

Item 1 – Cover Page



R A N G E R

Adviser Brochure

Form ADV Part 2A

Ranger Advisors, L.P.

2828 N. Harwood Street, Suite 1900

Dallas, Texas 75201

(214) 871-5200

March 31, 2018

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

Ranger Advisors, L.P. is registered with the United States Securities and Exchange Commission (the “SEC”) in accordance with the Investment Advisers Act of 1940 (the “Advisers 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 advisers with the SEC.

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

Item 2 – Material Changes

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

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

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

The effective date of this Brochure is March 31, 2018, and updates the Brochure dated March 31, 2017. A summary of the material revisions made to the previous version of the Firm’s Brochure is as follows:

1. **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** was expanded to include additional risk disclosures, including but not limited to risks specific to private fund investments.
2. All other amendments to the Brochure were immaterial.

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Item 4 – Advisory Business

Ranger Advisors, L.P. (“Ranger” or the “Firm”) is an investment adviser founded in 2000. January 2006 Ranger registered with the United States Securities and Exchange Commission (the “SEC”), in accordance with the Investment Advisers Act of 1940. 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, 2017, Ranger managed approximately \$20,194,149 million in discretionary assets under management. Ranger is permitted to employ leverage on behalf of certain enhanced classes of interests or shares in pooled investment vehicles. However, as of the date hereof, leverage is not currently being employed by the enhanced classes of shares or interests. Classes of interest or shares which are not designated as enhanced are not authorized to 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, only 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 primarily, but not exclusively, by affiliated investment advisers (each, a “Portfolio Investment”), within a variety of investment strategies.

Current Ranger affiliated investment advisers which serve as prospective Portfolio Investments and a brief description of the strategies they manage, include:

- Ranger Investment Management, L.P. manages investment portfolios which consist of U.S. exchange traded equity securities of primarily micro, small and/or mid capitalization growth oriented companies.

- Ranger International Management, LP manages investment portfolios which consist of long-only (i) global income and growth, and (ii) international equity portfolios.
- Ranger Alternative Management, L.P. serves as a sub-adviser to and manages the day-to-day portfolio management activities of the Ranger Equity Bear ETF (HDGE). Generally, the Ranger Alternatives' investment team invests, on a short basis only, in the U.S. exchange traded securities of mid to large capitalization companies.
- Ranger Alternative Management II, LP manages investment portfolios which consist of secured and unsecured consumer and business loans originated by direct lending sources.

In addition to the Ranger affiliated investment advisers above, Ranger may on a more limited basis also invest in products and advisory services of non-affiliated investment advisers.

The Ranger investment advisers and strategies mentioned above may be subject to change at the sole discretion of the Firm without prior notice to current or prospective investors. In addition, the Firm may, at its sole discretion, may include or exclude certain strategies from management. Additional information regarding any Ranger adviser or strategy may be obtained by contacting the Firm at (214) 871-5200 or on-line at www.rangercap.com.

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, 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.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.

The Firm is currently not soliciting or accepting new investments for its Private Funds. However, while not applicable at this time, the Firm may, as of any future date and without prior notice, solicit investors for each of the Private Funds. To the extent the Firm begins accepting new investments in the Private Funds, such investment will be limited to accredited investors. In addition, current and prospective investors should ensure that they are capable of evaluating the merits and risks of an investment in a Private Fund prior to initiating or maintaining an investment in the 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 have the authority to employ leverage (the “Leverage Feature”) at either the portfolio or underlying investment level (the “Enhanced Classes”) and classes of limited partnership interest or shares which do not have the authority to employ leverage at either the portfolio level or underlying investment level (the “Non-Enhanced Classes”).

The Enhanced Classes may implement leverage by employing credit facilities, swap agreements, structured products, or margin leverage.

Although the Private Funds are not currently employing leverage, the Enhanced Classes may seek to employ leverage at a later date. To the extent that the Leverage Feature is employed, the leverage ratio may be targeted at a level which will leverage the Enhanced Classes by one hundred percent (100%). In addition, 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 adviser to investors who have opened 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 an investor’s investment objectives and guidelines, as set forth within the investor’s Investment Advisory Agreement, as well as any written instructions provided by the investor to Ranger.

Although subject to change without advance notice, the Firm is currently not soliciting or accepting new separate account Clients.

Item 5 – Fees and Compensation

Ranger Private Funds

Investors in the 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 investors of the Private Funds may be negotiable based on specific circumstances and on a case by case basis, including without limitation due to the relative size of an investor’s account, an investor’s affiliation to Ranger, and/or an investor’s status as a seed investor. Accordingly, advisory fees incurred by investors may vary substantially.

Advisory Fees are generally deducted from investor assets, with the exception of certain Separate Accounts, which may request that fees be billed to and paid directly by the investor.

Investors in 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 an investor'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 investor 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 an investor'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 an investor's 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 an investor's account 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 or Fee
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.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

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, including any leverage embedded in the notional value of structured products. 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. With respect to structured products, if the Enhanced Interests or Shares are invested in a structured product with \$1,000 in margin but with a \$2,000 notional value, Management Fees are charged on the \$2,000 notional value of the structured product.

While the Firm has discretionary use of leverage on behalf of the Enhanced Interests and Shares ranging up to 200%, it is currently not employing leverage and generally targets leverage of up to 100% or below. To the extent that the Firm 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.

Multiple Layers of Fees and Expense

An investment in a Private Fund 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 advisers of Portfolio Investments undertaken by the Private Funds or Separate Accounts, most or all of which are advised by Affiliates of the Firm, each of which are entitled to management fees and performance fees for their services. Unaffiliated underlying investment advisers 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 up to twenty percent (20%). Affiliated underlying investment advisers are typically entitled to an annual management fee of one percent (1%) and performance fees of up to ten percent (10%). 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.

