Angel Oak®
CAPITAL ADVISORS

Angel Oak Capital Advisors

Q3 2026 Housing Chartbook

Housing Chartbook Contents

Housing Legislation Update

21st Century ROAD to Housing Act: Key Takeaways

- Most significant federal housing legislation in nearly two decades, incorporating provisions from more than 50 housing-related proposals.
- Seeks to improve affordability through expanded housing supply, broader financing access, and streamlined permitting.

Key Provisions

- Eliminates the U.S. Department of Housing and Urban Development's (HUD) permanent chassis requirement for manufactured housing, raises Federal Housing Administration (FHA) loan limits, and promotes modular construction.
- Expands Community Development Block Grant funding for affordable housing development.
- Accelerates federal environmental reviews and streamlines permitting processes.
- Increases multifamily loan limits, supports development in opportunity zones, and reduces selected regulatory burdens on banks.
- Provides grants for pre-approved housing plans, permitting modernization, and adaptive reuse of commercial and industrial properties.
- Limits large investors to 350 single-family homes, with exemptions designed to preserve supply-creating investment activities.

Overall Impact on Affordability

- Measures should provide modest support for affordability, though structural constraints are likely to limit the overall impact.
- Local zoning, labor, infrastructure, and permitting constraints are likely to restrict supply growth.
- Any supply benefits are likely to materialize gradually over multiple years.
- Manufactured and modular housing are positioned to benefit the most.
- Investor ownership limits could reduce institutional participation in the single-family housing market, though exemptions seek to preserve supply-creating investment.

Structural Challenges Not Addressed

- High land, labor, and construction costs.
- Rising ownership costs, including insurance, taxes, utilities, and maintenance.
- Elevated mortgage rates remain a significant affordability constraint.

Market Implications

- *Limited near-term impact on home prices, housing turnover, or affordability; however, the proposals should benefit housing supply over the longer term.*
- *Mortgage-backed securities (MBS) prepayment speeds are unlikely to accelerate until refinancing becomes economically attractive.*
- *Higher loan limits may support origination activity but are unlikely to materially improve affordability.*

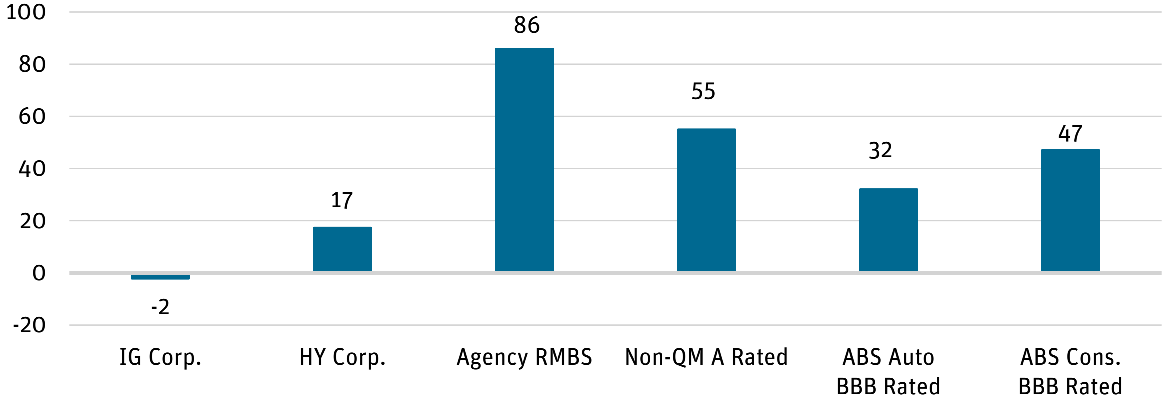
Relative Value in Mortgage Credit

Mortgage Credit Continues to Offer Attractive Relative Value

- Agency mortgage spreads have begun to normalize following the announcement of a planned $200 billion MBS purchase program.
- While corporate credit spreads have largely retraced to 2021 tights, many investment-grade securitized sectors continue to offer attractive relative value.
- Non-agency residential mortgage-backed securities (RMBS) spreads remain wider than pre-rate-hiking levels despite modest tightening alongside other spread products.
- We favor seasoned, low-coupon non-agency RMBS given discounted prices and potential prepayment and call upside.

Agency RMBS Remain Widest Relative to 2021 Tights

Basis Points

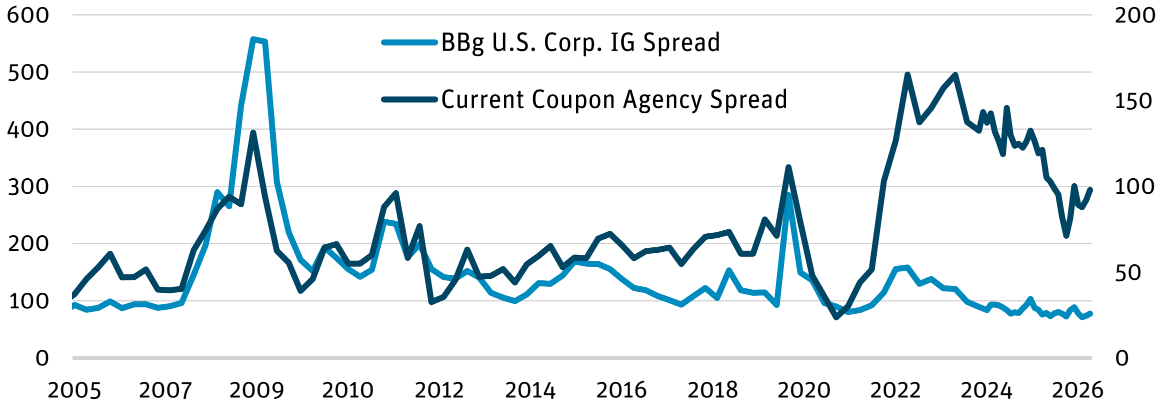


Source: Angel Oak Capital as of 7/31/26.

Agency MBS Spreads Remain Elevated Relative to IG Corporates

Basis Points

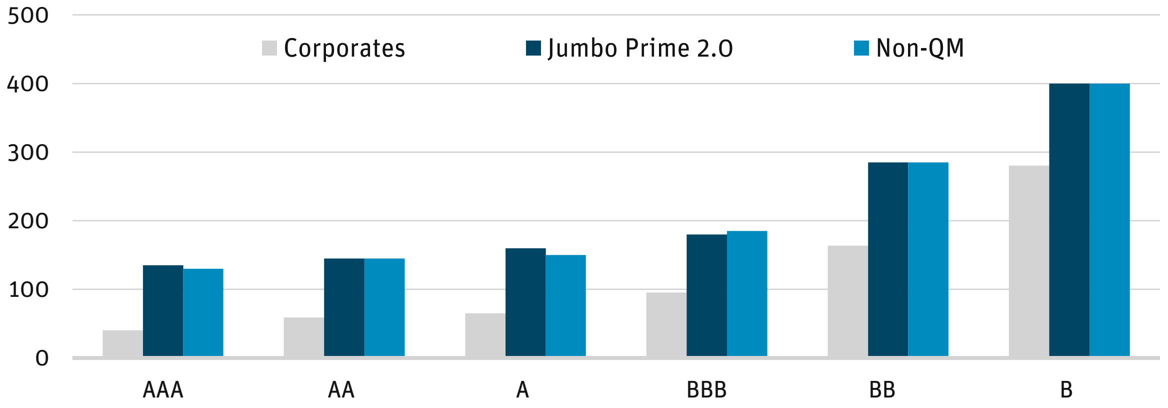
Basis Points



Source: Bloomberg as of 7/31/26.

