Angel Oak
FUNDS

Multi-Strategy Income Fund 2Q 2015 Commentary

Strong performance despite rising rates

The Angel Oak Multi-Strategy Income Fund (ANGIX) was up 1.04% for the second quarter of 2015 as high current income benefited Fund performance. The Fund outperformed its benchmark, the Barclays Aggregate Bond Index, by over 2% as the Index was down 1.68% over the same time period. For the year, the Fund is up 2.90% while the Barclays Aggregate Bond Index is in negative territory.

ANGIX's low sensitivity to changes in interest rates has been beneficial in 2015 as interest rate volatility remains elevated and Treasury yields are higher for the quarter, hurting longer duration fixed income strategies. For example, risk-free interest rates were up anywhere from 2 to 58 basis points. The effective duration of ANGIX is approximately 2.30, lower than the benchmark's duration of approximately 5.60.

Total Returns (as of 6/30/15)	2Q 2015	YTD	1 Year	3 Years	Inception[2]
Class I	1.04%	2.90%	4.54%	7.99%	10.38%
Class A at NAV	0.98%	2.78%	4.27%	7.76%	10.20%
Class A at MOP[3]	-1.30%	0.45%	1.93%	6.94%	9.58%
Index[1]	-1.68%	-0.10%	1.86%	1.83%	3.15%

Sector Performance Update

Non-Agency Residential Mortgage-Backed Securities (RMBS)
Consisting of over 50% of Fund assets, non-agency RMBS still remains the main allocation. The sector's price stability continued throughout the second quarter of 2015. The fund continues to focus on undervalued assets that have exhibited high price stability and have the potential

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 most recent month end can be obtained by calling 855-751-4324.

ABOUT THE FUND

The Fund seeks the best risk-adjusted opportunities in fixed income that offer the potential for both stable, monthly dividends and price appreciation. The Fund employs a top-down strategy to identify relative valuation opportunities within the structured credit markets and a bottom-up credit selection process to selecting individual issues. The managers will invest opportunistically across a wide range of credits and issuer types based on relative value within fixed income.

FUND CHARACTERISTICS AS OF 6/30/15

Fund Assets (All Classes)	$4.3 Billion
Dividends	Monthly
Effective Duration	2.3

FUND INFORMATION

	A Shares	I Shares
Tickers	ANGLX	ANGIX
CUSIP	03463K307	03463K406
Gross Exp Ratio*	1.45%	1.20%
Net Exp Ratio*	1.24%	0.99%
SEC Yield subsidized	5.90%	6.29%

Represent 30-day SEC yields as of 6/30/15

[1]Barclays U.S. Aggregate Bond Index [2]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. [3]Maximum Offering Price takes into account the 2.25% maximum initial sales charge.

*Gross expense ratios for the A Class and the Institutional Class are reported as of the 4/10/15 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 4/10/15 prospectus. 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.

for price appreciation. More recently, portfolio managers have been adding post-reset hybrids as they have floating rate coupons and potential price appreciation in a higher housing turnover environment. Looking forward to the third quarter, the Fund will continue to increase its floating-rate allocation and focus on price stability in a potentially rising rate environment.

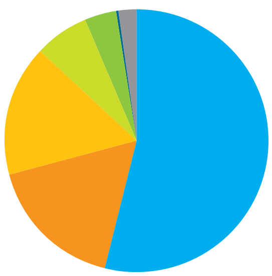
Collateralized Loan Obligations (CLO)

CLOs were a strong positive driver of the Fund's performance in the second quarter, creating approximately 1.82% of total return with a contribution of 0.34% to the total fund performance for the second quarter. Over the second half of 2014, the Fund increased its allocation to CLOs as spreads became more attractive due to regulatory uncertainty and heavy new issue supply. Portfolio managers actively rotated into cheaper segments of the CLO market. CLO supply started off the year strong with an overhang of deals from 2014. We had predicted a slowdown coming from challenging market conditions (wide CLO spreads and low loan supply) as well as risk retention concerns. This slowdown materialized in April and May, and CLO spreads rallied strongly, outperforming most risk assets. June supply was very strong as CLO managers tried to take advantage of a pickup in loan supply and tightening CLO spreads. This came amid macro volatility and quarter-end concerns and resulted in CLO spreads widening out in June and retracing half of the gains of the year. Overall, throughout 2015, the supply/demand balance has favored CLO investors and has benefited Fund performance.

Commercial Mortgage-Backed Securities (CMBS)

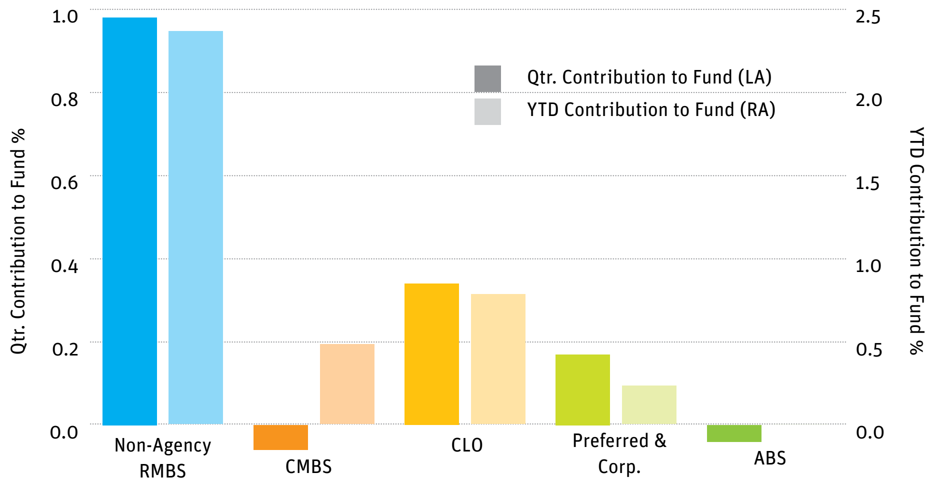
CMBS spreads marginally widened in the second quarter despite continued interest rate volatility and global credit concerns. For the year, CMBS has been a positive contributor to fund performance by rotating into more legacy (pre-crisis originated) credit as better opportunities emerged on a risk-adjusted basis as compared to the new issue deals coming to market in 2015. In addition to lower credit risk, the short duration nature of these legacy assets should continue to insulate the Fund from volatile interest rates.

PORTFOLIO COMPOSITION



Non-Agency RMBS	54.1%
CMBS	16.8%
CLO	16.1%
Preferred & Corp.	6.8%
ABS	3.7%
Agency RMBS	0.5%
Cash	2.0%

2Q 2015 SECTOR PERFORMANCE*



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 6/30/2015
Sector allocations are subject to change and are not recommendations to buy or sell any security. Collateralized loan obligations and other CLOs 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. The SEC yield does not include prepayment income, which could be a significant con¬tribution to yield. As of 6/30/15, the subsidized and unsubsidized 30-day SEC yields for ANGLX were 5.90% and 5.92%, respectively, and for ANGIX they were 6.29% and 6.31%, respectively. The unsubsidized SEC yield is higher than the subsidized SEC yield due to the Fund recouping previously waived expenses.
Alpha: The excess return of the fund relative to the return of the benchmark index.
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.
Basis point (bps): A unit equal to one hundreth of a percentage point.
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

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations. Diversification does not ensure a profit or guarantee against loss.

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.

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