



Ranger Advisors, L.P.

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Ranger Advisors, L.P. ("Ranger"). 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 is registered with the United States Securities and Exchange Commission (the "SEC") in accordance with the Investment Advisers Act of 1940 (the "Advisors Act"). Registration with the SEC as an investment adviser does not imply any level of skill or training.

Additional information about Ranger Advisors, L.P. 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 Advisors, L.P. and registered as investment advisors with the SEC.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published the “Amendments to Form ADV” which amends the disclosure document that the Firm provides to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules and is materially different in structure and requires certain new information that previous brochures did not require.

In the future, this Item 2 will discuss only specific material changes made to the Brochure and provide clients with a summary of such changes. The Firm will also reference the date of our last annual update of our brochure.

In the past the Firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. The Firm may further provide other ongoing disclosure information about material changes as necessary.

The Firm will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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Item 4 – Advisory Business

Ranger Advisors, L.P. (“Ranger” or the “Firm”) is an investment advisor founded in 2000 and registered with the United States Securities and Exchange Commission (the “SEC”) in accordance with the Investment Advisers Act of 1940 in January 2006. Ranger was organized as a Texas limited partnership by Ranger Management, L.L.C., a Texas limited liability company which serves as its general partner. Ranger Management, L.L.C. is controlled by Ranger Capital Group Holdings, L.P., a Texas limited partnership which serves as its managing member.

As of December 31, 2010, Ranger managed approximately \$202 million of client assets. Of assets which are managed on a discretionary basis, \$58.3 million is attributable to the use of leverage on behalf of enhanced classes of interest or shares designated certain pooled investment vehicles.

Classes of interest or shares which are not designated as enhanced do not employ leverage at the portfolio level advised by Ranger.

Investment Advisory Services

Ranger provides continuous investment management services to a number of pooled investment vehicles (hereinafter “Private Funds”) and to a limited number of separate accounts (collectively the Private Funds and the separate accounts are referred to herein as the “Clients”). In the case of the Private Funds that are domiciled in the United States (the “Domestic Funds”), such Private Funds rely on registration exemptions available pursuant to Section 3(c)-7 or 3(c)-1 of the Investment Company Act of 1940. Ranger also serves as the investment manager for Private Funds organized under the laws of the Cayman Islands (the “Offshore Funds”).

Shares in the Offshore Funds are offered on a private placement basis to persons who are either not “U.S. Persons,” as defined under Regulation S of the Securities Act of 1933, U.S tax-exempt entities, or U.S. Persons who meet the definition of “Accredited Investors”, as defined in Rule 501 of Regulation D of the Securities Act of 1933 and/or “Qualified Persons” as defined in Rule 2a51-1 of the Investment Company Act of 1933.

Investment Program Summary

Ranger’s investment strategy focuses primarily on “fund of funds” investment portfolio, wherein a portfolio invests in private funds and/or separate accounts advised by independent or affiliated investment advisors (each, a “Portfolio Investment”), within a wide variety of investment strategies.

Ranger implements such fund of funds investment strategy by causing the portfolios it advises to (i) make direct Portfolio Investments, or (ii) invest in pooled investment vehicles (each, a “Signet Fund”) which are advised by Signet Capital Management, LLC a Delaware domiciled limited liability company registered as an investment adviser with the Securities and Exchange Commission, or Signet Capital Management, Limited, a United Kingdom domiciled limited

company registered by the Financial Services Authority (the “Signet Investment Advisors”). Ranger Advisors intends to invest a majority, if not all, of the each portfolio’s assets into the Signet Funds. However, Ranger Advisors may, at its sole discretion, invest any portion or all of the Company’s assets directly in underlying Portfolio Investments.

Signet Capital Management is an affiliate of the Signet Group, a fund of hedge funds advisory group which advises pooled investment vehicles including fund of funds focused on global fixed income, macro fixed income, global equity, and UCITS managers. The Signet Group provides investment advisory services primarily through two investment advisors: Signet Capital Management, LLC a Delaware domiciled limited liability company registered as an investment adviser with the Securities and Exchange Commission, and; Signet Capital Management, Limited, a United Kingdom domiciled limited company registered by the Financial Services Authority (the “Signet Investment Advisors”). The Signet Investment Advisors have identical ownership and control, and employ the same investment management personnel in providing the advisory services to affiliated pooled investment vehicles. A brochure for Signet Capital Management, LLC is available upon request to the Firm by calling (214) 871-5200.

In addition to the investments into the Signet Funds, Ranger may also gain investment exposure on behalf of its fund of fund portfolios within the following direct investment categories: (i) exchange traded and/or over-the-counter derivatives and structured products, both for hedging purposes and to acquire investment exposure, (ii) direct investments of equity, debt, or hybrid investments either as co-investments alongside the best ideas from the Signet Funds, investment managers of Portfolio Investments or otherwise; (iii) direct loans and other types of financing transactions, typically secured by various assets (“Asset Backed Lending”); and (iv) direct equity, debt, or hybrid investments in the management companies of early stage investment advisors that have a limited track record and/or a limited amount of assets under management (“Emerging Managers”) and/or seed investments in portfolios advised by Emerging Managers with the purpose of securing a revenue or profits interest in such Emerging Managers.

Ranger Private Funds

The Firm serves as a general partner or investment adviser to the following Clients, each of which is a pooled investment vehicle:

- Ranger Multi-Strategy Fund, L.P., a limited partnership formed under the laws of the State of Texas.
- Ranger Multi-Strategy Fund, Ltd., an exempted company incorporated in the Cayman Islands and regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands.
- Ranger Multi-Strategy IDF, L.P., a limited partnership formed under the laws of the State of Texas.

- Ranger Multi-Strategy IDF, L.L.C., an exempted company incorporated in the Cayman Islands and regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands.
- Ranger Multi-Strategy Master Fund, L.P. is a limited partnership formed under the laws of the State of Texas, and serves as a master fund for pooled investment by Ranger Multi-Strategy, L.P. and Ranger Multi-Strategy, Ltd.

With the exception of the Ranger Multi-Strategy Master Fund, the Firm solicits investors for each of the Private Funds mentioned above. Investment in the Private Funds are available to a limited number of accredited and qualified investors who are considered to be knowledgeable and experienced in financial and business matters. In addition, current and prospective investors should be capable of evaluating the merits and risks of an investment in a Private Funds. To obtain a current version of a particular Ranger funds' private placement memorandum, current and prospective investors are encouraged to contact the Firm at (214) 871-5200.

