



Angel Oak®

CAPITAL ADVISORS

Angel Oak Capital Advisors

Q4 2025 Housing Chartbook



Housing Chartbook Contents

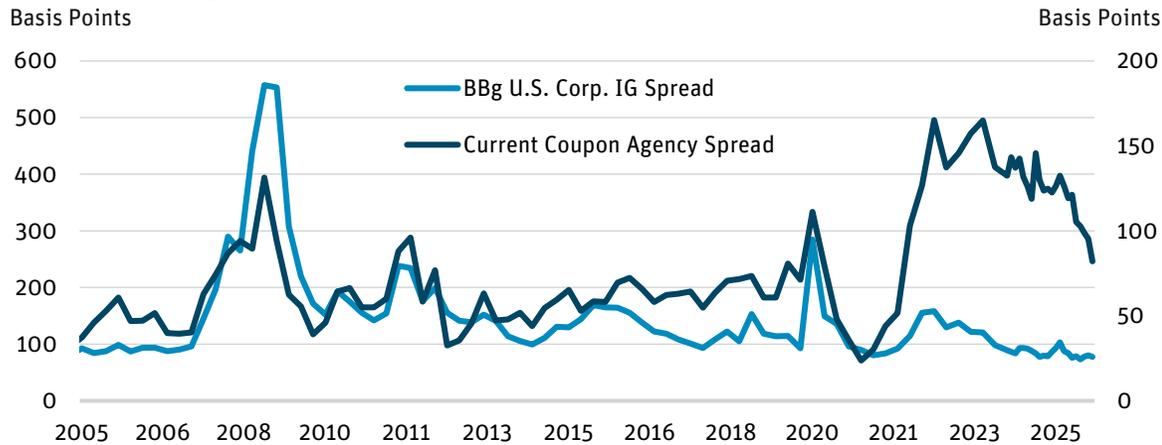
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Mortgage Bonds vs. Corporate Credit

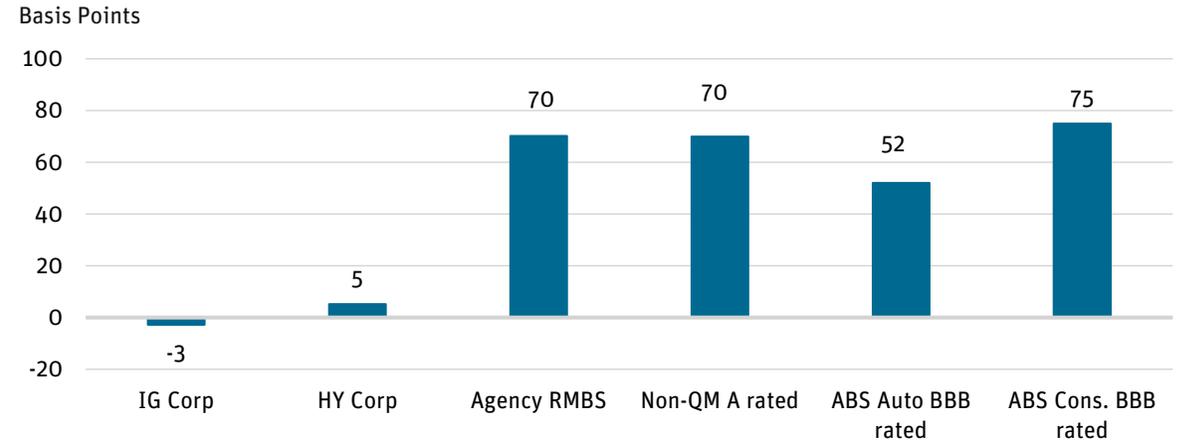
- Spreads on agency mortgages have begun to normalize, supported in part by the Trump administration’s announcement of a planned \$200 billion MBS purchase program.
- While corporate credit spreads have retraced to 2021 levels, many investment-grade securitized sectors continue to offer attractive relative value.
- Non-Agency RMBS spreads remain wider than they were before the Federal Reserve began its rate-hiking cycle, though they have tightened modestly alongside other mortgage-related assets.
- We favor seasoned, low-coupon subsectors of non-agency RMBS, given deeply discounted dollar prices and meaningful prepayment and call upside potential.

Current Coupon Agency Nominal Spread vs. IG Corp. Index Spread



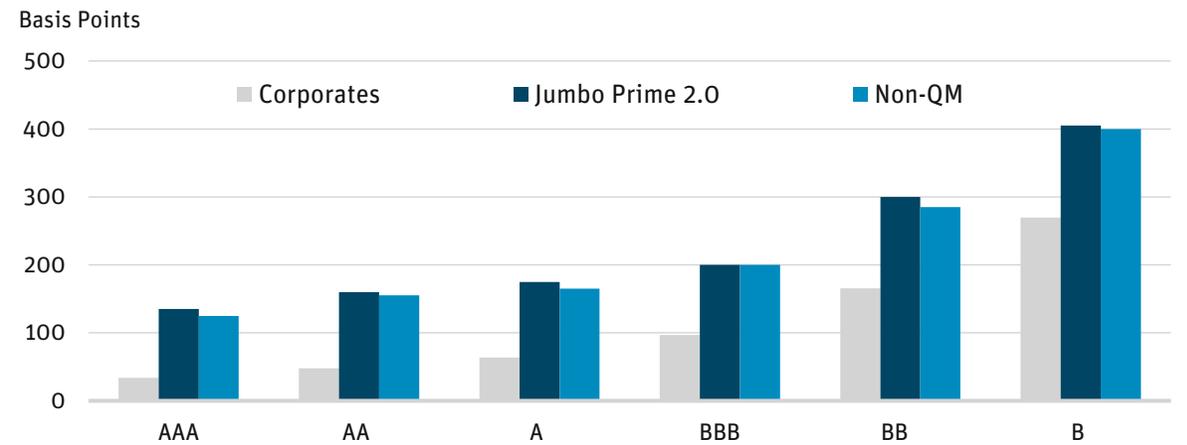
Source: Bloomberg as of 12/31/25.

Current Spreads Relative to 2021 Tights



Source: Angel Oak Capital as of 12/31/25.

Non-Agency Mortgage vs. Corporate Spreads



Source: Bloomberg, Wells Fargo Non-Agency RMBS Spreads Report as of 12/31/25.

