

## Section 1: DEF 14A (DEF 14A)

[Table of Contents](#)

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### SCHEDULE 14A INFORMATION

#### PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

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Filed by Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

### ANWORTH MORTGAGE ASSET CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule, and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule, or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 16, 2020

Dear Stockholder:

The 2020 Annual Meeting of Stockholders of Anworth Mortgage Asset Corporation (the "Annual Meeting") will be held at our principal offices located at 1299 Ocean Avenue, Second Floor, Santa Monica, California, at 10:00 a.m. PDT, on Wednesday, May 20, 2020. The formal meeting notice and our proxy statement for the Annual Meeting are attached.

At this year's meeting, stockholders will be asked to consider and vote upon several proposals, including proposals to: (1) elect six directors of our Company; (2) provide an advisory vote to approve the compensation of our Named Executive Officers; and (3) ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to vote your shares of common stock by phone or via the Internet, or, if you have requested our proxy materials by mail, by marking, signing, dating, and promptly returning the proxy card in the enclosed postage-paid envelope for that purpose. This will ensure your representation at the Annual Meeting.

We look forward to seeing you on May 20, 2020.

Sincerely,

A handwritten signature in black ink that reads "Joe McAdams". The signature is written in a cursive, flowing style.

Joseph E. McAdams  
*Chairman of the Board and Chief Executive Officer*



TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
<b><u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u></b>	1
<b><u>INFORMATION ABOUT THE ANNUAL MEETING</u></b>	2
<u>Purpose of the Annual Meeting</u>	2
<u>Notice of Internet Availability of Proxy Materials</u>	2
<u>Board Recommendations on Proposals</u>	2
<u>Voting Rights</u>	3
<u>Shares Held in “Street Name”</u>	3
<u>Revocation of Proxies</u>	3
<u>Quorum</u>	4
<u>Vote Required to Approve the Proposals</u>	4
<u>Effect of Abstentions and Broker “Non-Votes”</u>	4
<b><u>PROPOSAL NO. 1—ELECTION OF DIRECTORS</u></b>	5
<u>Information Regarding Nominees for Director</u>	5
<u>Independence of Nominees for Director</u>	6
<u>Board Structure</u>	7
<u>Lead Independent Director</u>	7
<u>Board Oversight of Risk</u>	8
<u>Board Committees and Charters</u>	8
<u>Additional Governance Matters</u>	10
<u>Director Compensation</u>	12
<b><u>EXECUTIVE OFFICERS AND COMPENSATION</u></b>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Summary Compensation Table</u>	17
<u>Pay Ratio Disclosure</u>	17
<u>Grants of Plan-Based Awards During 2019</u>	18
<u>Outstanding Equity Awards at Fiscal Year-End</u>	18
<u>Option Exercises and Stock Vested</u>	18
<u>2014 Equity Compensation Plan Information</u>	19
<u>Change in Control and Arbitration Agreements</u>	19
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	21
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	22
<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u></b>	24
<b><u>AUDIT COMMITTEE REPORT</u></b>	28
<b><u>PROPOSAL NO. 2—ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u></b>	30
<b><u>PROPOSAL NO. 3—RATIFICATION OF APPOINTMENT OF RSM US LLP AS INDEPENDENT REGISTERED PUBLIC</u></b>	
<b><u>ACCOUNTING FIRM</u></b>	31
<b><u>OTHER MATTERS</u></b>	32
<u>Expenses of Proxy Solicitation</u>	32
<u>Legal Proceedings</u>	32
<u>Annual Report</u>	32
<u>Stockholder Proposals for 2021 Annual Meeting</u>	32
<u>Procedures for Recommending Director Candidates</u>	32
<u>Deadline and Procedures for Submitting Nominations to the Board</u>	32
<u>Communications to the Board</u>	33

[Table of Contents](#)

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**ANWORTH MORTGAGE ASSET CORPORATION**  
**1299 Ocean Avenue, 2nd Floor**  
**Santa Monica, California 90401**  
**(310) 255-4493**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD MAY 20, 2020**

TO OUR STOCKHOLDERS:

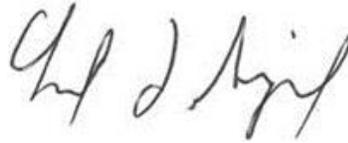
NOTICE IS HEREBY GIVEN that the 2020 Annual Meeting of Stockholders (the "Annual Meeting") of Anworth Mortgage Asset Corporation, a Maryland corporation (the "Company"), will be held on Wednesday, May 20, 2020 at 10:00 a.m. PDT, at our principal offices located at 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401 for the following purposes:

1. To elect six directors of our Company to serve for the ensuing year or until their successors are duly elected and qualified;
2. To provide an advisory vote to approve the compensation of our Named Executive Officers;
3. To ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020; and
4. To transact such other business as may properly come before the Annual Meeting or at any adjournment or postponement thereof.

Our board of directors recommends that you vote **FOR** each of the six nominees for election to our board of directors and **FOR** proposals No. 2 and No. 3. Stockholders of record at the close of business on March 11, 2020 are entitled to vote at the Annual Meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. To ensure your representation at the Annual Meeting, you are urged to vote your shares of common stock by phone or via the Internet, or, if you have requested our proxy materials by mail, by marking, signing, dating, and promptly returning the proxy card in the enclosed postage-paid envelope for that purpose. Any stockholder attending the Annual Meeting may vote in person even if he or she previously submitted a proxy. If your shares of common stock are held by a bank, broker or other agent, please follow the instructions from your bank, broker or other agent to have your shares voted.

Sincerely,



Charles J. Siegel  
*Secretary*

Santa Monica, California  
March 16, 2020

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 20, 2020:** This proxy statement and our Annual Report on Form 10-K are available on the Internet, free of charge, at <https://materials.proxyvote.com/037347>. On this web site, you will be able to access this proxy statement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and any amendments or supplements to the foregoing materials that are required to be furnished to our stockholders.

**ANWORTH MORTGAGE ASSET CORPORATION**  
**1299 Ocean Avenue, 2nd Floor**  
**Santa Monica, California 90401**  
**(310) 255-4493**

**PROXY STATEMENT**  
**FOR 2020 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON MAY 20, 2020**

**INFORMATION ABOUT THE ANNUAL MEETING**

This proxy statement is being furnished to stockholders in connection with the solicitation of proxies by and on behalf of the board of directors (our “board”) of Anworth Mortgage Asset Corporation (the “Company”) for use at our 2020 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on Wednesday, May 20, 2020 at 10:00 a.m. PDT, at the principal offices of our Company located at 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401, or at any adjournment or postponement thereof.

As used in this Definitive Proxy Statement, “our Company,” “we,” “us,” “our,” and “Anworth” refer to Anworth Mortgage Asset Corporation.

**What is the purpose of the Annual Meeting?**

At the Annual Meeting, stockholders will consider and vote upon the following matters:

- The election of six directors of our Company to serve for the ensuing year or until their successors are duly elected and qualified;
- An advisory vote to approve the compensation of our Named Executive Officers;
- The ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020; and
- Such other matters as may properly come before the Annual Meeting or any adjournments or postponements thereof.

We are providing these proxy materials because our board is requesting that you allow your shares to be represented at the Annual Meeting by the proxy-holders named in these proxy materials. This proxy statement contains information that we are required to provide you under the rules of the U.S. Securities and Exchange Commission (the “SEC”) and is designed to provide you with information to assist you in voting your shares.

**Notice of Internet Availability of Proxy Materials**

As permitted by rules adopted by the SEC, we are providing access to our proxy materials over the Internet. Accordingly, on or about March 23, 2020, we are mailing to our stockholders a notice containing instructions on how to access our proxy materials, including our proxy statement and annual report, and vote electronically over the Internet. The notice also provides instructions on how stockholders may request a paper copy of our proxy materials free of charge. Our proxy materials may be accessed by stockholders at any time after the date of mailing of the notice.

**How does our board recommend that I vote on the proposals?**

If no instructions are indicated on your returned proxy card, the proxy-holders will vote in accordance with the recommendations of our board. Our board recommends a vote:

- “FOR” each of the nominees for director listed in this proxy statement;
- “FOR” the approval, on an advisory basis, of the compensation of our Named Executive Officers; and
- “FOR” the ratification of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

[Table of Contents](#)

With respect to any other matter that properly comes before the meeting, or any adjournment or postponement thereof, the proxy-holders will vote as recommended by our board, or, if no recommendation is given, in their own discretion.

**Who is entitled to vote at the Annual Meeting?**

Holders of record of our common stock at the close of business on March 11, 2020 are entitled to vote at the Annual Meeting. As of March 11, 2020, there were 98,919,686 shares of our common stock issued and outstanding. Stockholders are entitled to cast one vote per share on each matter presented for consideration and action at the Annual Meeting.

**How can I vote my shares?**

**Your vote is important.** Stockholders can vote in person at the Annual Meeting or by proxy. If you vote by proxy, the individuals named on the proxy card as representatives will vote your shares in the manner you indicate. You may specify whether your shares should be voted “for” or “against” all, some, or none of our board’s nominees for director, or you may abstain from voting with respect to all, some, or none of our board’s nominees for director. You may also specify whether your shares should be voted “for” or “against,” or whether you abstain from voting on, the following Company proposals: the advisory vote to approve the compensation of our Named Executive Officers; and the ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020. You may vote your shares of common stock by any of the following methods:

**By Telephone or the Internet**—Stockholders can vote their shares via telephone or the Internet as instructed on the proxy card. The telephone and Internet voting procedures are designed to authenticate a stockholder’s identity, allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

**By Mail** —Stockholders who receive a paper proxy card or request a paper proxy card by telephone or the Internet may elect to vote by mail and should complete, sign and date their proxy cards and mail them in the pre-addressed envelopes that accompany the delivery of paper proxy cards. Proxy cards submitted by mail must be mailed by the date shown on the proxy card or the deadline imposed by your bank, broker or other agent for your shares to be voted.

**In Person**—Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held in “street name” may be voted by you in person at the Annual Meeting only if you obtain a “legal” proxy from the bank, broker or other agent that holds your shares, which “legal” proxy grants you the right to vote the shares. You must present that “legal” proxy at the Annual Meeting to be entitled to vote shares held in “street name.”

**If my shares are held in “street name” by my broker, will my broker vote my shares for me?**

Brokers, banks and other agents who have record ownership of shares that they hold in “street name” for their clients have the discretion to vote such shares on “routine” matters, such as ratification of independent registered public accounting firms. Brokers, banks and other agents holding shares in “street name” for their clients do not have the ability to cast votes with respect to director elections or other “non-routine” matters unless they have received instructions from the beneficial owner of the shares. **It is therefore important that you provide instructions to your broker, bank or other agent if your shares are held by a broker, bank or other agent so that your vote is counted with respect to: the election of directors; the advisory vote to approve the compensation of our Named Executive Officers; and the ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.**

**Can I change my vote after I have mailed my signed proxy card?**

You can change your vote before your proxy is voted at the Annual Meeting by the following means:

- You can send our secretary a written notice stating that you revoke your proxy.
- If you signed and returned a proxy card and want to change your vote, you can complete, sign, date and return a new proxy card, dated a later date than the first proxy card.
- You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not, however, by itself revoke your proxy.

[Table of Contents](#)

If you hold your shares in “street name” and have instructed your broker, bank or other agent to vote your shares, you must follow directions received from your broker, bank or other agent to change those instructions.

**What quorum votes are needed to hold the Annual Meeting?**

The presence, in person or by proxy, of stockholders entitled to cast not less than a majority of the votes entitled to be cast by all stockholders will constitute a quorum for the transaction of business at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed for the Annual Meeting who will determine whether or not a quorum is present. For purposes of determining whether a quorum is present, abstentions and broker non-votes are counted as present.

