Angel Oak FUNDS

Flexible Income Fund 3Q 2015 Commentary

The Angel Oak Flexible Income Fund ("The Fund" or "ANFIX") was down 0.60% for the third quarter of 2015. For the year, ANFIX is up 3.91%, outperforming the Fund's benchmark by over 2.5% as the Barclays U.S. Aggregate Bond Index was up 1.13% over the same time period, as high current income helped offset increased price volatility across the credit markets. The significant allocation to collateralized loan obligations (CLOs) has benefited Fund performance this year as the asset class outperformed most other sectors of U.S. fixed income.

Volatility was the theme throughout the third quarter as investors dealt with uncertainty regarding the future path of U.S. monetary policy and Asian economic growth. U.S. high-yield and emerging markets saw the most underperformance in the fixed income space as fears about the energy sector remain and forced selling from continued mutual fund outflows. The Fund's focused corporate allocation within floating rate CLOs and regional financials provided a cushion to downside deviation in the third quarter. The relative value of BBB and BB rated CLOs created the outperformance as compared with traditional high-yield corporate credit. Additionally, the allocation to regional financials provided significant stability in an environment where practically all corporate bond industries were under pressure during the summer of 2015.

Total Returns (as of 9/30/2015)	3Q 2015	YTD	1 Year	Inception[2]
Class I	-0.60%	3.91%	n/a	4.49%
Class A at NAV	-0.76%	3.66%	n/a	4.20%
Class A at MOP[3]	-3.02%	1.33%	n/a	1.86%
Index[1]	1.23%	1.13%	n/a	2.01%

Sector Performance Update

Collateralized Loan Obligations (CLOs)

CLO spreads continued to come under pressure as the third quarter unfolded. CLOs have outperformed high-yield bonds throughout the year given the lower exposure to commodities and the floating rate nature. As we go further in the credit cycle and default expectations increase,

ABOUT THE FUND

The Fund seeks to deliver current income and total return. It takes a distinct approach to credit investing by actively allocating across higher-yielding global fixed income instruments that may not be as sensitive to changes in interest rates. The Fund currently has a significant allocation to corporate credit with an emphasis in structured credit.

FUND CHARACTERISTICS AS OF 9/30/15

Fund Assets (All Classes)	$421.4 Million
Dividends	Monthly
Effective Duration	1.2

FUND INFORMATION

	A Shares	I Shares
Ticker	ANFLX	ANFIX
CUSIP	03463K109	03463K208
Gross Exp Ratio*	1.62%	1.37%
Net Exp Ratio*	1.10%	0.85%
SEC Yield Subsidized	5.28%	5.66%
SEC Yield Unsubsidized	5.05%	5.42%

Represent 30-day SEC yields as of 9/30/15

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.

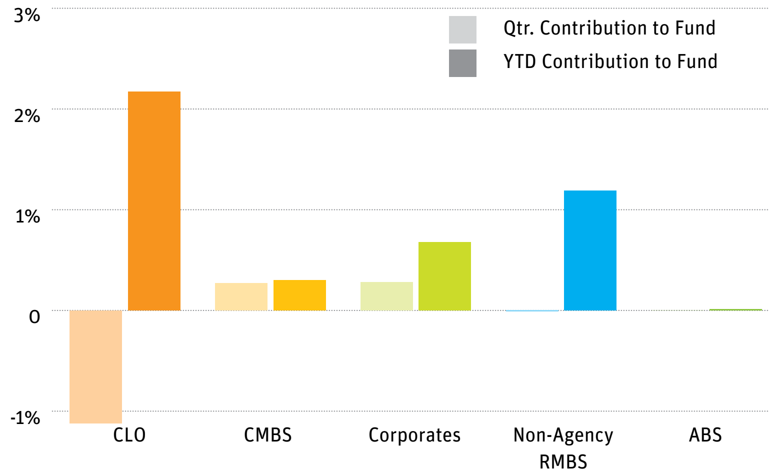
[1] Barclays U.S. Aggregate Bond Index
[2] The inception date of both the Angel Oak Flexible Income Fund A and I Classes (ANFLX and ANFIX) was November 3, 2014.
[3] Maximum offering price takes into account the 2.25% maximum initial sales charge.
*Gross and net expense ratios for the A Class and the Institutional Class are reported as of the 5/31/15 prospectus. The Adviser has committed contractually to waive fees and/or reimburse expenses (exclusive of any front-end sales loads, taxes, interest on borrowings, dividends on securities sold short, brokerage commissions, 12b-1 fees, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary expenses and inclusive of organizational expenses) so that Total Annual Fund Operating Expenses After Fee Waiver/Expense Reimbursement do not exceed 0.85% of the Fund's average daily net assets through 5/31/16.

