

## Item 1- Cover Page



### Ranger International Management, L.P.

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March 31, 2012

This Brochure provides information about the qualifications and business practices of Ranger International Management, L.P. ("Ranger" or the "Firm"). 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 registered with the United States Securities and Exchange Commission in September 2010 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 International Management, L.P. (CRD # 152714) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about persons who are both affiliated with Ranger International Management, L.P. and registered as investment advisors with the SEC.

## Item 2- Material Changes

SEC rules require Ranger, 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 2 (the "Brochure") provides information about a variety of topics relating to an Ranger's business practices and conflicts of interest. *Part 2B* of the Form ADV 2 (the "Brochure Supplement") provides information about certain Ranger advisory personnel.

Item 2 of this Brochure discusses only specific material changes made to the Brochure from the most recent prior filing date and provides clients with a summary of such changes.

The effective date of this Brochure is March 31, 2012, and updates the Brochure filed on March 31, 2011. Included below is a summary of the material revisions made to the previous version of the Firm's Brochure.

1. On September 30, 2011, Ranger Capital Group Holdings, L.P. ("Ranger Capital") sponsored the launch of the Ranger Funds Investment Trust ("Ranger Funds"), an Investment Company registered with the U. S. Securities and Exchange Commission in accordance with the Investment Company Act of 1940. The Firm serves as sub-adviser (the "Sub-Adviser") to Ranger International Management (TX), LP, the investment adviser to (1) the Ranger Quest for Income and Growth Fund, an active mutual fund class or series of the Ranger Funds and, (2) the Ranger International Plus Fund, an inactive mutual fund class or series of the Ranger Funds. For more information regarding the material revision made to the Brochure with respect to the Ranger Funds, please see the following sections:
  - a. Item 4 – Advisory Business
  - b. Item 5 – Fees & Compensation
  - c. Item 7 – Types of Clients
  - d. Item 10 – Other Financial Industry Activities and Affiliations
2. All other changes to the Brochure were immaterial.

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## Item 4- Advisory Business

Ranger International Management, L.P. (“Ranger” or the “Firm”) was founded in 2010. The firm is controlled by its General Partner, Ranger International Group, LLC (the “General Partner”). The General Partner is jointly controlled, with equal voting membership percentages, by two managing members, Ranger Capital Group Holdings, L.P. and Andersen Capital International, LLC. The company’s principal and only service is providing investment advisory service to Ranger International Management (TX), L.P. This advisory service is based on three specific strategies: 1) the International Plus strategy; 2) the International strategy and 3) the Global Income and Growth strategy.

As of December 31, 2011, Ranger managed approximately \$15 million of client assets, all of which are managed on a discretionary basis.

### Investment Advisory Services

Subject to the delegation of investment authority as the Sub-Adviser, the Firm provides continuous investment management services to Ranger International Fund, LP, a Texas limited partnership which serves as a pooled investment vehicle ( the “Private Fund”) and a mutual fund (the “Mutual Fund” and together with the Private Fund, the “Clients”).

Investment supervisory services include: (1) establishing a client’s investment objectives within the Global Income and Growth Portfolio, International Plus Equity Portfolio or International Equity Portfolio investment strategies; (2) buying or selling portfolio securities on behalf of each client; and (3) periodically reporting to clients and investors with current investment holdings, valuations, transactions, capital gains or losses, investment income and performance.

### Classes of Limited Partnership Interest in the Ranger Private Fund.

Ranger International Fund, L.P. offers three classes of limited partnership interest, each of which has differing investment objectives. Included below is a brief description of each class of limited partnership interest and a summary of its investment objectives.

- **Global Income and Growth Portfolio Class.** Ranger’s Global Income and Growth strategy seeks income by investing globally in an array of high yielding securities, primarily equities, which provide meaningful current income combined with the potential for capital appreciation. To achieve the fund’s objectives, the Ranger team employs a bottom-up, fundamental research approach to investing in high yielding equities, convertible and preferred securities, closed-end bond funds, master limited partnerships and real estate investment trusts that it believes will provide returns balanced between income and capital appreciation.
- **International Plus Portfolio Class.** Ranger’s International Plus strategy seeks to achieve its investment objective by investing in common stocks of companies

located both in and outside of the U.S. The fund invests in common stocks directly and through American depositary receipts ("ADRs"). Under normal market conditions, the fund invests at least 40% of its assets in securities of non-U.S. companies from at least three foreign countries. The fund invests without restriction as to issuer country (including emerging markets), capitalization or currency.

