Environmental, Social & Corporate Governance

ANNUAL REPORT

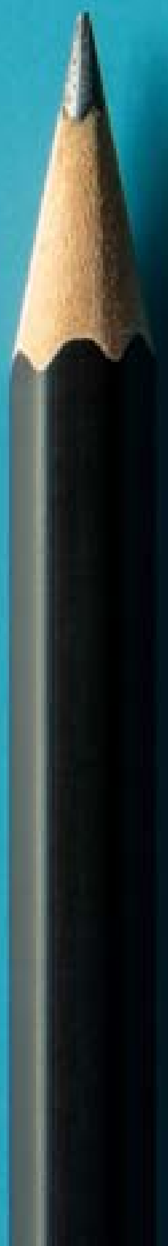
2022

RANGER INVESTMENTS

This report is intended for institutional investors or investment professionals only.


ESG is about measurement, progress, and accountability.

CONTENTS



Letter from the Investment Team

We are pleased to present Ranger Investments' fourth annual report on environmental, social and corporate governance ("ESG") research and initiatives. As we look back on the year, we find companies across our portfolios making strides in managing their ESG risks and opportunities.

Across our strategies, the percentage of companies that published sustainability reports improved from 29% to 42% in 2022. This is a significant investment of time and resources that we believe demonstrates a company's focus and commitment to establishing ESG goals and priorities.

The passage and implementation of the Inflation Reduction Act further politicized ESG as a wedge issue between the parties. One side views the cost of implementing ESG initiatives as a burden in which governmental oversight has the potential to diminish returns and profits. The other side has aspirational objectives in which an accelerated energy transition will help protect the environment while creating jobs but with a cost. Despite this political controversy, we see most companies we meet with as part of our work embracing sustainability as part of their strategic growth plans. What accounts for the growing embrace by corporate America of sustainability initiatives?

First, in our conversations with management teams, we find that most managers believe executing on their ESG goals strengthens the culture and mission of their organization. It resonates with employees and has the potential to lower employee turnover over time. In a post-COVID world, many employees have a broader sense for how work fits into their lives, and they have a stronger desire to work at a company that places a priority on its larger role within the community. Second, we've rarely found a management team that has shied away from ESG initiatives due to cost. Most managers view these initiatives as an investment in the business with a cost that is marginal as part of their overall expenses. In fact, last year, 95% of portfolio company survey respondents indicated that costs associated with DEI are either neutral or a net benefit. Third, in the age of social media there exists a heightened scrutiny on whether a company is genuinely serving its community. Most managers believe that better disclosure around ESG resonates with customers and other stakeholders.

We believe Ranger Investments has grown stronger in its ESG work this year. During 2022, we covered ESG topics with management teams in nearly 50% of all management meetings. In addition, this fall, we completed our first human capital survey for portfolio companies. We believe this survey serves as a complement to the climate survey we completed in 2021. We share many of our findings with you on pages 19-20 of this report.

In this year's report, you will find a review of our process, insights into our focused and steady approach to ESG, highlights from such a volatile year, and reports on both management engagement and proxy voting. In addition, we provide committee, policies and practices documents, as well as Terms & Definitions section to help navigate the industry's love of acronyms. We hope you find the Annual Report both insightful and a helpful resource.

Best Regards,

Conrad Doenges
Chief Investment Officer
Portfolio Manager

Andrew Hill
President
Portfolio Manager

Joseph LaBate
Managing Director
Portfolio Manager

Letter from the ESG Advisory Committee

2022 was an event-filled year for the U.S. markets and for ESG, to say the least. Both pro- and anti-ESG voices amplified as seen in almost every financial-newspapers' Opinion section and the legislative developments across several states. Concurrently, we saw more substantial steps toward 1) finalizing a global baseline of standardized, decision-useful ESG disclosures via the International Sustainability Standards Board (ISSB), 2) the adoption of sustainability reporting requirements for the EU and companies doing business there, and 3) significant uptake of small companies discussing how ESG-related risks and opportunities materially impact their businesses.

Amid these crosscurrents, we continue undistracted to deepen our ESG analysis and enhance how material ESG risks and opportunities are integrated throughout our investment process. Despite a politically-charged environment, there is a renaissance occurring as more small companies make significant advancements in gathering, reporting, and managing ESG data related to risks and opportunities. As this evolves, we too must evolve, ensuring these factors are appropriately considered throughout our processes.

Our ESG program saw meaningful developments in the past year. For the first time, we provided an in-depth look into our company-specific ESG approach using Small Cap holding Grocery Outlet. Please request a copy if this interests you. We finished our second year of quarterly ESG training for the Investment Team, and expanded our Proxy Voting Policy to include more specific guidelines for proxy decision-making. Lastly, we continue to be highly engaged in education and networking with others in the responsible investment community. Last year, this included participating at the annual US Forum for Sustainable and Responsible Investment (US SIF) conference in Tamaya, NM; the Bechtel Defined Contribution Conference in Scottsdale, AZ; the Principles for Responsible Investment (PRI) conference in Barcelona, Spain, along with numerous virtual conferences.

We continue to believe that our rigorous approach to ESG integration is a differentiating factor among Small and Micro Cap managers. As always, we enjoy discussing our approach and process through our quarterly presentations and reports such as this, and if there is ever a time you want to engage, please do not hesitate to contact us.

Best Regards,

Jeff Dalton
Committee Chair
Manager of Sustainable
Investing & Risk Analysis

Shelby Riggs
Committee Vice Chair
Senior Associate

01. ABOUT US

Who We Are

Ranger Investment Management, LP is a boutique owner-operated investment firm based in Dallas, Texas. We manage long-only small and micro cap equities with the objective of capturing and compounding returns while managing risk to preserve capital for our predominately institutional investor base.

Our Chief Investment Officer and two of the Portfolio Managers have been working collaboratively for nearly 20 years, fostering a skilled and efficient team comprised of sector specialists. Entering our sixth year of a formalized ESG Integration, particular attention has been paid to risk management. This focus has helped strengthen our investment process in many ways. Proprietary risk management tools and a formalized integration program allow our team to reduce risk while achieving client-driven investment objectives.

We increasingly become witness to smaller companies focusing on ESG risks and opportunities within their business, developing sustainable strategies, and disclosing more data points. Our research process has followed suit - deepening and enhancing our analysis every year. Original research coupled with engagement is essential to understanding a comprehensive profile of portfolio holdings. Third-party information, while useful, is often dated, has a large-cap bias and scores aren't always rooted in financial materiality. As more companies focus on ESG and disclose more data, it is our job to engage with portfolio- and prospective- companies to unearth what the large data providers are late on collecting, if not missing entirely. Like our proprietary risk management tools, ESG integration has evolved over time, and will continue to do so. By incorporating original company-by-company risk and ESG analysis and direct engagement, we are actively filling an information gap inherent in coverage of many smaller companies.

308 years
Total Firm Cumulative Experience

9
Total Firm Years at Firm (Avg.)

86 years
Portfolio Managers Cumulative Experience

19
Portfolio Managers Years at Firm (Avg.)

146 years
Investment Team Cumulative Experience

11
Investment Team Years at Firm (Avg.)

In addition to start-to-finish ESG integration in our process, the ESG Advisory Committee is an important pillar in keeping our team and processes accountable. The ever-expansive responsible investment community is producing research, techniques and tools at a rate like never before, and our team is dedicated to staying abreast of the rapidly changing landscape. Beyond individual credentials from SASB, US SIF, PRI Academy, and the Climate Disclosures Standard Board (CDSB), our ESG training program ensures continuity throughout the investment process and across sector-specific research.