**What vote is required to approve each proposal?**

In the case of an “uncontested” election (where the only director candidates submitted to our stockholders for election at the Annual Meeting have been nominated by our board and the number of director-nominees does not exceed the total number of board seats up for election at the Annual Meeting), to be elected a director, a majority of the total votes cast “for” and “against” such director nominee at the Annual Meeting if a quorum is present must be affirmatively cast “for” the election of such director nominee.

In the case of a “contested” election (where the total number of director candidates nominated for election by our board, plus the total number of director candidates nominated for election by any one or more of our stockholders, exceeds the total number of board seats up for election at the Annual Meeting), directors shall be elected by a plurality of votes cast at the Annual Meeting if a quorum is present. Each share may be voted either for or against as many individuals as there are directors to be elected and for whose election the share is entitled to be voted.

The affirmative vote of a majority of all votes cast on the matter at a meeting at which a quorum is present is necessary to: approve, on an advisory basis, the compensation of our Named Executive Officers; ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020; and approve any other proposals that may be brought before the Annual Meeting.

Our bylaws provide that, in an “uncontested” election only, upon the failure of a director nominee to receive a majority of the votes cast “for” the election of such director nominee, such director must tender his or her resignation following certification of such vote. Our Nominating and Corporate Governance Committee would then consider the tendered resignation and make a recommendation to our board as to whether to accept the resignation. In determining whether to accept the resignation, our board would consider, among other things, whether accepting the resignation of a director who failed to receive a “majority for vote” would cause our Company to fail to meet any applicable requirement of the SEC or the New York Stock Exchange, Inc. (the “NYSE”). Our board would take action within 90 days following the certification of the vote and any director whose resignation is under consideration would abstain from participating in the decision. Our board would then publicly announce its decision regarding the acceptance or rejection of such resignation, including by having our Company file a Current Report on Form 8-K with the SEC.

**What is the effect of abstentions and broker non-votes?**

Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote in connection with the election of directors and the advisory vote to approve the compensation of our Named Executive Officers. Abstentions are excluded but broker non-votes will be counted as votes cast in connection with the ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

**PROPOSAL NO. 1:**

**ELECTION OF DIRECTORS**

Our board consists of six members, four of whom have been determined by our board to be independent within our director independence standards, which are consistent with the director independence standards of the NYSE. At the Annual Meeting, a total of six directors will be elected to hold office until the next annual meeting of stockholders or until their successors have been duly elected and qualified.

Unless otherwise instructed, the proxy-holders will vote the proxies received by them for the six nominees named below. If any of the nominees is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee designated by our board to fill the vacancy. It is not presently expected that any of the nominees named below will be unable or will decline to serve as a director. If additional persons are nominated for election as directors, the proxy-holders intend to vote all proxies received by them in a manner to assure the election of as many of the nominees listed below as possible. In such event, the specific nominees to be voted for will be determined by the proxy-holders.

**Information Regarding Nominees for Director**

Biographical summaries and ages as of the date hereof of individuals nominated by our board for election as directors are provided below:

*Joseph E. McAdams*, age 51, has been a director of our Company since June 2002. He has been the President of our Company since July 2016, our Chief Executive Officer since September 2018, our Chief Investment Officer since January 2003, and the Chairman of our board since November 2018. He is also a member of Anworth Management LLC, the external Manager of our Company (our “Manager”). Mr. Joseph E. McAdams is also an Executive Vice President and the Chief Investment Officer of PIA Farmland, Inc., a privately-held REIT. In 1998, Mr. Joseph E. McAdams joined Pacific Income Advisers, Inc. (“PIA”), an investment advisory firm that manages portfolios for institutional and individual clients, where he holds the position of Senior Vice President with a specialty in mortgage-backed securities. Prior to joining PIA, from 1993 to 1998, Mr. Joseph E. McAdams was employed by Donaldson, Lufkin & Jenrette Securities Corp. in New York as a mortgage-backed security trader and research analyst. Mr. Joseph E. McAdams holds a Master of Arts degree in Economics from the University of Chicago and a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania. Mr. McAdams is also a Chartered Financial Analyst charterholder. Our board believes it is well served from Mr. Joseph E. McAdams’ professional background in portfolio management, including fixed income securities and, particularly, mortgage-backed securities.

*Lloyd McAdams*, age 74, has been a director of our Company since our formation in 1997, and was formerly the Chairman of our board, and our Chief Executive Officer and President, prior to the appointment of Mr. Joseph E. McAdams to those roles. Mr. Lloyd McAdams stepped-down in his roles as our President in July 2016, our Chief Executive Officer in September 2018, and as the Chairman of our board in November 2018. Mr. Lloyd McAdams is also the Managing Member of our Manager. Mr. Lloyd McAdams is also the President, Chief Investment Officer, and co-founder of PIA. Mr. Lloyd McAdams is also the sole director and Chairman of the Board of PIA Farmland, Inc. Mr. Lloyd McAdams holds a Bachelor of Science in Statistics from Stanford University and a Master in Business Administration from the University of Tennessee. Mr. Lloyd McAdams is a Chartered Financial Analyst charterholder and a Certified Employee Benefit Specialist. Our board believes it is well served by Mr. Lloyd McAdams’ skills and perspective that reflects his senior executive operations experience as a Chairman and Chief Executive Officer, his investment experience as a Chief Investment Officer, as well as being a Chartered Financial Analyst.

*\*Joe E. Davis*, age 85, has been a director of our Company since its formation. He has been a private investor since 1982. Mr. Davis currently serves as a director (since 2000) of Natural Alternatives International, Inc. as well as a member of the Audit Committee (serving as the Chairman of the Audit Committee since 2004), a member of the Human Resources Committee (since 2003) and a member of the Nominating Committee of Natural Alternatives International, Inc. (since 2004). From 1991 to 2007, Mr. Davis served as a director of several mutual funds managed by Capital Research and Management Company. Previously, Mr. Davis served as Chairman of the Board of Linear Corporation (1987-1988); President and Chief Executive Officer of BMC Industries, Inc. (1985); and President and Chief Executive Officer of National Health Enterprises, Inc. (1974-1982). Formerly, Mr. Davis was a director and a member of the Audit Committee of BMC Industries, Inc. and Wilshire Technologies, Inc., and a director of Freymiller Trucking, Inc. Mr. Davis graduated from the University of Texas with a Bachelor of Science in Chemistry. He holds a Master of Business Administration degree from Harvard Graduate School of Business Administration. Our board believes it is well served from Mr. Davis’ perspective from his experience as a Chairman and a Chief Executive Officer as well as his involvement as a director with investment companies. Our board believes it is

[Table of Contents](#)

particularly well served by Mr. Davis' experience with various board committees including his extensive experience with the Audit Committee and having served as an Audit Committee Chairman.

\**Robert C. Davis*, age 75, has been a director of our Company since May 2005 and is now a private investor. Mr. Davis was the Chief Executive Officer of Optimus EMR, Inc. from 2000 to 2015. Optimus EMR, Inc. is a private technology company that is engaged in the development, implementation, and customer support of cloud-based software solutions including electronic health records and billing/financial systems for post-acute care providers. Optimus EMR, Inc. was sold to a private company in 2015 and Mr. Davis retired from Optimus EMR, Inc. upon completion of the sale. Prior to that, he served as Chief Executive Officer and Chairman of the Board of Amcare, Inc. and as a director of Roger Cleveland Golf Company, Inc. Mr. Davis holds both a Master of Business Administration degree in Finance and a Bachelor of Science degree in Accounting from the University of Southern California. Our board believes it is well served from Mr. Robert Davis' perspective as a Chairman and Chief Executive Officer and director at several companies. Our board also believes that it is well served from his executive and educational background in financial matters.

\**Mark S. Maron*, age 64, has been a director of our Company since May 2014. Mr. Maron is the Managing Partner with The Latigo Group, a private real estate development firm located in Los Angeles, California. Prior to forming The Latigo Group, Mr. Maron was a Partner with Acre Investment Co., a private equity real estate investment firm. From September 2005 to December 2007, Mr. Maron was a Co-General Partner of the sponsor for a Los Angeles-based multi-family fund that has raised over \$1 billion in equity through a series of funds. Prior to raising the first multi-family fund, Mr. Maron spent 23 years as an investment banker, including 18 years at Credit Suisse, where he ran the firm's Investment Banking Division in Los Angeles. Mr. Maron served on the Board of Directors of True Religion Brand Jeans until its sale to a private equity firm in July 2013. Mr. Maron holds a Bachelor of Arts degree from McGill University in Montreal, Canada, and received a Master of Business Administration degree in Finance from the Wharton School of Business. Our board believes it is particularly well served by Mr. Maron's extensive experience in the residential and commercial real estate business and by his experience on the board of a public company.

\**Dominique Mielle*, age 51, has been a director of our Company since November 2018. Ms. Mielle was a partner at Canyon Capital Advisors, LLC ("Canyon") from August 1998 to December 2017, where she focused on the transportation, technology, retail and consumer products sectors, specialized in corporate and municipal bond securitizations, and was responsible for all aspects of Canyon's collateralized loan obligations business. Prior to joining Canyon, in 1996, Ms. Mielle worked at Libra Investments, Inc. as an associate in the corporate finance department, covering middle market companies. Prior to Libra Investments, from 1993 to 1995, Ms. Mielle worked at Lehman Brothers as an analyst in the Financial Institutions group, focusing on mergers and acquisitions. Ms. Mielle holds a Master of Business Administration degree in Finance from Stanford University and a Master in Management degree from Ecole des Hautes Etudes Commerciales in France (HEC Paris). Our board believes it is well served by Ms. Mielle's over 25 years of experience on Wall Street, investing in fixed income and leading capital structure optimizations and restructurings. She was named one of the "Top 50 Women in Hedge Funds" by Ernst & Young in 2017.

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\* Member of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. Mr. Joe E. Davis and Mr. Robert C. Davis are not related.

**Vote Required**

Directors receiving the affirmative vote "for" of a majority of the votes cast "for" and "against" such director nominee in an "uncontested" election at which a quorum is present will be elected to serve for the ensuing year or until their successors are duly elected and qualified.

***Our board unanimously recommends that you vote FOR the election of each of the nominees listed above. Proxies received will be so voted unless stockholders specify otherwise in their proxy.***

**Independence of Nominees for Director**

Our board has adopted the NYSE independence tests set forth in Section 303A.02 of the NYSE Listed Company Manual to assist it in making determinations of independence. Our board has determined that all of the nominees standing for election at the Annual Meeting, other than Mr. Joseph E. McAdams, the Chairman of our board and our Chief Executive Officer and President, and Mr. Lloyd McAdams, a director and our former Chief Executive Officer and President, are independent of our Company under the aforementioned NYSE independence standards in that such nominees have no material relationship with us either directly or as a partner, stockholder, or affiliate of an organization that has a relationship with our Company. Our board has made this determination in part based on the following:

## [Table of Contents](#)

- other than Messrs. Joseph E. McAdams and Lloyd McAdams, no nominee for director has any current or prior material relationships with our Company aside from his directorship that could affect his judgment;
- other than Messrs. Joseph E. McAdams and Lloyd McAdams, no nominee for director is, or has been within the last three years, an employee of our Company, or has an immediate family member that is or has been within the last three years, an executive officer of our Company;
- other than Messrs. Joseph E. McAdams and Lloyd McAdams, no nominee for director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from our Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (such compensation not being contingent in any way on continued service);
- no nominee for director, or an immediate family member of a nominee for director, is a current partner of a firm that is our Company's internal or external auditor;
- no nominee for director is a current employee of a firm that is our Company's internal or external auditor;
- no nominee for director has an immediate family member who is a current employee of a firm that is our Company's internal or external auditor and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice;
- no nominee for director, or an immediate family member of a nominee for director, was, within the last three years, a partner or employee of a firm that is our Company's internal or external auditors and personally worked on our Company's audit within that time;
- no nominee for director, or an immediate family member of a nominee for director, is, or has been within the last three years, employed as an executive officer of another company where any of our Company's present executive officers at the same time serves or served on that other company's compensation committee; and
- other than Messrs. Joseph E. McAdams and Lloyd McAdams, no nominee for director is a current employee, or has an immediate family member that is a current executive officer, of a company that has made payments to, or received payments from, our Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

### **Board Leadership Structure**

Our board has determined that, as of the date of this proxy statement, it is in the best interests of our Company and its stockholders that the positions of Chairman of the Board and Chief Executive Officer are combined. Our board believes this provides the necessary responsiveness called for in a highly competitive sector and allows our Company to be more adaptive and responsive to changing market conditions. As our Chief Executive Officer is the individual with primary responsibility for managing our Company's day-to-day operations, he is best positioned to chair regular board meetings as we discuss key business and strategic issues. Our board believes that it has in place sound counter-balancing measures to ensure that our Company maintains high standards of corporate governance and proper oversight. These counter-balancing measures include: our board consisting of a majority of independent directors; each of our board's standing committees (the Audit, Compensation, and Nominating and Corporate Governance Committees) being comprised of and chaired solely by independent employee directors; review of the Chief Executive Officer's and our Manager's performance remaining within the purview of the Compensation Committee; the independent directors meeting in executive sessions without the presence of management; and the independent directors meeting with and having access to both our internal and external auditors and attorneys. In addition, our board, through its independent directors, has adopted the position of a lead independent director to strengthen the independence and roles of the independent directors. The duties of the lead independent director are detailed in the following section.

