



FORM ADV, PART 2A
(commonly referred to as the “Brochure”)

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March 31, 2015

This Brochure provides information about the qualifications and business practices of Angel Oak Capital Advisors, LLC (“Angel Oak”). If you have any questions about the contents of this Brochure, please contact us by phone at (404) 953-4900 or by email at info@angeloakcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Angel Oak is a registered investment adviser. However, registration as an Investment Adviser with the SEC does not imply that the Adviser or its employees possess a certain level of skill or training.

Additional information about Angel Oak is available on the SEC’s website at www.adviserinfo.sec.gov.



Material Changes

This brochure dated March 31, 2015 is an updated document which replaces our previous Brochure which was dated December 31, 2014.

We have updated our Form ADV and this Brochure to reflect changes to our advisory business and regulatory requirements.

- The Angel Oak Funds Trust (“AOFT”) and Angel Oak Flexible Income Fund, a registered investment company and a series of AOFT, were each formed and began operations in October 2014.
- Two pooled investment vehicles, the Angel Oak Structured Credit Opportunity Fund I, LP and the Angel Oak Debt Recovery Fund, LP, were closed by Angel Oak.
- Four new affiliated entities, Angel Oak Consulting Group, LLC, Angel Oak Consulting Group Portfolio Management, LLC, AOC Securities, LLC, and Angel Oak Mortgage Solutions, LLC, were created. See *Other Industry Activities and Affiliations* below.

Our current Brochure may be requested free of charge by contacting us by telephone at (404) 953-4900 or by email at info@amgeloakcapital.com. Additional information about Angel Oak is also available via the SEC’s web site, www.adviserinfo.sec.gov.

Table of Contents

Advisory Business	1
Fees and Compensation	1
Performance-Based Fees and Side-by-Side Management	2
Types of Clients	3
Methods of Analysis, Investment Strategies and Risk of Loss	4
Disciplinary Information.....	8
Other Financial Industry Activities and Affiliations.....	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Brokerage Practices	10
Review of Accounts.....	10
Client Referrals and Other Compensation	11
Custody	11
Investment Discretion	11
Voting Client Securities	11
Financial Information.....	12



Advisory Business

Firm Description and Principal Owners

Angel Oak Capital Advisors, LLC (“Angel Oak”), a Delaware limited liability company, commenced operations in July 2009 and became registered with the Securities and Exchange Commission (“SEC”) as a registered investment advisor in October 2009. The principal owners of Angel Oak are Mike Fierman, Brad Friedlander, and Sreeniwas Prabhu. Angel Oak’s Chief Compliance Officer is Adam Langley.

Advisory Services

Angel Oak provides investment advisory services to pooled investment vehicles (each a “Private Fund”), investment companies registered under the Investment Company Act of 1940 (together with the Private Funds, each a “Fund”), high net worth individuals, and banking institutions (each a “Non-Fund Client”) (collectively, “Clients”).

It is important to note that the term “Client” as defined by federal securities regulations refers to the Funds and Non-Fund Clients to which Angel Oak provides investment advisory services, not to the investors holding interests in such Funds. To avoid confusion, the term “investors” is used to refer to investors in the Funds.

Tailored Advisory Services

Angel Oak’s advisory services are provided pursuant to investment authority granted to Angel Oak through a Fund’s constituent documents and/or an investment management agreement between Angel Oak and the Client. Investment advisory services are provided on a discretionary basis, giving Angel Oak broad responsibility for making investment decisions to purchase or sell securities for its Clients, within certain investment guidelines. Clients may impose restrictions on the types of investments to be used in their portfolio. For Non-Fund Clients, investment objectives and any investment restrictions are approved by the Non-Fund Client as a part of the investment management agreement.

Assets Under Management

As of December 31, 2014, Angel Oak managed \$5,360,211,123 in Client assets on a discretionary basis and \$0 in Client assets on a non-discretionary basis.

Fees and Compensation

Management Fees

Angel Oak receives compensation from Private Funds and Non-Fund Clients through a monthly or quarterly management fee calculated as a percentage of assets under management and payable either in

arrears or in advance. Fees are negotiable with Non-Fund Clients and are determined as a part of the investment management agreement. Management fees range from 0.50% to 2.00% per year. Angel Oak or the general partner of the Private Funds may waive or reduce the management fee in respect of any investor in a Private Fund in its sole discretion.

