

Form ADV Part 2A

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March 29, 2018

This brochure provides information about the qualifications and business practices of MTGE Management, LLC (“MTGE Manager”). If you have any questions about the contents of this brochure, please contact us at (301) 968-9300 or IR@mtge.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MTGE Manager also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC as an investment adviser does not imply that MTGE Manager or any of its officers or employees possess a particular level of skill or training.

Material Changes [Item 2]

This brochure contains updated information about MTGE Manager.

Since we last updated our brochure on March 30, 2017, there have been no material changes to MTGE Manager's business.

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ADVISORY BUSINESS [Item 4]

MTGE Management, LLC (“MTGE Manager”) is a Delaware limited liability company, which is wholly owned by AGNC Mortgage Management, LLC (“AMM”), which is, in turn, wholly owned by AGNC Investment Corp. (“AGNC”). AGNC is a public real estate investment trust (“REIT”) and is traded on The Nasdaq Global Select Market under the symbol “AGNC.”

MTGE Manager was formed in 2011 to manage MTGE Investment Corp. (“MTGE”).

MTGE Manager provides investment management, administrative and other advisory services to MTGE, a publicly-traded hybrid mortgage REIT, which commenced operations in August 2011 and invests in a leveraged portfolio of agency residential mortgage-backed securities, non-agency securities, other mortgage-related investments and other real estate investments. Agency mortgage investments include residential mortgage pass-through certificates and collateralized mortgage obligations structured from residential mortgage pass-through certificates for which the principal and interest payments are guaranteed by a government-sponsored entity (“GSE”). Non-agency securities include securities backed by residential mortgages that are not guaranteed by a GSE or U.S. Government agency and credit risk transfer securities (“CRT”). Other mortgage-related investments may include commercial mortgage-backed securities (“CMBS”), prime and non-prime residential mortgage loans, commercial mortgage loans and mortgage-related derivatives. Other real estate investments may include equity and debt investments in healthcare real estate, including skilled nursing, assisted living and independent living facilities, operated by third party operators. As part of its management duties, MTGE Manager may employ hedging techniques designed to reduce MTGE’s exposure to market risks, including interest rate, prepayment, extension and credit risks. MTGE is traded on The Nasdaq Global Select Market under the symbol “MTGE.”

MTGE Manager manages the investments of MTGE according to its investment management agreement with MTGE and consistent with MTGE’s investment objectives and strategy. MTGE Manager has discretionary trading authorization. MTGE’s investments are subject to certain restrictions and limitations set forth in MTGE’s prospectus, such as prohibitions on investing in certain types of assets, prohibitions on investments that would cause MTGE to fail to qualify as a REIT for federal income tax purposes, and prohibitions on investments that would cause MTGE to be regulated as an investment company under the Investment Company Act of 1940 Act, as amended, among others.

Investors and prospective investors in MTGE should refer to the prospectus and related agreements, including subsequent periodic filings, and other governing documents for MTGE for complete information. Prior performance is not necessarily indicative of future results, and there is no assurance that MTGE’s investment objectives will be achieved.

MTGE Manager does not participate in any wrap fee programs.

As of December 31, 2017, MTGE Manager managed approximately \$5,953,036,000 of assets of MTGE on a discretionary basis.

FEES AND COMPENSATION [Item 5]

Pursuant to the terms of its management agreement with MTGE, MTGE Manager earns a base management fee equal to 1/12 of 1.5% of MTGE's month-end stockholders' equity, adjusted to exclude the effect of any unrealized gains or losses included in either retained earnings or other comprehensive income (loss), each as computed in accordance with U.S. generally accepted accounting principles ("GAAP"). The management fee is payable monthly in arrears.

Under the terms of the management agreement, MTGE Manager is entitled to a termination fee in the event of the termination of the management agreement with MTGE without cause or a material breach of the agreement by MTGE equal to three times the average annual management fee earned by MTGE Manager during the prior 24-month period immediately preceding the most recently completed month prior to the effective date of termination.

