

Item 1 – Cover Page



Adviser Brochure

Form ADV Part 2A

Ranger Alternative Management, L.P.

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November 1, 2023

This Brochure provides information about the qualifications and business practices of Ranger Alternative Management, 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 Alternative Management, L.P. registered with the United States Securities and Exchange Commission in May 2008 in accordance with the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Ranger Alternative Management, L.P. (CRD # 145543) is also 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 Alternative Management, L.P. and registered as investment advisers with the SEC.

REFERENCES AND DISCLOSURES RELATING TO THE RANGER EQUITY BEAR ETF (THE “RANGER ETF”), INCLUDING BUT NOT LIMITED TO: (I) THE INVESTMENT OBJECTIVE, STRATEGIES, RESTRICTIONS AND MANAGEMENT OF THE RANGER ETF, (II) RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN THE RANGER ETF, (III) DESCRIPTIONS OF SECURITIES PERMISSIBLE FOR INVESTMENT BY THE RANGER ETF, AND (IV) TERMS FOR INVESTMENT WITHIN A THE RANGER ETF ARE QUALIFIED IN THEIR ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH THE RANGER ETF'S OFFERING DOCUMENTS, INCLUDING WITHOUT LIMITATION, ANY PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION APPLICABLE TO THE RANGER ETF. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW OFFERING DOCUMENTS 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 ON THE RANGER ETF'S WEBSITE AT: [HTTPS://ADVISORSHARES.COM/ETFS/HDGC/#HDGC](https://advisorshares.com/etfs/hdgc/#hdgc)

Item 2 – Material Changes

SEC rules require Ranger Alternative Management, 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 2* of the Form ADV 2 (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 November 1, 2023, and updates the Brochure dated March 31, 2023. A summary of the material revisions made to the previous version of the Firm’s Brochure is as follows:

1. **Cover Page** – The Firm updated its primary business address.
2. **Item 4 – Advisory Business.** The Firm updated its principal owners.
3. **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.** The Firm added disclosures for risks and conflict of interests regarding service providers.
4. **Item 10 – Other Financial Industry Activities and Affiliations.** The Firm updated its list of financial industry affiliations.

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Item 4 – Advisory Business

Ranger Alternative Management, L.P. (“Ranger” or the “Firm”) was founded in 2008. The Firm is controlled by its General Partner, Ranger GP Services, LLC (the “General Partner”). The General Partner is controlled by Ranger Asset Management Company, LLC, a wholly owned subsidiary of First United Bank and Trust Company. As of October 31, 2023, the Firm managed approximately \$102,285,688 of client assets on a discretionary basis.

The Firm currently serves as a sub-adviser to and provides investment advisory services on a discretionary basis to the AdvisorShares Ranger Equity Bear ETF (ticker: HDGE) (the “Ranger ETF”). The Ranger ETF is a class of the AdvisorShares Trust, an investment company registered with the U.S. Securities and Exchange Commission in accordance with the Investment Company Act of 1940. While not applicable at this time, the Firm may provide investment advisory services to unregistered pooled investment vehicles and/or separately managed accounts on a future date.

Investment supervisory services include: (1) establishing a client’s investment objectives within a short-only equity investment strategy; (2) buying or selling portfolio securities on behalf of each client; and (3) periodically reporting to investors the current investment holdings, valuations, transactions, capital gains or losses, investment income and performance.

Ranger serves as a sub-adviser to and manages the day-to-day portfolio management activities of the AdvisorShares Ranger Equity Bear ETF (ticker: HDGE). The investment objective of the portfolio the Firm manages seeks capital appreciation through short sales of U.S. exchange-traded equity securities (the “Equity Bear Strategy”). The Firm primarily undertakes short sales in mid- and large-capitalization public companies, exchange-traded funds (“ETFs”), exchange-traded notes (“ETNs”) and other exchange traded products (“ETPs”). For investment purposes and to cover its short positions, the Equity Bear Strategy may hold U.S. government securities, short-term high quality fixed income securities, money market instruments, overnight and fixed-term repurchase agreements, cash and cash equivalents with maturities of one year or less, and ETFs that invest in these types of instruments. Additional information regarding the Firm’s methods of analysis and investment strategy may be found in **Item 8 – Method of Analysis, Investment Strategies and Risk of Loss.**

ALL DESCRIPTIONS AND REFERENCES IN THIS BROCHURE TO THE RANGER EQUITY BEAR ETF OR THE EQUITY BEAR PORTFOLIO ARE QUALIFIED IN THEIR ENTIRETY, INCLUDING WITHOUT LIMITATION, WITH RESPECT TO OBJECTIVES, STRATEGIES, INVESTMENT PROCESSES, AND TERMS OF INVESTMENTS BY THE RANGER EQUITY BEAR ETF PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION (TOGETHER, THE “OFFERING DOCUMENTS”), OR WITH RESPECT TO OTHER INVESTMENT PRODUCTS, SUCH OTHER INFORMATIONAL OR DISCLOSURE DOCUMENTS AS MAY BE PROVIDED BY THE FIRM. PROSPECTIVE INVESTORS ARE THEREFORE STRONGLY ENCOURAGED TO CAREFULLY REVIEW APPLICABLE OFFERING DOCUMENTS RELATING TO THE RANGER EQUITY BEAR ETF OR THE