- **The International Portfolio Class.** Ranger's Global Income and Growth strategy seeks income by investing globally in an array of high yielding securities, primarily equities, which provide meaningful current income combined with the potential for capital appreciation. To achieve the fund's objectives, the Ranger team employs a bottom-up, fundamental research approach to investing in high yielding equities, convertible and preferred securities, closed-end bond funds, master limited partnerships and real estate investment trusts that it believes will provide returns balanced between income and capital appreciation.

The Firm solicits investors for the Ranger Private Fund and each class of limited partnership interest therein, within its capacity as general partner of the Ranger Private Fund.

#### Ranger Mutual Funds

The Firm serves as sub-adviser to the Ranger Quest for Income and Growth Fund and the Ranger International Fund, each a mutual fund series of Ranger Funds Investment Trust (the "Ranger Mutual Funds"), an investment company registered under the Investment Company Act of 1940.

- The **Ranger Quest for Income and Growth Fund** seeks income by investing globally in an array of high yielding securities, primarily equities, which provide meaningful current income combined with the potential for capital appreciation. To achieve the fund's objectives, the Ranger team employs a bottom-up, fundamental research approach to investing in high yielding equities, convertible and preferred securities, closed-end bond funds, master limited partnerships and real estate investment trusts that it believes will provide returns balanced between income and capital appreciation.
- The **Ranger International Fund** seeks to achieve its investment objective by investing primarily in common stocks of companies located outside of the U.S. The fund invests in common stocks directly and through American depositary receipts ("ADRs"). Under normal market conditions, the fund invests at least 40% of its assets in securities of non-U.S. companies from at least three foreign countries. The fund invests without restriction as to issuer country (including emerging markets), capitalization or currency.

## Item 5- Fees and Compensation

### Private Limited Partnerships

The Firm serves as a sub-advisor to Ranger Investment Management (TX), LP (“Ranger TX”, and together with Ranger, the “Firms”). The Firms 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 the Private Fund, the offering documents of the Private Fund.

The Firms reserve the right to negotiate Management Fees with clients which differ from the standard schedule, based on specific circumstances and on a case by case basis. Examples of these circumstances include, without limitation: the relative size of a client account, a client’s affiliation to the Firms, 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 investment in a separate account may provide flexibility with respect to investment terms which are not afforded to investors in the Private Fund.

Management Fees are generally referenced at an annual rate, but are typically calculated and charged in advance on a quarterly basis. To the extent that a client redeems its investment, the Firm promptly will refund all fees paid in advance for applicable periods after such redemption date.

### Standard Fee Schedule for the Ranger Private Fund

<b>Ranger International Fund, L.P.</b>	<b>Annual Management Fee</b>
<i>Class of Limited Partnership Interest</i>	
International Class	One Percent (1.00%)
International Plus Class	One Percent (1.00%)
Global Income and Growth Class	One Percent (1.00%)

### Standard Fee Schedule for Ranger Mutual Funds

<b>Ranger Mutual Fund</b>	<b>Annual Management Fee</b>
Ranger Quest for Income & Growth Fund	One Percent (1.00%)
Ranger International Fund	One Percent (1.00%)

*\* 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 Separate Accounts

<b>Ranger Strategy</b>	<b>Annual Management Fee</b>
Global Income and Growth	One Percent (1.00%)
International Plus	One Percent (1.00%)
International	One Percent (1.00%)

### Management Fees Exclusive of Expenses

Management Fees are exclusive of expenses associated with investments in the Separate Accounts, Mutual Funds and/or Private Funds. Although, the Firms are responsible for their general overhead expenses, Clients bear the cost attributable to their investment activities and operations, including without limitation, expenses associated with trading, administration/custody 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, Ranger Private Fund or Ranger Mutual Fund, including fees of a third party administrator, transfer agent, or custodian; (iv) expenses incurred in connection with a Private Fund's financial statements and/or tax returns; (v) attorneys' and accountants' fees and disbursements; (vi) taxes and other governmental charges or fees levied against a Private Fund, including registration or filing fees; and (viii) insurance (including with respect to 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. 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%.