Additionally, MTGE Manager is entitled to reimbursement from MTGE for all of its operating expenses, including fees, costs and expenses directly related to the purchase and sale of its investments, taxes, fees of auditors and counsel, insurance, litigation expenses, custodial expenses and any extraordinary expenses but excluding employment-related expenses. Pursuant to the terms of the management agreement, there are no limits on such expense reimbursements. MTGE's prospectus contains complete information on the expenses payable by MTGE.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT [Item 6]

MTGE Manager does not charge performance-based fees.

AGNC Management, LLC (“AGNC Manager”), a Delaware limited liability company and a sister company of MTGE Manager, is also owned by AMM and is separately registered with the SEC as an investment adviser. AGNC Manager is the internal investment manager of AGNC.

AGNC and MTGE make similar investments with respect to agency securities, non-agency securities and certain other mortgage-related investments. With regards to agency investments, such investments are generally not limited in supply or otherwise of scarce opportunity. However, where AGNC and MTGE do make overlapping investments, AMM has adopted an investment allocation policy to govern such situations. To mitigate potential conflicts of interest, investment opportunities are allocated between AGNC and MTGE in accordance with the investment allocation policy and consistent with fiduciary duties, compliance with the Investment Advisers Act of 1940, as amended and each of AGNC’s and MTGE’s corresponding investment mandates.

The value of some of MTGE’s investments may not be readily determinable. The fair value of such investments is measured quarterly, in accordance with guidance set forth in FASB Accounting Standards Codification, or ASC, Topic 820, Fair Value Measurements and Disclosures. The fair value at which MTGE’s assets may be recorded may not be an indication of their realizable value. Ultimate realization of the value of an asset depends on economic and other conditions that are beyond the control of MTGE Manager, MTGE or their respective Boards. Further, fair value is only an estimate based on good faith judgment of the price at which an investment can be sold since market prices of investments can only be determined by negotiation between a willing buyer and seller. If MTGE were to liquidate a particular asset, the realized value may be more than or less than the amount at which such asset is valued. Accordingly, the value of MTGE’s common stock could be adversely affected by the determinations regarding the fair value of its investments, whether in the applicable period or in the future. Additionally, such valuations may fluctuate over short periods of time.

In most cases, MTGE Manager’s determination of the fair value of MTGE’s investments will include inputs provided by third-party dealers and pricing services. Valuations of certain investments in which MTGE may invest are often difficult to obtain or unreliable. In general, dealers and pricing services heavily disclaim their valuations. Dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental, or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and illiquidity of a security, valuations of the same security can vary substantially from one dealer or pricing service to another. Therefore, MTGE’s results of operations for a given period could be adversely affected if the determinations regarding the fair market value of these

investments are materially different than the values that MTGE ultimately realizes upon their disposal.

TYPES OF CLIENTS [Item 7]

MTGE Manager provides investment advice to MTGE, a publicly traded REIT. MTGE does not have suitability or net worth qualifications.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

[Item 8]

The following is a summary of the investment strategies and methods of analysis employed by MTGE Manager with respect to its management of MTGE and the material risks applicable to an investment in MTGE. Specific descriptions of such strategies, methods and risks are included in MTGE's prospectus and should be reviewed carefully.

Methods of Analysis and Investment Strategies

MTGE Manager selectively constructs and actively manages a diversified investment portfolio for MTGE comprised of asset classes that, when properly financed and hedged, are designed to produce attractive risk-adjusted returns across a variety of market conditions and economic cycles. The strategy focuses on asset selection and the relative value of various sectors within the mortgage market.

