RANGER INVESTMENTS

"Nothing endures but change."
- Heraclitus

October 2020

DEAR MICRO CAP INVESTOR,

What a difference a year makes; a year ago in our third quarter micro cap letter we wrote:

"U.S. policy makers, politicians and central bankers all face difficult questions around how to optimize growth in an economy deep into an economic expansion with low, but relatively stable growth and record levels of debt."

One year later and the economic landscape has been dramatically altered by a global pandemic. Policy makers, politicians and central bankers now must grapple with how to engender a durable recovery after a deep contraction created by the virus-driven shutdowns. For now, the stock market has responded favorably to the combination of massive fiscal and monetary support, buoyed by many companies' impressive adaptation to a remote work environment.

Remarkably, over the trailing twelve months ending September 30, the Russell Microcap Growth Index has returned 27.2%. While the broader macro picture remains difficult to discern and is likely to include bouts of volatility, we are encouraged by the agility and resourcefulness of the companies in your portfolio. In many cases, tailwinds that were driving durable growth (digital transformations or e-commerce, for example) have only gotten stronger in the current environment. In addition, recessions and difficult economic environments often enable high quality companies to widen their lead versus the competition by using their superior liquidity and profitability to play offense instead of being reactive. As we have said consistently, we welcome volatility as it tends to reward quality and often affords us opportunities to initiate new investments at attractive prices.

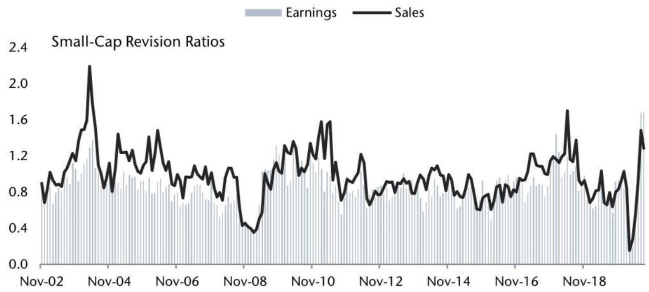
Micro cap stocks continued their recent advance in the third quarter, returning over 6% in the past three months. The table below outlines the third quarter performance of your portfolio and the market:

				Annualized		
	3Q20	Year-to-Date	1 Year	3 Years	5 Years	Inception-to-Date*
Micro Cap Composite – Gross	**16.0%**	**12.5%**	**20.7%**	**13.2%**	**17.0%**	**16.2%**
Micro Cap Composite – Net	**15.6%**	**11.5%**	**19.2%**	**11.8%**	**15.6%**	**14.8%**
Russell Microcap Growth	6.1%	8.1%	27.2%	4.9%	8.3%	7.3%
Russell Microcap	3.7%	-7.9%	4.4%	-0.1%	6.7%	5.4%
S&P 500	8.9%	5.6%	15.1%	12.3%	14.1%	11.7%

**Inception-to-Date: August 1, 2014 through September 30, 2020*

PORTFOLIO COMMENTARY

The market just completed the strongest two quarter rally since 2009. While fears persisted due to spikes in COVID-19 cases over the course of the summer, investor optimism improved as economic progress continued to exceed low expectations. Much of this economic rebound can be attributed to the massive monetary and fiscal stimulus injected to counter the unprecedented shutdown of the economy in the spring. The lack of financial guidance and the resulting low level of street expectations created a positive backdrop for the second quarter earnings reporting season. The outcome is earnings revision ratios reaching historic highs:



Source: FactSet; FTSE Russell; Jefferies

In the third quarter, Ranger's Micro Cap Composite return of 16.0% outperformed the Russell Microcap Growth index return of 6.1%. Outperformance was a result of quality factors driving performance in the market. All sectors in the index, except healthcare, real estate and utilities, advanced during the quarter, which demonstrates the broad-based recovery. Year-to-date, Ranger's Micro Cap Composite returned 12.5% gross of fees, outperforming the 8.1% return of the Russell Microcap Growth index.

