

Item 1 – Cover Page



RANGER
INVESTMENTS

Adviser Brochure
Form ADV Part 2A

Ranger Investment Management, L.P.

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March 31, 2019

This Brochure provides information about the qualifications and business practices of Ranger Investment Management, L.P. If you have any questions about the contents of this Brochure, please contact us at (214) 871-5200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Ranger Investment Management, L.P. registered with the United States Securities and Exchange Commission in October 2003 in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Ranger Investment Management, L.P. (CRD # 124414) also is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about persons who are both affiliated with Ranger Investment Management, L.P. and registered as investment advisors with the SEC.

REFERENCES AND DISCLOSURES RELATING TO ANY PUBLIC OR PRIVATE FUND PRESENTED HEREIN, INCLUDING BUT NOT LIMITED TO: (I) THE INVESTMENT OBJECTIVE, STRATEGIES, RESTRICTIONS AND MANAGEMENT OF FUND, (II) RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN A FUND, (III) DESCRIPTIONS OF SECURITIES PERMISSIBLE FOR INVESTMENT BY A FUND, AND (IV) TERMS FOR INVESTMENT WITHIN A FUND ARE QUALIFIED IN THEIR ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH SUCH FUND'S OFFERING DOCUMENTS AND OPERATING AGREEMENTS, INCLUDING WITHOUT LIMITATION, ANY PRIVATE PLACEMENT MEMORANDUM, PROSPECTUS, STATEMENT OF ADDITIONAL INFORMATION, LIMITED PARTNERSHIP AGREEMENT, INVESTMENT MANAGEMENT AGREEMENT OR SUBSCRIPTION AGREEMENT. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW OFFERING DOCUMENTS AND OPERATING AGREEMENTS CAREFULLY, AND CONSULT THEIR INDIVIDUAL FINANCIAL, LEGAL OR TAX ADVISORS PRIOR TO MAKING AN INVESTMENT. INFORMATION ABOUT WHAT OFFERING DOCUMENTS AND OPERATING AGREEMENTS ARE AVAILABLE FOR REVIEW BY A PROSPECTIVE INVESTOR, ALONG WITH APPLICABLE COPIES OF SUCH DOCUMENTS, IS AVAILABLE BY CONTACTING THE FIRM AT (214) 871-5200 OR INFO@RANGERCAP.COM

Item 2 – Material Changes

SEC rules require Ranger Investment Management, L.P. (“Ranger” or the “Firm”), and other registered investment advisors, to provide its Clients with a copy of its Form ADV 2 within 120 days of the close of its fiscal year, as well as on an ongoing basis when material changes make such disclosures necessary. Ranger’s Form ADV 2 is intended to provide its Clients with a clearly written and meaningful disclosure, in plain English, about Ranger’s business practices, conflicts of interest and advisory personnel.

Ranger’s Form ADV 2 is divided into two parts, *Part 2A* and *Part 2B*. *Part 2A* of the Form ADV (the “Brochure”) provides information about a variety of topics relating to Ranger’s business practices and conflicts of interest. *Part 2B* of the Form ADV (the “Brochure Supplement”) provides information about certain Ranger advisory personnel.

This section of the Brochure addresses “material changes” that have taken place since the last annual update and will be posted on the SEC’s public disclosure website (IAPD). Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’s fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

The effective date of this Brochure is March 31, 2019, and updates the Brochure dated March 31, 2018. A summary of the material revisions made to the previous version of the Firm’s Brochure is as follows:

1. **Item 4 – Advisory Business and Item 5 – Fees and Compensation.** Descriptions of the strategies offered by the Firm were amended and updated; and revised to reflect the addition of a new strategy and class of interest or shares in the Ranger Funds Investment Trust.

Item 3 -Table of Contents

| | |
|--|-----|
| Item 1 – Cover Page..... | i |
| Item 2 – Material Changes | ii |
| Item 3 – Table of Contents..... | iii |
| Item 4 – Advisory Business | 1 |
| Item 5 – Fees & Compensation..... | 4 |
| Item 6 – Performance-Based Fees & Side-By-Side Management..... | 8 |
| Item 7 – Types of Clients..... | 9 |
| Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss | 9 |
| Item 9 – Disciplinary Information | 20 |
| Item 10 – Other Financial Industry Activities & Affiliations..... | 20 |
| Item 11 – Code of Ethics, Participation/Interest in Client Transactions & Personal Trading | 21 |
| Item 12 – Brokerage Practices | 22 |
| Item 13 – Review of Accounts..... | 26 |
| Item 14 – Client Referrals & Other Compensation | 26 |
| Item 15 – Custody..... | 26 |
| Item 16 – Investment Discretion..... | 27 |
| Item 17 – Voting Client Securities..... | 27 |
| Item 18 – Financial Information | 28 |

Item 4 – Advisory Business

Ranger Investment Management, L.P. (“Ranger” or the “Firm”) is an investment adviser that commenced operations in October 2002 and registered with the United States Securities and Exchange Commission (the “SEC”) in October 2003 in accordance with the Investment Advisers Act of 1940. Ranger was organized as a Delaware limited partnership by Ranger Investment Group, L.L.C., a Delaware limited liability company which serves as its general partner. Ranger Investment Group, L.L.C. is controlled by Ranger Capital Group Holdings, L.P., a Texas limited partnership which serves as its managing member.

As of March 31, 2019, the Firm managed approximately \$1.4 billion of client assets, all of which is discretionary.

Investment Advisory Services

Ranger provides continuous investment management services to separately managed accounts (“Separate Accounts”), private pooled investment vehicles (“Private Funds”), and registered funds, such as mutual funds (“Mutual Funds” and together with the Private Funds and Separate Accounts, the “Clients”).

Investment supervisory services include: (1) establishing a client’s investment objectives within their applicable investment strategies; (2) buying or selling portfolio securities on behalf of each client account; and (3) periodically reporting to clients and investors with respect to current investment holdings, valuations, transactions, capital gains or losses, investment performance, and/or outlook.

The investment portfolios (the “Portfolios”) advised by the Firm consist primarily of U.S. exchange traded equity securities of either (i) growth oriented companies within predetermined capitalization ranges, or (ii) sector specific companies. Generally, the Firm seeks to uncover quality investments by implementing a bottom-up, fundamental research driven security selection process by investing in companies characterized by accelerating revenue and earnings growth, high recurring revenues, strong balance sheets and strong free cash flow generation.

The Firm offers the option to invest in its offered investment strategies through either Separate Accounts or through interest or shares in pooled investment vehicles (as set forth below). Separate Accounts may provide greater flexibility for a Client with respect to the investment parameters used within the Firm’s investment strategies or other terms of investment. Please see **Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss**.

Investment Strategies

Ranger provides direct investment advisory services to institutional investors such as mutual funds, private pooled investment vehicles, public and private pension plans, insurance companies, foundations, and endowments. The Firm primarily manages portfolios of growth oriented companies characterized by accelerating revenue and earnings growth, high recurring

revenues, strong balance sheets and strong free cash flow generation within the following strategies:

- **Small Cap Growth Strategy:** The Small Cap Growth Strategy seeks long-term growth of capital by investing primarily in common stocks of growth oriented domestic issuers which, at the initial time of purchase: (i) have a market capitalization between \$100 million and \$2 billion, or (ii) are within the capitalization range of issuers represented within the Russell 2000[®] Growth Index.
- **SMid Cap Growth Strategy:** The SMid Cap Growth Strategy seeks long-term growth of capital by investing primarily in common stocks of growth oriented domestic issuers which, at the initial time of purchase: (i) have a market capitalization between \$100 million and \$10 billion, or (ii) are within the capitalization range of issuers represented within the Russell 2500[®] Growth Index.
- **Mid Cap Growth Strategy:** The Mid Cap Growth Strategy seeks long-term growth of capital by investing primarily in common stocks of growth oriented domestic issuers which, at the initial time of purchase: (i) have a market capitalization between \$2 billion and \$10 billion, or (ii) are within the capitalization range of issuers represented within the Russell Midcap[®] Growth Index.
- **All Cap Growth Strategy:** The All Cap Growth Strategy seeks long-term growth of capital by investing primarily in common stocks of growth oriented domestic issuers without restriction to the market capitalization of such issuer.
- **Micro Cap Growth Strategy:** The Micro Cap Growth Strategy seeks long-term growth of capital by investing primarily in common stocks of growth oriented domestic issuers which, at the initial time of purchase: (i) have a market capitalization between \$100 million and \$750 million, or (ii) are within the capitalization range of issuers represented within the Russell Microcap[®] Growth Index.
- **Energy Select Strategy:** The Energy Select Strategy seeks long-term growth of capital by investing primarily in common stocks of energy and natural resources companies, or companies in associated businesses including without limitation, energy transportation, power equipment, and utilities. The Energy Select Strategy has the flexibility to invest across all market caps.
- **Healthcare Select Strategy:** The Healthcare Select Strategy seeks long-term growth of capital by investing primarily in common stocks of healthcare companies, or companies in associated businesses including without limitation, consumer-driven healthcare, business services related to healthcare, healthcare technology and industrial medical companies. The Healthcare Select Strategy has the flexibility to invest across all market caps.