Investors are encouraged to carefully consider the multiple layers of fees incurred by an investment in a Ranger Private Fund or Separate Account. **PRIVATE PLACEMENT MEMORANDUMS AND BROCHURES ARE AVAILABLE FOR EACH OF THE FIRM'S UNDERLYING PORTFOLIO INVESTMENTS BY CONTACTING THE FIRM AT (214) 871-5200. INVESTORS ARE ENCOURAGED TO REQUEST AND CAREFULLY REVIEW THE**

PRIVATE PLACEMENT MEMORANDUMS AND FIRM BROCHURES FOR EACH OF THE APPLICABLE PORTFOLIO INVESTMENTS ATTRIBUTABLE TO A RANGER PRIVATE FUND OR SEPARATE ACCOUNT.

The Private Funds and Separate Accounts invest in affiliates of the Firm. To the extent that an investment is made in such affiliate, the terms of such investment may not be at arm's length.

Advisory Fees Exclusive of Expenses

Management Fees and Performance 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 bear the costs attributable to their investment activities and operations, including without limitation, expenses associated with 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, 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 a third party administrator; (iv) fees and expenses associated with and/or paid to Portfolio Investments and their investment advisers, 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 Firm; 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.

Please see **Item 5 - Fees and Compensation** for further description on performance fees.

Item 7 – Types of Clients

Ranger generally provides investment advisory services to insurance companies and qualified and accredited individuals or entities. Such advisory services may be provided directly through a Separate Account, or indirectly through investment in a Private Fund, each of which are deemed Clients of the Firm.

Investors in the Private Funds are generally required to make minimum initial investments of 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 portfolios, wherein a portfolio invests in private funds and/or separate accounts advised primarily, but not exclusively, by affiliated investment advisers (each, a “Portfolio Investment”), within a variety of investment strategies.

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 A PORTION 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 OR MAINTAINING 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, A COPY OF WHICH MAY BE OBTAINED BY CONTACTING THE FIRM AT (214) 871-5200 OR AT INFO@RANGERADVISORS.COM.

**Reference made herein to “Portfolios” references the portfolios of the Private Funds and the Separate Accounts.*

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 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.

Potential Loss of Investment

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

Overall Investment Risk

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

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

to bear the long-term time horizon expected with respect to an investment in a Private 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 price movements and/or the general value of securities and other investments. There can be no assurance that Ranger will be able to accurately predict these price movements or future valuation; nor can assurance be given that the Firm's investment Portfolios will generate income or appreciate in value. With respect to Ranger's investment strategies, there is also a degree of market risk. For these reasons, the Portfolio may also incur losses.

Legal, Regulatory and Political Uncertainties

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

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

Poor Economic Conditions

Portfolio Investments may be particularly susceptible to adverse macro-economic conditions. For example, rising levels of unemployment, reduced economic conditions, or general economic decline may increase the default rates of the Portfolio Investments beyond historical precedent or the Firm's expectation. Accurately predicting short or long-term macro-economic conditions is extremely difficult, and further the Firm will maintain its general investment objectives notwithstanding any changing macro-economic conditions. As such, there may be a significant differential between historical default rates and future default rates, which may lead to material and sustained losses for a Client Account.

Short Sales

The 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 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 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 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 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 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 writes 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 desires 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 Investment will be able to effect such closing transactions at a favorable price. If a Portfolio Investment 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 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 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 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 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. To the extent Portfolio Investments engage in transactions in futures contracts and options on futures contracts, the profitability of the Portfolio Investment 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 may have to be modified and that positions held by a Portfolio Investment 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 adviser 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 adviser 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 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 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 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 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.

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 Company Act of 1940, as amended (the "Company Act"), and their Underlying Managers may not be 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 may not have 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.

Both the Ranger Funds and the Portfolio Investments are authorized to make distributions in-kind of securities in lieu of or in addition to cash. In the event that distributions are made 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 Portfolio Investments 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 Portfolio Investments may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose the 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 unaffiliated Portfolio Investment for consistent adherence to a defined investment and risk management strategy, there can be no assurances that an unaffiliated 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 from the Ranger Funds 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.

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, could cause the Portfolios to be required to maintain their investments in Portfolio Investments. In such events, investors will be unable to withdraw their capital from the Portfolios.

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 INVESTMENTS IN DIRECT LENDING PORTFOLIOS.

Portfolio Investments may include an interest in a Private fund dedicated to portfolios which consist of secured and unsecured consumer and business loans originated by direct lending sources (“Direct Lending Funds”). The below risks relate specifically to investments in Direct Lending Funds by the Firm on behalf of Private Funds or Separate Accounts.

Illiquidity of Private Fund Interest or Shares and Portfolio Investments

Portfolio Investments that focus on portfolios which consisting of secured and unsecured consumer and business loans (“Debt Instruments”) originated by direct lending sources do not trade on any secondary market, have terms that may extend up to five years, and should be considered extremely illiquid investments. Although secondary markets are expected to develop over time, no assurances can be given that such expectations will materialize. Likewise, the Direct Lending Fund’s Limited Partnership Agreement or Operating Agreement (each a “Direct Lending Fund Agreement”) includes provisions which allow the Direct Lending Fund to redeem investors over the time it takes a Direct Lending Fund to accumulate sufficient liquidity by virtue of interest payments, principal payments and subscriber capital. In addition, the Direct Lending Fund Agreements contain provisions which allow the Direct Lending Funds to place withdrawing investors into a liquidating memorandum account whereby they will receive a *pro rata* portion of the Direct Lending Funds’ assets and be paid withdrawal proceeds in accordance with a Direct Lending Fund’s ability to liquidate such underlying Portfolio Investments. As such, investors will be directly and indirectly impacted by the illiquidity of the Portfolio Investments, and should not invest in a Direct Lending Fund if they are unable or unwilling to bear the long-term time horizon expected with respect to an investment in a Direct Lending Fund.