Volatility declined but remained elevated during the quarter as investors grappled with the evolving duration and impact of the pandemic and economic reopening process. During the quarter, the CBOE Volatility Index, or VIX, averaged 26, which is above the historical average of 19. The VIX reached a high of 34 during the third quarter, which was well below the 57 and 82 highs achieved in the second and first quarters.

Factor analysis for the quarter demonstrates leadership from companies with earnings, high returns, high earnings growth, larger market capitalization and high leverage. Companies with earnings, which represented 34.1% of the index, returned 9.7%, outpacing the 4.3% return of non-earning companies. Non-earning biotech and pharmaceuticals, which comprised 34.6% of the total index, returned (5.3%). Non-earning technology, which comprised 8.3% of the total index, gained 6.4%. Companies in the highest ROE quintile returned 20.7%. Companies in the highest trailing and forward twelve-month earnings growth quintiles meaningfully outperformed, increasing 21.3% and 19.4%, respectively. Larger market capitalization companies in the index continued to meaningfully outperform. Companies in the two largest market cap quintiles gained 7.6% and 76.2%. The three other quintiles declined, returning (9.4%), (5.0%) and (4.4%), respectively. Companies in the highest debt/equity quintile gained over 17%.

Most high valuation factors outperformed during the quarter. On a trailing twelve-month basis, companies in the two highest price/earnings quintiles meaningfully outperformed, returned 20.1% and 46.3%, respectively. On a forward twelve-month basis, companies in the three highest price/earnings quintiles gained 8.9%, 28.9% and 13.8%. The three highest price/cash flow quintiles gained 12.9%, 22.7% and 27.8%. Companies with negative cash flow, which represented 46.6% of the index, returned 2.0%. Companies in the highest price/sales quintile underperformed, returning

1.3%. We attribute this relative underperformance largely to the decline by biotech companies.

Turning to sector attribution, the healthcare sector was the largest relative outperforming sector in the portfolio this past quarter. Your positions returned 26.5% compared with the (3.5%) return by the index component. Underperformance by non-earning biotech and pharmaceutical companies, which represented over 70% of the sector weight, pressured the index component's return. Significant gains by two large portfolio holdings, Fulgent Genetics and BioLife Solutions, contributed to the relative outperformance.

Basic materials was the second largest relative contributor to performance. Your position returned 48.5% compared with the 4.8% return by the index component.

The technology sector was the largest relative detractor as your positions returned 1.0% compared with the 3.7% return by the index component. Despite strong gains by two portfolio positions, declines by four portfolio holdings contributed to the relative underperformance.

The financials sector was the second largest relative underperformer as your positions returned (3.0%) compared with the 15.3% return by the index component. Weakness by regional banks was the reason for the decline.

During the quarter we made eight valuation-based trims and sells. After initiating seven new positions during the first half of 2020, we bought seven new positions during the third quarter. Market volatility coupled with rapidly changing company fundamentals made for a conducive environment to initiate new positions. There were no portfolio companies acquired this quarter.

The healthcare sector weighting increased by 570 basis points and ended the quarter underweight the index component by 1,700 basis points. We purchased three new positions in the sector during the quarter. Underperformance by index component also contributed to the portfolio's relative weighting increase.

The technology sector weighting decreased by 615 basis points and ended the quarter 850 basis points overweight the index component. We sold one position and trimmed two positions during the quarter.

The largest active weights in the portfolio at quarter end were overweight industrials and technology by 940 and 850 basis points, respectively, and underweight healthcare and consumer staples by 1,700 and 245 basis points.

After the market close on September 18th, 2020, all Russell indexes adopted the new Industry Classification Benchmark (ICB) framework. The new ICB framework replaced the legacy Russell Global Sectors (RGS) classification system. As a result, Ranger also adopted the ICB framework to mirror the changes in our benchmark indexes. Going forward, all sector weights and attribution will reflect the ICB framework.