APPLICABLE DISCLOSURE DOCUMENTS RELATING TO OTHER INVESTMENT PRODUCTS, AND CONSULT THEIR LEGAL, TAX AND/OR FINANCIAL REPRESENTATIVES PRIOR TO MAKING AN INVESTMENT.

Item 5 – Fees and Compensation

The Firm charges advisory fees or sub-advisory fees which are a fixed percentage of assets under management (“Management Fees”). However, the Firm reserves the right to negotiate Management Fees with clients which differ from the standard schedule, based on specific circumstances on a case by case basis, including without limitation, the relative size of a client account. Accordingly, Management Fees incurred by clients may vary substantially.

Additionally, although the Firm does not currently anticipate offering separate accounts, to the extent it does so in the future, all other terms of such investment, including terms relating to expenses and redemption terms, may also be negotiable on a case by case basis.

The Firm provides advisory services to the Ranger Equity Bear ETF pursuant to a subadvisory agreement with the Ranger Equity Bear ETF’s Investment Advisor: AdvisorShares Investments, LLC. Investors in the Ranger Equity Bear ETF pay uniform management fees, at a rate determined by the Ranger Equity Bear ETF Board of Trustees, which currently stands at one and a half percent (1.5%) per annum. Currently, the Firm receives sub-advisory fees for sub-advisory services relating to the Ranger Equity Bear ETF equal to an annual rate of one percent (1.00%). As such, the Management Fees charged by the Firm with respect to the Ranger Equity Bear ETF is currently less than the Management Fees incurred by an investor in the Ranger Equity Bear ETF. Management Fees are 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 Firm’s clients and/or investors in pooled investment vehicles advised by the Firm (“Client Affiliates”). Clients and Client Affiliates 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 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 or sub advisory fee, and the Firm will not receive any portion of these commissions, fees or costs.

Ranger Equity Bear ETF Expenses

The prospectus and statement of additional information of the Ranger Equity Bear ETF sets forth the applicable expenses to which a shareholder may be subject; and any descriptions of fees and expenses set forth above and below should be deemed examples and/or summaries of the types of expenses an Ranger Equity Bear ETF shareholder may be subject to, are not intended to be all inclusive, and are qualified in their entirety by the prospectuses and statement of additional information of the Ranger Equity Bear ETF.

Generally, the Ranger Equity Bear ETF bears the cost attributable to the Ranger Equity Bear ETF's investment activities and operations, which may include, without limitation, expenses associated with a portfolio's investment program, trading, administration, custody and/or operations, including without limitation: (a) Management Fees payable to the Firm, (b) the fees and expenses of Trustees (c) the fees and certain expenses of the Ranger Equity Bear ETF's Custodian and Transfer Agent, (d) the charges and expenses of legal counsel and independent registered public accounting firm for the Ranger Equity Bear ETF, (e) brokerage commissions and any issue or transfer taxes chargeable to the Ranger Equity Bear ETF in connection with its securities transactions, (f) all taxes and corporate fees payable by the Ranger Equity Bear ETF to governmental agencies, (g) the cost of share certificates representing shares of the Ranger Equity Bear ETF, (h) the cost of fidelity and liability insurance, (i) the fees and expenses involved in registering and maintaining registration of the Ranger Equity Bear ETF and of its shares with the Securities Exchange Commission, qualifying its shares under state securities laws, including the preparation and printing of the Ranger Equity Bear ETF's registration statements and prospectuses for such purposes, (j) all expenses of shareholders and Trustees' meetings (including travel expenses of Trustees and officers of the Ranger Equity Bear ETF who are directors, officers or employees of the adviser) and of preparing, printing and mailing reports, proxy statements and prospectuses to shareholders in the amount necessary for distribution to the shareholders, and (k) litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Ranger Equity Bear ETF's business.

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**.

Compensation to Third Parties

The Firm may enter into written agreements with an affiliated or unaffiliated marketing group or individuals that will solicit investors on behalf of the Firm or the Ranger ETF. As compensation for their solicitation services, such marketing groups or individuals may receive a percentage of the Firm's Management Fee as attributable to such solicited Client. With the exception of 12b-1 fees charged, if applicable, compensation paid by the Firm to marketing groups or individuals are borne exclusively by the Firm and are not charged back to the Clients who have been solicited by such groups or individuals. However, because the Firm pays such compensation out of the Management Fees it collects from a Client, such Client may be indirectly impacted pursuant to the level of Management Fees it is able to negotiate with the Firm.