02. ESG IN ACTION

As the investing community is expected to evolve with higher standards and more understanding leadership and servitude, so are we. We work in accordance with a Japanese concept of *kaizen*, or continuous improvement, knowing that when our processes have capacity to improve, we work to improve them. Over the past year, we've made meaningful changes internally to reflect our advancements in the space, as a fiduciary and as an employer.

We've been making meaningful improvements in how we increase diversity in the workplace, leadership and across the industry. In 2019, we introduced a Diversity Equity and Inclusion (DEI) policy that was included in the ESG Policy Statement. Because DEI is most often associated with ESG matters, at the time, we found this committee to be the most appropriate in managing the firm's DEI policy and initiatives. As time progressed and as the policy and initiatives expanded, we separated the policies showing commitment to each set of issues while allowing the work to naturally continue, not bound by one or the other.

In 2022, we established a DEI Committee, implemented a firm-wide DEI strategy, and became a signatory to the CFA DEI Code.

"We recognize that a diversity of perspectives will lead to better investor outcomes; an inclusive and equitable investment industry will better serve our diverse society. Further, we recognize that an organization with an inclusive culture, awareness and education, and effective working relationships is a better place to work. We also understand the importance of improving equity while acknowledging the magnitude of the task. Therefore, our scope is within the workplace where we have direct agency and where we have influence as investors. Our commitment to this Code is a long-term commitment to cultural change at all levels in our organization."

Before the DEI Committee was established, the Firm already had a collection of socially-constructive employee and internship programs. As of this year, they are now under the collective responsibility of the DEI Committee. A few of our programs and descriptions to follow.

Within the first year of formation, our DEI Committee initiated:

1) annual gender- and racial-pay disparity audits,
2) a racial diversity mentoring program for two investment team members,
3) deployed the firm's first employee survey, and
4) developed KPIs for increasing both gender and racial diversity at the leadership level.

INTERNSHIP PROGRAMS: Ranger Investments is an active participant in the Dallas Mayor's Intern Program and the STREAM (StrengThening Racial Equity in Asset Management) Foundation. Over the past two years, we have brought aboard interns, introducing them to investment management, ESG integration, compliance, and client relations functions. Our internships are structured in such a way that most of the intern's time is spent with the investment team; however, cross-training with client service, marketing, and operational departments is included to help pique interest and curiosity. An intern from Dallas Mayor's Program joined us from July 2021 - May 2022. This past summer, we welcomed an intern from SMU as part of the Life After Ball program, which supports the university's student-athletes and has partnered with STREAM. Both instances represent reaching individuals from underrepresented groups to provide an introduction to the industry and impart training, advancement of skills and credentials that should help these interns advance in the industry.

PHILANTHROPY PROGRAM: In 2022, the Firm implemented a philanthropy program for all employees. This includes two working days per year for volunteer work and a 501(c)3 matching program up to $1,000 per employee annually. Firm wide, we donate 1% of profits annually to support several important organizations: the STREAM (StrengThening Racial Equality in Asset Management) Foundation; the North Texas Food Bank; 100 Women in Finance; and the Texas Health Resources Foundation.

CLIMATE PROGRAM: In the past two years, we have taken several steps to help reduce the Firm's environmental impact. In 2021, we created a Carbon Offset program for all employee travel, moved all document review processes to digital, initiated a two-sided, black and white default printing policy and are now housed in a LEED-certified office building.

FIRM AWARDS: Lastly, we are proud to announce in 2022, Ranger Investments was awarded a Best Places to Work in Money Management for the second year in a row by Pensions & Investments.

03. OUR APPROACH

The foundation of our ESG process is rooted in three pillars: conducting original research, engaging management teams, and focusing on financial materiality as informed by SASB standards. We continue to build on that foundation with enhancements to our process. Given the rate of change we continue to see in small companies adopting formal ESG practices, we find it important to formally engage with and assess each company on various ESG risks and opportunities. Our process strongly emphasizes companies making improvements, and we believe improvements are directly linked to awareness which is why direct engagement is critical. Below are some process highlights from the year that we are proud to share with you all:

Proxy Voting Policy

A major addition to the ESG Policy statement includes ESG core considerations within our proxy voting procedures. While the policy enhancements are not intended to be rules, they are a framework for proxy decision-making for analysts and PMs.

See pages 25-28 for the Firm's updated policies and procedures.

Training Program

2023 will be our third year conducting quarterly trainings for the investment team. These trainings ensure continuity in integrating ESG into the investment process and approaching specific ESG topics.

First Quarter:
Human Capital management with Aniket Shah, PhD, Global Head of ESG at Jefferies

Second Quarter:
Company DEI strategy and management

Third Quarter:
Management Engagement Playbook, and

Fourth Quarter:
Climate Analysis & Reporting

There is a cognitive dissonance between political narratives and people's practical obligations.

If there is reason to believe that companies are vulnerable to climate risk or the impact of other ESG factors, *fiduciaries are obligated to consider those factors.*

Cynthia Hanawalt

Senior Fellow, Columbia Climate School
Sabin Center for Climate Change Law

04. ESG HITS THE FRONT PAGE

Once inhabiting a small corner of the investing world, ESG is now a mainstream concept. Indeed, collective assets under management of PRI signatories ended 2021 at about $12 trillion, roughly twice the level of 2016. Permeating the ESG discussions is both support for and concern over the concept of ESG integration in investment strategies. Thanks to pro- and anti-ESG legislative actions, the SEC's climate reporting proposal and heightened awareness of greenwashing, "ESG" likely found its way into some awkward holiday dinner conversations last year.

ESG is a set of factors to be analyzed.

As we analyze the polarized and politicized ESG debate, we find conversations are: often fueled by ill-defined terms, distorted concepts, and/or argued with unsubstantiated claims. Much of this stems from "ESG" being used as an improper descriptor for companies, industries, and investors. There is no such thing as an "ESG company." When coming across this frequent misuse of the term, we suggest a thought experiment of replacing "ESG" with any other set of factors that investors routinely look at. It is nonsense to describe a company as a "balance sheet company" or be a good fit for a "balance sheet fund." Of course, companies and portfolios can exhibit strong or weak balance sheet characteristics, just as they can ESG characteristics. Investors then choose how much to weigh these factors in their analysis and investment thesis based on financial materiality.

We believe that by framing ESG in this way, it can serve to strip the polarizing effects of ESG labels and illuminate the pragmatic nature of ESG integration.

Most investors who integrate ESG into their process do so because they believe ESG factors influence shareholder value, for better or worse. Contrary to popular belief, asset managers who integrate ESG analysis into their process typically don't make broad exclusions to their investment universe because of some viewpoint or "agenda" on an ESG topic. They typically don't prioritize certain industries over others solely because of ESG factors. They analyze a specific set of ESG factors relevant to an investment and weigh those factors alongside a slew of other factors. For example, our ESG process analyzes an energy company through the same broad framework we use to analyze a software company – guided by SASB's disclosure topics that focus on financially material factors relevant to each industry. This analysis gets considered alongside other fundamental factors as part of the construction of an investment thesis. Just because one industry has an inherently higher carbon footprint, for example, generally does not automatically disqualify companies in that industry from investment consideration. It is entirely possible, and not uncommon, that an energy company can manage its ESG-related risks and opportunities better than a software company. How well a company manages those factors is considered as part of the broader investment mosaic.

The description of "ESG integration" provided in 2018 by the PRI, arguably the leading voice and framework of investors and asset owners who integrate ESG, continues to be an accurate assessment of how ESG factors are used in practice. Considering the number of investors around the world who follow the PRI's principles, we believe the points below should be amplified to help clarify many of the concepts that inform the work of investors.

ESG Integration...