In addition to each of the above stated investment strategies, the Firm may at the request of a Client or otherwise, offer investment in sub-strategies dedicated to industry specific segments of an investment strategy, sub-capitalization ranges or expanded capitalization ranges within an investment strategy, or high concentration versions of an investment strategy. In each case, a detailed description of the applicable investment strategy will be set forth in the applicable offering documents and/or investment management agreement.

Separately Managed Accounts

A separately managed account is a portfolio of securities managed by the Firm on behalf of a Client, in accordance with a pre-established investment strategy. Separately managed accounts are initiated through investment management agreements (“Investment Management Agreements”) with the Firm, which defines the terms of the Firm’s engagement, the investment strategy, and any third-party custodian chosen by the Client. The form of Investment Management Agreement is generally drafted by the Client, although at the request of a Client such agreement can be provided by the Firm. Investment Management Agreements are therefore highly negotiated agreements, the terms of which may and do differ significantly on a Client to Client basis, including without limitation, with respect to fees or investment guidelines. Likewise, Clients may request specific terms with respect to investment guidelines and/or objectives for inclusion within the Investment Management Agreement; and therefore, Clients may, subject to the consent of the Firm and inclusion in the Investment Management Agreement, may have portfolios within a specific Investment Strategy which differ in holdings.

Generally, the minimum investment threshold required by the Firm in order to open a separately managed account is five million dollars (\$5,000,000).

Ranger Private Funds

The Firm serves as a general partner and investment adviser to the Ranger Investment Master Fund, L.P., a Delaware limited partnership which is a pooled investment vehicle exempt from registration under the Investment Company Act of 1940. The Ranger Investment Master Fund has six classes of limited partnership interest, each with a separate investment strategy:

- **Small Cap Portfolio Class** maintains a diversified growth oriented portfolio consisting of approximately 40 to 60 U.S. exchange traded equity securities. The Small Cap Portfolio Class employs the Small Cap Strategy (as described above).
- **Small Cap Select Portfolio Class** maintains a concentrated growth oriented portfolio consisting of approximately 8 to 15 U.S. exchange traded equity securities. The Small Cap Select Portfolio Class employs the Small Cap Strategy (as described above).
- **Mid Cap Portfolio Class** maintains a diversified growth oriented portfolio consisting of approximately 40 to 60 U.S. exchange traded equity securities. The Mid Cap Portfolio Class employs the Mid Cap Strategy (as described above).

- **Mid Cap Focused Portfolio Class** maintains a concentrated growth oriented portfolio consisting of approximately 10 to 20 exchange traded equity securities. The Mid Cap Focused Portfolio Class employs the Mid Cap Strategy (as described above).
- **Micro Cap Portfolio Class** maintains a diversified growth oriented portfolio consisting of approximately 30 to 50 U.S. exchange traded equity securities. The Micro Cap Portfolio Class employs the Micro Cap Strategy (as described above).
- **Energy Select Portfolio Class** maintains a concentrated growth oriented portfolio consisting of approximately 10 to 20 U.S. exchange traded equity securities. The Energy Select Portfolio Class employs the Energy Select Strategy (as described above).

The Private Funds are exempt from registration pursuant to 3(c)-1 of the Investment Company Act of 1940. The Firm solicits investors for the Private Fund mentioned above. In accordance with Rule 506 of Regulation D, the Private Fund is available to a limited number of accredited investors. Current and prospective investors should ensure that they are capable of evaluating the merits and risks of an investment in the Private Funds.

Ranger Mutual Funds

The Firm serves as the adviser to the Ranger Small Cap Fund, and the Ranger Micro Cap Fund, each a series of the Ranger Funds Investment Trust, an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

- The **Ranger Small Cap Fund** seeks long term capital appreciation by investing in growth-oriented U.S. exchange traded equities of small capitalization companies in accordance with the Small Cap Growth Strategy.
- The **Ranger Micro Cap Fund** seeks long term capital appreciation by investing in growth-oriented U.S. exchange traded equities of micro-capitalization companies in accordance with the Micro Cap Growth Strategy.

Each Mutual Fund may issue Institutional and Investor Classes of share, with the only difference between the share classes being that Institutional Share Classes have a higher minimum investment requirement and are not subject to 12b-1 fees. Additional information regarding each Mutual Fund may be found in such mutual fund's Prospectus and Statement of Additional Information, copies of which may be obtained by accessing www.rangerfunds.com or by contacting the Mutual Funds' transfer agent at (866) 458-4744.

Item 5 – Fees and Compensation

The Firm charges Clients advisory fees which are a fixed percentage of assets under management (“Management Fees”). Management Fees are generally charged in accordance with the schedule set forth in this Brochure, and in the case of a Ranger Private Fund or Ranger

Mutual Fund, the offering documents, prospectus and/or statement of additional information of such fund.

Ranger reserves the right to negotiate Management Fees with Clients which differ from the standard schedule presented herein, based on specific circumstances and on a case by case basis. Examples of these circumstances include, without limitation: the relative size of a Client's account, a Client's affiliation to Ranger, and/or a Client's status as a seed investor. Accordingly, Management Fees incurred by Clients may vary substantially. In addition, with respect to Separate Accounts, all other terms of such investment, including terms relating to expenses and redemption terms, may also be negotiable on a case by case basis. As such, client investments in Separate Accounts may provide flexibility with respect to investment terms which are not as readily afforded to investors in the Private Funds or Mutual Funds.

Generally, Management Fees are referenced at an annual rate, but are calculated and charged in advance on a daily, monthly or quarterly basis. Collecting management fees from Clients vary by investment vehicle as outlined below.

Ranger Private Funds – Management Fees are calculated and accrued monthly and payable quarterly (or pro-rated periods therein) in advance. Such Management Fees are deducted from investor accounts on the first day of the calendar quarter. To the extent that a limited partner in a Private Fund redeems its investment, the Firm will promptly refund all fees paid in advance for periods after such applicable redemption date.

Ranger Mutual Funds – Management Fees are calculated and accrued daily and wired to the Ranger account on a quarterly basis by the Mutual Fund's transfer agent.

Separate Accounts – The time and manner in which Management Fees are remitted by a Managed Account are negotiable on an account by account basis. Generally, the Firm sends Separate Accounts an invoice on a quarterly basis in order to collect Management Fees. The Firm does not maintain authority to unilaterally deduct fees from a Separate Account.

