	2.86%	2.51%	2.62%	2.20% <sup>(4)</sup>
Ratio of net investment income/(loss) to average net assets before waiver	8.16%	5.13%	2.67%	3.39%	2.04%	(4.32%) <sup>(4)</sup>
Ratio of net investment income/(loss) to average net assets after waiver	9.19%	6.77%	4.51%	5.39%	5.92%	3.55% <sup>(4)</sup>
Portfolio turnover rate	6.30%	40.45%	46.81%	34.71%	64.79%	5.18% <sup>(3)</sup>

<sup>(1)</sup> Class M commenced operations on November 13, 2018.

<sup>(2)</sup> Information presented relates to a unit outstanding for the period presented and assumes the reinvestment of dividends and capital gain distributions. Had the adviser not waived a portion of fees, total returns would have been lower.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> All income and expenses are annualized for periods less than one full year with the exception of organizational costs.

## **1. ORGANIZATION**

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Ellington Income Opportunities Fund (the “Fund”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a continuously offered, closed-end management company, and is diversified. The Fund is an interval fund that offers to make quarterly repurchases of shares at the net asset value (“NAV”) of Class A shares, Class C shares, Class I shares, and Class M shares. Its four classes of shares: Class A shares are offered at NAV plus a maximum sales charge of 5.75%. Class C, I, and M are offered at NAV. Currently the Fund has two classes of shares operational: Class A and Class M.

Princeton Fund Advisors, LLC (the “Adviser”) serves as the Fund’s investment adviser. Ellington Global Asset Management, LLC (the “Sub-Adviser” or “Ellington”) serves as the Fund’s investment sub-adviser. The Fund’s investment objective is to seek total return, including capital gains and current income.

The Fund is organized as a statutory trust under the laws of the State of Delaware. The Fund’s Class M shares commenced operations on November 13, 2018 and the Fund’s Class A shares commenced operations on December 17, 2019.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

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The Fund’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services - Investment Companies including FASB Accounting Standards Update (“ASU”) 2013-08. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material to the financial statements.

The following is a summary of the significant accounting policies followed by the Fund:

(A) Investments: In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The investment valuation methodologies are discussed further in Note 3.

(B) Investment Transactions, Investment Income and Expense Recognition: Investment transactions are recorded on the trade date. Realized and unrealized gains and losses are calculated based on identified cost. Principal write-offs are treated as realized losses. Interest income is recorded as earned unless ultimate collection is in doubt. Generally, the Fund accretes market discounts and amortizes market premiums on debt securities using the effective yield method. Accretion of market discount and amortization of market premiums requires the use of a significant amount of judgment and the application of several assumptions including, but not limited to, prepayment assumptions and default rate assumptions. Swap contracts are valued using market-standard sources and unrealized appreciation or depreciation is recorded daily as the difference between the prior day and current day closing price. Expenses that are directly attributable to the Fund (the “Fund Expenses”) consist of permitted expenses determined in accordance with the terms of the governing documents. Fund Expenses are charged when incurred. Fund Expenses include, but are not limited to, operational expenses and other expenses associated with the operation of the Fund. Fund Expenses (other than class specific distribution fees) and realized and unrealized gains and losses are allocated proportionately each day based upon the relative net assets of each class.

## **Ellington Income Opportunities Fund**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2023**

(C) Cash: Cash includes cash and cash equivalents. Cash is maintained at U.S. Bank National Association, a member of FDIC. Balances might exceed federally insured limits. Deposits at broker represent margin collateral for the derivative positions held as of June 30, 2023, as shown on the Statement of Assets and Liabilities.

(D) Income Taxes: The Fund has elected to be treated as, and to qualify each year for special tax treatment afforded to, a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code ("IRC"). In order to qualify as a RIC, the Fund must, among other things, satisfy income, asset diversification and distribution requirements. As long as it so qualifies, the Fund will not be subject to U.S. federal income tax to the extent that it distributes annually its investment company taxable income and its net capital gain. The Fund intends to distribute at least annually all or substantially all of such income and gain. If the Fund retains any investment company taxable income or net capital gain, it will be subject to U.S. federal income tax on the retained amount at regular corporate tax rates. In addition, if the Fund fails to qualify as a RIC for any taxable year, it will be subject to U.S. federal income tax on all of its income and gains at regular corporate tax rates. The Fund's 2022, 2021, and 2020 tax filings are still open for examination.