MEANS LEADING PRACTITIONERS:

- analyze financial information and ESG information
- identify material financial factors and material ESG factors
- access the potential impact of material financial factors and ESG factors on economic, country, sector and company performance
- make investment decisions with considerations of all material factors - including ESG

...AND DOES NOT MEAN:

- certain sectors, countries, companies are excluded
- traditional financial factors are ignored
- every ESG factor for every company must be assessed and valued
- every investment decision is affected by ESG factors
- **and, most importantly, portfolio returns are sacrificed to perform ESG integration techniques.**

Source: PRI

ESG is more than carbon emissions and diversity.

For investors who integrate ESG analysis into their investment process, the work revolves around much more than how large a company's carbon footprint is, or how diverse their employee base is. Research from SASB/IFRS and others show how industry-specific ESG topics can specifically impact revenues, costs, cost of capital, and valuation of assets and liabilities. As a result, many investors integrate ESG analysis into their process primarily because they consider them to be financially material. Even if disclosure topics are not discussed by companies, investors have solid ground to stand on when prompting companies for relevant ESG data, supported by their fiduciary duty to seek financially-material ESG factors that can help inform an investment thesis.

We invite everyone to consider how these ESG topics can be financially material:

MINIMIZING CORRUPTION, FRAUD RISK

PROPER OVERSIGHT OF FINANCIAL REPORTING, EXECUTIVE BEHAVIOR

REGULATORY COMPLIANCE

FAIR DEALING, LACK OF MATERIAL RELATED PARTY TRANSACTIONS

FAIR EXECUTIVE COMPENSATION ALIGNED WITH SHAREHOLDERS

PROPER DATA SECURITY, PRIVACY PROTOCOLS

FAIR LABOR PRACTICES

EMPLOYEE RECRUITING & RETENTION

EMPLOYEE HEALTH & SAFETY

FAIR, ETHICAL SELLING PRACTICES

MINIMIZING SUPPLY CHAIN RISKS

PRODUCT QUALITY/SAFETY, MINIMIZING RECALL RISK

CONSIDERATION OF ECOLOGICAL IMPACTS

PROPER HANDLING OF HAZARDOUS MATERIALS

PROPER ENERGY & WATER MANAGEMENT

SASB (now IFRS) was founded in 2011 for the purpose of providing investors with a framework for analyzing financially-material sustainability topics by industry, and for years has produced research showing how those topics impact shareholder value. We believe this is one reason why SASB has emerged as the predominant sustainability disclosures framework for U.S. investors. Indeed, the uptake of SASB reporting by corporates continues to surge.

According to SASB's website, there were 975 companies who formally reported SASB metrics in 2022 in the U.S. alone. This compares to 86 companies just three years prior in 2019.

It is important to note that these companies are proactively disclosing metrics – they weren't required to do so. With the coming SEC climate disclosure rules, along with the ISSB's disclosure standards scheduled to go into effect in January 2024 that are aimed at providing a global baseline of sustainability disclosures, even on a voluntary basis, this inertia will likely continue, furthering investors' ability to analyze financially-material ESG factors.

This underscores our view that the concept of integrating ESG analysis into investment decision-making is here to stay and not just a passing fad. We believe ESG is a part of thorough fundamental research and analysis, especially for long-term investors. As stewards of capital, asset managers have a fiduciary duty to consider the long-term financial impacts to their underlying holdings, aiming to minimize risk in their portfolios.

Over the past two years, we conducted surveys of our portfolio companies to learn more about how they manage environmental and social factors in their businesses. Over 70% of respondents said they consider their management of climate-related factors a competitive advantage. 100% indicated management of DEI/human capital factors can be a competitive advantage. If a company said the same about any other factor, most asset managers would agree that they would be doing themselves and their clients a disservice by ignoring that data in their analysis which company management teams are saying can materially impact their businesses long-term.

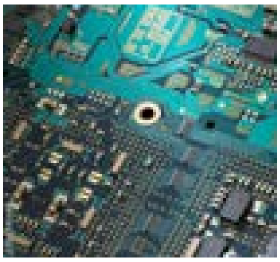
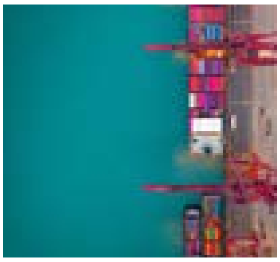
Navigating a path forward.

The political rhetoric associated with ESG is unlikely to subside any time soon; however, we believe both companies and investors can play a role in clearing the air to promote a deeper understanding of how ESG factors are integrated into company strategy and investor decision-making.

COMPANIES: This can start with companies, especially those who are disclosing data for the first time, to be more intentional in connecting these factors with potential financial impacts and explain why a factor is financially material and important to the success of their specific business. They can go a step further by providing quantitative data around these factors when available. This helps companies gain credibility with investors by explaining how ESG factors are "business factors" and talking about them is much more than simply "the right thing to do." Not every ESG topic is financially material to every company. If a certain ESG topic is deemed immaterial to the business and ignored, that's okay. Explain why, if needed. Companies can control their own narratives by conducting materiality assessments and disclosing the results. Informed plans of action improve focus and help ensure companies and investors are on the same page when it comes to their ESG strategy.

INVESTORS: Investors have a strong role to play as well. Given the increased scrutiny over greenwashing, any investor incorporating ESG factors should already be communicating in a clear way how ESG is used in the investment process. Sharing this process with portfolio companies can also be beneficial. As small and micro cap investors, we often engage with companies who are adopting ESG practices for the first time and they often ask us how we integrate ESG into our investment process. We see this as an opportunity to help companies understand how investors use ESG information. We point companies toward the SASB framework as a starting point for financially material and decision-useful ESG topics. By keeping the focus on material risks and opportunities, investors can help companies cut through much of the superfluous commentary and hone in on topics that are important to shareholder value. Engaging on these topics is mutually beneficial as this dialogue can act as a reinforcement mechanism to keep ESG topics grounded in financial materiality.



Market-based forces enabled the organic rise of ESG.

Since inception, SASB touts that its standards are designed "by the market, for the market." By keeping financial materiality at the center of the conversation, we believe this can help companies develop pragmatic and rational ESG disclosures, while at the same time find common ground in this heightened political environment.

05. YEAR IN REVIEW

Establishing a Global Baseline

In last year's report, we provided a matrix for the various global initiatives across ESG reporting and climate-specific reporting for companies, because if you've been paying attention to ESG in the last few years, you know there is no shortage of acronyms in the industry's latest serving of alphabet soup. We are relieved to report that in the last year, entity consolidations coupled with increasing societal and political pressure helped unify and establish a global baseline for financially material sustainability reporting.

We have long praised the validity of the SASB standards, formerly overseen by the VRF, to highlighting industry-specific, financially-material disclosure topics for companies and are pleased to see the uptick in use of this framework in the U.S. and across our small and microcap portfolios.

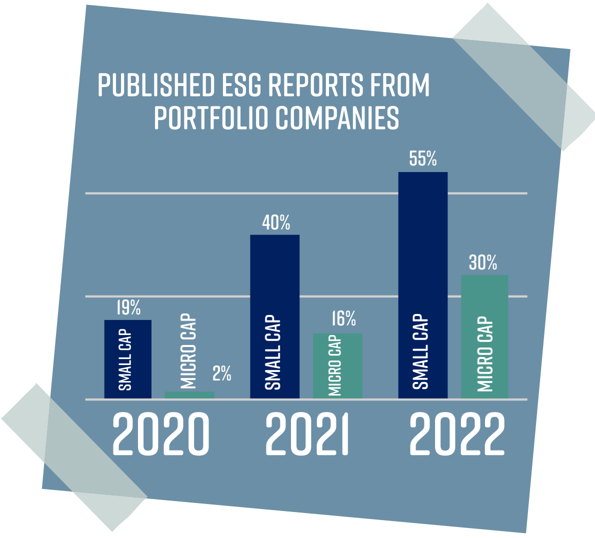
Upon the VRF's consolidation into the IFRS Foundation in August 2022, the IFRS Foundation's ISSB assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development. This comes after a COP26 commitment to consolidate staff and resources of leading global sustainability disclosure initiatives to support the new ISSB's work, developing a comprehensive global baseline of sustainability disclosures for the capital markets. After a period of stakeholder feedback, ISSB recently announced that it expects to publish these standards in June 2023, with an effective date of implementation of January 2024. Global momentum toward more companies adopting these standards should increase, with the support of other entities such as the International Organization of Securities Commissions (IOSCO), the G7, the G20, among others. While the standards will be mostly voluntary, some jurisdictions around the world are planning to make them mandatory which could serve to quicken the pace of adoption.