### Expense Cap Limitation Agreements

The Firm has entered into an expense limitation agreement with the Ranger Mutual Funds to reduce its fees and to reimburse expenses, at least until November 30, 2012, 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 1.20% of the Ranger Quest for Income and Growth Fund's average daily net assets and/or the Ranger International 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 additional information describing the factors that the Firms consider 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 Firms do 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 Firms may enter into agreements with an affiliated or unaffiliated marketing group or individuals that will solicit separately managed accounts or investors for the Private Fund managed by the Firms or an affiliate. For their solicitation services, such marketing groups may receive a percentage of the Firm's Management Fee.

The Firms' 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 Firms have 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](http://www.rangerfunds.com) or by contacting the Funds' transfer agent at (866) 458-4744.
- Additional Information regarding each Ranger Private Fund may be found such Fund's private placement memorandum and limited partnership agreement, a copy of which may be obtained by contacting the Firm at (214) 871-5200.

## **Item 6- Performance-Based Fees and Side-By-Side Management**

In rare circumstances, the Firms may enter into performance fee arrangements with qualified clients. 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 generally invests in liquid exchange traded securities which effectively mitigates trade allocation conflicts presented by performance based fee arrangements. In addition, Ranger employs procedures designed and implemented to treat all clients fairly and



equally, and to prevent this potential conflict from influencing the allocation of investment opportunities among clients. The Firm's Portfolio Managers review and monitor client orders and the Operations Manager confirms these orders once they are complete.

## **Item 7- Types of Clients**

Ranger generally provides direct investment advisory services to institutional investors such as mutual funds and private pooled investment vehicles. 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 separately managed account, (ii) one million dollars (\$1,000,000.00) for a limited partnership interest in a Ranger Private Fund, and (iii) between twenty-five thousand dollars (\$25,000.00) and one million dollars (\$1,000,000.00), for shares of a Ranger Mutual Fund, depending on the class of shares. However, the Firm may accept lesser amounts at its sole discretion.

## **Item 8- Methods of Analysis, Investment Strategies and Risk of Loss**

In addition to information found in Item 4 – Advisory Business, Ranger's investment philosophy uses the principles of value, safety and quality to seek investment candidates. The Firm places emphasis on risk control, believing that seeking to avoid large losses allows the inherent appreciation potential of securities to be realized.

In looking for investments, Ranger International uses a variety of sources of information, all publically available. These include news feeds (Bloomberg), investment letters and websites, 13D and 13F filings made by investors with the US Securities and Exchange Commission (SEC) and company 10-Q and 10-K filings. Among other tools, Ranger International also makes use of screens to initially identify prospective companies in which to invest.

Ranger International uses two risk management tools to enhance portfolio construction, to monitor fundamental characteristics of the holdings and to manage risk. The firm's portfolio management system enables the investment team to monitor the portfolios in real time. In addition, Ranger uses a proprietary tool called the "Suspect List", an automated analysis that monitors 23 fundamental and technical indicators of the portfolio holdings.

### **RISK FACTORS**

**AN INVESTMENT IN ONE OF THE FIRM'S PRIVATE FUNDS, MUTUAL FUNDS OR SEPARATELY MANAGED ACCOUNTS (TOGETHER, A "RANGER ACCOUNT") ENTAILS A 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 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.**

#### *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 the price movements and/or 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.

#### *Concentration Risk*

Generally, the Firm's investment strategies invest in between 30 to 35 investment holdings, which represents 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.

#### *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 profits 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.