Interest Rates Risk

Debt Instrument yields are susceptible in the short-term to fluctuations in interest rates and, like other forms of fixed income securities (to the extent a secondary market exists), the intrinsic value of a Debt Instrument typically increases when interest rates fall and declines when interest rates rise. The advisor managing the Direct Lending Fund (the “Underlying Advisor”) anticipates the inherent and comparative value of Debt Instruments may decline if interest rates rise.

Movements of interest rates also have compounded effects on the maturity of such Debt Instruments. For example, Lending Platforms generally do not impose a prepayment penalty on Underlying Borrowers, and may impose a fee on Debt Instrument holders for processing prepayments. As such, declining interest rates incentivizes Underlying Borrowers to prepay and refinance their loans. The Underlying Advisor will, in such instances, have a reduced likelihood to benefit from the increased intrinsic value or continue enjoying the benefits of comparatively high interest rates when interest rates decline.

Conversely, rising interest rates incentivizes Underlying Borrowers to hold loans through maturity, because the comparative cost of securing a replacement loan increases in comparison to the loan. Thus, the Underlying Advisor will be forced to either bear the extended duration on Debt Instruments with interest rates less favorable than being offered by the marketplace or sell such Debt Instrument (to the extent a secondary market exists) at a loss of principal.

Poor Economic Conditions

Debt Instruments may be particularly susceptible to adverse macro-economic conditions. For example, rising levels of unemployment, reduced economic conditions, or general economic decline may increase the default rates of the Debt Instruments beyond historical precedent or the Underlying Advisor's expectation. Accurately predicting short or long-term macro-economic conditions is extremely difficult, and further the Underlying Advisor will maintain its general investment objectives notwithstanding any changing macro-economic conditions. As such, there may be a significant differential between historical default rates and future default rates, which may lead to material and sustained losses for a Fund.

Investment in Lower-Rated Debt Instruments Issued to Underlying Borrowers with Poor Credit

The Underlying Advisor may invest a portion of the Direct Lending Fund assets in Debt Instruments linked to Underlying Borrowers who have low or sub-prime FICO scores ("High Yield Debt Instruments"). Although the Direct Lending Funds maintain a default reserve against the higher level of defaults that the Underlying Advisor may estimate with High Yield Debt Instruments, such estimates are based on historical data that may be limited in scope with respect to certain Lending Platforms and prove generally inaccurate with respect to future results of any High Yield Debt Instrument. As such, High Yield Debt Instruments may be considered speculative with respect to the borrower's continuing ability to make principal and interest payments. High Yield Debt Instruments have a higher risk of default, and as such pose a more significant risk to a Fund with respect to the loss of principal and interest. Moreover, High Yield Debt Instruments may have material sensitivity to macro-economic downturns and other factors outside of the Underlying Advisor's control. Such macro-economic downturns may be outside of the Underlying Advisor's foresight and/or unexpectedly occur during the term of a Debt Instrument.

Some of the High Yield Debt Instruments may be linked to Underlying Borrowers who have "subprime" credit ratings. A "subprime" credit rating is traditionally defined as a FICO score below 640. Most of these Underlying Borrowers are people who have had difficulty obtaining loans from other sources, including banks and other financial institutions, on favorable terms, or on any terms at all, due to credit problems, limited credit histories, adverse financial circumstances, or high debt-to-income ratios.

The Underlying Advisor expects High Yield Debt Instruments to have a substantial rate of default, but may notwithstanding such default rate significantly if not entirely invest in such High Yield Debt Instruments (some of which may be linked to subprime borrowers) in circumstances where it believes that the relationship between interest rates and default will produce noteworthy returns on a net basis.

However, no assurance can be given that the expected default rates of High Yield Debt Instruments will not materially exceed historical or expected levels, exceed the default reserve set aside by the Underlying Advisor, thereby materially and negatively impacting a Fund and subjecting Investors to significant losses of their capital account.

Lack of Source Operating History

Many of the Lending Platforms in which the Direct Lending Funds invest have a limited operating history and track record upon which a Fund may base an evaluation of the Lending Platforms' operations or the historical default rates or performance of Debt Instruments or categories of Underlying Borrowers. The Underlying Advisor is reliant on such historical information to select investment candidates, and no assurances can be given that the amount of data available to the Underlying Advisor is sufficient for it to evaluate such Debt Instruments in context to market cycles or long-term developments. As such, there can be no assurance that a Fund will be able to achieve its investment objectives or that Investors will receive a return on their capital.

Dependence on Lending Platforms for Information

The Underlying Advisor is reliant on information provided by the Lending Platforms in selecting investments for a Fund. However, the Underlying Advisor may be unable to confirm the accuracy, comprehensiveness or quality of the information provided by such Lending Platforms. If such information proves to be inaccurate, incomplete or of generally poor quality; and/or if a Lending Platform ceases to provide such information, a Fund's investment program may be adversely affected. In addition, a Fund may be unable to accurately value the Portfolio Investments.