Starting in January 2024, certain large EU and non-EU companies are required to produce wide-ranging, attested sustainability reporting in accordance with the CSRD, and by 2028, CSRD reporting will apply to all companies within scope. As reporting is phased in, EU subsidiaries of non-EU parents may be required to report and a modified set of standards will apply to non-EU companies who qualify by surpassing a net turnover threshold through an EU branch or subsidiary. There is no doubt in our minds that this regulatory milestone will eventually affect U.S. companies and inspire the still-developing SEC ESG Disclosure Rule. Keep in mind; however, that the SEC is solely focused on climate reporting, whereas CSRD is far more expansive, encompassing sustainability disclosures across all E / S / G factors.

All in all, the major global players of financial sustainability reporting are fully aware of the complexity and confusion surrounding ESG reporting for companies: mandatory versus voluntary, climate-related versus general ESG disclosures, coupled with industry-specific best-practices and investor commitments and expectations ranging from thematic to anti-ESG. Meaningful strides have been made in recent years to simplify and streamline financially material ESG disclosures and we welcome these efforts and will continue to update our clients and portfolio companies as more milestones occur.

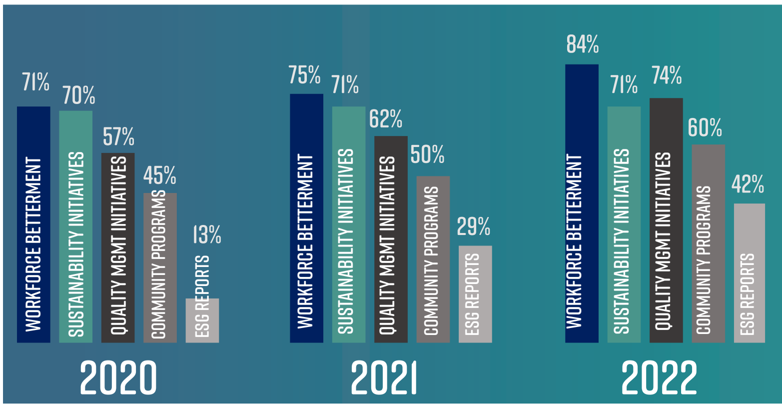
Big(ger) Advancements at Small Companies

Each year, we highlight the advancements our portfolio companies make in ESG program adoption and enhancement. In kind, this trend continued last year in a big way. Company-specific ESG/ sustainability reports across our Small and Micro Cap strategies improved to 42% compared to 29% in 2021. Small companies are allocating more resources to gathering and reporting material ESG data that impacts their businesses.



MATERIALITY ASSESSMENTS: In another indication of how focused companies are becoming on ESG topics, we participated in two materiality assessments from portfolio companies in 2022 – a first for us. Materiality assessments survey stakeholders (investors, employees, customers, suppliers, communities), attempting to gain a better understanding of which ESG-related topics are most important to the company. Boards of directors and management teams will then use these to identify and prioritize topics which will often inform broader ESG initiatives and strategy implementation. In our view, materiality assessments are an important step for companies formally adopting ESG-related policies and underscore the commitment companies are making in managing ESG issues and reporting on them. These are often presented in a matrix that displays topics important to external stakeholders against importance to internal stakeholders. Topics with significant overlap are prioritized. We hope to participate in more of these going forward as our portfolio companies adopt formal ESG initiatives.

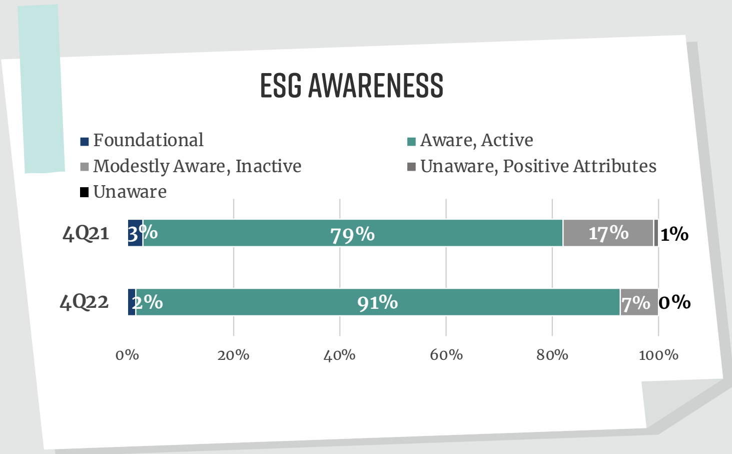
FORMAL CLIMATE REPORTING: Along with formal ESG reports, we now have 15 companies in Small Cap and three companies in Micro Cap that formally report some form of greenhouse gas emissions. Underscoring the mantra, "you can't manage what you don't measure," several more companies have announced they are gathering emissions data across their business with the intention of establishing a baseline to plot progress against in the future. This often coincides with setting emissions reductions targets. With over 70% of our 2021 portfolio survey responses indicating proper management of material climate-related risks and opportunities could lead to a competitive advantage against peers, we believe we will continue to see emissions reporting increase across our portfolios.

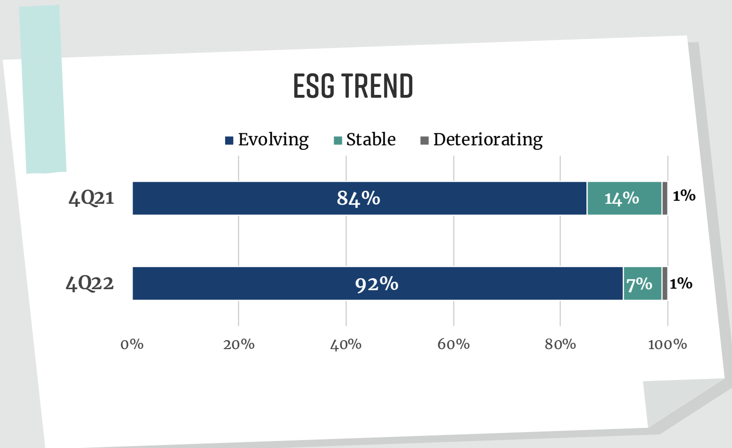


We previously tracked company progress against several basic ESG disclosure topics. Given the rapid advances our portfolio companies have made since our 2020 baseline, as we suggested last year, we will be modifying these to more specific topics going forward to provide additional insight. As of 2022, at least 70% of portfolio companies have workforce betterment programs, quality management initiatives, and other sustainability-related programs.

Big(ger) Advancements at Small Companies

Similarly, our proprietary "ESG Awareness Scale" continues to improve. We created this scale in 2021 to help establish where companies are in acknowledging ESG impacts on their businesses. The "awareness" among companies in the small and micro cap universe can span a much wider spectrum than that of large caps, and we believe that by establishing context of where companies are on that spectrum can help us track improvements they are making from year to year. At the end of 2022, our Small Cap portfolio reflected the following awareness characteristics compared to the prior year:





With our Small Cap awareness now above 90% and companies making such rapid improvements, along with our desire to continue deepening our analysis, we plan to modify this scale in 2023 to better reflect how active companies are in addressing ESG risks and opportunities in their businesses.

