

## Item 1 – Cover Page



### Ranger Alternative Management II, LP

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December 15, 2015

Part 2A of the Form ADV (the “Brochure”) provides information about the qualifications and business practices of Ranger Alternative Management II, LP (the “Firm” or “Investment Manager”). 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.

The Firm is registered with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Registration with the SEC as an investment adviser does not imply any level of skill or training.

Additional information about the Investment Manager (CRD # 168942) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about persons who are both affiliated with the Firm and registered as investment advisers with the SEC.

**REFERENCES AND DISCLOSURES RELATING TO A FUND PRESENTED HEREIN, INCLUDING BUT NOT LIMITED TO: (I) THE INVESTMENT OBJECTIVE, STRATEGIES, AND MANAGEMENT OF A FUND, (II) RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN A FUND, (III) AND DESCRIPTIONS OF INVESTMENT PRODUCTS UNDERTAKEN WITHIN A FUND’S PORTFOLIO, ARE QUALIFIED IN THEIR ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH SUCH FUND’S PRIVATE PLACEMENT MEMORANDUM AND OTHER OFFERING DOCUMENTS (THE “OPERATIVE DOCUMENTS”), PROSPECTUS OR INVESTMENT MANAGEMENT AGREEMENT. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW APPLICABLE FUND MEMORANDUMS CAREFULLY, AND CONSULT THEIR INDIVIDUAL FINANCIAL, LEGAL OR TAX ADVISORS. COPIES OF SUCH OPERATIVE DOCUMENTS OR PROSPECTUS MAY BE OBTAINED BY CONTACTING THE FIRM AT (214) 871-5244.**

## Item 2 – Material Changes

SEC rules require the Firm, and other registered investment advisers, to provide its Clients with a copy of the Brochure within 120 days of the close of its fiscal year, as well as on an ongoing basis when material changes make such disclosures necessary. The Firm's Brochure is intended to provide its Clients with a clearly written and meaningful disclosure, in plain English, about the Firm's business practices, conflicts of interest and advisory personnel.

The Firm's Form ADV is divided into two parts, *Part 2A* and *Part 2B*. The Brochure, or *Part 2A* of the Form ADV, provides information about a variety of topics relating to the Firm's business practices and conflicts of interest. *Part 2B* of the Form ADV (the "Brochure Supplement") provides information about the Firm's advisory personnel.

The effective date of this Brochure is November 1, 2015, which replaces the Brochure dated March 31, 2015. Item 2 of this Brochure discusses only specific material changes made to the Brochure from the most recent prior filing date, a summary of which is included below.

1. **Item 4 – Advisory Business** was amended to reflect the addition of the Ranger Direct Lending Fund plc a Client of the Investment Manager.
2. **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** was amended to reflect updates to the Firm's investment strategies and objectives.
3. **Item 10 – Other Financial Industry Activities and Affiliations** was amended to reflect change in the Investment Manager's affiliates.
4. **Item 12 – Brokerage Practices** was amended to address the Investment Manager's policies with respect to allocation of investment opportunities.
5. While other Items throughout the Brochure were amended to include the Ranger Direct Lending Fund plc, such references and other changes to the Brochure were immaterial.

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## Item 4 – Advisory Business

The Firm is an investment adviser that commenced operations on November 1, 2013. The Firm was organized as a Texas limited partnership by Ranger Alternative Management (GP), LLC, a Texas limited liability company which serves as its general partner. Ranger Alternative Management (GP), LLC is controlled by (i) Ranger Capital Group Holdings, L.P., a Texas limited partnership which serves as its managing member, (ii) Ranger Capital Group, LLC, a Texas limited liability company which serves as the general partner of Ranger Capital Group Holdings, L.P., and (iii) Jason Elliott, who serves as the manager of Ranger Capital Group, LLC.