Management has reviewed the Fund's tax positions for all open tax years and has concluded that there is no tax liability/benefit resulting from uncertain income tax positions taken or expected to be taken in the future tax returns. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax expense will significantly change in the next twelve months.

(E) Distributions to Shareholders: Distributions from investment income are declared and paid quarterly. Distributions from net realized capital gains, if any, are declared and paid annually and are recorded on the ex-dividend date. The character of income and gains to be distributed is determined in accordance with income tax regulations, which may differ from GAAP.

(F) Indemnifications: In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

### **3. VALUATION**

The following is a description of the valuation methodologies used for the Fund's financial instruments. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 valuation methodologies include the observation of quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 valuation methodologies include the observation of (i) quoted prices for similar assets or liabilities in active markets, (ii) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves) in active markets, and (iii) quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 fair value methodologies include (i) the solicitation of valuations from third parties (typically, broker-dealers), (ii) the use of proprietary models that require the use of a significant amount of judgment and the application of various assumptions including, but not limited to, prepayment assumptions and default rate assumptions, and (iii) the assessment of observable or reported recent trading activity. The Fund utilizes such information to assign a good faith fair value (the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the valuation date) to each such financial instrument.

**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023**

Market quotations are not typically readily available for the majority of the Fund's securities, they are often valued at fair value as determined by the Adviser, in its capacity as Valuation Designee (the "Valuation Designee"). The Valuation Designee seeks to obtain at least one third-party indicative valuation for each instrument and obtains multiple indicative valuations when available. Third-party valuation providers often utilize proprietary models that are highly subjective and also require the use of a significant amount of judgment and the application of various assumptions including, but not limited to, prepayment and default rate assumptions. The Valuation Designee has been able to obtain third-party indicative valuations on the vast majority of the Fund's investments and expects to continue to solicit third-party valuations on substantially all investments in the future to the extent practical. The Valuation Designee generally values each financial instrument using a third-party valuation received. However, such third-party valuations are not binding, and while the Valuation Designee generally does not adjust such valuations, the Valuation Designee may challenge or reject a valuation when, based on validation criteria, the Valuation Designee determines that such valuation is unreasonable or erroneous. Furthermore, the Valuation Designee may determine, based on validation criteria, that for a given instrument the third-party valuations received does not result in what the Valuation Designee believes to be fair value, and in such circumstances the Valuation Designee may override the third-party valuation with its own good faith valuation. The validation criteria include the use of the Valuation Designee's own models, recent trading activity in the same or similar instruments, and valuations received from third parties.

The Valuation Designee's valuation process, including the application of validation criteria, is overseen and periodically reviewed by the Fund's Board of Trustees. Because of the inherent uncertainty of valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the financial instruments existed, and the differences could be material to the financial statements.

The table below reflects the value of the Fund's Level 1, Level 2 and Level 3 financial instruments measured at fair value as of June 30, 2023:

Description	Level 1	Level 2	Level 3	Total
Investments				
Asset Backed Securities	\$ -	\$ 4,799,240	\$ 1,926,634	\$ 6,725,874
Collateralized Loan Obligations	-	10,093,067	2,547,079	12,640,146
Confirmation of Originator Fee Certificates	-	-	803,640	803,640
Corporate and Other Finance	-	1,684,587	133	1,684,720
Residential Mortgage-Backed Securities	-	9,231,740	2,712,276	11,944,016
Preferred Stocks	1,442,247	-	-	1,442,247
Short-Term Investments	885,902	-	-	885,902
Total Investments	\$ 2,328,149	\$ 25,808,634	\$ 7,989,762	\$ 36,126,545
Other Financial Instruments*				
Interest Rate Swaps	\$ -	\$ 58,294	\$ -	\$ 58,294
Credit Default Swaps	-	22,875	-	22,875
Total Swaps Contracts	\$ -	\$ 81,169	\$ -	\$ 81,169

\*Other financial instruments are derivative instruments, such as swap contracts, which are reported at market value.