In the case of the Angel Oak Multi-Strategy Income Fund (“ANGLX”), Angel Oak has agreed to waive and/or reimburse fees or expenses in order to limit total annual operating expenses (excluding brokerage fees and commissions, borrowing costs, taxes, 12b-1 fees, extraordinary expenses, and indirect expenses) to 0.99%. This arrangement is in effect through May 31, 2015 and may not be terminated or modified prior to that date except with the approval of the ANGLX Board of Trustees. Similarly, Angel Oak has agreed to waive and/or reimburse fees or expenses of the Angel Oak Flexible Income Fund (“ANFLX”) in order to limit total annual operating expenses to 0.85% through May 31, 2016. In both cases, the fund may have to repay some of these fee and expense waivers and reimbursements to Angel Oak in the following three years should such fund’s expense ratio fall below the agreed upon maximum.

Other Fees and Expenses

Angel Oak’s fees are exclusive of certain charges imposed by custodians, brokers, administrators, and other third parties such as custodial fees, deferred sales charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Angel Oak does not receive any portion of these costs.

Each Fund pays its operating expenses consisting of legal, regulatory, registration, accounting, auditing, printing, mailing, administration, taxes, extraordinary expenses, and miscellaneous fees and expenses. Such operating expenses are allocated pro rata to investors.

Terms

Generally, either Angel Oak or a Client may terminate an investment management agreement on 30 days’ prior notice. In the event of termination, fees will be prorated. Any paid but unearned fees will be promptly refunded to the Client, and any fees due to Angel Oak from the Client will be invoiced or deducted from the Client’s account prior to termination. Pursuant to the terms of each Client’s investment management agreement, fees are invoiced or deducted by the Client’s custodian.

Performance-Based Fees and Side-by-Side Management

Private Funds and Non-Fund Clients pay Angel Oak a performance fee equal to a percentage of net profits. Such fees are individually negotiated with each Non-Fund Client and set forth in the fund documents for Private Funds. In measuring a Client’s net profits for the calculation of performance fees, Angel Oak includes realized and unrealized capital gains and losses.

Angel Oak or the general partner of the Private Funds may waive or reduce the performance fee in respect of any investor in a Private Fund at its discretion. See “*Private Funds*” below. Investors are cautioned to review the conflicts of interest disclosure and discussion in the Fund’s offering memorandum, along with the relevant risk factors.

Performance Fees are generally payable on an annual basis.

Performance Fee arrangements may act as an incentive for Angel Oak to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. This risk is mitigated by the fact that Angel Oak seeks to maximize the performance of the applicable Clients over time. In addition, some accounts subject to performance fees are also subject to: (i) a loss carry forward provision (often referred to as a “high water mark”), whereby prior losses are recovered before a performance fee can be paid; and/or (ii) a “hurdle” provision, which allows for the payment of a performance fee only after the account has achieved an agreed-upon level of performance.

Such fee arrangements may also potentially create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Angel Oak has implemented allocation procedures designed to ensure that all Clients are treated fairly and equitably and to prevent this potential conflict from influencing the allocation of investment opportunities among Clients.

Types of Clients

Private Funds

As indicated above, Angel Oak is the investment adviser for Private Funds which are exempt from registration under federal securities regulations. Depending on the Private Fund, the investors in the Private Fund are accredited investors and/or qualified purchasers which include high net worth individuals, banking or thrift institutions, or certain other pooled investment vehicles. The minimum investment size for the Funds ranges from \$10,000 to \$500,000, in each case subject to the right of the general partner of the Private Funds, in its sole discretion, to accept a lesser amount.

Angel Oak may from time to time enter into side letter agreements or other similar agreements (collectively, “Side Letters”) with one or more investors in the Private Funds which may provide such investor(s) with additional and/or different rights (including, without limitation, with respect to management fees, performance fees, access to information, and minimum investment amounts) than such investors have pursuant to the general terms of the applicable Private Fund. Angel Oak will not be required to notify, or provide copies to, any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will Angel Oak be required to offer such additional and/or different rights and/or terms to any or all of the other investors.

Mutual Funds

Angel Oak provides investment advisory services to investment companies registered under the Investment Company Act of 1940, which are commonly referred to as mutual funds. The minimum initial investment for investors in the mutual funds is \$1,000.