### **Lead Independent Director**

Our independent directors appoint a lead independent director to strengthen the independence and role of the independent directors. The duties of the lead independent director are to:

- preside at board meetings in the absence of the Chairman of the Board, or upon designation by a majority of directors;

## [Table of Contents](#)

- preside at executive sessions or other meetings of the independent directors;
- recommend the retention of consultants, legal, financial, or other professional advisors who are to report directly to our board;
- consult with the Chairman of the Board as to agenda items for board and committee meetings; and
- coordinate with committee chairs in the development and recommendations relative to board and committee meeting agendas.

Mr. Joe Davis has been appointed by our independent directors as our lead independent director.

### **Our Board's Role in Risk Oversight**

Enterprise risk oversight consists of understanding the amount of risk, on a broad level, that our Company is willing to accept in pursuit of stockholder value; understanding and assessing the existing risk management processes in place; understanding and assessing our Company's strategies and operational initiatives in connection with overall risk tolerance; and being apprised of the most significant risks and whether management is responding to such risks prudently. The person within our Company who is primarily responsible for enterprise risk oversight is our Chief Executive Officer, who reports directly to our board. Our board is involved in risk oversight through its regular meetings with management to review operations and strategies, risk profiles, updates on changes in our industry, economic conditions and laws and regulations, review of financial performance and key performance metrics as well as open communication with management and both our internal and external auditors and attorneys. Additionally, our board's role in risk oversight is enhanced through the activities and responsibilities of the committees of our board – the Audit Committee (responsible for overseeing financial risks), the Compensation Committee (responsible for overseeing risks associated with our equity plan arrangements and the performance of our Manager), and the Nominating and Corporate Governance Committee (responsible for overseeing risks associated with director independence and conflicts of interest). The descriptions of these committees are detailed below and further details of the responsibilities of each committee may be found in our committee charters which are contained in the "Governance Documents" section of our website.

### **Board Committees and Charters**

Our board has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Other committees may be established by our board from time to time. The following is a description of each of the committees and their composition.

#### *Audit Committee*

Our Audit Committee consists of four members: Mr. Joe Davis (chairman), Mr. Robert Davis, Mr. Mark Maron, and Ms. Dominique Mielle, each of whom qualifies as "independent" under the independence standards of the NYSE. Our board has determined that:

- all members of the Audit Committee qualify as an "audit committee financial expert" as defined by the SEC. Mr. Robert Davis is designated as our "audit committee financial expert"; and
- all members of the Audit Committee are "independent" under the audit committee independence standards of the SEC and the NYSE and are "financially literate" within the meaning of NYSE rules.

Our Audit Committee operates pursuant to a written charter adopted by our board. Among other things, the Audit Committee Charter calls upon the Audit Committee to:

- review the financial information that will be provided to our stockholders and others;
- review the adequacy of our systems of internal controls that management and our board have established;
- review our audit and financial reporting process; and
- maintain free and open lines of communication among the Audit Committee, our independent registered public accounting firm, and management.

## [Table of Contents](#)

It is not the duty of the Audit Committee to determine that our financial statements are complete and accurate and are in accordance with generally accepted accounting principles utilized in the United States of America (“GAAP”). Management is responsible for preparing our financial statements and our independent registered public accounting firm is responsible for auditing those financial statements. Our Audit Committee does, however, consult with management and our independent registered public accounting firm prior to the presentation of financial statements to our stockholders and, as appropriate, initiate inquiries into various aspects of our financial affairs. In addition, the Audit Committee is responsible for retaining, evaluating, and, if appropriate, recommending the termination of our independent registered public accounting firm and approving professional services provided by our independent registered public accounting firm.

The Audit Committee held four meetings during 2019.

### *Compensation Committee*

Our Compensation Committee consists of four members: Ms. Dominique Mielle (chairperson), Mr. Joe Davis, Mr. Robert Davis, and Mr. Mark Maron.

Our board has determined that all of the Compensation Committee members qualify as:

- “independent directors” under the NYSE independence standards;
- “non-employee directors” under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
- “outside directors” under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

Following the externalization of our management function (the “Externalization”), pursuant to our entry into a management agreement (the “Management Agreement”) with Anworth Management LLC (our “Manager”), effective as of December 31, 2011, the Compensation Committee adopted a new charter to reflect changes to its responsibilities. As specified in the new charter, among other things, the Compensation Committee:

- evaluates the performance of our Manager;
- reviews and approves the corporate goals and objectives relevant to the Chief Executive Officer’s performance-based equity compensation; evaluates the performance of the Chief Executive Officer in light of those goals and objectives; and determines and approves the Chief Executive Officer’s performance-based equity compensation level based on such evaluation (our Company is an externally-managed real estate investment trust (“REIT”) and does not pay compensation to its officers other than performance-based equity compensation);
- reviews and makes recommendations to our board with respect to compensation for independent directors;
- reviews and approves fringe benefits and perquisites of directors and amendments to any related benefit plans or programs;
- administers and makes recommendations with respect to dividend equivalent rights (“DERs”) and restricted stock units (including the price, terms, and amount) to be granted by our board under our Company’s performance-based compensation plans, which consist of our 2014 Equity Compensation Plan (the “2014 Equity Plan”) and 2007 Dividend Equivalent Rights Plan (the “2007 DER Plan”);
- reviews the fees payable to our Manager under the Management Agreement;
- reviews and approves all compensation-related documents and disclosure required to be filed with regulatory organizations; and
- evaluates the compensation paid to our Manager.

The Compensation Committee held one meeting during 2019.

## [Table of Contents](#)

### *Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee consists of four members: Mr. Mark Maron (chairman), Mr. Joe Davis, Mr. Robert Davis, and Ms. Dominique Mielle. The committee is composed entirely of “independent directors” as required by NYSE rules. Our Nominating and Corporate Governance Committee establishes and implements our corporate governance practices and nominates individuals for election to our board.

Our Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by our board. Among other things, the charter calls upon the Nominating and Corporate Governance Committee to:

- develop criteria for selecting new directors and to identify individuals qualified to become board members and members of the various committees of our board;
- select, or recommend that our board select, the director nominees for each annual meeting of stockholders as well as the committee nominees; and
- develop and recommend to our board, and review on at least an annual basis, a set of corporate governance principles applicable to our Company.

Our board believes that it is necessary for each of our Company’s directors to possess many qualities and skills. When searching for new candidates, the Nominating and Corporate Governance Committee considers the evolving needs of our board and searches for candidates that fill any current or anticipated future needs. Our board also believes that all directors must possess a considerable amount of business management experience (such as experience as a chief executive officer or chief financial officer) and have an in-depth educational background. The Nominating and Corporate Governance Committee first considers a candidate’s management experience and then considers issues of judgment, background, stature, conflicts of interest, integrity, ethics, and commitment to the goal of maximizing stockholder value when considering director candidates. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, our board and the Nominating and Corporate Governance Committee believe that it is essential that our board members represent diverse viewpoints. In considering candidates for our board, the Nominating and Corporate Governance Committee considers the entirety of each candidate’s credentials in the context of these standards. With respect to the nomination of continuing directors for re-election, the individual’s contributions to our board are also considered. The Nominating and Corporate Governance Committee has reviewed the qualifications, skills, and experience of each of the director candidates listed in Proposal No. 1 (Election of Directors) and has concluded as of the date of this proxy statement that each of these individuals should serve as directors of our Company.

The Nominating and Corporate Governance Committee held two meetings during 2019.

### **Additional Governance Matters**

#### *Code of Conduct*

Our board has established the Anworth Mortgage Asset Corporation Code of Ethics and Business Conduct (the “Code of Conduct”), which qualifies as a “code of ethics” as defined by Item 406 of Regulation S-K of the Exchange Act. Among other matters, the Code of Conduct is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules, and regulations;
- prompt internal reporting of violations of the Code of Conduct to appropriate persons identified in the Code of Conduct; and
- accountability for adherence to the Code of Conduct.

## [Table of Contents](#)

Waivers to the Code of Conduct may be granted only by our board. In the event that our board grants any waivers of the elements listed above to any of our directors, officers, or employees, or if any amendment is made to any provision of the Code of Conduct, we will make the required filing with the SEC and announce the waiver or amendment on the “Governance Documents” section of our website, both within four business days.

### *Limitation on Board Members’ Service on Other Public Company Boards*

Our Nominating and Corporate Governance Committee recommended, and our board approved, a policy that limits our directors’ ability to serve on more than three public company boards (including our board) without the prior approval of our board. In deciding whether to grant a waiver, the Nominating and Corporate Governance Committee and our board will take into account, among other things, the nature and time involved in the director’s service on other boards. In addition, service on boards and committees of other companies must be in compliance with our conflicts of interest policies.

### *Stock Ownership Guidelines for Directors and Executive Officers*

Our Nominating and Corporate Governance Committee recommended, and our board approved, an amended policy that sets out stock ownership guidelines for our directors and executive officers. Our directors are required to hold shares of our common stock with a minimum value equal to three times the amount of the annual retainer fee paid to the directors (the annual retainer fee is currently \$50,000). These guidelines must be met within three years of joining our board or, in the case of directors serving at the time these guidelines were adopted in 2007, within three years following adoption.

The Chief Executive Officer is required to hold shares of our common stock with a minimum value of \$1,000,000. Other executive officers who are Section 16 “insiders” are required to hold shares of our common stock with a minimum value of \$100,000. These guidelines must be met within three years of becoming an “insider” for purposes of Section 16 of the Exchange Act.

For purposes of the foregoing ownership guidelines, shares owned outright by the director or executive officer (or their immediate family members residing in the same household), shares held in trust for the benefit of the director or executive officer (or their immediate family members residing in the same household), and restricted shares granted to the director or executive officer under one of our employee benefit plans, may all be counted towards reaching the minimum amounts. Deferred stock grants do not, however, count towards satisfaction of these guidelines.

Compliance with these guidelines may be waived by the Nominating and Corporate Governance Committee for directors joining our board from government, academia, or similar vocations, and for directors and the Chief Executive Officer if compliance would create a severe hardship or prevent compliance with a court order.

### *Policy Prohibiting Hedging of Company Equity Securities*

Our board has adopted a policy which prohibits all directors, officers, and employees of our Company and of our Manager, including any of their respective designees, from purchasing financial instruments (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, and exchange funds), or otherwise engaging in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of shares of our Company’s equity securities granted to such director, officer, or employee as compensation, or held (directly or indirectly) by such director, officer, or employee.