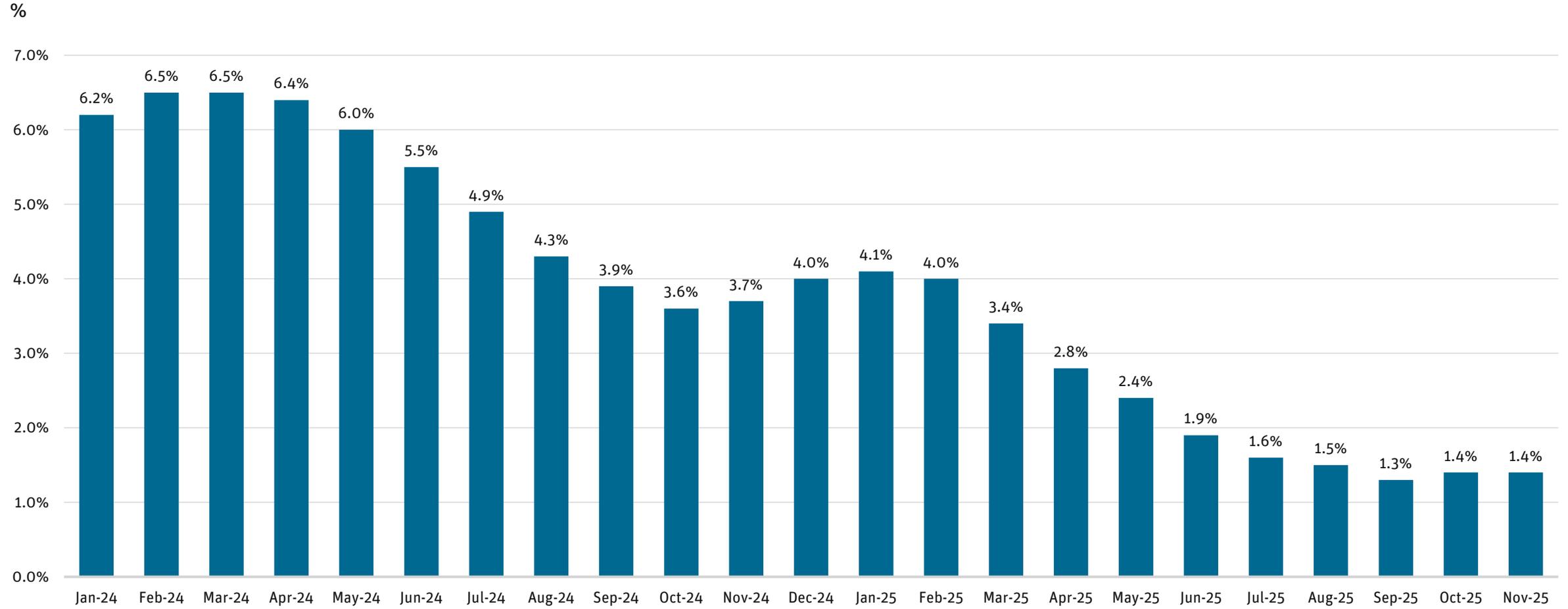


Home Prices & Regional HPA Patterns



Prices Up Year-over-Year

Year-over-Year Home Price Appreciation



Source: Federal Reserve Bank of St. Louis FRED as of 11/30/25.



Home Price Appreciation (HPA) is Broad-Based Across the U.S.

HPA by U.S. Region

% Appreciation

FHFA REGIONAL DIVISION	1 YEAR	5 YEARS CUMULATIVE
East North Central	5.0	49.0
Middle Atlantic	4.8	50.3
New England	3.1	51.4
East South Central	1.9	46.7
United States – Total	1.8	43.2
West North Central	0.4	41.1
West South Central	0.4	35.7
South Atlantic	-0.1	48.9
Pacific	-0.1	30.1
Mountain	-0.2	39.8

Source: Change in FHFA U.S. Combined and Census Division House Price Indexes (Seasonally Adjusted, Purchase-Only Index, Q2 2025) as of 12/31/25.

100 Largest Metro Areas – Top 12 HPA

1-Year % Appreciation

Allentown-Bethlehem-Easton, PA-NJ	8.9
Nassau County-Suffolk County, NY	6.8
Detroit-Dearborn-Livonia, MI	6.3
Chicago-Naperville-Schaumburg, IL	6.2
Milwaukee-Waukesha, WI	5.7
Columbia, SC	5.7
Baton Rouge, LA	5.6
Albany-Schenectady-Troy, NY	5.5
Little Rock-North Little Rock-Conway, AR	5.4
San Jose-Sunnyvale-Santa Clara, CA	5.4
Lakewood-New Brunswick, NJ	5.2
Dayton-Kettering-Beavercreek, OH	5.2

Source: FHFA HPI® Top 100 Metro Area Rankings as of 12/31/25.

100 Largest Metro Areas – Bottom 12 HPA

1-Year % Appreciation (Depreciation)

Austin-Round Rock-San Marcos, TX	-2.4
San Antonio-New Braunfels, TX	-2.7
St. Petersburg-Clearwater-Largo, FL	-2.7
Raleigh-Cary, NC	-2.8
Jacksonville, FL	-2.9
Denver-Aurora-Centennial, CO	-3.1
Stockton-Lodi, CA	-3.1
Oakland-Fremont-Berkeley, CA	-3.2
Lakeland-Winter Haven, FL	-3.8
Fort Lauderdale-Pompano Beach-Sunrise, FL	-5.3
North Port-Bradenton-Sarasota, FL	-6.0
Cape Coral-Fort Myers, FL	-9.1

Source: FHFA HPI® Top 100 Metro Area Rankings as of 12/31/25.