The Firm registered with the United States Securities and Exchange Commission (the “SEC”), in accordance with the Investment Advisers Act of 1940, on November 29, 2013. As of October 31, 2015, the Firm managed approximately \$220 million of client assets.

The Firm currently serves as adviser to and provides continuous investment advisory services on a discretionary basis to: (i) the Ranger Specialty Income Fund, LP, a Delaware limited partnership (the “Domestic Fund”), and (ii) the Ranger Specialty Income Fund, Ltd., a Cayman Islands exempted company (the “Cayman Fund”, and together with the Domestic Fund, the “Private Funds”). The Fund is a private pooled investment vehicle which is exempt from registration as an investment company under the Investment Company Act of 1940. The Firm does not currently participate in wrap fee programs.

The Firm also serves as the investment manager to and provides continuous investment advisory services on a discretionary basis to Ranger Direct Lending Fund plc, a publicly traded pooled investment vehicle based in the United Kingdom which trades on the London Stock Exchange (the “RDLF” and together with the Private Funds, the “Funds”).

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

Fund portfolios primarily, but not exclusively invest, in debt instruments (the “Debt Instruments” or “Portfolio Investments”) offered by a variety of domestic and international direct lending sources (the “Lending Sources”). Portfolio Investments may be undertaken in a variety of investment categories, including without limitation, secured and unsecured consumer Debt Instruments and secured and unsecured business Debt Instruments. Such Portfolio Investments generally provide funding for equipment and supply chain activities, factoring receivables, automobiles, healthcare, real estate, and other specialty finance opportunities.

The Firm will generally adhere to the above objectives with respect to each of the Funds, subject to the specific investment strategies, restrictions or strategies further described in the Private Funds’ confidential offering memorandum, the RDLF prospectus or investment management agreement (collectively, the “Offering Documents”).

**ALL DESCRIPTIONS AND REFERENCES TO THE FUNDS IN THIS BROCHURE ARE QUALIFIED IN THEIR ENTIRETY BY THE FUNDS OFFERING DOCUMENTS, INCLUDING WITHOUT LIMITATION, WITH RESPECT TO OBJECTIVES, STRATEGIES, DISCLOSURES RELATING TO INVESTMENTS, AND TERMS OF INVESTMENTS. PROSPECTIVE INVESTORS ARE THEREFORE STRONGLY ENCOURAGED TO CAREFULLY REVIEW APPLICABLE OFFERING DOCUMENTS, RELATING TO THE PRIVATE FUNDS, RDLF OR SEPARATE ACCOUNTS, AND CONSULT THEIR LEGAL, TAX AND/OR FINANCIAL REPRESENTATIVES PRIOR TO MAKING AN INVESTMENT. COPIES OF SUCH OFFERING DOCUMENTS MAY BE OBTAINED BY CONTACTING THE FIRM AT (214) 871-5251.**

## **Item 5 – Fees and Compensation**

The Firm directly or indirectly charges Clients management fees which are a fixed percentage of assets under management (“Management Fees”), and performance fees or allocations which are a fixed percentage of profits realized by the Funds (or their Investors), after adjusting for expenses and high water marks (“Performance Fees”, and together with Management Fees, the “Fees”).

Generally, Fees are charged in accordance with the schedule set forth in this Brochure. However, the Firm reserves the right to negotiate Fees with the underlying investors in the Funds (the “Investors”) which may differ from the standard schedule, based on specific circumstances and on a case by case basis. Examples of these circumstances include, without limitation, the relative size of an Investor’s account, an Investor’s affiliation to the Firm, and/or an Investor’s status as a seed or strategic investor. As such, Fees incurred by Investors may vary significantly.

### Management Fees

Generally, the Firm charges Management Fees which range from no Management Fee for strategic Investors and affiliates up to an annual rate of one percent (1%) of assets under management. Management Fees are generally calculated and payable quarterly in advance and accrued monthly (and a prorated Management Fee is charged on contributions made during a quarter).