### *Public Availability of Corporate Governance Documents*

Our key corporate governance documents, including our Code of Conduct and the charters of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, are:

- available on our corporate website at <http://www.anworth.com> (by including the foregoing Internet address link, our Company does not intend to incorporate by reference to this proxy statement any material other than that specifically incorporated by reference herein);
- available in print to any stockholder who requests them from our corporate secretary; and
- filed as exhibits to our securities filings with the SEC.

**Director Compensation**

Our independent directors receive an annual retainer fee of \$50,000, payable quarterly, for their service on our board, plus meeting fees of \$2,000 for each formally called board meeting, which is reduced to \$1,000 if the meeting is scheduled for telephonic participation, and \$1,000 for each formally called committee meeting, which is reduced to \$500 if the meeting is scheduled for telephonic participation, in each case that the independent directors attend at which a quorum is present. We reimburse all of our directors for the expenses they incur in connection with attending board and committee meetings.

Each independent member of our board who was first elected or appointed as a board member at any time after 2004 was automatically granted 2,000 shares of our common stock upon the date such person was initially appointed to our board. In addition, on the first business day in July in each calendar year, each independent board member then in office is automatically granted 2,000 shares of our common stock under our 2014 Equity Plan (then effective at such time), provided such individual has served as an independent board member for at least six months. In 2009, our board approved the issuance of restricted stock units in lieu of common stock for all future equity grants to our independent directors. In connection with each annual grant of 2,000 restricted stock units, each of our independent directors receives a grant of 2,000 DERs issued under the 2007 DER Plan. A DER is a right to receive amounts equal in value to the distributions paid on a share of our common stock. A DER does not create any stock option or authorize additional shares to be granted to officers or directors. We may also make additional grants of equity to our independent board members from time to time.

The following table sets forth information regarding the various components of compensation to our independent directors during the fiscal year ended December 31, 2019:

**DIRECTOR COMPENSATION**

Name	Fees Earned or			Total (\$)
	Paid in Cash (\$)	Equity Awards (\$) <sup>(1)</sup>	Other Compensation (\$)	
Joe E. Davis	71,000	2,477	9,600 <sup>(2)</sup>	83,077
Robert C. Davis	70,500	2,477	9,600 <sup>(2)</sup>	82,577
Mark S. Maron	72,000	2,477	5,840 <sup>(2)</sup>	80,317
Dominique Mielle	70,000	2,477	1,140 <sup>(2)</sup>	73,617
Lee A. Ault III	33,000	—	85,200 <sup>(3)</sup>	118,200

- (1) Each of our independent directors receives an annual grant of 2,000 restricted stock units, which do not vest until their retirement from our board. The values shown in this column reflect the fair value on the date of the grant in 2019. The fair value of the aforementioned equity grants was estimated using the Black-Scholes model with the following weighted-average assumptions: dividend yield: 11.18%; expected volatility: 26%; discount rate—bond equivalent yield: 3.61%; and expected lives: 10 years. The closing price of our common stock on the date of the 2019 grants was \$3.75.
- (2) In connection with each annual grant of 2,000 restricted stock units, each of our independent directors receives a grant of 2,000 DERs issued under the 2007 DER Plan. The amounts reflect the payments received by such independent directors in 2019 with respect to all previously issued DERs held by such independent directors.
- (3) Mr. Lee A. Ault III retired from our board effective as of May 22, 2019 (the date of our 2019 Annual Meeting of Stockholders). At the time of Mr. Ault’s retirement, all of the restricted stock units received by him pursuant to his annual grants vested and, in settlement, he received an equal amount of shares of our common stock. This value reflects the (i) issuance of an aggregate of 20,000 shares of our common stock at \$4.00 per share (the closing price of our common stock on the date of issuance and Mr. Ault’s retirement), and (ii) payments in the amount of \$5,200 received by Mr. Ault in 2019 (prior to his retirement) with respect to all previously issued DERs held by Mr. Ault. Upon Mr. Ault’s retirement, all of the DERs that were previously issued in connection with his annual grants of restricted stock units were terminated.

Mr. Lloyd McAdams is not deemed to be an independent director, and did not receive any compensation as a director during the fiscal year ended December 31, 2019.

**Director Attendance**

During 2019, our board held 16 board and committee meetings. Each director attended more than 93% of the aggregate number of meetings of our board and meetings of each committee of which that director is a member.

### Executive Sessions of the Board

Our independent directors meet regularly in executive sessions without management, as required by our Corporate Governance Guidelines, to review the performance of management, our Company, and any related matters. Generally, executive sessions are held in conjunction with regularly scheduled meetings of our board. We expect our independent directors to have at least four executive sessions each year.

### Stockholder Meeting Attendance

As a general matter, all of our directors are encouraged to attend our Annual Meetings of Stockholders. All of our directors attended our 2019 Annual Meeting of Stockholders.

### Compensation Committee Interlocks and Insider Participation

No officer or employee participated in deliberations of the Compensation Committee or our board concerning their own compensation. None of our executive officers has served on our board or on the compensation committee of any other entity which had officers who served on our board or our Compensation Committee.

## EXECUTIVE OFFICERS AND COMPENSATION

### Named Executive Officers

As a result of the externalization of our management function (the “Externalization”) to Anworth Management LLC (our “Manager”), effective as of December 31, 2011, all of our officers and employees became employed by our Manager. Our only Named Executive Officers at year-end 2019 are our statutory officers as listed below:

Name	Age	Positions with our Company
Joseph E. McAdams <sup>(1)</sup>	51	Chairman of the Board, Chief Executive Officer, and President
Charles J. Siegel <sup>(2)</sup>	69	Chief Financial Officer, Treasurer, and Secretary

(1) Mr. Joseph E. McAdams’ biographical information is provided in “Proposal No. 1: Election of Directors” on page 5.

(2) Effective January 1, 2016, Charles J. Siegel was appointed the Chief Financial Officer, Treasurer, and Secretary of our Company. Mr. Siegel has also been the Senior Vice President-Finance of our Manager since December 31, 2011 and, effective January 1, 2016, the Chief Financial Officer of our Manager. Previously, Mr. Siegel was the Senior Vice President-Finance of our Company from October 2004 to December 31, 2011.

### Compensation Discussion and Analysis

This compensation discussion and analysis describes our compensation objectives and policies in relation to compensation received by our Named Executive Officers as well as fees paid to our Manager.

Our compensation program consists of:

- (1) performance-based equity compensation paid by us to our Named Executive Officers and employees of our Manager; and
- (2) fees paid to our Manager pursuant to our Management Agreement.

We are currently the only client of our Manager and its sole source of revenue.

We, through our compensation program, seek to enable our Manager to attract, motivate, and retain top quality senior executives who are committed to our core values of prudent risk-taking and integrity. The Compensation Committee acknowledges that the real estate finance industry is highly competitive and that experienced professionals have significant career mobility. To recruit executive talent, our Manager must compete with a large number of mortgage investment companies and specialty finance companies, some of which are privately owned and some of which have significantly larger market capitalization than we do. We are a specialized company in a highly

competitive industry and our Manager's ability to attract, retain, and reward its executives and other professionals is essential to maintaining our competitive position within the real estate finance industry.

The Compensation Committee's objectives in developing and administering the compensation program are to:

- focus our Manager's decision-making and behavior on goals that are consistent with our overall business strategy without threatening the long-term viability of our Company;
- attract, motivate, and retain highly-skilled executive officers that will contribute to our successful performance;
- align the interests of our Named Executive Officers with the interests of our stockholders by motivating these executives to increase long-term stockholder value;
- provide compensation opportunities that are competitive within industry standards, thereby reflecting the value of the position in the marketplace;
- support a culture that is committed to paying for performance where compensation paid by us is commensurate with the level of performance achieved; and
- allow us to recognize the unique characteristics of our operations and strategy, and the prevailing business environment, as well as changing labor market dynamics.

The Compensation Committee is committed to the ongoing review and evaluation of performance-based equity compensation paid by us, the fee paid to our Manager, and the ability of our Manager to attract, motivate, and retain its employees.

It is the Compensation Committee's view that these compensation-related decisions are best made after a deliberate review of our Company, individual performance, and industry compensation levels that are within the risk parameters established by management and our board.

Consistent with this view, the Compensation Committee periodically assesses our performance within the context of the industry's overall performance and internal performance standards and evaluates the performance of individual Named Executive Officers relative to the performance expectations for their respective positions.

#### ***Fees Paid to our Manager***

As set forth in the Management Agreement, we pay only a base management fee to our Manager, who provides compensation and employee benefits to its employees. We do not pay our Manager an incentive fee. We do not believe that the combination of our fee arrangement with our Manager and our grants of performance-based equity awards to its employees encourages inappropriate risk-taking. The Compensation Committee believes that prudent risk-taking is an important part of growing and managing a business and also believes that it is important to align our compensation policies with our long-term interests and avoid short-term rewards for our Manager and our Named Executive Officers.

As set forth in the Management Agreement, we pay our Manager an annual base management fee, which is calculated based on 1.20% of our stockholders' equity, subject to certain conditions. Furthermore, because our stockholders' equity would decrease if we experienced losses and, consequently, our Manager's base management fee would then decrease, we believe that our Manager is not incentivized to sacrifice long-term performance for short-term gains. In addition, additional equity offerings, which increase our stockholders' equity and, consequently, the management fee, and share repurchases, which decrease our stockholders' equity and, consequently, the management fee, must be approved by a majority of our board, including our independent directors. See "Certain Relationships and Related Transactions" on pages 25 and 26 for a discussion of the fees paid to our Manager.

#### ***Equity Compensation Awards***

Equity-based compensation awards granted by us to our Named Executive Officers, and to the officers and employees of our Manager, are designed to align their interests with the interests of our stockholders by providing these individuals with an ownership or ownership-based interest in our Company and a stake in our long-term success.

## [Table of Contents](#)

The 2014 Equity Plan and the 2007 DER Plan are administered by our Compensation Committee, which has the discretion to determine those individuals or other service providers to whom grants will be made, the number of shares subject to such rights and grants, and other terms and conditions of the restricted stock units and dividend equivalent rights. These grants typically vest either after achieving a predetermined performance objective listed within the respective award agreement or over the passage of time for each individual's continued service to our Company. When determining the fair market value of our stock on the grant date, it is our practice to use the closing price of our common stock as reported on the NYSE on the grant date. The grant date can be either the actual date when our board approves the grant or a future date that our board specifies that the grant is to be issued. Upon the Settlement Date (which is defined as the first day of the month following the grantee's termination of service), a number of shares equal to the number of restricted stock units shall be issued to the grantee.

Equity compensation grants provide our Compensation Committee and our board with tools to better align the interests of our Named Executive Officers, our directors, and our Manager's officers and employees who provide service to us, with those of our stockholders. The equity compensation grants are intended to provide incentives to those employees, officers, and directors who are expected to provide significant services to our Company, to encourage such employees, officers, and directors to continue to provide services to our Company, to attract new employees, officers, and directors, and to provide additional incentive to increase the earnings of our Company.

The 2014 Equity Plan allows for grants of several types of equity and/or equity-based grants, primarily to our Named Executive Officers and our Manager's employees, including grants of restricted stock units and dividend equivalent rights.

The 2007 DER Plan provides for grants of DERs, which is a right to receive an amount equal in value to the dividend paid on one share of our common stock and does not involve the grant of common stock or the right to acquire common stock.

### *Awards of Restricted Stock Units*

During the year ended December 31, 2019, we did not grant any shares of performance-based restricted stock units to our Named Executive Officers or to any employees of our Manager. At December 31, 2019, the total amount of performance-based restricted stock units previously granted to certain of our Named Executive Officers and an employee of our Manager, but not yet vested, was 309,165 shares. These performance-based awards are discussed in further detail in Note 14 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

In developing the performance criteria of an award of restricted stock units, we use a metric (total return to stockholders) that we expect will exceed the total return of the benchmark, which is the FTSE NAREIT Mortgage REITs Total Return Index.

Unvested restricted stock units do not automatically vest upon a change in control.

