Opportunities Still Remain in Non-Agency RMBS

Finding Value in Structured Credit

We feel that the structured credit market continues to offer great relative value at this point in the economic and interest rate cycles. Within structured credit, the portfolio management team at Angel Oak Capital Advisors believes that non-agency residential mortgage-backed securities still have the potential for significant risk-adjusted outperformance for the following reasons:

1. Market technicals seem in investors' favor.

The non-agency RMBS market continues to shrink as bonds amortize and pay down over time coupled with minimal new issuance in the post-crisis period. Simultaneously, demand from fixed-income investors for non-agencies has increased given the high current income and improving fundamental landscape. When new-issue non-agency securitizations return, we will potentially be buyers of this sector, as the new-issue credit standards far exceed pre-crisis standards.

2. Market assumptions appear too negative and historically biased.

Given the large uncertainty in housing, market participants have priced in very harsh voluntary prepayment and default scenarios even though the collateral has outperformed such negative pre-purchase assumptions. Overall, we believe the asset class still trades at steep discounts and below its longer-term intrinsic value. Bonds backed by hybrid adjustable-rate mortgage loans are now past their initial reset date, creating a floating-rate coupon that resets annually. We find particular value in bonds backed by these floating-rate mortgages, as many high-quality borrowers are refinancing at historically low speeds. Any uptick in prepayment speeds from such low levels may be very yield-accretive for the portfolio.

3. Low sensitivity to interest rate volatility.

The non-agency RMBS market is over 50% floating-rate, and we see value in focusing an even higher percentage of our non-agency RMBS allocation to floating-rate securities. Given the combination of floating-rate coupons and discounted securities, we expect the asset class to significantly outperform in a rising rate environment. Since the start of 2015, interest rates have been volatile, but structured credit has remained more stable.

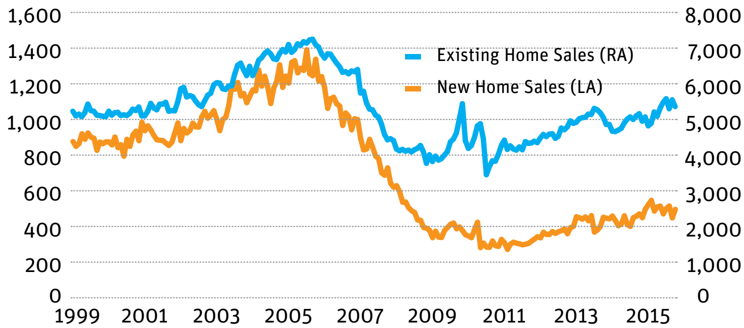
4. Positive tailwinds from housing fundamentals.

There is still a lack of new homes being built in the United States. Housing starts continue to underperform in the post-crisis period, as credit is constrained. This lack of new supply bodes well for the existing housing stock and should be positive for price appreciation in the seasoned real estate market, which provides the collateral of non-agency RMBS.

5. Access to asset classes outside of broad benchmarks.

The non-agency RMBS asset class is not represented in the Barclays U.S. Aggregate Bond Index and there is also very little exposure in exchange-traded funds (ETFs). This lack of participation within indices and ETFs helps dampen price volatility and limit access to retail bond investors, which we see as positive tailwinds for superior risk-adjusted total returns.

MONTHLY HOME SALES

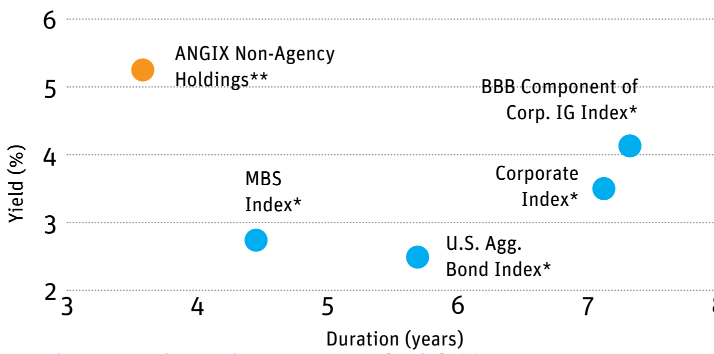


Source: National Association of Home Builders
Values in thousands
Date range: 1/31/99 - 10/31/15

6. Uncorrelated to traditional fixed-income.

The correlation of non-agency RMBS to other credit sectors, including high yield corporates, has declined as the housing market improves and the underlying fundamentals of other asset classes diverge. The unique ability of fixed-income investors to access high current income, low rate sensitivity and a low correlation to other credit during bouts of volatility is very compelling in our view.

YIELD VS. DURATION - RELATIVE VALUE



*Barclays U.S. Indexes. Please see page 3 for definitions.
**Source: Angel Oak Capital Advisors, non-agency holdings in the Multi-Strategy Income Fund (ANGIX) as of 11/30/15.