Additionally, 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 Firm 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)-1 under the Adviser's Act.

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

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. 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 and implemented to ensure all clients are treated fairly and equally, and to prevent this potential conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

The Firm serves as sub-adviser to AdvisorShares Investments, LLC and manages the day-to-day portfolio activities of the Ranger Equity Bear ETF (HDGE). There is no minimum to invest in the Ranger Equity Bear ETF (HDGE).

Currently, Ranger Equity Bear ETF serves as the Firm's sole client. However, the Firm may provide portfolio management services for additional public funds, private funds and/or separately managed accounts as of any future date.

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

The investment objective of the Firm's portfolio includes capital appreciation through the short sales of U.S. exchange-traded equity securities of primarily mid- and large-capitalization public companies, exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs") and other exchange traded products ("ETPs"). The Firm implements a bottom-up, fundamental research driven security selection process which seeks to identify securities with low earnings quality or aggressive accounting that may tend to mask operational deterioration and bolster the reported earnings per share over a short time period. In addition, the Firm seeks to identify earnings driven events that may act as a catalyst to the price decline of a security, such as downwards earnings revisions or reduced forward earnings outlook. In addition to quantitative analysis, careful consideration is given to qualitative analysis. The assessment of the management team, accounting practices, corporate governance and the company's competitive advantage are all key items. Once these quantitative and qualitative characteristics are thoroughly analyzed, the Firm then determines if there is sufficient return to the stock price to warrant an investment. Once a position is included in the Firm's portfolio, it is subject to regular fundamental and technical risk management review. This continual review process seeks to identify problem positions early and enhances performance by removing them before they become significant issues for the portfolio.

On a day-to-day basis, the portfolio may hold U.S. Government securities, short-term high quality fixed income securities, money market instruments, overnight and fixed-term

repurchase agreements, cash and cash equivalents with maturities of one year or less for investment purposes and to cover its short positions.

Additional information regarding the Firm's investment strategy, methods of analysis, and portfolio construction may be found in the prospectus and SAI, copies of which may be obtained on-line at, <https://advisorshares.com/etfs/hdge/#hdge>.

RISK FACTORS

INVESTMENT PRODUCTS OR SERVICES MANAGED BY THE FIRM INVOLVE 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 PRODUCT OR SERVICE MANAGED BY THE FIRM. WITH RESPECT TO THE RANGER EQUITY BEAR ETF, ADDITIONAL RISK DISCLOSURES MAY BE FOUND IN THE PROSPECTUS AND SAI OF THE RANGER EQUITY BEAR ETF.

REFERENCES AND DISCLOSURES RELATING TO THE RANGER EQUITY BEAR ETF, INCLUDING BUT NOT LIMITED TO: (I) THE INVESTMENT OBJECTIVE, STRATEGIES, RESTRICTIONS AND MANAGEMENT OF THE RANGER EQUITY BEAR ETF, (II) RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH AN INVESTMENT IN THE RANGER EQUITY BEAR ETF, (III) DESCRIPTIONS OF SECURITIES PERMISSIBLE FOR INVESTMENT BY THE RANGER EQUITY BEAR ETF, AND (IV) TERMS FOR INVESTMENT WITHIN A THE RANGER EQUITY BEAR ETF ARE QUALIFIED IN THEIR ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH THE RANGER EQUITY BEAR ETF'S OFFERING DOCUMENTS, INCLUDING WITHOUT LIMITATION, ANY PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION APPLICABLE TO THE RANGER EQUITY BEAR ETF. PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO REVIEW OFFERING DOCUMENTS 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 ON THE RANGER EQUITY BEAR ETF'S WEBSITE AT: [HTTPS://ADVISORSHARES.COM/ETFS/HDGE/#HDGE](https://advisorshares.com/etfs/hdge/#hdge)

Short Sales Risk

Short sales are transactions in which a portfolio managed by the Firm (an "Equity Bear Portfolio") sells a security it does not own. To complete the transaction, an Equity Bear

