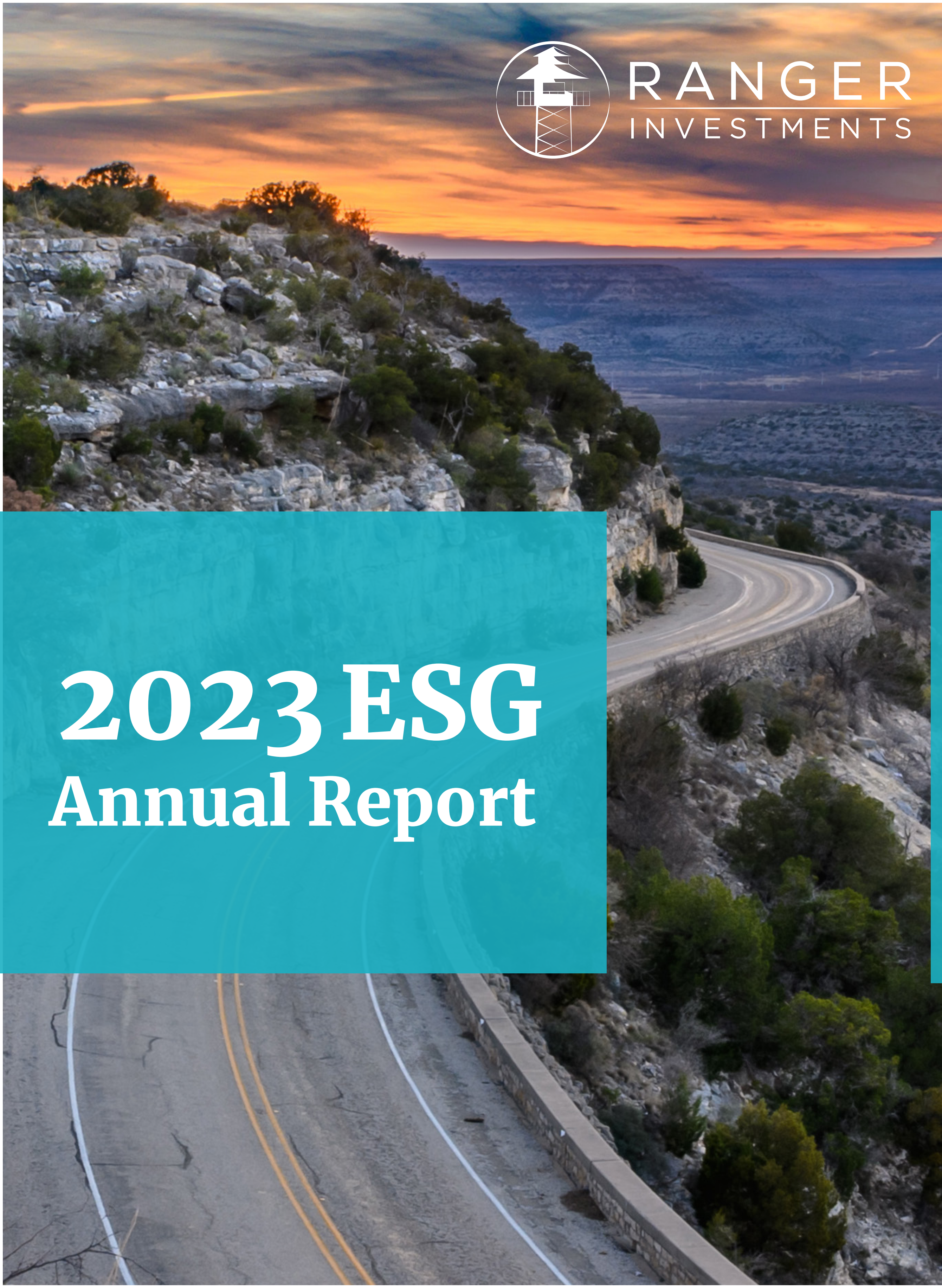


RANGER INVESTMENTS

2023 ESG Annual Report

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

BOARDS KNOW [REGULATION] ISN'T ENOUGH AND SEE ESG OVERSIGHT AS STRATEGY AND VALUE CREATION.

MITIGATING RISK AND CREATING VALUE WILL ALWAYS BE AT THE FOREFRONT OF A BOARD'S DISCUSSIONS. THESE ISSUES AREN'T GOING AWAY ANYTIME SOON.

