

**Ranger Investment Management, L.P.  
Verification and Ranger Small Cap Composite Performance  
Examination Report**

**September 30, 2018**



## **Verification and Performance Examination Report**

Mr. Jay Thompson, CFO/COO;  
Mr. Nim Hacker, CCO;  
Mr. Jeremy Pinchot, VP Project Management; and  
Ms. Sylvie Millette, Accounting Manager  
Ranger Investment Management, L.P.

We have verified whether Ranger Investment Management, L.P. (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from July 1, 2016 through September 30, 2018, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of September 30, 2018. We have also conducted a performance examination of the Firm's Ranger Small Cap Composite for the periods from July 1, 2016 through September 30, 2018. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures, and for the Quarterly Performance and Ranger Small Cap Composite's compliant presentations. Our responsibility is to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, the Firm has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from July 1, 2016 through September 30, 2018; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of September 30, 2018.

A verification covering the periods from October 23, 2002 through June 30, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

Also, in our opinion, the Firm has, in all material respects:

- Constructed the Ranger Small Cap Composite and calculated the Ranger Small Cap Composite's performance for the periods from July 1, 2016 through September 30, 2018 in compliance with the GIPS standards; and



- Prepared and presented the Ranger Small Cap Composite's accompanying compliant presentation for the periods from July 1, 2016 through September 30, 2018 in compliance with the GIPS standards.

A performance examination of the Firm's Ranger Small Cap Composite covering the periods from July 1, 2003 through June 30, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

We have not been engaged to examine, and did not examine, the Supplemental Information included in the accompanying performance presentation and, accordingly, we express no opinion on the Supplemental Information.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Ranger Small Cap Composite.

*ACA Performance Services, LLC*

ACA Performance Services, LLC

January 22, 2019

**RANGER INVESTMENT MANAGEMENT, L.P.**  
**RANGER SMALL CAP COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
<b>2018</b>	<b>Gross</b>	0.96%	8.99%	5.87%		
	<b>Net</b>	0.71%	8.72%	5.61%		
<b>2017</b>	<b>Gross</b>	4.87%	2.93%	3.21%	4.72%	16.68%
	<b>Net</b>	4.61%	2.68%	2.96%	4.46%	15.53%
<b>2016</b>	<b>Gross</b>	(0.29%)	6.51%	7.24%	6.41%	21.18%
	<b>Net</b>	(0.54%)	6.25%	6.98%	6.15%	19.99%
<b>2015</b>	<b>Gross</b>	8.44%	0.73%	(6.86%)	2.51%	4.29%
	<b>Net</b>	8.17%	0.48%	(7.10%)	2.26%	3.25%
<b>2014</b>	<b>Gross</b>	(0.40%)	1.60%	(4.35%)	7.29%	3.84%
	<b>Net</b>	(0.65%)	1.35%	(4.59%)	7.03%	2.81%
<b>2013</b>	<b>Gross</b>	12.50%	3.63%	12.65%	5.71%	38.84%
	<b>Net</b>	12.23%	3.38%	12.38%	5.45%	37.49%
<b>2012</b>	<b>Gross</b>	14.25%	(6.93%)	4.61%	(6.75%)	3.72%
	<b>Net</b>	13.97%	(7.17%)	4.35%	(6.99%)	2.69%
<b>2011</b>	<b>Gross</b>	14.20%	1.45%	(18.46%)	16.91%	10.44%
	<b>Net</b>	13.92%	1.20%	(18.68%)	16.63%	9.35%
<b>2010</b>	<b>Gross</b>	9.20%	(11.28%)	14.60%	19.11%	32.24%
	<b>Net</b>	8.93%	(11.51%)	14.33%	18.82%	30.95%
<b>2009</b>	<b>Gross</b>	(9.02%)	15.91%	16.80%	8.25%	33.34%
	<b>Net</b>	(9.26%)	15.65%	16.52%	7.99%	32.05%
<b>2008</b>	<b>Gross</b>	(14.02%)	5.52%	(14.27%)	(29.09%)	(44.83%)
	<b>Net</b>	(14.24%)	5.27%	(14.49%)	(29.29%)	(45.41%)