Valuation; Calculation of Net Asset Value

The valuation of Fund assets and liabilities is based on the Underlying Advisor's policies and procedures (as revised from time to time). There is no reliable liquid market for Portfolio Investments, so the valuations of a Fund's pool of Debt Instruments, may be imprecise and subject to inherent conflicts of interest. The Underlying Advisor's valuation of these assets affects the Management Fees and Performance Fee to which the Underlying Advisor is entitled. If those valuations are inaccurate, any new Investor and any withdrawing Investor may be adversely affected and the Underlying Advisor may receive a Management Fee and Performance Fee that is greater (or lesser) than the fees to which it otherwise would be entitled. The Underlying Advisor may not be able to effectively manage a Fund's investment portfolio, diversification and other internal guidelines and risks if a Fund's portfolio is inaccurately valued. Any such inaccuracy could affect the Investors adversely.

Non-U.S. Lending Platforms; Foreign Investment

A Direct Lending Fund may invest in Debt Instruments issued by Lending Platforms 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. Such Lending Platforms may be subject to less stringent reporting and informational standards, practices and requirements than those applicable to U.S. Lending Platforms.

Since foreign lending transactions often are denominated in currencies of foreign countries, a Fund 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 or long periods of time. A Fund will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or option contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Transactions in foreign countries may involve certain risks not applicable to transaction on U.S. Lending Platforms. Moreover, such transactions may be subject to whatever regulatory provisions are applicable to transactions effected outside the U.S., whether on foreign Lending Platforms or otherwise. Transactions on foreign Lending Platforms involve the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect a Fund's investment activities. A Fund's portfolio 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 control regulations, more limited information about Lending Platforms and their operations, different accounting standards, and sub-standard regulatory environment.

Currency and Exchange Rate Risks

A Direct Lending Fund may invest in Debt Instruments denominated in currencies other than the U.S. Dollar or in securities that are determined with references to currencies other than the U.S. Dollar. Each Direct Lending Fund, however, will value its assets in U.S. Dollars. The Direct Lending Fund does not currently intend to hedge currencies applicable to its portfolio and therefore the value of a Direct Lending Fund'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 a Direct Lending Fund 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 the Debt Instruments 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 non-U.S. Dollar Portfolio Investments.

Derivative Contracts. The Underlying Advisor may employ derivative contracts on behalf of a Direct Lending Fund's portfolio or hedge exposures. However, a Direct Lending Fund may, but is not required to, utilize various other instruments to seek a hedge against the risk of changes in the credit markets. These hedging strategies may be executed through the use of futures contracts

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

Derivative contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Underlying Advisor’s view as to certain market movements are incorrect, the risk that the use of such derivative contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of derivative contracts and price movements in the portfolio position of a Direct Lending Fund creates the possibility that losses in the value of a Direct Lending Fund’s position may be greater than the gain on the hedging instrument (or that a gain in a Direct Lending Fund’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 derivative contracts may have no markets. As a result, in certain markets, a Direct Lending Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of derivative 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.

A Direct Lending Fund 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, a Direct Lending Fund may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose a Direct Lending Fund to credit risk to the extent that the counterparty defaults on its obligations to perform under the relevant contract.

Bankruptcy of Lending Platforms

The Direct Lending Fund will invest in secured and unsecured Debt Instruments. Those investments are subject to the risks of a Lending Platform’s bankruptcy. A Direct Lending Fund may, in the Underlying Advisor’s discretion, invest in Lending Platforms that do not employ bankruptcy remote vehicles. To the extent certain Lending Platforms that do not employ bankruptcy remote vehicles enter into voluntary or involuntary bankruptcy, a Direct Lending Fund may be materially negatively impacted.

Insufficient Supply of Investments

A Direct Lending Fund depends on a sufficient supply of investments in Debt Instruments, which is outside of the Underlying Advisor’s control. If there is an insufficient supply of investments to meet a Direct Lending Fund’s demand, a Direct Lending Fund likely will limit additional capital-raising efforts. This could lead to a Direct Lending Fund being more concentrated in its existing portfolio and cause such Direct Lending Fund’s expense ratio to be higher than would otherwise be the case. In addition, there can be no assurance that a Direct Lending Fund will be able to acquire investments in the quantities and at the times it otherwise desires. In such cases, the Underlying Advisor may cause a Direct Lending Fund to hold extensive cash positions for extended periods of time, potentially adversely affecting such Direct Lending Fund’s performance.

Competition for Investments

The Direct Lending Funds will be competing for investment opportunities against other groups, including institutional investors, Underlying Advisors, industrial groups and merchant banks owned by larger and well-capitalized investors. The competition for investment opportunities may adversely affect the terms of the investments. Also, such competition may prevent a Direct Lending Fund from finding a sufficient number of attractive opportunities to meet its investment objectives.

Dependence on Verification of Borrowers

Each Direct Lending Fund generally depends on the Lending Platforms to verify the identity of borrowers, their credit histories, and in some cases, their employment status and income. A Direct Lending Fund may not be in a position to monitor those verification procedures and thus is subject to the risk that those procedures are, or over time become, inadequate to prevent negligence or fraud. To the extent that the rate of negligence or fraud increases, a Direct Lending Fund could be adversely affected.

Dependence on Lending Platforms for Information.

The Underlying Advisor is reliant on information provided by the Lending Platforms in selecting investments for a Direct Lending Fund. However, the Underlying Advisor may be unable to confirm the accuracy, comprehensiveness or quality of the information provided by such Lending Platforms. If such information proves to be inaccurate, incomplete or of generally poor quality; and/or if a Lending Platform ceases to provide such information, a Direct Lending Fund's investment program may be adversely affected. In addition, a Direct Lending Fund may be unable to accurately value the Portfolio Investments.