### Performance Allocation

Generally, the Firm charges an annual Performance Fee which ranges from no performance fee or allocation up to ten percent (10%) of Private Fund Classes’, the RDLF or Investor’s allocable share of net profits for the fiscal year, as measured net of Management Fees, other expenses and default reserves. Performance Fees are generally charged on an annual basis. However, Performance Fees are also charged at such time in which a partial or full withdrawal is affected by the Funds, on the basis of net profits allocated to such Investor through the final withdrawal date.

With respect to the Domestic Fund, Performance Fees may take the form of allocations whereby such performance allocation is debited against the capital account of a Domestic Fund’s limited partners and simultaneously credited to the capital account of the Firm.

Performance Fees for various Client accounts may be subject to a “high water mark” limitation. Thus, after the first year in which a Performance Fee is earned, the Performance Fee for subsequent years only applies to the extent that applicable investor’s net profits measured on a cumulative

basis, net of any losses, for all years exceeds the highest level of such cumulative net profits achieved through the close of any prior year.

#### Management Fees and Performance Allocation Exclusive of Expenses

Management Fees and the Performance Allocation are exclusive of expenses associated with investments in the Funds. Although, the Firm is responsible for its general overhead expenses, Investors bear the cost attributable to the Funds investment activities and operations, including without limitation, expenses associated with trading or transaction costs, administration/custody and operations.

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

#### Fees in Master Feeder Structure within Private Funds

The Firm currently employs a master-feeder structure between the Private Funds whereby the Cayman Fund participates in the Firm's portfolios through a limited partnership interest in the Domestic Fund. Although such master-feeder structure provides for greater flexibility and liquidity with respect to the Private Funds' investment program, it may subject the Cayman Fund to its *pro rata* portion of certain expenses of the Domestic Fund. Notwithstanding the above: (i) Investors in the Cayman Fund will either be charged a Management Fee or Performance Allocation/Fee by the Cayman Fund or as an expense of the Domestic Fund, but will not be charged such fees on a duplicate basis, and (ii) the Firm has the right, at its sole discretion, to exempt or reduce the Cayman Fund's participation in any expenses of the Domestic Fund, to the extent it believes such exemption or reduction to be equitable, including (without limitation) with respect to expenses associated with any third party's services to the Domestic Fund or the Domestic Fund's audit.

#### Ranger Direct Lending Fund Trust

The Funds may participate in underlying investments through an interest in the Ranger Direct Lending Fund Trust, a Delaware statutory trust (the "Trust") which employs segregated series with respect to individual beneficiaries. To the extent a Fund participates in the Trust, such Fund will be subject to its pro-rata share of expenses attributable to the Trust, but will not bear any additional fees.

#### Compensation to Third Parties

Please see **Item 14 – Client Referrals and Other Compensation** for information regarding compensation received by or paid to affiliated and unaffiliated persons for the solicitation of Investors for the Funds.

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

As referenced in **Item 5 – Fees and Compensation** above, the Firm generally charges Performance Fees. Such Performance Fee arrangements may create an incentive for the Firm to invest in debt instruments which may be riskier or more speculative than the debt instruments 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 with respect to the allocation of investment opportunities.

The Private Funds invest through a master-feeder structure, and as such all Investors participate in each Private Funds' investments on a *pro rata* basis. However, RDLF and other potential Clients undertaken by the Firm may not invest through the Funds' master-feeder structure. As such, the Firm shall adopt compliance procedures which seek to ensure that (i) all investors are treated equitably, and (ii) potential conflicts of interest that may influence the allocation of investment opportunities among Client and Investor accounts are mitigated.

## **Item 7 – Types of Clients**

The Firm provides investment advisory services on behalf of the Funds. Investors in the Funds may include, but are not limited to, sophisticated qualified clients, including high net worth individuals, family offices, individual retirement plans, pension plans, endowments, fund-of-funds, trusts, investment organizations, insurance companies and other institutions or businesses.