Leverage Facilities

Each of the Private Funds maintains classes of limited partnership interest or shares which employ leverage at the portfolio level (the "Enhanced Classes") and classes of limited partnership interest or shares which do not employ leverage at the portfolio level (the "Non-Enhanced Classes").

The Enhanced Classes may implement leverage by employing credit facilities or swap agreements. To the extent that the Enhanced Classes employ a credit facility (the "Credit Leverage"), the Company will enter into such credit facility with a financial institution to borrow an amount approximately equal to the value of equity capital invested in such Enhanced Class on a non-recourse basis to investors (the "Credit Facility").

Ranger may also implement leverage on behalf of the Enhanced Classes by entering into structured over-the-counter call options, structured swap agreements, and/or structured products intermediary financial institutions which parallel the performance of an investment basket, net of all applicable fees and expenses, on a leveraged basis ("Derivative Agreement") and together with Credit Facility, the "Leverage Feature").

The Enhanced Classes may seek to employ a significant amount of leverage. The leverage ratio for the Leverage Feature is targeted at a level which will leverage the Enhanced Classes by one hundred percent (100%). However, due to the monthly appreciation or depreciation of the portfolio and other factors that affect cash flow, the leverage of Enhanced Classes may fluctuate between seventy-five percent (75%) and one hundred twenty-five percent (125%) of the Enhanced Classes' net asset. In addition, while the above stated leverage parameters constitute the Ranger's current intentions, Ranger has the discretion to employ leverage at between zero (0) and two hundred percent (200%) of the Enhanced Classes' net asset value.

Separate Account Management

Ranger also serves as investment advisor to Clients who open separately managed accounts (“Separate Accounts”) with full power & authority to supervise and direct investments, on a discretionary basis, on behalf of such Separate Accounts. Ranger’s investment decisions and advice with respect to Separate Accounts shall be in accordance with a client’s investment objectives and guidelines, as set forth within the Client’s Investment Advisory Agreement, as well as any written instructions provided by the Client to Ranger.

Item 5 – Fees and Compensation

Ranger Private Funds

Clients who invest in Private Funds are generally charged advisory fees in accordance with the advisory fee schedule set forth in the applicable offering documents of such Private Fund. However, at Ranger’s sole discretion, advisory fees between the Private Funds and Clients of the Private Funds may be negotiable based on specific circumstances and on a case by case basis, including but not limited to the size of an account, employment by the Firm or its affiliates and/or an early investment in a strategy.

Ranger reserves the right to negotiate advisory fees between Private Funds and Clients of such Private Fund which differ from such standard schedule, based on specific circumstances and on a case by case basis, including without limitation due to the relative size of a Client account, a Client’s affiliation to Ranger, and/or a Client’s status as a seed investor. Accordingly, advisory fees incurred by investors may vary substantially.

Clients of Private Funds may be subject to two forms of advisory fees: (i) fees which are charged as a fixed percentage of assets under management by the Firm (“Management Fees”), and (ii) fees which are charged as a percentage of the appreciation of the net asset value of a Client’s account (“Performance Fees” and together with Management Fees, the “Advisory Fees”).

Management Fees are generally referenced at an annual rate, but are calculated and charged in advance on a quarterly basis, based on the assets under management attributable to the Client as of the first day of such applicable quarter. Management Fees with respect to the Enhanced Classes are charged as a percentage of (i) the net asset value of such Enhanced Classes, and (ii) any capital attributable to leverage on behalf of such Enhanced Classes, and (iii) the notional value of derivatives and/or structured products employed by the Enhanced Classes. As such, Management Fees will correlate to gross assets under management by the Firm, the amount of which is increased in proportion to the leverage employed by the Enhanced Classes and/or the notional value of any structured product. To the extent that an investor in a Separate Account or Private Fund redeems its investment, all fees paid in advance for dates subsequent to such applicable redemption date shall be promptly refunded by Ranger.

Performance Fees are generally referenced, calculated and charged on an annual basis (or upon the full or partial redemption of a Client’s account). Performance Fees may be subject to “high water marks”, which only permit the payment of Performance Fees to the extent that

appreciation in an account's net asset value exceeds the net asset value of such account as of such time as when a prior Performance Fee was charged (or the date in which a Client account was opened). Performance Fee calculations may also be subject to a "Performance Hurdle Rate" whereby a Performance Fee percentage or the underlying appreciation of a Client account's appreciation may be reduced by a variable percentage correlating to a benchmark such as 3-Month Libor.

With respect to Private Funds, the Firm generally charges (i) an annual Management Fee of between one percent (1%) and one and one half percent (1.5%), and (ii) an annual Performance Fee in an amount between five percent (5%) and fifteen percent (15%). Advisory Fees are generally calculated and withdrawn from a Private Fund on a quarterly basis by the Firm.

Standard Fee Schedule for Ranger Private Funds

Private Fund	Annual Management Fee	Performance Allocation
Ranger Multi-Strategy Fund, L.P.		
Class A	One Percent (1.00%)	Ten Percent (10.00%) above Hurdle
Class B	One Percent (1.00%)	Five Percent (5.00%)
Class A Enhanced	One Percent (1.00%)	Ten Percent (10.00%) above Hurdle
Class B Enhanced	One Percent (1.00%)	Five Percent (5.00%)
Ranger Multi-Strategy Fund, Ltd.		
Class A	One Percent (1.00%)	Ten Percent (10.00%) above Hurdle
Class B	One Percent (1.00%)	Five Percent (5.00%)
Class A Enhanced	One Percent (1.00%)	Ten Percent (10.00%) above Hurdle
Class B Enhanced	One Percent (1.00%)	Five Percent (5.00%)
Ranger Multi-Strategy IDF, L.P.		
All Classes	One and One Half Percent (1.50%)	Not Applicable
Ranger Multi-Strategy IDF, L.L.C.		
Class A	One and One Half Percent (1.50%)	Not Applicable
Class B	One and One Half Percent (1.50%)	Not Applicable
Class C	Shares no longer offered	Shares no longer offered
Class D	Fifty Basis Points (0.50%)	Fifteen Percent (15.00%) above Hurdle

* Subscriptions to Ranger Private Funds are subject to material terms and conditions, each of which is detailed in each Private Fund's private placement memorandum and operative agreements (the "Operative Documents"). A copy of the Operative Documents for each Private Fund (on a class by class basis) may be obtained by contacting the Firm at (214) 871-5200.