The Industry Classification Benchmark (ICB) is a globally recognized standard for categorizing companies and securities, operated and managed by FTSE Russell. FTSE Russell has enhanced and adapted the ICB structure to reflect the evolution of the global economy.

Unless otherwise noted, performance results are gross of fees. Net performance results are set forth in the GIPS® disclosure presentation. Performance information and references to specific portfolio holdings presented above supplement and should be read in conjunction with the GIPS® compliant disclosure presentation at the end of this letter. Past performance results presented herein are not indicative of future returns. References to specific portfolio holdings or characteristics are for illustration purposes only and are subject to change without notice.

Top Three Contributors

Fulgent Genetics, a genetic testing company, was the largest contributor to performance in the portfolio this quarter. Fulgent Genetics is a technology-based diagnostic lab company providing COVID-19 and genetic testing services. The strength during the quarter was due to the company opportunistically shifting their lab capacity to provide COVID-19 testing in the battle against the novel coronavirus pandemic. Fulgent Genetics offers the most flexible and cost-effective genetic testing platforms in the industry. Since the start of the pandemic the company has brought three different COVID-19 tests to market. Fulgent Genetics' bioinformatics and digital ordering portal position the company with a technology and cost advantage making them the partner of choice for mass population COVID-19 testing. We believe Fulgent Genetics' PCR viral detection test is the preferred method of testing to support the return to school and work due to a clear actionable result (if positive, stay home).

Digital Turbine, a provider of apps and media content to global mobile operators and OEMs, was the second largest contributor to performance this quarter. On August 5th, the company reported financial results and guidance that exceeded expectations. Digital Turbine is benefitting from several megatrends in the mobile marketplace. As an exclusive provider of preinstalled apps, the company offers advertisers a unique and highly targeted way to connect with consumers, in addition to offering its operator and OEM partners incremental high-margin advertising revenues. With the upcoming 5G technology upgrade, investors are increasingly excited about the prospect of an accelerating mobile phone replacement cycle. Additionally, the company made an accretive acquisition earlier this year that substantially expanded its TAM and product offering, accretively boosting growth. With the stock quickly appreciating to a multi-billion dollar market cap, we sold your position following our market cap discipline.

BioLife Solutions, a bioprocessing company, was the third largest contributor to performance in the portfolio. The company supplies preservation, shipping and thawing technology products and services which are essential for the production and commercialization of cell and gene therapies. The strength during the quarter was due to the continued execution of the company's corporate growth strategy supported by the strength of the biotechnology and pharmaceutical industries. On July 2nd, the company priced a $75 million equity offering which will be used to fund their acquisition growth strategy of investing in and acquiring synergistic cell and gene therapy technologies. On August 8th, the company announced second quarter financial results which exceeded expectations. The company added multiple new accounts to their customer base and new drug development programs to their pipeline. We continue to believe BioLife Solutions is uniquely positioned in the drug discovery and development paradigm and stands to benefit as more biologic drugs are approved for commercialization.

Top Three Detractors

OneSpan, a software and hardware security provider focused on the financial services industry, was the largest detractor from performance in the portfolio. Coming off an extremely strong first quarter report in which OneSpan maintained annual guidance in spite of COVID-19, the company reported a disappointing second quarter and pulled annual guidance in mid-August. OneSpan is currently in the middle of a multi-year transition to a software-focused model, and the weakness in the second quarter results was driven primarily by the hardware segment, which now represents approximately 40% of the overall business. The software business continued its strong growth, as the company benefits from an expanded product portfolio and highly relevant security offerings given the accelerating secular shift to online banking and digital transactions. The company attributed the removal of its annual guidance to the fact that the vast majority of their customers are large financial institutions that were dealing with high levels of uncertainty regarding reserves and ultimate losses, and thus were showing reluctance to commit to future spending, even in high priority areas like security. We trimmed your position on strength in late July (before the earnings disappointment) but remain excited about the company's long-term prospects for growth and valuation accretion given the recent share price decline and the trajectory of the software business.

