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## Environmental, Social and Governance Policy Statement

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### Background:

Ranger Investment Management (“Ranger”) has a fiduciary duty to act in the best long-term economic interests of our investors. By rigorously implementing our investment philosophy and processes and incorporating our client’s explicit investment guidelines, we expect our investment decisions can isolate attractive investments in companies that not only generate strong economic returns but also often provide leadership and stewardship in Environmental, Social and Governance (ESG) practices. Since inception, Ranger has been employing ESG factors in its analysis for the construction of its portfolios and has joined the ESG community in formalizing these processes internally and committing ourselves to the support and promotion of ESG principles in the investment community.

### Purpose:

ESG criteria, like all aspects of the Ranger investment process, are subject to the investment guidelines provided by our clients, in accordance with the terms of their applicable investment advisory agreements. This Environmental, Social and Governance Policy (“Policy”) defines the commitment of Ranger to responsible investing. It outlines the approach that Ranger follows in applying environmental, social and governance factors in investments it manages on behalf of client organizations.

Our priority is to act as fiduciaries and stewards of the capital with which we have been entrusted, with the goal of long-term capital appreciation. Our approach to ESG in this process is non-concessionary, meaning that we do not actively sacrifice performance over any ESG criteria, but that we consider ESG criteria as an integral part of the investment and risk mitigation process. We do this because our experience has shown that investments in companies that pass our screening criteria, including ESG criteria, tend to exhibit better long-term performance and less risk than those that do not.

A positive consequence of this approach is that our investments can, and often do, promote positive economic, social and environmental change while maintaining our investment mandate.

Ranger believes that ESG criteria are an evolving set of factors that should be considered in our investment and risk assessment process. For this reason, we commit to updating this policy as industry or internal expectations progress. Any material updates or modifications to this policy must be approved by the ESG Advisory Committee and be distributed to all employees of Ranger.

### Commitment

Ranger is a signatory of the United Nations Principles for Responsible Investment (UN PRI), and has an active and engaged ESG Advisory Committee. This Committee consists of senior level representatives from management, the investment team, compliance, marketing and a dedicated Risk Management and ESG Consultant. Within this team are members with certifications from the Sustainable Accounting Standards Board (SASB) FSA and the Forum for Sustainable and Responsible Investment (US SIF). The



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Committee meets at least quarterly to review and discuss all responsible investment initiatives, goals and reporting requirements.

## Scope:

The PRI provides a framework for investment managers to integrate ESG considerations into investment-making decisions and analysis. Ranger seeks to manage its portfolios in ways that are broadly consistent with the PRI principles and has adopted the following six PRI principles:

1. Incorporate ESG issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into our ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the companies we invest in on behalf of our clients
4. Promote acceptance and implementation of the PRI principles within the investment industry
5. Work with others to enhance our effectiveness in implementing the PRI principles
6. Report on its activities and progress towards implementing the PRI Principles

This policy and these guidelines are applicable to the following strategies managed under Ranger Investment Management:

- Ranger Small Cap Growth Strategy
- Ranger Micro Cap Growth Strategy
- Ranger Healthcare Select Strategy
- Ranger All Cap Focused Strategy

With our bottom-up research approach, Ranger actively screens current and prospective investments on a regular basis to ensure adherence with client-directed investment guidelines, including ESG and other criteria that allow us to mitigate risk.

## **Policy and Procedures**

### I. Investment Policy and Procedures

Ranger actively invests in quality businesses with sustainable growth opportunities that will result in long-term capital appreciation within the active equity universe. Investments are long-term and have a 3+ year average investment life cycle. Ranger has absolute discretion to invest in or avoid any asset and does not omit companies from the selected investment universe solely based on ESG scoring. The Investment Team may also work with management of the potential or invested companies to discuss ESG factors and how they contribute to or detract from our investment philosophy.

A. Prior to making an investment, Ranger will undertake a comprehensive due diligence analysis of the company, employing internal ESG screening criteria and sector specific external expertise if necessary, such as third-party ESG screening service/scoring providers. Part of that analysis is a review of the history of the company in relation to all stakeholders' environmental, social and governance policies and their implementation.

1. Ranger generally seeks the following responsible investment criteria when considering investment decisions: *seasoned and ethical management teams; conservative accounting*



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*practices; corporate accountability - allowing shareowners to be a part of the decision-making process; and sound corporate governance.*

2. Criteria that may exclude a company from investment consideration can include, but is not limited to, those companies with business exposure to: *alcohol; tobacco; firearms; for-profit prisons or incarceration facilities; adult entertainment products; companies with environmental abuse or remediation issues; and corporate governance issues (in which a management's incentives aren't properly aligned with shareholders, or where we feel a company's board doesn't exercise proper oversight).*
- B. The Investment Team evaluates a company's ESG strengths and weaknesses based on its own internal research process, public company documents, websites, SEC filings, third-party research, and conversations with management. The goal of this process is to identify material ESG risks and opportunities for each company and the potential for financial impacts. The Investment Team views ESG data as another input alongside traditional fundamental financial analysis when making investment decisions. This data is not systematically prioritized or de-emphasized, but rather assessed in the appropriate context of the overall investment mosaic for each company. However, it is the Investment Team's experience that management teams who carefully evaluate ESG risks and opportunities in their businesses are better equipped to create shareholder value with less risk over time.
- C. As part of this process, Ranger utilizes research and analytics platforms that provide the Investment Team with an integrated suite of tools to manage research, analysis and compliance tasks specifically related to ESG factors. Values alignment screening and monitoring is also an integral part of the portfolio's investment assessment, selection and risk management process. This screening is performed by the investment team rather than by a third-party ESG consultant or committee. This is done at the time of investment and on a quarterly basis (or more frequently if needed) to ensure adherence to client-directed investment guidelines.