Individualized Account Services

Angel Oak provides individualized investment advisory services to individuals, institutions, and other entities. While Angel Oak may make exceptions, the minimum initial investment for these services is generally \$5,000,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Angel Oak primarily gives investment advice related to mortgage-backed securities, asset-backed securities, corporate debt securities, collateralized mortgage obligations, collateralized loan obligations, convertible securities and other debt derivatives. Angel Oak generally seeks to maximize Client account returns by investing in securities that it considers undervalued and capitalizing on current market dislocations and illiquidity in these securities. Angel Oak uses multiple sources of information to formulate its investment advice, including quantitative and qualitative factors and its own proprietary methods of evaluation.

Angel Oak analyzes a variety of factors when selecting investments for Client accounts such as collateral quality, credit support, structure, and market conditions. Angel Oak attempts to diversify risks that arise from position sizes, geography, ratings, duration, deal structure and collateral values.

Additionally, as stated above, the investment objective and strategy for each Non-Fund Client is developed cooperatively between Angel Oak and the Non-Fund Client.

While a comprehensive description of each Private Fund is available in its respective offering document, a brief description of each Fund's investment strategy is set forth below:

- *Angel Oak Strategic Mortgage Income Master Fund, Ltd.* seeks to produce investor income through the selection, purchase and efficient financing of senior non-agency Residential Mortgage Backed Securities ("RMBS") and Commercial Mortgage Backed Securities ("CMBS") asset backed securities ("ABS"), collateralized loan obligations ("CLO"), collateralized debt obligations ("CDO"), and other financial instruments. The fund may purchase loans and/or pools of loans, including loans that are originated by an affiliate of Angel Oak. The fund operates via a master-feeder structure which enables both U.S. and non-U.S. domiciled investors to invest in the

same strategy. The two feeder funds are Angel Oak Strategic Mortgage Income Fund, LP (U.S. feeder fund) and Angel Oak Strategic Mortgage Income Fund, Ltd. (non-US feeder fund).

- *Angel Oak Structured Income Fund I, LP* seeks to maximize returns by investing in structured credit securities and other fixed-income assets. While the focus of the fund is on RMBS, the fund may also invest in certain other fixed-income asset backed securities (*e.g.*, credit card loans, auto loans, student loans). Securities will be a blend of senior-most and senior support bonds.
- *Angel Oak Partners Fund I, LP* seeks to maximize investor returns through investments in foreign or domestic fixed income and equity securities. Asset exposure is gained through direct ownership of the securities and derivative contracts.
- *MI Opportunity Fund, LP* seeks to achieve capital appreciation and income through investments in structured credit fixed income assets to build a diversified and actively managed portfolio of RMBS that offer the potential for above average risk-adjusted returns.
- *Mortgage Opportunity Fund I, LP* seeks investments in RMBS; specifically in the senior-most portion of the capital structure. Return goals are met primarily through seeking bonds that provide an attractive level of current income.

Each of the mutual fund's investment objective and investment strategies are as set forth in its prospectus.

Risk of Loss

While Angel Oak actively manages its portfolios in an effort to achieve returns and reduce risk of loss, all investment portfolios are subject to various risks. Investing in securities involves a risk of loss that Clients and investors should be prepared to bear. Accordingly, there can be no assurance that Client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money. Angel Oak makes no guarantee, either oral or written, that a Client's investment objective will be achieved. Clients and investors should consider the strategies and accounts managed by Angel Oak as a supplement to an overall investment program and should only invest if they are willing to undertake the risks involved. An investment with Angel Oak involves significant risks that may not be associated with other investment vehicles. In addition, Clients and investors who are subject to income tax should be aware that an investment may create taxable income or tax liabilities in excess of cash distributions to pay such liabilities.

Below is a description of several of the principal risks that Client investment portfolios face.

- *Fixed Income and Debt-Based Securities.* While interest-bearing securities are investments that may provide a stable stream of income, the prices of such securities are affected by changes in interest rates. The values of fixed-income and debt-based securities also may be affected by changes in the credit rating or financial condition of the issuing entities.

