

Item 1 – Cover Page

Adviser Brochure
Form ADV Part 2A

Meros Investment Management, LP

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Dallas, Texas 75201
(214) 871-5200
July 23, 2019

This Brochure provides information about the qualifications and business practices of Meros Investment Management, LP. 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.

Meros Investment Management, LP registered with the United States Securities and Exchange Commission in July of 2019 in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Meros Investment Management, LP (CRD # 305152) 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 Meros Investment Management, LP and registered as investment advisors with the SEC.

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

Item 2 – Material Changes

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

Meros’ 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 Meros’ business practices and conflicts of interest. *Part 2B* of the Form ADV (the “Brochure Supplement”) provides information about certain Meros 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 July 22, 2019 and is the first Brochure filed by Meros. Therefore, there are no material revisions.

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Item 4 – Advisory Business

Meros Investment Management, LP (“Meros” or the “Firm”) is an investment adviser that commenced operations in July 22, 2019 and filed for registration with the United States Securities and Exchange Commission (the “SEC”) in July 2019 in accordance with the Investment Advisers Act of 1940. Meros was organized as a Texas limited partnership by Meros Investment Management (GP), LLC, a Texas limited liability company which serves as its general partner. Meros Investment Management (GP), LLC is controlled by Ranger Shared Services, LLC, a Texas limited liability company which serves as its sole manager

As of July 23, 2019, the Firm managed approximately \$0.00 of client assets.

Investment Advisory Services

Meros offers investment management services to separately managed accounts (“Separate Accounts”) and registered funds, such as mutual funds (“Mutual Funds” and together with the Separate Accounts, the “Clients”).

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

The investment portfolios (the "Portfolios") advised by the Firm consist primarily of U.S. exchange traded equity securities within micro-cap or small cap capitalization ranges. Generally, the Firm seeks to uncover quality investments by implementing a bottom-up, fundamental research driven security selection process by investing in companies with favorable risk reward profiles derived from our independent research and valuation work. Please see **Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss**.

Investment Strategies

The Firm offers direct investment advisory services to institutional investors such as mutual funds, private pooled investment vehicles, public and private pension plans, insurance companies, foundations, and endowments. The Firm is set up to provide direct investment advisory services to institutional investors such as mutual funds, private pooled investment vehicles, public and private pension plans, insurance companies, foundations, and endowments. The Firm primarily manages portfolios of smaller capitalization companies with favorable risk reward characteristics

- **Micro Cap Growth Strategy:** The Micro Cap Strategy seeks long-term growth of capital by investing primarily in common stocks of domestic issuers which, at the initial time of purchase: (i) have a market capitalization of less than \$1 billion or (ii) are within the capitalization range of issuers represented within the Russell Microcap[®] Index.

Separately Managed Accounts

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

Generally, the minimum investment threshold required by the Firm in order to open a separately managed account is five million (\$5,000,000.00).

Item 5 – Fees and Compensation

The Firm charges Clients advisory fees or sub-advisory fees which are a fixed percentage of assets under management (“Management Fees”). reserves the right to negotiate Management Fees with Clients which differ from the standard fees set forth herein, based on specific circumstances on a case by case basis. Examples of these circumstances include without limitation: the relative size of a Client’s account, a Client’s affiliation to the Firm, and/or a Client’s status as a seed investor. Accordingly, Management Fees incurred by Clients may vary substantially. In addition, with respect to Separate Accounts, all other terms of such investment, including terms relating to expenses and redemption terms, may also be negotiable on a case by case basis. To the extent that the Firm provides sub-advisory services for a client, the Management Fees charged by the Firm may be less than the Management Fees incurred by an investor in the product sub-advised by the Firm.

Currently, the Firm’s standard Management Fees (including sub-advisory fees) are charged at an annual rate of one and a quarter percent (1.25%) of assets under management, including cash. Management Fees are generally calculated and accrued daily and paid to the Firm by the Client on a monthly basis.

