

PennyMac Mortgage Investment Trust  
Form 424B5  
August 16, 2012

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-182261

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED AUGUST 16, 2012**

**PROSPECTUS SUPPLEMENT**  
**(To prospectus dated June 21, 2012)**

**12,000,000 Shares**

## **PennyMac Mortgage Investment Trust**

### **Common Shares**

---

We are offering 12,000,000 of our common shares of beneficial interest, par value \$0.01 per share, or common shares.

The underwriters have agreed to purchase our common shares from us at a price of \$ \_\_\_\_\_ per share, which will result in approximately \$ \_\_\_\_\_ million of total net proceeds to us after deducting expenses. The underwriters may offer our common shares from time to time for sale in one or more transactions on the New York Stock Exchange, or the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. One of our trustees has agreed to purchase 25,000 of our common shares in this offering from the underwriters at the same price per share that the underwriters are paying us for such common shares. See "Underwriting."

The underwriters may also exercise their option to purchase up to 1,800,000 additional common shares from us, at the price set forth above, for 30 days after the date of this prospectus supplement.

Our common shares are listed on the NYSE under the trading symbol "PMT." The last reported sale price of our common shares on the NYSE on August 15, 2012 was \$21.70 per share. On August 2, 2012, we declared a dividend on our common shares of \$0.55 per share, payable on August 31, 2012 to shareholders of record on August 16, 2012. Purchasers in this offering will not be entitled to receive that dividend.

We impose certain restrictions on the ownership and transfer of our common shares. You should read the information under the section entitled "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus for a description

of these restrictions.

---

**Investing in our common shares involves certain risks. See "Risk Factors" beginning on page S-3 of this prospectus supplement and in the reports we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, incorporated by reference in this prospectus supplement and the accompanying prospectus, to read about factors you should consider before making an investment in our common shares.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

---

The underwriters expect to deliver the common shares to purchasers on or about August , 2012 through the book-entry facilities of The Depository Trust Company.

---

**BofA Merrill Lynch**

**Citigroup**

**Credit Suisse**

August , 2012

---

Table of Contents

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or the SEC. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

TABLE OF CONTENTS

**Prospectus Supplement**

<u>About This Prospectus Supplement</u>	<u>S-ii</u>
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	<u>S-ii</u>
<u>Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-3</u>
<u>Use of Proceeds</u>	<u>S-4</u>
<u>Capitalization</u>	<u>S-5</u>
<u>Underwriting</u>	<u>S-6</u>
<u>Legal Matters</u>	<u>S-13</u>
<u>Experts</u>	<u>S-13</u>
<u>Where You Can Find More Information</u>	<u>S-13</u>
<u>Documents Incorporated By Reference</u>	<u>S-14</u>
<b>Prospectus</b>	
<u>About this Prospectus</u>	<u>3</u>
<u>PennyMac Mortgage Investment Trust</u>	<u>4</u>
<u>Risk Factors</u>	<u>4</u>
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	<u>4</u>
<u>Use of Proceeds</u>	<u>7</u>
<u>Ratio of Earnings to Combined Fixed Charges and Preferred Share Distributions</u>	<u>7</u>
<u>Description of Shares of Beneficial Interest</u>	<u>8</u>
<u>Description of Warrants</u>	<u>14</u>
<u>Certain Provisions of Maryland Law and of Our Declaration of Trust and Bylaws</u>	<u>15</u>
<u>U.S. Federal Income Tax Considerations</u>	<u>22</u>
<u>Selling Shareholders</u>	<u>46</u>
<u>Plan of Distribution</u>	<u>47</u>
<u>Legal Matters</u>	<u>49</u>
<u>Experts</u>	<u>49</u>
<u>Where You Can Find More Information</u>	<u>49</u>
<u>Documents Incorporated By Reference</u>	<u>50</u>

Table of Contents

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire document, including this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. To the extent the information contained in or incorporated by reference into this prospectus supplement differs or varies from the information contained in or incorporated by reference into the accompanying prospectus, the information contained in or incorporated by reference into this prospectus supplement updates and supersedes such information.

Unless otherwise indicated or the context requires otherwise, references in this prospectus supplement to "we," "us," "our" and "our company" mean PennyMac Mortgage Investment Trust and its consolidated subsidiaries, including PennyMac Operating Partnership, L.P., or our operating partnership.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, as well as the documents we incorporate herein and therein by reference, contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "continue," "plan" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Examples of forward-looking statements include: (i) projections of our revenues, income, earnings per share, capital structure or other financial items; (ii) descriptions of our plans or objectives for future operations, products or services; (iii) forecasts of our future economic performance, interest rates, profit margins and our share of future markets; and (iv) descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of generating any revenues.

Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. There are a number of factors, many of which are beyond our control, that could cause actual results to differ significantly from our expectations.

You should not place undue reliance on any forward-looking statement, each of which speaks only as of the date on which it is made. We expressly state that we have no current intention to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

Factors that could cause our actual results and performance to differ materially from historical results or those anticipated include, but are not limited to:

changes in our investment objectives or investment or operational strategies, including any new lines of business or new products and services that may subject us to additional risks;

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

### Table of Contents

volatility in our industry, interest rates and spreads, the debt or equity markets, the general economy or the residential finance and real estate markets specifically, whether the result of market events or otherwise;

events or circumstances which undermine confidence in the financial markets or otherwise have a broad impact on financial markets, such as a credit downgrade of U.S. Government obligations, the sudden instability or collapse of large depository institutions or other significant corporations, terrorist attacks, natural or man-made disasters, or threatened or actual armed conflicts;

changes in general business, economic, market, employment, or in consumer confidence and spending habits and political conditions from those expected;

continued declines in residential real estate and significant changes in U.S. housing prices and/or activity in the U.S. housing market;

the availability of, and level of competition for, attractive risk-adjusted investment opportunities in residential mortgage loans and mortgage-related assets that satisfy our investment objectives and investment strategies;

our success in winning bids to acquire loans;

the concentration of credit and real estate risks to which we are exposed;

the degree and nature of our competition;

changes in personnel and lack of availability of qualified personnel;

our dependence on PNMAC Capital Management, LLC, or PCM, and PennyMac Loan Services, LLC, or PLS, and potential conflicts of interest with PCM, PLS and their affiliated entities, and the performance of such entities;

the availability, terms and deployment of short-term and long-term capital;

the adequacy of our cash reserves and working capital;

our ability to match the interest rates and maturities of our assets with our financing;

the costs and effectiveness of our hedging efforts in relation to our commitments to purchase, our inventory of mortgage loans acquired for sale and our investments in mortgage servicing rights, or MSRs;

the timing and amount of cash flows, if any, from our investments;

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

unanticipated increases in financing and other costs, including a rise in interest rates;

the performance, financial condition and liquidity of borrowers;

incomplete or inaccurate information or documentation provided by customers or counterparties, or adverse changes in the financial condition of our customers and counterparties;

the quality and enforceability of the collateral documentation evidencing our ownership and rights in the assets in which we invest;

increased rates of delinquency, default and/or decreased recovery rates on our investments;

our ability to foreclose on our mortgage loan investments and liquidate the resulting real estate in a timely and cost-effective manner or at all;

increased prepayments of the mortgages and other loans underlying our mortgage-backed securities, or MBS, MSRs and other investments;

S-iii

---

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

### Table of Contents

the degree to which our hedging strategies may or may not protect us from interest rate volatility;

the effect of the accuracy of, or changes in the estimates we make about, uncertainties and contingencies when measuring and reporting upon our financial condition and income;

our failure to maintain appropriate internal controls over financial reporting;

our ability to obtain and/or maintain licenses and other approvals in those jurisdictions where required to conduct our business;

our ability to comply with various federal, state and local laws that govern our business;

developments in the secondary markets for our mortgage loan products;

legislative and regulatory changes that impact the mortgage loan industry or housing market;

changes in regulations or the occurrence of other events that impact the business, operation or prospects of government-sponsored entities or government agencies such as the Federal Housing Administration or the Veterans Administration;

the Dodd-Frank Wall Street Reform and Consumer Protection Act and any other legislative and regulatory changes that impact the business, operations or governance of publicly-traded companies;

changes in government support of homeownership;

changes in government or government-sponsored home affordability programs;

changes in governmental regulations, accounting treatment, tax rates and similar matters (including changes to laws governing the taxation of real estate investment trusts, or REITs, or the exclusions from registration as an investment company);

limitations imposed on our business and our ability to satisfy complex rules for us to qualify as a REIT for U.S. federal income tax purposes and qualify for an exclusion from the Investment Company Act of 1940 and the ability of certain of our subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;

estimates relating to our ability to make distributions to our shareholders in the future;

the effect of public opinion on our reputation; and

the occurrence of natural disasters or other events or circumstances that could impact our operations.