- *Corporate Debt Securities* are long and short term debt obligations issued by companies (such as publicly issued and privately placed bonds, notes and commercial paper). Corporate debt security prices will rise when interest rates fall and will decline when interest rates rise. These fluctuations in prices will be more marked with respect to long-term bonds than with respect to short-term bonds. In addition, the prices of lower coupon bonds are generally more volatile than higher coupon bonds of the same approximate maturity and credit quality.
- *Mortgage-Backed Securities (MBS)* are mortgage-related securities issued or guaranteed by the government, its agencies and instrumentalities, or issued by non-government entities. Although certain mortgage-related securities are guaranteed by a third party or are otherwise similarly secured, the market value of the security, which may fluctuate, is not so secured. Accordingly, Clients invested in MBS may receive monthly scheduled payments of principal and interest along with any unscheduled principal prepayments on the underlying mortgages. Because scheduled and unscheduled principal payments must be reinvested at prevailing interest rates, MBS do not provide an effective means of locking in long-term interest rates for the investor.
- *Asset-backed Securities (ABS)* are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales contracts or installment loan contracts, leases of various types of real and personal property, or receivables from credit card agreements or from sales of personal property. ABS typically have no U.S. Government backing, and the ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited.
- *Collateralized Mortgage Obligations (CMOs)* are hybrids between a mortgage-backed bond and a mortgage pass-through security. A CMO is a type of mortgage-backed security that creates separate classes with varying maturities and interest rates, called tranches. CMOs may be collateralized by whole mortgage loans, but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by GNMA, FHLMC, or FNMA, and their income streams. Investors holding the longer maturity classes receive principal only after the first class has been retired. An investor is only partially guarded against a sooner than desired return of principal because of the sequential payments.
- *Collateralized Loan Obligations (CLOs)* are debt instruments backed solely by debt securities. Normally, CLOs are privately offered and sold (that is, they are not registered under U.S. securities laws) and may be characterized as illiquid securities. In addition to the interest rate, default and other risks of fixed income securities, CLOs carry additional risks, including the possibility that distributions from collateral securities will not be adequate to make interest or other payments, that the quality of the collateral may decline in value or default, and that the Client portfolio may be invested in CLOs that are subordinate to other classes.

- *Convertible Securities* are preferred stocks or bonds that pay a fixed dividend or interest payment and are convertible into common stock or other equity interests at a specified price or conversion ratio. By investing in convertible securities, Angel Oak may seek income for the Client's account, and may also seek the opportunity, through the conversion feature, to participate in the capital appreciation of the common stock or other interests into which the securities are convertible, while potentially earning a higher fixed rate of return than is ordinarily available in common stocks. While the value of convertible securities depends in part on interest rate changes and the credit quality of the issuers, the value of these securities will also change based on changes in the value of the underlying stock. Income paid by a convertible security may provide a limited cushion against a decline in the price of the security. However, convertible securities generally have less potential for gain than common stocks. In addition, convertible bonds generally pay less income than non-convertible bonds.
- *Whole Loans.* Angel Oak is affiliated with Angel Oak Home Loans LLC and Angel Oak Mortgage Solutions LLC (collectively the "Mortgage Companies"). See *Other Financial Industry Activities and Affiliations* below. Angel Oak may purchase whole loan mortgages on behalf of certain Private Funds from the Mortgage Companies. Such purchases are approved by the board of directors or advisory committee of each Private Fund. Various functional areas within Angel Oak, including a valuation sub-committee, risk management, and legal for the relevant Private Fund regularly review the loan purchase activities between Angel Oak and the Mortgage Companies.
- *Bank Loans* are loans made by banks or other financial institutions to companies. These bank loans are usually senior secured debt and are mostly rated below investment grade because the borrower's ability to repay may be viewed as speculative. A borrower's ability to repay may deteriorate and result in a loss. The borrower typically pays interest based on a floating rate, and therefore the loans are subject to interest rate risk affecting the borrower's ability to repay or the prepayment of the loan. Loans can typically be repaid without penalty at any time and cause the expected income stream to end before the stated maturity.
- *Management Style Risks.* While Angel Oak manages Client investment portfolios based on Angel Oak's experience, research and proprietary methods, the value of Client investment portfolios may change daily based on the performance of the underlying debt instruments and other securities in which they are invested. Accordingly, Client investment portfolios are subject to the risk that Angel Oak's investment style is out of favor in the market.
- *Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect market conditions. While Angel Oak performs due diligence on its investments, economic conditions are not within the control of Angel Oak and no assurances can be given that Angel Oak will anticipate adverse developments.