The Fund generally uses prices provided by an independent pricing service, broker, or agent bank, which provide non-binding indicative prices on or near the valuation date as the primary basis for fair value determinations for certain instruments. The independent pricing services typically value such securities based on one or more inputs, including but not limited to benchmark yields, transactions, bids, offers, quotations from dealers and trading systems, new issues, spreads and other relationships observed in the markets among comparable securities, and pricing models such as yield measurers calculated using factors such as cash flows, financial or collateral performance and other reference data. In addition to these inputs, mortgage-backed and asset-backed obligations may utilize cash flows, prepayment information, default rates,

**Ellington Income Opportunities Fund**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2023**

delinquency and loss assumptions, collateral characteristics, credit enhancements, and specific deal information. These values are non-binding and may not be determinative of fair value. Values are evaluated during the Fund's valuation process by the Valuation Designee in conjunction with additional information about the instrument, similar instruments, market indicators and other information.

Below is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

<u>Description</u>	
Balance as of December 31, 2022	\$11,458,577
Purchases	844,979
Sales proceeds and paydowns	(3,232,239)
Realized gain / (loss)	(42,748)
Change in unrealized gain / (loss)	(854,489)
Transfers into / (out of) Level 3	(184,322)
Ending Balance – June 30, 2023	<u>\$7,989,758</u>
Change in unrealized appreciation / (depreciation) during the period for Level 3 investments held at June 30, 2023	<u>\$(322,206)</u>

The following table presents information about unobservable inputs related to the Fund's categories of Level 3 investments as of June 30, 2023:

Security	Fair Value at 6/30/2023	Valuation Methodology	Unobservable Inputs	Input Value / Range	Weighted Average
Collateralized Loan Obligation	\$1,992,705	Dealer Marked with Odd Lot Sizing Adjustment	Odd Lot Sizing Adjustment	(0.40%) – (1.21%)	(0.86%)
Residential Mortgage-Backed Securities	\$1,368,553	Dealer Marked with Odd Lot Sizing Adjustment	Odd Lot Sizing Adjustment	(0.31%) - (3.00%)	(1.33%)

A change in unobserved inputs might result in significantly higher or lower fair value measurement as of June 30, 2023. Certain of the Fund's Level 3 investments have been valued using unadjusted inputs that have not been internally developed by the Fund, including third-party transaction and quotations. As a result, fair value assets of \$4,628,502 have been excluded from the proceeding table.

#### **4. RELATED PARTY AGREEMENTS AND FEES**

The Adviser serves as the investment adviser to the Fund. Under the terms of the management agreement between the Fund and the Adviser dated October 17, 2018 (the "Agreement"), the Adviser, subject to the oversight of the Board of Trustees (the "Board"), provides or arranges to be provided to the Fund such investment advice as it deems advisable and will furnish or arrange to be furnished a continuous investment program for the Fund consistent with the Fund's investment objectives and policies. As compensation for its management services, the Fund agrees to pay to the Adviser a monthly fee at the annual rate of 1.85% of the Fund's average daily net assets. For the period ended June 30, 2023, the Fund incurred \$259,038 in management fees under the Agreement.



**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023**

The Adviser and the Fund have entered into an expense limitation and reimbursement agreement under which the Adviser has agreed, until at least April 30, 2024, to waive its management fees and to pay or absorb the ordinary operating expenses of the Fund (excluding (i) interest expense, and any fees and expenses incurred in connection with credit facilities, if any, obtained by the Fund; (ii) transaction costs and other expenses incurred in connection with the acquisition, financing, maintenance, and disposition of the Fund's investments and prospective investments, including without limitation bank and custody fees, brokerage commissions, legal, data, consulting and due diligence costs, servicing and property management costs; (iii) acquired fund fees and expenses; (iv) taxes; and (v) extraordinary expenses), to the extent that its management fees plus applicable distribution and shareholder servicing fees and the Fund's ordinary operating expenses would otherwise exceed, on a year-to-date basis, 2.85%, 3.60%, 2.60%, and 2.20% per annum of the Fund's average daily net assets attributable to Class A, Class C, Class I, and Class M shares, respectively. The Expense Limitation Agreement may not be terminated by the Adviser, but it may be terminated by the Board, on 60 days' written notice to the Adviser. Any waiver or reimbursement by the Adviser is subject to repayment by the Fund within the three years from the date the Adviser waived any payment or reimbursed any expense, if (after taking the repayment into account) the Fund is able to make the repayment without exceeding the expense limitation in place at the time of the waiver or at the time of the reimbursement payment. The Adviser's waived fees and reimbursed expenses that are subject to potential recoupment are as follows:

<u>Fiscal Year Incurred</u>	<u>Amount Waived</u>	<u>Amount Recouped</u>	<u>Amount Subject to Potential Reimbursement</u>	<u>Expiration Date</u>
December 31, 2020	\$336,216		\$336,216	December 31, 2023
December 31, 2021	\$600,842	\$-	\$600,842	December 31, 2024
December 31, 2022	\$621,347	\$-	\$621,347	December 31, 2025
December 31, 2023	\$307,185	\$-	\$307,185	December 31, 2026

On the Statement of Assets & Liabilities, "Due from Adviser, net" represents the management fees incurred and the fees waived/expenses reimbursed by the Adviser.