security selection is becoming even more important. CLO pricing is now heavily influenced by the performance of the underlying loans, as we have had enough stress in the market to identify better-performing transactions. CLO managers who were once considered top tier are trading at wider levels if the portfolio quality is perceived to be weak. Our focus on better-quality deals, shorter maturities and higher-coupon defensive bonds has helped the Fund's allocation outperform the broader market. That being said, Fund assets have not been immune to the sell-off in credit markets. CLO spreads are now at levels not seen since mid-to-late 2012. Fundamentals and technicals are still relatively favorable for CLOs as new issuance is expected to be muted through year-end. If the loan pipeline remains low, it will only be secondary market sellers that can push prices lower. The Fund will continue to be cautiously optimistic on short-term technicals, which has been the allocation's stance since the second quarter of this year.

Corporates

The corporate allocation decreased slightly as a percentage of net assets but remains at approximately 19%. Unlike most credit products, the Fund's corporate exposure had a positive price return for the third quarter due to spread tightening in the subordinated debt issued by regional and community bank holding companies. Spread tightening in the sector was driven primarily from a robust new issue market at tighter levels. Issuers benefited from increased demand from market participants for community bank credit, and recent new issue deals continue to print at tighter spreads. YTD new issuance of regional and community bank subordinated debt is approximately $2.5 billion and is on pace to end the year at approximately $3.5 billion. Spread tightening has also been corroborated by positive fundamentals in the community bank space as M&A activity has been robust, credit quality trends have improved and earnings remain stable.

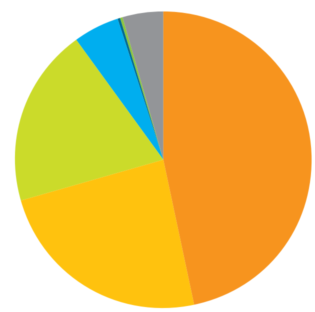
3Q 2015 SECTOR PERFORMANCE*



Commercial Mortgage-Backed Securities (CMBS)

Dissimilar to other areas of structured credit, new issue supply was the most overwhelming headline throughout the third quarter. Investors became increasingly more cautious throughout the quarter as macro volatility weighed on all risk assets, which resulted in a sustained move wider with each new issue announcement. The other major headline in September was a deal failing to clear its BBB-tranche and the issuer having to retain those bonds. In our view, this was largely a reflection of the credit quality of the first loan, which had been previously securitized in a pre-crisis deal. The payoff of the previous loan was less than the outstanding loan amount, creating a loss to those pre-crisis deals, even though the new appraisal justified a higher payoff number. While the deal did push spreads wider across CMBS, the market's reaction was encouraging as investors reflected a new standard with respect to underwriting quality.

PORTFOLIO COMPOSITION



CLO	46.8%
CMBS	24.0%
Corporates	19.3%
Non-Agency RMBS	4.9%
Agency RMBS	0.4%
ABS	0.2%
Cash	4.4%

As of 9/30/15

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus contain this and other important information about the investment company, and it may be obtained by calling 855-751-4324 or visiting www.angeloakcapital.com. Read it carefully before investing.

*Gross as of 9/30/2015

Sector allocations are subject to change and are not recommendations to buy or sell any security. Collateralized loan obligations are subject to additional risks including collateral may be insufficient to make payment obligations and may be characterized as illiquid security.

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.
Effective Duration: Measures a portfolio's sensitivity to changes in interest rates. Generally, the longer the effective duration, the greater the price change relative to interest rate movements.
RMBS: Residential mortgage-backed securities. **ABS:** Asset-Backed Securities **M&A:** Mergers & acquisitions

CLOs are securitizations backed primarily by senior secured loans to below investment grade companies. Cash flows from the underlying loan portfolio are paid to CLO tranches based on a waterfall of payments, creating different risk/return profiles on the different tranches. HY corporate bonds are unsecured bonds issued by below investment grade companies

Mutual fund investing involves risk. Principal loss is possible. The Fund can make short sales of securities, which involves the risk that losses in securities may exceed the original amount invested. The Fund may use leverage, which may exaggerate the effect of any increase or decrease in the value of securities in the Fund's portfolio on the Fund's Net Asset Value and therefore may increase the volatility of the 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. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund is non-diversified, so it may be more susceptible to being adversely affected by a single corporate, economic, political or regulatory occurrence than does investment in a diversified fund. The Fund will incur higher and duplicative costs when it invests in mutual funds, ETFs and other investment companies. There is also the risk that the Fund may suffer losses due to the investment practices of the underlying funds. For more information on these risks and other risks of the Fund, please see the Prospectus. No investment strategy, including a total return strategy, can ensure a profit or protect against loss. Additionally, investing in a total return strategy may result in underperformance during a bull market.

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