Generally, the minimum subscription amount for an investment in the Private Funds is two hundred fifty thousand dollars (\$250,000). However, the Firm reserves the right to accept subscriptions of any lesser amount, at its sole discretion.

Shares of RDLF are traded on the London Stock Exchange.

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

Fund portfolios primarily invest in debt instruments (the "Debt Instruments" or "Portfolio Investments") offered by a variety of domestic and international direct lending sources (the "Lending Sources"). Portfolio Investments may be undertaken in a variety of investment categories, including without limitation, secured and unsecured consumer Debt Instruments, secured and unsecured business Debt Instruments. Such Portfolio Investments generally provide funding for equipment and supply chain activities, factoring receivables, automobiles, healthcare, real estate, and other specialty finance opportunities.

With respect to a variable portion of its portfolios, the Firm intends to employ a unique and proprietary Portfolio Investment selection technology ("TruSight Technology") which uses an artificial intelligence engine to automatically generate a set of algorithms based upon the prior history of Debt Instruments originated from specific Lending Sources. The resulting algorithms isolate borrower and Debt Instrument characteristics which they deem most likely to provide the highest return on an aggregated basis. Information and guidance provided by the Portfolio



Manager may influence the criteria to be used, along with the combined confidence from the set of algorithms to determine which Debt Instruments are to be selected and their investment amounts. After analyzing new Debt Instruments available on said Lending Sources, Debt Instruments or portions of Debt Instruments for investment are then selected, investment amounts are determined, and investments are generally made by TruSight Software.

While the Debt Instrument selection process using TruSight Software often operates without the need for human interaction, the Investment Manager is permitted, at its discretion and without limitation, to make investments without use of the TruSight Software. If a particular Lending Source does not have sufficient loan history necessary for analysis by TruSight Software, then investments will be selected primarily based upon the underwriting rules and classifications used by the Lending Source in conjunction with guidelines developed by the Firm's investment team. If the Lending Source does not have an experienced underwriting team, then investments will be primarily selected by the Firm's investment team. In those cases where TruSight Technology would be the preferred investment process but insufficient history exists, when and if such time when sufficient history has been collected, TruSight Technology will be deployed as the investment process.

*The information presented in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** is qualified in its entirety by reference to the Funds' Investment Program in the Private Placement Memorandum, the RDLF's Prospectus or Investment Management Agreement. A copy of the Private Placement Memorandum or Prospectus may be obtained by contacting the Firm at (214) 871-5251.*

## **RISK FACTORS**

**EACH FUNDS' INVESTMENT PROGRAM ENTAILS A SIGNIFICANT DEGREE OF RISK, INCLUDING WITHOUT LIMITATION, THE RISK THAT A PROSPECTIVE INVESTOR MAY LOSE ALL OR A SIGNIFICANT PORTION OF ITS INVESTMENT CAPITAL. THERE CAN BE NO ASSURANCE THAT THE FIRM OR FUNDS WILL BE ABLE TO AVOID LOSS, ACHIEVE THEIR INVESTMENT OBJECTIVES OR RECEIVE A POSITIVE RETURN ON INVESTMENT CAPITAL. IN ADDITION, INTERESTS OR SHARES IN THE FUNDS ARE HIGHLY ILLIQUID. AS SUCH, AN INVESTMENT IN THE FUNDS SHOULD ONLY BE UNDERTAKEN BY INVESTORS CAPABLE OF (I) EVALUATING THE RISKS ASSOCIATED WITH SUCH INVESTMENT, (II) BEARING THE LOSS OF PART OR ALL OF THEIR INVESTMENT CAPITAL, AND/OR (III) BEARING THE ILLIQUIDITY OF SHARES OR INTERESTS IN A FUND FOR AN UNFORESEEABLE PERIOD OF TIME.**