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

These factors and the other risk factors described in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, are not necessarily all of the important factors that could cause our actual results and performance to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could adversely affect our actual results and performance. Consequently, there can be no assurance that the results or performance anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us.

S-iv

---



Table of Contents

**SUMMARY**

*This summary highlights information about us and the common shares being offered by this prospectus supplement and the accompanying prospectus. This summary is not complete and may not contain all of the information that you should consider prior to investing in our common shares. For a more complete understanding of our company, we encourage you to read this entire document, including the information incorporated by reference in this document and the other documents to which we have referred.*

**PennyMac Mortgage Investment Trust**

We are a specialty finance company that invests primarily in residential mortgage loans and mortgage-related assets. Our objective is to provide attractive risk-adjusted returns to our investors over the long-term, principally through dividends and secondarily through capital appreciation. We intend to achieve this objective largely by investing in distressed mortgage assets and acquiring, pooling, securitizing or selling newly originated prime credit quality residential mortgage loans, which we refer to as "correspondent lending." We supplement these activities through participation in other mortgage-related activities, which are in various states of analysis, planning or implementation, including: (i) the acquisition of REIT-eligible MBS; (ii) the acquisition of MSRs from liquidating and other institutions; (iii) providing inventory financing of mortgage loans for mortgage lenders; and (iv) to the extent that we transfer correspondent lending loans into private label securitizations in the future, retaining a portion of the securities created in the securitization transaction.

We are externally managed by our affiliate, PCM, pursuant to a management agreement. PCM is an investment adviser registered with the SEC that specializes in, and focuses on, residential mortgage loans. Most of our mortgage loan portfolio is serviced on our behalf by another affiliate, PLS, pursuant to a loan servicing agreement.

We conduct substantially all of our operations, and make substantially all of our investments, through our operating partnership and its subsidiaries. We are the sole limited partner and one of our subsidiaries is the sole general partner of our operating partnership.

We believe that we qualify, and we have elected to be taxed, as a REIT under the Internal Revenue Code of 1986 beginning with our taxable period ended on December 31, 2009.

**Recent Developments**

We intend to purchase from or through an affiliate of Citigroup Global Markets Inc., one of the underwriters for this offering, a portfolio of residential whole mortgage loans with a purchase price totaling approximately \$191.2 million. Our acquisition of this portfolio is subject to our continuing due diligence and other customary closing conditions and obtaining additional capital adequate to fund the acquisition. We currently expect to acquire this portfolio during September 2012. There can be no assurance that we will acquire this portfolio as described or that the transaction will be completed at all.

Table of Contents

**The Offering**

Issuer	PennyMac Mortgage Investment Trust
Common shares offered by us	12,000,000 common shares (13,800,000 common shares if the underwriters exercise in full their option to purchase additional common shares) <sup>(1)</sup>
Common shares to be outstanding after this offering	53,655,398 common shares (55,455,398 common shares if the underwriters exercise in full their option to purchase additional common shares) <sup>(2)</sup>
Use of proceeds	We expect that the net proceeds from this offering will be approximately \$ million after deducting our estimated expenses (or approximately \$ million if the underwriters exercise in full their option to purchase additional common shares). We intend to use the net proceeds from this offering to fund a portion of the purchase price for the portfolio of residential whole mortgage loans described above under "Recent Developments" (if such acquisition is completed), to fund the continued growth of our correspondent lending business, to acquire additional mortgage loans or other investments, including those under existing forward purchase agreements, and for general corporate purposes. See "Use of Proceeds."
Ownership limit	Subject to certain exceptions, our declaration of trust restricts ownership of more than 9.8% by vote or value, whichever is more restrictive, of our outstanding common shares, or 9.8% by vote or value, whichever is more restrictive, of our outstanding shares of beneficial interest in order to protect our status as a REIT for U.S. federal income tax purposes. See "Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer" in the accompanying prospectus.
Listing	Our common shares are listed on the NYSE under the trading symbol "PMT."
Risk factors	An investment in our common shares involves risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page S-3 of this prospectus supplement, as well as the reports we file with the SEC pursuant to the Securities Exchange Act of 1934, as amended, or the Exchange Act, incorporated by reference in this prospectus supplement and the accompanying prospectus, before making a decision to invest in our common shares.

---

(1) On August 2, 2012, we declared a dividend on our common shares of \$0.55 per share, payable on August 31, 2012 to shareholders of record on August 16, 2012. Purchasers in this offering will not be entitled to receive that dividend.