Mortgage Credit Maintains a Spread Advantage Across Ratings

Basis Points

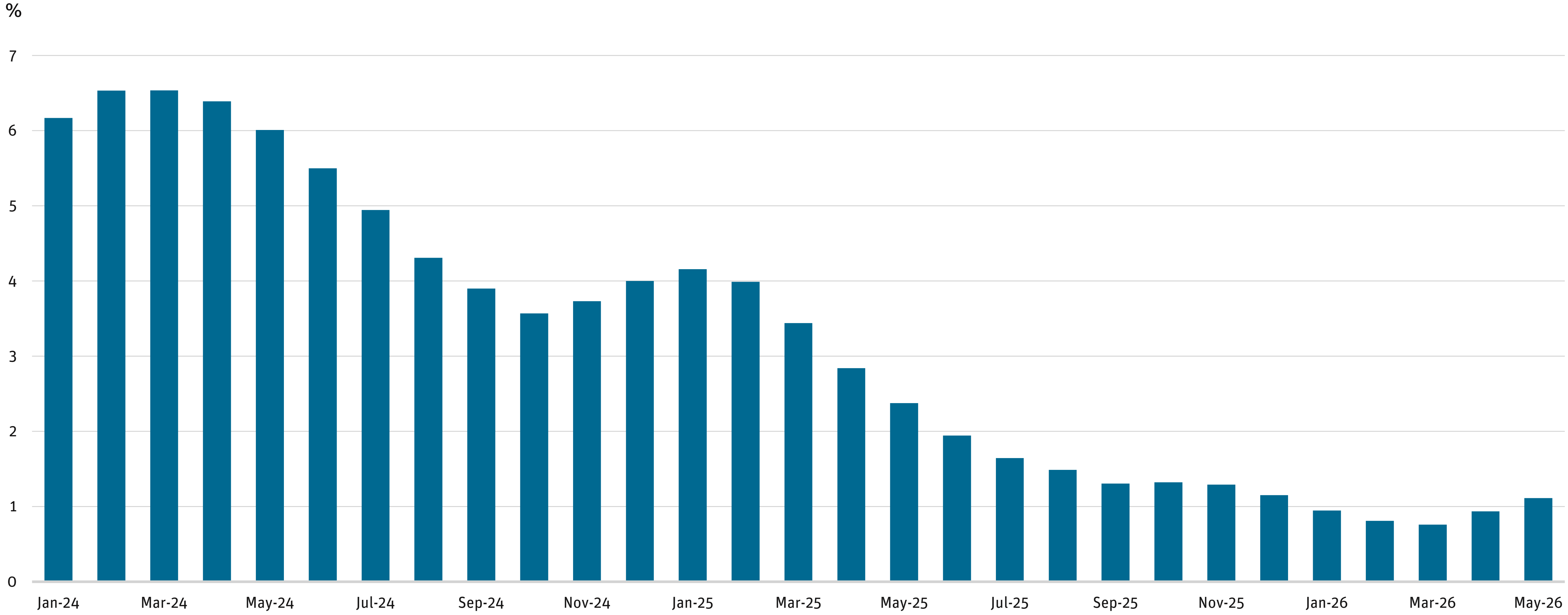


Source: Bloomberg, Wells Fargo Non-Agency RMBS Spreads Report as of 7/31/26.

Home Prices & Regional Trends

Home Prices Remain Positive Year-over-Year

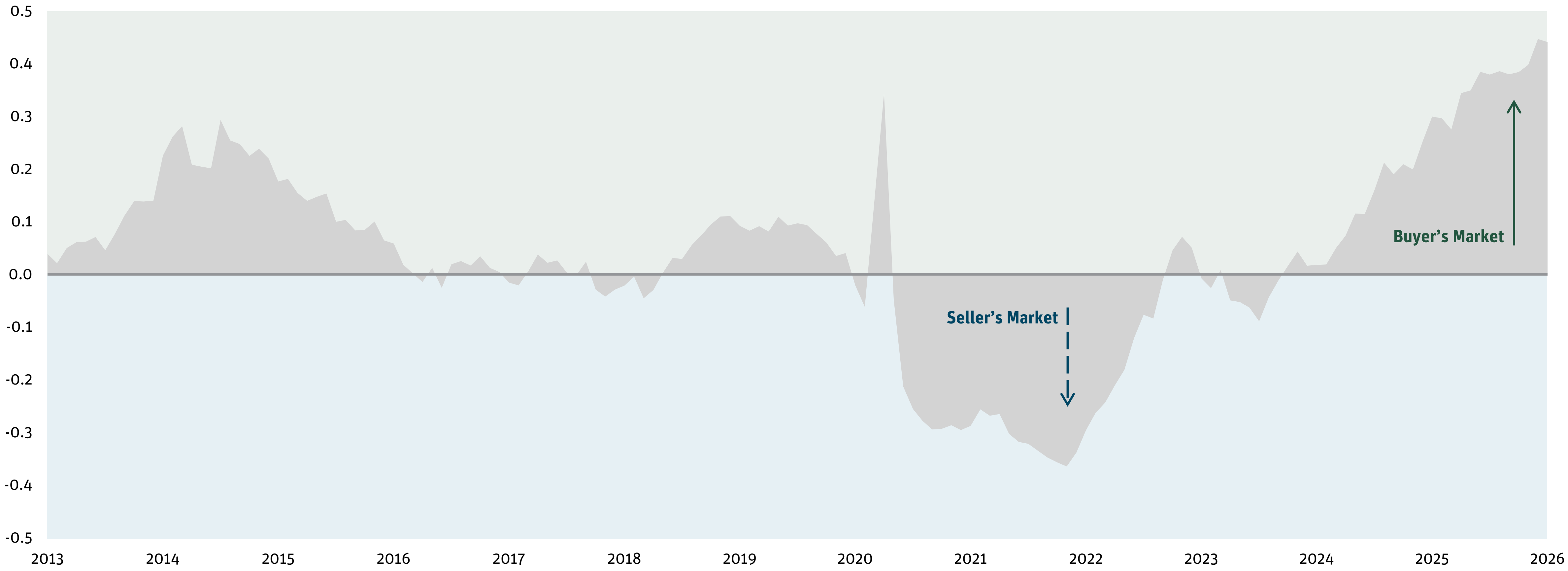
Year-over-Year Home Price Appreciation



Source: Federal Reserve Bank of St. Louis FRED as of 5/1/26.

Buyer Demand Has Fallen Behind Available Supply

Sellers Minus Buyers in U.S. Residential Real Estate
Property (Millions)



Source: MLS, Redfin as of 1/31/26.

Broad-Based Home Price Appreciation: 66% of Metro Areas Increased in Value

HPA by U.S. Region

% Appreciation

FHFA REGIONAL DIVISION	1 YEAR	5 YEARS CUMULATIVE
Middle Atlantic	4.5	7.4
East North Central	4.0	7.2
New England	3.9	7.5
West North Central	3.6	6.0
East South Central	2.9	6.8
U.S.	2.2	6.0
South Atlantic	1.9	6.8
Mountain	0.8	4.9
West South Central	0.8	4.8
Pacific	-0.3	3.4

Source: Change in FHFA U.S. Combined and Census Division House Price Indexes (Seasonally Adjusted, Purchase-Only Index through May 2026).

100 Largest Metro Areas – Top 12 HPA

1-Year % Appreciation

Elgin, IL	10.8
San Francisco-San Mateo-Redwood City, CA	9.0
Bridgeport-Stamford-Danbury, CT	7.1
Chicago-Naperville-Schaumburg, IL	7.1
Lakewood-New Brunswick, NJ	7.0
Rochester, NY	5.9
Milwaukee-Waukesha, WI	5.9
Buffalo-Cheektowaga, NY	5.9
Grand Rapids-Wyoming-Kentwood, MI	5.1
Pittsburgh, PA	5.1
Camden, NJ	5.0
Hartford-West, Hartford-East, Hartford, CT	4.7

Source: FHFA HPI® Top 100 Metro Area Rankings as of 6/30/26.