Enhanced Interests or Shares

Certain limited partnership interests or shares in pooled investment vehicles managed by the Firm are designated as “Enhanced” Limited Partnership Interests or Shares (the “Enhanced Interests and Shares”). Enhanced Interests and Shares employ leverage. Leverage may be employed on behalf of the Enhanced Interest and Shares by means of one or more credit facilities (“Credit Leverage”) or structured over-the-counter, European-style, cash or physically settled accreting strike call options or similarly structured swap agreements (“Swap Leverage”, and together with Credit Leverage, “Leverage”). Management Fees are charged on assets under management attributable to such Leverage, including if applicable, the notional amount of any option or swap employed through Swap Leverage. When leverage is employed on behalf of the Enhanced Interests and Shares, assets under management attributable to the Enhanced Interests and Shares increase, thereby increasing the Management Fees to which an investor is subject in direct proportion to the amount of leverage employed. For example, the Firm’s use of 100% leverage on a \$1,000 investment increases the amount of capital invested to \$2,000. Accordingly, Management Fees are charged on the \$2,000 leveraged capital amount instead of the original \$1,000 investment.

While the Applicant has discretionary use of leverage on behalf of the Enhanced Interests and Shares ranging up to 200%, it generally targets leverage of up to 100% or below. To the extent that the Applicant employs Leverage on behalf of limited partnership interests or shares, or on behalf of a separately managed account, it shall do so upon the instructions of such client and indicated within the applicable subscription agreement or separately managed account agreement.

Separate Accounts

In regard to Separate Accounts, Ranger generally charges a quarterly Management Fee at an annual rate between one percent (1%) and one and three quarters percent (1.75%) of the assets under management within such Separate Account (including cash). In addition, certain Separate Accounts may also be subject to an annual Performance Fees ranging between zero percent (0%) and fifteen percent (15%), which themselves may be subject to highwater marks and Performance Hurdle Rates. Separate Accounts may be subject to a number of additional material terms, including lock up periods, notice periods, and/or other material terms and conditions. Standard advisory fees vary based on the underlying strategy of the account and the terms set forth within a Separate Account agreement, including the advisory fees charged, are negotiable on a case by case basis, and therefore vary substantially between Clients.

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, investments within Separate Accounts may provide flexibility with respect to investment terms which are not afforded to investors in the Private Funds.

Multiple Layers of Fees and Expense

An investment in a limited partnership or separate account managed by the Firm is subject to multiple layers of fees and expenses. Advisory Fees paid to the Firm are separate and non-inclusive of advisory fees paid to the investment advisors of Portfolio Investments undertaken by the Private Funds, Separate Accounts, or the Signet Funds, including with respect to affiliates, each of which may be entitled to management fees and performance fees for their services. Such underlying investment advisors are typically, but not exclusively, entitled to an annual management fee ranging from one percent (1%) to two percent (2%) and a performance fee of twenty percent (20%). In addition, Portfolio Investments are subject to expense reimbursements similar to expense reimbursements to which an investor is subject to with respect to the Private Funds.

Notwithstanding the above, to the extent that the Private Funds invest in Portfolio Investments by virtue of and indirectly through an investment in one or more Signet Fund, the advisory fees of such Signet Fund shall be waived, but the Private Funds shall share in the expenses allocated by such Signet Funds on a pro-rata basis.

Current and prospective investors are encouraged to carefully consider the multiple layers of fees incurred by an investment in a Ranger partnership or managed account.

On a very limited basis, the Private Funds and Separate Accounts may invest in affiliates of the Firm. To the extent that an investment is made in such affiliate, the terms of such investment will be at arm's length.

Advisory Fees Exclusive of Expenses

Advisory Fees are exclusive of expenses associated with investments in the Separate Accounts and/or Private Funds. Although, the Firm is responsible for its general overhead expenses, Separate Accounts and Private Funds are bear the cost of their attributable to their investment activities and operations, including without limitation, expenses associated with own trading and operations. Such expenses may include: (i) expenses incurred in connection with the evaluation, acquisition or disposition of a Portfolio Investment, including brokerage fees, due diligence expense, travel costs, taxes, and legal, accounting, consulting, information services and professional fees; (ii) expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees; (iii) fees relating to the administration of a Separate Account or Private Fund, including fees of for a third party administrator; (iv) fees and expenses associated with and/or paid to Portfolio Investments and their investment advisors, including management and performance fees; (v) expenses incurred in connection with a Private Fund's financial statements and/or tax returns; (vi) attorneys' and accountants' fees and disbursements; (vii) taxes and other governmental charges or fees levied against a Private Fund, including registration or filing fees; (viii) insurance (including in respect of errors or omissions of the Firm, its Affiliates and related entities, and any other persons acting on behalf of a Private Fund), regulatory or litigation expenses (and

damages), including regulatory expenses of the Investment Manager; and (ix) interest on debit balances (including due to the use of leverage facilities) provided that expenses relating to leverage facilities shall be charged to the class of shares or interest utilizing such facilities.

Item 12 (Brokerage Practices) further describes the factors that the Firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).

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

Ranger offers both investment advisory services which exclusively charge Management Fees and investment advisory services which charge a combination of Management Fees and Performance Fees. To the extent that Performance Fees are charged, the payment of such fees shall in all cases comply with the provisions of the Advisers Act. 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. Ranger employs procedures designed to ensure all clients are treated fairly and equally, and to prevent this potential conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

Ranger generally provides investment advisory services to investment companies, public and private pension plans, insurance companies, foundations, endowments and qualified and accredited individuals or entities. Such advisory services may be provided directly through Separate Accounts, or indirectly through investment in Private Funds, each of which are deemed Clients of the Firm.

Investors in the Funds are generally required to make minimum initial investments of at one million dollars (\$1,000,000.00) to subscribe for interest or shares in a Private Fund and twenty million dollars (\$20,000,000.00) for a separately managed account. However, the Firm may accept lesser amounts at its sole discretion.

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

Ranger's investment strategy focuses primarily on "fund of funds" investment portfolio, wherein a portfolio invests in private funds and/or separate accounts advised by independent or affiliated investment advisors (each, a "Portfolio Investment"), within a wide variety of investment strategies. Ranger implements such fund of funds investment strategy by causing the portfolios it advises to (i) make direct Portfolio Investments, or (ii) invest in pooled investment vehicles (each, a "Signet Fund") which are advised by Signet Capital Management, LLC a Delaware domiciled limited liability company registered as an investment adviser with the Securities and Exchange Commission, or Signet Capital Management, Limited, a United Kingdom domiciled

limited company registered by the Financial Services Authority (the “Signet Investment Advisors”). Ranger Advisors intends to invest a majority, if not all, of the each portfolio’s assets into the Signet Funds. However, Ranger Advisors may, at its sole discretion, invest any portion or all of the Company’s assets directly in underlying Portfolio Investments.