(2) The number of common shares to be outstanding after this offering is based on 41,655,398 common shares outstanding as of August 15, 2012, which excludes 668,914 common shares that are issuable upon the vesting of restricted share units that were granted under our equity incentive plan.

Table of Contents

**RISK FACTORS**

Investing in our common shares involves risks. You should carefully read and consider the risks described below, as well as the risks described in the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in our common shares. Each of these risks could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment.

**Risks Related to This Offering**

*The market price and trading volume of our common shares could be volatile and could decline, resulting in a substantial or complete loss of your investment.*

The stock markets, including the NYSE, which is the exchange on which we list our common shares, have experienced significant price and volume fluctuations. As a result, the market price of our common shares could be similarly volatile, and investors in our common shares may experience a decrease in the value of their common shares, including decreases unrelated to our operating performance or prospects. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common shares include:

actual or anticipated changes in our operating results or business prospects;

changes in earnings estimates by securities analysts;

an inability to meet or exceed securities analysts' estimates or expectations;

difficulties or inability to access capital or extend or refinance existing debt;

publication of research reports about us or our industry by securities analysts;

conditions or trends in our industry or sector;

actual or perceived conflicts of interest with PCM, PLS and their affiliated entities and individuals, including our officers;

strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect us or our industry;

hedging or arbitrage trading activity in our common shares;

adverse market reaction to the level of leverage we employ;

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

actions by institutional shareholders;

speculation in the press or investment community;

changes in interest rates;

changes in accounting principles;

additions or departures of key personnel at PCM and/or PLS, including our officers, or a change in control at either of these entities;

future sales of our common shares or securities convertible into, or exchangeable or exercisable for, our common shares, or the perception that such sales may occur;

S-3

---

Table of Contents

failure to maintain our REIT qualification or exclusion from the Investment Company Act of 1940;

the realization of any of the other risk factors contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus; and

general market and economic conditions, including continued volatility in the financial and credit markets.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their share price. This type of litigation could result in substantial costs and divert our management's attention and resources.

***This offering may be dilutive, and there may be future dilution of our common shares.***

This offering may have a dilutive effect on our earnings per share, REIT taxable income per share and/or book value per share for the year ending December 31, 2012. The actual amount of dilution, if any, cannot be determined at this time and will be based on numerous factors. Our board of trustees is authorized under our declaration of trust to, among other things, authorize the issuance of additional common shares or the issuance of preferred shares of beneficial interest or securities convertible or exchangeable into equity securities, without shareholder approval. We may issue such additional equity or convertible securities to raise additional capital. Holders of our common shares have no preemptive rights that entitle them to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. We cannot predict the size of future issuances or sales of our common shares or other equity securities into the public market or the effect, if any, that such issuances or sales may have on the market price of our common shares.

***We may issue debt or equity securities or securities convertible into equity securities, any of which may be senior to our common shares as to distribution and in liquidation.***

In the future, we may issue debt or additional equity securities or securities convertible into or exchangeable for equity securities. Such securities may be senior to our common shares as to distributions. We may also enter into debt-like financing that is unsecured or secured by up to all of our assets. In the event of our liquidation, our lenders and holders of our debt and preferred securities, if any, would receive distributions of our available assets before distributions to the holders of our common shares.

**USE OF PROCEEDS**

We expect that the net proceeds from this offering will be approximately \$      million after deducting our estimated expenses (or approximately \$      million if the underwriters exercise in full their option to purchase additional common shares). We intend to use the net proceeds from this offering to fund a portion of the purchase price for the portfolio of residential whole mortgage loans described above under "Summary Recent Developments" (if such acquisition is completed), to fund the continued growth of our correspondent lending business, to acquire additional mortgage loans or other investments, including those under existing forward purchase agreements, and for general corporate purposes. An affiliate of Citigroup Global Markets Inc., one of the underwriters for this offering, is the seller of the portfolio of residential whole mortgage loans that we have committed to acquire. See "Underwriting."

# Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

## Table of Contents

### CAPITALIZATION

The following table sets forth our capitalization (a) as of June 30, 2012, and (b) as of June 30, 2012, as adjusted to reflect the sale of the 12,000,000 common shares offered hereby (assuming the underwriters do not exercise their option to purchase additional common shares and assuming an offering price of \$21.70, based upon the last reported sale price of our common shares on August 15, 2012).