Portfolio must borrow the security to make delivery to the buyer. An Equity Bear Portfolio is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold by an Equity Bear Portfolio. If the underlying security goes down in price between the time an Equity Bear Portfolio sells the security and buys it back, an Equity Bear Portfolio will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, an Equity Bear Portfolio will realize a loss on the transaction. Any such loss is increased by the amount of premium or interest an Equity Bear Portfolio must pay to the lender of the security. Likewise, any gain will be decreased by the amount of premium or interest an Equity Bear Portfolio must pay to the lender of the security. An Equity Bear Portfolio is also required to segregate other assets on its books to cover its obligation to return the security to the lender which means that those other assets may not be available to meet an Equity Bear Portfolio's needs for immediate cash or other liquidity. An Equity Bear Portfolio's investment performance may also suffer if an Equity Bear Portfolio is required to close out a short position earlier than it had intended. This would occur if the securities lender required an Equity Bear Portfolio to deliver the securities an Equity Bear Portfolio borrowed at the commencement of the short sale and an Equity Bear Portfolio was unable to borrow the securities from another securities lender or otherwise obtain the security by other means. In addition, an Equity Bear Portfolio may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with an Equity Bear Portfolio's open short positions. These expenses negatively impact the performance of an Equity Bear Portfolio. For example, when an Equity Bear Portfolio short sells an interest-bearing security, such as a bond, it is obligated to pay the interest on the security it has sold. This cost is partially offset by the interest earned by an Equity Bear Portfolio on the investment of the cash generated by the short sale. When an Equity Bear Portfolio sells short an equity security that pays a dividend, an Equity Bear Portfolio must pay out the dividend rate of the equity security to the lender and records this as an expense of an Equity Bear Portfolio and reflects the expense in the financial statements. However, a dividend paid on a security sold short generally has the effect of reducing the market value of the shorted security and thus, increases an Equity Bear Portfolio's unrealized gain or reduces an Equity Bear Portfolio's unrealized loss on its short sale transaction. To the extent that the interest rate and/or dividend that an Equity Bear Portfolio is obligated to pay is greater than the interest earned by an Equity Bear Portfolio on investments, the performance of an Equity Bear Portfolio will be negatively impacted. These types of short sales expenses are sometimes referred to as the "negative cost of carry," and will tend to cause an Equity Bear Portfolio to lose money on a short sale even in instances where the price of the underlying security sold short does not change over the duration of the short sale. Regulatory bans on certain short selling activities may prevent an Equity Bear Portfolio from fully implementing its strategy.

Security Selection and Market Risk

Security Selection risk is defined as the risk that the Firm may not select and size positions appropriately within a portfolio. An associated market risk arises from the influence of the movements of the overall market, or the value of the individual securities in a 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 the Firm 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 the Firm's investment strategies, there is also a degree of market risk. For these reasons, the Portfolio may also incur losses.

Investment Program may not be Successful

There can be no assurance that the investment program and/or the investment selection process employed by the Firm will be successful. There is no assurance that the Firm's investment program, investment models or methodologies will function as anticipated, especially during unusual market conditions or conditions that the Firm have not anticipated or yet encountered. In addition, the Firm's investment methodologies, may be continually revised and evolve. However, no assurances can be given that such revisions will perform as anticipated or desired by the Firm, and as such may have adverse consequences to the Equity Bear Portfolios.

Investment in the Ranger Equity Bear ETF is a Risky Investment for Suitable Investors Only

Investment in the Ranger Equity Bear ETF may involve significant exposures and risk, and is suitable only for prospective investors who can bear the risk of losing a significant portion or the entirety of their investment. If a prospective investor cannot afford or is unwilling to bear such risk, it should not invest in the Ranger Equity Bear ETF.

Potential Loss of Investment

There is a risk that an investment in a Ranger investment product, including the Ranger Equity Bear ETF, will be lost entirely or in part. An investment in any Ranger investment product, including the Ranger Equity Bear ETF, 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 Ranger Equity Bear ETF, whose performance may be highly volatile. No guarantee or representation is made that the investment strategy of any Ranger investment product, including the Ranger Equity Bear ETF, 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 Ranger investment product, including the Ranger Equity Bear ETF, 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 an ETF (or other pooled investment vehicle), Separate Account, or composite may not be indicative of the future results.

Management Risk.

The Firm continuously evaluates the holdings, purchases and sales of each investment product it advises, including without limitation the Ranger Equity Bear ETF, with a view to achieving such product's investment objective. However, achievement of the stated investment objective cannot be guaranteed. The Firm's judgment about the markets, the economy, or companies may not anticipate actual market movements, economic conditions or company performance, and these factors may affect the return on an investment.

Portfolio Turnover Risk

Investment products that the Firm advises, including the Ranger Equity Bear ETF, will not be restricted in effecting transactions by any specific limitations with regard to the Portfolio turnover rate. Trading methodologies, market conditions or other unforeseen events may result in substantial portfolio turnover, which may result in a significant increase in expense for the investors and/or enhanced volatility. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs and may result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in an Equity Bear Portfolio's performance.

Equity Risk

The prices of equity securities, in which the Firm invests, include short positions which may rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may decline in response. In addition, the equity market tends to move in cycles which may cause stock prices to rise over short or extended periods of time.