The Adviser engaged Ellington, an investment adviser registered with the U.S. Securities & Exchange Commission, to serve as the Fund's sub-adviser pursuant to a Subadvisory Agreement dated October 17, 2018 between Ellington and the Adviser (the "Subadvisory Agreement"). Under the terms of the Subadvisory Agreement, the Sub-Adviser is paid directly by the Adviser.

Under Administration, Fund Accounting and Transfer Agent Servicing Agreements between the Fund and U.S. Bancorp Fund Services, LLC doing business as U.S. Bancorp Global Fund Services, LLC ("Global Fund Services"), Global Fund Services is paid a monthly fee based on the NAV of the Fund. Global Fund Services serves as fund administrator, fund accountant, registrar, and transfer agent to the Fund.

For the period ended June 30, 2023, the Fund used U.S. Bank National Association ("U.S. Bank") as its custodian pursuant to a Custody Agreement between U.S. Bank and the Fund.

Northern Lights Compliance Services, LLC ("NLCS") provides a Chief Compliance Officer to the Fund as well as related compliance services pursuant to a consulting agreement between NLCS and the Fund.

For the period ended June 30, 2023, the Fund used Foreside Funds, LLC ("Foreside") as its distributor pursuant to a Distribution Agreement between Foreside and the Fund.

Two Trustees and certain Officers of the Fund are also Officers of the Adviser or Sub-Adviser. Trustees and Officers, other than the Chief Compliance Officer, who are affiliated with the Adviser or the Sub-Adviser are not compensated by the Fund for their services.

**Ellington Income Opportunities Fund**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2023**

**5. INVESTMENT TRANSACTIONS**

The cost of purchases and proceeds from the sale of securities, other than short-term securities, for the period ended June 30, 2023 amounted to \$2,434,364 and \$9,445,085, respectively.

**6. DERIVATIVE INSTRUMENTS**

The Fund uses derivative instruments as part of its investment strategy to achieve its stated investment objective. The Fund's derivative contracts held at period end are not accounted for as hedging instruments under GAAP. For financial reporting purposes, the Fund does not offset derivative assets and liabilities across derivative types that are subject to a master netting arrangement in the Statement of Assets and Liabilities.

The following table lists the fair value of derivative instruments held by the Fund by primary underlying risk and contract type on the Statement of Assets and Liabilities at period end:

<u>Primary Underlying Risk</u>	<u>Centrally cleared interest rate swap contracts, at fair value</u>	<u>Over-the-counter credit default swap contracts, at fair value</u>
Credit Default Swaps	\$ -	\$ 22,875
Interest Rate Risk Swaps	58,294	-

The following table lists the effect of derivative instruments held by the Fund by primary underlying risk and contract type on the Statement of Operations for the period ended June 30, 2023:

<u>Primary Underlying Risk</u>	<u>Realized Gain/(Loss) on:</u>	<u>Net Change in Unrealized Appreciation/(Depreciation) on:</u>
Credit Default Swaps	\$ 25,139	\$ 41,505
Interest Rate Swaps	89,151	(97,102)

The Fund's average monthly notional amount of derivatives during the period ended June 30, 2023 were:

<u>Derivative Type</u>	<u>Average Monthly Notional Amount</u>
Credit Default Swaps	\$2,076,500
Interest Rate Swaps	1,781,841

**Derivatives Risk.** The use of derivative instruments may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities or other instruments underlying those derivatives, including the high degree of leverage often embedded in such instruments, and potential material and prolonged deviations between the theoretical value and realizable value of a derivative. When used as hedging instruments, derivatives subject the Fund to the risk that there will be an imperfect correlation between the value of the derivative and the positions of the Fund being hedged by the derivative. Some derivatives have the potential for unlimited loss, regardless of the size of the Fund's initial investment. Derivatives may be illiquid and may be more volatile than other types of investments. The Fund may buy or sell derivatives not traded on an exchange and which may be subject to heightened liquidity and valuation risk. There may not be a liquid secondary market for the derivative instruments traded by the Fund. Derivative investments can increase portfolio turnover and transaction costs. Derivatives also are subject to counterparty risk. As a result, the Fund may obtain no recovery of its investment or may only obtain a limited recovery, and any recovery may be delayed. Not all derivative transactions require a counterparty to post collateral, which may expose the Fund to greater losses in the event of a default by a counterparty.