Illiquidity of Direct Lending Fund Interest or Share and Debt Instruments.

Debt Instruments do not trade on any secondary market, have terms that may extend up to five years or in certain circumstances, longer, and should be considered extremely illiquid investments. Although secondary markets are expected to develop over time, no assurances can be given that such expectations will materialize. Likewise, each Direct Lending Fund's operating agreement includes provisions which allow a Direct Lending Fund to redeem investors over the time it takes such Direct Lending Fund to collect sufficient liquidity by virtue of interest payments, principal payments and subscriber capital. In addition, each Direct Lending Fund's operating agreement contains provisions which allow such Direct Lending Fund to segregate new subscribers from pre-existing investors (thereby possibly increasing concentration and illiquidity) and place withdrawing Investors into a liquidating memorandum account whereby they will receive a pro-rata portion of a Direct Lending Fund's assets and be paid withdrawal proceeds in accordance with a Direct Lending Fund's ability to liquidate such underlying assets. As such, Investors will be directly and indirectly impacted by the illiquidity of the Debt Instruments, and should not invest in a Direct Lending Fund if they are unable or unwilling to bear the long-term time horizon expected with an investment in the Debt Instruments or a Direct Lending Fund. **PURSUANT TO THE WITHDRAWAL TERMS OF A DIRECT LENDING FUND, PROSPECTIVE INVESTORS ARE ADVISED THAT THE PRIVATE FUNDS MAY BE RESTRICTED FROM WITHDRAWING THEIR INTEREST IN THE DIRECT LENDING FUNDS FOR A SUBSTANTIAL PERIOD OF TIME. PROSPECTIVE INVESTORS WHO ARE NOT**

ABLE TO BEAR THE RISK OR TIME FRAME ASSOCIATED WITH A PARTIALLY ILLIQUID UNDERLYING INVESTMENT SHOULD NOT SUBSCRIBE FOR AN INTEREST OR SHARES IN A PRIVATE FUND.

Absence of Regulation Concerning Debt Instruments and Lending Platforms.

The Lending Platforms and the Debt Instruments will be subject to varying levels of regulation. Debt Instruments are not registered as securities under the Securities Act of 1933, as amended, with the consequence that many of the protections afforded to investors by those laws will not be applicable. Similarly, certain investments in Debt Instruments, whether Lending Platforms operating domestically or in foreign jurisdictions, may not be subject to comprehensive government regulation.

Changes in Policies; Transparency; and Fraud.

While the Underlying Advisor generally reviews the policies and procedures of the Lending Platforms, there can be no assurances that the Lending Platforms will continue to adhere to such investment and risk management strategies. The Underlying Advisor has differing levels of transparency with respect to Debt Instruments issued by various Lending Platforms, and no assurances can be given that the Underlying Advisor will detect changes in a Lending Platform's policies and procedures. Moreover, the possibility exists that information provided directly to a Lending Platform, and indirectly to the Underlying Advisor, or information directly from the Lending Platform provided directly to the Underlying Advisor, may be negligently or fraudulently conveyed. In such event, a Direct Lending Fund may be unknowingly exposed to substantial risk while investing in unsuitable Debt Instruments and/or fraudulent behavior or information imitating by the Lending Platform.

Dependence on TruSight Technology.

The Underlying Advisor has developed the TruSight Technology, proprietary software that uses genetic programming to provide portfolio management and Debt Instrument selection functions to a Direct Lending Fund. The Underlying Advisor may be reliant on the TruSight Technology and its expected function. In the event the Underlying Advisor's is unable to use the TruSight Technology in its intended manner, such inability may pose significant impact to the Underlying Advisor's investment program and Debt Instrument selection process. Specific risks may include (i) the risk that the TruSight Technology may malfunction, due to programming, development, operational or other errors by the Underlying Advisor or third parties, (ii) the risk that the Underlying Advisor's is unable to employ the TruSight Technology due to successful or pending legal claims by third parties that the TruSight Technology infringes on third party intellectual property, (iii) the risk that the TruSight Technology does not function as desired or anticipated by the Underlying Advisor, (iv) the risk that the TruSight Technology does not evolve and/or is not correctly developed to function within changing operational conditions of the Lending Platforms, thereby rendering the TruSight Technology obsolete, (v) the loss of key programming and development personnel, such that future developments or maintenance of the TruSight Technology or other unforeseen risks relating to the development, use, or obsolescence of the TruSight Technology which would render the Underlying Advisor's

investment and trading program materially disadvantaged with respect to the its objectives and goals.

Lack of Platform Operating History.

Many of the Lending Platforms have a limited operating history and track record upon which a Direct Lending Fund may base an evaluation of the Lending Platforms' operations or the historical default rates or performance of Debt Instruments or categories of Underlying Borrowers. The Underlying Advisor is reliant on such historical information to select investment candidates and/or develop default reserve calculations used to appropriately value Debt Instruments, and no assurances can be given that the amount of data available to the Underlying Advisor is sufficient for it to evaluate such Debt Instruments in context to market cycles or long-term developments. As such, there can be no assurance that a Direct Lending Fund will be able to achieve its investment objectives, that Partners will receive a return on their capital, or that the Underlying Advisor will be able to appropriately value the applicable Debt Instruments.

Compensation of Lending Platforms.