**AN INVESTOR WHO SUBSCRIBES FOR AN INVESTMENT IN THE FUNDS WILL ALSO BE SUBJECT TO A NUMBER OF INVESTMENT, STRUCTURAL, OPERATIONAL AND TAX RISKS, INCLUDING WITHOUT LIMITATION RISKS RELATING TO: THE UNDERLYING LENDING SOURCES, THE UNSECURED NATURE OF SOME UNDERLYING INVESTMENTS, THE POTENTIAL FOR DEFAULTS OF UNDERLYING INVESTMENTS, POOR OR SUBPRIME CREDIT RATINGS WITH RESPECT TO CERTAIN BORROWERS ASSOCIATED WITH**



**UNDERLYING INVESTMENTS, THE ILLIQUIDITY OF BOTH UNDERLYING INVESTMENTS, THE FUNDS, MARKET CONDITIONS, SECURITY SELECTION, THE PARTNERSHIP'S OR PROSPECTUS' TERMS, AND DOMESTIC TAX TREATMENT OF UNDERLYING DEBT INSTRUMENTS.**

**DETAILED DISCLOSURES OF SUCH RISKS, OTHER RISKS AND ANY CONFLICTS OF INTEREST INHERENT TO THE FUNDS MAY BE FOUND IN THE PRIVATE FUND'S PRIVATE PLACEMENT MEMORANDUM, THE RDLF'S PROSPECTUS OR, AS APPLICABLE, AN INVESTMENT MANAGEMENT AGREEMENT ON BEHALF OF A SEPARATELY MANAGED ACCOUNT. COPIES OF THE PRIVATE PLACEMENT MEMORANDUM AND PROSPECTUS ARE AVAILABLE UPON REQUEST TO THE FIRM. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW SUCH RISK DISCLOSURES CAREFULLY, AND CONSULT THEIR INDIVIDUAL FINANCIAL, LEGAL AND TAX ADVISORS.**

### **Item 9 – Disciplinary Information**

This section requires registered investment advisers 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 has no known legal or disciplinary events to disclose.

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

Ranger Alternative Management II, LP 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.

- 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 Investment Management, L.P. manages investment portfolios which consist of the U.S. exchange traded equity securities of primarily small, mid and/or large capitalization growth oriented companies.
- Ranger International Management, LP manages investment portfolios which consist of securities traded on a long basis only with respect to strategies characterized as (i) global income and growth, and (ii) international equity portfolios.
- Ranger Advisors, L.P. manages fund-of-funds investment portfolios which primarily invest in Ranger affiliated strategies and to a lesser extent an unaffiliated long/short hedge fund, on behalf of a closely held group of accredited investors.

All RCGH affiliated investment advisers are registered with the U.S. Securities and Exchange Commission (the “SEC”) in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training. Additional information regarding the Firm and its advisory affiliates may be found on-line at [www.rangercap.com](http://www.rangercap.com) or by contacting the Firm at (214) 871-5251.

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

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

### Personal Trading Policy

The Firm has implemented a personal trading policy which prohibits employees from purchasing securities (as defined below) which the Firm may invest in for the benefit of its clients. Employees may continue to hold investments initiated prior to the adoption of the policy or their employment with the firm, and may sell such securities only after all anticipated clients’ purchases or sales of such securities are completed, if any. In addition, the Firm may require all employees to receive pre-clearance from the CCO by submitting a written request prior to the sale of individual securities transactions. While investment in a Ranger direct lending investment vehicle is encouraged, Employees are prohibited from investing directly in loans, notes or other Debt Instruments from any Lending Source. Employees may invest in equities, bonds, pooled investment vehicles, ETFs, Closed End Mutual Funds and SEC exempt securities, such as open-end mutual funds, certain U.S. government securities and cash equivalents. Pre-clearance and reporting requirements vary for 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
- Political Contributions
- Outside Business Activities
- Gifts and Entertainment

A copy of the Firm's Code of Ethics is available to current or prospective clients upon written request to [info@rangercap.com](mailto:info@rangercap.com).