In addition to the investments into the Signet Funds, Ranger may also gain investment exposure on behalf of its fund of fund portfolios within the following direct investment categories: (i) exchange traded and/or over-the-counter derivatives and structured products, both for hedging purposes and to acquire investment exposure, (ii) direct investments of equity, debt, or hybrid investments either as co-investments alongside the best ideas from the Signet Funds, investment managers of Portfolio Investments or otherwise; (iii) direct loans and other types of financing transactions, typically secured by various assets (“Asset Backed Lending”); and (iv) direct equity, debt, or hybrid investments in the management companies of early stage investment advisors that have a limited track record and/or a limited amount of assets under management (“Emerging Managers”) and/or seed investments in portfolios advised by Emerging Managers with the purpose of securing a revenue or profits interest in such Emerging Managers.

RISK FACTORS

AN INVESTMENT IN ONE OF THE FIRM’S PRIVATE FUNDS OR SEPARATELY MANAGED ACCOUNTS ENTAILS A SIGNIFICANT DEGREE OF RISK, INCLUDING THE POTENTIAL FOR LOSS OF ALL OR PART OF AN INVESTMENT. THEREFORE, ONLY INVESTORS CAPABLE OF EVALUATING AND BEARING THE RISKS SHOULD UNDERTAKE AN INVESTMENT IN A RANGER PRIVATE FUND OR SEPARATE ACCOUNT. THERE CAN BE NO ASSURANCE THAT SUCH AN INVESTMENT WILL BE ABLE TO ACHIEVE ITS OBJECTIVE, REALIZE A POSITIVE RETURN OR AVOID LOSSES. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS IN CONNECTION WITH OPENING AN INVESTMENT ACCOUNT WITH THE FIRM. PLEASE NOTE THAT THE FOLLOWING LIST IS NOT A COMPLETE LIST OF ALL RISKS INVOLVED IN CONNECTION WITH AN INVESTMENT IN A PRIVATE FUND OR SEPARATE ACCOUNT ADVISED BY THE FIRM. WITH RESPECT TO THE PRIVATE FUNDS, ADDITIONAL RISK DISCLOSURES MAY BE FOUND IN THE PRIVATE PLACEMENT MEMORANDUM OF SUCH APPLICABLE PRIVATE FUND.

***Reference made herein to “Portfolios” references the portfolios managed with the Private Funds, the Separate Accounts, and the Signet Portfolios.**

Investment and Trading Risks

An Underlying Manager’s Trading Strategies may not be Successful-

There can be no assurance that the trading strategies employed by the underlying manager of a Portfolio Investment (an “Underlying Manager”) will be successful. For example, the proprietary models used by an Underlying Manager may not function as anticipated during

unusual market conditions. While each Underlying Manager who will invest on behalf of Ranger, Signet or their portfolios (together, the “Portfolios”) has a performance record reflecting his or her prior experience in using the strategies that will be applied to trading for the Portfolios, this performance cannot be used to predict future profitability. While the Firm will devote its best efforts to the management of the Portfolios, there can be no assurance that the Portfolios will not incur losses.

Use of Multiple Underlying Managers is No Assurance of Success-

No assurance is given that the Portfolio Investments’ Underlying Managers’ collective performance will result in profitable returns for the Portfolios as a whole under all or any conditions. The possibility exists that good performance achieved by one or more Underlying Managers may be neutralized by poor performance experienced by other Underlying Managers.

Concentration of Investments-

Ranger has broad discretion over investment program and may choose to allocate substantial portions of the Portfolios’ assets to a particular Portfolio Investment or security. It is the intention of Ranger to allocate the capital of the Portfolios in a manner that will provide for diversification among investment strategies, Underlying Managers and securities. There can be no assurance, however, that the Underlying Managers of selected Portfolio Investments will not take substantial positions in the same security at the same time. Such an occurrence may tend to result in more rapid changes in the portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Portfolios’ capital. Such Underlying Managers may also make similar market timing decisions and asset allocation decisions between equity securities and cash equivalents or some combination of these and other strategies.

Risk Management Strategy

Ranger attempts to reduce the probability of loss of the Portfolios’ capital by implementing a systematic risk management process. Risk management encompasses: (a) analyzing and forecasting the risks inherent in individual Portfolio Investments to which Ranger may allocate Portfolio capital, (b) seeking to allocate Portfolio capital to Underlying Managers who have (in the judgment of Ranger) demonstrated skill in managing risk, and (c) constructing the Portfolios’ portfolios with low forecast volatility based on, among other things, historical performance of the individual Portfolio Investments and other subjective judgments.

There can be no assurance, however, that Ranger’ risk management process will be effective in controlling or mitigating the risks inherent in the Portfolio Investments or the Portfolios. Categorically, past returns may not forecast future performance, and there can be no assurances regarding the reliability of Ranger’ attempts to construct portfolios with low forecast risk, since the technique relies on historical data and subjective evaluations by Ranger.

In addition, the Portfolios' returns are potentially subject to rare and unforeseen economic events or shocks that are inherently unpredictable and outside Ranger' and the Underlying Managers' control. Therefore, the Portfolios are exposed to risk of loss of capital arising from the unpredictable nature of economics and capital markets.

Short Sales-

The Portfolios and certain Portfolio Investments may engage in short selling. Short selling involves selling securities which may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace any such borrowed securities at a later date. Short selling allows the Portfolios and Portfolio Investments to profit from declines in market prices to the extent such declines exceed the transaction costs and any costs of borrowing the securities. Securities sold short may be recalled by the lender with little or no notice. If the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities above its basis would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, there are rules prohibiting short sales at prices below the last sale price, which may prevent the Portfolios or the Portfolio Investments from executing short sales at the most desirable time. Losses attributable to short selling are theoretically limitless.

Options-

The Portfolio Investments and the Portfolios may invest in options. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period.

Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options when the seller does not own the respective underlying security, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received.

The Portfolio Investments and the Portfolios may purchase or sell customized options and other derivatives in the over-the-counter market that may have different features than traditional exchange-traded options though they also share the same risks. These options and derivative instruments may also subject the Portfolio Investments and the Portfolios to risk of default by the counterparty. Investments in these financial instruments may also be subject to additional risks such as interest rate and other risks.