100 Largest Metro Areas – Bottom 12 HPA

1-Year % Appreciation (Depreciation)

Las Vegas-Henderson-North Las Vegas, NV	-2.7
Provo-Orem-Lehi, UT	-2.7
Fort Worth-Arlington-Grapevine, TX	-2.8
Denver-Aurora-Centennial, CO	-3.2
North Port-Bradenton-Sarasota, FL	-3.3
San Antonio-New Braunfels, TX	-3.7
Frederick-Gaithersburg-Bethesda, MD	-3.8
Memphis, TN-MS-AR	-3.9
Oakland-Fremont-Berkeley, CA	-4.4
Washington, DC-MD	-4.6
Cape Coral-Fort Myers, FL	-5.1
Austin-Round Rock-San Marcos, TX	-6.9

Source: FHFA HPI® Top 100 Metro Area Rankings as of 6/30/26.

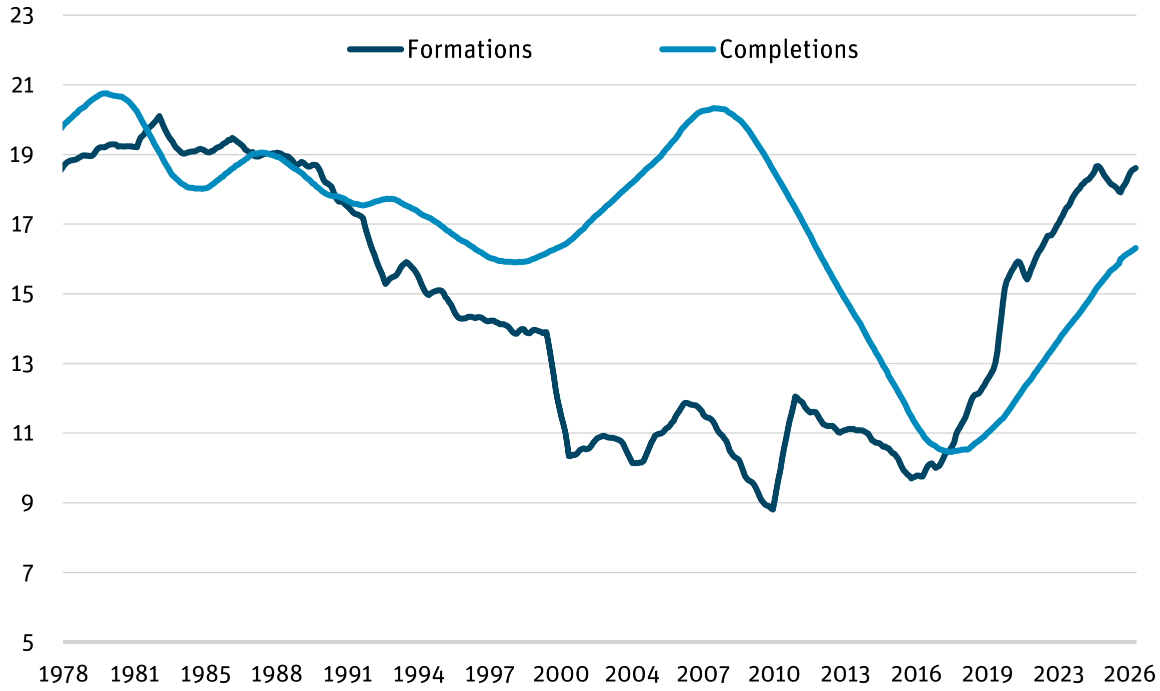
(Left) S&P CoreLogic Case-Shiller U.S. National Home Price Index by U.S. Region:
- Middle Atlantic: New Jersey, New York, Pennsylvania
- New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin
- West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- East South Central: Alabama, Kentucky, Mississippi, Tennessee
- South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
- Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- West South Central: Arkansas, Louisiana, Oklahoma, Texas
- Pacific: Alaska, California, Hawaii, Oregon, Washington

Housing Supply & Inventory Dynamics

Household Formation Continues to Outpace Housing Supply

Household Formations Outpace Completions

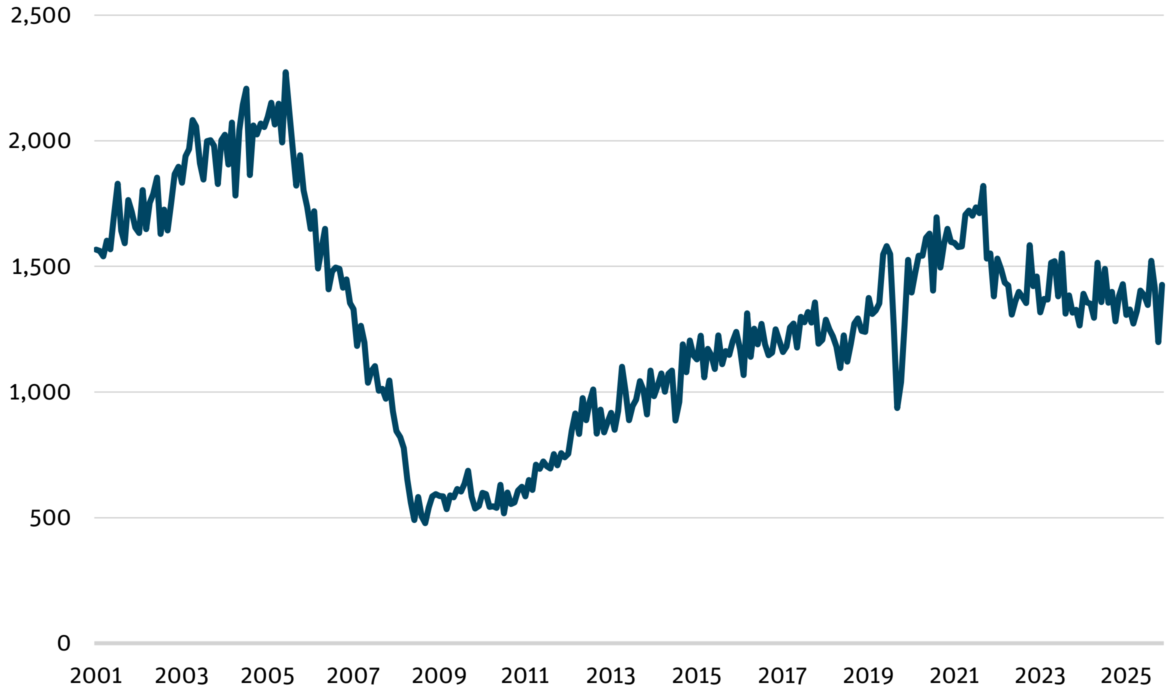
Rolling Cumulative 10-Year Housing Formations and Completions (Millions)



Source: Bloomberg as of 6/30/26.

Housing Starts Remain Below Levels Needed to Close the Supply Gap

U.S. Housing Starts (Thousands, Annualized)



Source: Federal Reserve Bank of St. Louis FRED as of 1/31/26.