Standard Fee Schedule for Classes of the Ranger Private Funds

| Ranger Private Fund – Classes of Interest | Annual Management Fee |
|--|--|
| Small Cap Portfolio Class | One Percent (1.00%) |
| Mid Cap Portfolio Class | Eighty Basis Points (0.80%) |
| Small Cap Select Portfolio Class | One and Three Quarters Percent (1.75%) |
| Mid Cap Focused Portfolio Class | One and One Half Percent (1.50%) |
| Micro Cap Portfolio Class | One and One Quarter Percent (1.25%) |
| Energy Select Portfolio Class | One Percent (1.00%) |

Standard Fee Schedule for Ranger Mutual Funds

| Ranger Mutual Fund | Annual Management Fee |
|------------------------------|-------------------------------------|
| Ranger Small Cap Mutual Fund | One Percent (1.00%) |
| Ranger Micro Cap Mutual Fund | One and One Quarter Percent (1.25%) |

* *Non-Institutional share classes of Ranger Mutual Funds may be subject to 12b-1 fees of up to 0.25%.*

Standard Fee Schedule for Ranger Separately Managed Accounts

| Ranger Strategy | Annual Management Fee | | | |
|-----------------------------------|---|-----------------------------|------------------------------|-----------------------|
| | First \$25mm | Next \$25mm | \$50-100mm | Above \$100 mm |
| Ranger Small Cap Strategy | Ninety Basis Points (0.90%) | Eighty Basis Points (0.80%) | Seventy Basis Points (0.70%) | Negotiable |
| Ranger Small Cap Select Strategy | One Hundred and Seventy-Five Basis Points (1.75%) on all assets | | | |
| Ranger Mid Cap Strategy | Eighty Basis Points (0.80%) | Sixty Basis Points (0.60%) | Fifty Basis Points (0.50%) | Negotiable |
| Ranger Mid Cap Focused Strategy | Eighty Basis Points (0.80%) | Sixty Basis Points (0.60%) | Fifty Basis Points (0.50%) | Negotiable |
| Ranger SMid Cap Strategy | Seventy-Five Basis Points (0.75%) on all assets | | | |
| Ranger All Cap Focused Strategy | Seventy-Five Basis Points (0.75%) on all assets | | | |
| Ranger Micro Cap Strategy | One Hundred and Twenty-Five Basis Points (1.25%) on all assets | | | |
| Ranger Energy Select Strategy | One Percent (1.00%) on all assets | | | |
| Ranger Healthcare Select Strategy | One Percent (1.00%) on all assets | | | |

Management Fees and Other Expenses

Management Fees are negotiable, depending on the size of the investment and other factors. Management Fees are exclusive of expenses associated with investments in Separate Accounts, Mutual Funds and/or the Private Funds. Although the Firm is generally responsible for its overhead expenses, Clients bear the cost attributable to their investment activities and

operations, which may include, without limitation, expenses associated with a portfolio's investment program, trading, administration, custody and/or operations. Such expenses may include, without limitation: (i) expenses incurred in connection with the evaluation, acquisition or disposition of investments, including private placement fees, sales commissions, appraisal fees, due diligence expense, travel costs, expenses associated with tender offers, proxy or consent solicitations, brokerage fees, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, information services and professional fees; (ii) any withholding or transfer taxes imposed on a Client; (iii) any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Client, or in certain circumstances, the Firm; (iv) specific expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software; (v) the allocated costs of any liability insurance obtained on behalf of a Client or, in certain circumstances, the Firm; (vi) expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees; (vii) the cost of the audit of the Partnership's financial statements and the preparation of its tax returns; (viii) the fees and expenses of the accountants servicing the Client (including in certain circumstances, reasonable compensation for the Firm's in-house accountants) in connection with accounting advice relating to the Client's day-to-day affairs and all costs related to the keeping of the books and records of the Partnership; (ix) the fees and expenses of the Client's counsel (including, in certain circumstances, reasonable compensation for the Firm's in-house attorneys) in connection with advice directly relating to the Client's legal affairs; (x) the costs and expenses of holding any meetings of partners which are required to be held under the terms of any agreement or by law; and (xi) all costs and expenses associated with reporting and providing information to existing and prospective Clients. In addition, Non-Institutional Classes of Ranger Mutual Funds may be subject to distribution and/or service (12b-1) fees of up to 0.25%.

Notwithstanding the above, (i) the Firm may, in its sole discretion, choose to absorb any such expenses incurred on behalf of a Client, and (ii) certain Private Funds or Classes of the Ranger Investment Master Fund, LP (the "Master Fund") require the Firm to pay administrative expenses of the such applicable Private Fund or Class, as set forth in greater detail with the Private Placement Memorandum or Limited Partnership Agreement of the Master Fund or such applicable Class.

Expense Cap Limitation Agreements

The Firm has entered into an expense limitation agreement with the Mutual Funds to reduce its fees and to reimburse expenses, at least until November 30, 2019, such that total annual Fund operating expenses after fee waiver and/or reimbursement (exclusive of any Rule 12b-1 distribution or shareholder servicing fees, taxes, interest, brokerage commissions, acquired fund fees and expenses, or extraordinary expenses such as litigation) will not exceed (i) 1.10% of the Ranger Small Cap Mutual Fund's average daily net assets, and (ii) 1.50% of the Ranger Micro Cap Mutual Fund's average daily net assets, subject to possible recoupment from the appropriate Fund in future years on a rolling three year basis (within the three years after the

fees have been waived or reimbursed) if such recoupment can be achieved within the foregoing expense limits.

Broker-Dealers

For information describing the factors that the Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation, please see **Item 12 – Brokerage Practices**.

Performance Fees

Performance fees are advisory fees which are charged as a percentage of the appreciation of the net asset value of a Client's account. Although on a general basis the Firm does not charge performance fees, it may in limited situations and at a Client's request consider the application of performance fees as a full or partial alternative to Management Fees.

Compensation to Third Parties

The Firm may enter into agreements with an affiliated or unaffiliated marketing group or individuals that will solicit Separate Accounts or investors for Private Funds or Mutual Funds managed by the Firm. For their solicitation services, such marketing groups may receive a percentage of the Firm's Management Fee.

The Firm's arrangements with an affiliated or unaffiliated marketing group may result in a potential conflict of interest by creating an incentive for the marketing group to recommend Ranger investment advisory products and services based on compensation received rather than the investor's needs. The Firm has implemented procedures to ensure compensation arrangements with an affiliated or unaffiliated third-party for client or investor referrals will comply with Rule 206(4)-3 under the Adviser's Act.

Additional Information

- Additional information regarding each Ranger Mutual Fund may be found in such mutual fund's prospectus and SAI, a copy of which may be obtained by accessing www.rangerfunds.com or by contacting Ranger at (214) 871-5200 or info@rangercap.com.
- Additional Information regarding each Ranger Private Fund may be found in such fund's private placement memorandum and limited partnership agreement, copies of which may be obtained by contacting the Firm at (214) 871-5200 or info@rangercap.com.

Item 6 – Performance-Based Fees and Side-By-Side Management

Although on a general basis Ranger does not charge performance fees, it may in limited situations and at a Client's request consider the application of performance fees as a full or partial alternative to Management Fees. Performance based fee arrangements may create an

incentive for the Firm to invest in securities which may be riskier or more speculative than the securities it would invest in under a different fee arrangement. In addition, performance fee arrangements may create an incentive for the Firm to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

The Firm employs procedures designed and implemented to treat all Clients fairly and equally, in order to mitigate potential conflicts of interest attributable to performance-based fee arrangements from influencing the allocation of investment opportunities among Clients. For example, the Firm has implemented a policy whereby all Client orders for a particular security are aggregated and allocated on a *pro rata* basis electronically prior to making a trade. The Firm's traders review and monitor client orders on a real-time basis and the Operations Manager confirms these orders once they are complete. In addition, all accounts with similar investment guidelines are managed *pari passu*.

Item 7 – Types of Clients

Ranger generally provides direct investment advisory services to institutional investors such as, but not limited to, mutual funds, private pooled investment vehicles, public and private pension plans, insurance companies, foundations, and endowments. In addition, Ranger provides indirect investment advisory services to both institutional and non-institutional investors through shares and interests in registered and unregistered pooled investment vehicles, each of which are deemed Clients of the Firm.

Generally, the minimum investment thresholds to open an account are: (i) five million dollars (\$5,000,000.00) for a Separate Account, (ii) one million dollars (\$1,000,000.00) for a limited partnership interest in a Private Fund, and (iii) between twenty-five thousand dollars (\$25,000.00) and two hundred fifty thousand dollars (\$250,000.00), for shares of a Ranger Mutual Fund, depending on the class of shares. However, the Firm may and does accept lesser amounts, at its sole discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Ranger's investment team seeks to uncover quality growth-oriented companies by implementing a bottom-up, fundamental research driven security selection process. The investment team's focus is to identify U.S. exchange traded equity securities of primarily small and/or mid-capitalization companies characterized by accelerating revenue and earnings growth, high recurring revenues, strong balance sheets and strong free cash flow generation. In addition to quantitative analysis, the investment team considers qualitative issues such as, quality of the management team, accounting practices, governance and the company's competitive advantage. Following the analysis of these quantitative and qualitative characteristics, the investment team then determines whether a company it believes is undervalued and has sufficient upside to the stock price to warrant an investment.