The Portfolio Investments and the Portfolios may purchase call options, write covered and uncovered call options and purchase options to close out options previously written. In return for the premium received upon the writing of a call option, the writer of the option will give up the opportunity to benefit from a price increase in the underlying security above the exercise price,

but conversely retains the risk of loss should the price of the security decline offset the amount of premium collected. If a Portfolio Investment or the Portfolios write American style call options, within a given period they will have no control over when it may be required to unwind such position.

If a Portfolio Investment or the Portfolios desire to sell a particular security from their portfolio on which they have written a call option, or purchased a put option, they may seek to effect a closing transaction prior to, or concurrently with, the sale of the security. There is no assurance that the Portfolio Investments or the Portfolios will be able to effect such closing transactions at a favorable price. If a Portfolio Investment or the Portfolios cannot enter into such a transaction, it may be required to hold a security that it might otherwise have sold, in which case it would continue to be at risk with respect to the security.

A Portfolio Investment's or the Portfolios' ability to close out their position as purchasers of an exchange listed option would be dependent upon the existence of a liquid secondary market on an exchange. Among the possible reasons for the absence of a liquid secondary market on an exchange are: (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities; (iv) interruption of the normal operations on an exchange; (v) inadequacy of the facilities of an exchange to handle current trading volume; or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

Foreign Investment-

The Portfolio Investments and the Portfolios may invest in securities of issuers organized or based outside the United States. These investments may be subject to a variety of risks and other special considerations not affecting securities of domestic issuers. Many foreign securities markets are not as developed or efficient as those in the United States. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in many foreign securities markets are less than in the United States and at times, volatility of price can be greater than in the United States. The issuers may be subject to less stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to U.S. issuers.

Since foreign securities transactions often are denominated in currencies of foreign countries, the Portfolios or a Portfolio Investment may incur currency exchange costs when effecting these transactions, and the value of these securities as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The Portfolios and Portfolio Investments will be permitted, but not required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Futures-

The Portfolios do not immediately intend to, but may, and the Portfolio Investments may, invest in futures. Futures markets are highly volatile and investments in futures may materially affect the profitability of the Portfolios and a Portfolio Investment. To the extent a Portfolio Investment or the Portfolios engage in transactions in futures contracts and options on futures contracts, the profitability of the Portfolio Investment and the Portfolios will depend to some degree on the ability of the Underlying Manager or Ranger, as applicable, to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events, and changes in interest rates.

Moreover, investments in commodities futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only five percent (5%) to fifteen percent (15%) of the face value of the contract and exposure on some such contracts is unlimited) and credit risk vis-a-vis the contract counterparty.

Finally, the Commodity Futures Trading Commission and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position which any person may hold or control in particular commodity contracts. All of the positions held by all accounts owned or controlled by an Underlying Manager or Ranger, as applicable, including the Portfolios’ accounts, will be aggregated for the purposes of determining compliance with position limits. It is possible that the trading instructions for a Portfolio Investment or the Portfolios may have to be modified and that positions held by a Portfolio Investment or the Portfolios may have to be liquidated in order to avoid exceeding such limits.

Such modification or liquidation, if required, could adversely affect the operations and profitability of the Portfolio Investment and the Portfolios. Ranger was formerly registered as a commodity pool operator and commodity trading advisor under the United States Commodity Exchange Act, as amended (the “Commodity Exchange Act”), and was consequently subject to the record-keeping, disclosure and other fiduciary obligations specified in the Commodity Exchange Act. However, Ranger has de-registered as a commodity pool operator and/or commodity trading advisor under the Commodity Exchange Act, which de-registration is not expected to adversely affect the activities of the Portfolios but has excluded Ranger from the record-keeping, disclosure and other fiduciary obligations specified in the Commodity Exchange Act.

Index Contracts-

The Portfolios and Portfolio Investments may, but are not required to, utilize various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures

contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “index contracts”).

Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent a Portfolio Investment’s Underlying Manager’s view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used.

Moreover, the lack of complete correlation between price movements of index contracts and price movements in the portfolio position of the Portfolios or a Portfolio Investment creates the possibility that losses in the value of the Portfolios’ or such Portfolio Investment’s position may be greater than the gain on the hedging instrument (or that a gain in the Portfolios’ or such Portfolio Investment’s portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets.

As a result, in certain markets, the Portfolios or a Portfolio Investment might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

Turnover-

The Portfolios’ activities will include the allocation of the Portfolios’ assets to Portfolio Investments which may invest on the basis of short-term market considerations. The portfolio turnover rate of those Portfolio Investments may be significant, potentially involving substantial brokerage commissions and fees.

Compensation of Underlying Managers of Portfolio Investments-

The Portfolios will not be subject to a management fee or performance fee by the Signet Funds. However, other Underlying Managers selected by Ranger and/or Underlying Managers selected by the Signet Funds will normally be entitled to two forms of compensation: a fee based on net assets under management (typically, but not exclusively, ranging from one percent (1%) to two percent (2%) annually) and a performance fee or allocation (typically, but not exclusively, twenty percent (20%) of net profits).

In addition, Ranger is entitled to receive a performance allocation from the Portfolios. The performance allocation made to Underlying Managers (other than the Signet Funds) and Ranger may create an incentive for such Underlying Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

Absence of Regulation Concerning Portfolio Investments-

Portfolio Investments and their respective Underlying Managers will be subject to varying levels of regulation. Hedge funds are not registered as investment companies under the Investment Portfolios Act of 1940, as amended (the “Portfolios Act”), and their Underlying Managers often are not registered as investment advisers under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), with the consequence that many of the protections afforded to investors by those laws will not be applicable. Similarly, certain investments in funds and accounts formed and operated outside the United States may not be subject to comprehensive government regulation. The Underlying Managers of such Portfolio Investments may not be covered by insurance or by fidelity bonding.

Moreover, the Portfolios generally will have no control over the selection of the custodians of the assets of such Portfolio Investments, which also may be subject to a lesser degree of government supervision or regulation than commercial banks, trust companies or securities dealers conducting business within the United States.

Illiquidity of Investments-

Certain investments made by the Portfolios and the Portfolio Investments may be very illiquid, and consequently the 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 the Portfolios. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Portfolios and other factors. Furthermore, the nature of the Portfolios’ investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

The Portfolios’ Memorandum and Articles of Association authorize the Board of Directors to make distributions in-kind of securities in lieu of or in addition to cash. In the event the Board of Directors makes distributions of securities in-kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Counterparty Creditworthiness-

In addition to the exchange-traded options contracts, the Portfolios or a Portfolio Investment may also invest in the over-the-counter market in contracts which involve dealing with counterparties and their ability to meet the terms of the contracts. In particular, the Portfolios or a Portfolio Investment may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose the Portfolios or such Portfolio Investment to credit risk to the extent that the counterparty defaults on its obligations to perform under the relevant contract.