Management Fees received by the Firm are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs, to the extent applicable, may also charge additional fees, which are disclosed in such fund’s prospectus and SAI. Such charges, fees and commissions are exclusive of and in addition to the Firm’s Management Fee, and the Firm will not receive any portion of these commissions, fees or costs.

Management Fees and Other Expenses

As noted above, Management Fees are negotiable, depending on the size of the investment and other factors. Management Fees are exclusive of expenses associated with investments in Separate Accounts. Although the Firm is generally responsible for its overhead expenses, Clients bear the cost attributable to their investment activities and operations, which may include, without limitation, expenses associated with a portfolio’s investment program, trading, administration, custody and/or operations. Such expenses may include, without limitation: (i) expenses incurred in connection with the evaluation, acquisition or disposition of investments, including private placement fees, sales commissions, appraisal fees, due diligence expense, travel costs, expenses associated with tender offers, proxy or consent solicitations, brokerage fees, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, information services and professional fees; (ii) any withholding or transfer taxes imposed on a Client; and (iii) expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees;

Notwithstanding the above, the Firm may, in its sole discretion, choose to absorb any such expenses incurred on behalf of a Client.

Broker-Dealers

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

Performance Fees

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

Compensation to Third Parties

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

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

Additional Information

Additional information regarding the Firm may be obtained by contacting the Firm at (214) 871-5200.

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

Although on a general basis Ranger does not charge performance fees, it may in limited situations and at a Client's request consider the application of performance fees as a full or partial alternative to Management Fees. Performance based fee arrangements may create an incentive for the Firm to invest in securities which may be riskier or more speculative than the securities it would invest in under a different fee arrangement. In addition, performance fee arrangements may create an incentive for the Firm to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities.

The Firm employs procedures designed and implemented to treat all Clients fairly and equally, in order to mitigate potential conflicts of interest attributable to performance-based fee arrangements from influencing the allocation of investment opportunities among Clients. For example, the Firm has implemented a policy whereby all Client orders for a particular security are aggregated and allocated on a *pro rata* basis electronically prior to making a trade. The Firm's traders review and monitor client

orders on a real-time basis and the Operations Manager confirms these orders once they are complete. In addition, all accounts with similar investment guidelines are managed *pari passu*.

Item 7 – Types of Clients

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

Generally, the minimum investment thresholds to open an account is: five million (\$5,000,000.00) for a Separate Account. However, the Firm may and does accept lesser amounts, at its sole discretion.

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

Meros' investment process is centered on making investments in stocks with favorable risk reward profiles. The portfolios at any point in time may be comprised of companies across the value to growth spectrum, but stocks will typically fall into one of three categories: companies in transition, in discovery phase, or experiencing a valuation setback. The team identifies a path towards valuation expansion and a valuation target range it hopes to achieve over a 2- to 3- year period.

The team utilizes a 10 step process for investments:

1. Screens
2. SEC filings
3. Industry assessment
4. Macro
5. Financial modeling
6. 3rd party cross checks
7. Management interaction
8. Risk / reward analysis
9. Value creation path
10. Purchase decision

The investment team constructs its own financial models and receives a small amount of sell side research, mainly on industry and macro topics. The investment team views macroeconomic and industry level trends as critical to the investment process. Every investment considered will work its way through the 10 step process at least once and often multiple times - investments considered not timely are added to the team's Watch List. The Watch List is a critical part of the process and over time has become the primary source of new ideas for the team, as many of the companies have been known to the team for several years. The Watch List is linked to the research process through a series of alerts set by the team.

The team produces its own financial models and research, but does use outside inputs, including: investor relations conferences, industry specific conferences, public internet based tools and databases, journals and publications, industry contracts, sell side research and conferences.

Portfolios are generally composed of 30-40 stocks, diversified across industries and sectors. The investment team considers what it deems to be material risks (idiosyncratic, financial, or macro) embodied in a given investment and attempts to monitor these through the life of the investment. The investment team engages in post mortem analysis on ineffective decisions, which the team believes is highly valuable to the investment process and the characterization of risk.