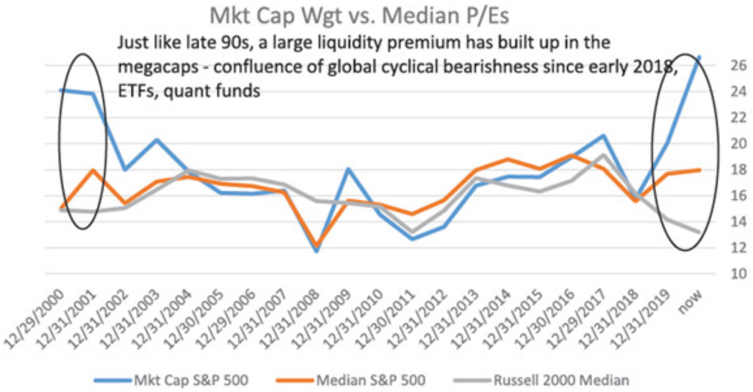
i3 Verticals, a specialty provider of payment processing services, was the second largest detractor from performance in the quarter. We believe two reasons drove the stock weakness. First, the company has significant exposure to public sector and education verticals. While these sectors offer stability over the long term, they may experience a less rapid rate of recovery as the economy improves versus retail industries that other payment processors serve. Second, the company completed a secondary equity offering in September to help fund a series of small acquisitions. We believe this offering may have weighed on the shares late in the quarter. Despite these two headwinds, the company reported better than expected quarterly results in August, and management recently reported that payment processing volumes had returned to year-over-year growth in early September. We continue to have a favorable outlook on the company's growth strategy and maintained your position in the stock.

Tabula Rasa HealthCare, a provider of medication management software and services, was the third largest detractor from performance in the portfolio this quarter. On August 4th, the company announced financial results which were at the low end of expectations and reduced their forward guidance for the remainder of the year. The reduction in guidance was due to COVID-related delays in closing and implementing new health plan deals and the continuing impact of lower new census growth at PACE organizations. As the novel coronavirus pandemic continues to impact the country, Tabula Rasa is experiencing a temporary slowing of growth as patients postponed medical treatments. We continue to believe Tabula Rasa is uniquely positioned to benefit as they help doctors, patients and payers manage patient care and costs. With an aging demographic, increased medication consumption and COVID-19, the potential for adverse medication events is a major concern and cost for the healthcare industry. Tabula Rasa's solutions provide medical professionals the ability to monitor patients to prevent adverse medication events while reducing medical expenses.

OUTLOOK

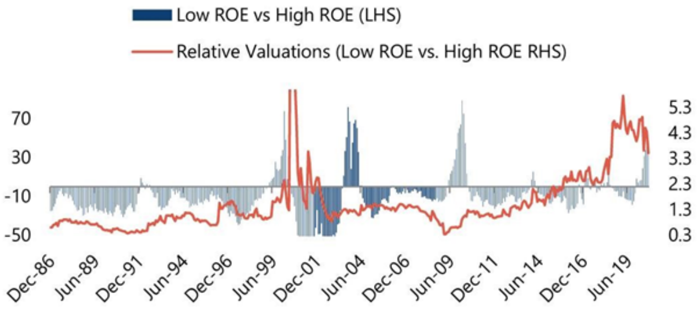
Although the economic outlook appears much better today than in the spring of this year, it remains highly uncertain due to the evolving pandemic. The upcoming election in November only adds to the uncertainty, as investors grapple with the potential for major changes in economic and tax policy. Meanwhile, any pretense of fiscal discipline has been abandoned, and the U.S. seems to be tacitly embracing many of the tenants of modern monetary theory. The long-term repercussions of this embrace are unknowable.