### *Awards of DERs*

In December 2019, a grant of 92,400 DERs expired upon its terms and we replaced it with a new grant of an equal amount of DERs under the 2014 Equity Plan to officers and employees of our Manager. At December 31, 2019, there were an aggregate amount of 746,611 DERs outstanding under both the 2007 DER Plan and the 2014 Equity Plan.

## ***Other Factors and Considerations***

### *Fringe Benefits*

Since we have no employees, we do not provide any fringe benefits. Any fringe benefits paid to the employees of our Manager are the responsibility of our Manager.

### *Change in Control Provisions*

Our Chief Financial Officer and various officers and employees of our Manager have change in control provisions in their amended Change in Control and Arbitration Agreements with our Company. See "Change in Control and Arbitration Agreements" on pages 19 and 20 for a more detailed description of the Change in Control and Arbitration Agreements.

Our Chief Executive Officer and President does not have a Change in Control and Arbitration Agreement.

### ***Role of Executive Officers in Compensation Decisions***

The Compensation Committee makes equity-based compensation decisions related to our Named Executive Officers and the officers and employees of our Manager. When making equity-based compensation decisions for these persons (other than Mr. Joseph E. McAdams), the Compensation Committee seeks input from Mr. Joseph E. McAdams, our Chief Executive Officer and President, given his direct day-to-day working relationship with our Chief Financial Officer and with the employees of our Manager. The Compensation Committee engages in discussions and makes final determinations related to equity-based compensation paid by us to our Named Executive Officers. All decisions regarding Mr. Joseph E. McAdams' equity-based compensation are made by the Compensation Committee.

As Members of our Manager, Messrs. Joseph E. McAdams and Mr. Lloyd McAdams are responsible for determining the non-equity, or cash, compensation of our Manager's employees.

### ***Accounting and Tax Considerations of Different Forms of Compensation***

#### ***Deductibility of Executive Compensation***

The Compensation Committee periodically reviews the potential implications of Section 162(m) of the Code. This section precludes a public corporation from taking a tax deduction for an individual officer's compensation in excess of \$1 million. Under the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, there is still an exception for compensation that is performance-based within the meaning of Section 162(m), for written binding contracts that were in effect as of November 2, 2017. Although the Compensation Committee considers various alternatives for preserving the deductibility of compensation payments, the Compensation Committee may grant compensation to our Named Executive Officers that may not be deductible under tax rules and law.

#### ***Other Tax and Accounting Implications***

In accordance with Financial Accounting Standards Board Accounting Standard Codification 718-10, compensation cost relating to payments of DERs is recognized in the financial statements at the time of the payments, and restricted stock units are expensed over the vesting periods.

### ***Policy Prohibiting Hedging of Company Equity Securities***

Our board has adopted a policy which prohibits officers, directors, and employees of our Company and of our Manager from hedging their shares of equity securities of our Company. See "Proposal No. 1: Election of Directors—Additional Governance Matters—Policy Prohibiting Hedging of Company Equity Securities" on page 11 for a more detailed description of the policy.

### ***Compensation Committee Consideration of the 2018 Advisory Vote of our Stockholders on Executive Compensation***

In determining our executive compensation program for 2019, the Compensation Committee considered the results of the 2019 advisory vote of our stockholders on our proposal on executive compensation presented in our 2019 proxy statement. The Compensation Committee noted that 63.5% of the votes cast for this advisory proposal approved the compensation of our Named Executive Officers as described in our 2019 proxy statement.

### ***Executive Compensation and Related Matters***

As a result of the Externalization that was effective as of December 31, 2011, our only Named Executive Officers are our statutory officers, who are our Chief Executive Officer and President, and our Chief Financial Officer, Treasurer and Secretary. The following table includes certain summary information concerning the compensation paid by us to our Named Executive Officers as of December 31, 2019, for services that they rendered to us for the fiscal years ended December 31, 2019, 2018, and 2017:

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Non- Equity Comp. (\$)	Change in Pension Value and Non- Qualified Deferred Comp. Earnings (\$)	All Other Comp. (\$) <sup>(2)(3)</sup>	Total (\$)
Joseph E. McAdams <sup>(4)</sup> Chief Executive Officer and President	2019	—	—	—	—	—	145,619	145,619
	2018	—	—	—	—	—	189,644	189,644
	2017	—	—	42,675	—	—	207,302	249,977
Charles J. Siegel Chief Financial Officer, Treasurer and Secretary	2019	—	—	—	—	—	60,830	60,830
	2018	—	—	—	—	—	79,221	79,221
	2017	—	—	—	—	—	87,347	87,347

- (1) For the assumptions used in determining fair values under the Black-Scholes method, please see Note 14 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2019.
- (2) Pursuant to the Externalization that was effective as of December 31, 2011, no compensation was paid by us to our Named Executive Officers other than awards issued under our 2014 Equity Plan and 2007 DER Plan.
- (3) All Other Compensation includes:
  - a) dividends paid on all stock previously granted to, and still owned by, our Named Executive Officers. The compensation received from these dividends paid during 2019, 2018, and 2017 was \$105,614, \$137,544, and \$151,481, respectively, to Mr. Joseph E. McAdams, and \$8,355, \$10,881, and \$14,125, respectively, to Mr. Charles J. Siegel; and
  - b) compensation received with respect to grants of DERs. The compensation received from these grants of DERs paid in 2019, 2018, and 2017 was \$40,005, \$52,100, and \$55,821, respectively, to Mr. Joseph E. McAdams, and \$52,475, \$68,340, and \$73,222, respectively, to Mr. Charles J. Siegel.
- (4) Mr. Joseph E. McAdams was appointed President of our Company effective July 15, 2016 and Chief Executive Officer of our Company effective September 30, 2018.

During 2019, compensation paid by our Manager to its two employees who are our Named Executive Officers totaled \$3,105,480, or approximately 46% of the management fee of \$6,699,340 paid by us to our Manager. This consists solely of salary and bonus, as no other compensation is paid by our Manager to our Named Executive Officers. Our Manager is solely responsible for determining compensation paid by our Manager to its employees. Our Manager does not receive any performance-based compensation from us. Although management fees paid by us to our Manager are reviewed by our board as part of its supervision of our Manager, we have no input regarding the allocation of such fees paid to our Manager's employees.

Compensation paid by our Manager to our Manager's employees is determined solely by our Manager and is based upon various metrics which include: (1) our stock's price performance over a one-, three-, and five-year period relative to a benchmark, which is the FTSE NAREIT Mortgage REITs Total Return Index; (2) each employee's performance in fulfilling our Manager's duties as described in the Management Agreement; and (3) their contribution to our return on stockholders' equity.

**Pay Ratio Disclosure**

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mr. Joseph E. McAdams, our Principal Executive Officer ("PEO"):

For 2019, our last completed fiscal year:

- the annual total compensation of the employee identified as median of our Company (other than our PEO) was \$60,830; and
- the annual total compensation of the PEO for purposes of determining the PEO Pay Ratio was \$145,619.

Based on this information for 2019, the ratio of the total annual compensation of Mr. Joseph E. McAdams (our PEO) to the median of the annual total compensation of all employees was estimated to be 2.39 to 1.

[Table of Contents](#)

This pay ratio was calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described below. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee’s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios. We identified the median employee as of the last day of the fiscal year from a list of our employees and determined the annual total compensation of that employee from our compensation records. We calculated annual total compensation using the same methodology that is used to calculate our Chief Executive Officer’s total annual compensation in the table entitled “Summary Compensation Table.”

**Grants of Plan-Based Awards During 2019**

During the fiscal year ended December 31, 2019, we did not grant any plan-based awards to our Named Executive Officers or to any of the officers and employees of our Manager.

**Outstanding Equity Awards at Fiscal Year-End**

The following table provides information with respect to our Named Executive Officers concerning outstanding equity awards held by them at December 31, 2019:

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Option Awards			Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#) <sup>(1)</sup>	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(2)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$) <sup>(3)</sup>
Joseph E. McAdams	—	N/A	N/A	81,112	285,514
Charles J. Siegel	—	N/A	N/A	—	—

- (1) There were no stock options granted in 2019 and there were no stock options outstanding for any of these officers as of December 31, 2019.
- (2) Mr. Joseph E. McAdams holds an aggregate of 81,112 performance-based restricted stock units which were granted in August 2016 and December 2017.
- (3) The market value of these awards of restricted stock units is based upon the number of unvested units multiplied by the closing price of our common stock of \$3.52 on December 31, 2019.

**Option Exercises and Stock Vested**

The following table provides information with respect to our Named Executive Officers concerning option exercises and stock vested as of December 31, 2019:

**OPTION EXERCISES AND STOCK VESTED**

Name	2019			
	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Joseph E. McAdams	—	—	—	—
Charles J. Siegel	—	—	—	—

**Pension Benefits**

Our Company does not provide any pension benefits to any of our Named Executive Officers or employees of our Manager.

**2014 Equity Compensation Plan Information**

The following table provides information as of December 31, 2019 with respect to our common stock issuable under our equity compensation plans:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders <sup>(1)</sup>	—	N/A	1,648,835
Equity compensation plans not approved by security holders <sup>(2)</sup>	—	N/A	—
<b>Total</b>	<b>—</b>	<b>N/A</b>	<b>1,648,835</b>

- (1) In May 2014, our stockholders adopted the Anworth Mortgage Asset Corporation 2014 Equity Compensation Plan, which replaced our 2004 Equity Compensation Plan upon its expiration. Our 2014 Equity Plan authorizes our board, or a committee of our board, to grant equity and equity-based awards for up to 2,000,000 of the outstanding shares of our common stock. Our 2014 Equity Plan does not provide for automatic annual increases in the aggregate share reserve or the number of shares remaining available for grant. On August 5, 2014, we filed a registration statement on Form S-8 to register an aggregate of 2,000,000 shares of our common stock, which may be issued pursuant to our 2014 Equity Plan.
- (2) Our Company has no equity compensation plans not approved by our stockholders.

**Change in Control and Arbitration Agreements**

In June 2006, we entered into Change in Control and Arbitration Agreements with our Chief Financial Officer as well as certain of our other former officers and employees who are currently employees of our Manager. While our board does not have the authority to terminate the employees of our Manager, our board determined that in the event of a change in control of our Company, as defined below, it would be imperative for us and our board to be able to receive and rely upon these employees' advice, if requested, as to the best interests of our Company and its stockholders without concern that these employees might be distracted by the personal uncertainties and risks created by any such possible transactions. Following our entry into the Management Agreement effective as of December 31, 2011, and in connection with the Externalization, we amended the existing Change in Control and Arbitration Agreements to provide that should a Change in Control (as defined in the amended Change in Control and Arbitration agreements) occur, each of these employees of our Manager will receive from us certain severance and other benefits.

There is no Change in Control and Arbitration Agreement for Mr. Joseph E. McAdams, our Chief Executive Officer and President.

A Change in Control, as defined in the Change in Control and Arbitration Agreements, means the first to occur of any of the following triggers:

- (a) any "person" or "persons" acting as a group (other than our Company or any trustee or other fiduciary holding securities under an employee benefit plan of our Company) being the beneficial owner, directly or indirectly, of securities of our Company representing more than 50% of the combined voting power of our Company's then outstanding securities; or
- (b) a change in the composition of our board; or
- (c) the effective date of any merger or consolidation of our Company with any other corporation or entity other than
  - (i) a merger or consolidation which would result in the voting securities of our Company outstanding immediately prior thereto continuing to represent in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of our Company, at least 65% of the combined voting power of the voting securities of our Company or such surviving entity outstanding immediately after such merger or consolidation, or

[Table of Contents](#)

- (ii) a merger or consolidation effected to implement a recapitalization of our Company in which no person acquires more than 35% of the combined voting power of our Company's then outstanding securities, or
- (iii) a merger or consolidation of our Company with one or more persons that are related to our Company immediately prior to the consolidation or merger; or
- (d) the sale or disposition by our Company of all or substantially all of our Company's assets, to one or more persons that are not related to our Company immediately prior to the sale or transfer.