RISK FACTORS

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

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

**AVAILABLE BY CONTACTING THE FIRM AT (214) 871-5200 OR
INFO@MEROSCAP.COM**

Security Selection and Market Risk

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

Equity Securities

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

Micro, and Small -Capitalization Companies

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

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

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

Limited Liquidity

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

Concentration Risk

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

Potential Loss of Investment

There is a risk that an investment in an Account will be lost entirely or in part. An investment in an 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 an Account, whose performance may be highly volatile. No guarantee or representation is made that the investment strategy of an Account will be successful, that the targeted return or risk will be achieved or maintained, or that the various investment strategies utilized or investments made through an Account will have low correlation with each other or with the markets generally.

Overall Investment Risk

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

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

Portfolio Turnover

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

Securities Lending

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

Cybersecurity Risks

The Firm, its service providers, its counterparties and other market participants on whom the Firm relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Clients, Funds and/or their investors, despite the efforts of the firm, its service providers, its counterparties and other market participants on whom the Firm relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Firm and/or its Clients investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of or prevent access to these systems of the Firm, its service providers, its counterparties and other market participants on whom the Firm relies or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to the Firm's data or that of its investors. A successful penetration or circumvention of the security of the Firm's systems or the systems of the Firm's service providers, counterparties or other market participants on whom the Firm relies could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, the Firm, their service providers, their counterparties and other market participants on whom the Firm relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for many portfolio companies, which could have material adverse consequences for such investments, and may cause the Clients' investments to lose value.

Legal, Regulatory and Political Uncertainties

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

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

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.

Other Client Accounts

The Firm intends to manager multiple client accounts, some of which may have similar investment objectives. These accounts may include pooled investment vehicles and separate accounts which may be managed by the Firm or an affiliate and in which the Firm or an affiliate may have an equity interest. In addition, the portfolio management team for the Firm may be employed by investment advisers unaffiliated with the Firm; and, therefore, advise portfolios which are not affiliated with the Firm.

Trade Allocation

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

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

Personal Trading

Potential conflicts may arise with respect to Firm employees' personal trading activities in relation to trading on behalf of the Firm's Clients. An employee trading securities in his or her account prior to trading the same security on behalf of Clients (commonly known as "front-running") is an example of such a conflict. To mitigate this conflict, the Firm prohibits employees from purchasing individual securities for their own accounts. Employees are required to receive pre-clearance from a member of the compliance team ("Compliance") prior to selling an individual security owned in a personal account obtained prior to adoption of the Firm's current Personal Trading Policy. Additional information regarding the Firm's Personal Trading Policy may be found in **Item 11 – Code of Ethics**.

Soft Dollar Credits

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

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Meros Investment Management, LP is affiliated with six investment advisers by virtue of common control and ownership by Ranger Capital Group Holdings, L.P. ("RCGH"). The Firm and each of its investment advisory affiliates mentioned below maintain independent investment teams and processes; and focus on different investment strategies. Ranger Shared Services, LLC, a wholly owned subsidiary of RCGH, provides operations, marketing and investor relations support to Meros 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, LP manages investment portfolios which consist of long-only (i) global income and growth, and (ii) international equity portfolios.

- Ranger Alternative Management, L.P. serves as a sub adviser to and has day-to-day portfolio management responsibilities with respect to a short only actively managed exchange traded fund known as the Ranger Equity Bear (ticker symbol **HDGE**). Portfolio investments generally include short sales of domestically traded mid- and large-cap U.S. exchange-traded equity securities.
- Ranger Alternative Management II, LP manages investment portfolios which consist of consumer and business debt instruments originated by direct lending platforms.
- Ranger Advisors, L.P. manages fund-of-funds investment portfolios which primarily invest in Ranger affiliated strategies and to a lesser extent unaffiliated long/short hedge funds, on behalf of a closely held group of accredited investors.
- RG Liquid Alts, L.P. provides advisory services which seeks long term capital appreciation by employing a global market neutral strategy. The global market neutral strategy seeks to construct a global portfolio of both long and short positions with a low correlation to global markets and traditional equity benchmarks.