While business activity has steadily improved from the lows in March and April, continued improvement will depend to some extent on the path of the virus. As for employment, the recovery has thus far been swifter and stronger than many expected. That said, the unemployment rate is still at levels associated with deeply recessionary conditions. Given all of the above, companies have taken an understandably cautious approach to forecasting, with many abandoning guidance altogether. Given this elevated uncertainty, investors have gravitated toward large and mega cap stocks, as illustrated in the valuation chart that follows:



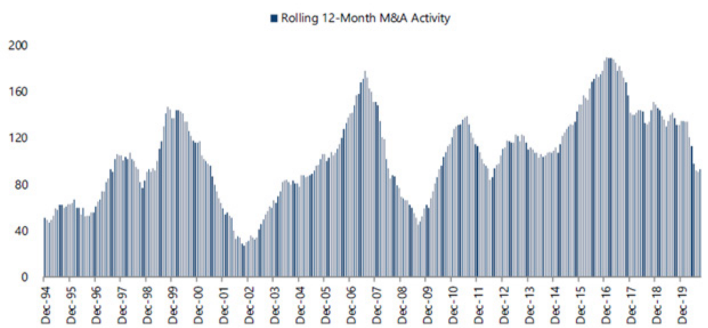
Source: FactSet; Raymond James Research

While there are clear pockets of excess, broad micro cap valuations look reasonable in comparison to many other areas of the market, especially when you consider the fact that a significant portion of the market gains this year have been driven by non-earning, low return companies garnering aggressive valuations.



Source: FactSet; FTSE Russell; Jefferies

Furthermore, after a period of relative quietude in the market and your portfolio, we suspect that the prospect of higher taxes and regulation could lead to increased merger and acquisition (M&A) activity as we enter 2021. We particularly think that the underperformance and attractive valuation of high return companies could benefit from this M&A activity.



Source: FactSet; Bloomberg; FTSE Russell; Jefferies

We believe our focus on high quality companies with durable growth and high return characteristics positions us well to navigate the turbulent and ever-changing environment. We thank you for your trust and confidence in Ranger. Please do not hesitate to contact me with any questions you might have about performance, portfolio positioning or the Ranger organization. I welcome you contacting me directly at (214) 871-5265 or cdoenges@rangercap.com.

Best Regards,

Conrad Doenges
CIO & Portfolio Manager

Andrew Hill
Portfolio Manager

Joseph LaBate
Portfolio Manager

Ranger Micro Cap Composite Characteristics
September 30, 2020

Size (in millions)	Micro Cap Composite	Russell Microcap Growth
Average Annual Revenues	$251	$277
Median Annual Revenues	$160	$51
Market Cap		
Current Mean	$634	$333
Current Weighted Mean	$714	$850
Current Weighted Mean, ex-cash	$742	-
Current Median	$615	$217

Growth	Micro Cap Composite	Russell Microcap Growth
Revenues		
Recent Quarter (Q/Q)	6.7%	12.8%
Previous Four Quarters	12.1%	12.8%
Last 3 Years	17.6%	14.9%
Last 5 Years	13.5%	16.3%
Forward Four Quarters	11.7%	12.3%
Earnings		
Recent Quarter (Q/Q)	33.2%	28.1%
Previous Four Quarters	-11.1%	14.9%
Last 3 Years	14.8%	14.2%
Last 5 Years	8.9%	14.0%
Forward Four Quarters	50.3%	29.7%
Long Term Projected Growth	12.7%	20.3%

Quality	Micro Cap Composite	Russell Microcap Growth
Debt-to-Total Capitalization	19.3%	33.2%
Dividend Yield	0.45%	0.32%
ROE (Trailing Twelve Month)	11.2%	-1.0%
ROE (5 Year Average)	11.1%	5.4%

Valuation	Micro Cap Composite	Russell Microcap Growth
Current P/E	113.6	-52.8
Current P/E, excl negative earnings	32.8	28.0
Forward P/E	27.8	15.7
P/E to Long Term Growth	2.2	0.8
P/E to Current Growth	0.6	0.5
Price-to-Sales	2.7	1.8
Beta (vs. S&P 500)	1.4	1.3