MTGE earns income primarily from investing on a leveraged basis in agency mortgage investments, non-agency mortgage investments, other mortgage-related investments and other real estate investments. MTGE's objective is to provide attractive risk-adjusted returns to its stockholders over the long-term through a combination of dividends and net book value appreciation. In pursuing this objective, MTGE relies on MTGE Manager's expertise to construct and manage a diversified mortgage investment portfolio by identifying asset classes that, when properly financed and hedged, are selected to produce attractive returns across a variety of market conditions and economic cycles, considering the risks associated with owning such investments. Mortgage-related investments may be funded primarily through short-term borrowings structured as repurchase agreements. MTGE may also seek to obtain other sources of financing depending on market conditions. For instance, MTGE may finance the acquisition of agency securities through off-balance sheet to-be-announced, or "TBA," dollar roll transactions. In evaluating MTGE's overall leverage at risk, MTGE Manager considers both MTGE's on-balance and off-balance sheet financing.

Material Risks

MTGE may not be able to execute successfully its investment, financing and hedging strategies as described in its prospectus, which could result in a loss of some or all of its investments. The results of its operations will depend on many factors, including, without limitation, the availability of attractively priced mortgage-related investments, the level and volatility of interest rates, readily accessible financing for its proposed investment portfolios, conditions in the financial markets and the economy in general.

MTGE may experience significant short-term gains or losses as a result of its active portfolio management strategies. MTGE's strategy involves significant leverage, which increases the risk that it may incur substantial losses. Because of MTGE's significant leverage, it may incur substantial losses if the value of its securities decreases or its borrowing costs increase.

Residential mortgage loans underlying non-agency RMBS are secured by residential property and are subject to risks of delinquency, foreclosure and loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors may impair a borrower's ability to repay its loans, including: loss of employment; divorce; illness; acts of God; acts of war or terrorism; adverse changes in national and local economic and market conditions; changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of complying with such laws and regulations, fiscal policies and ordinances; costs of remediation and liabilities associated with environmental conditions such as mold; and the potential for uninsured or under-insured property losses.

Commercial mortgage loans underlying CMBS are generally secured by multifamily or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans made on the security of residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income producing property can be affected by, among other things: tenant mix; success of tenant businesses; property management decisions; property location and condition; competition from comparable types of properties; changes in laws that increase operating expense or limit rents that may be charged; any need to address environmental contamination at the property; the occurrence of any uninsured casualty at the property; changes in national, regional or local economic conditions or specific industry segments; declines in regional or local real estate values; declines in regional or local rental or occupancy rates; increases in interest rates; real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies, including environmental legislation; acts of God, acts of war or terrorism, social unrest and civil disturbances.

Other real estate investments may include equity investments in healthcare and other senior living facilities and debt investments secured by such facilities. These facilities are generally leased to third party operators to conduct the business operation of each facility. MTGE is dependent upon the successful operation of the facility by our counterparties. These operations may be impacted by factors specific to the healthcare sector, including, but not limited to, regulatory changes, government reimbursement reductions and revisions to licensure or certification requirements. Additionally, healthcare real estate is relatively illiquid, generally cannot be sold quickly and may be subject to impairment charges based on factors such as market conditions and operator performance.

Any credit ratings assigned to MTGE's investments will be subject to ongoing evaluations and revisions and there can be no assurance that those ratings will not be downgraded.

MTGE Manager's due diligence of potential investments may not reveal all of the potential liabilities associated with such investments and may not reveal other weaknesses in such investments, which could lead to investment losses.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between these agencies and the U.S. Government, may adversely affect the agency mortgage portion of MTGE's business.

DISCIPLINARY INFORMATION [Item 9]

There are no legal or disciplinary events involving MTGE Manager or its management persons required to be disclosed pursuant to this Item 9.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS [Item 10]

Bethesda Securities, LLC, a wholly-owned subsidiary of AGNC, is registered with FINRA as a broker-dealer, and certain employees of MTGE Manager and its affiliates are registered representatives of Bethesda Securities.

Neither MTGE Manager nor any of its management persons is registered as a registered futures commission merchant or commodity pool operator. MTGE Manager is exempt from registration as a commodity trading advisor.

As described in Item 4, both MTGE Manager and AGNC Manager are indirectly wholly-owned by AGNC. MTGE Manager provides investment advice to MTGE pursuant to a management agreement. Certain employees of the parent company of MTGE Manager provide services to both MTGE Manager and AGNC Manager. Thus, such personnel may have conflicts in allocating their time and services between AGNC and MTGE and may spend substantially all of their business time on one or the other.