The Fund's use of derivatives is also subject to the following additional risks:

**Counterparty Risk.** The Fund's investments may be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, the Fund deals, whether in exchange-traded or OTC transactions. The Fund may be subject to the risk of loss of Fund assets on deposit or being settled or cleared with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Fund, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. To the extent that the Fund has posted margin or has other amounts held by a counterparty that becomes insolvent, the Fund may be deemed to be an unsecured creditor of the counterparty and would need to pursue its claim in bankruptcy or liquidation proceedings. Amounts for any such claims may be less than the amounts owed to the Fund. Such events would have an adverse effect on the Fund's NAV.

**Swap Agreements.** A swap is an agreement between two parties to exchange a sequence of cash flows (or other assets) for a set period of time. Swaps can involve greater risks than a direct investment in an underlying asset because swaps typically include a certain amount of embedded leverage and, as such, are subject to leveraging risk. If swaps are used as a hedging strategy, the Fund is subject to the risk that the hedging strategy may not eliminate the risk that it is intended to offset, due to, among other reasons, the occurrence of unexpected price movements or the non-occurrence of expected price movements. Swaps also may be difficult to value. Total return swaps and credit default swaps are subject to counterparty risk, credit risk and liquidity risk. In addition, total return swaps are subject to market risk and credit default swaps are subject to the risks associated with the purchase and sale of credit protection. With respect to a credit default swap, if the Fund is selling credit protection, there is a risk that a credit event will occur and that the Fund will have to pay the counterparty. Additionally, the Fund is exposed to many of the same risks of leverage since if an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. There is also the risk that the transaction may be closed out at a time when the credit quality of the underlying investment has deteriorated, in which case the Fund may need to make an early termination payment. The protection buyer in a credit default swap may be obligated to pay the protection seller an upfront payment or a periodic stream of payments over the term of the contract provided generally that no credit event on a reference obligation has occurred. If the Fund is buying credit protection, there is the risk that no credit event will occur and the Fund will receive no benefit (other than any hedging benefit) for the premium paid. There is also the risk that the transaction may be closed out at a time when the credit quality of the underlying investment has improved, in which case the Fund may need to make an early termination payment. If a credit event were to occur, the value of any deliverable obligation received by the seller (if any), coupled with the upfront or periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the seller. There is a risk that based on movements of interest rates, the payments made under a swap agreement will be greater than the payments received.

**Regulation as a Commodity Pool.** The Fund has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" ("CPO") with the U.S. Commodity Futures Trading Commission (the "CFTC") and the National Futures Association ("NFA"), which regulate trading in the futures markets. Pursuant to CFTC Regulation 4.5, the Fund is not subject to regulation as a commodity pool under the Commodity Exchange Act (the "CEA"). As a result, neither the Adviser nor the Sub-Adviser is a CPO with respect to the Fund. The Fund reserves the right to elect to rely on other applicable exemptions under CEA rules, which may increase the Fund's regulatory compliance obligations and expenses. In the event the Fund, the Adviser or the Sub-Adviser fails to qualify for the exclusion and is required to register as a CPO, the Fund may become subject to additional disclosure, recordkeeping and reporting requirements, which may increase the Fund's regulatory compliance obligations and expenses.