### *Trading on Non-U.S. Exchanges*

The Firm will engage in trading on exchanges outside the United States. Trading on such exchanges is not regulated by any United States governmental agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign exchanges are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of an exchange or clearing organization. Moreover, such trading may be subject to whatever regulatory provisions are applicable to transactions effected outside the United States, whether on foreign exchanges or otherwise. Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect the Firm’s trading activities. The risks of investing in non-U.S. securities may also include: reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets and higher brokerage commissions and custody fees. Furthermore, foreign trading is also subject to the risk of changes in the exchange rate between United States dollars and the currencies in which securities traded on such exchanges are settled.

### *Investments in International Markets, including Emerging Markets*

The Firm will invest a substantial portion, or the entirety, of its portfolio in investments which are non-U.S. based. The Firm’s portfolios will therefore be subject to certain additional risks that are not usually associated with similar investments in the U.S. and other industrialized democracies including: fluctuation in currency exchange rates, the imposition of exchange control regulations, the possibility of expropriation decrees, more limited information about issuers and their operations, different accounting standards, sub-standard regulatory environment and smaller, less liquid markets. Furthermore, political and economic risk may be substantial, especially in Emerging Markets. Emerging Markets in particular have a history of imposing unfriendly controls on foreign investors during times of economic stress. Investment in international markets, and especially emerging market countries, therefore carry a higher degree of risk than investment in securities based in the U.S.

### *Currency and Exchange Rate Risks*

The Firm may invest in securities denominated in currencies other than the U.S. Dollar or in securities which are determined with references to currencies other than the U.S. Dollar. The Firm, however, will value its assets in U.S. Dollars. The Firm will not be hedging currencies applicable to its portfolio and therefore the value of the Firm’s assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of their investments in the various local markets and currencies. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which the Firm may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of Firm’s securities in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of

increases and reducing the effect of decreases in the prices of the Firm's non-U.S. Dollar securities.

#### Risks Relating to Ranger Quest for Income and Growth Portfolio Only

##### *Real Estate Investment Trust, Master Limited Partnership, Business Development Company, and Closed End Fund Risks*

The Global Income & Growth Portfolio may invest in Real Estate Investment Trusts (a “REIT”), Master Limited Partnerships (an “MLP”), Business Development Companies (a “BDC”), and Closed End Funds (a “CEF”), each of which involves some risks which differ from an investment in the common stock of a corporation. Holders of REIT, MLP, BDC, and CEF securities generally have limited control and voting rights on matters affecting the entity. In addition, there are: (i) certain tax risks associated with an investment in such entities, and (ii) conflicts of interest exist between common equity holders and the general partner of MLPs in which the Global Income and Growth Portfolio may hold investments, including those arising from incentive distribution payments.

##### *General Real Estate Risks*

The Global Income and Growth Portfolio will not invest in real estate directly, but may invest in securities issued by real estate companies, including REITs. Real property investments, and therefore indirect investment in real property, are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as: applicable laws (e.g., Americans with Disabilities Act and tax laws), interest rate levels, and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the real estate company to make payments of any interest and principal on its debt securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants.

The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located, affects occupancy, market rental rates and expenses, and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited.

A real estate company may also have joint venture investments in certain of its properties, and consequently, its ability to control decisions relating to such properties may be limited. Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

### *Acquisition Risk*

The abilities of a REIT, MLP or BDC to appreciate and to increase distributions to security holders may be highly dependent on its ability to make acquisitions that result in an increase in adjusted operating surplus. A REIT, MLP or BDC's future growth and ability to provide distributions will be limited in the event it cannot make such acquisitions because it is unable to: identify attractive acquisition candidates, negotiate acceptable purchase contracts, raise financing for such acquisitions on economically acceptable terms, and/or outbid competitors.

Furthermore, even if a REIT, MLP or BDC does consummate acquisitions that they believe will be advantageous, the acquisitions may instead result in a decrease in adjusted operating surplus.

Any acquisition involves risks, including, among other things: mistaken assumptions about revenues and costs, including the assumption of unknown liabilities; limitations on rights to indemnity from the seller; the diversion of management's attention from other business concerns; unforeseen difficulties operating in new product or geographic areas; and customer or key employee losses at the acquired businesses.