## **Item 12 –Brokerage Practices**

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

The Firm may at any time, employ the use of swaps, derivatives and other over the counter investment products used to gain or hedge exposures (together with the Portfolio Investments, the “Underlying Securities”). Underlying Securities are not publically traded securities, and as such the Firm (i) does not select or recommend broker-dealers for the purchase and sale of securities for its Clients, (ii) does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Client securities transactions, (iii) does not receive or employ any “soft dollar” based benefits attributable to Client securities transactions, (iv) does not consider selecting or recommending broker-dealers, based on client referrals, and (v) does not permit a Client to direct brokerage.

## **Item 13 – Review of Accounts**

Each Client account will be reviewed and valued on a daily, weekly or monthly basis, as deemed appropriate by the Firm. The Firm's Portfolio Manager will review each account in a manner consistent with the investment goals of each Client. Under the supervision of the Chief Financial Officer, members of the Firm's accounting staff will review the accounts' valuation, including net asset value calculations, principal and interest accrual calculations, and cash balance reports from applicable Lending Sources and/or the Firm's administrator.

The Firm and the Funds' administrator will assist the Funds in preparing written reports to Investors on at least a quarterly basis. Such quarterly reports include unaudited financial information to investors.

## **Item 14 – Client Referrals and Other Compensation**

The Firm may enter into written agreements with an affiliated or unaffiliated marketing group or individuals that will solicit investors for the Funds. As compensation for their solicitation services, such marketing groups or individuals may receive a percentage of the Firm's Management Fee and/or Performance Fees as attributable to such Investor or the Funds. The fees paid to such marketing groups or individuals are not charged back to the Clients or Investors who have been solicited by these groups or individuals. Clients and/or Investors pay the same fees to the Firm as they would have had they not been referred by such marketing groups or individuals.

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 the Firm's 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. The Firm pays a referral fee with respect to any one Investor and the Firm will provide disclosure to said Investor prior to subscription date of such investor.

## **Item 15 – Custody**

The Firm serves as a General Partner and/or Investment Adviser with full discretion over the portfolios of the Private Funds it advises. As a result, the Firm is considered to have indirect access to the funds and securities of Investors in its Private Funds. Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, the Firm has custody of these assets.

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

***The Firm strongly encourages Investors to closely monitor their account statements, audited financial statements, disclosure documents and important investment related materials they receive from the Firm. Any potential discrepancies should be promptly brought to the Firm's attention by contacting (214) 871-5251.***

## **Item 16 – Investment Discretion**

In general, the Firm has complete discretion over the selection and amount of securities to be bought or sold without obtaining consent or approval from Clients or Investors (within the parameters established by each Private Funds' Private Placement Memorandum and RDLF's Prospectus). Discretionary authority only occurs upon full disclosure to the Client or Investor and authorization by such Client or Investor pursuant to the Operative Documents and subscription agreement of the Private Funds, the prospectus of the RDLF or the investment management agreement of a Separate Account. Trades or transactions made by the Firm on behalf of Client accounts for which it has discretion will be in accordance with each Fund's investment objectives and goals.

## **Item 17 – Voting Client Securities**

Generally, the Firm does not invest in securities which solicit proxies. However, to the extent the Firm does receive a proxy ballot, the Firm would seek to vote such proxy in the interest of maximizing shareholder value. To that end, the Firm would vote proxies in the manner it believes is consistent with its fiduciary duty. It is the Firm's policy to review each proxy statement on a case-by-case basis and give consideration to both the short and long term implications of each proposal in which it votes.

The Firm's written proxy voting policies are set forth in the paragraph immediately above. In addition, the Firm will maintain a record of all proxy votes cast on behalf of Clients; such records, if any, are available for review by the Client upon written request.

## **Item 18 – Financial Information**

Ranger 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.