**RANGER INVESTMENT MANAGEMENT, L.P.**  
**RANGER SMALL CAP COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2007	Gross	6.10%	9.81%	1.04%	(3.00%)	14.18%
	Net	5.84%	9.54%	0.79%	(3.25%)	13.06%
2006	Gross	17.22%	(1.04%)	(2.24%)	7.85%	22.31%
	Net	16.95%	(1.29%)	(2.48%)	7.59%	21.11%
2005	Gross	(2.49%)	3.18%	10.17%	0.89%	11.82%
	Net	(2.74%)	2.92%	9.90%	0.64%	10.72%
2004	Gross	2.73%	3.34%	(2.32%)	14.63%	18.87%
	Net	2.48%	3.08%	(2.57%)	14.36%	17.71%
2003	Gross			11.39%	5.48%	17.49%*
	Net			11.12%	5.22%	16.92%*

**\* Represents non-annualized partial period performance beginning on July 1, 2003.**

Past performance is not indicative of future results. The Verification and Performance Examination Report and the compliant presentation are an integral part of this presentation. The periods shown prior to July 1, 2016 were examined by another verification firm.

**Ranger Investment Management, L.P. – Ranger Small Cap Composite**  
**July 1, 2003 through December 31, 2017**

Year	Total Return (Gross)	Total Return (Net)	Russell 2000 Growth Index	Composite Three-year Annualized Standard Deviation	Benchmark Three-year Annualized Standard Deviation	Number of Accounts	Composite Dispersion <sup>4</sup>	Composite Assets (US\$ mil)	Total SCG Assets <sup>5</sup> (US\$ mil) Supplemental	Composite Assets as % of SCG Assets <sup>5</sup> Supplemental	Composite Assets as % of Firm Assets	Total Firm Assets (US\$ mil)
2003 <sup>7</sup>	17.49%	16.92%	24.48%	NA	NA	5 or fewer	NM	\$9.87	\$33.93	29.10%	19.39%	\$50.90
2004	18.87%	17.71%	14.31%	NA	NA	5 or fewer	NA	\$23.04	\$95.08	24.23%	23.03%	\$100.01
2005	11.82%	10.72%	4.15%	NA	NA	5 or fewer	NA	\$27.79	\$115.42	24.08%	17.82%	\$155.97
2006	22.31%	21.11%	13.35%	14.32%	15.57%	5 or fewer	NA	\$62.01	\$101.63	61.02%	39.91%	\$155.37
2007	14.18%	13.06%	7.05%	13.11%	14.23%	12	NA	\$153.07	\$218.93	69.91%	18.76%	\$816.08
2008	-44.83%	-45.41%	-38.54%	21.48%	21.26%	17	0.38%	\$261.81	\$288.70	90.68%	43.38%	\$603.52
2009	33.34%	32.05%	34.47%	23.78%	24.84%	17	0.57%	\$400.96	\$422.63	94.87%	39.12%	\$1,024.87
2010	32.24%	30.95%	29.09%	26.05%	27.69%	14	0.33%	\$493.11	\$507.05	97.25%	45.30%	\$1,088.59
2011	10.44%	9.35%	-2.91%	21.24%	24.30%	17	0.17%	\$556.99	\$740.67	75.20%	53.00%	\$1,050.86
2012	3.72%	2.69%	14.59%	19.18%	20.72%	32	0.14%	\$1,131.57	\$1,230.55	91.96%	76.89%	\$1,471.69
2013	38.84%	37.49%	43.30%	16.32%	17.27%	34	0.17%	\$1,885.79	\$1,905.22	98.98%	87.34%	\$2,159.14
2014	3.84%	2.81%	5.60%	13.72%	13.82%	30	0.19%	\$1,634.48	\$1,678.43	97.38%	82.27%	\$1,986.63
2015	4.29%	3.25%	-1.38%	14.53%	14.95%	26	0.05%	\$1,492.05	\$1,511.14	98.74%	85.76%	\$1,739.86
2016	21.18%	19.99%	11.32%	15.40%	16.67%	26	0.23%	\$1,273.58	\$1,293.73	98.44%	86.61%	\$1,470.55
2017	16.68%	15.53%	22.17%	13.48%	14.59%	20	0.08%	\$1,298.97	\$1,301.95	99.77%	93.06%	\$1,395.91