The Lending Platforms may be entitled to various forms of compensation, including without limitation: an administrative or management fee (typically, but not exclusively, approximately one percent (1%) annually), a servicing fee (typically, but not exclusively, approximately one percent (1%) annually), and/or a Performance Fee (typically, but not exclusively, ranging from five percent (5%) to twenty percent (20%) of net profits attributable to applicable Debt Instruments sourced from such Lending Platforms). In addition, the Underlying Advisor is entitled to receive a Performance Fee from each Direct Lending Fund. The Performance Fee made to the Underlying Advisor and the Lending Platforms may create an incentive for the Underlying Advisor and the Lending Platforms to make investments that are riskier or more speculative than would be the case in the absence of such Performance Fees.

Valuation; Calculation of Net Asset Value.

The valuation of a Direct Lending Fund assets and liabilities is based on the Underlying Advisor's policies and procedures (as revised from time to time). There is no reliable liquid market for Portfolio Investments, so the valuations of a Direct Lending Fund's pool of Debt Instruments, may be imprecise and subject to inherent conflicts of interest. The Underlying Advisor's valuation of these assets affects the Management Fees and Performance Fee to which the Underlying Advisor is entitled. If those valuations are inaccurate, any new Limited Partner and any withdrawing Limited Partner may be adversely affected and the Underlying Advisor may receive a Management Fee and Performance Fee that is greater (or lesser) than the fees to which it otherwise would be entitled. The Underlying Advisor may not be able to effectively manage a Direct Lending Fund's investment portfolio, diversification and other internal guidelines and risks if a Direct Lending Fund's portfolio is inaccurately valued. Any such inaccuracy could affect the Limited Partners adversely.

Non-U.S. Lending Platforms; Foreign Investment.

A Direct Lending Fund may invest in Debt Instruments issued by Lending Platforms 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. Such Lending Platforms may be subject to less stringent reporting and informational standards, practices and requirements than those applicable to U.S. Lending Platforms.

Since foreign lending transactions often are denominated in currencies of foreign countries, a Direct Lending Fund 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 or long periods of time. A Direct Lending Fund will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or option contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Transactions in foreign countries may involve certain risks not applicable to transaction on United States Lending Platforms. Moreover, such transactions may be subject to whatever regulatory provisions are applicable to transactions effected outside the United States, whether on foreign Lending Platforms or otherwise. Transactions on foreign Lending Platforms involve the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect a Direct Lending Fund's investment activities. A Direct Lending Fund's portfolio 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 control regulations, more limited information about Lending Platforms and their operations, different accounting standards, and sub-standard regulatory environment.

Currency and Exchange Rate Risks.

A Direct Lending Fund may invest in Debt Instruments denominated in currencies other than the U.S. Dollar or in securities that are determined with references to currencies other than the U.S. Dollar. A Direct Lending Fund, however, will value its assets in U.S. Dollars. A Direct Lending Fund does not currently intend to hedge currencies applicable to its portfolio and therefore the value of a Direct Lending Fund'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 a Direct Lending Fund 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 the Portfolio Investments 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 non-U.S. Dollar Portfolio Investments.

Discretion and Changes in Investment Strategy.

The Underlying Advisor may have considerable discretion in choosing the Portfolio Investment that will be acquired and may have the right to modify the selection criteria used by such Fund without the consent of the Investors. Any of these trading techniques or analytical models may

have operational or theoretical shortcomings, which could result in unsuccessful transactions and, ultimately, losses to a Direct Lending Fund. In addition, any new investment strategy implemented may be more speculative than earlier techniques and may increase the risk of an investment in a Direct Lending Fund.

Investment in Aggregated Pool of Investments; Exposure to Wide Variance in Risk Environments.

Any Investor will be investing in a pro-rata share of the existing Debt Instruments that a Direct Lending Fund holds directly and indirectly. Thus, an Investor will have exposure to Debt Instruments acquired when market conditions and perceived or actual risks as well as default rates may have been significantly different from the risks as of such Limited Partner's investment in a Direct Lending Fund. If the Underlying Advisor's valuations of the Debt Instruments on the date of any such investment are inaccurate, the Limited Partners could be adversely affected.

Dependence on Lending Platforms.

A Direct Lending Fund is extremely dependent on the Lending Platforms in pursuing its investment objectives. If a material number of Lending Platforms were to cease or materially alter their operations, become bankrupt, liquidate or otherwise cease originating the Debt Instruments, a Direct Lending Fund may be materially impacted. Likewise, a Direct Lending Fund is dependent on the Lending Platforms' continued ability to manage their operations and reduce risk to the holders of Debt Instrument. For example, a Lending Platform may be vulnerable to network issues, technological failure, cyber-attacks, physical or electronic break ins and other vulnerabilities that may impact either its operations or the security of a Debt Instrument holder's investment. In the event that a Lending Platform is unable to effectively manage such vulnerabilities, a Direct Lending Fund as a Debt Instrument holder, could be severely impacted, including without limitation, with respect to such Lending Platform's ability to offer additional Debt Instruments, manage existing Debt Instruments, collect amounts due from Underlying Borrowers, or protect a Direct Lending Fund's sensitive information.

Dependence on Verification of Borrowers.

A Direct Lending Fund generally depends on the Lending Platforms to verify the identity of borrowers, their credit histories, and in some cases, their employment status and income. A Direct Lending Fund may not be in a position to monitor those verification procedures and thus is subject to the risk that those procedures are, or over time become, inadequate to prevent negligence or fraud. To the extent that the rate of negligence or fraud increases, a Direct Lending Fund could be adversely affected.

Risk of Default by Counterparties, Brokers and Exchanges.