The Firm's investment team conducts a significant percentage of its research internally. The investment team performs independent fundamental research on potential portfolio companies and their underlying securities prior to making investment decisions. As part of the bottom-up

fundamental research process, investment team members consider a variety of sources of information, all publicly available. This includes information produced by publicly traded companies such as audited financial statements and other financial reports. The investment team also considers information obtained through its industry contacts, Wall Street firms, financial news feeds, third party research companies and other publicly available sources. Discussions with company management are also an important source of information.

Ranger uses information provided by three proprietary systems, “Long Manager,” the “Suspect List” and the “Earnings Quality Report” to monitor its Portfolios and better understand risk:

“Long Manager” is an analytical tool the investment team uses on a daily basis to monitor individual stocks and Client Portfolios to ensure compliance with client investment objectives. “Long Manager” also provides detailed market information relating to all Portfolio holdings and identifies securities that violate internal guidelines or are approaching their price targets.

The **“Suspect List”** enables the team to monitor twenty-three (23) fundamental and technical characteristics used to identify companies that violate the firm’s sell disciplines. This review process seeks to identify problem stocks early and enhance performance by removing them before they become significant problems for the Portfolio.

The **“Earnings Quality Report”** monitors a series of accounting-related margins, ratios, and earnings quality metrics to detect early warning signs of a change in a company’s fundamental financial position and earnings risk. In addition, the report measures the various ratios that are important to EPS growth, any unusual changes in margins, decreases in accrual profits and cash flow, organic growth, and changes in working capital.

RISK FACTORS

AN INVESTMENT IN ONE OF THE FIRM’S PRIVATE FUNDS, MUTUAL FUNDS OR SEPARATELY MANAGED ACCOUNTS (TOGETHER, A “RANGER ACCOUNT”) ENTAILS A HIGH DEGREE OF RISK, INCLUDING THE POTENTIAL FOR LOSS OF ALL OR PART OF AN INVESTMENT. THEREFORE, AN INVESTMENT SHOULD BE UNDERTAKEN ONLY BY INVESTORS CAPABLE OF EVALUATING AND BEARING THE RISKS OF SUCH AN INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE FIRM WILL BE ABLE TO AVOID LOSS, ACHIEVE ITS INVESTMENT OBJECTIVE OR RECEIVE A POSITIVE RETURN ON INVESTMENT CAPITAL. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS IN CONNECTION WITH AN INVESTMENT. PLEASE NOTE THAT THE FOLLOWING LIST IS NOT A COMPLETE LIST OF ALL RISKS INVOLVED IN CONNECTION WITH AN INVESTMENT IN A RANGER ACCOUNT. WITH RESPECT TO A RANGER PRIVATE FUND OR RANGER MUTUAL FUND, ADDITIONAL RISK DISCLOSURES MAY BE FOUND IN THE PRIVATE PLACEMENT MEMORANDUM, PROSPECTUS AND/OR SAI OF SUCH APPLICABLE FUND.

REFERENCES AND DISCLOSURES RELATING TO ANY PUBLIC OR PRIVATE FUND PRESENTED HEREIN, INCLUDING BUT NOT LIMITED TO: (I) THE INVESTMENT OBJECTIVE, STRATEGIES, RESTRICTIONS AND MANAGEMENT OF FUND, (II) RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN A FUND, (III) DESCRIPTIONS OF SECURITIES PERMISSIBLE FOR INVESTMENT BY A FUND, AND (IV) TERMS FOR INVESTMENT WITHIN A FUND ARE QUALIFIED IN THEIR ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH SUCH FUND'S OFFERING DOCUMENTS AND OPERATING AGREEMENTS, INCLUDING WITHOUT LIMITATION, ANY PRIVATE PLACEMENT MEMORANDUM, PROSPECTUS, STATEMENT OF ADDITIONAL INFORMATION, LIMITED PARTNERSHIP AGREEMENT, INVESTMENT MANAGEMENT AGREEMENT OR SUBSCRIPTION AGREEMENT. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW OFFERING DOCUMENTS AND OPERATING AGREEMENTS CAREFULLY, AND CONSULT THEIR INDIVIDUAL FINANCIAL, LEGAL OR TAX ADVISORS PRIOR TO MAKING AN INVESTMENT. INFORMATION ABOUT WHAT OFFERING DOCUMENTS AND OPERATING AGREEMENTS ARE AVAILABLE FOR REVIEW BY A PROSPECTIVE INVESTOR, ALONG WITH APPLICABLE COPIES OF SUCH DOCUMENTS, IS AVAILABLE BY CONTACTING THE FIRM AT (214) 871-5200 OR INFO@RANGERCAP.COM

Security Selection and Market Risk

Security selection risk is defined as the risk that the Firm may not select and size positions appropriately within the Portfolio. An associated market risk arises from the influence of the movements of the overall market, or the value of the individual securities in the Portfolio. The profitability of a significant portion of the Firm's investment program depends to a great extent upon correctly assessing the future course of price movements and/or the general value of securities and other investments. There can be no assurance that Ranger will be able to accurately predict these price movements or future valuation; nor can assurance be given that the Firm's investment Portfolios will generate income or appreciate in value. With respect to Ranger's investment strategies, there is also a degree of market risk. For these reasons, the Portfolio may also incur losses.

Equity Securities

Ranger Accounts generally may invest in long positions in equity securities. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices or in the prices of issuers in a particular market, geographic or industry sector, or by conditions affecting specific issuers, such as changes in earnings forecasts.

Micro, Small and Mid-Capitalization Companies

Micro, Small and Mid Cap stocks often involve higher risks in some respects than investments in stocks of larger companies. For example, prices of micro, small and mid capitalization stocks are often more volatile than prices of large capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small capitalization stocks, an investment in those stocks may become illiquid.

Micro and small cap companies may be newly formed or have limited product lines, distribution channels and financial and managerial resources. The risks associated with those investments are generally greater than those associated with investments in the securities of larger, more established companies. This may cause the such account’s net asset value to be more volatile when compared to investment strategies that focus only on large capitalization companies.

Generally, securities of micro and smaller capitalization companies are more likely to experience sharper swings in market value, less liquid markets in which it may be more difficult for the Firm to sell at times and at prices that the Firm believes appropriate and generally are more volatile than those of larger companies. Compared to large companies, micro and smaller capitalization companies are more likely to have (i) less information publicly available, (ii) more limited product lines or markets and less mature businesses, (iii) fewer capital resources, (iv) more limited management depth and (v) shorter operating histories.

Limited Liquidity

The investments made by the Micro Cap and Small Cap portfolios may be less liquid than in portfolios that invest in larger companies. Consequently, Micro Cap and Small Cap portfolios may not be able to sell such investments at prices that reflect the Firm’s assessment of their value or the amount paid for such investments by Micro Cap and Small Cap portfolios. Illiquidity may result from limited daily trading volumes in any particular equity investment or the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Micro Cap and Small Cap portfolio and/or other factors. Furthermore, the nature of the Micro Cap and Small Cap portfolio’s investments may require a long holding period prior to profitability. The operative documents of a client account may authorize the Firm to make distributions in-kind of securities in lieu of or in addition to cash. In the event the Firm makes distributions of securities in-kind, such securities could be illiquid or subject to legal, contractual and other restrictions upon transfer.

Concentration Risk

Generally, the Firm’s investment strategies invest in significantly fewer holdings than that represented by the index benchmarks the Firm uses for comparison purposes. Accordingly, the Firm’s investment strategies may therefore be subject to more rapid changes in value than would be the case if these strategies maintained wide diversification among companies, securities, and types of securities.

Potential Loss of Investment

There is a risk that an investment in a Ranger Account will be lost entirely or in part. An investment in a Ranger Account is not a complete investment program and should represent only a small portion of an investor's portfolio management strategy. Each prospective investor must have enough knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in a potentially risky investment like a Ranger Account, whose performance may be highly volatile. No guarantee or representation is made that the investment strategy of a Ranger Account will be successful, that the targeted return or risk will be achieved or maintained, or that the various investment strategies utilized or investments made through a Ranger Account will have low correlation with each other or with the markets generally.