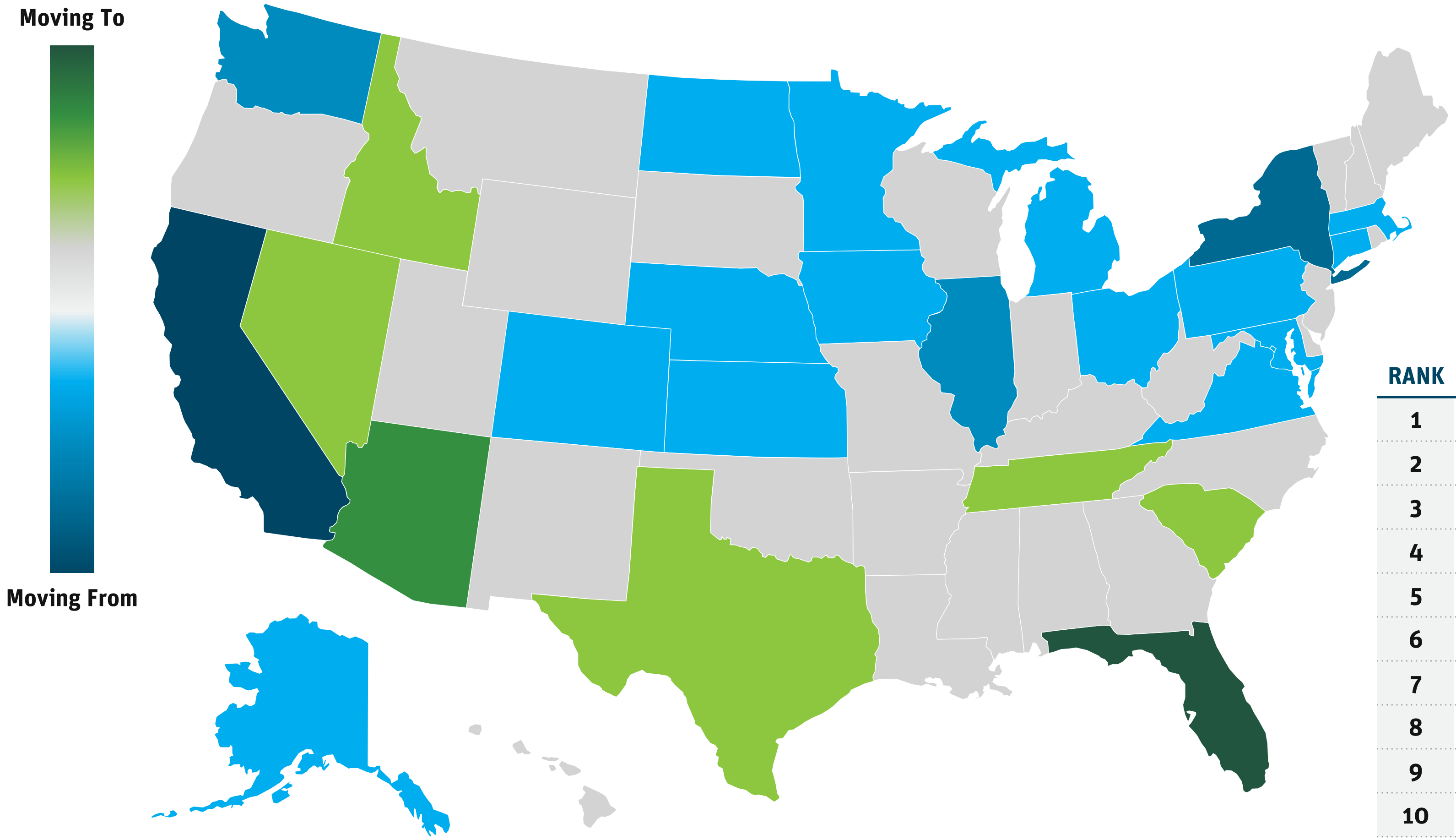
(Left) Rolling Cumulative 10-Year Housing Formations and Completions

- Housing Completions (one-unit structures) reflect the point at which all finished flooring is installed. If the unit is occupied before construction is fully finished, it's marked as completed at the time of occupancy. This data is sourced from the New Residential Construction report published by the U.S. Census Bureau and HUD.
- Household Formations reflect the creation of new households from the American Housing Survey and Current Population Survey conducted by the U.S. Census Bureau.

(Right) U.S. New Housing Starts: The number of new residential construction projects sourced from the New Residential Construction report published by the U.S. Census Bureau and HUD.

Domestic Migration Continues to Support Housing Demand in the Sun Belt

Population flows continue to favor lower-cost and lifestyle-oriented markets across the Sun Belt and Southeast.



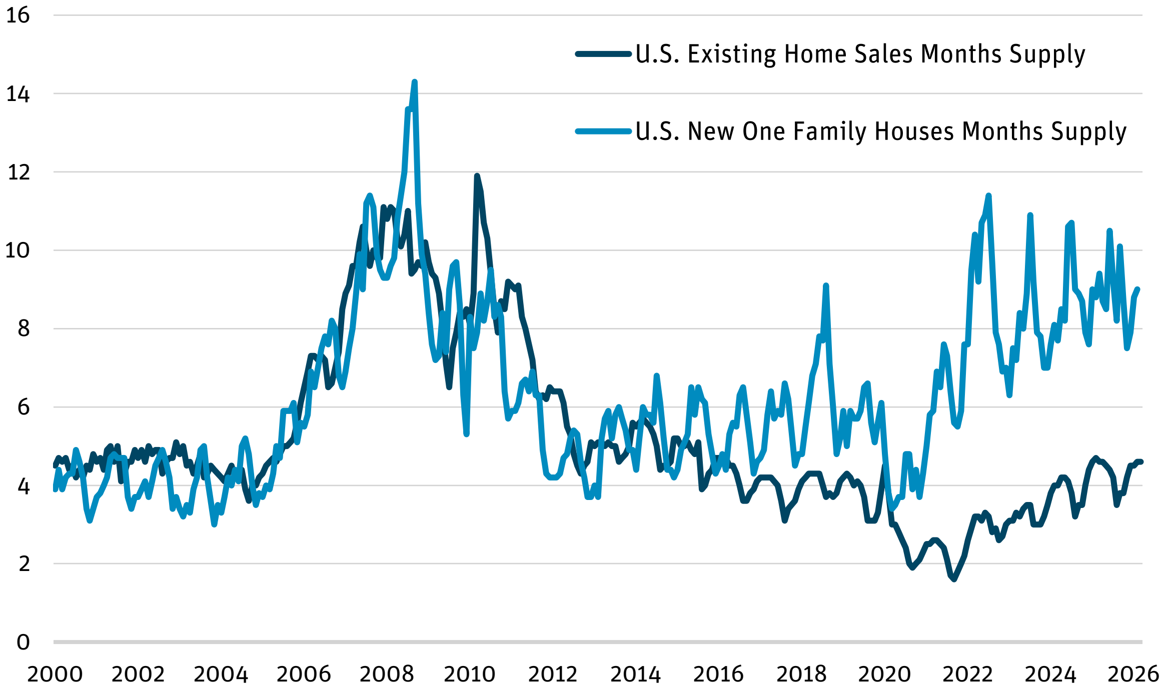
RANK	MOVING FROM	#	RANK	MOVING TO	#
1	New York, NY	28,400	1	Orlando, FL	6,900
2	Seattle, WA	26,300	2	Sarasota, FL	6,800
3	Los Angeles, CA	24,000	3	Miami, FL	6,600
4	San Francisco, CA	23,500	4	Cape Coral, FL	6,500
5	Washington, DC	21,200	5	Las Vegas, NV	5,600
6	Chicago, IL	19,600	6	Tampa, FL	4,800
7	Boston, MA	8,800	7	Phoenix, AZ	4,500
8	Denver, CO	3,700	8	Sacramento, CA	4,400
9	Minneapolis, MN	1,900	9	Tucson, AZ	4,200
10	Charlotte, NC	1,700	10	Myrtle Beach, SC	3,800

Source: Redfin, U.S. Housing Market Data, January–March 2026.