The Direct Lending Funds will be exposed to the credit risk of the counterparties, or the banks, brokers, dealers and exchanges through which it deals with respect to the use of leverage or currency hedging. A Direct Lending Fund may be subject to risk of loss of its assets on deposit with a bank or broker in the event of that bank or broker's bankruptcy. In the case of any such bankruptcy, a Direct Lending Fund might recover, even in respect of property specifically traceable to a Direct Lending Fund, only a pro-rata share of all property available for distribution to all of such broker or dealer's customers.

The Direct Lending Funds may effect transactions in "over-the-counter" or "interdealer" markets. Participants in these markets typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Direct Lending Fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, a Direct Lending Fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject a Direct Lending Fund to the risk that a counterparty will not settle in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of a Direct Lending Fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to a Direct Lending Fund.

Transaction Errors by the Underlying Advisor.

The Underlying Advisor places orders for the purchase and sale of Debt Instruments or other securities with the Lending Platforms or brokers on behalf of a Direct Lending Fund. The transaction process is complex and can vary for different types of Portfolio Investment. Moreover, the Underlying Advisor may be required to break up orders, or may buy or sell the same Debt Instrument or security for more than one client, further complicating the transaction process. The Underlying Advisor might make or cause errors in transactions, including due to a failure in the TruSight Technology.

Complexity.

The Underlying Advisor's systems and operations are dynamic and complex. Certain of its operations interface with and depend on systems operated by third parties, including custodians, brokers, administrators, market counterparties and other service providers, and the Underlying Advisor may not be able to quantify the risks or verify the reliability of such third party systems. Certain operational risks may be intrinsic to the Underlying Advisor's operations and may impact its financial, accounting or data processing or other systems, especially given the volume, diversity and complexity of the Underlying Advisor's transactions. Periods of market dislocation

or abrupt regulatory change may exacerbate operational risk. The failure of one or more systems or operations or the inability of those systems or operations to meet a Direct Lending Fund's evolving demands could have a materially adverse effect on a Direct Lending Fund.

Risk of Asset Growth

If the assets that the Underlying Advisor and its Affiliates manage grow significantly, it may adversely affect a Direct Lending Fund's investment performance as such a significant capital inflow may be greater than the Underlying Advisor's ability to deploy such assets, resulting in a significant cash position and "cash drag" on a Direct Lending Fund's investment performance. It may become more difficult to find attractive investment opportunities as the amount of assets that the Underlying Advisor must invest increases. In addition, with greater assets to invest, it will be increasingly difficult for a Direct Lending Fund to make investments large enough to be meaningful to its overall portfolios.

Risk of Status as a Lender

If a state regulator took the position that a Lending Platform or a Direct Lending Fund were the actual providers of loans to a platform's borrower-members, a state regulator in certain circumstances could pursue legal and regulatory action against a Direct Lending Fund. In addition, state regulators could pursue claims against a Direct Lending Fund for violations of state usury laws based on the terms of the underlying loans to borrowers, which, in some cases, can result in treble damages and criminal liability. If a state regulator were to pursue action against a Direct Lending Fund as an unlicensed lender, a Direct Lending Fund could incur significant monetary liability, be subject to extensive claims and litigation and Investors could lose their entire investment.

Dependence Upon Personnel.

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

Tax Considerations

Funds may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by a taxing authority, an Investor might be found to have a different tax liability for that year than that reported on its income tax return.

Original Issue Discounts.

Certain Lending Platforms may treat the Debt Instruments as debt instruments that have original issue discount ("OID") for U.S. federal income tax purposes. Given that the Direct Lending Funds will have an accrual method tax-basis, an Investor may be required to include OID currently

as ordinary interest income for U.S. federal income tax purposes (which may be in advance of interest payments on the Debt Instrument).

Tax Efficiency.

A SUBSCRIPTION IN A DIRECT LENDING FUND MAY RESULT IN MATERIAL TAX INEFFICIENCIES FOR AN INVESTOR WHO IS SUBJECT TO U.S. FEDERAL OR

STATE TAX. The passive investment income realized from the Debt Instruments in the Direct Lending Funds' portfolio is primarily comprised of interest income, and therefore is taxable as ordinary income and subject to ordinary income tax rates. Debt Instruments held by a Direct Lending Fund portfolio that default or otherwise lose the entirety of their value would only entitle an Investor to deduct such loss as a capital loss, for the period in which it ceases to perform. Capital losses generally may be deducted only to the extent of capital gains, except for non-corporate taxpayers who are allowed to deduct \$3,000 of excess capital losses per year against ordinary income. As such, capital losses in the portfolio will not necessarily offset passive income in the portfolio, resulting in potentially substantial tax inefficiency for Limited Partners who are subject to federal or state taxes.

The taxation of partnerships and partners is complex. Potential Investors are strongly urged to consult their own tax advisors.

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 USE OF LEVERAGE

The following risk factors apply to the extent that the Portfolios employ leverage (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) compared to investing 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 institutions' 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.

RISKS RELATING TO DERIVATIVE AGREEMENT LEVERAGE ONLY

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

POTENTIAL CONFLICTS OF INTEREST:

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

Affiliated Portfolio Investments

The Funds primarily invest in Portfolio Investments which are advised by Underlying Managers who are affiliated with the Firm. This affiliation creates a conflict of interest whereby the Firm or its Affiliates (i) earns layers of fees, from each of the Funds and the Portfolio Investment, (ii) may be incentivized to make investments which may not be in the best interest of the Funds, and (iii) whereby the terms of a Portfolio Investment may not be at arm's length.