The foregoing summary of the terms and conditions of the Change in Control and Arbitration Agreements is qualified in its entirety by reference to the Change in Control and Arbitration Agreements, which have been filed as exhibits to our Company's reports pursuant to the Exchange Act.

The Change in Control and Arbitration Agreements grant to the employees of our Manager, in the event that a change in control occurs, immediate payouts consisting of a lump sum payment equal to (i) 12 months' annual base salary in effect on December 31, 2011, plus (ii) the average annual incentive compensation received for the two complete fiscal years prior to December 31, 2011, plus (iii) the average annual bonus received for the two complete fiscal years prior to December 31, 2011, as well as all fringe benefits for a period of 12 months. For one of the Senior Vice Presidents and Portfolio Managers of our Manager, in event that a change in control occurs, he will receive an immediate payout consisting of a lump sum payment equal to (i) 12 months' annual base salary (as paid by our Manager) in effect on September 18, 2014, plus (ii) \$350,000, as well as other benefits. The Change in Control and Arbitration Agreements also provide for immediate vesting of all equity-based awards granted to these employees of our Manager upon a change in control.

The Change in Control and Arbitration Agreement for Mr. Charles J. Siegel was amended as noted previously. The following reflects the amount that Mr. Siegel would have been paid by us if a change in control occurred on December 31, 2019:

	<u>Charles J. Siegel</u>
Base salary	\$ 259,537
Average bonus	107,000
Fringe benefits	14,076
Total:	<u>\$ 380,613</u>

## COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section with management. The principal management executive involved in determining compensation and in discussing these issues with the Compensation Committee is the Chief Executive Officer. His involvement is discussed in the Compensation Discussion and Analysis section of this proxy statement (see page 15).

Based on this review and discussion, the Compensation Committee recommended to our board that the Compensation Discussion and Analysis section be included in this proxy statement and incorporated by reference into the Annual Report on Form 10-K.

Respectfully Submitted by the Compensation  
Committee of the Board of Directors,

*Dominique Mielle*

*Joe E. Davis*

*Robert C. Davis*

*Mark S. Maron*

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

As of March 11, 2020, the record date of the Annual Meeting, there were 98,919,626 shares of our common stock outstanding. The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of March 11, 2020 by (i) each of our directors, (ii) each of our Named Executive Officers, (iii) each person who is known to us to beneficially own more than 5% of our common stock, and (iv) all of our directors and executive officers as a group. The number of shares beneficially owned is determined under rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and any shares which the individual has the right to acquire within 60 days of March 11, 2020 through the exercise of any stock option or other right. Unless otherwise noted, we believe that each person has sole investment and voting power (or shares or controls such powers with either his or her spouse or immediate family member) with respect to the shares set forth in the following table:

Beneficial Owner	Common Stock Beneficially Owned <sup>(1)</sup>	Percent of Class
<b>Directors and Named Executive Officers<sup>(2)</sup></b>		
Joseph E. McAdams <sup>(3)</sup>	295,796	*
Charles J. Siegel	40,999	*
Joe E. Davis	15,582	*
Robert C. Davis	40,000	*
Mark S. Maron	30,000	*
Lloyd McAdams <sup>(4)</sup>	1,405,915	1.42 %
Dominique Mielle	41,000	*
All Directors and Executive Officers as a Group (7 Persons) <sup>(5)</sup>	1,835,592	1.86 %
<b>5% Stockholders</b>		
BlackRock, Inc. <sup>(6)</sup>	10,543,269	10.66 %
Renaissance Technologies LLC <sup>(7)</sup>	6,718,490	6.79 %
Vanguard Group, Inc. <sup>(8)</sup>	5,042,893	5.10 %

\* Less than 1%

- (1) The amounts shown do not include shares of our Series B Preferred Stock, which are convertible into shares of our common stock at a current conversion rate of 5.5992. A table which details the beneficial ownership of our Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock is shown after these footnotes.
- (2) As a result of the Externalization effective as of December 31, 2011, our only Named Executive Officers are our statutory officers.
- (3) Includes 33,700 shares owned by the McAdams Foundation, of which Mr. Joseph E. McAdams is a director. Mr. Joseph E. McAdams shares voting and investment power over the shares held by the McAdams Foundation with Mr. Lloyd McAdams and others and disclaims any beneficial interest in the shares held by this entity.
- (4) Includes (i) 1,301,378 shares held by Mr. Lloyd McAdams and his spouse, Ms. Heather U. Baines, (ii) 62,500 shares which Mr. Lloyd McAdams owns individually and in which Ms. Baines has no beneficial interests, and (iii) 33,700 shares owned by the McAdams Foundation, of which Mr. Lloyd McAdams is a director. Mr. Lloyd McAdams shares voting and investment power over the shares held by the McAdams Foundation with Mr. Joseph E. McAdams and others and disclaims any beneficial interest in the shares held by this entity.
- (5) Each of our directors and officers may be reached at 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401.
- (6) Based on information provided in a Schedule 13G/A that was filed with the SEC on February 4, 2020 by BlackRock, Inc. Aggregate beneficial ownership reported by BlackRock, Inc. is on a consolidated basis and includes shares beneficially owned by the following subsidiaries of BlackRock, Inc.: BlackRock Fund Advisors (which beneficially owns 5% or greater of the outstanding shares of our common stock); BlackRock Advisors, LLC; BlackRock Investment Management (UK) Limited; BlackRock Asset Management Canada Limited; BlackRock Investment Management (Australia) Limited; BlackRock (Netherlands) B.V.; BlackRock Asset Management Ireland Limited; BlackRock Institutional Trust Company, National Association; BlackRock Financial Management, Inc.; BlackRock Asset Management Schweiz AG; and BlackRock Investment Management, LLC. Other than BlackRock Fund Advisors, none of the other BlackRock entities beneficially owns 5% or greater of the outstanding shares of our common stock. The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.
- (7) Based on information provided in a Schedule 13G that was filed with the SEC on February 13, 2020 by Renaissance Technologies LLC. The address of Renaissance Technologies LLC is 800 Third Avenue, New York, New York, 10022.
- (8) Based on information provided in a Schedule 13G/A that was filed with the SEC on February 12, 2020 by Vanguard Group, Inc. Aggregate beneficial ownership reported by Vanguard Group, Inc. is on a consolidated basis and includes shares beneficially owned by the following subsidiaries of Vanguard Group, Inc., none of which beneficially owns 5% or greater of the outstanding shares of our common stock: Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The address of Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

[Table of Contents](#)

As of March 11, 2020, the record date of the Annual Meeting, there were 1,919,378 shares of our Series A Cumulative Preferred Stock, 779,743 shares of our Series B Cumulative Convertible Preferred Stock, and 2,010,278 shares of our Series C Cumulative Redeemable Preferred Stock outstanding.

The following table sets forth certain information known to us with respect to the beneficial ownership of our Series A Cumulative Preferred Stock, Series B Cumulative Convertible Preferred Stock, and Series C Cumulative Redeemable Preferred Stock as of March 11, 2020 by (i) our directors, (ii) our Named Executive Officers, and (iii) our directors and executive officers as a group. We have omitted from the following table those directors and Named Executive Officers who do not beneficially own shares of our Series A Cumulative Preferred Stock, Series B Cumulative Convertible Preferred Stock, or Series C Cumulative Redeemable Preferred Stock. The number of shares beneficially owned is determined under rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and any shares which the individual has the right to acquire within 60 days of March 11, 2020 through the exercise of any stock option or other right. Except under certain circumstances, our Series A Cumulative Preferred Stock, Series B Cumulative Convertible Preferred Stock, and Series C Cumulative Redeemable Preferred Stock are non-voting equity securities. Our Series B Cumulative Convertible Preferred Stock is convertible into shares of our common stock. Unless otherwise noted, we believe that each person has sole investment power (or shares or controls such powers with either his or her spouse or immediate family member) with respect to the shares set forth in the following table:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
<b>Directors and Named Executive Officers:</b>			
Series A Cumulative Preferred Stock	Robert C. Davis	3,000	*
Series B Cumulative Convertible Preferred Stock <sup>(1)</sup>	Joseph E. McAdams	6,700 <sup>(2)</sup>	*
Series B Cumulative Convertible Preferred Stock <sup>(1)</sup>	Lloyd McAdams	6,700 <sup>(2)</sup>	*
Series B Cumulative Convertible Preferred Stock <sup>(1)</sup>	Joe E. Davis	3,000	*
Series B Cumulative Convertible Preferred Stock <sup>(1)</sup>	Robert C. Davis	4,000	*
Series C Cumulative Convertible Preferred Stock	—	—	—

\* Less than 1%

- (1) As of March 11, 2020, our Series B Cumulative Convertible Preferred Stock was convertible at the conversion rate of 5.5992 shares of our common stock per \$25.00 liquidation preference. The conversion rate will be adjusted in any fiscal quarter in which the cash dividends paid to common stockholders results in an annualized common stock dividend yield that is greater than 6.25%. The conversion ratio will also be subject to adjustment upon the occurrence of certain specific events, such as a change in control. Our Series B Cumulative Convertible Preferred Stock is convertible into shares of our common stock at the option of the Series B Cumulative Convertible Preferred stockholder at any time at the then prevailing conversion rate. We may, at our option, convert, under certain circumstances, each share of Series B Cumulative Convertible Preferred Stock into a number of common shares at the then prevailing conversion rate.
- (2) These shares are held directly by the McAdams Foundation, of which Messrs. Joseph E. McAdams and Lloyd McAdams are directors. They and others share voting and investment power over the shares held by the McAdams Foundation, and each of Messrs. Joseph E. McAdams and Lloyd McAdams disclaim any beneficial interest in the shares held by this entity.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### **Policies and Procedures for Review and Approval of Related Party Transactions**

Our board has established the Code of Ethics and Business Conduct (the “Code of Conduct”). The Code of Conduct outlines the principles, policies, and values that govern the activities of our Company and it applies to all of our directors, officers, and employees. The Code of Conduct outlines our policy on conflicts of interest.

A conflict of interest is defined as any situation in which a director, officer, or employee has competing professional or personal interests which could possibly make it difficult to fulfill his or her duties and responsibilities to our Company in an impartial manner. It is specifically required by our Code of Conduct that all of our officers, directors, and employees (i) fully disclose to the appropriate parties all actual or perceived conflicts of interest, and (ii) ensure that duties and responsibilities to our Company are handled in such a manner that ensures impartiality.

In addition to the Code of Conduct, we require our directors and executive officers to complete, on an annual basis, a directors’ and officers’ questionnaire, which requires disclosure of any related party transactions. Also, on a quarterly basis, our board reviews all existing related party transactions and any new transactions that are brought to the attention of either management or our board.

On any new related party transactions, if the party involved in the transaction is a member of our board, such member of our board is required to recuse or abstain from involvement in the decision. If the remaining board members ratify the transaction, our board will grant a waiver to the Code of Conduct. In the event that such a waiver is granted to any of our officers, we would announce the waiver within four business days by filing a Form 8-K with the SEC and posting it on the “Governance Documents” section of our website.

### **Management Agreement and Externalization**

At our annual stockholders meeting held on May 25, 2011, our stockholders approved the entry by us into the Management Agreement between us and Anworth Management LLC (our “Manager”), and the externalization of our Company’s management function (the “Externalization”). We entered into the Management Agreement effective as of December 31, 2011. Our day-to-day operations are now being conducted by our Manager through the authority delegated to it under the Management Agreement and pursuant to the policies established by our board. Our Manager is supervised and directed by our board and is responsible for (i) the selection, purchase, and sale of our investment portfolio; (ii) our financing and hedging activities; and (iii) providing us with portfolio management and administrative services. Our Manager performs such other services and activities relating to our assets and operations as may be appropriate. In exchange for these services, our Manager receives a management fee, paid monthly in arrears, in an amount equal to one-twelfth of 1.20% of our Equity (as defined in the Management Agreement).