Overall Investment Risk

All securities investments risk the loss of capital. The nature of the securities purchased and traded by the Firm and the investment techniques and strategies employed in order to increase returns may increase this risk. While the Firm will devote its best efforts to the management of investment portfolios, many unforeseeable events, including but not limited to actions by various government agencies, the Federal Reserve Board, and/or domestic and international political events, may cause sharp market fluctuations which may negatively impact the investment strategies managed by the Firm.

The prior investment performance of a Fund, Separate Account, or composite may not be indicative of the future results.

Portfolio Turnover

Private Funds, Mutual Funds and Separate Accounts that the Firm advises will not be restricted in effecting transactions by any specific limitations with regard to the Portfolio turnover rate. Market conditions or other unforeseen events may result in substantial Portfolio turnover, which may result in an increase in expense for the investors and/or enhanced volatility.

Industry Concentration Risk: Energy Select Strategy

The Energy Select Strategy is subject to industry concentration risk, which is the chance that there will be particular problems affecting an entire industry. Any strategy that concentrates in a particular industry will generally be more volatile than a strategy that invests more broadly. Because the Energy Select Strategy primarily invests its assets in the common stocks of companies principally engaged in activities in the energy industry, the Energy Select Strategy's performance largely depends, for better or for worse, on the overall condition of the energy industry. Additionally, commodity prices may have a significant impact on the stock prices of energy companies. The Energy Select Strategy faces the risk that the earnings, dividends, and stock prices of energy companies will be greatly affected by changes in the prices and supplies of and demand for oil and other energy fuels. Prices and supplies of energy can fluctuate significantly over short and long periods because of a variety of factors, including, but not limited to, changes in international politics, policies of the Organization of Petroleum Exporting Countries (OPEC), relationships among OPEC members and between OPEC and oil-importing nations, energy conservation, the regulatory environment, government tax policies, weather, financing costs, and the economic growth and stability of the key energy-

consuming countries. Because the Energy Select Strategy's performance depends on a variety of factors affecting energy companies, rather than on the stock markets generally, the performance of the Energy Select Strategy could decline, even if the performance of either the U.S. or foreign stock market is positive.

Industry Concentration Risk: Healthcare Select Strategy

The Healthcare Select Strategy is subject to industry concentration risk, which is the chance that there will be particular problems affecting an entire industry. Any strategy that concentrates in a particular industry will generally be more volatile than a strategy that invests more broadly. Because the Healthcare Select Strategy primarily invests its assets in the common stocks of companies principally engaged in activities in the healthcare industry, the healthcare Select Strategy's performance largely depends, for better or for worse, on the overall condition of the healthcare industry. The healthcare industry could be adversely affected by various political, regulatory, supply-and-demand, and other economic factors. The Healthcare Select Strategy faces the risk that economic prospects of healthcare companies may fluctuate dramatically because of changes in the regulatory and competitive environments. A significant portion of healthcare services are funded or subsidized by the government, which means that changes in government policies—at the sovereign, U.S. federal, or state level—may affect the demand for healthcare products and services. Other risks include the possibility that regulatory approvals (which often entail lengthy application and testing procedures) will not be granted for new drugs and medical products, the chance of lawsuits against healthcare companies related to product liability issues, and the rapid speed at which many health care products and services become obsolete or subject to patent expirations

Securities Lending

The Ranger Accounts may lend securities in the ordinary course of its business. Parties that borrow securities from the Ranger Accounts may not be able to return these securities on demand and may also default on the payment obligations owed to the Ranger Accounts in connection with such securities loans. In addition, assets pledged by the borrower as collateral for the borrowed securities may decline in value. The Ranger Accounts may be subject to loss with respect to the value of the securities they lend to defaulting borrowers.

Cybersecurity Risks

The Firm, its service providers, its counterparties and other market participants on whom the Firm relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Clients, Funds and/or their investors, despite the efforts of the firm, its service providers, its counterparties and other market participants on whom the Firm relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Firm and/or its Clients investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of or prevent access to these systems of the Firm, its service providers, its counterparties and other market participants on

whom the Firm relies or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to the Firm's data or that of its investors. A successful penetration or circumvention of the security of the Firm's systems or the systems of the Firm's service providers, counterparties or other market participants on whom the Firm relies could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, the Firm, their service providers, their counterparties and other market participants on whom the Firm relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for many portfolio companies, which could have material adverse consequences for such investments, and may cause the Clients' investments to lose value.

Legal, Regulatory and Political Uncertainties

The Firm and its affiliates are subject to a variety of governmental regulations in the United States and other jurisdictions that may result in additional compliance costs and other burdens and otherwise impact the performance of a Ranger Account. It is difficult to predict what changes in regulations may be instituted in the future, in addition to those changes already proposed or adopted in the United States or other jurisdictions.

The legal, tax and regulatory environment for alternative investment funds, investment advisers, the instruments they utilize and the markets in which they trade are continuously evolving. In addition to legal, regulatory and tax changes, there may be other unanticipated changes, including political developments. Such uncertainty may be detrimental to the efficient functioning of the financial markets and the success of certain products and strategies. Any changes to current regulations or any new regulations could have a material adverse effect on a Ranger Account (including by reducing the attractiveness of an applicable investment strategy, imposing material costs on a Ranger Account, reducing investment opportunities, or requiring a significant restructuring of the manner in which a Ranger Account, the Firm or its affiliates are organized or operated).

RISKS SPECIFIC TO PRIVATE FUND INVESTMENTS

Classes of Interest.

The Ranger Investment Master Fund, LP (the "Master Fund") has issued Classes of Limited Partnership Interest whose investment exposures correspond with segregated portfolios. Each segregated portfolio serves as a fund with a differing investment strategy. As such, each Class of Limited Partnership Interest exclusively participates in the gains and losses attributable to a corresponding portfolio, which is segregated in the books and records of the Master Fund. However, Classes of Limited Partnership Interest are not legally segregated and as such may share in certain expenses and liabilities of the Master Fund as a whole. Although investment portfolios managed on behalf of each Class generally do not invest in products which, in the aggregate, pose liabilities exceeding such Class' aggregate net asset values, each Class of

Limited Partnership Interest could otherwise suffer liabilities and losses to the extent that a liability attributable to a Class exceeds the asset value of such Class. Such cross-liability may originate from any potential liability attributable to any Class of Limited Partnership Interest, including those that are contractual or tortious in nature, including without limitation such liabilities which are awarded pursuant to litigation or imposed pursuant to a bankruptcy proceeding, including without limitation, contractual or other rights to seek indemnification against the Master Fund or any of its Class by any affiliated or third party (including the Investment Manager) service provider. **Unlike legally segregated classes of interests, no assurances can be given that a Limited Partner's interest in any particular Class of Limited Partnership Interest will not be adversely affected by the liabilities of other Classes within the Master Fund.**

Dependence Upon Personnel.

The success of an investment strategy is significantly dependent upon the expertise of certain investment or support personnel and any future unavailability of their services could have an adverse impact on a Ranger Account's performance. The success of a Ranger Account is also significantly dependent upon the ability of the Firm to hire talented investment and support personnel. No assurances can be given that the Firm will be able to attract or retain necessary personnel.

Indemnification of the Firm.

The Limited Partnership Agreement of the Master Fund contains broad indemnification and exculpation provisions. These provisions protect the Firm and its respective Affiliates, officers, partners, directors, members, managers, shareholders, employees or agents and/or legal representatives and Affiliates of such persons (the "Indemnified Persons") from actions brought by third parties against a Private Fund, the Master Fund, the Firm, and such other persons. In addition, such indemnification and exculpation provisions limit the right of a Limited Partner to maintain an action against the Firm to recover losses or costs incurred by a Private Fund or the Master Fund as a result of the Firm's actions or failures to act.

Lack of Control by a Limited Partner.

Substantially all decisions with respect to the management of a portfolio within the Master Fund are made exclusively by the Firm. The Limited Partners have no right or power to take part in the management or control of a Class or a portfolio. The Master Fund and each Class (or their corresponding portfolios) are managed solely by the Firm. Investors must rely solely on the judgment of the Firm in selecting investments and should not invest in a Class or a Fund unless willing to entrust all aspects of management to the Firm. In the event of the withdrawal or bankruptcy of the Firm, the Master Fund and any of its classes or portfolios may be liquidated.