Strategy Changes and Transparency; Fraud

While Ranger generally reviews a prospective Portfolio Investment for consistent adherence to a defined investment and risk management strategy, there can be no assurances that a Portfolio Investment or its Underlying Manager will continue to adhere to such investment and risk management strategy. Ranger has differing levels of transparency with respect to the investment program of individual Portfolio Investments, and no assurances can be given that Ranger will detect changes in a Portfolio Investment's investment or risk management strategy.

The Portfolios may not have any recourse or an opportunity to withdraw from a Portfolio Investment prior to incurring losses due to shifts in investment or risk management strategy, the sum of which may be substantial. Moreover, while Ranger makes efforts to substantiate information received during the due diligence of a prospective Portfolio Investment, the possibility exists that such information may be negligently or fraudulently conveyed. In such event, the Portfolios may be unknowingly exposed to substantial risk while investing with an unsuitable Portfolio Investment.

Portfolio Risks

Possible Effect of Substantial Withdrawals-

Substantial Redemption of investment capital could require a Portfolio to redeem or liquidate its investments in Portfolio Investments or 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 Portfolio Investment Underlying Managers to liquidate positions on favorable terms, which could result in losses or a decrease in the net asset value of the Portfolios.

In addition, restrictions on the Portfolios' ability to redeem their investments in Portfolio Investments may be a factor in the Portfolios' ability to fund redemptions of shares or withdrawals of Limited Partnership Interests. However, it is anticipated that most of the Portfolios' capital will be invested pursuant to agreements containing withdrawal provisions similar to those contained in the memorandum and articles of association or limited partnership agreements of the Portfolios (the "Portfolios Agreements").

Market Disruption and Lack of Liquidity-

The Portfolios' ability to withdraw capital from Portfolio Investments may be subject to suspension, in whole or in part, based upon the inability of the Portfolio Investments to value their investments. Significant market events or circumstances attributable to single securities, generally outside of the control of Underlying Managers and Ranger, could cause the Portfolios to be required to maintain their investments in Portfolio Investments. In such events, shareholders will be unable to withdraw their capital from the Portfolios.

Non-Transferability of Shares and Restrictions on Redemptions-

Except upon the death or bankruptcy of a shareholder, Shares will not be transferable without the prior written consent of the Directors, which consent may be withheld in their sole discretion. There are also significant restrictions on redemptions of Shares (which may be settled in securities rather than cash). Consequently, shareholders may not be able to liquidate their investment readily in the event of emergency or for any other reason.

Dependence on Key Personnel-

The Portfolios' portfolios will be managed through an investment committee of key personnel. The Portfolios will be substantially dependent on the services of such key personnel. In the event of the death, disability or departure of the investment committee personnel, the business of the Portfolios may be adversely affected. Key personnel will devote such time and effort as they deem necessary for the management and administration of the Portfolios' business. However, key personnel will continue to engage in various other business activities in addition to managing the Portfolios, and consequently, they will not devote their complete time to the Portfolios' business.

Use of Multiple Underlying Managers is No Assurance of Success-

No assurance is given that the Portfolio Investments' Underlying Managers' collective performance will result in profitable returns for the Portfolios as a whole under all or any conditions. The possibility exists that good performance achieved by one or more Underlying Managers may be neutralized by poor performance experienced by other Underlying Managers.

No Participation by Investors-

Substantially all decisions with respect to the management of the Portfolios are made exclusively by the Firm. Investors have no right or power to take part in the management of the Portfolios. The Firm makes all of the trading and investment decisions of the Portfolios. In the event of the withdrawal or bankruptcy of the Firm, generally the Portfolios will be liquidated.

Risks Relating to Cross-Liability Between Classes

The Private Funds have the power to issue interests and/or shares in separate classes and series. The operative documents provide for the manner in which the liabilities are to be attributed across the various classes and series (liabilities are generally to be attributed to the specific class and series in respect of which the liability was incurred). However, each Private Fund is a single legal entity. Investors in one or more classes or series of shares or interests may be compelled to bear the liabilities incurred in respect of other classes or series which such investors do not themselves own if there are insufficient assets in that other class or series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class or series may not be limited to

that particular class or series and may be required to be paid out of one or more other class or series.

Risks Relating to the Leverage Feature

The following risk factors apply to the extent that the Portfolios employ the Leverage Feature, and are limited to Classes of interests or shares which do so.

Management Fees-

Management Fees paid to the Firm are based on assets under management attributable to the Classes of interests or shares. The use of leverage, derivatives, or structured products increases the assets under management by the Firm in approximate ratio to the amount of leverage and the notional amount of derivatives or structured products being employed. Therefore, the greater the leverage and notional amount of derivatives or structured products being employed, the greater the Management Fee to which the Enhanced Classes are subject.

For example, if an investor subscribes to the Enhanced Classes for one hundred dollars (\$100) and one hundred percent leverage is being employed (including the notional value of any derivatives or structured products) on behalf of the Enhanced Classes, the assets under management by the Firm attributable to such subscription will, subject to appreciation, depreciation, fees and expenses, equal two hundred dollars (\$200). As such, the Management Fee collected by the Firm would equal one dollar (\$1.00) per annum as opposed to the one half dollar (\$0.50) per annum to which Enhanced Classes would be subject in the absence of leverage.

A conflict of interest thereby exists whereby the Firm may have an incentive to increase the use of leverage, derivatives, or structured products within the Enhanced Classes in order to increase the Management Fees to which it is entitled.

Risk of Loss-

The use of the Leverage Feature entails a high degree of financial risk which could result in the entire loss of the net asset value of the Enhanced Classes. There is no guarantee that the Portfolios will profit from the investments made on behalf of the Enhanced Classes. For example, if either at any time during the term of the applicable Leverage Feature any applicable “knock-out” provision is triggered and utilized in accordance with the terms of such Transaction Contract, then there will be a loss on the investment by the Portfolios in the Portfolio Investments on behalf of the Enhanced Classes.

If the Portfolios implement a Credit Facility on behalf of the Enhanced Classes and the amount drawn by the Portfolios or the Master Fund under the Credit Facility on behalf of the Enhanced Classes exceeds the net value of the applicable Portfolio Investments, then the Enhanced Classes’ entire investment in the Portfolio Investments will be lost. If the Portfolios implement a Derivative Agreement for the Leverage Feature and the ending

notional value of the Investment Basket (minus Shares and fees) is less than the accreted strike price of the Derivative Agreement, then there will be a loss of the Portfolios' entire investment in the Derivative Agreement.