As we look forward, we expect our ESG analysis to continue to evolve as companies in our investment universe increasingly provide more useful data on material ESG topics. With reporting standards crystallizing with SASB/ISSB, the increased uptake of companies formally adhering to those standards should allow for deeper and comparable analysis of material ESG information, just as those standards were intended. We continue to believe that the ESG-related improvements small companies are making is a powerful dynamic that positively impacts shareholder value over time, and seeking to identify those improvements via original research and engagement remains a core component of our ESG process.

PRI Update

ANNUAL REPORTING: Last year, the PRI was finally able to publish 2021 Assessments for signatories (a year and a half late). For those that are unaware, PRI initiated a pilot reporting platform in 2021, addressing signatory feedback and reframing signatory scores to adhere to the rapidly changing responsible investment landscape. Feedback from the newly renovated platform indicated that the content of the framework better captures responsible investment activities than prior versions. This pilot, while significantly more user- and team-friendly, came with several dataset challenges that materially altered the reporting inputs for signatories and assessment time frame for PRI.

What began with a delayed due date in the spring of 2021 ended in an additional confirmation period, delayed Assessment results, and an eventual lapse of 2022 reporting altogether. In addition to new scoring methodologies, PRI has changed the reporting period so that signatories are less burdened during year-end reporting. Instead of the former January-March reporting period, it is now May-August.

Here, you will find RIM'S comprehensive Assessment results over our time as PRI signatories. While the PRI urges individuals to not compare apples to oranges, we are pleased that our scores remain above the median in all categories.

We always look to engage with interested parties on PRI and our reporting transparency. If there is ever a time you have questions or want to discuss our process or outcomes, please do not hesitate to reach out to our ESG team.

Signatory of:

PRI Principles for Responsible Investment

2019	MEDIAN SCORE	RANGER INVESTMENTS
STRATEGY & GOVERNANCE	A	A
LISTED EQUITIES - INCORPORATION	B	B
LISTED EQUITIES - ACTIVE OWNERSHIP	B	B

2020	MEDIAN SCORE	RANGER INVESTMENTS
STRATEGY & GOVERNANCE	A	A+
LISTED EQUITIES - INCORPORATION	A	A+
LISTED EQUITIES - ACTIVE OWNERSHIP	B	A

2021	MEDIAN SCORE	RANGER INVESTMENTS
INVESTMENT & STEWARDSHIP POLICY	60	71
LISTED EQUITY - INCORPORATION (ACTIVE FUNDAMENTAL)	71	83
LISTED EQUITY - VOTING (ACTIVE FUNDAMENTAL)	54	59

PRI CONFERENCE: In November 2022, Shelby Riggs, the ESG Advisory Committee Vice-Chair, attended PRI In-Person, the leading responsible investing conference in the world, in the beautiful Barcelona, Spain. PRI hosted over 200 speakers from across the world under one theme – 'The Coming Age of Responsible Investment.' During the week, over 2,400 investment professionals discussed human rights management, the evolving landscape of climate policy, corporate disclosures, among so many more thought-provoking topics.

Prominent speakers included: Mark Carney, Former Governor, Bank of England and Bank of Canada; Emmanuel Faber, Chair, ISSB; Jeremy Grantham, Long-Term Investment Strategist, GMO; Ioannis Ioannou, Associate Professor of Strategy and Entrepreneurship, LBS; Mairead McGuinness, European Commissioner for Financial Stability; Samantha Ricciardi, Global CEO, Santander Asset Management; and Frans Timmermans, Executive Vice-President, European Commission.

Conversation is the currency for change.

Dr. Ken Boyer

Professor, Arizona State University
Author, Navigating DEI in Business

06. ACTIVE ENGAGEMENT

Management Engagement

Management engagement continues to be a foundational pillar of our investment process. Meeting with management teams helps us understand how they approach competitive challenges, navigate changing market environments, and prioritize long-term business initiatives. Engagement also helps us learn how companies manage ESG risks and opportunities and allows us to fill the information gap that often exists in conducting ESG analysis in small companies. We learn first-hand about ESG initiatives or topics that often go unaddressed in SEC filings and presentations, how management approaches these topics, and how they see them evolving. This informs our proprietary Sustainability Assessments, establishes a baseline for future conversations, and can potentially identify topics that are not getting enough attention from management teams. These conversations involve members of our Investment Team and ESG Advisory Committee, company C-suite representatives, and at times, company board members.

Engagements with management teams have always been tracked, but in 2019 we began noting specific ESG discussions. We record if ESG topics are discussed and note who initiates those conversations. Every year, we see increased levels of ESG discussions. In the 349 company meetings held in 2022, E/S and/or G was discussed in about 49% of the total. About 60% of these discussions were initiated by a member of the Investment Team.

Two things stood out from this year's report:

First, ESG is now a topic in nearly half of our management meetings. This is the highest number we've seen since we began gathering data in 2019.

Second, we found that management teams initiated these conversations at a higher rate than in the prior year, which indicates to us that ESG initiatives are becoming a higher priority across our coverage universe.

Key Findings: Human Capital

We have now completed two portfolio-company surveys seeking more information regarding financially-material E / S / G risks and opportunities within their businesses. Our first survey, in 2021, received a 50% response rate and covered climate. If this interests you, please review last year's Annual Report to see our findings.

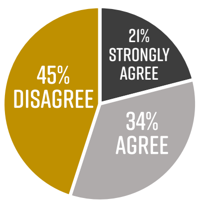
In 2022, our survey followed macro trends in the investment and responsible investing community, covering human capital management (HCM). Again, we are pleased with a nearly 50% response rate from portfolio companies. As we witness a tightening labor market and increased focus on hiring and retention practices, we want to know how our companies consider HCM, not only in their workforce but throughout the supply chain and their communities. This survey helped us gain a broader understanding of human capital issues unique to our investment universe and will inform our Escalation Policy related to ESG-specific engagements.

100% OF RESPONDENTS CONSIDER THE IMPACTS OF HCM ON THEIR BUSINESS...

AND CONSIDER PROPER MANAGEMENT TO BE A COMPETITIVE ADVANTAGE.

INTERESTINGLY...

RESPONDENTS ARE DIVIDED ON SOCIALLY-RELATED RISKS & OPPORTUNITIES POSTING MATERIAL LONG-TERM COMPANY FINANCIAL RISKS.



HCM is impossible to evade – either companies intentionally consider the risks and opportunities by incorporating this into their management strategy or they leave competitive opportunity on the table.

Key Findings: Human Capital

HCM is deemed financially material in 50 of the 77 SASB-defined industries. This risk impacts many of the companies in small and microcap indices. Further, SASB is currently working to revise its standard-setting to address DEI specifically across 45 industries, instead of the current 13. Take the Software & IT Services industry, for example:

INDUSTRY - SOFTWARE & IT SERVICES :
"Recruiting & Managing a Global, Diverse Skilled Workforce" is the #2 disclosure topic identified behind "Data Security"

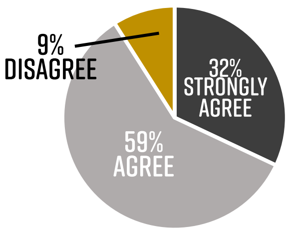
POTENTIAL IMPACT VALUE:
Software & IT Services companies' performance in recruiting and managing a global skilled workforce can influence their revenue-generation ability, cost structure and risk profile.