- *Illiquid Securities.* Angel Oak may invest some Client portfolios in illiquid securities (i.e., securities that are not readily marketable), including, without limitation, some of the types of securities described above. In the event that Angel Oak is required to sell an illiquid security, Angel Oak may not be able to obtain a favorable price for the security, which could lead to losses for a Client.
- *Hedging and Arbitrage.* While engaging in hedging and arbitrage transactions may be used for risk management purposes, unanticipated changes in securities prices, unanticipated economic, market or corporate events, or unanticipated changes in interest rates or other market factors may result in a poorer overall performance than if hedging or arbitrage investments were not made. In the event of an imperfect correlation between a position in a hedging investment and a portfolio position that it is intended to protect, or unexpected price changes in arbitrage positions, the desired protection may not be obtained, increasing exposure to risk of loss.
- *Leverage.* Client portfolios that use leverage allow Angel Oak or one of its affiliates to borrow money on behalf of Clients and to invest the proceeds thereof for the Client's portfolio. While the use of leverage may increase potential gains, Client accounts are also subject to greater risk of loss in the event that the investments purchased with borrowed money decline in value.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Angel Oak or the integrity of Angel Oak's management. Angel Oak has had no material disciplinary events.

Other Financial Industry Activities and Affiliations

Angel Oak has several affiliated businesses that are involved in a variety of activities. A description of each is provided below.

- *Angel Oak Capital Partners, LLC* serves as general partner of certain Private Funds.
- *AOC Securities, LLC* is a registered broker-dealer with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). Angel Oak does not direct trades for its Clients through AOC Securities, LLC. Angel Oak does not provide investment advice for, and does not receive an advisory fee for, assets maintained in a brokerage account with AOC Securities.
- *Angel Oak Consulting Group, LLC* provides risk advisory and management consulting services to financial institutions and other institutional clients.
- *Angel Oak Consulting Group Portfolio Management, LLC* is an investment adviser registered with the SEC. Its investment advisory services are generally limited to the identification and

recommendation of an investment sub-adviser to provide portfolio management services for their client accounts. While it may select third party sub-advisers in particular cases, it generally expects to select Angel Oak to provide such sub-advisory services, subject to the oversight of Angel Oak Consulting Group Portfolio Management, LLC.

Because Angel Oak Consulting Group Portfolio Management, LLC is under common control with Angel Oak, it has an incentive to recommend Angel Oak over other potential sub-advisers. Investment advisory services provided by Angel Oak will be routinely reviewed to ensure they are in the best interest of the Client.

- *Angel Oak Prime Bridge, LLC* is an affiliate of Angel Oak by common control, and provides short term loans to construct, refurbish and improve real estate properties in the southeastern United States.
- *Angel Oak Home Loans, LLC (formerly Angel Oak Funding LLC)* is an affiliate of Angel Oak by common control, and is a residential mortgage company.
- *Angel Oak Mortgage Solutions, LLC* is an affiliate of Angel Oak by common control, and is a wholesale mortgage company.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Angel Oak has adopted a Code of Ethics (the “Code”) for all supervised persons of Angel Oak describing its high standards of business conduct and fiduciary duty to its Clients. The Code includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Under the Code, supervised persons should place the interests of Clients first, ahead of their own personal interests, and generally seek to treat Clients fairly. In addition, supervised persons are prohibited from engaging in any practice that defrauds or misleads any Client or investor, or engaging in any manipulative or deceitful practice with respect to Clients, investors or securities. All supervised persons at Angel Oak must acknowledge the terms of the Code annually, or as materially amended.

Angel Oak anticipates that, in appropriate circumstances, consistent with Clients’ investment objectives, it will cause accounts over which it has management authority to purchase or sell securities and other investments in which Angel Oak, its affiliates and/or Clients, directly or indirectly, may have a position of interest. Subject to satisfying such practice and applicable laws, officers, directors, and employees of Angel Oak and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Clients. The Code is designed to ensure that the personal securities transactions, activities, and interests of the employees of Angel Oak will not interfere with (i) making decisions in the best interest of Clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code requires pre-clearance of certain securities transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading is continuously monitored under the Code to reasonably prevent conflicts of interest between Angel Oak and its Clients.