Increasing Supply Is Supporting a Shift Toward Buyers

Months Supply Continues to Increase

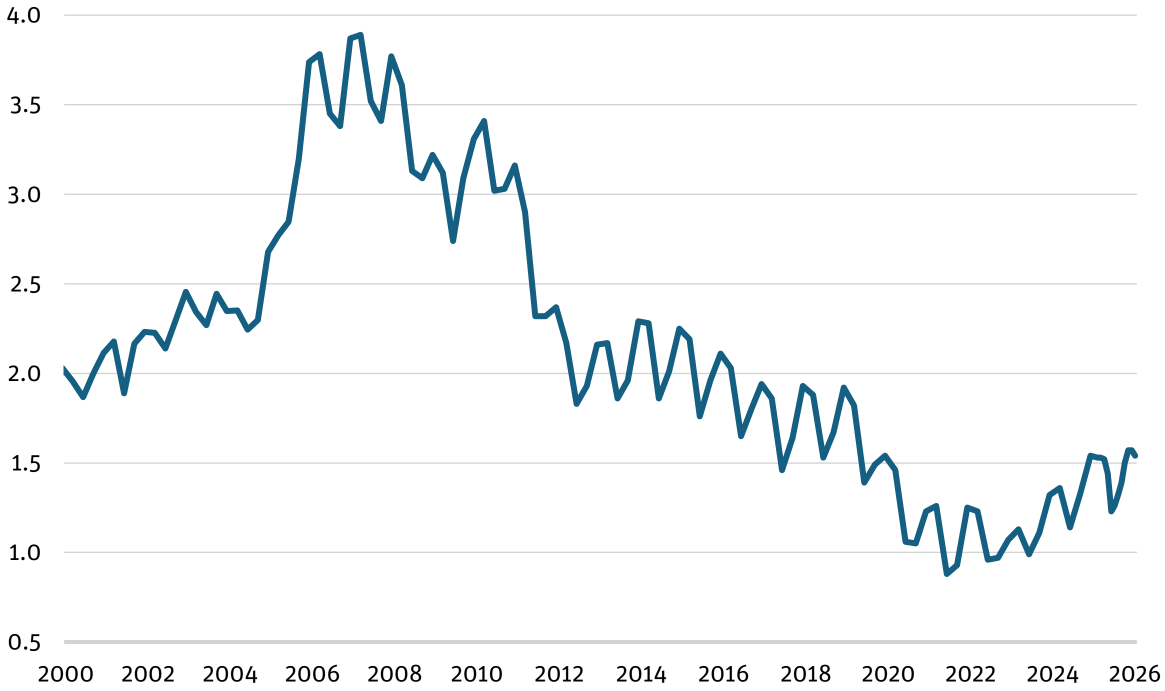
Months Supply



Source: Bloomberg as of 7/31/26.

Single-Family Inventory Continues to Increase

Inventory (Millions)



Source: Bloomberg as of 7/31/26.

(Left) New and Existing Months Supply

- New Homes Supply: Calculated by the U.S. Census Bureau and HUD based on monthly surveys of homebuilders and sales data for newly constructed homes. New Months Supply = (New Homes for Sale/New Homes Sold per Month).
- Existing Homes Supply: Calculated by the National Association of Realtors using data from local Multiple Listing Services and real estate boards to track active listings and monthly sales volume.
  Existing Months Supply = (Total Inventory of Homes for Sale/Monthly Sales Rate).

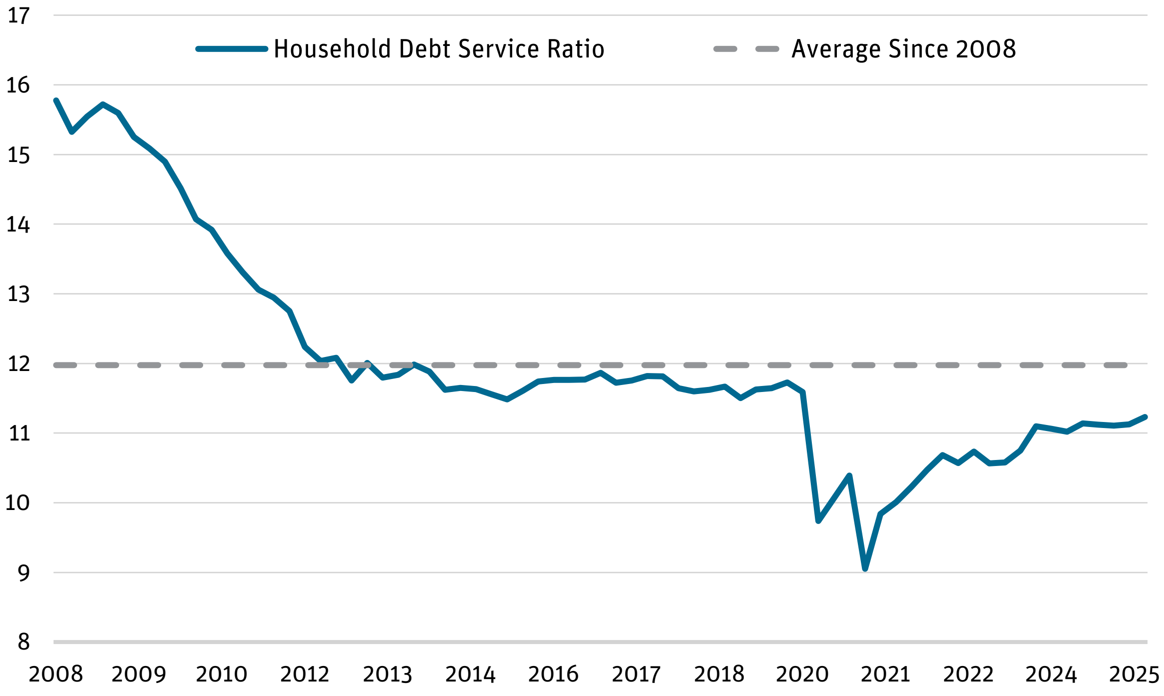
(Right) Single-Family Inventory: The total number of detached residential properties designed for one household that are actively listed for sale in a specific market at a given time as tracked by the National Association of Realtors.

Housing Market Fundamentals

Borrowers Remain Strong, but Elevated Mortgage Rates Weigh on Demand

Household Debt Service Burden Remains Historically Low

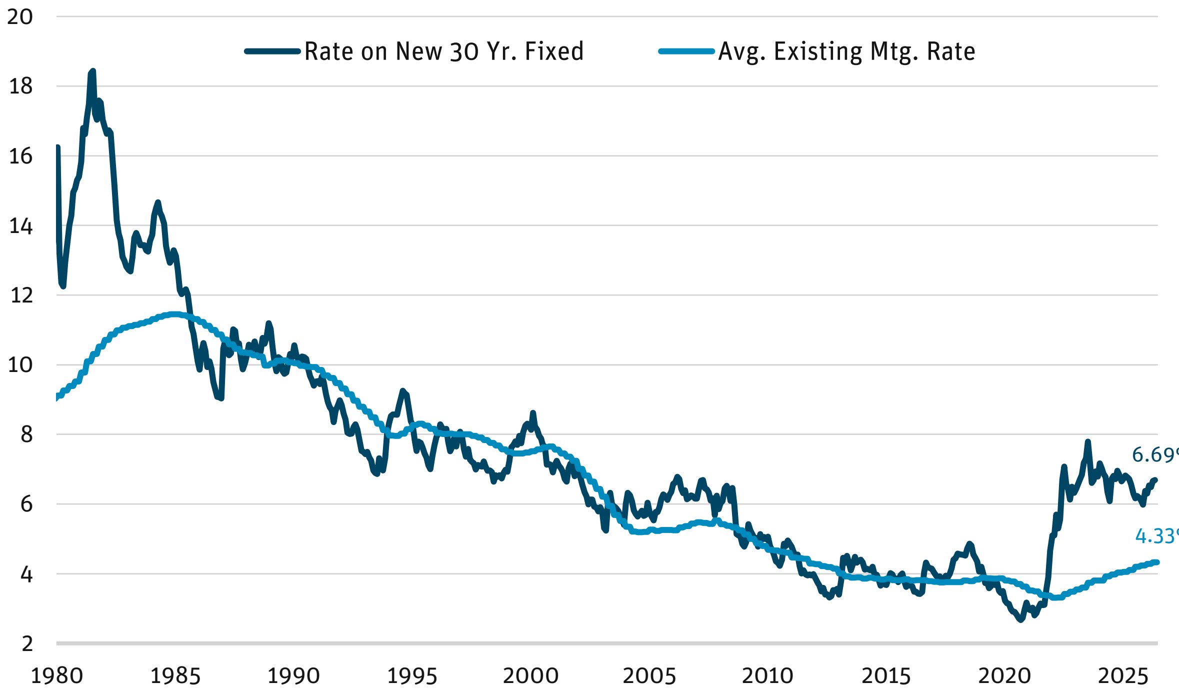
Total Household Debt Payments as % of Personal Disposable Income



Source: Federal Reserve Bank of St. Louis FRED as of 1/1/26.