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

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

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

Personal Trading Policy

The Code is designed to mitigate the possibility that the personal securities transactions, activities and interests of employees of the Firm will conflict with the best interest of the Firm’s Clients. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Clients. The Code requires that employees must receive pre-clearance for the purchase or sale of non-exempt securities

from a member of the Compliance Team and restricts trading in close proximity to client trading activity to mitigate the possibility of front running Client accounts.

Nonetheless, because the Code permits employees to sell the same securities as may be held in client portfolios the Firm advises, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. In addition to preclearance procedures, employee trading is continually monitored under the Code by a member of the Compliance Team, and to reasonably prevent conflicts of interest between the Firm and its clients.

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

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

Item 12 – Brokerage Practices

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

Broker Selection and Transactions

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

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

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

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

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

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

Best Execution Reviews

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

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

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

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

Order Aggregation and Allocation

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

Directed Brokerage

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

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

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

Soft Dollar Reviews

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

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

Mixed-Use Soft Dollar Products and Services

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

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

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

Item 13 – Review of Accounts

Each account is reviewed and valued on a daily basis or more frequently if triggered by market or economic conditions. Members of the investment staff review each account in a manner consistent with the investment goals of each account. Under the supervision of the Chief Financial Officer, members of the Firm's accounting and operations staff review the accounts' valuation, including net asset value calculations, securities positions and pricing information, interest accrual calculations, and cash balance reports generated by the Firm's accounting system, custodian, prime broker and brokerage firms on a monthly basis. An independent public accounting firm will perform an annual audit of the books and records of any private or public fund advised by the Firm.

The Firm typically remits quarterly and annual written reports to its Clients, which set forth various financial data and information. Meros' 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.

Item 14 – Client Referrals and Other Compensation

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

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

Item 15 – Custody

The Firm does not take possession of investor funds or securities for Separate Accounts or mutual funds it sub-advises.

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

Item 16 – Investment Discretion

The Firm anticipates that it will have, with respect to a majority of Accounts, complete discretion over the selection and amount of securities to be bought or sold without obtaining consent or approval from investors (within the parameters established by the investment management agreements applicable to each Separate Accounts).

Discretionary authority only occurs upon full disclosure to the Client and authorization by such Client pursuant to the investment management agreement for a Separate Account. Trades made by the Firm on behalf of Client accounts for which it has discretion will be in accordance with that portfolio's investment objectives and goals.

Item 17 – Voting Client Securities

Proxy Voting

The Firm anticipates that it will vote proxies on behalf of a majority of its Client. The Firm seeks to vote such proxies in the interest of maximizing shareholder value. To that end, the Firm takes great care to vote proxies in a way that it believes is consistent with its fiduciary duty. It is the Firm's policy to review each proxy statement on an individual basis and give consideration to both the short and long term implications of each proposal in which it votes. The Firm's Portfolio Managers and Sector Managers are responsible for identifying the proxies upon which the Firm will vote, voting the proxies in the best interest of Clients, and submitting the proxies promptly and properly.

The Firm has engaged the services of a third-party proxy voting service (the "Proxy Service") to assist it with administration of the proxy voting process. In addition to general administration assistance, the Proxy Service also includes proxy voting recommendations based upon published research and guidelines it publishes. However, the Firm's proxy voting policies and case-by-case evaluation of each issue may result in proxy votes on certain issues that differ from Proxy Service recommendations.

The Firm's written proxy voting policies and procedures are available for review by each of the Clients advised by the Firm, upon request. In addition, the Firm maintains a record of all proxy votes cast on behalf of Client; and such records are available for review by the Client upon written request to info@rangecap.com.

Class Action Lawsuits

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

account. As a result, the Firm, may on behalf of Clients forgo participation in class action lawsuits.

Item 18 – Financial Information

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