	As of June 30, 2012	
	Historical	As Adjusted
	(Dollars in thousands)	
		<b>unaudited</b>
<b>Debt:</b>		
Assets sold under agreements to repurchase	\$ 1,007,712	\$ 1,007,712
Borrowings under forward purchase agreements	16,693	16,693
<b>Total debt</b>	1,024,405	1,024,405
<b>Shareholders' Equity:</b>		
Common shares of beneficial interest authorized, 500,000,000 common shares of \$0.01 par value; issued and outstanding, 41,466,369 (historical) and 53,466,369 shares (as adjusted) <sup>(1)</sup>	415	535
Additional paid-in capital	767,506	1,027,361
Retained earnings	37,752	37,752
<b>Total equity</b>	805,673	1,065,648
<b>Total capitalization</b>	\$ 1,830,078	\$ 2,090,053

---

(1) Excludes 115,000 common shares issued subsequent to June 30, 2012 under our ATM equity offering program, and 74,029 common shares related to restricted share units that had vested subsequent to June 30, 2012.

Table of Contents

**UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC are acting as the underwriters of this offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of common shares set forth opposite the underwriter's name.

<b>Underwriter</b>	<b>Number of Shares</b>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
<b>Total</b>	<b>12,000,000</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the common shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the common shares (other than those covered by the underwriters' option to purchase additional common shares described below) if they purchase any of the common shares.

The underwriters have agreed to purchase the common shares from us at a price of \$      per share, which will result in net proceeds to us, after deducting estimated expenses related to this offering, of approximately \$      million assuming no exercise of the option granted to the underwriters to purchase additional common shares, and \$      million assuming full exercise of that option.

The underwriters propose to offer the common shares offered hereby from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The underwriters may effect such transactions by selling the common shares to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of common shares for whom they may act as agents or to whom they may sell as principal. The difference between the price at which the underwriters purchase common shares and the price at which the underwriters resell such common shares may be deemed underwriting compensation.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 1,800,000 additional common shares at \$      per share. To the extent the option is exercised, each underwriter will be obligated to purchase a number of additional common shares approximately proportionate to that underwriter's initial purchase commitment. Any common shares issued or sold under the option will be issued and sold on the same terms and conditions as the other common shares that are the subject of this offering.

One of our trustees has agreed to purchase 25,000 of our common shares in this offering from the underwriters at \$      per share, which is the same price per share that the underwriters are paying us for such common shares.

We and each of our executive officers and trustees have agreed that, for a period of 30 days from the date of this prospectus supplement, subject to certain exceptions, we and they will not, without the prior written consent of the underwriters:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or

## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

### Table of Contents

transfer any of our common shares or any securities convertible into or exchangeable or exercisable for our common shares; or

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of our common shares;

whether any such swap or transaction is to be settled by delivery of common shares or other securities, in cash or otherwise. The underwriters, in their sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice. Notwithstanding the foregoing, during the restricted period, our executive officers and trustees may, without the prior written consent of the underwriters, transfer common shares:

as a bona fide gift or gifts;

as a donation to a charitable organization;

by will or the laws of descent and distribution;

to any trust for the direct or indirect benefit of such executive officer or trustee or their immediate family;

to any corporation, partnership, limited liability company or other entity to the extent such entity is wholly owned by such executive officer or trustee and/or members of their immediate family; or

as forfeitures to satisfy tax withholding obligations of such executive officer or trustee in connection with the vesting of equity awards acquired pursuant to our equity incentive plan;

provided that in the case of the first five bullets above, (i) each transferee or donee agrees in writing to the restrictions set forth above, (ii) no filing by any party shall be required or shall be voluntarily made in connection with such transfer or distribution (other than a filing under Section 16 of the Exchange Act, or a filing made on Schedule 13D or Schedule 13G made after the expiration of the 30-day lock-up period), (iii) each party shall not be required by law to make, and agrees to not voluntarily make, any public announcement of the transfer or disposition and (iv) such executive officer or trustee notifies the underwriters at least three business days prior to the proposed transfer or disposition. If (i) during the last 17 days of the 30-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 30-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 30-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. However, such extension will not apply if, within three business days prior to the 15<sup>th</sup> calendar day before the last day of the restricted period, we deliver a certificate signed by our Chief Executive Officer or Chief Financial Officer, certifying that (i) our common shares are "actively traded securities" as defined in Regulation M, and (ii) we meet the requirements set forth in Rule 139 under the Securities Act of 1933, as amended, or the Securities Act, for the publication of issuer-specific research reports.

The common shares are listed on the NYSE under the symbol "PMT."