Portfolio Appraisal (Sector Breakdown by %)	Micro Cap Composite	Russell Microcap Growth
Basic Materials	3.4%	0.7%
Consumer Discretionary	11.6%	13.7%
Consumer Staples	0.0%	2.5%
Energy	1.3%	1.2%
Financials	4.7%	3.3%
Health Care	31.8%	48.8%
Industrials	18.6%	9.2%
Real Estate	0.0%	1.3%
Technology	24.7%	16.1%
Telecommunications	0.0%	2.1%
Utilities	0.0%	1.1%
Cash	**3.9%**	**-**
	100.0%	**100.0%**

TOP TEN PERFORMERS

STOCK	BUSINESS	ACTION TAKEN	PORTFOLIO CONTRIBUTION*
Fulgent Genetics	Genetic sequencing and testing	Trimmed	5.0%
Digital Turbine	Mobile app advertising platform	Sold	4.1%
BioLife Solutions	Cell preservation technology	None	3.3%
Green Brick Partners	Homebuilder and land developer	None	1.4%
LiqTech International	Manufactures ceramic silicon carbide filters	Added	1.3%
Simulations Plus	Toxicity modeling software	None	1.2%
Omega Flex	Manufactures flexible metal hose	None	1.2%
Cerence	Automotive voice assistance software	Sold	0.9%
Mesa Laboratories	Medical measurement instruments	None	0.6%
LeMaitre Vascular	Develops medical devices for vascular surgeons	Trimmed	0.5%

** Gross of Fees*

BOTTOM TEN PERFORMERS

STOCK	BUSINESS	ACTION TAKEN	PORTFOLIO CONTRIBUTION*
OneSpan	Security software and e-signature solutions	Trimmed	(0.9%)
i3 Verticals	Provides payment and software solutions	None	(0.7%)
Tabula Rasa Healthcare	Cloud-based medication mgmt software	None	(0.7%)
Utah Medical Products	Specialty medical devices	None	(0.4%)
Zix Corporation	Email encryption company	Added	(0.3%)
ANI Pharmaceuticals	Specialty pharmaceutical company	Added	(0.3%)
Tactile Systems Technology	Medical devices for lymphedema	None	(0.3%)
CapStar Financial Holdings	Regional bank	None	(0.3%)
American Software	Supply chain management software	Added	(0.3%)
NVE Corporation	Manufactures magnetic sensors	Trimmed	(0.3%)

** Gross of Fees*

The portfolio holdings information presented above supplement the GIPS® compliant disclosure presentation, included at the end of this letter. Weighting is calculated using a weighted average over a three month holding period. Contribution to Return is a holding's contribution to the total Performance calculation. To obtain additional information regarding calculation methodology and a complete list of holdings used to determine the top contributors and detractors, please contact Client Relations.

Ranger Investment Management, LP - Ranger Micro Cap Composite
August 1, 2014 - September 30, 2020

Year [7]	"Total Return (Gross)"	Total Return (Net)	Russell Microcap Growth Index	Composite Three-year Annualized Standard Deviation	"Benchmark Three-year Annualized Standard Deviation"	"Number of Accounts"	Composite Dispersion	Composite Assets (US$ mil)	Total MICCG Assets (US$ mil) Supplemental	Composite Assets as % of MICCG Assets Supplemental	Composite Assets as % of Firm Assets	Total Firm Assets (US$ mil)
2014	13.31%	12.73%	12.83%	NA	NA	5 or fewer	NM	$27.4	$38.5	71.08%	1.38%	$1,986.6
2015	7.55%	6.22%	-3.85%	NA	NA	5 or fewer	NA	$40.6	$40.6	100.00%	2.33%	$1,739.9
2016	23.37%	21.86%	6.86%	NA	NA	5 or fewer	NA	$62.6	$62.6	100.00%	4.26%	$1,470.6
2017	16.25%	14.83%	16.65%	15.05%	16.98%	5 or fewer	NA	$77.7	$77.7	100.00%	5.56%	$1,395.9
2018	1.46%	0.19%	-14.18%	18.61%	18.46%	6	NA	$126.8	$132.7	95.57%	10.10%	$1,256.0
2019	26.66%	25.11%	23.33%	17.73%	17.76%	8	0.65%	$174.8	$177.7	98.40%	11.14%	$1,568.8
2020	12.49%	11.45%	8.09%	NM	NM	9	NM	$198.5	$198.5	100.00%	12.25%	$1,619.9