Our Manager commenced performance on December 31, 2011, after which we became an externally-managed REIT. Following the execution of the Management Agreement, and on its effective date, the employment agreements of our executives were terminated and we operate as an entity with officers and directors but without employees. Our employees became employees of our Manager and we took such other actions as were reasonably necessary to implement the Management Agreement and the Externalization. The Management Agreement was renewed for another one-year term expiring on December 31, 2020.

### ***The Management Agreement***

Under the terms of the Management Agreement, our Manager is responsible for administering our business activities and day-to-day operations, subject to the supervision and oversight of our board. The material terms of the Management Agreement are described below.

#### *Management Services*

The Management Agreement requires our Manager to oversee our business affairs in conformity with the operating policies and investment guidelines approved by our board. Our Manager, at all times, is supervised and directed by our board, the terms and conditions of the Management Agreement, and such further limitations or parameters as may be imposed from time to time by our board. Our Manager is responsible for (i) the selection, purchase, and sale of our investment portfolio, (ii) our financing and hedging activities, and (iii) providing us with portfolio management and administrative services.

Our Manager has not assumed any responsibility other than to render the services called for under the Management Agreement in good faith and is not responsible for any action of our board in following or declining to follow its advice or recommendations, including as set forth in the investment guidelines. Our Manager and its affiliates, and the directors, officers, employees, members, and stockholders

## [Table of Contents](#)

of our Manager and its affiliates, will not be liable to us, our board, or our stockholders, for any acts or omissions performed in accordance with and pursuant to the Management Agreement, except by reason of acts constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their respective duties under the Management Agreement.

We have agreed to indemnify our Manager and its affiliates, and the directors, officers, employees, members, and stockholders of our Manager and its affiliates, with respect to all expenses, losses, damages, liabilities, demands, charges, and claims in respect of, or arising from, any acts or omissions of our Manager, its affiliates, and the directors, officers, employees, members, and stockholders of our Manager and its affiliates, performed in good faith under the Management Agreement and not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their respective duties. Our Manager has agreed to indemnify us and our directors, officers, and stockholders with respect to all expenses, losses, damages, liabilities, demands, charges, and claims in respect of, or arising from, any acts or omissions of our Manager constituting bad faith, willful misconduct, gross negligence, or reckless disregard of its duties under the Management Agreement. Our Manager will maintain reasonable and customary “fidelity” insurance coverage.

Our Manager is required to refrain from any action that, in its sole judgment made in good faith, (i) is not in compliance with the investment guidelines, (ii) would adversely affect our qualification as a REIT under the Internal Revenue Code, or our status as an entity exempted from investment company status under the Investment Company Act, or (iii) would violate any law, rule, or regulation of any governmental body or agency having jurisdiction over us, or of any exchange on which our securities are listed, or that would otherwise not be permitted by our amended and restated certificate of incorporation or our bylaws. If our Manager is ordered to take any action by our board, our Manager will notify our board if it is our Manager’s judgment that such action would adversely affect such status or violate any such law, rule or regulation, or our amended and restated certificate of incorporation or our bylaws.

### *Term and Termination Rights*

The Management Agreement will be automatically renewed for one-year terms unless terminated by either us or our Manager. The Management Agreement does not limit the number of renewal terms. Either we or our Manager may elect not to renew the Management Agreement upon the expiration of the initial term of the Management Agreement or upon the expiration of any automatic renewal terms, both upon 180 days’ prior written notice to our Manager or to us. Any decision by us to not renew the Management Agreement must be approved by the majority of our independent directors. If we choose not to renew the Management Agreement, we will pay our Manager a termination fee, upon expiration, equal to three times the average annual management fee earned by our Manager during the prior 24-month period immediately preceding the most recently completed month prior to the effective date of termination. In addition, following any termination of the Management Agreement, we must pay our Manager all monthly management fees accruing to the date of termination and any other amounts due.

If we terminate the Management Agreement without cause, we may not, without the consent of our Manager, employ any employee of our Manager or any of its affiliates, or any person who has been employed by our Manager or any of its affiliates, at any time within the two-year period immediately preceding the date on which the person commences employment with us for two years after such termination of the Management Agreement.

Furthermore, if we decide not to renew the Management Agreement without cause as a result of the determination by the majority of our independent directors that the management fee is unfair, our Manager may agree to perform its management services at fees the majority of our board determine to be fair and the Management Agreement will not terminate. If our Manager does not agree, it can give us notice that it wishes to renegotiate, in which case we and our Manager must negotiate in good faith. If we cannot agree on a revised fee structure at the end the 60-day negotiation period following our receipt of our Manager’s intent to renegotiate, the agreement will terminate and we must pay the termination fees described above.

We may also terminate the Management Agreement with 60 days’ prior written notice for cause without paying the termination fee if any of the events constituting cause under the Management Agreement occur, which will be determined by a majority of our independent directors. These events include fraud, embezzlement, gross negligence, failure to provide adequate personnel not cured within a specified time period, material breach of the Management Agreement not cured within a specified time period, and our Manager’s bankruptcy or dissolution.

### *Management Fee and Reimbursement of Expenses*

We do not employ any personnel. As a result, we rely on our Manager to administer our business activities and day-to-day operations. Our Manager receives a management fee from us to compensate its employees for providing services as summarized above in “Management Services.” Our Manager is also entitled to certain monthly expense reimbursements described below. The management fee is payable monthly in arrears in cash.

## [Table of Contents](#)

*Management Fee.* We pay our Manager a management fee monthly in arrears in an amount equal to 1/12 of 1.20% of our Equity (as defined below). Our Manager calculates each monthly installment of the management fee within 15 days after the end of each calendar month and we pay the monthly management fee with respect to each calendar month within 5 business days following the delivery to us of our Manager's statement setting forth the computation of the monthly management fee for such month.

"Equity" equals our 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 generally accepted accounting principles utilized in the United States of America.

Our Manager will not receive any performance-based incentive compensation pursuant to the terms of the Management Agreement.

*Reimbursement of Expenses.* We will pay directly, or reimburse our Manager, for all of our operating expenses and our Manager's operating expenses applicable to our Company other than compensation and benefits. Pursuant to the terms of the Management Agreement, we are not responsible for the employment-related expenses of our Manager's employees and officers that provide services to us under the Management Agreement.

### ***Our Manager***

Mr. Lloyd McAdams, a director on our board, is also the Managing Member of Anworth Management LLC, our Manager. Mr. Lloyd McAdams beneficially owns 47.4% of the outstanding membership interests in our Manager; Mr. Joseph E. McAdams, the Chairman of our board, and our Chief Executive Officer and President, beneficially owns 47.4% of the outstanding membership interests in our Manager; and Ms. Heather U. Baines, an Executive Vice President of our Manager, beneficially owns 5.2% of the outstanding membership interests in our Manager.

The Management Agreement does not prevent our Manager, its employees, or any of its affiliates from engaging in other businesses or from rendering services of any kind to any other person or entity, including an investment in or advisory service to others investing in any type of real estate investment, other than advising other REITs that invest more than 75% of their assets in United States agency residential mortgage-backed securities. The officers and employees of our Manager may serve as our directors and officers.

Certain of our Manager's officers and certain of our officers are officers or employees of PIA, where they devote a portion of their time. These officers are currently involved, and will continue to be involved, in investing both our assets and mortgage-backed securities and other fixed income assets for institutional clients and individual investors through PIA.

These multiple responsibilities may create conflicts of interest if these officers are presented with opportunities that may benefit both us and the clients of PIA. These officers allocate investments among our portfolio and the clients of PIA by determining the entity or account for which the investment is most suitable. In making this determination, these officers consider the investment strategy and guidelines of each entity or account with respect to acquisition of assets, leverage, liquidity, and other factors that our officers determine appropriate. These officers, however, have no obligation to make any specific investment opportunities available to us and the above-mentioned conflicts of interest could result in decisions or allocations of securities that are not in our best interests.

Mr. Joseph E. McAdams is an Executive Vice President and Chief Investment Officer of PIA Farmland, Inc., a privately-held REIT. Mr. Lloyd McAdams is Chairman of the Board of PIA Farmland, Inc. and Mr. Charles J. Siegel is the Chief Financial Officer of PIA Farmland, Inc.

As these officers are required to devote a portion of their time and effort to the management of these other companies, they do not focus exclusively on the management of our Company.

### **Agreements with Pacific Income Advisers, Inc.**

On January 26, 2012, we entered into a sublease agreement for office space leased by PIA that became effective on July 1, 2012. Under the sublease agreement, we lease, on a pass-through basis, 7,300 square feet of office space from PIA at the same location and pay rent at an annual rate equal to PIA's obligation, which is currently \$71.50 per square foot. The base monthly rental for us is \$43,497.47, which will be increased by 3% per annum beginning on July 1, 2020. The sublease agreement runs through June 30, 2022 unless earlier terminated pursuant to the master lease. During the year ended December 31, 2019, we expensed approximately \$565 thousand in rent and related expenses to PIA under this sublease agreement.

[Table of Contents](#)

At December 31, 2019, the future minimum lease commitment was as follows (in whole dollars):

<u>Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u> <u>Commitment</u>
Commitment	\$ 529,800	\$ 545,697	\$ 276,882	\$ 1,352,379

Under our administrative services agreement with PIA, PIA provides administrative services and equipment to us including human resources, operational support, and information technology, and we pay an annual fee of 5 basis points on the first \$225 million of stockholders' equity and 2.25 basis point thereafter (paid quarterly in advance) for those services. The administrative services agreement had an initial term of one year and renews for successive one- year terms thereafter unless either party gives notice of termination no less than 30 days before the expiration of the then-current annual term. We may also terminate the administrative services agreement upon 30 days' prior written notice for any reason and immediately if there is a material breach by PIA. During the year ended December 31, 2019, we paid fees of \$181 thousand to PIA in connection with this agreement.

**Indemnification Agreements**

In addition to the indemnification provisions contained in our articles of incorporation and bylaws, we have entered into separate indemnification agreements with each of our directors and Named Executive Officers. We have also entered into separate indemnification agreements with certain employees of our Manager in their capacity as agents of our Company. These agreements require us, among other things, to indemnify each such director or officer of our Company, or employee of our Manager, to the fullest extent permitted by Maryland law against expenses (including attorneys' fees), judgments, fines, and settlements incurred by such individual in connection with any action, suit, or proceeding by reason of such individual's status or service as a director, officer, or agent of our Company (other than liabilities with respect to which such individual receives payment from another source arising in connection with certain final legal judgments, arising from actions not in good faith and not in a manner such individual reasonably believed to be in or not opposed to the best interests of our Company and its stockholders, arising from actions where such individual received an improper personal benefit in money, property, or services, arising from any criminal action or proceeding where such individual had reasonable cause to believe the conduct was unlawful, or in connection with assertions by such individuals not made in good faith, or which are frivolous, or which we are prohibited by applicable law from paying) and to advance expenses incurred by such individual in connection with any proceeding against such individual with respect to which such individual may be entitled to indemnification by us.

**Family Relationships**

Messrs. Joseph E. McAdams and Lloyd McAdams are son and father, and Mr. Lloyd McAdams and Ms. Heather U. Baines are husband and wife.



## AUDIT COMMITTEE

### Audit Committee Report

The following is the report of our Company with respect to our Company's audited financial statements for 2019, which include the balance sheets as of December 31, 2019 and 2018, the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019 and the notes thereto.

*Composition.* The Audit Committee of our board is comprised of four directors and operates under a written charter adopted by our board. All members of the Audit Committee are "financially literate" within the meaning of the NYSE rules and are "independent" as defined in Rule 10A-3 under the Exchange Act and the rules of the NYSE.

*Responsibilities.* The responsibilities of the Audit Committee include recommending to our board an accounting firm to be engaged as the independent registered public accounting firm. Management has the primary responsibility for the internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to oversee these processes and the activities of the internal audit department.