Disconnect Between Current and Outstanding Rates

Mortgage Rate (%)



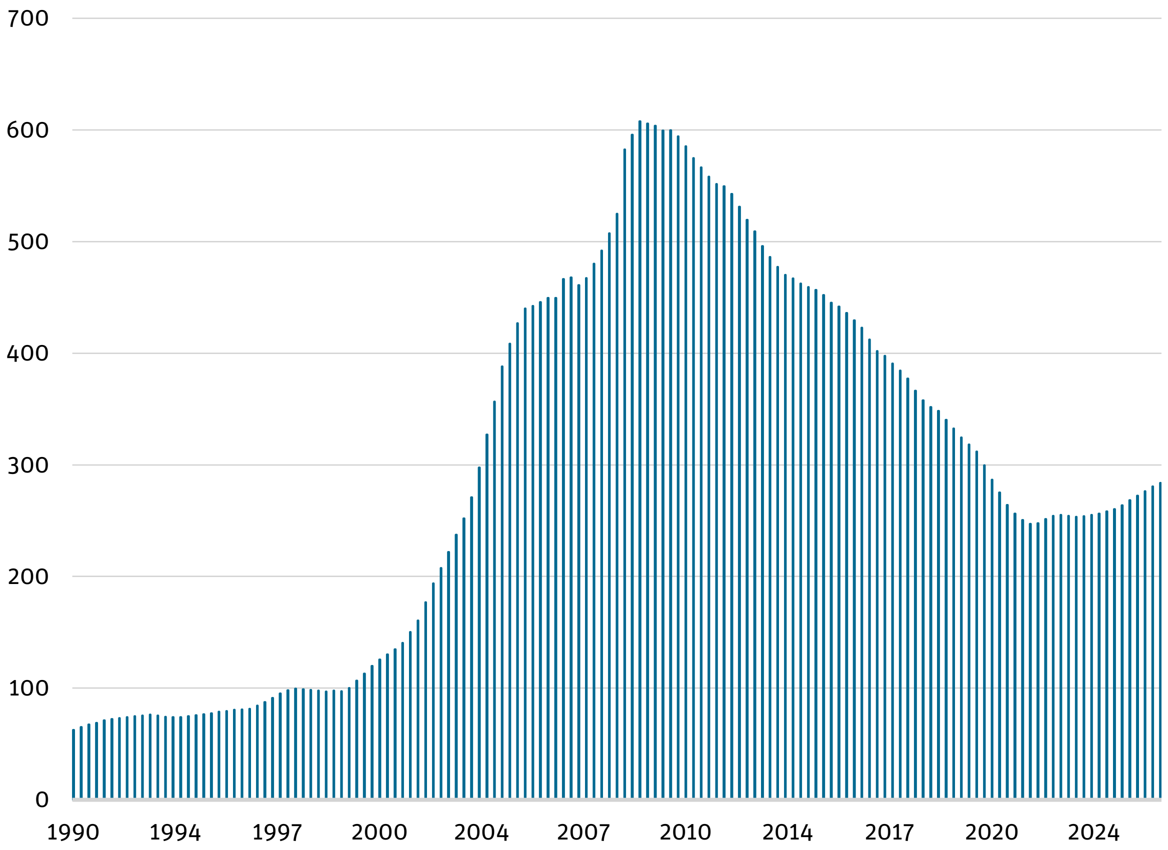
Source: Bloomberg as of 6/30/26.

(Left) Household Debt Payments as % of Personal Disposable Income: Household debt service payments on mortgage and consumer debt as a percent of disposable personal income retrieved from Federal Reserve Economic Data (FRED).
(Right) Current 30-Year Fixed Mortgage Rates vs. Outstanding Mortgage Rates
- Current 30-Year Fixed Mortgage Rates: Freddie Mac weekly lender survey, which includes discount points and origination fees for 30-year and 15-year fixed-rate and 5/1 hybrid amortizing adjustable-rate mortgage products.
- Outstanding Mortgage Rates: Effective rate of interest on all residential mortgage debt outstanding from the Bureau of Economic Analysis.

Homeowners Continue to Monetize Rising Home Equity

Home Equity Borrowing Continues to Increase

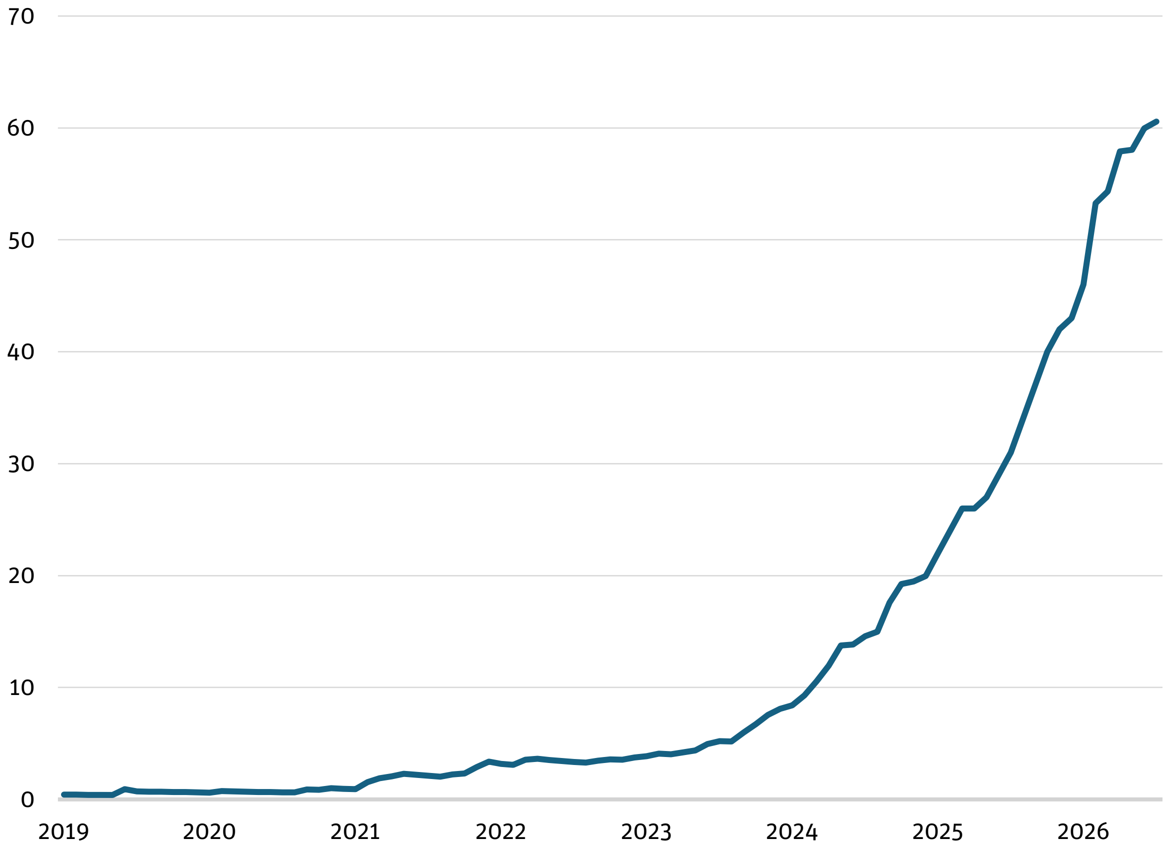
Home Equity Loan Volume ($ Billions)



Source: Federal Reserve Bank of St. Louis FRED as of 4/1/26.