(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



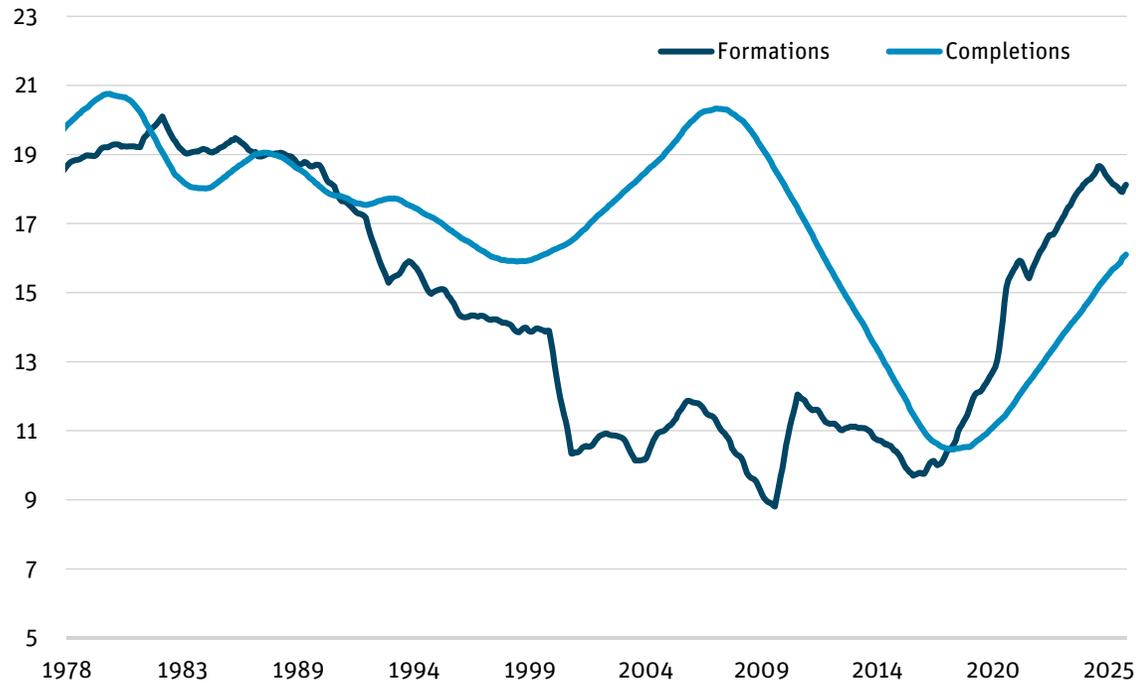
Housing Supply & Inventory Dynamics



Household Formation Growing Faster than Housing Stock, Creating Supply Shortage

Household Formations Outpace Completions

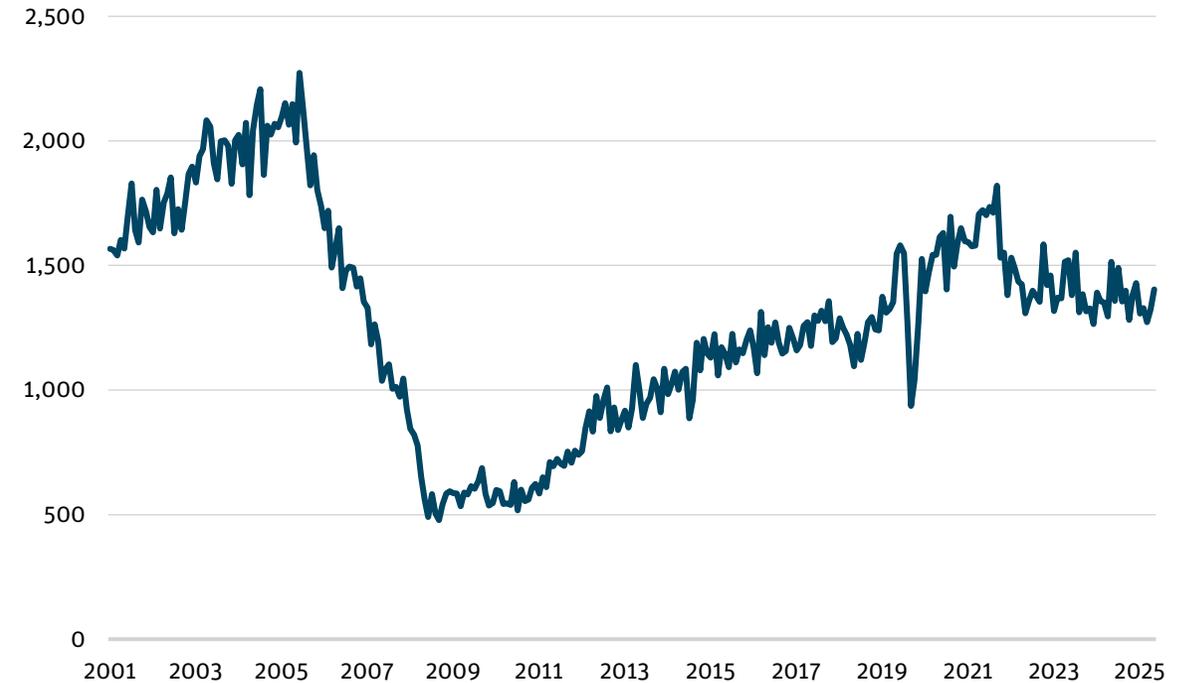
Rolling Cumulative 10-Year Housing Formations and Completions (Millions)



Source: Bloomberg as of 12/31/25.

U.S. New Housing Starts

(Thousands, Annualized)



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

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

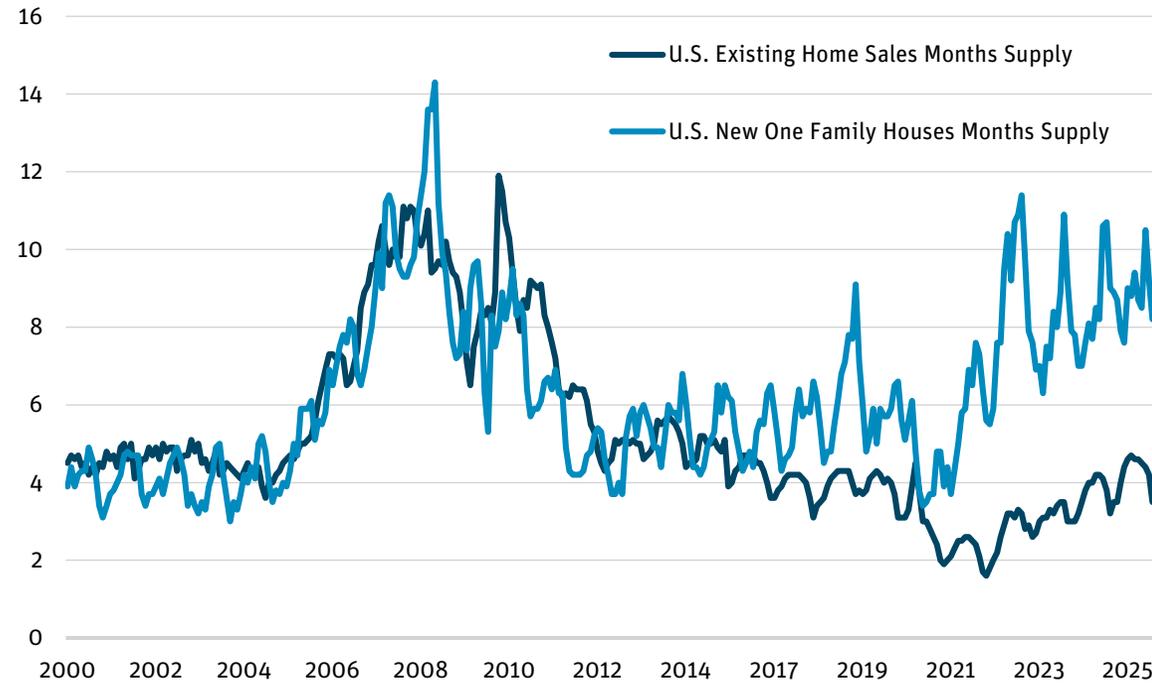
- Housing Completions (one-unit structures) reflect the point at which all finished flooring is installed. If the unit is occupied before construction is fully finished, it's marked as completed at the time of occupancy. This data is sourced from the New Residential Construction report published by the U.S. Census Bureau and the Department of Housing and Urban Development (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.



