

# Angel Oak Announces \$150 Million Securitization of Non-Prime Mortgages

ATLANTA (December 17, 2015) -- Angel Oak Capital Advisors, LLC (Angel Oak Capital) announced today the completion of its first securitization of non-prime whole loans. The loans, which total \$150.4 million in aggregate, were originated by two of Angel Oak Capital's affiliate companies – Angel Oak Mortgage Solutions and Angel Oak Home Loans.

The securitization is the culmination of four years of careful planning and efforts to redevelop a market that has been non-existent for over seven years.

“When Angel Oak was founded, we aimed to take advantage of dislocations in subprime residential mortgage-backed securities that were deeply undervalued following the financial crisis,” noted managing partner and co-CEO Michael Fierman. “As those legacy products started to regain popularity, however, supply started to dry up. Strict credit standards put in place following the crisis made it extremely difficult for borrowers with imperfect credit to get a loan. This created a void in new originations and the corresponding securitized mortgage instruments.”

The team at Angel Oak Capital noted this trend four years ago and developed a strategy to recreate the market. They launched two separate entities – Angel Oak Mortgage Solutions and Angel Oak Home Loans – to originate non-agency, non-prime non-qualified mortgages and qualified mortgage loans on both the wholesale and retail levels, respectively.

The securitization's collateral consists entirely of non-agency, non-prime mortgages. There is a difference, however, between the subprime products issued prior to the financial crisis and the non-prime mortgages within the security.

“The loans originated by our affiliates strictly adhere to the eight pillars of the ‘ability-to-repay’ regulation and require no less than a 20 percent down payment,” said Sreeni Prabhu, the firm's co-CEO and chief investment officer. “As a result, average credit scores are much higher for these loans. In fact, the weighted average FICO score for the 555 loans in the pool is over 680, which is 100 points higher than the average credit score of pre-crisis subprime loans.”

The securitization is structured as approximately \$135,318,000 of senior- and mezzanine-class offered certificates and \$15,034,997 of subordinate-class non-offered certificates for a total deal size of \$150,352,997.

“Angel Oak has engaged a variety of external institutions throughout the lengthy and complicated process of developing this securitization,” said Head of Capital Markets, John Hsu. “Without the help of our trusted partners, this enormous task would not have come to fruition.”

These partners include:

- Nomura Securities International, Inc. – Initial purchaser and sole bookrunner of the securitization.
- Select Portfolio Servicing, Inc. – Servicer for the securitization's portfolio of loans.
- Clayton Services, LLC – Representation and warranty reviewer.
- American Mortgage Consultants, Inc. – Securitization due diligence provider.
- U.S. Bank National Association – Trustee and custodian.
- Katten Muchin Rosenman, LLP – Angel Oak Capital's legal counsel.



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**ABOUT ANGEL OAK CAPITAL ADVISORS, LLC**

Angel Oak Capital Advisors is an investment management firm focused on providing compelling fixed income investment solutions for its clients. Backed by a value-driven approach, Angel Oak Capital Advisors seeks to deliver attractive risk-adjusted returns through a combination of stable current income and price appreciation. Our experienced investment team seeks the best opportunities in fixed income with a specialization in mortgage-backed securities and other areas of structured credit.

As of 12/31/15, Angel Oak Capital has approximately \$6.0 billion in assets under management across its mutual funds, private funds and separately managed accounts.

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*Investors should carefully consider the investment objectives, risks, charges and expenses of the Angel Oak Funds. This and other important information about the Funds is contained in the Statutory & Summary Prospectuses, which can be obtained on the website at: [www.angeloakcapital.com](http://www.angeloakcapital.com). The Prospectus should be read carefully before investing.*

Angel Oak Capital Advisors is affiliated with Angel Oak Mortgage Solutions and Angel Oak Home Loans, however each of these affiliated companies is operated independently of one another.

The Angel Oak Funds are distributed by Quasar Distributors, LLC. Quasar is affiliated with U.S. Bank, and has no other affiliation with the listed partners.

Important information about the Funds:

**Mutual fund investing involves risk. Principal loss is possible. The Funds can make short sales of securities, which involves the risk that losses in securities may exceed the original amount invested. Leverage, which may exaggerate the effect of any increase or decrease in the value of securities in a Fund's portfolio on the Fund's Net Asset Value and therefore may increase the volatility of a Fund. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are increased for emerging markets. Investments in fixed income instruments typically decrease in value when interest rates rise. Derivatives involve risks different from and, in certain cases, greater than the risks presented by more traditional investments. Investments in asset backed and mortgage-backed securities include additional risks that investors should be aware of, such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. A non-diversified fund may be more susceptible to being adversely affected by a single corporate, economic, political or regulatory occurrence than a diversified fund. Funds will incur higher and duplicative costs when it invests in mutual funds, ETFs and other investment companies. There is also the risk that the Funds may suffer losses due to the investment practices of the underlying funds. For more information on these risks and other risks of the Funds, please see the Prospectus.**

Not FDIC Insured	May Lose Value	Not Bank Guaranteed
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