HELOC and Second-Lien Issuance Activity Continues to Rise

HELOC and Second-Lien Issuance ($ Billions)

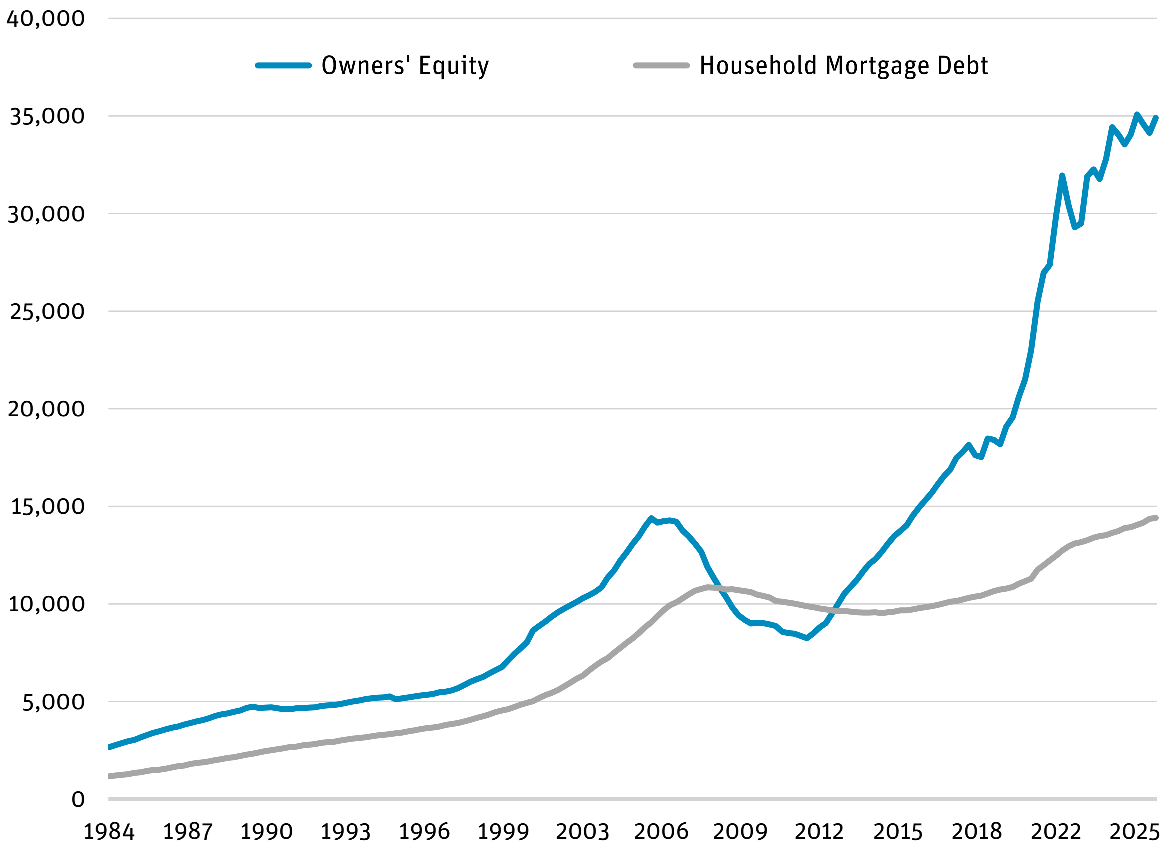


Source: Bank of America Issuance and Outstanding Report as of 7/31/26.

High Homeowner Equity Supports Low Delinquencies

U.S. Housing Market Equity is at Historic Highs

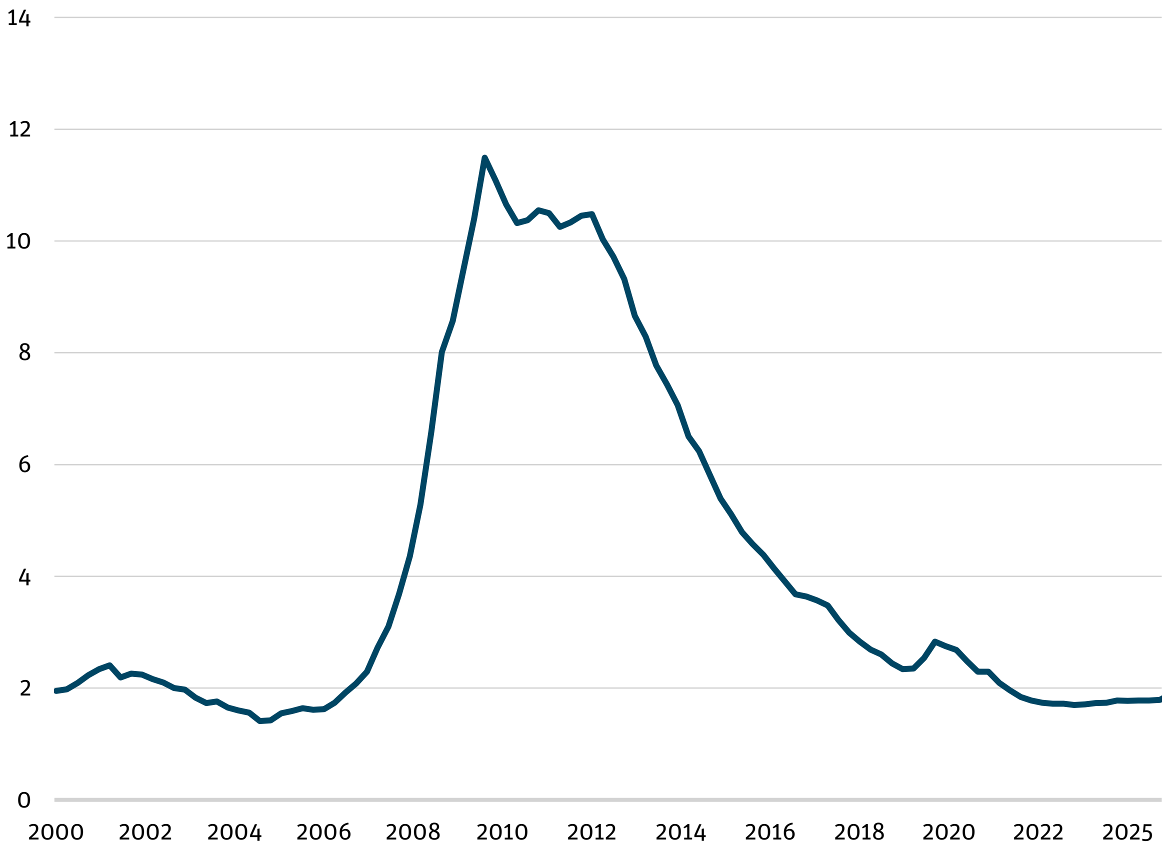
Homeowner Equity ($ Billions)



Source: Federal Reserve Bank of St. Louis FRED as of 12/31/25.

Mortgage Delinquencies Remain Near Historical Lows

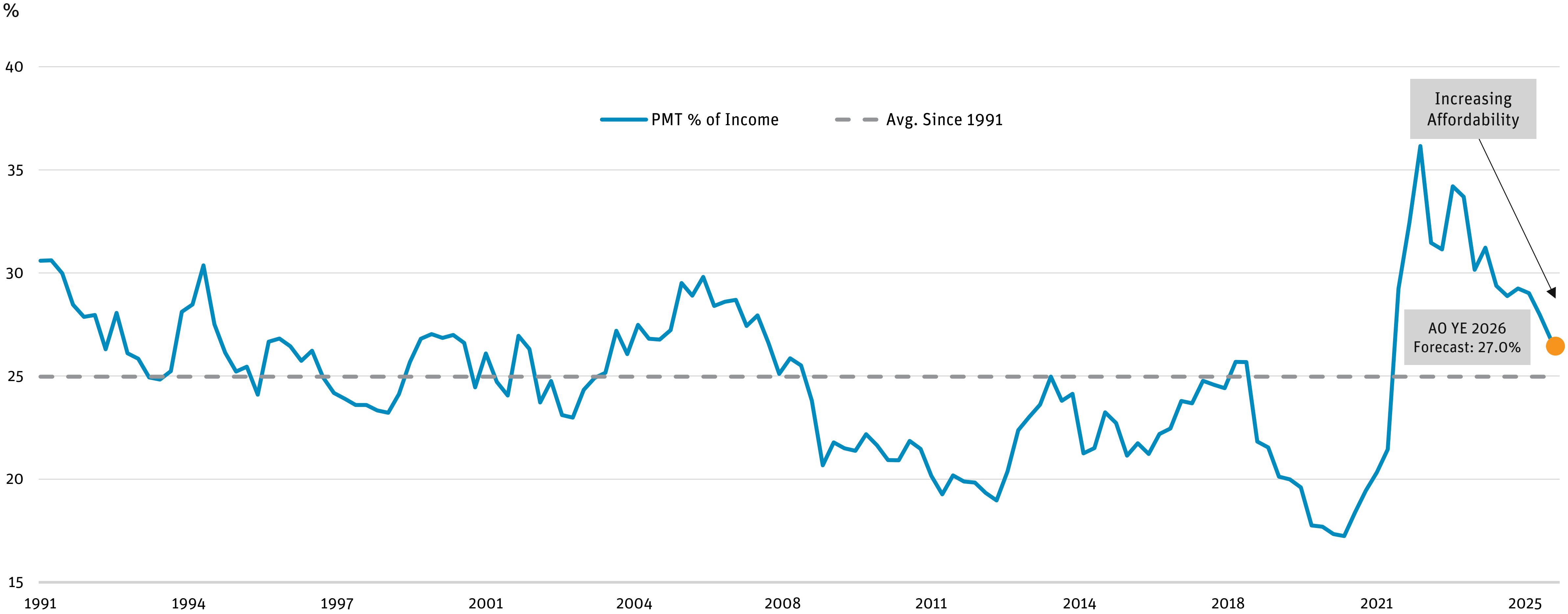
Single-Family Mortgage Delinquency Rate (%)