NA - Not applicable by virtue of (1) an insufficient number of accounts in the composite for the entire year for Dispersion or (2) periods less than 3 years for Annualized Standard Deviation.

NM - Calculations for less than an entire calendar year for Composite Dispersion are not statistically meaningful.

Ranger Investment Management, L.P. ("Ranger") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Ranger has been independently verified by Ashland Partners and Company for the periods October 23, 2002 through June 30, 2016 and by ACA Performance Services, LLC for the periods July 1, 2016 through March 31, 2020.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Ranger Micro Cap Composite has been examined for the period from August 1, 2014 through March 31, 2020. The verification and performance examination reports are available upon request.

Notes:

1. Ranger is an investment adviser registered with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The Ranger Micro Cap Composite (the "Composite") includes all fully discretionary, fee paying accounts, which invests, on a long basis only, in micro capitalization, growth-oriented equity securities traded on U.S. exchanges. The Composite creation date is August 1, 2014. A complete list and description of composites are available upon request.
2. For comparison purposes, the Composite is measured against the Russell Microcap Growth Index (the "Index"), a widely recognized index which seeks to capture the performance of the microcap growth segment of the U.S. equity universe. Unlike the Index, Composite portfolios are actively managed and invest in a relatively focused group of holdings. Accordingly, comparing or contrasting Composite results or characteristics with those of the Index may be of limited use. Performance results of the Index include the reinvestment of dividends and income.
3. Composite returns are presented gross and net of management fees and include the reinvestment of all dividends and income. Net of fee performance results presented above were calculated using the highest management fee equal to an annual rate of one percent (1.25%) of the capital account balance. The current fee schedule for the composite is one hundred and twenty-five basis points (1.25%) on all assets. Investment advisory fees incurred by clients may vary. Valuations are computed and performance is reported in U.S. dollars. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
4. Composite Dispersion is calculated using the asset-weighted standard deviation of all portfolios that were included in the Composite for the entire calendar year.
5. Total Micro Cap ("MICCG") Assets include the Composite's assets as well as other micro cap assets managed by Ranger. ACA Compliance Group as not reviewed the Total MICCG Assets or percentage of MICCG Assets in the performance table above.
6. The Composite is re-valued and accounted for following a ten percent (10%) or greater cash, securities or asset class inflows or outflows at the account or composite level so as not to distort performance.
7. Performance periods of less than 12 months are not annualized. Year 2014 results are for the periods from August 1, 2014 through December 31, 2014.
8. Ranger makes no representation, and it should not be assumed, that future investment performance will conform to past performance. Additionally, there is the possibility for loss when investing in a Composite separate account or pooled investment vehicle. Gross performance returns presented herein will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual performance results and fees of client accounts may differ substantially.
9. References to specific securities are (1) for illustration purposes only, (2) may not represent a complete list of Composite holdings for the period, and (3) may not represent all securities purchased, sold or recommended for investor accounts. Securities referenced should not be deemed as recommendations and no assurances can be given that these examples or future security holdings will be profitable. A complete list of Composite holdings and returns for the previous quarter may be obtained by contacting Ranger at (214) 871-5262 or by e-mail at info@rangerinvestments.com.