Outlook

The structured credit markets are constantly changing, and Angel Oak Capital Advisors has demonstrated an ability to navigate these markets. We continue to believe that seasoned non-agencies, in particular, offer the potential for great relative value over the next 24-48 months relative to traditional fixed-income markets. Given its stress-based market assumptions, we think the asset class provides the potential for price appreciation as well as a high level of current income.

ABOUT ANGEL OAK CAPITAL ADVISORS

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 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 10/31/15, Angel Oak Capital has approximately $6 billion in assets under management through a combination of mutual funds, private funds and separately managed accounts.

Clayton Triick, CFA
Portfolio Manager
Clayton serves as a portfolio manager for Angel Oak Capital Advisors, where he focuses on portfolio analytics and fixed-income strategies. Clayton manages specific strategies within the mutual funds, private funds and SMAs for Angel Oak Capital, specifically within structured credit and non-agency mortgage bonds.

David Wells
Product Manager
David serves as the product manager for Angel Oak Capital Advisors, where he is respsonsible for institutional client relationships for the firm's private funds. Additionally, David focuses on product enhancement and development for the firm.

Total Returns (as of 9/30/15)	3Q 2015	YTD	1 Year	3 Years	Inception[1]
Class I	-0.61%	2.27%	2.88%	4.84%	9.57%
Class A at NAV	-0.68%	2.08%	2.63%	4.60%	9.39%
Class A at MOP[2]	-2.92%	-0.23%	0.32%	3.80%	8.81%
Index[3]	1.23%	1.13%	2.94%	1.71%	3.26%

	Class A	Class I
Gross Expense Ratios*	1.45%	1.20%
Net Expense Ratios*	1.24%	0.99%
Tickers	ANGLX	ANGIX
SEC Yield Subsidized**	6.43%	6.83%
SEC Yield Unsibsidized**	6.43%	6.84%

**as of 11/30/15

[1]The inception date of the Angel Oak Multi-Strategy Income Fund A Class (ANGLX) was June 28, 2011, while the inception date of the Institutional Class (ANGIX) was August 16, 2012. The returns of ANGIX shown for periods prior to the inception date include the returns of ANGLX and are adjusted to reflect the operating expenses of ANGIX. [2]Maximum offering price takes into account the 2.25% maximum initial sales charge.
[3]Barclays U.S. Aggregate Bond Index. See page 3 for definitions.

*Gross expense ratios for the A Class and the Institutional Class are reported as of the 5/31/15 prospectus. The net expense ratios for the A Class and the Institutional Class are reported as of the 1/31/15 Annual Report and are referenced in the 5/31/15 prospectus. For the A Class and Institutional Class, the Adviser has committed contractually to waive fees and/or reimburse expenses so that net annual fund operating expenses do not exceed certain levels through 5/31/16 and may be discontinued at any time by the Fund's Adviser after 5/31/16.

Current performance may be lower or higher than the performance data quoted. Performance quoted is past performance and is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns shown for A Shares at NAV do not reflect the maximum sales load of 2.25%; if reflected, performance would be lower than shown. Current performance to the most recent month end can be obtained by calling 855-751-4324.

See more on next page.

→ Learn about Angel Oak Capital's innovative approach to structured credit investing: AngelOakCapital.com

Must be preceded or accompanied by a prospectus. To obtain an electronic copy of the prospectus, please visit www.angeloakcapital.com.

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decreases when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower rated and non-rated securities present a greater risk of loss to principal and interest than higher rated securities. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. Derivatives may involve certain costs and risks such as illiquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Opinions expressed are as of 9.30.15 and are subject to change at any time, are not guaranteed, and should not be considered investment advice.

The Angel Oak Funds are distributed by Quasar Distributors, LLC.

Definitions

30-Day SEC Yield: The SEC yield is an annualized yield based on the most recent 30-day period. Subsidized yields reflect fee waivers in effect. Without such waivers, yields would be reduced. Unsubsidized yields do not reflect fee waivers in effect.

Barclays U.S. Aggregate Bond Index: An unmanaged index that measures the performance of the investment-grade universe of bonds issued in the United States. The index includes institutionally traded U.S. Treasury, government-sponsored, mortgage and corporate securities. Please note that an investor cannot invest directly in the index; therefore, its performance does not reflect a reduction for fees or expenses incurred in managing a portfolio.

Barclays U.S. Investment Grade Corporate Index: The U.S. Corporate Index is a broad-based benchmark that measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers that meet specified maturity, liquidity and quality requirements.

Barclays U.S. MBS Index: The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.

BBB component of Barclays U.S. Investment Grade Corporate Index: Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered.

Distribution Yield: The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The yield does not include long- or short-term capital gains distributions.

Non-Agency RMBS: Mortgage-backed securities sponsored by private companies other than government-sponsored enterprises such as Fannie Mae or Freddie Mac.