An integrated approach and use of analytics platforms allow our investment professionals to focus primarily on financial performance while considering ESG factors as a part of our due diligence and risk mitigation process. Our integration of ESG issues spans the breadth of the investment process from identifying trends, evaluating securities, and portfolio construction to shareholder engagement, proxy voting and reporting.

- D. Corporate governance is a key qualitative factor deeply imbedded in the Firm's investment process. Ranger uses a three-pronged approach to engagement:
1. Active screening based on internal corporate governance criteria;
  2. Communication with the management teams of companies we invest in;
  3. Active ownership through proxy voting.



E. Active Ownership and Engagement

As part of our investment process, Ranger seeks opportunities to engage with companies to help inform our views on potential investment candidates and portfolio holdings. As a significant shareholder in many of the companies in which we invest, we are often afforded access to the management teams of these companies. This gives our investment team an opportunity for dialogue to form a potentially more robust view on company fundamentals, including ESG factors and how well they are managed. Further, we believe this dialogue can potentially have the positive effect of keeping ESG risks and opportunities in focus for management teams. This includes holding management teams accountable for their actions as well as encouraging positive behavior that aligns with our clients' long-term interests.

F. Proxy Voting Policy

1. Ranger reviews each proxy statement on an individual basis and recognizes that environmental, social and corporate governance factors could present material risk to portfolio investments. The designated Portfolio Manager or Sector Manager bases voting decisions exclusively on his or her judgment of what will best serve the financial interests of the beneficial owners of the security.
2. Ranger retains Institutional Shareholder Services (ISS) to provide proxy voting services. ISS provides logistical support as well as advisory services. Ranger utilizes two ISS policies as a reference tool in its proxy voting research: the ISS Benchmark Policy and the ISS Sustainability Policy.
3. On most matters of corporate governance, such as board independence, director tenure, or CEO/Chairman structure, the two policies are in alignment. Both policies offer guidance based on a commitment to create and preserve economic value and to advance principles of good corporate governance.
4. On matters of environmental or social import, ISS' Proxy Voting Sustainability Policy seeks to promote support for recognized global governing bodies promoting sustainable business practices advocating for stewardship of the environment, fair labor practices, non-discrimination, and the protection of human rights.
5. Generally, ISS' Sustainability Policy will take as its frame of reference internationally recognized sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UNPRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), CERES Principles, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives. Each of these efforts promote a fair, unified and productive reporting and compliance environment which advances positive corporate ESG actions that promote practices that present new opportunities or that mitigate related financial and reputational risks.



6. Ranger also has the ability to engage ISS to provide additional specialty research based on client objectives such as Catholic/faith-based plans, Taft-Hartley plans or public fund plans.

## II. Corporate Procedures

### A. *ESG Advisory Committee*

Ranger has an ESG Advisory Committee to promote, monitor and measure the Firm's commitment and compliance to responsible investment practices. This committee is comprised of members of the Investment Team, executive leadership, compliance and marketing. All ESG initiatives are discussed and agreed on by the ESG Advisory Committee.

### B. *ESG Education and Professional Development*

Ranger has a culture of constant improvement in our ESG efforts. This includes encouraging and sponsoring employee's efforts to participate in ESG-related networking events and continuing education/certification opportunities.

### C. *Compliance*

1. Pursuant to the Investment Advisers Act of 1940, Ranger is required to annually evaluate and record the Firm's adherence to policies and practices, including those related to responsible investing. The ESG Advisory Committee will meet quarterly to discuss, review and record adherence to this policy
2. Ranger's Compliance Department is constantly adapting and developing its programs to ensure adherence to all reporting requirements for any progress or initiative, including ESG. This will primarily be done through quarterly, annual and adhoc compliance testing of this Policy and its components, to evaluate its effectiveness and implementation

### D. *Diversity and Inclusion*

Ranger actively promotes a culture of diversity and acceptance. From inception, Ranger has proactively sought to recruit, retain and promote a diverse and talented team of employees and leadership who belong to communities traditionally underrepresented in the finance industry. Ranger believes that all current and prospective employees and partners — regardless of religion, sex, race, national origin, gender identity or expression, sexual orientation, age, or disability — should be welcomed and treated with respect and dignity in the workplace.

We believe our commitment to diversity and inclusion allows us to function better as a team and makes our business more successful. As a result, we believe this policy benefits both our clients and society. It is a natural reflection of our firm's values. As such, Ranger is committed to expanding outreach and hiring candidates from under-represented backgrounds. Our commitment to building diverse, inclusive and meritocratic teams is a practice of constant improvement and is supported and applied at all levels of our firm — from our associates to our partners.



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E. *Reporting Requirements*

1. Investors in separately managed accounts wishing to customize their ESG reporting experience are encouraged to evaluate investment management agreements and reporting content and frequency.
2. Investors in Ranger private funds wishing to customize their ESG reporting experience are encouraged to provide guidelines to our Client Services Department including expectations of content and frequency.