We estimate that the total expenses of the offering that are payable by us will be \$425,000.

In connection with the offering, the underwriters may purchase and sell common shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the underwriters' option to purchase additional common shares, and stabilizing purchases.



## Edgar Filing: PennyMac Mortgage Investment Trust - Form 424B5

### Table of Contents

Short sales involve secondary market sales by the underwriters of a greater number of common shares than they are required to purchase in the offering.

"Covered" short sales are sales of common shares in an amount up to the number of common shares represented by the underwriters' option to purchase additional common shares.

"Naked" short sales are sales of common shares in an amount in excess of the number of common shares represented by the underwriters' option to purchase additional common shares.

Covering transactions involve purchases of common shares either pursuant to the underwriters' option to purchase additional common shares or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriters must purchase common shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase common shares in the open market after the distribution has been completed or must exercise the option to purchase additional common shares. In determining the source of common shares to close the covered short position, the underwriters will consider, among other things, the price of common shares available for purchase in the open market as compared to the price at which they may purchase common shares through their option to purchase additional common shares.

Stabilizing transactions involve bids to purchase common shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own account, may have the effect of preventing or retarding a decline in the market price of the common shares. They may also cause the price of the common shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

### **Relationships with the Underwriters and Affiliates**

An affiliate of Citigroup Global Markets Inc. is the seller of the portfolio of residential whole mortgage loans that we have committed to acquire, as described above under "Summary Recent Developments." We presently contemplate that a portion of the purchase price for this acquisition would be funded under our existing repurchase facilities with affiliates of Citigroup Global Markets Inc. and/or Credit Suisse Securities (USA) LLC.

The underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Table of Contents

The underwriters and their affiliates have performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

**Notice to Prospective Investors in the European Economic Area**

In relation to each Member State of the European Economic Area (the "EEA") that has implemented the Prospectus Directive, as defined below (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer to the public of any common shares that are the subject of the offering contemplated in this prospectus supplement may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any of the common shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

by the underwriters to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of common shares shall result in a requirement for us or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to the common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase the common shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive. This prospectus supplement and the accompanying prospectus have been prepared on the basis that all offers of the common shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the common shares. Accordingly, any person making or intending to make any offer within the EEA of common shares which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus should only do so in circumstances in which no obligation arises for us or the underwriters to produce a prospectus for such offers. Neither we nor the underwriters have authorized, nor do we or they authorize, the making of any offer of the common shares through any financial intermediary, other than offers made by the underwriters which constitute the final sale of the common shares contemplated in this prospectus supplement and the accompanying prospectus.

Table of Contents

**Notice to Prospective Investors in the United Kingdom**

This prospectus supplement and the accompanying prospectus (this "Communication") have not been approved by any authorized person under section 21 of the Financial Services and Markets Act 2000 and are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person").

Any investment or investment activity to which this Communication relates is available only to relevant persons and will only be engaged with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Communication or any of its contents.

**Notice to Prospective Investors in France**

None of this prospectus supplement, the accompanying prospectus nor any other offering material relating to the common shares described in this prospectus supplement and the accompanying prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The common shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. None of this prospectus supplement, the accompanying prospectus nor any other offering material relating to the common shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the common shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The common shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

**Notice to Prospective Investors in Switzerland**

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the common shares being offered pursuant to this prospectus supplement and the accompanying prospectus have not and will not be approved, and may not be licensable, with FINMA. Therefore, the common shares have not been authorized for distribution by FINMA as a foreign collective investment scheme

## Table of Contents

pursuant to Article 119 CISA and the common shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The common shares may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus supplement and the accompanying prospectus and any other materials relating to the common shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus supplement and the accompanying prospectus may only be used by those qualified investors to whom they have been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than recipients of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus supplement and the accompanying prospectus do not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the common shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus supplement and the accompanying prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

### **Notice to Prospective Investors in the Dubai International Financial Centre**

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The common shares which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the common shares offered should conduct their own due diligence on the common shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

### **Notice to Prospective Investors in Hong Kong**

The common shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the common shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to common shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Table of Contents

**Notice to Prospective Investors in Japan**

The common shares offered in this prospectus supplement and the accompanying prospectus have not been registered under the Securities and Exchange Law of Japan. The common shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

**Notice to Prospective Investors in Singapore**

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the common shares may not be circulated or distributed, nor may the common shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with the conditions set forth in the SFA.