As such, an investment in a Private Fund 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 advisers of Portfolio Investments undertaken by the Private Funds or Separate Accounts, most or all of who are Affiliates of the Firm, each of which are entitled to management fees and performance fees for their services. Unaffiliated underlying investment advisers 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 up to twenty percent (20%). Affiliated underlying investment advisers are typically entitled to an annual management fee of one percent (1%) and a performance fee of up to ten percent (10%). In addition, Portfolio Investments are subject to expense reimbursements similar to expense reimbursements to which an investor is entitled to with respect to the Private Funds.

Investors are encouraged to carefully consider the multiple layers of fees incurred by an investment in a Ranger Private Fund or Separate Account. **PRIVATE PLACEMENT MEMORANDUMS AND BROCHURES ARE AVAILABLE FOR EACH OF THE FIRM'S UNDERLYING PORTFOLIO INVESTMENTS BY CONTACTING THE FIRM AT (214) 871-5200.**

In addition, Portfolio Investment Managers may engage in other forms of related and unrelated activities in addition to advising a Portfolio Investment. They may also make investments in securities for their own account. Activities such as these could detract from the time a manager devotes to the affairs of a Portfolio Investment.

Other Client Accounts

Ranger may manage other client accounts, some of which have objectives similar to those of the Ranger Private Funds, including other collective investment vehicles which may be managed by the Firm or any of its affiliates and in which the Firm or any of its affiliates may have an equity interest.

Allocation of Time, Effort and/or Investment Opportunity

Ranger seeks to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Ranger Private Funds and/or Separate Accounts but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Ranger Private Funds and/or Separate Accounts or any restrictions on the nature or timing of investments for the account of the Ranger Private Funds and for Ranger's own account or for other accounts that Ranger or its affiliates may manage. Ranger is not obligated to devote any specific amount of time to the affairs of the Ranger Private Funds and/or Separate Accounts and is not required to accord exclusivity or priority to the Ranger Private Funds and/or Separate Accounts in the event of limited investment opportunities.

The principals of Ranger, as well as the employees and officers thereof and of organizations affiliated with Ranger, may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to the Ranger Private Funds and/or Separate Accounts.

Item 9 – Disciplinary Information

Registered investment advisers and management personnel 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 and management personnel have 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. (“RCGH”). The Firm and each of its investment advisory affiliates mentioned below maintain independent investment teams and processes; and focus on differing investment strategies. RCGH provides operations, marketing and investor relations support to Ranger and its affiliates.

- Ranger Investment Management, L.P. manages investment portfolios which consist of U.S. exchange traded equity securities of primarily small and/or mid capitalization growth oriented companies.
- Ranger International Management, L.P. manages investment portfolios which consist of long-only (i) global income and growth, and (ii) international equity portfolios
- Ranger Alternative Management, L.P. serves as a sub adviser to and has day-to-day portfolio management responsibilities with respect to a short only actively managed exchange traded fund known as the Ranger Equity Bear (ticker symbol HDGE). Portfolio investments generally include short sales of domestically traded mid- and large-cap U.S. exchange-traded equity securities.
- Ranger Alternative Management II, L.P. manages investment portfolios which consist of consumer and business loans originated by direct lending sources.

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

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

As a fiduciary, the Firm has an affirmative duty to act in the best interests of its 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. All employees are required to abide by a Code of Conduct and Code of Ethics (the “Code”) which serve as behavioral benchmarks from which the compliance programs are established. Briefly, the Code requires each 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. Ranger expects employees to place the interests of clients and the Firm above their own personal interest and to avoid any actual or potential conflicts of interest.

Among other things, the Code of Ethics requires that all employees comply with applicable provisions of the federal securities laws and to promptly report any violation or potential violations of the Firm's compliance policies and procedures to the Chief Compliance Officer.

Personal Trading Policy

The Firm has implemented a personal trading policy which prohibits employees from purchasing individual securities for their personal accounts or the accounts of family members living in their immediate household. Employees may continue to hold investments initiated prior to the adoption of the policy or their employment with the firm, and may sell such securities only after 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 (the "CCO") 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. Pre-clearance and reporting requirements vary for a number of these investments. The Firm's personal trading policy requires employees to provide the CCO 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 Code of Ethics is available to current or prospective clients upon written request to info@rangeradvisors.com.

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. Ranger reviews each account in a manner consistent with the investment goals of each client entity or separately managed account. Under the supervision of the Chief Financial Officer, members of the Firm's accounting and operations staffs reviews the accounts' valuation, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports generated by the Firm's accounting system, custodian, prime broker and 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 written reports to its Clients, which set forth various financial data and information. Ranger's operations staff, supervised by the COO/CFO, reviews the accounts' valuation, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports generated by the Firm's accounting system, custodian, prime broker and/or brokerage firms. 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 does not currently employ third party marketing groups and is not accepting new investments in its Private Funds or Separate Accounts. However, while not applicable at this time, the Firm may, as of a future date, enter into agreements with an affiliated or unaffiliated marketing group or individuals that will solicit Separate Accounts or investors for the Private Funds. 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 Advisers Act of 1940, the Firm is deemed to have custody of these assets. Accordingly, the Firm has implemented certain policies and procedures which seek to safeguard investor assets on behalf of all its limited partnerships. The Firm must also comply with additional bookkeeping, audit 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 investment management agreement or the Operative Documents and subscription agreement of a Private Fund.

Item 17 – Voting Client Securities

Under Rule 206(4)-6 of the Advisers Act, registered investment advisers that exercise voting authority over client securities are 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 Private Funds or Separate Accounts. However, the Firm does not have proxy voting authority with respect to issuers of securities in which the Underlying Private Funds or Separate Accounts invest.

Item 18 – Financial Information

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