**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023****7. ADDITIONAL DISCLOSURE OF SBA CONFIRMATION OF ORIGINATOR FEE CERTIFICATES CUSTOM BASKET HOLDINGS**

Current Principal Amount	Description	Rate	Maturity	Percentage of Custom Basket	Fair Value
786,816	SBA Confirmation of Originator Fee Certificate 344019	1.56%	07/25/2044	8.59%	\$68,971
589,933	SBA Confirmation of Originator Fee Certificate 344020	2.31%	08/12/2044	6.45%	51,803
615,451	SBA Confirmation of Originator Fee Certificate 344021	3.56%	09/17/2044	6.72%	\$54,044
272,675	SBA Confirmation of Originator Fee Certificate 344022	3.06%	08/09/2044	2.98%	\$23,944
992,989	SBA Confirmation of Originator Fee Certificate 344023	3.31%	08/16/2044	10.85%	\$87,196
532,538	SBA Confirmation of Originator Fee Certificate 344024	2.31%	08/27/2044	5.81%	\$46,763
928,461	SBA Confirmation of Originator Fee Certificate 344025	2.31%	09/18/2044	10.14%	\$81,529
2,336,228	SBA Confirmation of Originator Fee Certificate 344027	2.81%	09/26/2044	25.43%	\$204,340
2,116,577	SBA Confirmation of Originator Fee Certificate 344028	3.56%	10/25/2044	23.03%	\$185,050
9,171,667				100.00%	\$803,640

**8. TAX BASIS INFORMATION**

It is the Fund's intention to continue to qualify as a RIC under Subchapter M of the IRC and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in its financial statements.

The tax character of distributions paid to shareholders during the years ended December 31, 2022 and December 31, 2021, were as follows:

	2022	2021
Ordinary Income	\$2,576,908	\$1,817,478
Net Long-Term Capital Gains	-	-
Return of Capital	-	375,035
Total Distributions Paid	\$2,576,908	\$2,192,513

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. These differences are primarily due to differences in the timing of recognition of gains or losses on investments.

GAAP requires that certain components of net assets be reclassified between financial and tax reporting. Temporary differences do not require reclassification. Temporary and permanent differences have no effect on net assets or NAV per share. For the year ended December 31, 2022, the Fund made the following permanent book to tax reclassification primarily related to excise tax:

<u>Distributable Earnings</u>	<u>Paid-In Capital</u>
\$-	\$(-)

**Ellington Income Opportunities Fund**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2023**

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The following information is provided on a tax basis (including reverse repurchase agreements) as of December 31, 2022:

Tax cost of investments	\$ 50,908,446
Total tax cost of portfolio	<u>\$ 50,908,446</u>
Gross unrealized appreciation	1,693,092
Gross unrealized depreciation	<u>(8,300,756)</u>
Net unrealized appreciation / (depreciation)	(6,607,664)
Undistributed ordinary income / (loss)	19,783
Undistributed long-term gain / (loss)	-
Other temporary differences	<u>(722,456)</u>
Total accumulated gain / (loss)	<u>\$ (7,310,337)</u>

The difference between book basis and tax basis unrealized appreciation / (depreciation) on investments is primarily attributable to mark to market on derivatives.

As of December 31, 2022, for federal income tax purposes, there were capital loss carryforwards of \$722,456. The capital loss carryforwards do not have an expiration date and will retain their character as either short-term or long-term capital losses. The ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund follows the authoritative guidance on accounting for and disclosure of uncertainty on tax positions, which requires management to determine whether a tax position of the Fund is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation process, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Fund did not have any unrecognized tax benefits or unrecognized tax liabilities as of December 31, 2022. The Fund does not expect any change in unrecognized tax benefits or unrecognized tax liabilities within the next year. In the normal course of business, the Fund may be subject to examination by federal, state, local and foreign jurisdictions, where applicable, for the open tax years of 2022, 2021, and 2020.

## **9. SHAREHOLDER TRANSACTIONS**

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The Fund operates as an interval fund pursuant to Rule 23c-3 under the 1940 Act and, as such, has adopted a fundamental policy to make quarterly repurchase offers, at NAV, of no less than 5% and no more than 25% of the Fund's shares outstanding on the Repurchase Request Deadline (as defined below). There is no guarantee that shareholders will be able to sell all of the shares they desire to sell in a quarterly repurchase offer, although each shareholder will have the right to require the Fund to purchase at least 5% of such shareholder's shares in each quarterly repurchase. Liquidity will be provided to shareholders only through the Fund's quarterly repurchases. Shareholders will be notified in writing of each quarterly repurchase offer and the date the repurchase offer ends (the "Repurchase Request Deadline"). Shares will be repurchased at the NAV per share determined as of the close of regular trading on the NYSE no later than the 14th day after the Repurchase Request Deadline, or the next business day if the 14th day is not a business day.