Companies' performance in recruiting and managing domestic STEM-qualified employees and ensuring workforce diversity can lead to value creation in the long-term through stronger innovation, and superior ability to cater to a diverse customer base, with impact on both market share and pricing power.

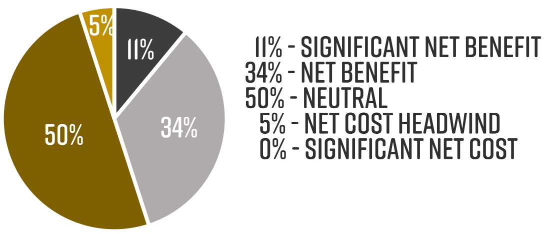
It can also influence their reputation and ability to attract employees, as well as operating costs related to recruiting, developing, and retaining employees. Lastly, the use of employees offshore creates operational risks, including data privacy and security and IP violations, raising companies' risk profile and cost of capital. As more industries compete for STEM-qualified workers and the debate on the respective social benefits of high-skill immigration and offshoring continues to evolve, the probability and magnitude of these impacts are likely to increase.

Source: SASB

Survey respondents identify diverse boards and leadership teams as a primary driver to achieving financial goals:



The majority of them also believe that the financial costs to manage DEI are a net benefit.



While "*company culture*" comes in at #1 for top motivations to properly manage human capital, "*shareholder focus*" and "*competitive pressure*" come in at a close second and third, highlighting the vast, but credible, reasons to properly manage your workforce and supply chain.

> Company management teams gave great insight to their strategies around proper HCM:

"Our software developers have found that a more diverse team is helpful in developing user experiences. A more diverse employee makes it easier for new employees to have a sense of belonging and engagement with the company."

"As a software company, human capital is our differentiator. It is 85% of our total expenses. Software companies are people companies."

"We have focused our director/executive recruitment efforts to help build one of the most diverse boards in our industry. We view this as a source of [our] competitive differentiation because a team and a culture that embraces diversity leads to better decision-making, more creativity and innovation and better results. We believe that this has also been a contributing factor to both our growth and profitability as a company, as we have nearly doubled both our revenues and profitability over the last five years."

"Diverse teams and perspectives help consider all points of view and experiences, which leads to better decisions and more engaged employees. Good decisions and high engagement affects customer service, financial performance and retention."

"The technology industry has a challenge to find and hire an experienced workforce and, in order to maintain the company's sustainable and constant growth, it is necessary to look carefully at human capital issues, offering a good working environment, attractive benefits and a promote a respectful, diverse and inclusive culture."

Proxy Voting Overview

Proxy voting is a critical part of active ownership, and we continue to evaluate each proposal and cast our vote on behalf of clients for 100% of the proxy proposals submitted. In 2022, we voted on 1,002 proposals across 104 companies. While most of the proposals are routine in nature, we voted against management in about 13% of the proposals and disagreed with our proxy advisor in 4% of cases. Votes against management typically concerned compensation, with proposed plans being outsized or not aligned with shareholders.

One interesting development in 2022 was the increase in the number of matters brought up for a vote that were specifically designated as covering environmental, social or governance topics. These matters represented just over 4% of all votes cast for the year. While this is a small percentage, it represents a meaningful increase over the prior year, where these matters represented less than 1% of all votes. We would expect this number to increase over time across the public company landscape as investors press for better ESG disclosures.

4 2022 VOTES ON E / S / G TOPICS

1 2021 VOTES ON E / S / G TOPICS

0 2020 VOTES ON E / S / G TOPICS

	Small Cap	Micro Cap	Firm-wide
Number of Proxies Voted	391	295	1,002
Percent of Proxies Voted	100%	100%	100%
Number of Votes Against Management	47	33	127
Number of Votes Against ISS	6	13	38

Responsible Investment - Terms & Definitions

As the responsible investment community continues to grow, more terms and definitions become available to describe the ever-evolving landscape. We want to share our perspective and the terms we use to enhance our risk mitigation and incorporate ESG into our investment and decision-making process. While we believe each term below is important to understand, not all are presented in the following report. Please use these terms and definitions as a point of reference not only during the reading of this report, but in regards to the responsible investment community in general.

SEC ESG Fund Classifications
(*RIM strategies will fall under 'ESG Integration'*)

- ESG Integration - funds that consider one or more ESG factors alongside other non-ESG factors in decision making.
- ESG-focused - funds that rely on ESG factors by using them as a significant/main consideration in selecting investments.
- Impact - seeks to achieve a specific ESG impact.

SEC Disclosure Rule

On March 21, 2022, the U.S. Securities and Exchange Commission proposed rule changes requiring companies to disclose certain climate-related information, ranging from greenhouse gas emissions to expected climate risks to transition plans.

Non-Concessionary Approach

A non-concessionary approach means that we do not actively sacrifice performance over any ESG criteria, but instead 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 tend to exhibit better long-term performance and less risk than those that do not.

Financial Materiality

When researching companies, our ESG analysis is largely focused on materiality by industry. Materiality is the relevance of ESG factors to a company's financial performance and we recognize that each industry and company has different ESG risks and opportunities and should be assessed as such. Using the Sustainability Accounting Standards Board (SASB) Materiality Map combined with proprietary research, we apply industry materiality to the various ESG factors that can have a material impact on potential or current investments.

Human Capital

The skills, knowledge, and experience that an individual or population have, viewed in terms of their values or cost to an organization. Human capital can allow partners to support one another in improving skills, motivation, and health when trying to reach a specific goal within a company.

Diversity, Equity and Inclusion (DEI)

DEI is when a program promotes the representation and participation of different groups of individuals including those of different ages, race, ethnicity, sexual orientation, among other demographics and psychographics. It starts at the very top and trickles down through management levels to create meaningful change when working. This is particularly for the groups that have been underrepresented in the workforce or industry.

Being able to diversify (D) your workplace can impact inclusion (I) and equity (E) for some employees. Having a staff with varied backgrounds can increase representation and innovation, while reducing groupthink.

CFA DEI Code

On 24 February 2022, CFA Institute issued the first voluntary Diversity, Equity, and Inclusion (DEI) Code to foster a commitment that will lead to greater inclusion of wider viewpoints from diverse talent, which should result in better investment outcomes and help create better working environments. In addition to the DEI Code, CFA Institute provides objectives of the code, an implementation guide, and a reporting framework for annual signatory reporting.

ISSB

The ISSB builds on the work of market-led investor-focused reporting initiatives, including the Climate Disclosure Standards Board (CDSB), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and industry-based SASB Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics. The ISSB is committed to delivering standards that are cost-effective, decision-useful and market informed.

COP26

The UK hosted the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on 31 October – 13 November 2021. The COP26 summit brought parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

IOSCO

IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation. It works intensively with the G20 and the Financial Stability Board (FSB) on the global regulatory reform agenda.

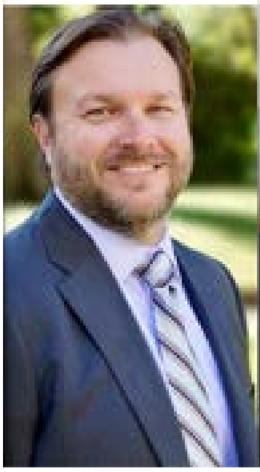
Ranger Investment Management - ESG Advisory Committee

OBJECTIVE: Ranger Investments is committed to ESG integration across all investment strategies through bottom-up fundamental research, stewardship and engagement activities. The ESG Advisory Committee provides cross-functional support to the Investment Team. This includes ESG integration in the investment process, collaborative engagements within the investment community, and relevant reporting obligations. The Committee consists of five (5) representatives from across the Firm, including senior management and investment professionals. This structure allows for a thorough and transparent responsible investing initiative.