### *Interest Rate Risk*

Rising interest rates could adversely impact the financial performance of a REIT, MLP, BDC, or CEF by increasing its costs of capital. This may reduce its ability to execute acquisitions or expansion projects in a cost-effective manner.

### *Increasing Interest Rates May Negatively Affect the Value of an Investment*

REIT, MLP, BDC, and CEF valuations are based on numerous factors, including sector and business fundamentals, management expertise, and expectations of future operating results. However, REIT, MLP, BDC, and CEF yields are also susceptible in the short-term to fluctuations in interest rates and, like treasury bonds, the prices of REIT, MLP, BDC, and CEF securities typically increase when interest rates fall and decline when interest rates rise. The Global Income and Growth Portfolio anticipates investments in REIT, MLP, BDC, and CEF opportunities, and therefore the value of the Global Income and Growth Portfolio may decline if interest rates rise.

In addition to the risks of equity securities and securities linked to the real estate market, preferred stocks and high yield equities also are more sensitive to changes in interest rates than common stocks. When interest rates rise, the value of preferred stocks and high yield equities may fall.

### *Risks of Investment in Lower-Rated Securities*

Lower-rated securities may be considered speculative with respect to the issuers continuing ability to make principal and interest payments. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher quality debt

securities, and the Global Income and Growth Portfolio's ability to achieve its investment objectives may, to the extent it invests in lower-rated securities, be more dependent upon such creditworthiness analysis than would be the case if it were investing in higher quality securities. The Global Income and Growth Portfolio may invest in high yield securities that are rated CCC or higher by S&P, or CAA or higher by Moody's, or unrated securities that are determined by the Firm to be of comparable quality. An issuer of these securities has a currently identifiable vulnerability to default and the issuer may be in default or there may be present elements of danger with respect to principal or interest.

Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher grade securities. The prices of lower-rated securities may be less sensitive to interest-rate changes than more highly rated investments, but more sensitive to adverse economic downturns or individual corporate developments. Yields on lower-rated securities will fluctuate. If the issuer of lower-rated securities defaults, the Global Income and Growth Portfolio may incur additional expenses to seek recovery.

The secondary markets in which lower-rated securities are traded may be less liquid than the market for higher grade securities. Less liquidity in the secondary trading markets could adversely affect the price at which the Global Income and Growth Portfolio could sell a particular lower-rated security when necessary to meet liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the issuer, and could adversely affect and cause large fluctuations in the net asset value of the Global Income and Growth Portfolio. Adverse publicity and investor perceptions may decrease the values and liquidity of high yield securities.

It is reasonable to expect that any adverse economic conditions could disrupt the market for lower-rated securities, have an adverse impact on the value of such securities, and adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon. New regulation and proposed new regulations may adversely impact the market for lower-rated securities.

#### *Portfolio Turnover*

The investment portfolios managed by the Firm will not be restricted in effecting transactions by any specific limitations with regard to their portfolio turnover rate. While recent portfolio turnover has been relatively low, unusual market activities or other unforeseen events may result in substantial portfolio turnover at any point in the future.

### **POTENTIAL CONFLICTS OF INTEREST**

#### *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 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 securities 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.

### *Personal Trading*

Personal trading by employees of the Firm may create potential conflicts of interest with respect to the portfolio's the Firm manages on behalf of its investors. "Front running" client accounts is a common example of such a conflict. For additional information with respect to the policies and procedures the firm has implemented to mitigate conflicts associated with personal trading, please see Item 11 – Code of Ethics or by contacting the Firm at (214) 871-5200.

### *Soft Dollar Credits*

The Firm has employed a soft dollar policy that falls within the safe harbor established by Section 28(e) of the Securities Exchange Act of 1934 ("1934 Act"). However, 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. For additional information regarding the Firm's use of soft dollars and broker selection, please see Item 12 – Brokerage Practices.

***Investing in securities involves risk of loss that clients should be prepared to bear.***

## **Item 9- Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the Firm or the integrity of Ranger's management team. The Firm has no information applicable to this item.