High Leverage and Volatility-

The Leverage Feature entails significant leverage on the Portfolio Investments, which increases the volatility of the Portfolio Investments. Furthermore, most, if not all, of the Portfolio Investments also utilize leverage. As a result, a relatively small movement in the market prices of the instruments traded by the Portfolio Investments can result in immediate and substantial losses to the Enhanced Classes. The Portfolios may also borrow funds from time to time for liquidity purposes or otherwise as Ranger deems appropriate.

Interest Rate Risk-

The Leverage Feature is subject to interest rate risk, which may add to interest rate risk present in the Portfolio Investments themselves. In particular, the Leverage Feature will be subject to LIBOR based interest rates plus a spread. Higher interest rates will therefore have a direct negative effect on the expenses to which Enhanced Classes are subject.

Additional Layers of Expenses-

The Portfolios' use of the Leverage Feature will increase the fees and expenses the Portfolios would incur (and allocate to the Enhanced Classes) than if it were to invest in Portfolio Investments without the use of leverage. Because of the additional layers of expenses, a higher gross return will be required to be earned on the individual investment strategies being employed, than an investor would need to realize if such allocations were undertaken on one's own, to achieve an equivalent return. There is no guarantee that the Portfolio Investments will effectively generate any return, and the additional costs of the Leverage Feature may reduce that likelihood.

Early Termination-

Termination of the Leverage Feature before scheduled expiration may occur under the terms of the Leverage Feature. Such termination may result in a taxable event, lost investment opportunities and/or monetary losses for the Enhanced Classes. If the Leverage Feature is terminated early, the Enhanced Classes will incur additional costs. Those costs may have an additional negative effect on the return generated by the Portfolios. In addition, an early termination of the Leverage Feature may either result from or cause the loss of the entire investment in the Portfolio Investments by the Enhanced Classes.

Dependency on Financial Institution for Leverage Strategy-

The ability of the Portfolios to use leverage through the Leverage Feature, and to maintain the desired leverage ratio, is dependent on financial institution's willingness and ability to provide the Leverage Feature. The financial institution is under no obligation to continue

providing the Leverage Feature to the Portfolios and may cease doing so at any time and for any reason, without notice.

Role of the Financial Institution-

The Financial Institution is not obligated to conduct due diligence and analysis of the Portfolio Investments or their Underlying Managers. Nevertheless, the Financial Institution may conduct due diligence and analysis of the Portfolio Investments and/or their Underlying Managers from time to time prior to and during the term of any Leverage Feature. The Financial Institution shall conduct all such due diligence and analysis solely for its benefit and in connection with the Financial Institution's risk management requirements.

THE FINANCIAL INSTITUTION WILL NOT CONDUCT ANY DUE DILIGENCE OR ANALYSIS FOR THE BENEFIT OR ON BEHALF OF THE PORTFOLIOS.

The Portfolios shall not rely for any purpose on any of Financial Institution's information, analysis and opinions concerning the Portfolio Investments and their Underlying Managers. The Portfolios is responsible to conduct its own due diligence and review of the Portfolio Investments and their Underlying Managers to the extent the Portfolios believes necessary or appropriate and the Portfolios shall not rely, directly or indirectly, on the Financial Institution to conduct such due diligence and analysis.

Risks Relating to Derivative Agreement Leverage Only

The following risk factors apply to the extent that the Portfolios employ's Derivative Agreement Leverage.

No Ownership of Portfolio Investments-

The Portfolios may receive an adjusted economic return on an Investment Basket of private investment companies. The Portfolios may not have any rights of ownership or other rights to the Investment Basket or the Portfolio Investments, either directly or indirectly.

Counterparty Creditworthiness-

The Portfolios' receipt of monies owed under a Derivative Agreement is subject to and dependent on the financial institution's ability to pay such monies. No assurance can be given that the financial institution creditworthiness will not rapidly change or that the financial institution will not default on such obligations.

Lack of Centralized Clearing or Guaranty-

As there is no central clearing or guaranty function for over-the-counter derivatives, including a Derivative Agreement, if the Financial Institution fails to make the cash payments required

to settle a Derivative Agreement, the Portfolios will lose any premium it paid for a Derivative Agreement as well as any anticipated benefit of the Derivative Agreement.

Lack of Secondary Market Liquidity-

Derivative Agreements are structured over-the-counter contracts for which there is no established secondary trading market and for which it is unlikely that a secondary market will develop.

Lack of Standardization and Regulation of Derivative Agreements-

Derivative Agreements are not traded on exchanges and do not have standardized terms. Structured over-the-counter Derivative Agreements are purchased from or sold to securities dealers, financial institutions or other parties (“Counterparties”) through direct bilateral agreements with each such Counterparty. Such over-the-counter transactions are substantially unregulated. Ranger will negotiate, if applicable, the terms and conditions of each Derivative Agreement with the Financial Institution on an individual basis. In contrast to exchange listed derivatives, which generally have standardized terms and performance mechanics, the terms of over-the-counter derivatives (such as options or swaps), including the method of settlement, term, strike price and premium, are set by negotiation of the parties.

Conflicting Investment Shares-

Ranger expects that a financial institution issuing a Derivative Agreement and/or one or more of its affiliates will generally buy and sell Shares in the Portfolios or another Portfolio in accordance with its hedging requirements. Although it is therefore likely that the financial institution will have Shares in the performance of the Investment Basket, the financial institution may have nonetheless investment Shares conflicting with those of the Portfolios. For example, due to the nature of a Derivative Agreement, the financial institution’s return will not be affected by a decrease in value of the Investment Basket for as long as such decrease is borne by the Portfolios. Thus, where the financial institution needs to consent to or otherwise to participate in any early termination of a Derivative Agreement or otherwise consent to changes in a Derivative Agreement, its Shares in doing so may be contrary to the Portfolios’ Shares.

Delay in Payment-

Under the terms of a Derivative Agreement, the Portfolios will not receive payment of the Final Derivative Value until after the financial institution can conclusively and definitively determine the actual liquidation value of the Investment Basket. In the event that valuation difficulties arise with respect to the Portfolio Investments included in the Investment Basket, whether due to the illiquid nature of the Portfolio Investments, or the investments by the Portfolio Investments in underlying securities, or for any other reason, payment could be delayed, and such delay potentially could be for a significant period of time.