**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023**

During the period ended June 30, 2023, the Fund completed four repurchase offers. In the offers that commenced on February 18, 2023, and May 19, 2023, the Fund offered to repurchase up to 10% of the number of its outstanding shares as of the applicable Repurchase Pricing Date. The results of these repurchase offers are as follows:

Commencement Date	February 17, 2023	May 19, 2023
Repurchase Request Deadline	March 17, 2022	June 16, 2023
Repurchase Pricing Date	March 17, 2022	June 16, 2023
Amount Repurchased	\$6,002,442	\$2,757,213
Shares Repurchased	717,995	326,684

Class A had 17,199 shares outstanding as of June 30, 2023. Class A did not issue any shares through shareholder subscriptions, issued 631 shares through dividend reinvestments, and did not repurchase any shares through shareholder redemptions during the period ended June 30, 2023.

Class M had 2,937,672 shares outstanding as of June 30, 2023. Class M issued 366,808 shares through shareholder subscriptions, 43,645 shares through dividend reinvestments and repurchased 1,044,679 shares through shareholder redemptions during the period ended June 30, 2023.

**10. BORROWING**

Reverse Repurchase Agreements: The Fund may enter into reverse repurchase agreements. In a reverse repurchase agreement, the Fund delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. The Fund is entitled to receive the principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Fund to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Fund to counterparties are recorded as a component of interest expense on the Statement of Operations. The Fund will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

Reverse repurchase agreements involve the risk that the market value of the securities retained in lieu of sale by the Fund may decline below the price of the securities the Fund has sold but is obligated to repurchase. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities, and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. Also, the Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the securities subject to such agreements.

**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023**

As of June 30, 2023, the Fund had the following reverse repurchase agreements outstanding, which were equal to 48.83% of the Fund's net assets:

Counterparty	Amount Borrowed	Borrowing Rate	Borrowing Date	Maturity Date	Maturity Amount
JP Morgan	\$540,000	6.10%	05/22/2023	08/10/2023	\$543,660
RBC Capital Markets	439,000	6.16%	06/12/2023	08/14/2023	440,427
RBC Capital Markets	313,000	6.92%	06/21/2023	08/21/2023	313,602
RBC Capital Markets	609,000	7.04%	05/30/2023	07/31/2023	612,811
RBC Capital Markets	299,000	6.74%	05/10/2023	07/10/2023	301,911
RBC Capital Markets	615,000	7.04%	05/30/2023	07/31/2023	618,849
RBC Capital Markets	1,034,000	6.84%	05/30/2023	07/31/2023	1,040,287
JP Morgan	1,472,000	6.64%	06/07/2023	09/07/2023	1,478,514
JP Morgan	840,000	6.69%	06/07/2023	09/07/2023	843,745
LUCID Management	781,000	6.57%	06/15/2023	07/20/2023	783,279
RBC Capital Markets	631,000	6.67%	06/21/2023	08/21/2023	632,279
LUCID Management	1,119,000	6.40%	04/13/2023	07/20/2023	1,134,707
RBC Capital Markets	579,000	6.84%	06/07/2023	08/07/2023	581,640
JP Morgan	1,755,000	6.64%	06/07/2023	09/07/2023	1,762,767
RBC Capital Markets	578,000	6.67%	06/28/2023	08/28/2023	578,325
RBC Capital Markets	542,000	6.84%	06/07/2023	08/07/2023	544,472
Totals	\$12,146,000				\$12,211,165

As of June 30, 2023, the fair value of securities held as collateral for reverse repurchase agreements was \$16,716,002, as noted on the Schedule of Investments. For the period ended June 30, 2023, the average daily balance and average interest rate in effect for reverse repurchase agreements were \$10,647,013 and 6.22%, respectively.

The following is a summary of the reverse repurchase agreements by the type of collateral and the remaining contractual maturity of the agreements:

	Overnight and Continuous	Up to 30 Days	30 to 90 Days	Greater than 90 Days	Total
Collateral Loan Obligation	\$-	\$2,199,000	\$9,947,000	\$-	\$12,146,000

**Ellington Income Opportunities Fund****NOTES TO FINANCIAL STATEMENTS (continued)****June 30, 2023**

Below is the gross and net information about instruments and transactions eligible for offset in the Statement of Assets and Liabilities as well as instruments and transactions subject to an agreement similar to a master netting arrangement:

Description	Gross Amounts of Recognized Liabilities	Gross Amounts offset in the Statement of Assets & Liabilities	Net Amounts Presented in the Statement of Assets & Liabilities	Gross Amounts of Collateral Not Offset on the Statement of Assets & Liabilities		Net Amount
				Non-Cash Collateral (Pledged) / Received	Cash Collateral (Pledged) / Received	
Reverse Repurchase Agreements	\$12,146,000	\$-	\$12,146,000	\$(16,716,002) <sup>(1)</sup>	\$-	\$-

<sup>(1)</sup> Refer to the Schedule of Investments for the Securities pledged as collateral. The value of these securities is \$16,716,002.