JEFF DALTON

Manager of Sustainable Investing & Risk Analysis, Committee Chair

Responsible for monitoring, analyzing and reporting to the committee on any ESG issues related to investments.



SHELBY RIGGS

Senior Associate, Committee Vice Chair

Responsible for client and firm ESG reporting and marketing and management of committee programs and initiatives.

ANDREW HILL

President, PM

Provides direction and oversight as it pertains to responsible investment policies, with specific responsibility to represent the Investment Team from a Partner/Portfolio Manager's perspective.

MELANIE MENDOZA

Chief Compliance Officer

Responsible for monitoring, analyzing and reporting to the committee on compliance related matters.

BRIAN BUSBY

Head Trader

Responsible for monitoring, analyzing and reporting to the committee on any ESG issues related to investments.

Ranger Investment Management - ESG Affiliates & Resources

AFFILIATES

Signatory of: PRI Principles for Responsible Investment

The United Nations-backed Principles for Responsible Investment Initiative (PRI) is a global network of investors working together to put the six Principles for Responsible Investment into practice. The Principles were devised with input from the global community of responsible investors. They reflect the view that ESG issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfill their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices, and better align their investment objectives with those of society at large.

The Investor Stewardship Group (ISG) is an investor-led effort that includes some of the largest U.S.-based institutional investors and global asset managers, along with several of their international counterparts. The members include more than 70 U.S. and international institutional investors with combined assets in excess of US$32 trillion in the U.S. equity markets. The ISG was formed as a sustained initiative to establish a framework of basic investment stewardship and corporate governance standards for U.S. institutional investor and boardroom conduct.

Launched by CFA Institute in February 2022, the DEI Code fosters action to advance diversity, equity, and inclusion in the investment industry through six metrics-based principles built to generate a cycle of positive change for individuals and organizations. The DEI Code also requires signatories to amplify the impact of their commitment by making the economic, business, and moral case for DEI. Signatory organizations together represent around US $11.2T in AUM -- approximately 10 percent of the investment industry's assets under management globally -- as well as some US$9.5 trillion assets under advisement.

RESOURCES

SASB

The Sustainability Accounting Standards Board (SASB) provides our team with financially material sustainability factors for each industry, which we use to evaluate sustainability risks and opportunities. One team member has received the FSA Credential.

MSCI

MSCI is the world's leading research and analytics platform providing our team with an integrated suite of tools to manage research, analysis and compliance tasks specific to ESG factors. Using both Business Involvement Screening Research (BISR) and ESG Manager, our portfolio holdings are screened for all client-directed investment guidelines.

CDSB

The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs. The CDSB committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. Four members of our ESG Advisory Committee have completed certifications regarding TCFD through the CDSB.

US SIF

Forum for Sustainable and Responsible Investing (US SIF) is the membership association for professionals, firms, institutions and organizations engaged in responsible and sustainable investing in the United States. US SIF and its members advance investment practices that consider ESG criteria to generate long-term competitive financial returns and positive societal impact. One member of our team has completed the US SIF Certification for Fundamentals of Sustainable and Impact Investment.

PRI ACADEMY

The PRI Academy partners with regional organizations to enhance and promote the growth of the global responsible investment industry, reaching mature as well as emerging markets. One team member has completed two of the three PRI Academy courses offered.

BLOOMBERG

Bloomberg's Sustainable Finance solutions offers actionable analyst insights and market intelligence, data and valuation models and timely news.

Ranger Investment Management - ESG Policy Statement

PHILOSOPHY
Ranger Investment Management has a fiduciary duty to act in the best interests of our investors. Our priority is to act as 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 long-term performance with 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.

SCOPE
This policy applies to all Ranger Investments strategies. It provides a framework for the Investment Team to analyze financially material ESG factors throughout the investment process. For this reason, we commit to updating this policy as industry or internal expectations progress. This policy is reviewed at least semiannually, and any material updates or modifications will be approved by the ESG Advisory Committee.

COMMITMENT
We are a signatory of the United Nations-backed Principles for Responsible Investment (PRI) and the Investor Stewardship Group (ISG) and have an active and engaged ESG Advisory Committee. This Committee provides cross- functional support and consists of senior level representatives from management, the Investment Team, compliance, marketing and investor relations, including the firm's President and Portfolio Manager, Chief Compliance Officer and our Manager of Sustainable Investing and Risk Analysis. Within this team are members with certifications or credentials from the Sustainable Accounting Standards Board (SASB) FSA, the Forum for Sustainable and Responsible Investment (US SIF), PRI Academy and the Climate Disclosure Standards Board (CDSB) for TCFD. The Committee meets at least quarterly to review and discuss all responsible investment initiatives, goals, and reporting requirements.

Our ESG commitment embodies a culture of continuous improvement. This includes encouraging and sponsoring employees' efforts to participate in ESG-related collaborative events and continuing education or certification opportunities.

ESG INTEGRATION
ESG integration is present throughout the investment process, and helps with identifying trends, evaluating securities, portfolio construction, shareholder engagement, proxy voting and client reporting. As part of the Team's due diligence on investment candidates, we research and review material ESG factors and compile them in a proprietary research tool we call the Sustainability Assessment which provides a proprietary score (scale 1-10). As part of this process, additional proprietary "ESG Trend" and "ESG Awareness" categories are assigned to establish a baseline and assess improvements over time. This assessment, in addition to the fundamental research that is core to the investment process, is reviewed by the Investment Team when evaluating new investment ideas. We use third-party ESG research and analysis as a supplement to our proprietary work including MSCI, Bloomberg, Morningstar, ISS, SASB and TCFD. Third-party scores, analysis and summaries are included in each Sustainability Assessment, as well as quantitative governance data from financial data providers such as Bloomberg.

Values alignment screening and monitoring is also an integral part of the portfolio's investment assessment, selection, and risk management process. Our Investment Team can tailor ESG and/or values alignment screening to fit client needs, and the screens may vary between client accounts according to client-specific guidelines.

CORE CONSIDERATIONS
In all investment opportunities, we consider ESG criteria as an integral part of the investment and risk mitigation process and assess progress against ESG criteria on at least an annual basis. Our team seeks the following core considerations:

ENVIRONMENTAL FACTORS

As investors who believe that ESG factors can be financially material, we seek companies who consider the risks and opportunities of environmental factors in their business and act as environmental stewards. We believe climate change poses a material risk to financial markets and therefore consider the impact of climate-related factors in our investment process.

While acknowledging the ubiquity of climate-related factors, we recognize some industries are more heavily impacted than others, and therefore rely on the materiality framework set forth by SASB. Our analysis of environmental factors includes performance in the areas of energy consumption, water and waste management, air quality, responsible sourcing of resources, and, where available, the overall ecological impact of a company's business. We consider how companies navigate the energy transition and environmental regulatory risks, such as those related to an Inevitable Policy Response, a project pioneered by PRI to identify policy-gaps and prepare investors for associated climate-related portfolio risks. Our team supports and encourages, where applicable, companies that adopt policies and/or disclosures aligning with industry-specific or global frameworks such as SASB, GRI, TCFD or science-based targets as referenced in the Paris Agreement.

SOCIAL FACTORS

We believe human capital is not only a critical resource, but a strategic component to building sustainable and resilient business models and creating long-term value. Human capital management can have clear financial impacts and we believe engaged employees with equitable pay levels and opportunities for advancement are typically more productive. We assess diversity, equity, and inclusion (DEI) practices across all holdings including but not limited to gender, racial, and/or ethnic representation for the board of directors, senior management, and full-time employees. We engage management teams on this topic and encourage them to disclose diversity metrics in company documents or provide public access to EEO-1 data, where applicable. We believe a more diverse workforce, executive team and board can help attract and retain the best talent which can improve and attract new sources of revenue and garner more innovation while reducing employee turnover.