Right of Restatement-

The Calculation Agent will have the right to restate and recalculate any and all of the valuations and calculations with respect to a Derivative Agreement Value based on new or different premises. Such restatements and recalculations may lower the Portfolios' Net Asset Value.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Firm or the integrity of its management. The Firm has no legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Ranger Advisors, L.P. is affiliated with four investment advisers by virtue of common control and ownership by Ranger Capital Group Holdings, L.P. The Firm and each of its investment advisory affiliates mentioned below maintain independent investment teams and processes; and focus on differing investment strategies.

- Ranger Investment Management, L.P. manages investment portfolios which consist of U.S. exchange traded equity securities of small and/or mid capitalization growth oriented companies.
- Ranger International Management (TX), L.P. manages long-only (i) global, (ii) international and (iii) global income and growth equity portfolios.
- Ranger Alternative Management, L.P. serves as a sub advisor to and has day-to-day portfolio management responsibilities with respect to a short only actively managed exchange traded fund. Portfolio investments generally include short sales of domestically traded mid- and large-cap U.S. exchange-traded equity securities.
- Ranger Fund Management, L.P. is a fund-of-funds created for friends and family to invest in Ranger affiliated investment advisers.

All Ranger investment advisers are registered with the U.S. Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training.

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 investors and to make full and fair disclosure of all material facts, particularly where the Firm's interests may conflict with those of its investors. The Firm's Code of Conduct and Code of Ethics (the "Codes") serve as behavior benchmarks from which the Firm's compliance program is built. Briefly, the Codes 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, colleagues in the investment profession, and other participants in the global capital markets. Employees are expected to place the interests of clients and the Firm above their own personal interest and to avoid any actual or potential conflicts of interest.

In addition, the Firm's Code of Ethics requires, among other things, that all employees to comply with applicable provisions of the federal securities laws and to promptly report any 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 which the Firm may invest in for the benefit of its clients. 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 all anticipated clients' purchases or sales of such securities are completed, if any. In addition, the Firm requires that all employees receive pre-clearance from the Chief Compliance Officer 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. Preclearance and reporting requirements vary for a number of these investments. The Firm's personal trading policy require employees to provide the Chief Compliance Officer 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.

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
- Outside Business Activities
- Political Contributions
- Gifts and Entertainment

A copy of the Firm's Code of Ethics is available to current or prospective clients upon written request.

Alignment of Interests

In addition, the Firm, as indirect General Partner of certain private limited partnerships, may hold an interest in the same securities invested in by such investment funds for the benefit of its investors. The Firm does not deem that any conflict of interest arises from holding an indirect interest in such limited partnerships. Rather, the interest of the Firm, as indirect General Partner, and investors, as limited partners, are aligned.

Item 12 – Brokerage Practices

Subject to the individual terms of the private placement memorandum of a Private Fund or the investment management agreement of a Separate Account, the Firm generally retains complete investment and brokerage discretion. While very infrequent for the Firm to engage brokers, when applicable the Firm selects brokers for direct 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 order and difficulty of execution; the financial strength, integrity and stability of the broker; other services considered by the Firm to be of value; and, the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

In good faith, however, the Firm may pay a broker commissions that are higher than another broker might have charged for the same transaction, in recognition of the Firm's assessment of the value of services provided to the Firm by the broker. However, the Firm must believe that commission costs borne by client accounts are reasonable in relation to the overall services provided.

Item 13 – Review of Accounts

Each account will be reviewed and valued on a monthly basis or more frequently if triggered by market or economic conditions. At this time, there are less than ten (10) accounts requiring review. The investment team reviews each account in a manner consistent with the investment goals of each client entity or separately managed account. The Firm's Chief Financial Officer reviews account valuations, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports from the managers of the pooled investment vehicles in which the Firm's clients invest, the Firm's accounting system, prime brokers, custodians, administrators and brokerage firms on a monthly basis. The Firm's independent public accountants perform an annual audit of the books and records of the Firm's clients.

The Firm typically remits quarterly and annual reports to its clients which set forth various financial data and information. The Chief Financial Officer will review account valuations, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports from the managers of the pooled investment

vehicles in which the Firm's clients invest, the Firm's accounting system, prime brokers, custodians, administrators and/or brokerage firms. An investor in a client of the Firm receives the client's audited annual financial report and the information necessary for the investor to complete its annual federal income tax return.

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 managed accounts or investors for the Ranger Fund. For their solicitation services, such marketing groups or individuals may receive a percentage of the Firm's Management Fee and/or Performance 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. However, the Firm serves as a General Partner and/or attorney in fact with full discretion over the portfolios of pooled investment vehicles it advises. As a result, the Firm is deemed to have indirect access to the funds and securities of its limited partnerships. Pursuant to Rule 206(4)-2 of the Investment Advisors Act of 1940, the Firm is deemed to have custody of these assets. Accordingly, the Firm has implemented certain policies and procedures to safeguard investor assets on behalf of all its limited partnerships. The Firm must also comply with additional bookkeeping, auditing and disclosure requirements. All investors are encouraged to closely monitor the account statements, audited financial statements and any other important investment related materials they may 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 most Client accounts, the Firm has complete discretion over the selection and amount of securities to be bought or sold without obtaining consent or approval (within the parameters established by the private placement memorandum of the Private Funds or investment management agreements applicable to Separate Accounts). Discretionary authority will only occur upon full disclosure to the Client and authorization by such Client pursuant to a Separate Account Agreement or the operative documents and subscription agreement of a Private Fund. All trades made by Ranger on behalf of client accounts for which it has discretion will be in accordance with that client's investment objectives and goals.

Item 17 – Voting Client Securities

The SEC has adopted Rule 206(4)-6 under the Advisers Act. Under this rule, a registered investment adviser that exercises voting authority over client securities is required to implement proxy voting policies and describe those policies to its Clients. Although some matters voted on by the Firm on behalf of its entities might not be considered conventional "proxy votes" for issuers of listed equity securities, nevertheless the Firm applies the basic requirements of Rule 206(4)-6 to its votes on behalf of all of its entities. The Firm primarily provides investment advisory services to its Clients, whose investment programs involve investing assets in underlying hedge funds. The Firm has authority to vote on matters relating to, or give approval/consent to amendments proposed by, such underlying hedge funds. However, the Firm does not have proxy voting authority with respect to issuers of securities in which the underlying hedge funds invest.

Item 18 – Financial Information

Ranger Advisors, L.P. has no 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.