Brokerage Practices

Angel Oak has full and complete discretion and authority to manage and direct the investment and reinvestment of Clients assets subject to the investment management agreement. The investment management agreements between Angel Oak and its Clients provide for broad discretion in this regard.

In selecting brokers to effect portfolio transactions, Angel Oak will generally seek best execution after considering such factors as the ability of the brokers to execute and settle the transactions, the brokers' facilities, reliability and financial stability, and the provision for payment of the cost of services. Angel Oak need not, however, solicit company bids and does not have an obligation to seek the lowest available execution costs.

Aggregation of Trades

In some circumstances, Angel Oak may find that placing orders in the same security to be allocated for more than one Client at the same time can improve the price, transaction costs, and other aspects of execution for the trade. In the event an aggregated order is filled at different prices it will generally be allocated pro rata in proportion to the size of the orders for each Client. Transaction costs are promptly allocated to each applicable Client account on a pro rata basis based upon the ratio of the amount of particular issue of securities purchased or sold in relation to the overall amount of that issue purchased or sold for all accounts in the aggregated order.

Review of Accounts

Angel Oak's portfolio managers review Client accounts on a continuous basis, focusing on the performance of the investment portfolios and individual securities, as well as monitoring position and diversification levels, cash balances, and adherence to investment and risk management guidelines. Also, on a regular basis, Angel Oak reviews calculations of the net asset value of Client accounts and of individual investor capital account balances, which are provided by third party administrators.

Angel Oak has engaged Trident Fund Services, LLC and U.S. Bank Fund Services, LLC to provide administrative services to Client accounts, including monthly accounting and investor reporting functions. Final reviews of accounting and associated reports are conducted by employees of Angel Oak on a monthly basis.



Annual audits of Client accounts are performed by Windham Brannon, PC, McGladrey LLP or Cohen Fund Audit Services, Ltd.

Clients and investors receive a monthly or quarterly statement or other similar communication with unaudited results of the relevant account's monthly performance. Investors in Private Funds also receive annual audited financial statements.

Client Referrals and Other Compensation

Angel Oak may engage solicitors who refer Clients to Angel Oak consistent with the requirements under federal securities regulations. Clients whose accounts involve third party solicitor arrangements are advised of the arrangement in writing and do not pay higher fees as a result of the arrangement.

Custody

Neither Angel Oak, nor any parties affiliated with Angel Oak maintains physical possession of any assets or securities of any Client account. Clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the Client's investment assets. Clients should review these statements carefully and promptly notify the broker dealer, bank or qualified custodian if they do not receive a quarterly statement. Due to the nature of the affiliation that Angel Oak has with Angel Oak Capital Partners, LLC, the general partner of certain Private Funds, Angel Oak is deemed to have custody of certain Client funds and securities under Rule 206(4)-2 under the Investment Advisers Act of 1940. Angel Oak follows the applicable requirements of this rule for all Funds for which it has custody.

Investment Discretion

Angel Oak has discretionary authority over the Client portfolios that it manages pursuant to the terms of each Client's investment management agreement and offering documents, as applicable. Angel Oak's discretionary authority may be subject to conditions imposed by each Client (e.g., investment restrictions regarding specific securities or industries, gross or net exposure guidelines, or maximum position sizes). In addition, there may also be regulatory investment restrictions such as those applicable to Funds pursuant to the Investment Company Act of 1940.

Voting Client Securities

For Client accounts for which Angel Oak has proxy voting authority, Angel Oak votes proxies in a manner that it believes serves the best interests of its Clients. Non-Fund Clients may decide to vote their own proxies. In such cases, they will receive their proxies or other solicitation directly from their custodian or a transfer agent. In addition, Non-Fund Clients may choose to direct Angel Oak to vote their proxies pursuant to certain guidelines set forth in the applicable investment management agreement. A Non-Fund Client may contact Angel Oak with questions regarding a particular solicitation. In voting



securities held in a Client account, Angel Oak will attempt to resolve any conflict of interest between the Client and Angel Oak's business interests in the way that will most benefit the Client. Angel Oak maintains a detailed Proxy Voting Policy and a record of how Angel Oak has voted proxies, each of which are available to Clients upon request.

Financial Information

Registered investment advisers are required to provide Clients with certain financial information or disclosures about the adviser's financial condition. Angel Oak does not require or solicit prepayment of fees six months or more in advance, and Angel Oak currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.