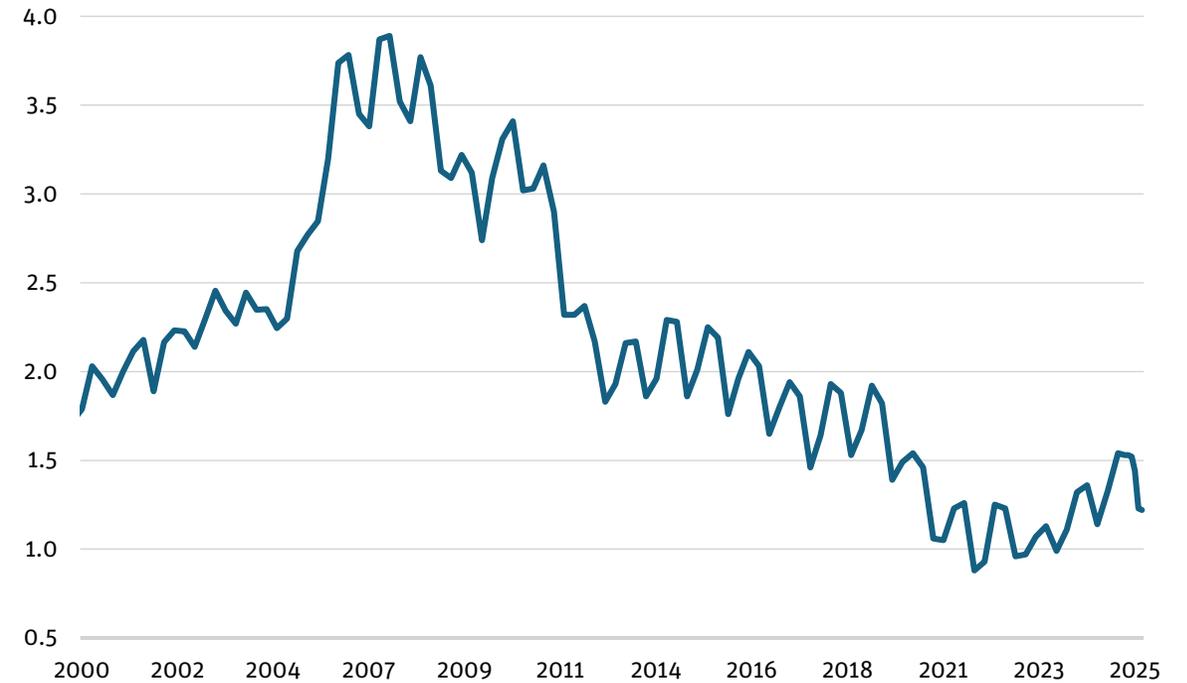
Shifting to a Buyer's Market Supply of Homes Increasing

New and Existing Months Supply
Months Supply



Source: Bloomberg as of 12/31/25.

Single-Family Inventory
Inventory (Millions)



Source: Bloomberg as of 1/31/26.

(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. $\text{New Months Supply} = (\text{New Homes for Sale} / \text{New Homes Sold per Month})$.
- 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. $\text{Existing Months Supply} = (\text{Total Inventory of Homes for Sale} / \text{Monthly Sales Rate})$.

(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.