Illiquid Investments Risk

In certain circumstances, it may be difficult for an Equity Bear Portfolio to purchase and sell particular portfolio investments due to infrequent trading in such investments. The prices of such securities may experience significant volatility, make it more difficult for an Equity Bear Portfolio to transact significant amounts of such securities without an unfavorable impact on prevailing market prices, or make it difficult for the Sub-Advisor to dispose of such securities at a fair price at the time the Sub-Advisor believes it is desirable to do so. In addition, an Equity Bear Portfolio's investment in ETNs and certain other ETPs may be subject to restrictions on the amount and timing of any redemptions. An Equity Bear Portfolio's investment in such securities may restrict an Equity Bear Portfolio's ability to take advantage of other market opportunities and adversely affect the value of an Equity Bear Portfolio's portfolio holdings. An Equity Bear Portfolio's investment in certain ETPs also may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules.

ETF Market Risk

In stressed market conditions, the market for ETF shares may become less liquid in response to deteriorating liquidity in the markets for the ETF's underlying portfolio holdings. This adverse effect on liquidity for the ETF's shares in turn can lead to a difference between the market price of the ETF's shares and the underlying value of those shares. With respect to an Equity Bear Portfolio, this difference can be reflected as a spread between the bid and ask prices quoted during the day or a premium or discount in the closing price from an Equity Bear Portfolio's NAV. In addition, direct trading by Authorized Participants is critical to ensuring that an Equity Bear Portfolio's shares trade at or close to NAV. However, market makers are not obligated to make a market in an Equity Bear Portfolio's shares nor are Authorized Participants obligated to execute purchase or redemption orders for Creation Units and, in times of market stress, circumstances could develop that could cause them to refrain from these activities or reduce their role. Any absence of an active market could lead to a heightened risk of differences between the market price of an Equity Bear Portfolio's shares and the underlying value of those shares.

Exchange-Traded Note Risk

ETNs are senior, unsecured unsubordinated debt securities issued by an underwriting bank that are designed to provide returns that are linked to a particular reference asset or benchmark less investor fees. The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market, changes in the applicable interest rates, and changes in the issuer's credit rating and economic, legal, political or geographic events that affect the underlying market. It is expected that the issuer's credit rating will be investment-grade at the time of investment, however, the credit rating may be revised or withdrawn at any time and there is no assurance that a credit rating will remain in effect for any given time period. If a rating agency lowers the issuer's credit rating, or there is a decline in the perceived creditworthiness of the issuer, the value of the ETN will decline as a lower credit rating reflects a greater risk that the issuer will default on its obligation to ETN investors. An Equity Bear Portfolio must pay an investor fee when investing in an ETN, which will reduce the amount of return on investment at maturity or upon redemption. There may be restrictions on an Equity Bear Portfolio's right to redeem its investment in an ETN, which is meant to be held until maturity. There are no periodic interest payments for ETNs and principal typically is not protected. As is the case with other ETPs, an investor could lose some of or the entire amount invested in ETNs. An Equity Bear Portfolio's decision to sell its ETN holdings may be limited by the availability of a secondary market.

Exchange-Traded Product Risk

An Equity Bear Portfolio may invest in (or short) ETPs. Through its positions in ETPs, an Equity Bear Portfolio generally is subject to the risks associated with the ETPs' investments, or reference assets/benchmark components in the case of ETNs, including the possibility that the value of the securities or instruments held by or linked to an ETP could decrease (or increase in the case of short positions). Certain of the ETPs may hold common portfolio positions, thereby reducing any diversification benefits. Certain ETPs in which an Equity Bear Portfolio invests are pooled investment vehicles that are not registered pursuant to the 1940 Act and, therefore, are not subject to the regulatory scheme of the 1940 Act including the investor

protections afforded by the 1940 Act. Under normal market conditions, an Equity Bear Portfolio will purchase shares of or interest in ETPs in the secondary market. ETFs also may trade below their NAV or at a discount, which may adversely affect an Equity Bear Portfolio's performance. When an Equity Bear Portfolio invests in an ETP (except an ETN), in addition to directly bearing the expenses associated with its own operations, it also will bear a pro rata portion of the ETP's expenses (including operating costs and management fees). Because ETNs are debt securities and not pools of securities, an Equity Bear Portfolio pays a specific investor fee for its investments in ETNs. Consequently, an investment in an Equity Bear Portfolio entails more direct and indirect expenses than a direct investment in an ETP.

Fixed Income Securities Risk

An Equity Bear Portfolio may be exposed to fixed income risk through its short positions in ETPs that primarily invest in, or have exposure to, fixed income securities. Fixed income securities are debt obligations issued by corporations, municipalities and other borrowers. Coupons may be fixed or adjustable, based on a pre-set formula. The market value of fixed income investments may change in response to interest rate changes and other factors. Fixed income securities are subject to the risk that the securities may be paid off earlier or later than expected. Either situation could cause an Equity Bear Portfolio to have exposure to fixed income securities paying lower-than-market rates of interest, which could adversely affect the value of an Equity Bear Portfolio's short positions. In addition, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, the ETPs in which an Equity Bear Portfolio invests may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of the ETPs because they will have to reinvest that money at lower prevailing interest rates. This is known as prepayment risk. Changes by recognized agencies in the rating of any fixed income security and in the ability of an issuer to make payments of interest and principal will also affect the value of these investments.