*Review with Management and Independent Registered Public Accounting Firm.* The Audit Committee has reviewed the audited financial statements and met separately, and held discussions, with management and RSM US LLP, our independent registered public accounting firm, for the fiscal year ended December 31, 2019. Management represented to the Audit Committee that the financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee discussed with RSM US LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC.

RSM US LLP provided to the Audit Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and the Audit Committee discussed with RSM US LLP, the firm's independence.

*Conclusion.* Based upon the Audit Committee's discussions with management and the independent registered public accounting firm, the Audit Committee's review of the representations of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended that our board include the audited financial statements in our Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC.

Respectfully submitted by the Audit  
Committee of the Board of Directors,

*Joe E. Davis*  
*Robert C. Davis*  
*Mark S. Maron*  
*Dominique Mielle*

**Audit and Related Fees**

The following table presents fees for professional audit services rendered by RSM US LLP for the audit of our Company's annual financial statements for the years ended December 31, 2019 and 2018, and fees billed for other services rendered by RSM US LLP during 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Audit fees	\$ 478,800	\$ 489,090
Audit-related fees	—	—
Tax fees	—	—
Other fees	—	—
Total:	<u>\$ 478,800</u>	<u>\$ 489,090</u>

**Pre-approval Policies and Procedures**

Consistent with SEC policies regarding auditor independence, our Audit Committee has the responsibility for appointing, setting compensation, and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established policies and procedures regarding pre-approval of all services provided by the independent registered public accounting firm. At the beginning of the fiscal year, the Audit Committee pre-approves the engagement of the independent registered public accounting firm to provide audit services based on fee estimates. The Audit Committee also pre-approves proposed audit-related services, tax services, and other permissible services, based on specified project and service details, fee estimates, and aggregate fee limits for each service category. The Audit Committee receives a report at each meeting on the status of services provided or to be provided by the independent registered public accounting firm and the related fees. All of the audit fees for services performed for our Company during the fiscal year ended December 31, 2019 were pre-approved by the Audit Committee.



**PROPOSAL NO. 2:**

**ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Our Company is presenting the following proposal which gives you, as a stockholder, the opportunity to vote, on an advisory basis, to approve the compensation paid by us to our Named Executive Officers by voting for or against the following resolution. While our board intends to carefully consider the outcome of the stockholder vote resulting from this proposal, the final vote will not be binding on us and is advisory in nature.

“Resolved, that the stockholders approve the compensation of our Company’s Named Executive Officers, as disclosed in the Compensation Discussion and Analysis section, the compensation tables and the related disclosures contained in this proxy statement set forth under the caption “Executive Officers and Compensation” beginning on page 13 of this proxy statement.”

Our board believes that the compensation paid by us to our Named Executive Officers through our compensation program achieves the objectives of attracting, motivating, and retaining our Named Executive Officers while achieving the objectives of aligning management’s interests with the interests of our stockholders.

The affirmative vote of the majority of all votes cast on the matter at a meeting at which a quorum is present is necessary to approve, on an advisory basis, the compensation of our Company’s Named Executive Officers. Votes against and broker non-votes will result in the resolution receiving fewer votes. Our board and Compensation Committee value the opinions that our stockholders express in their votes and will consider the outcome of this vote when considering future executive compensation arrangements as they deem appropriate.

***Our board unanimously recommends that you vote FOR approval of the compensation of our Named Executive Officers as disclosed in the Compensation Discussion and Analysis section, the compensation tables, and the related disclosures contained in this proxy statement set forth under the caption “Executive Officers and Compensation” beginning on page 13 of this proxy statement. Proxies received will be voted FOR approval of this proposal unless stockholders specify otherwise in their proxy.***

**PROPOSAL NO. 3:**

**RATIFICATION OF APPOINTMENT OF RSM US LLP  
AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

RSM US LLP was recommended by the Audit Committee of our board to act as our Company's independent registered public accounting firm for the fiscal year ending December 31, 2020, subject to ratification by the stockholders.

We have been advised by RSM US LLP that the firm has no relationship with our Company or its subsidiaries or affiliates other than that arising from the firm's engagement as auditors. If the selection of RSM US LLP is not ratified by the affirmative vote of at least a majority of the shares casting votes on the matter at the meeting, or if prior to the Annual Meeting RSM US LLP should decline to act or otherwise become incapable of acting, or if its employment should be otherwise discontinued by our board, then in any such case our board will appoint another independent registered public accounting firm whose employment for any period subsequent to the Annual Meeting will be subject to ratification by the stockholders at the 2021 Annual Meeting of Stockholders.

A representative of RSM US LLP is expected to be present in person at the Annual Meeting to make a statement if he or she desires and to respond to appropriate questions. The principal accountant's report on our Company's financial statements for our fiscal years ended December 31, 2019 and December 31, 2018 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

**Vote Required**

The affirmative vote of a majority of all votes cast on the matter at a meeting at which a quorum is present is necessary to ratify the appointment of RSM US LLP as our independent registered public accounting firm.

*Our board unanimously recommends that you vote FOR the ratification of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020. Proxies received will be so voted unless stockholders specify otherwise in their proxy.*

## OTHER MATTERS

### Expenses of Proxy Solicitation

Brokerage firms and other custodians, nominees, and fiduciaries will be requested to forward the proxy materials to beneficial owners and to obtain authorization for the execution of proxies and we will reimburse such brokerage firms, other custodians, nominees, and fiduciaries for reasonable expenses incurred in sending proxy materials to beneficial owners of our common stock. Our directors, officers, and employees may solicit proxies by telephone or in person (but will receive no additional compensation for such solicitation). We will bear the expense of this proxy solicitation.

### Legal Proceedings

We have no material proceedings to which any of our directors, officers, affiliates, any owner of record, or beneficially of more than 5% of any class of our voting securities, or any associate of any such director, officer, affiliate, or security holder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

### Annual Report

A copy of the annual report to stockholders of our Company for the 2019 fiscal year has been made available concurrently with this proxy statement to all stockholders entitled to notice of and to vote at the Annual Meeting. The annual report is not incorporated into this proxy statement and is not considered proxy solicitation material.

### Stockholder Proposals for 2021 Annual Meeting Pursuant to Rule 14a-8 of the Exchange Act

Proposals of stockholders for consideration at the 2021 Annual Meeting of Stockholders, pursuant to Rule 14a-8 of the Exchange Act, must be received by us no later than the close of business on November 16, 2020, and must comply with the applicable rules of the SEC in order to be included in our proxy statement and proxy relating to the 2021 Annual Meeting of Stockholders.

### Procedures for Recommending Director Candidates

Stockholders of our Company wishing to recommend director candidates to the Nominating and Corporate Governance Committee must submit their recommendations in writing to the committee, c/o the Secretary, Anworth Mortgage Asset Corporation, 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401.

Our Nominating and Corporate Governance Committee will consider nominees recommended by our stockholders provided that the recommendation contains sufficient information for the Nominating and Corporate Governance Committee to assess the suitability of the candidate, including the candidate's qualifications. Candidates recommended by stockholders that comply with these procedures will receive the same consideration that candidates recommended by the Nominating and Corporate Governance Committee receive.

Our Nominating and Corporate Governance Committee makes recommendations to our board concerning candidates for membership as directors, considering such factors as background, skills, expertise, accessibility, and availability to serve effectively on our board. This Committee also makes recommendations to our board regarding the nomination of incumbent directors for re-election to our board. Our board then approves a slate of directors to be nominated for election at annual meetings of stockholders.

When selecting directors, our board will review and consider many factors, including those specified in our Corporate Governance Guidelines, which are posted on the "Governance Documents" section of our website. It considers recommendations from many sources, including members of our board and management. From time to time, we may hire search firms to help identify and facilitate the screening and interview process of director nominees. The Nominating and Corporate Governance Committee has full discretion in considering its nominations to our board.

### Deadline and Procedures for Submitting Director Nominations or Other Business to our Board

A stockholder wishing to nominate a candidate for election to our board, or propose other business for consideration, at the 2021 Annual Meeting of Stockholders is required to give written notice addressed to the Secretary, Anworth Mortgage Asset Corporation, 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401, of his or her intention to make such a nomination or proposal. In order for a stockholder proposal for director nominations or other business, outside of Rule 14a-8 under the Exchange Act, to come before the 2021 Annual Meeting of Stockholders, such notice of nomination or proposal must be made in accordance with our Amended Articles of

[Table of Contents](#)

Incorporation, as amended, which require appropriate notice to us of the nomination or proposal not less than 30 days nor more than 60 days prior to the date of the Annual Meeting of Stockholders. If less than 30 days' notice of the date of the Annual Meeting of Stockholders is given by us, then we must receive the notice of nomination not later than the close of business on the 10th day following the date we first mailed the notice of the meeting. In this regard, notice is given that the 2021 Annual Meeting of Stockholders is expected to be held on May 19, 2021, and therefore we must receive notice of the proposal not before March 20, 2021 but not after April 19, 2021.

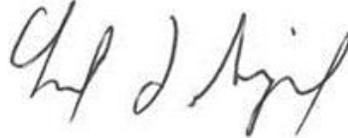
The notice of nomination is required to contain certain information about both the nominee and the stockholder making the nomination, as set forth in our bylaws. In addition, the notice of nomination must include information regarding the recommended candidate relevant to a determination of whether the recommended candidate would be barred from being considered independent under NYSE Rule 303A.02(b), or, alternatively, a statement that the recommended candidate would not be so barred. A nomination which does not comply with the above requirements will not be considered.

**Communications to the Board**

All communications to our board, our board committees, or any individual director must be in writing and addressed to them c/o the Secretary, Anworth Mortgage Asset Corporation, 1299 Ocean Avenue, 2nd Floor, Santa Monica, California 90401. Communications received in writing will be forwarded to the named recipient(s).

March 16, 2020

By Order of the Board of Directors



Charles J. Siegel  
*Secretary*

[Table of Contents](#)



ANKNORTH MORTGAGE ASSET CORPORATION  
 ATTN: JOHN HILLMAN  
 1299 OCEAN AVENUE, SECOND FLOOR  
 SANTA MONICA, CA 90401

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 05/19/2020. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 05/19/2020. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees	For	Against	Abstain
1a. Joseph E. McAdams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Joe E. Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1c. Robert C. Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1d. Mark S. Maron	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1e. Lloyd McAdams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1f. Dominique Hielle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors recommends you vote FOR proposals 2 and 3.

	For	Against	Abstain
2. Approval, on an advisory basis, of the compensation of our Named Executive Officers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of the appointment of RSM US LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2020.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

3333499179 1 R1.3.1.15

**ANNUAL MEETING OF STOCKHOLDERS OF  
ANWORTH MORTGAGE ASSET CORPORATION**

**MAY 20, 2020**

**Please date, sign and mail your proxy card in the envelope provided as soon as possible.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Annual Report and Notice and Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com)

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**ANWORTH MORTGAGE ASSET CORPORATION  
Annual Meeting of Stockholders  
May 20, 2020 10:00 AM  
This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Joseph E. McAdams and Charles J. Siegel, or either of them, each with full power of substitution, as proxies of the undersigned to attend the Annual Meeting of Stockholders of Anworth Mortgage Asset Corporation, to be held on Wednesday, May 20, 2020 at 10:00 a.m. Pacific Time, and at any adjournments or postponements thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present as indicated on the reverse side.

**THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF (A) THE NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 20, 2020, (B) THE ACCOMPANYING PROXY STATEMENT, AND (C) THE ANNUAL REPORT OF THE COMPANY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019.**

**THIS PROXY WILL BE VOTED AS SPECIFIED, OR, IF NO CHOICE IS SPECIFIED, WILL BE VOTED FOR THE 6 NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS AND FOR PROPOSALS 2 AND 3.**

**STOCKHOLDERS ARE URGED TO MARK, DATE, SIGN AND RETURN THIS PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES.**

**Continued and to be signed on reverse side**

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[\(Back To Top\)](#)