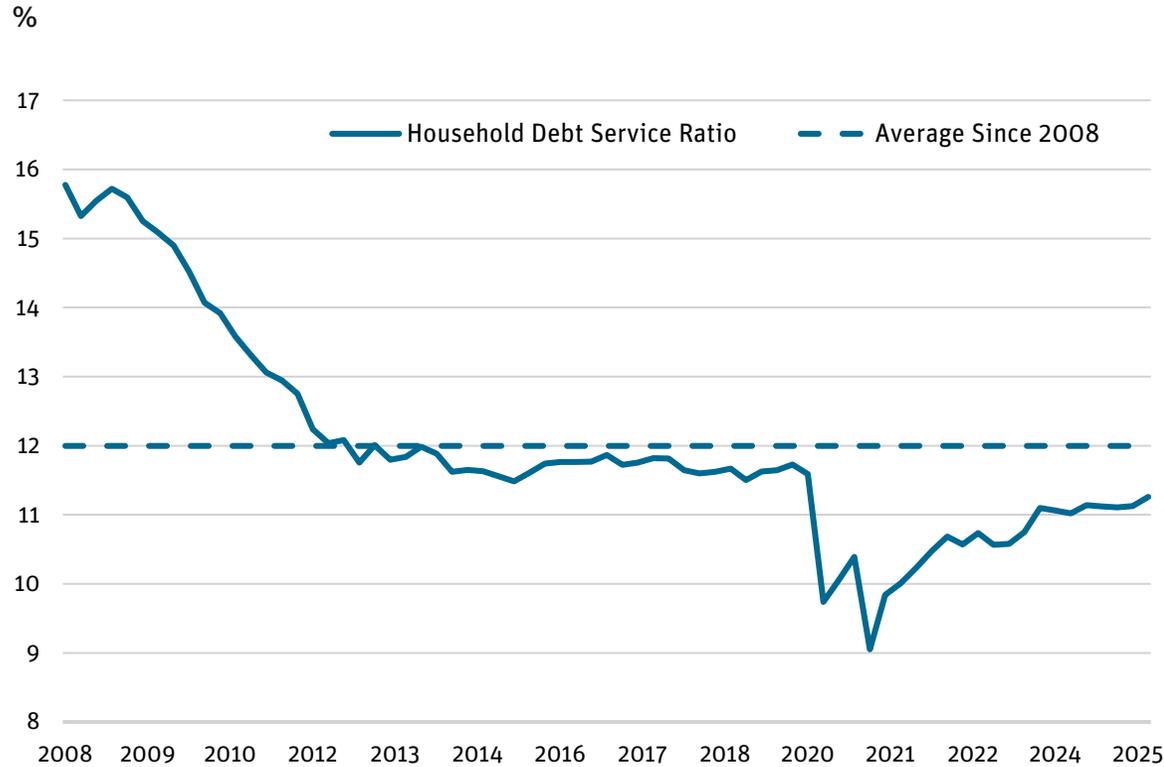


Market Conditions: Borrower Strength, Builders, Equity & Delinquencies



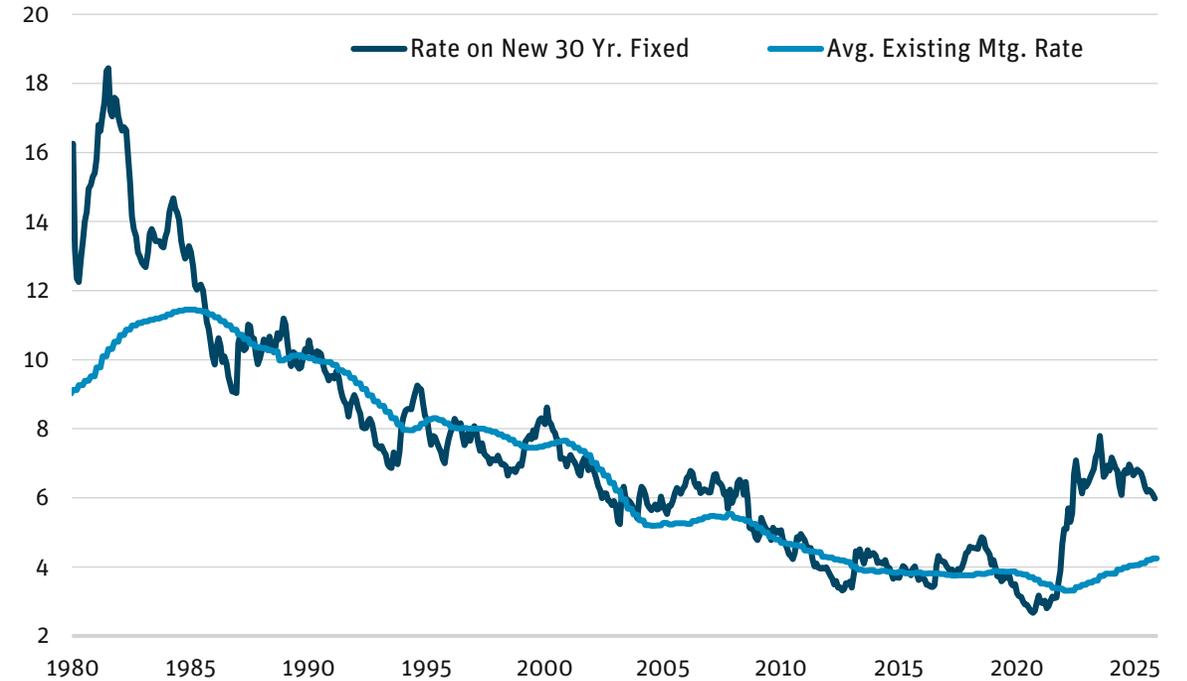
Borrowers are Relatively Strong but High Current Mortgage Rates are Dampening Demand

Total Household Debt Payments as % of Personal Disposable Income



Source: Federal Reserve Bank of St. Louis FRED of 9/30/25.

Disconnect Between Current and Outstanding Rates
Mortgage Rate (%)



Source: Bloomberg as of 2/26/26.

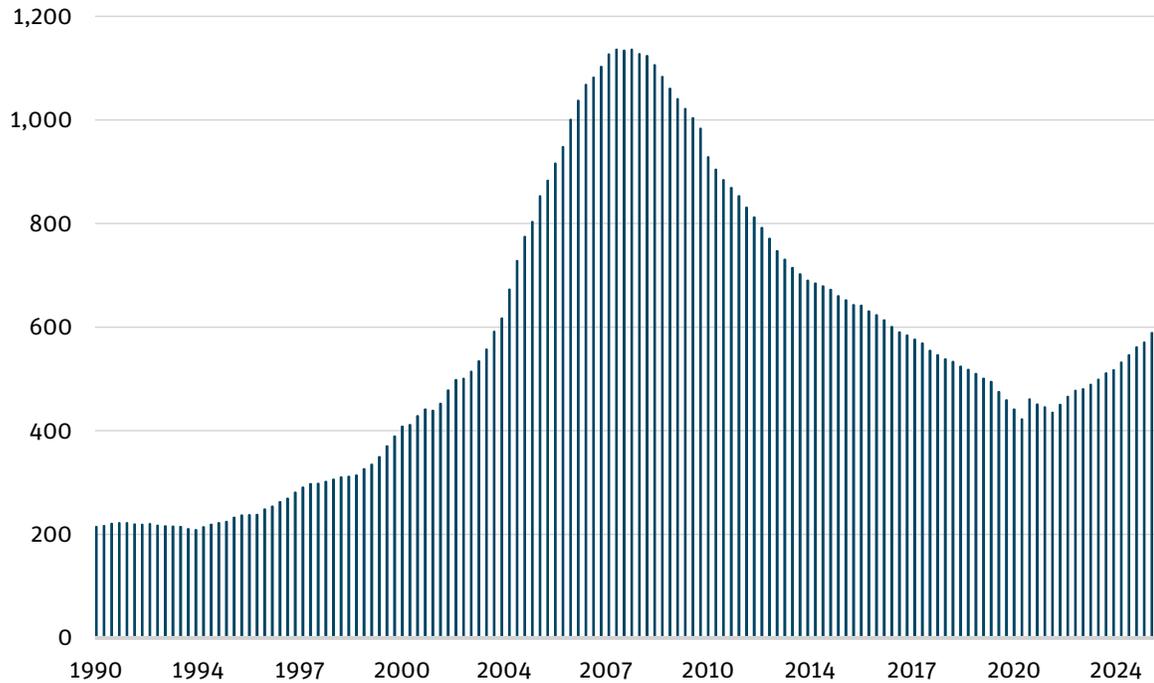
(Left) Household Debt Payments as % of Personal Disposable Income: Household debt service payments on mortgage and consumer debt as a percent of disposable personal income retrieved from Federal Reserve Economic Data (FRED).
 (Right) Current 30-Year Fixed Mortgage Rates vs. Outstanding Mortgage Rates
 • 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.



Home Equity Extraction Just Beginning

Volume of Home Equity Loans

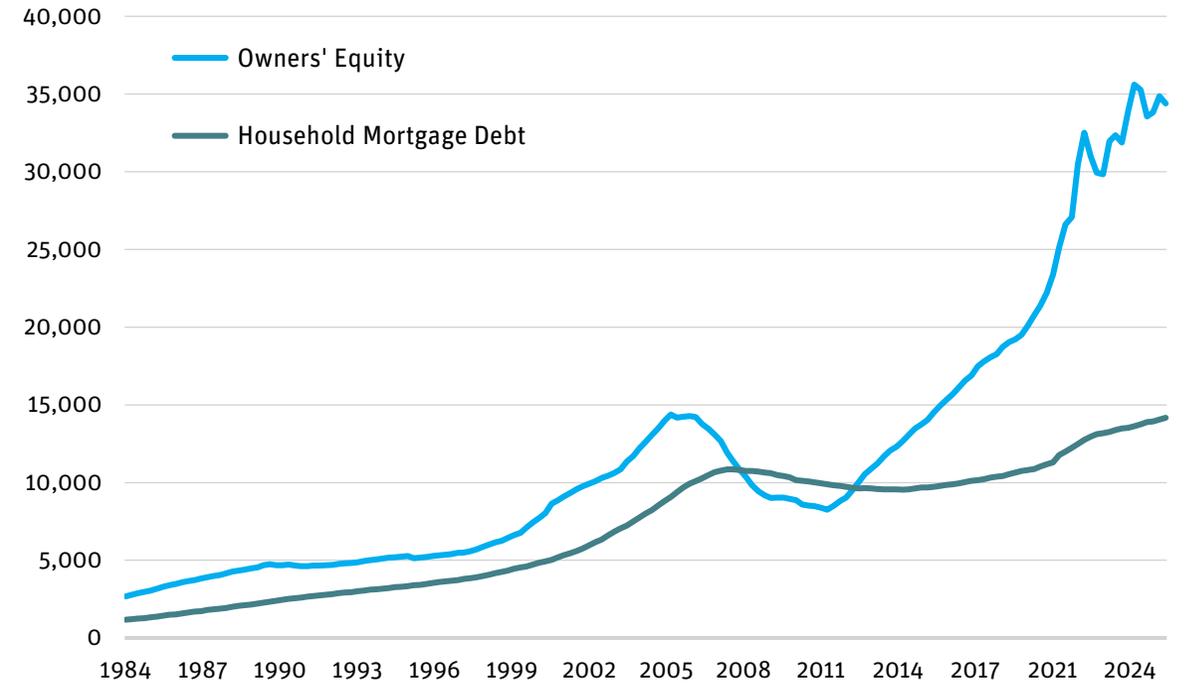
Billions (\$)