As described in Item 6, MTGE Manager evaluates potential investment opportunities in agency securities, non-agency securities and other mortgage-related investments which are eligible investments for both MTGE and AGNC. Thus, the parent company of MTGE Manager and AGNC Manager has adopted a policy to ensure that such investment opportunities will, to the extent practicable, be allocated between MTGE and AGNC on a basis that over a period of time is fair and equitable to each fund, taking into account all relevant facts and circumstances.

MTGE Manager permits its principals, officers, employees and supervised persons (“Covered Persons”) to engage in personal securities transactions, subject to compliance with MTGE Manager’s Code of Ethics, as described in Item 11.

MTGE Manager does not recommend or select other third-party investment advisers for its clients. Except as described herein, MTGE Manager does not have other business relationships with other advisers that create a material conflict of interest.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING [Item 11]

MTGE Manager has adopted a Code of Ethics and Conduct (the “Code”) pursuant to Rule 204A-1 under the Advisers Act, which includes formal personal trading policies and procedures generally requiring, among other things, all Covered Persons and certain family members and other related persons to file with MTGE Manager’s Chief Compliance Officer certain reports concerning their personal securities holdings and transactions and, subject to certain exceptions, to obtain pre-clearance for purchasing and selling “covered securities.” All Covered Persons are also required to report any violations of the Code to MTGE Manager’s Chief Compliance Officer.

The Code provides that no Covered Person may, in breach of any fiduciary duty he or she owes to MTGE, engage directly or indirectly in any business investment in a manner detrimental to MTGE or use confidential information gained by reason of his or her employment by or affiliation with MTGE Manager in a manner detrimental to MTGE.

MTGE Manager and the Covered Persons owe a fiduciary duty of care, loyalty, honesty and good faith to MTGE. The Code further obligates each Covered Person to:

- Observe all laws and regulations
- Avoid conflicts of interest
- Maintain accurate and complete company records, and
- Protect confidential information

Any client or prospective client or investor or prospective investor in MTGE may obtain a copy of the Code upon request.

The Code includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information (“Inside Information”). Covered Persons are required to comply with the Code, including these policies, and may be asked to certify their compliance on a periodic basis. The Code prohibits MTGE Manager and Covered Persons from trading for MTGE or themselves, or recommending trading, in securities of MTGE while in possession of Inside Information about MTGE, and from disclosing such information to any person not entitled to receive it.

MTGE Manager permits its employees and other related persons to engage in personal securities transactions, subject to compliance with its Code. No such person shall purchase or sell, directly or indirectly, any covered security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and that he or she knows or should have known at the time of such purchase or sale is being considered for purchase or sale by MTGE Manager or is being purchased or sold by MTGE Manager.

From time to time, MTGE Manager may cause MTGE to engage in “cross trades” via the purchase of a portfolio investment from or sale of a portfolio investment to AGNC, provided that the sale or purchase is consistent with MTGE Manager’s fiduciary obligations and otherwise complies with applicable law and MTGE Manager’s policies.

BROKERAGE PRACTICES [Item 12]

Trades in agency securities are typically made through broker-dealers that, acting as principal, charge markups, markdowns or other charges in connection with such trades. These broker-dealers do not charge commissions. Thus, it is obtaining or selling securities at the best price under the circumstances that defines MTGE Manager's objective in seeking best execution. MTGE Manager seeks best execution for MTGE's securities transactions by identifying appropriate broker-dealers through which to effect such transactions. In seeking best execution, MTGE Manager evaluates, on an ongoing basis, the prices that are available in the broker-dealer markets. MTGE Manager generally considers the following factors, among others, in selecting and approving broker-dealers that may compete for MTGE Manager's business: (i) quality of execution—accurate and timely execution, clearance and cooperation in resolving errors and disputes; (ii) reputation; (iii) reliability, both historically and as an ongoing matter; (iv) willingness to execute difficult transactions; (v) access to underwritten offerings of fixed income securities; (vi) nature of the security and availability of market makers; (vii) desired timing of transactions and size of trades; (viii) confidentiality of trading activity, particularly in less liquid sectors; (ix) market intelligence and knowledge regarding trading activity; (x) ability to settle trades; (xi) a salesperson's ability to harness his or her firm's resources to the benefit of MTGE; and (xii) research capabilities.