Restriction on Withdrawals and Transfers.

There are varying restrictions on withdrawals from the Master Fund and each of its Classes (which may be settled in owned securities rather than cash) and on transfers of Limited Partnership Interests in a Class. The prior written consent of the Firm is required for a transfer

of the Limited Partnership Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Master Fund, its Classes or any portfolio may be a relatively illiquid investment and involves a high degree of risk. A subscription for Limited Partnership Interests in any Class within the Master Fund should be considered only by persons financially able to maintain their investment and who can accept a total loss of their investment.

Illiquid Investment.

An investment in a the Master Fund, any Class, or any portfolio must be considered an illiquid investment and involves a high degree of risk. There is no public market for Limited Partnership Interests in any of the Classes, and it is not expected that a public market will develop. An investment in a Ranger Private Fund provides limited liquidity since there are substantial restrictions on the ability of a Limited Partner to withdraw capital or to transfer its Limited Partnership Interests in a Class.

Involuntary Redemption of Limited Partnership Interests.

The Master Fund or any of its Classes may compel the withdrawal of any Limited Partner's interest, in part or in its entirety, as of the end of any Fiscal Quarter (or any other fiscal period, at the discretion of the Firm) on not less than thirty (30) days' prior written notice (or not less than five (5) days' prior written notice if the Firm determines in its sole discretion that such Limited Partner's continued participation in a Class may cause the Master Fund or the Firm to violate any applicable law).

Market Disruption and Lack of Liquidity.

A Limited Partner's ability to withdraw capital from the Master Fund or any of its Classes may be subject to suspension, in whole or in part, based upon the inability of the Firm to value its investments. Significant market events or circumstances attributable to single securities, generally outside of the control of the Firm, could cause a Limited Partner to be required to maintain (and unable to withdraw) its investments in the Master Fund or any of its Classes.

Management Fees.

The Management Fee that the Firm will receive has not been established on the basis of an arms-length negotiation between the Master Fund or any of its Classes and the Firm. The Limited Partnership Agreement of the Master Fund or any Class will permit the Firm to receive the Management Fee based on both realized and unrealized appreciation in a Private Fund's investments.

Private Offering Exemption.

The Master Fund intends to offer Limited Partnership Interests any Class on a continuing basis without registration under any securities laws in reliance on an exemption for “transactions by an issuer not involving any public offering.” While the Firm believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations or interpretations will not cause the Master Fund or any of its Classes to fail to qualify for such exemptions under U.S. federal or one or more states’ securities laws. Failure to so qualify could result in the rescission of sales of Limited Partnership Interests at prices higher than the current value of those Limited Partnership Interests, potentially materially and adversely affecting a Private Fund’s performance and business. Further, even non-meritorious claims that offers and sales of Limited Partnership Interests were not made in compliance with applicable securities laws could materially and adversely affect the Firm abilities to conduct the Master Fund or any of its Classes’ business.

Lack of Registration.

The Limited Partnership Interests in the Master Fund or any of its Classes have not been registered under the Securities Act nor the securities laws of any state nor, in most cases, will they be so registered. The Limited Partnership Interest are subject to specific registration exemptions under the provisions of the Securities Act and laws that depend, in part, upon the investment intent of each investor. Each Limited Partner will be required to represent that he is purchasing his Limited Partnership Interest for his own account and not with a view toward resale or distribution. Neither the Master Fund nor the Firm has any plans nor has assumed any obligations to register these Interests. Accordingly, the Limited Partnership Interests may not be transferred in the absence of an opinion of counsel to the Master Fund that the transfer will not involve a violation of the registration requirements of the Securities Act. Ordinarily, this means that transfers will be restricted to instances of death, gift, passage by operation of law, or transfers to other persons who are accredited investors. These restrictions on transfers are in addition to those found in the Limited Partnership Agreement. Neither the Master Fund nor any of its Classes are not registered as an investment company under the Investment Company Act. Investors are not afforded the protective measures resulting from registration under such legislation.

Legal and Compliance Requirements.

The Master Fund and each of its Classes must comply with various legal requirements, including requirements imposed by the securities laws, tax laws, anti-money laundering laws and regulations and pension laws in various jurisdictions. Should any of those laws change, the legal requirements to which the Master Fund and the Limited Partners may be subject could differ materially from current requirements. Increased oversight or more burdensome compliance requirements could result in increased expenses for the Master Fund or any of its Classes.

Possible Effect of Substantial Withdrawals.

Substantial withdrawal of Limited Partnership Interest from the Master Fund or any of its Classes could require the Master Fund or any of its Classes to liquidate its investments in securities more rapidly than otherwise desired in order to raise the cash necessary to fund the redemptions or withdrawals. Illiquidity in certain markets could make it difficult for the Firm to liquidate positions on favorable terms, which could result in losses or a decrease in the net asset value of any applicable Class.

POTENTIAL CONFLICTS OF INTEREST

The non-exhaustive information contained below describes certain potential material conflicts of interest relating to the Firm's advisory services. No list of potential conflicts of interest can be expected to be full and complete. Each prospective investor should review the relevant disclosure documents and operating agreements carefully, and consult their individual financial, legal or tax advisor prior to making an investment. Information about what offering documents and operating agreements are available for review by a prospective investor, along with applicable copies of such documents, is available by contacting the Firm at (214) 871-5200 or info@rangercap.com.

Trade Allocation

The Firm manages and expects to continue to manage other client accounts. Generally, the Firm has discretionary authority over the investment Portfolios for which it manages on behalf of Clients. As a general matter, the Firm believes that aggregation of orders for the same security for multiple Clients is consistent with its duty to seek best execution for its Clients. However, in any case in which the Firm believes that aggregation is not consistent with its duty to seek best execution for its Clients, it will not affect the transaction on an aggregated basis.

Typically, the Firm allocates orders for the same securities for multiple client accounts on a *pro rata* basis in accordance with each account's investment guidelines as determined exclusively by the Firm's Portfolio Manager or his designee. The Firm also allocates orders for initial public offerings on a *pro rata* basis to the accounts of non-restricted investors or in accordance with *de minimis* exceptions. Differences in allocation proportions may occur due to tax considerations, avoidance of odd lots or *de minimis* numbers of shares, and investment strategies of the accounts. In order to verify compliance with these policies and procedures, the Firm conducts periodic reviews of the order allocation process. Additional information regarding the Firm's trade allocation procedures may be found in **Item 12 – Brokerage Practices**.

Personal Trading

Potential conflicts may arise with respect to Firm employees' personal trading activities in relation to trading on behalf of the Firm's Clients. An employee trading securities in his or her account prior to trading the same security on behalf of Clients (commonly known as "front-running") is an example of such a conflict. To mitigate this conflict, the Firm prohibits

employees from purchasing individual securities for their own accounts. Employees are required to receive pre-clearance from a member of the Ranger compliance team (“Compliance”) prior to selling an individual security owned in a personal account obtained prior to adoption of the Firm’s current Personal Trading Policy. Additional information regarding the Firm’s Personal Trading Policy may be found in **Item 11 – Code of Ethics**.

Soft Dollar Credits

The Firm seeks to employ a soft dollar policy that falls within the safe harbor established by Section 28(e) of the Securities Exchange Act of 1934 (“1934 Act”). The Firm’s use of soft dollar credits to pay for research and brokerage products or services might otherwise be borne by the Firm. Accordingly, the authority to use soft dollar credits may give the Firm an incentive to select brokers or dealers for securities transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Firm rather than giving exclusive consideration to the interests of the Firm’s Clients. Additional information regarding the Firm’s use of soft dollars and broker selection may be found in **Item 12 – Brokerage Practices**.

Investing in the Ranger Private Funds, Mutual Funds and/or Separate Accounts involves risk of loss that investors should be prepared to bear.

Item 9 – Disciplinary Information

This section requires registered investment advisers and management personnel to disclose all material facts regarding any legal or disciplinary events that would be material to an investors’ evaluation of the Firm or the integrity of its management. The Firm and management personnel have no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Ranger Investment Management, L.P. is affiliated with four investment advisers by virtue of common control and ownership by Ranger Capital Group Holdings, L.P. (“RCGH”). The Firm and each of its investment advisory affiliates mentioned below maintain independent investment teams and processes; and focus on different investment strategies. RCGH provides operations, marketing and investor relations support to Ranger and its affiliates.