## **Item 10- Other Financial Industry Activities and Affiliations**

Andersen Capital International, LLC and Ranger Capital Group Holdings, L.P. ("Ranger Capital"), jointly control, with equal voting membership percentages, Ranger International Management, LP. In turn, Ranger International Management, L.P. is affiliated with Ranger

International Management (TX), LP by virtue of common control and ownership by Ranger Capital Group Holdings, L.P.

Andersen Capital International, LLC is wholly owned by William R. Andersen. Mr. Andersen is President and Chief Investment Officer of his firm, Andersen Capital Management, of Lake Forest, IL.

#### Ranger Affiliated Investment Advisers

In addition, the Firm and each of the following investment advisers are affiliated by virtue of common control and ownership by Ranger Capital. Each Ranger adviser mentioned below maintains independent investment teams and processes, and focus on different investment strategies.

- Ranger Investment Management, L.P. manages investment portfolios which consist of the U.S. exchange traded equity securities of small and/or mid capitalization growth oriented companies.
- Ranger Advisors, L.P. manages multi-strategy fund-of-hedge funds.
- 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. Portfolio investments generally include short sales of mid- and large-cap U.S. exchange-traded equity securities.
- Ranger Fund Management, L.P. manages fund of funds portfolios whose primary objective is to invest a variety of strategies advised by Ranger affiliated investment advisers.

All Ranger Capital affiliated 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 & Personal Trading**

The Firm has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. Specifically, the Code of Ethics details the Firm's policies and procedures relating to the confidentiality of client information, a prohibition on insider trading and personal securities trading procedures, among other things. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics.

The Code of Ethics is designed to assure the personal securities transactions, activities and interests of the employees of the Firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that



these would materially not interfere with the best interest of Ranger clients. The Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code of Ethics would permit employees to invest in the same securities as those held in the client portfolios the Firm advises, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Firm and its client.

## **Item 12- Brokerage Practices**

Generally, the Firm has complete investment and brokerage discretion over client accounts.

### Broker Selection and Transactions

The Firm selects brokers for its direct securities transactions based on a number of factors, including, but not limited to, the following: 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; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research products or 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.

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 services, as that term is used in Section 28(e)(3), 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 services obtained may include a broad variety of financial and 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.

In considering through which firm brokerage transactions should be executed, the Firm considers research and brokerage services provided to it, among other things. 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 the amount of commission another broker or dealer would have charged 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 an internal allocation procedure to identify those brokers who have provided it with research and execution services that the Firm considers useful to its investment decision-making process. The amount of brokerage specifically allocated to any broker will be based, in part, on the cost of such research to the broker, and the amount allocated is generally 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 obtained by the Firm 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 utilize 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, the traders and its Chief Compliance Officer. At the meeting issues such as, the quality of execution, quality of research, responsiveness of the broker, access to analysts and access to company management are reviewed. Each active broker dealer on the approved list is also discussed to determine whether the commissions earned are commensurate with the value received from each broker dealer. At this time trading costs associated with commission levels are also measured and reviewed. Following the review, the Portfolio Manager makes appropriate revisions and, together with the Chief Compliance Officer, documents the changes made to the approved list of broker/dealers.

Each quarter as part of the best execution review, and also any instance in which a soft dollar vendor is either added or removed, a member(s) of the investment team and the Chief Compliance Officer will discuss general soft dollar activities and possible changes 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 allocations targeted for the current quarter or year are in line with the budgeted amounts

Ranger's compliance staff members document and maintain information discussed during the best execution review.

#### Soft Dollar Reviews

In addition to quarterly reviews, the Firm will conduct an annual evaluation of its soft dollar products and services to, ensure the products and services continue to provide the value to the investment manager which was originally established upon initial evaluation.

Every month, all copies of invoices for soft dollar products and services are reviewed by a member of the accounting department and then forwarded to the Portfolio Manager 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. The research payments are reviewed by a member of the accounting department, and the commissions are reviewed by the Portfolio Manager to ensure payments have been properly reconciled to the commission list submitted by the soft dollar broker to a commission report.