Reverse repurchase transactions are entered into by the Fund under Master Repurchase Agreements (“MRA”) which permit the Fund, under certain circumstances, including an event of default of the Fund (such as bankruptcy or insolvency), to offset payables under the MRA with collateral held with the counterparty and create one single net payment from the Fund. Upon a bankruptcy or insolvency of the MRA counterparty, the Fund is considered an unsecured creditor with respect to excess collateral and, as such, the return of excess collateral may be delayed. In the event the buyer of securities (i.e. the MRA counterparty) under a MRA files for bankruptcy or becomes insolvent, the Fund’s use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Fund’s obligation to repurchase the securities.

**11. CONTROL OWNERSHIP**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates presumption of control of the fund, under Section 2(a)(9) of the 1940 Act. As of June 30, 2023, National Financial Services held approximately 99.14% of the voting securities of the Fund.

**12. MARKET RISK**

An investment in the Fund’s shares is subject to investment risk, including the possible loss of the entire amount invested. Global, national, regional and local reaction to any market events, natural disasters or a pandemic could impact the health of the economy, and the Fund, temporarily or for an extended period. An investment in the Fund’s shares represents an indirect investment in the investments owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. In addition, the Fund is subject to the risk that geopolitical and other events will disrupt the economy on a national or global level. For instance, war, terrorism, market manipulation, government defaults, government shutdowns, political changes or diplomatic developments, public health emergencies (such as the spread of infectious diseases, pandemics and epidemics), climate-change and climate related events, and natural/environmental disasters can all negatively impact the securities markets, which could cause the Fund to lose value. The COVID-19 global pandemic and the aggressive responses taken by many governments, had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how long such impacts, or any future impacts of other significant events described above, will or would last, but there could be a prolonged period of global economic slowdown, which may negatively impact the



**Ellington Income Opportunities Fund**

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**NOTES TO FINANCIAL STATEMENTS (continued)****December 31, 2022**

performance of the Fund's investments or decrease the liquidity of those investments. Therefore, the Fund could lose money over short periods due to short-term market movements and over longer periods during prolonged market downturns.

**13. SUBSEQUENT EVENTS**

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Subsequent events after the date of these financial statements have been evaluated through the date the financial statements were issued.

Management has determined that there were no subsequent events to disclose in the financial statements.

## **Ellington Income Opportunities Fund**

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### **ADDITIONAL INFORMATION**

**June 30, 2023 (Unaudited)**

#### **Form N-PORT**

The Fund files its complete schedule of portfolio holdings for the first and third quarters of each fiscal year with the SEC on Form N-PORT. The Fund's Form N-PORT is available without charge by visiting the SEC's Website at [www.sec.gov](http://www.sec.gov).

#### **Proxy Voting**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities owned by the Fund and information regarding how the Fund voted proxies relating to the portfolio of securities for the most recent 12-month period ended June 30 are available to stockholders without charge, upon request by calling the Adviser at (888) 862-3690.

#### **Board of Trustees**

The Fund's prospectus and statement of additional information includes information about the Fund's Trustees and is available upon request without charge by calling the Adviser at (888) 862-3690 or by visiting the SEC's Website at [www.sec.gov](http://www.sec.gov).

#### **Forward-Looking Statements**

This report contains "forward-looking statements," which are based on current management expectations. Actual future results, however, may prove to be different from expectations. You can identify forward-looking statements by words such as "may", "will", "believe", "attempt", "seem", "think", "ought", "try" and other similar terms. The Fund cannot promise future returns. Management's opinions are a reflection of its best judgment at the time this report is compiled, and it disclaims any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise.

#### **Tax Notice**

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871 (k)(2)(c) for the fiscal year ended December 31, 2021 was 0.00%.