Source: Federal Reserve Bank of St. Louis FRED as of 9/30/25.

U.S. Housing Market Equity is at Historic Highs

Billions (\$)

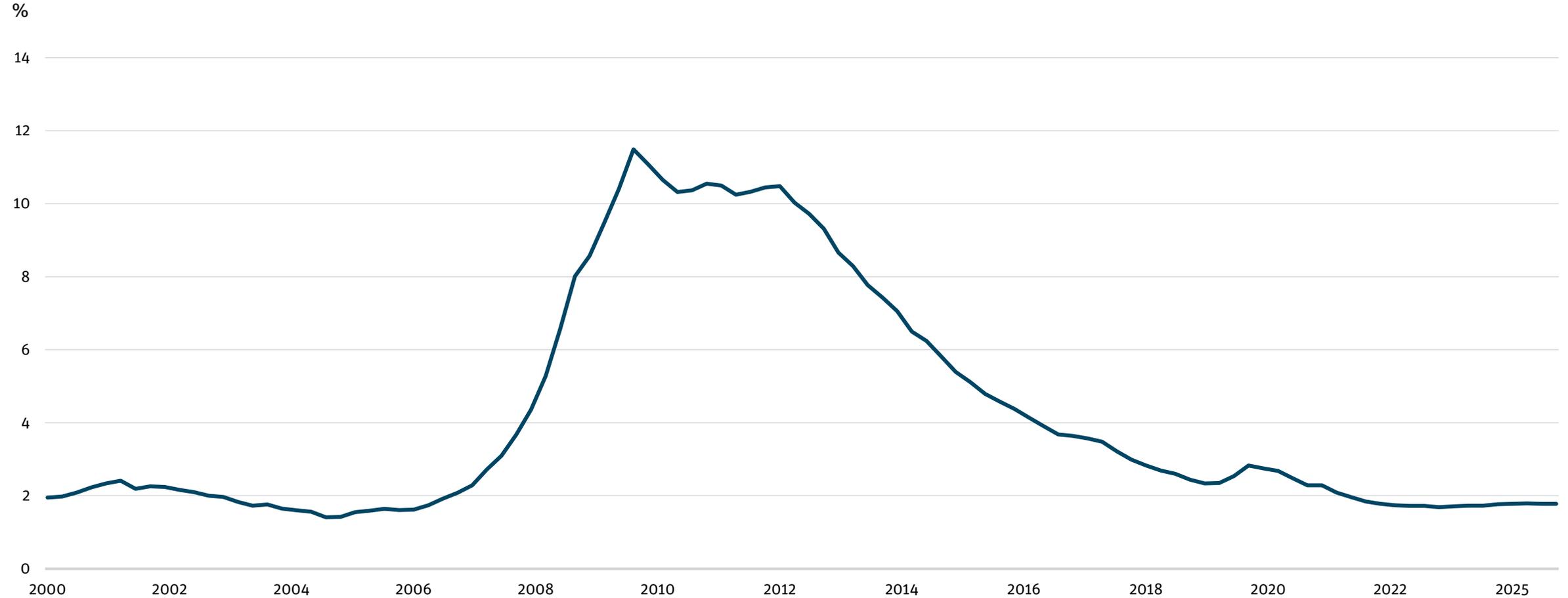


Source: Federal Reserve Bank of St. Louis FRED as of 9/30/25.



However, Homeowners Have Skin in the Game, Contributing to Low Delinquency Rates

Delinquency Rates on Single-Family Mortgages Held at Commercial Banks

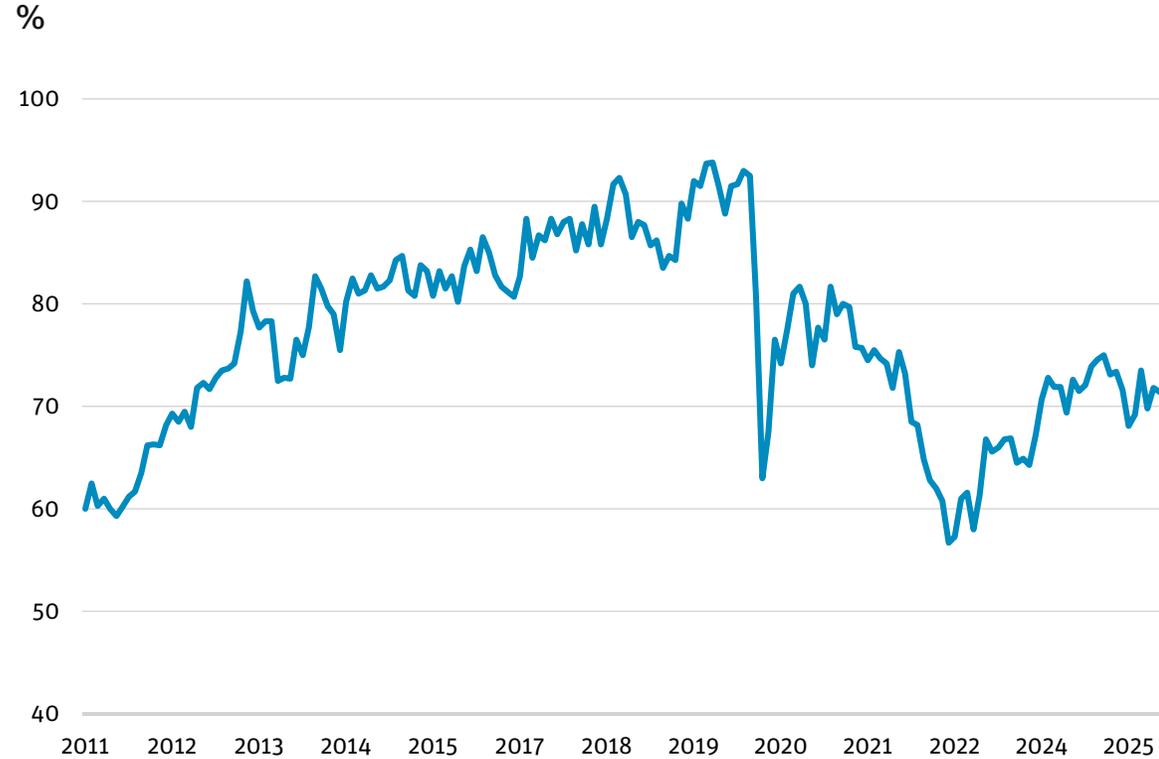


Source: Federal Reserve Bank of St. Louis FRED as of 12/31/25.