- RG Liquid Alts, LP manages global market neutral equity portfolios.
- Ranger International Management, LP manages investment portfolios which consist of long-only (i) global income and growth, and (ii) international equity portfolios.
- Ranger Alternative Management, L.P. serves as a sub adviser to and has day-to-day portfolio management responsibilities with respect to a short only actively managed exchange traded fund known as the Ranger Equity Bear (ticker symbol **HDGE**). Portfolio investments generally include short sales of domestically traded mid- and large-cap U.S. exchange-traded equity securities.

- Ranger Alternative Management II, LP manages investment portfolios which consist of consumer and business debt instruments originated by direct lending platforms.
- Ranger Advisors, L.P. manages fund-of-funds investment portfolios which primarily invest in Ranger affiliated strategies and to a lesser extent unaffiliated long/short hedge funds, on behalf of a closely held group of accredited investors.

All RCGH affiliated investment advisers are registered with the U.S. Securities and Exchange Commission (the “SEC”) in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training. Additional information with respect to RCGH affiliated investment advisers may be obtained on-line at www.rangercapital.com.

Item 11 – Code of Ethics, Participation/Interest in Client Transactions and Personal Trading

As a fiduciary, the Firm has an affirmative duty to act in the best interests of its Clients and to make full and fair disclosure of all material facts, particularly where the Firm’s interests may conflict with those of its Clients. The Firm’s Code of Conduct and Code of Ethics (the “Code”) serve as behavioral benchmarks from which the Firm establishes its compliance program. Briefly, the Code requires each Ranger employee to act with integrity, competence, diligence, respect, and in an ethical manner when dealing with current and prospective Clients, the Firm, other employees and colleagues in the investment profession, and other participants in the global capital markets. Ranger expects employees to place the interests of Clients and the Firm above their own personal interest and to avoid any actual or potential conflicts of interest. *Among other things, the Firm’s Code of Ethics requires that all employees comply with applicable provisions of the federal securities laws and report in a timely manner any violations or potential violations of the Firm’s compliance policies and procedures to the Chief Compliance Officer.*

Personal Trading Policy

The Firm has implemented a personal trading policy which prohibits employees from purchasing individual securities for their personal accounts or the accounts of family members living in their immediate household. Employees may continue to hold investments initiated prior to the adoption of the policy or their employment with the Firm, and may sell such securities only after the completion of all anticipated Client purchases or sales of such securities. In addition, the Firm requires that all employees receive pre-clearance from Compliance by submitting a written request prior to the sale of individual securities transactions. Employees may invest in pooled investment vehicles, ETFs, Closed End Mutual Funds and SEC non-restricted securities such as open-end mutual funds, certain U.S. government securities and cash equivalents (“Exempted Securities”). Pre-clearance and reporting requirements vary for Exempted Securities. In addition, the Firm’s personal trading policy requires employees to provide Compliance with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

Notwithstanding the above, the Firm's financial affiliates may have personal trading policies which differ from the Firm's provided, that all financial affiliates have personal trading policies characterized by a requirement to receive pre-approval or pre-clearance from the compliance department prior to executing transactions in non-Exempted Securities

In addition to personal trading activities, other policies and procedures found in the Code of Ethics provide guidelines the Firm and/or employees follow with respect to:

- Insider Trading
- Political Contributions
- Outside Business Activities
- Gifts and Entertainment

A copy of the Firm's Code of Ethics is available to current and prospective Clients upon written request to info@rangerinvestment.com.

Item 12 – Brokerage Practices

The Firm has complete investment and brokerage discretion over the majority of its Client accounts.

Broker Selection and Transactions

The Firm selects brokers for its securities transactions based on a number of factors, including, but not limited to, the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of an order and the difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research products or other services the Firm considers to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

With respect to research and brokerage products or services provided by brokers dealers, the Firm seeks to maintain a soft dollar policy that falls within the safe harbor established by Section 28(e) of the Securities Exchange Act of 1934 ("1934 Act"). Research and brokerage services, as that term is used in Section 28(e), may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. The research and brokerage services obtained may include a broad variety of financial related information and services, including written or oral research and information relating to the economy, industries or industry segments, a specific company or group of companies, software or written financial data, electronic or other quotations or market information systems, financial or economic programs or seminars, or other similar services or information believed to assist the Firm and its advisory functions and services. The Firm believes that its ability to obtain such products and services is an integral factor in the level of the advisory fees charged to Clients.

Generally, the Firm will attempt to place portfolio transactions with broker dealers who, in its opinion, provide the best combination of price and execution (including brokerage commissions). However, the Firm may pay a broker-dealer a commission for effecting a transaction in excess of a commission charged by another broker or dealer as long as the Firm makes a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer.

The Firm maintains formal and informal internal allocation procedures to identify those brokers who provided it with research and execution services that the Firm considers useful to its investment decision-making process. The amount of commission allocated to any broker will be based, in part, on the cost of such research to the broker, and the amount allocated may be higher than that which the Firm would pay for the research were it to pay for it in cash using its own funds.

Clients should consider that there is a potential conflict of interest between their interests in obtaining best execution and the Firm's receipt of and payment for research through brokerage allocations as described above. To the extent the Firm obtains brokerage and research services that it otherwise would acquire at its own expense, the Firm may have incentive to place a greater volume of transactions or pay higher commissions than would otherwise be the case.

The soft dollar research and brokerage services the Firm obtains normally benefits many accounts rather than just the one(s) for which the order is being executed, and not all research may be used by the Firm in connection with the account(s) which paid commissions to the broker providing the research. For example, the Firm may use the commissions paid by its Clients who invest in mid cap securities to obtain small cap securities research services. In this situation, the small cap securities research may benefit only a select group of the Firm's Clients which is different from the group whose commissions generated the soft dollar credits.

Best Execution Reviews

On at least a quarterly basis, the Firm holds a best execution review meeting to determine the value each broker dealer brought to the Firm over the previous three (3) month period. In attendance at the meeting are members of the Firm's investment team, traders and a compliance officer. At the meeting, the participants address issues such as, but not limited to, execution quality, research quality, broker responsiveness, and access to analysts and company management. The meeting participants generally discuss issues with respect to the active broker-dealers on the approved list to determine whether the commissions earned are commensurate with the value received from the broker-dealers. Following the review, the Head Trader makes appropriate revisions and, together with the compliance department, documents the results of the best execution review.

Periodically, as part of the best execution review, members of the investment team, traders and a compliance officer will discuss general soft dollar activities and possible changes, if any, to the list of all soft dollar services. Examples of soft dollar issues discussed during the best execution review may include:

- Changes to the current level of service
- Prospective products and services being considered
- Services that are not being fully utilized, are obsolete or redundant and should be eliminated
- Whether the soft-dollar budget targeted for the current quarter or year are in line with the budgeted amounts
- Mixed-use allocation determinations

the Firm's compliance department documents and maintains information discussed during the best execution review.

Order Aggregation and Allocation

Generally, the Firm aggregates trades for the same security in the same strategy and allocates client orders on a *pro rata* basis electronically prior to making a trade using Ranger's order management system, Advent Moxy. The traders review and monitor client orders on a real-time basis. Once a trade is complete, the Operations Manager confirms Client orders. All accounts with similar investment guidelines are managed *pari passu*. Trading is not segmented across product platforms. The trading desk centrally manages all trades. Ranger aggregates trade orders to seek best execution. However, in any case in which the Firm believes that aggregation is not consistent with its duty to seek best execution for its Clients, it will not affect the transaction on an aggregated basis. On such occasions, the Firm's trading desk will report such exception along with the basis for such exception to the compliance department in order to appropriately document such exception within an exception report.