Source: Federal Reserve Bank of St. Louis FRED as of 12/31/25.

Affordability Is Gradually Improving

National Average Mortgage Payment as % of National Median Income

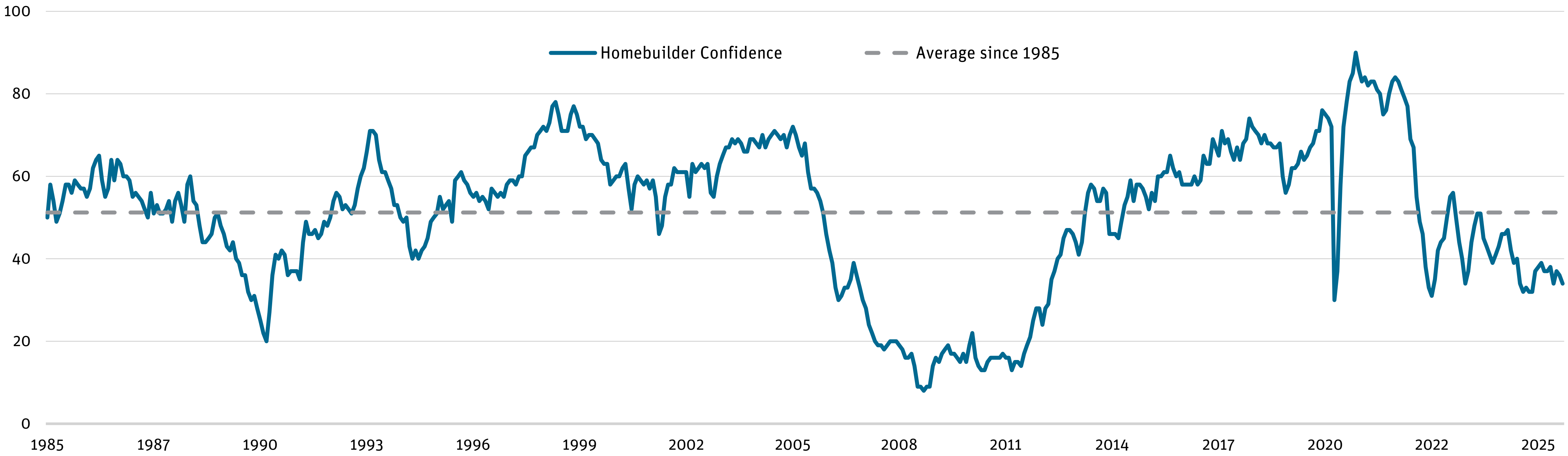


Source: Federal Reserve Bank of St. Louis FRED as of 1/1/26.

Homebuilder Sentiment Remains Below Historical Averages

Homebuilder Confidence Index

Index Level



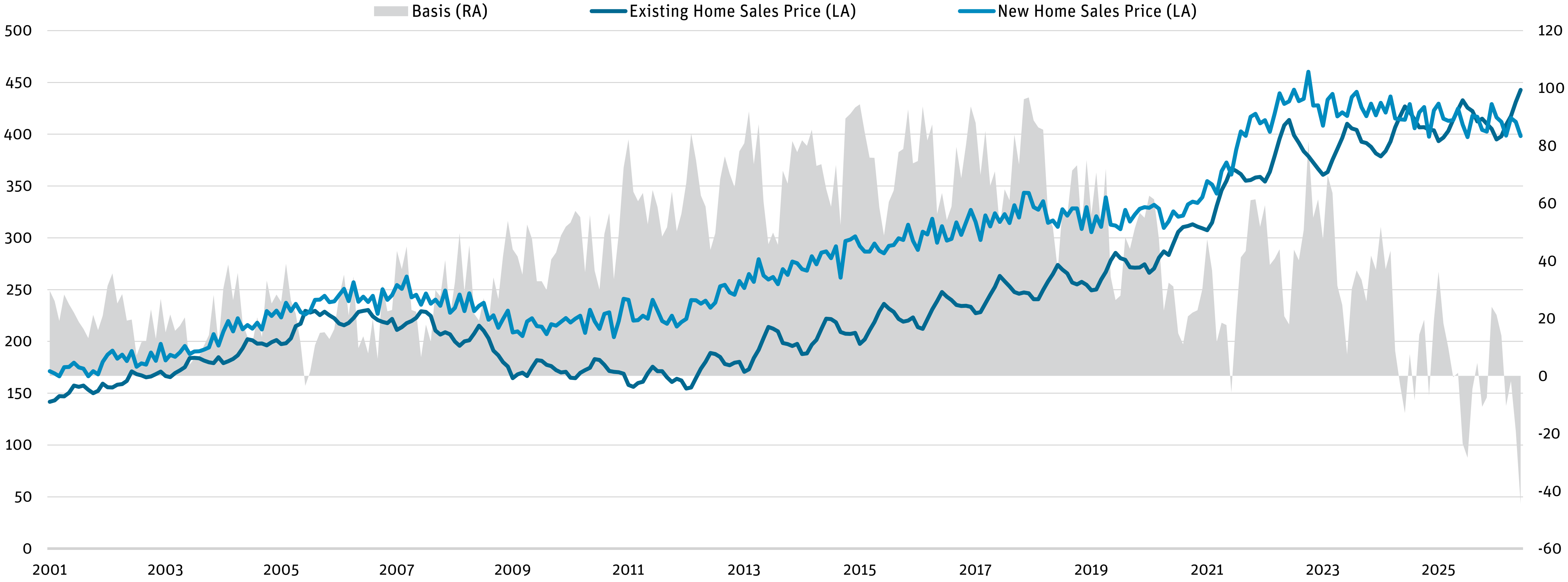
Source: NAHB/Wells Fargo Housing Market Index as of 7/31/26.

The NAHB/Wells Fargo Housing Market Index (HMI) is designed to gauge and track the pulse of the single-family housing market. The HMI is based on a monthly survey of single-family builders who are asked to rate three specific conditions of the housing market:

- Present sales of new single-family homes
- Expected sales of single-family homes for the next six months
- Traffic of prospective buyers of new single-family homes

New Home Prices Remain Discounted Relative to Existing Homes

Median New vs. Existing Home Prices and Price Differential
($000s)



Source: Bloomberg as of 6/30/26.

Disclosures

Investing involves risk; principal loss is possible. Investments in debt securities typically decrease 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 do. 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 lead to losses that are greater than the amount invested. The Fund may make short sales of securities, which involves the risk that losses 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 or higher and duplicative expenses when it invests in mutual funds, ETFs, and other investment companies. For more information on these risks and other risks of the Fund, please see the Prospectus.

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

Opinions expressed are as of 8/31/26 and are subject to change at any time, are not guaranteed, and should not be considered investment advice.

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