MTGE Manager may also use electronic trading systems to execute trades. These systems charge transaction fees that are included in the price of the security.

MTGE Manager does not participate in "soft dollar" arrangements under which MTGE Manager "pays up" (in the form of higher markups, markdowns or commissions charged to MTGE for fixed income trades) for research in connection with fixed income trades. MTGE Manager may, however, receive research (including proprietary research) from various broker-dealers through which it may execute trades where MTGE Manager's receipt of the research does not result in additional cost to MTGE. Research so obtained results in an economic benefit to MTGE Manager, and MTGE Manager does not account for the value of this research. MTGE Manager generally uses the research to assist it in its investment decision-making process, but this research may not be used for MTGE. MTGE Manager may have an incentive to select or recommend a broker-dealer based on MTGE Manager's interest in receiving the research or other products or services, rather than on MTGE's interest in receiving most favorable execution.

MTGE Manager does not participate in directed brokerage arrangements.

REVIEW OF ACCOUNTS [Item 13]

MTGE Manager monitors each investment of MTGE on an ongoing basis. In addition, MTGE Manager conducts periodic reviews in order to assess trends that may impact an individual investment's ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

MTGE Manager provides MTGE's Board of Directors with quarterly reports, which typically include, among other information, holdings and transaction information, performance and risk analysis, accounting data, portfolio reviews and distribution information. MTGE Manager also provides additional information or reports as requested by the board. MTGE's shareholders may obtain annual and quarterly reports as filed with the SEC and attend an annual shareholder meeting.

CLIENT REFERRALS AND OTHER COMPENSATION [Item 14]

MTGE Manager does not provide compensation for client referrals to any person who is not its supervised person.

CUSTODY [Item 15]

It is MTGE Manager's general policy to not have physical custody of any client assets.

To the extent that MTGE Manager might otherwise be deemed to have custody, MTGE Manager will operate in reliance upon the reporting requirement exemption in the Custody Rule with respect to MTGE by causing MTGE to distribute audited financial statements annually, prepared in accordance with GAAP, to shareholders no later than 120 days after the end of each fiscal year.

INVESTMENT DISCRETION [Item 16]

Subject to the investment objectives, policies and restrictions of MTGE as set forth in its prospectus, MTGE Manager has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold by MTGE, including the selection of, and commissions paid to, broker-dealers, if applicable.

VOTING CLIENT SECURITIES [Item 17]

To the extent MTGE holds voting securities, MTGE Manager has been delegated the authority to vote proxies regarding MTGE portfolio securities. To the extent that MTGE Manager does vote proxies, they will be voted in MTGE's best interests and according to MTGE Manager's proxy voting policy.

MTGE Manager's proxy voting policy sets forth general guidelines for reviewing proxy issues, and requires MTGE Manager's officers to consult with each other and MTGE's investment team in determining how to vote a particular proxy. The proxy voting policy also sets forth specific records retention requirements related to any proxies that are voted on behalf of MTGE. If a potential conflict of interest in respect of a particular proxy situation is identified, MTGE may elect to resolve it by following the recommendation of a disinterested third party, by seeking the direction of MTGE's disinterested directors or, in extreme cases, by abstaining from voting. MTGE may not direct MTGE Manager's vote in a particular proxy solicitation.

A copy of the proxy voting policy and/or record of how proxies, if any, have been voted are available to clients upon request.

FINANCIAL INFORMATION [Item 18]

MTGE Manager does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. MTGE Manager is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has MTGE Manager been the subject of a bankruptcy petition at any time during the past ten years.