Any discrepancies are resolved by the soft dollar broker, and any unresolved disputes will be promptly brought to the attention of the Chief Compliance Officer and Chief Financial Officer.

#### Mixed-Use Soft Dollar Products and Services

In some instances, brokerage and research products or services received by the Firm 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 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 portion in cash using its own funds. Mixed-use allocation decisions are generally based on a reasonable combination of factors such as:

- the percentage of time devoted to the Firm's use of the product for research vs. non-research applications;
- the relative value of the product for each use as the Chief Compliance Officer and Chief Financial Officer determine to be reasonable and appropriate; and,
- the availability and value of comparable products and services.

Under supervision from the Chief Compliance Officer, all mixed-use soft dollar items will be evaluated upon initial receipt of the product or service, and then again on an annual basis, by users of the products and services. Evaluation results, along with guidance from

the Chief Financial Officer, will assist the Chief Compliance Officer in the establishment of a final mixed-use allocation decision.

#### Directed Brokerage

An investor may instruct the Firm to effect securities transactions from the investor's account through a specific broker/dealer. This instruction will be construed as a "directed brokerage arrangement." In such circumstances, the investor 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 or be able to aggregate the investor's transactions for execution through other broker/dealers, with orders for other accounts advised or managed by the Firm, which may result in a directed trade being placed following aggregated trading activity for a particular security. As a result, the Firm may not obtain best execution on behalf of the investor, 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.

#### Trade Aggregation

Generally, trades client orders on an alternating basis. Client orders are reviewed and monitored by the Portfolio Manager and confirmed by the Operations Manager. All accounts with similar investment guidelines are typically managed *pari passu*.

### **Item 13- Review of Accounts**

William R. Andersen, CFA is founding principal of Ranger International Management L.P, will be the primary reviewer of the investment accounts the Firm advises on behalf of Ranger TX and will review them regularly. In addition, a major movement in a security or in the market as a whole will trigger an additional review. The investment strategies and goals will be monitored and reviewed regularly. Ranger's compliance staff also reviews the accounts to confirm that the investment activity adheres to each strategies investment guidelines.

The holdings of the portfolios and their performance are reviewed daily. Chief Investment Officer, William Andersen, CFA writes a quarterly investment letter summarizing the performances of the strategies and communicating a general market outlook.

### **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 Private Fund 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 direct 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, which indirectly gives the Firm authority to take possession of client funds and securities. As a result, the Firm is deemed to have custody of such funds and securities pursuant to Rule 206(4)-2 of the Investment Advisors Act of 1940. Accordingly, the Firm has implemented certain policies and procedures to safeguard investor assets. In addition, the Firm must comply with additional bookkeeping, auditing and disclosure requirements, which includes providing investors in the Private Fund with audited financial statements on an annual basis.

The Firm strongly encourages investors to closely monitor the account statements, audited financial statements and 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**

Generally, the Firm has complete discretion over the selection and amount of securities to be bought or sold for investor accounts without obtaining their consent or approval (within the parameters established by the private placement memorandum of the Private Fund, the prospectus of the Mutual Funds or the investment management agreements applicable to Separate Accounts).

Discretionary authority will only be authorized upon full disclosure to the client and by that client specifically authorizing said authority through the execution of a private placement memorandum or investment management agreement. Trades the Sub-Advisor executes on behalf of the discretionary accounts will be in accordance with that client's investment objectives and goals.

### **Item 17- Voting Client Securities**

The Firm has the right to vote proxies for Private Fund, Mutual Fund and other accounts it sub-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, 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 the proposal to be voted. The Firm's Portfolio Manager is 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 Firm's proxy voting policy and procedures are available for review by investors in the Private Fund, the Mutual Fund or separate accounts advised by the Firm. In addition, the Firm maintains a record of all of the proxy votes cast on behalf of the Private Fund, Mutual Fund and separate accounts it advises; such records may be obtained by clients upon written request to [info@ranger-international.com](mailto:info@ranger-international.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 Ranger Private Fund, a Ranger Mutual Fund or a Separate Account it advises or advised. 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, that 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, in many cases, may not participate 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 its client, and has not been the subject of a bankruptcy proceeding.