Illiquid Investment Risk

In certain circumstances, it may be difficult for an Equity Bear Portfolio to purchase and sell particular portfolio investments due to infrequent trading in such investments. The prices of such securities may experience significant volatility, make it more difficult for an Equity Bear Portfolio to transact significant amounts of such securities without an unfavorable impact on prevailing market prices, or make it difficult for the Sub-Advisor to dispose of such securities at a fair price at the time the Sub-Advisor believes it is desirable to do so. In addition, an Equity Bear Portfolio's investment in ETNs and certain other ETPs may be subject to restrictions on the amount and timing of any redemptions. An Equity Bear Portfolio's investment in such securities may restrict an Equity Bear Portfolio's ability to take advantage of other market opportunities and adversely affect the value of an Equity Bear Portfolio's portfolio holdings. An Equity Bear Portfolio's investment in certain ETPs also may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules.

Issuer Risk

From time to time an Equity Bear Portfolio may have exposure via its short positions to a limited number of issuers. During such times, an Equity Bear Portfolio is more susceptible to the risk that an issuer's securities may appreciate in value.

Large Capitalization Risk

The large-cap segment of the market may underperform other segments of the equity market or the equity market as a whole. The underperformance of large-cap securities may cause an Equity Bear Portfolio's performance to be less than expected.

Liquidity Risk

Trading in shares of the Ranger Equity Bear ETF may be halted because of market conditions or for reasons that, in the view of the New York Stock Exchange, make trading in shares inadvisable. In addition, trading in shares is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. There can be no assurance that the requirements necessary to maintain the listing of the shares of an Equity Bear Portfolio will continue to be met or will remain unchanged.

Market Risk

Investments in securities, in general, are subject to market risks that may cause their prices to fluctuate over time. An Equity Bear Portfolio's investment may decline in value due to factors affecting securities markets generally, such as real or perceived adverse economic conditions or changes in interest or currency rates, or particular countries, segments, economic sectors, industries or companies within those markets. Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the market generally and on specific securities. For example, since December 2019, a novel strain of coronavirus has spread globally, which has resulted in the temporary closure of many corporate offices, retail stores, manufacturing facilities and factories, and other businesses across the world. As the extent of the impact on global markets from the coronavirus is difficult to predict, the extent to which the coronavirus may negatively affect an Equity Bear Portfolio's performance, or the duration of any potential business disruption is uncertain. Any potential impact on performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus and the actions taken by authorities and other entities to contain the coronavirus or treat its impact.

Mid-Capitalization Risk

Security prices of mid-cap companies may be based in substantial part on future expectations rather than current achievements and may move sharply, especially during market upturns and downturns. Mid-cap companies themselves may be more vulnerable to adverse business or economic events than larger, more established companies. During a period when the performance of mid-cap securities falls behind that of other types of investments, such as large-cap stocks or the equity market as whole, an Equity Bear Portfolio's performance could be reduced.

Temporary Investments

To respond to adverse market, economic, political or other conditions, the Firm may invest up to 100% of the Equity Bear Portfolios' total assets, without limitation, in high-quality short-term debt securities and money market instruments. These short-term debt securities and money market instruments include: shares of money market mutual funds, commercial paper, certificates of deposit, bankers' acceptances, U.S. Government securities and repurchase agreements. While the Equity Bear Portfolios are in a defensive position, the opportunity to achieve their investment objective will be limited. Furthermore, to the extent that the Equity Bear Portfolios invest in money market mutual funds for cash positions, there will be some duplication of expenses because the Equity Bear Portfolios pay their pro-rata portion of such money market funds' advisory fees and operational fees. The Equity Bear Portfolios may also invest a substantial portion of their assets in such instruments at any time to maintain liquidity or pending selection of investments in accordance with its policies.

Cybersecurity Risks

The computer systems, networks and devices used by the Firm and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized by the Firm and its service providers, systems, networks, or devices potentially can be breached. The Firm's portfolios and clients could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact the Firm's business operations, potentially resulting in: financial losses; interference with the Firm's ability to calculate NAV; impediments to trading; the inability of the Firm and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which the Firm's investment strategy invests; counterparties with which the Firm engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions (including financial intermediaries and service providers for the Firm's investors); and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Service Provider Risks

The Firm utilizes service providers to assist the Firm in execution of certain of its covered functions, including portfolio accounting. The use of service providers gives rise to risks in addition to any risks that could exist from the Firm performing these functions entirely internally. A significant disruption or interruption to a service providers' services could affect the Firm's ability to provide its services to clients.