Directed Brokerage

A Separate Account may instruct the Firm to effect securities transactions from said Separate Account through a specific broker-dealer. The Firm considers this instruction to be a "directed brokerage arrangement." In such circumstances, the Separate Account is responsible for negotiating the terms and arrangements for their account with that broker-dealer. The Firm will not seek better execution services or prices from other broker-dealers and may not be able to aggregate the Separate Account's transactions for execution through other broker-dealers with orders for other accounts advised or managed by the Firm. As a result, the Firm may place a directed trade following aggregated trading activity for a particular security. In addition, the Firm may not obtain best execution on behalf of the Separate Account, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

In order to accommodate certain directed brokerage arrangements, the broker dealer to whom the trades are directed may not meet the Firm's standards with respect to institutional quality execution capabilities. In such cases, the Firm may resort to "step out" trades in order to meet

the directed brokerage objectives while continuing to maintain the Firm's best execution objectives. For example, the Firm places an aggregated trade for a particular security with an institutionally oriented broker dealer which includes instructions to "step out" the portion of the commission to the broker dealer designated in the directed brokerage arrangement. Essentially, the broker dealer the Firm selected executes the trade and sends a check for the portion of the commission amount specified in the instructions to the broker dealer designated in the directed brokerage arrangement.

Soft Dollar Reviews

In addition to initial reviews, the Firm conducts quarterly periodic evaluations of its soft dollar products and services to, (1) ensure the products and services continue to provide the value to the investment manager which was originally established upon the initial evaluation; and, (2) prepare an annual soft dollar program which it believes is in the best interest of the Firm's Clients. Compliance reviews the annual soft dollar items to ensure the products and services meet Section 28(e) requirements.

Each month, a member of the accounting department reviews and verifies all invoices for soft dollar products and services and then submits them to the Head Trader for verification. The invoices are time stamped and dated, and then forwarded to the soft dollar broker for payment. The soft dollar broker submits a monthly summary of all payments made for research, as well as a detailed listing of commissions generated with the executing soft dollar brokers. A member of the accounting department reviews all research payments and the Head Trader reviews commissions to ensure payments between the commission list submitted by the soft dollar broker(s) and a commission report generated by the Firm's portfolio management system has been properly reconciled. The soft dollar broker(s) resolves any issues, and any unresolved disputes will be promptly brought to the attention of the compliance department and the Chief Financial Officer.

Mixed-Use Soft Dollar Products and Services

In some instances, brokerage and research products or services the Firm receives may also be used by the Firm for functions that are not entirely brokerage or research related (i.e. not related to the investment decision-making process). Where a research or brokerage product or service has a mixed-use, the Firm will make a reasonable allocation according to its use and will pay for the non-research or non-brokerage portion in cash using its own funds. The Firm generally bases its mixed-use allocation decisions on a reasonable combination of factors such as, but not limited to:

- The percentage of time devoted to the Firm's use of the product for research or brokerage in relation to non-research or non-brokerage applications;
- The relative value of the product for each use as the compliance department determines to be reasonable and appropriate; and,
- The availability and value of comparable products and services.

The compliance department oversees the evaluation of all mixed-use soft dollar items upon initial receipt of the product or service, and then again on a periodic basis. Evaluation results, along with guidance from the COO/CFO, assist Compliance in the establishment of a final mixed-use allocation decision.

Item 13 – Review of Accounts

Each account is reviewed and valued on a daily basis or more frequently if triggered by market or economic conditions. At this time, there are fewer than fifty (50) accounts requiring review. Members of the investment staff review each account in a manner consistent with the investment goals of each account. Under the supervision of the Chief Financial Officer, members of the Firm's accounting and operations staff review the accounts' valuation, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports generated by the Firm's accounting system, custodian, prime broker and brokerage firms on a monthly basis. An independent public accounting firm performs an annual audit of the books and records of the Firm's Private Funds and Mutual Funds.

The Firm typically remits quarterly and annual written reports to its Clients, which set forth various financial data and information. Ranger's operations staff, supervised by the COO/CFO, reviews the accounts' valuation, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports generated by the Firm's accounting system, custodian, prime broker and/or brokerage firms. Investors in a Ranger Private Fund or a Ranger Mutual Fund receive an audited annual financial report and the information necessary for the investor to complete annual federal income tax returns.

Item 14 – Client Referrals and Other Compensation

The Firm may enter into agreements with an affiliated or unaffiliated marketing group or individuals that will solicit Separately Accounts or investors for the Private Funds or Mutual Funds. For their solicitation services, such marketing groups or individuals may receive a percentage of the Firm's Management Fee.

The Firm's arrangements with an affiliated or unaffiliated marketing group or individuals may result in a potential conflict of interest by creating an incentive for the marketing group to recommend Ranger investment advisory products and services based on compensation received rather than the investor's needs. The Firm has implemented procedures to ensure compensation arrangements with an affiliated or unaffiliated third-party for client or investor referrals will comply with Rule 206(4)-3 under the Adviser's Act.

Item 15 – Custody

The Firm does not take possession of investor funds or securities for Separate Accounts or Mutual Funds. However, the Firm serves as a General Partner and/or attorney in fact with full discretion over the portfolios of the Private Funds it advises. As a result, the Firm has indirect

access to the funds and securities of limited partners in its Private Fund. Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, the Firm is considered to have custody of these assets.

Accordingly, the Firm implements certain policies and procedures which seek to safeguard investor assets on behalf of its Private Fund(s). The Firm must also comply with additional bookkeeping, auditing and disclosure requirements, which includes providing investors in the Firm's Private Fund(s) with audited financial statements on an annual basis.

Ranger strongly encourages investors and their advisors to closely monitor their account statements, audited financial statements and any other important investment related materials they receive from the Firm. Any potential discrepancies should be promptly brought to the Firm's attention by contacting (214) 871-5200.

Item 16 – Investment Discretion

With respect to a majority or all Client accounts, the Firm has complete discretion over the selection and amount of securities to be bought or sold without obtaining consent or approval from investors (within the parameters established by the private placement memorandum of each Private Fund, the prospectus and SAI of each Mutual Funds or investment management agreements applicable to each Separate Accounts).

Discretionary authority only occurs upon full disclosure to the Client and authorization by such Client pursuant to the operative documents and subscription agreement of each Private Fund, the prospectus for a Mutual Fund or an investment management agreement for a Separate Account. Trades made by Ranger on behalf of Client accounts for which it has discretion will be in accordance with that portfolio's investment objectives and goals.

Item 17 – Voting Client Securities

Proxy Voting

The Firm votes proxies on behalf of the Private Funds, Ranger Mutual Funds and many Separate Accounts it advises. The Firm seeks to vote such proxies in the interest of maximizing shareholder value. To that end, the Firm takes great care to vote proxies in a way that it believes is consistent with its fiduciary duty. It is the Firm's policy to review each proxy statement on an individual basis and give consideration to both the short and long term implications of each proposal in which it votes. The Firm's Portfolio Managers and Sector Managers are responsible for identifying the proxies upon which the Firm will vote, voting the proxies in the best interest of Clients, and submitting the proxies promptly and properly. The option to direct the manner in which the Firm votes particular proxy related topics is limited to Separate Account investors only, pursuant to guidelines established in the investment management agreement.

The Firm has engaged the services of a third party proxy voting service (the "Proxy Service") to assist it with administration of the proxy voting process. In addition to general administration assistance, the Proxy Service also includes proxy voting recommendations

based upon published research and guidelines it publishes. However, the Firm's proxy voting policies and case-by-case evaluation of each issue may result in proxy votes on certain issues that differ from Proxy Service recommendations.

The Firm's written proxy voting policies and procedures are available for review by investors in each Ranger Private Fund, Ranger Mutual Fund or Separate Account advised by the Firm. In addition, the Firm maintains a record of all proxy votes cast on behalf of the Ranger Private Funds, Ranger Mutual Funds and many of the Separate Accounts it advises; such records are available for review by the Client upon written request to info@rangeicap.com.

Class Action Law Suits

From time to time, the Firm may receive notices regarding class action lawsuits involving securities that are or were held by the portfolios of a Private Fund, a Mutual Fund or upon request, certain Separate Accounts it advises. As a matter of policy, the Firm refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claim where the Firm believes, in its sole discretion, which either the recovery amounts are likely to be negligible or such participation is not in the interest of the applicable account. As a result, the Firm, may on behalf of Clients forgo participation in class action law suits.

Item 18 – Financial Information

The Firm has no known financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients. In addition, the Firm has never been the subject of a bankruptcy petition.