While some industries are more prone to specific social and human-rights risks, key factors we generally evaluate and encourage management teams to focus on within their businesses and across the supply chain are labor practices, health and safety, engagement, DEI, product quality and safety, and data security and privacy.

GOVERNANCE FACTORS

We believe that a correlation exists between the implementation of sound corporate governance practices and the ability of a company to add long-term value. At the heart of these practices are the concepts that (i) the objectives of a company should be driven by the interests of its shareholders and beneficiaries, (ii) a company should implement structures and mechanisms which create a culture of transparency and accountability, and (iii) practices are implemented to ensure that management and the board have the ability to effectively oversee employee behavior and lead the company in an effective, ethical and accountable manner. To that end, we have isolated five key principles to identify sound corporate governance:

Corporate Leadership

A company's board and management team should be comprised of capable leaders who can effectively direct the company in meeting its business purposes in both the short and long term. Factors evaluated by the Firm to isolate a company's adoption of this principle include, but are not limited to:

- Management background, experience and tenure with the company.
- Relationship between management and the board, management and employees.
- Insider ownership of the company at both the board and management level.
- Lack of any director conflict of interests and/or relationships which would compromise true independence and alignment to shareholder interests.
- Substantiation of ability of the board to impose true oversight and direction.

Board Structure, Independence and Engagement

The board should have an appropriate mix of skills, experience and independence to enable its members to discharge their duties and responsibilities effectively. Factors evaluated by the Firm to isolate a company's adoption of this principle include, but are not limited to:

- Size and diversity of board relative to its peers.
- Suitable independence, experience and skill set of the company's board of directors to ensure that the board has sufficient understanding and command over the actions of the Company to serve as fiduciary watchdogs on behalf of shareholders.
- Board attendance, responsiveness and other indicators reflecting board engagement in company oversight.

Accountability

Management and the board should adopt principles of transparent reporting and communication, whereby they communicate to the company's shareholders at reasonable intervals, a fair, balanced and understandable assessment of how the company is achieving its business purpose and meeting its other responsibilities. Factors evaluated include, but are not limited to:

- Executive compensation structures that align with shareholder interests, including compensation structures which do not inadvertently give rise to adverse incentives.
- Policies and history relating to transparent reporting and communication, including timely reporting on financial results and audit related policies and procedures.
- A history of commentary related to future financial results that are reasonably in line with actual performance, candid and open commentary, as well as management accountability, during periods of underperformance.

- Bylaws and capitalization structures which do not shield a board from accountability and replacement, including dual class stocks when used for control purposes, hyper-voting structures, classified boards and poison pill equivalents.

Sustainability
Management and the board should consider the long-term sustainability and value of the company's enterprise. They should guide the business to create value and allocate it fairly and sustainably for reinvestment and distribution to shareholders, employees and communities. Factors evaluated include, but are not limited to:
- Adherence to industry-specific regulatory requirements.
- Attention to changing consumer and commercial expectations.
- Responsibility and accountability at the board level to assess sustainability risks and opportunities in the business, such as frequency of management and board discussions, strategic planning to assess sustainability risks in the business, and openness to innovation.
- Responsiveness to shareholder concerns.

Integrity
Management and the board should lead the company to conduct its business in a fair and transparent manner that can withstand scrutiny by stakeholders. Factors evaluated include, but are not limited to:
- A Code of Conduct/Ethics outlining expected behavior by executives, employees, and the board.
- An expectation or policy outlining behavior of suppliers or vendors.
- An active whistle-blower policy (although this is often included in code of conduct/ethics).

STEWARDSHIP

ENGAGEMENT

As part of our investment process, we seek 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 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.

Engagement activities are regularly shared across the organization, specifically with other members of the Investment Team to inform investment decision making. Engagements are recorded, notating which party initiated environmental, social, and/ or governance topics.

ESCALATION POLICY

As part of our proprietary ESG scoring process, we identify and prioritize companies for specific ESG engagements. Any company that i) falls in the bottom category of our ESG Awareness or ESG Trend scale, and/or ii) scores below a 6.0 on any E/S/G pillar (1-10) of their company-specific Sustainability Assessment is included in an escalation list, where engagement is prioritized. Our intention with escalated engagements is to gather information from management and/or board members about how companies approach specific ESG topics, and which financially-material factors are being addressed or not addressed. These conversations help establish baselines for tracking company improvements and allow us to convey how we integrate ESG analysis into our process. Results of escalated engagements are discussed with other members of the Investment Team and incorporated into our proprietary ESG scoring system.

PROXY VOTING POLICY

Our proxy voting guidelines are informed by our ESG "core considerations" as described above. These are not intended to be rules, but a framework for proxy decision-making. For a full review of our proxy voting process, please see the "Proxy Voting" section in our Compliance Manual.

We generally support environmental proposals that seek to:
- Improve climate-related initiatives and disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes alignment with climate reporting frameworks such as SASB/ISSB, GRI, and TCFD.

We generally support social proposals that seek to:
- Improve human capital initiatives and disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes diversity, equity, and inclusion disclosures, racial equity audits, publicizing EEO-1 reports, employee health and safety initiatives, and data security and privacy initiatives.

We generally support governance proposals that seek to:

- Improve board composition, independence, and diversity. In the election of directors, we consider how proposals may benefit or hinder board independence, board diversity, average board tenure, and overall board expertise that we deem important to the business.
- Improve board structure such as the separation of the CEO and Chair roles, a declassified board structure, majority voting rights, and a single class of stock which prohibits unequal voting rights. We carefully consider the potential impacts to board independence and diversity when these topics are related to director elections.
- Better align executive compensation with the interests of shareholders. For proposals related to equity-based compensation, we consider the dilutive impact of stock options on a case-by-case basis and do not support proposals where we deem dilution to be excessive.

REPORTING & TRANSPARENCY

On a quarterly and annual basis, we provide a proxy voting summary to all clients which includes the number of proxies voted, votes against management, votes against ISS, and commentary related to some proxy voting decisions.

SECURITIES LENDING PROGRAM

Regarding securities lending programs as it relates to proxy voting, most of Ranger Investments' clients utilize separate accounts, and matters of security lending as it relates to proxy voting are decisions that are made between the client and their chosen custodian. For accounts where Ranger Investments manages the custodial relationship, securities that may be on loan during an upcoming proxy vote may be recalled on a case-by-case basis for a vote that the Investment Team deems material. In these cases, the custodian notifies us of upcoming votes for stock on loan and we have the option to recall that stock.

REPORTING

ANNUAL

As a Signatory to the Principles for Responsible Investment, we are required to report on our responsible investment activities annually. This rigorous reporting process allows our team to publicly demonstrate a commitment to responsible investing, while promoting accountability and continuous improvement of our practices. Additionally, we produce an annual ESG report highlighting topics such as management engagement, proxy voting activities, portfolio spotlights, and ESG factor trends, which is made available to all clients and publicly through the firm website.

QUARTERLY

Clients receive quarterly updates that include but are not limited to: ESG highlights in the portfolio, meaningful engagement with management teams, a proxy voting summary and a carbon footprint analysis.

Investors in separately managed accounts and/or private funds wishing to customize their ESG reporting experience are encouraged to evaluate investment management agreements, reporting content and frequency.

COMPLIANCE

Pursuant to the Investment Advisers Act of 1940, we are required to review on an annual basis the effectiveness of the firm's policies and procedures, which include those related to responsible investing. Additionally, the firm's compliance program is designed to ensure adherence to all applicable reporting requirements for any progress or initiative, including ESG. This is primarily accomplished through quarterly, annual and ad-hoc compliance testing of this Policy and its components, to evaluate its effectiveness and implementation.

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