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 Ranger Fund. 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 a Ranger Fund (including by reducing the attractiveness of an applicable investment strategy, imposing material costs on a Ranger Fund, reducing investment opportunities, or requiring a significant restructuring of the manner in which a Ranger Fund, the Firm or its affiliates are organized or operated).

Trading Risk.

Shares of the Ranger Equity Bear ETF may trade above or below their net asset value ("NAV"). The trading price of the Ranger Equity Bear ETF's shares may deviate significantly from their NAV during periods of market volatility and, in such instances, shareholders may pay significantly more or receive significantly less than the underlying value of the Ranger Equity Bear ETF's shares. There can be no assurance that an active trading market for the Ranger Equity Bear ETF's shares will develop or be maintained. In addition, trading in shares of the Ranger Equity Bear ETF's may be halted because of market conditions or for reasons that, in the view of the NYSE Arca, Inc. (the "Exchange"), make trading in shares inadvisable.

Possible Effect of Substantial Redemptions.

Substantial redemption of capital from investment products managed by the Firm, including without limitation the Ranger Equity Bear ETF (HDGE), could require the Firm to liquidate its investments in securities more rapidly than otherwise desired in order to raise the cash necessary to fund the redemption request on behalf of such applicable investment products. Illiquidity in certain markets could make it difficult for the Firm to liquidate positions on favorable terms, which could result in losses or a decrease in the net asset value of any such redeeming investors.

As with any investment fund, there is no guarantee that an investment portfolio managed by the Firm will achieve its investment goal or be able to avoid loss.

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.

Other Client Accounts

Although not applicable at this time, the Firm may manage other client accounts on a future date, some of which may have objectives similar to those of the short-only portfolio Ranger sub- advises on behalf of the Ranger Equity Bear ETF (HDGE). 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.

Other Activities

The portfolio investment managers may engage in unrelated activities for other firms or companies in addition to servicing as portfolio investment managers for the Firm. Activities such as these could detract from the time a manager devotes to the affairs of the Firm, the Equity Bear Portfolios.

Trade Allocation

The Firm currently manages only one client account to which it has discretionary authority over the applicable portfolio. However, to the extent that the Firm manages more than one client account in the future, and 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.

The Firm expects to allocate 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 managers or their designee. Differences in allocation proportions may occur due to tax considerations, avoidance of odd lots or *de minimis* numbers of shares, directed brokerage arrangements, and investment strategies of the accounts. In order to verify compliance with these policies and procedures, and to the extent applicable, the Firm conducts periodic reviews of the order allocation process.

In certain circumstances, the Firm may determine to place orders for the same security with more than one broker-dealer in order to obtain best execution. For example, if any single

market maker has an insufficient inventory to satisfy an aggregated purchase order, it may be necessary to use multiple market makers to complete the order.

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 the 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. The Firm's policies and procedures seek to ensure that personal securities trading by employees of the Firm are conducted in such a manner as to avoid any abuse of an individual's position of trust and responsibility and to ensure adherence to the Firm's fiduciary duty. The Firm requires that employees seek prior approval and pre-clearance from a member of the compliance department prior entering into any personal trading transaction, in order for the Firm's compliance department to supervise such trading activity and mitigate the potential conflict of interest associated with personal trading. For additional information with respect to the policies and procedures the firm has implemented to mitigate conflicts associated with personal trading, please see **Item 11 – Code of Ethics** or by contacting the Firm at (214) 871-5200.

Service Providers

The utilization of service providers presents a conflict of interest between the Firm providing a sufficient amount of oversight versus the costs of providing that oversight or the cost of the adviser providing the function itself.

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 an investment product advised by the Firm 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

Registered Investment Advisors

Ranger Alternative Management, L.P. is affiliated with one investment adviser by virtue of partial, direct or indirect, common ownership or control by Ranger Asset Management Company (“RAMCO”) and/or Ranger GP Services, LLC (“Ranger GP”). The Firm and each of its investment advisory affiliates mentioned below maintain independent investment teams and processes; and focus on different investment strategies. RAMCO provides operations, marketing and investor relations support to the Firm and its affiliates.

- Meros Investment Management, LP manages investment portfolios which consist of U.S. exchange traded equity securities of primarily micro capitalization companies.

All of the above noted 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 the above noted affiliated investment advisers may be obtained on-line at www.rangercapital.com.

Other Financial Industry Affiliations

The Firm is further affiliated with First United Bank and Trust Company (“First United”) by virtue of RAMCO, the limited partner of the Firm and sole member of Ranger GP, being a wholly owned subsidiary of First United. A conflict of interest exists since First United will receive indirect benefit should a client of First United become a client of the Firm due to First United’s indirect ownership interest in the Firm. Additionally, the Firm will receive management fees should a client of First United become a client of the Firm. Importantly, First United clients are not required to use the services of the Firm, and the Firm’s clients are not required to use the services of First United.