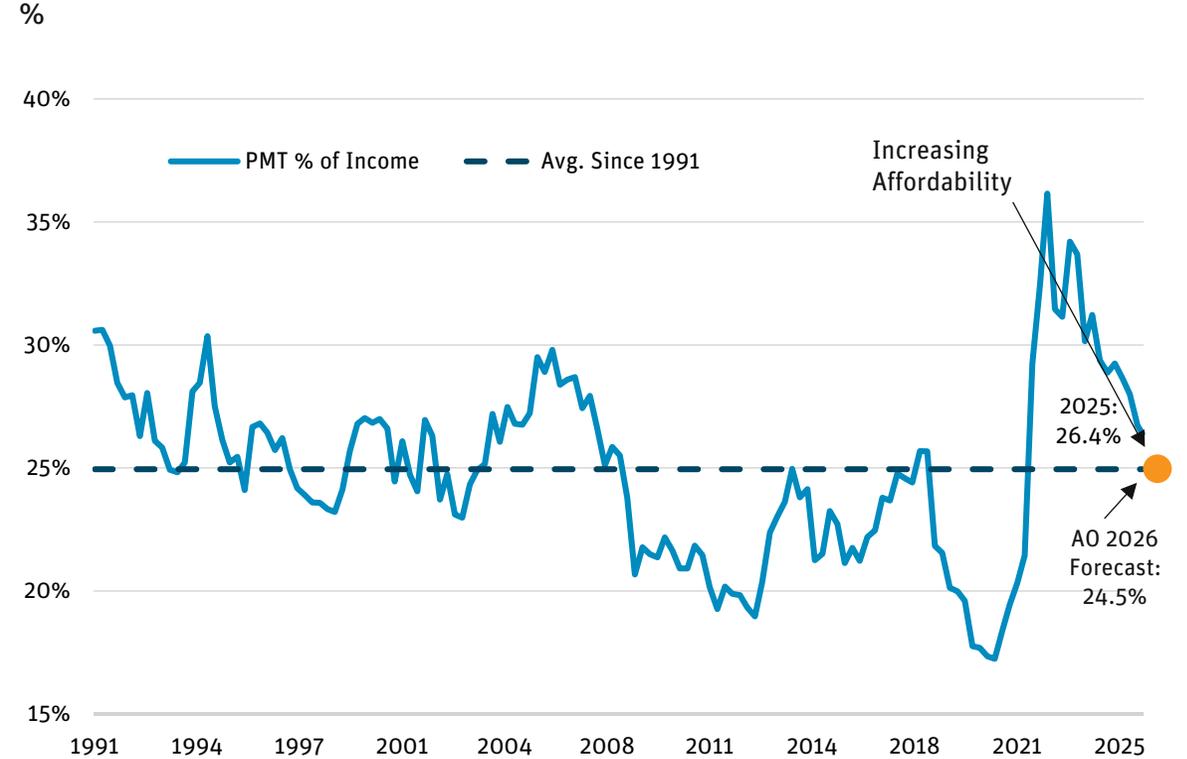
Positive Fundamentals: Improving Affordability

Fannie Mae Home Purchase Sentiment Index® (HPSI)



Source: Federal Reserve Bank of St. Louis FRED as of 9/30/25.

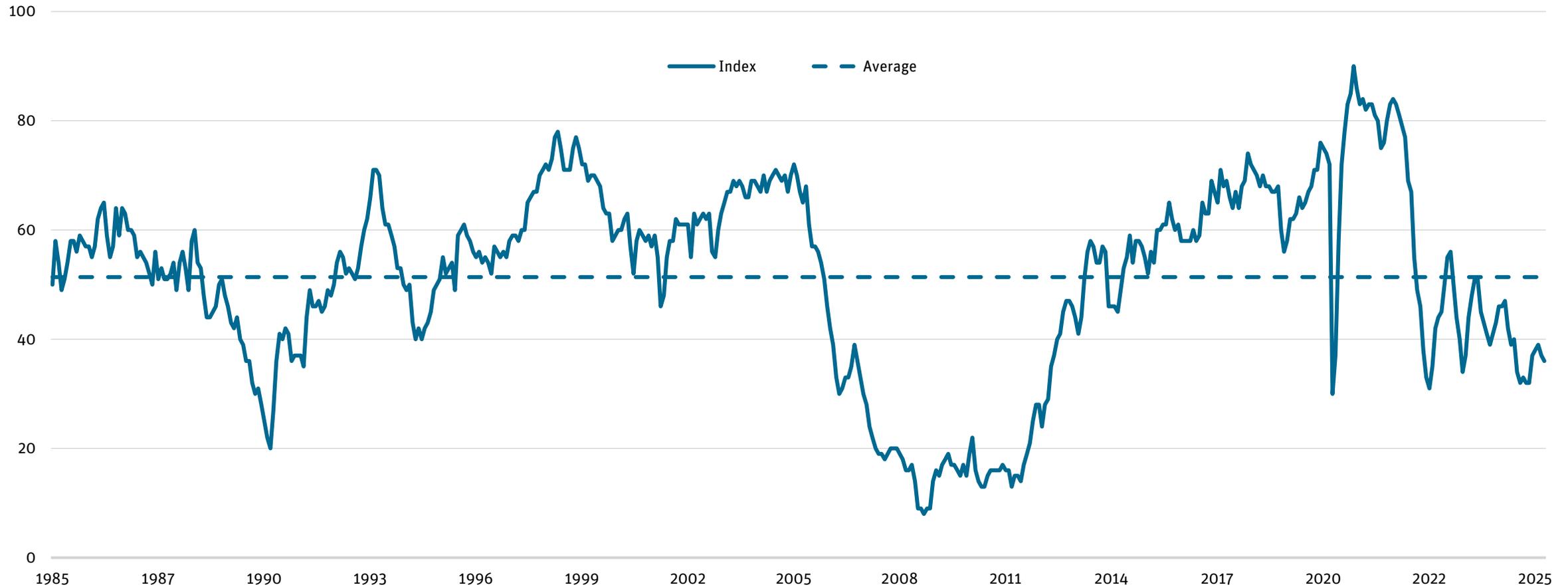
National Average Mortgage Payment as % of National Median Income



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



Depressed Homebuilder Confidence



Source: NAHB/Wells Fargo Housing Market Index as of 12/31/25.