NA - Not applicable by virtue of (1) an insufficient number of accounts in the composite for the entire year for Dispersion or (2) periods less than 3 years for Annualized Standard Deviation.

NM - Calculations for less than an entire calendar year for Composite Dispersion are not statistically meaningful.

Ranger Investment Management, L.P. ("Ranger") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Ranger has been independently verified by Ashland Partners and Company for the periods October 23, 2002 through September 30, 2016 and by ACA Performance Services, LLC for the periods October 1, 2016 through September 30, 2017.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Ranger Small Cap Composite has been examined for the period from July 1, 2003 through September 30, 2017. The verification and performance examination reports are available upon request.

**Notes:**

- Ranger is an investment adviser registered with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The Ranger Small Cap Composite (the "Composite") includes all fully discretionary, fee paying accounts, which invests, on a long basis only, in a diversified group of approximately 40 to 60 small capitalization, growth-oriented equity securities traded on U.S. exchanges. The Composite creation date is July 1, 2003. In addition, a performance examination was conducted on the Composite beginning July 1, 2003. A complete list and description of composites are available upon request.
- For comparison purposes, the Composite is measured against the Russell 2000 Growth Index (the "Index"), a widely recognized index which seeks to capture the performance of the small-cap growth segment of the U.S. equity universe. The Index includes 2000 companies with higher price-to-book ratios and higher forecasted growth values. Unlike the Index, Composite portfolios are actively managed and invest in a relatively concentrated group of approximately 40 to 60 holdings. Accordingly, comparing or contrasting Composite results or characteristics with those of the Index may be of limited use. Performance results of the Index include the reinvestment of dividends and income.
- Composite returns are presented gross and net of management fees and include the reinvestment of all dividends and income. Net of fee performance was calculated using the highest management fee equal to an annual rate of one percent (1.00%) of the capital account balance. The current fee schedule for the composite is one percent (1.00%) for the first \$25mm in AUM; Eighty basis points (0.80%) for the next \$25mm in AUM; Seventy basis points (0.70%) between \$50-100mm in AUM; and AUM Over \$100mm is negotiable. Investment advisory fees incurred by clients may vary. Valuations are computed and performance is reported in U.S. dollars. Policies for valuing portfolios, calculating performance, and preparing compliant presentations may be obtained by contacting Ranger at (214) 871-5262 or by e-mail at info@rangerinvestments.com.
- Composite Dispersion is calculated using the asset-weighted standard deviation of all portfolios that were included in the Composite for the entire calendar year.
- Total SCG Assets include the Composite's assets as well as other small cap assets managed by Ranger. ACA Compliance Group has not reviewed the Total SCG Assets or percentage of SCG Assets in the performance table above.
- The Composite is re-valued and accounted for following a ten percent (10%) or greater cash, securities or asset class inflows or outflows at the account or composite level so as not to distort performance.
- Performance periods of less than 12 months are not annualized. Year 2003 results are for the periods from July 1, 2003 through December 31, 2003.
- Ranger makes no representation, and it should not be assumed, that future investment performance will conform to past performance. Additionally, there is the possibility for loss when investing in a Composite separate account or pooled investment vehicle. Gross performance returns presented herein will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. Actual performance results and fees of client accounts may differ substantially.

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