Additionally, virtue of common control by First United, the Firm is affiliated with Unity Insurance Partners, an insurance solution provider serving Oklahoma and Texas.

Item 11 – Code of Ethics

As a fiduciary, the Firm has an affirmative duty to act in the best interests of its investors and to make full and fair disclosure of all material facts, particularly where the Firm’s interests may conflict with those of its investors. The Firm’s Code of Conduct and Code of Ethics (the “Codes”) serve as behavior benchmarks from which the Firm establishes its compliance program. 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. 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 Firm's Code of Ethics requires that all employees to comply with applicable provisions of the federal securities laws and to promptly report any violations or potential violations of the Firm's compliance policies and procedures to the Chief Compliance Officer (the "CCO").***

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, by submitting a written request prior to the individual securities transactions, and restricts trading in close proximity to client trading activity to mitigate the possibility of front running Client accounts. 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 ("Exempted Securities"), without pre-clearance. However, the Firm's personal trading policy requires employees to provide the Firm with a detailed summary of certain holdings (both initially upon commencement of employment and quarterly thereafter) over which such employees have a direct or indirect beneficial interest. As such, in addition to preclearance procedures, employee trading is continually monitored under the Code by a member of the Compliance Team, in order to mitigate the likelihood that a conflict of interest impacts the Firm's clients.

Additional Policies and Procedures

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 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 investment management agreement or private placement memorandum).

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 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 may benefit 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. In this situation, the securities research may benefit only a select group of the

Firm's clients that 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 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 Investment Team 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 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:

- Execution quality provided by the executing brokers
- Commission rates (average rates and soft dollar rates)
- Research quality and brokerage usage
- Changes to the current level of service
- Soft dollar usage and services
- Implementation and execution of directed brokerage
- Mixed-use allocation determinations

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

Order Aggregation

The Firm currently only advises one investment account. However, to the extent that Firm advises more than one client account, it will aggregate trades for the same security in the same strategy and allocate all client orders on a *pro rata* basis; and manage accounts with similar investment guidelines on a *pari passu* basis. 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 portfolio managers 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

An investor may instruct the Firm to effect securities transactions from the investor's account through a specific broker-dealer. The Firm considers such instruction to be a "directed brokerage arrangement." In such circumstances, the investor is responsible for negotiating the terms and arrangements for their account with that broker-dealer. The Firm will not seek better execution services or prices from other broker-dealers and may not be able to aggregate the investor's transactions for execution through other broker-dealers with orders for other accounts advised or managed by the Firm. 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 investor, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

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, at its discretion, 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. The Firm's Chief Compliance Officer reviews the annual soft dollar items to ensure the products and services meet Section 28(e) requirements.

To the extent Soft Dollars are used, each month 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 Firm's accounting department reviews commissions to ensure payments between the commission list submitted by the soft dollar broker(s) and the Firm's commission report have 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, in consultation with the Investment Team, 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. This evaluation concludes in the establishment of final mixed-use allocation decisions.

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. At this time, there is only one account requiring review. 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 provider, custodian, prime broker and brokerage firms on a monthly basis. An independent public accounting firm performs an annual audit of the books and records of the Ranger ETF.

The Firm typically remits quarterly and annual written reports to its Clients, which set forth various financial data and information. The Firm'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 provider, custodian, prime broker and/or brokerage firms. Investors in the Ranger ETF receive an audited annual financial report and the information necessary for the investor to complete annual federal income tax returns.

Item 14 – Client Referrals and Other Compensation

The Firm may enter into agreements with an affiliated or unaffiliated marketing group or individuals that will market and/or solicit investors for the Ranger Equity Bear ETF (HDGE) or other Ranger accounts. As compensation for their solicitation services, such marketing groups or individuals may receive a percentage of the Firm's Management Fee as attributable to such solicited Client. Compensation paid by the Firm to marketing groups or individuals are borne exclusively by the Firm and are generally not charged back to the Clients who have been

solicited by such groups or individuals. However, because the Firm pays such compensation out of the Management Fees it collects from a Client, such Client may be indirectly impacted pursuant to the level of Management Fees it is able to negotiate with the Firm.

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.

Item 15 – Custody

The Firm does not take direct or indirect possession of investor funds or securities. As such, the Firm does not have custody of client assets.

Item 16 – Investment Discretion

Subject to the general oversight of any investment adviser to which it provides sub-advisory services, 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 prospectus, investment management agreement or private placement memorandum). Discretionary authority over client portfolios will only be undertaken pursuant to specific instructions set forth in a prospectus, investment management agreement or sub-advisory agreement. Discretionary trades Ranger executes on behalf of its accounts will be in accordance with that client's investment objectives and goals.

Item 17 – Voting Client Securities

Generally, the Firm invests, on a short basis only, in U.S. exchange traded equity securities and does not have the right to vote proxies for securities of the accounts it advises.

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.