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:

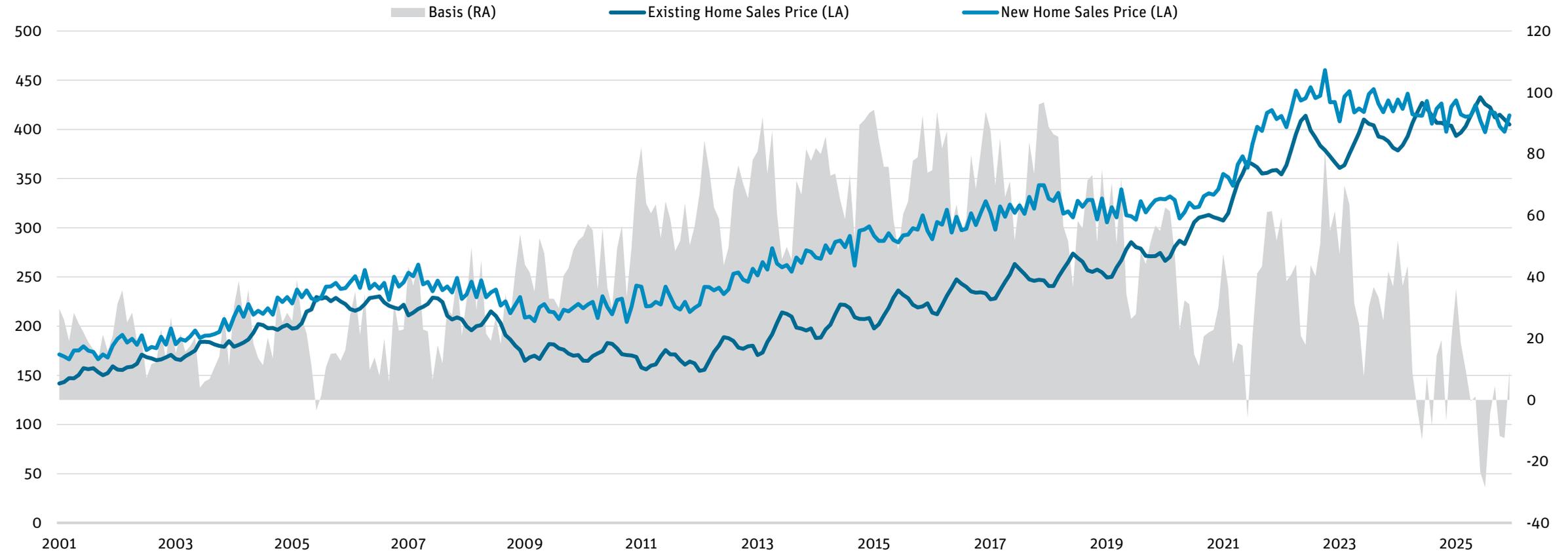
- Present sales of new single-family homes
- Expected sales of single-family homes for the next six months
- Traffic of prospective buyers of new single-family homes



Inverted Basis Between New Home and Existing Home Prices

New and Existing Median Home Price Levels and Difference (Basis)

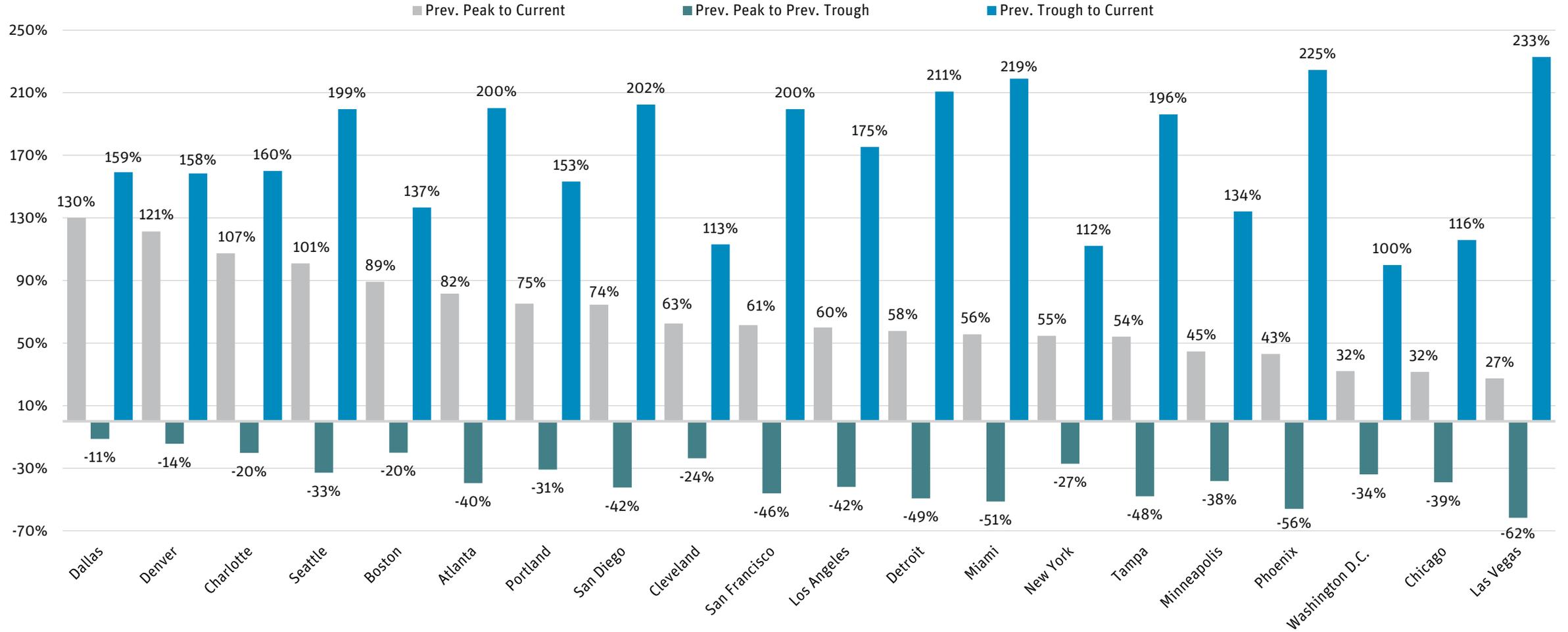
(\$000s)



Source: Bloomberg as of 12/31/25.



Local Home Price Indices: Market Cycle Performance



Source: S&P CoreLogic Case-Shiller as of 12/31/25.



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.

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