- ANN YERGER

Ann Yerger, senior adviser to the N. American Board Practice of Spencer Stewart, has 20+ years experience at the Council of Institutional Investors, including 10 as executive director. Ann has served on the Investor Advisory Committee of the U.S. SEC, the Investor Advisory Group of the Public Accounting Oversight Board and the Nasdaq Listing & Hearing Review Council.

CONTENTS

LETTER FROM THE INVESTMENT TEAM

Dear Friends,

We are pleased to present to you Ranger Investments' fifth annual report on environmental, social and corporate governance ("ESG") research. As we look back on the year, we have a lot of good news to share about the progress being made across the companies in our portfolio.

When we wrote to you one year ago, we noted the heightened political interest in ESG. As it stands today, these crosscurrents continue to flow, particularly as we enter a presidential election year. As we evaluate the current public conversation on ESG, two trends are notable to us. First, because of the political controversy, many public companies have decided to speak less with the media and on conference calls about ESG topics. However, through our original research and engagement with management teams, we find that companies understand managing risks and opportunities goes beyond ESG labeling and motivates continued improvements.

One clear theme you will notice throughout our 2023 Annual Report is that the small and microcap companies within our coverage continue to evolve their ESG efforts with additional resources, new initiatives, enhanced oversight, and disclosures. This is not only motivated by potential regulatory actions concerning carbon emissions but stems from a desire to create a more holistic approach to sustainability across the organization aiming to create value. Across our portfolios, 61% of companies have published standalone sustainability reports, compared to 42% last year and 29% two years ago.

Second, many critics in the media have criticized ESG-labeled funds, arguing that their managers overstate the extent to which sustainability work by itself will lead to outperformance. The primary reason we haven't sought to create an ESG-labeled strategy at Ranger Investments is because we've consistently held the view that environmental, social and governance issues should be taken separately with the goal of evaluating material financial risk rather than a source of return. Instead, we believe that a focus on how companies appraise and address these associated risks can serve to make a company's competitive position more sustainable over the long term. We also believe that over time this philosophy will become closer to consensus. When we discuss our work with clients, we find they appreciate the framework that drives our ESG integration. They understand where it fits naturally into our quality growth investment philosophy and our portfolio management process.

We hope you find our 2023 ESG Annual Report insightful, and as always, please do not hesitate to call if you have any questions or if we can be a resource.

Best Regards,

Conrad Doenges
Chief Investment Officer &
Portfolio Manager

Andrew Hill
President &
Portfolio Manager

Joseph LaBate
Managing Director &
Portfolio Manager

Brown McCullough
Director &
Portfolio Manager

LETTER FROM THE ADVISORY COMMITTEE

Greetings,

We see a continued development of both regulatory and voluntary disclosure frameworks that will impact U.S. companies, culminating in the recently announced SEC Climate Disclosure Rule. While the political environment is prompting many investors and corporates to reevaluate how they frame ESG efforts, our philosophy and non-concessionary approach which focuses on financial materiality, has remained the same since we formalized our efforts in 2018. As we seek to identify and invest in high quality, durable, and resilient businesses over the long term, analysis of ESG risks and opportunities remains an important component to that process.

Our engagements are a critical part of our process, and we seek to take a more proactive approach in engaging with management teams during proxy season, particularly around the topic of executive compensation. In addition to these productive conversations, we continue to participate in materiality assessments and receive insightful feedback from our annual surveys of portfolio companies. Our committee remains dedicated to continuous improvement. In 2023, we enhanced components of our proprietary Sustainability Assessment, subscribed to new data resources and tools, and further developed our training programs led by external speakers as well as members of our committee.

Lastly, members of our committee remain highly engaged in education and networking with others on these topics. In 2023, we attended the IFRS Symposium in Montreal, the Pensions & Investments ESG Investing Conference in Chicago, and the Responsible Investor USA conference in New York City, along with numerous virtual conferences. We enjoy engaging and learning from others at these events.

As you read this report, you will find specifics around our process and philosophy, a deep-dive on executive compensation as it relates to corporate governance practices, and reports on management engagement, proxy voting and the results from our second climate survey. As always, we are happy to discuss our approach and process in this ever-evolving space, so please contact us if we can be a resource.

Best Regards,

Jeff Dalton
Chair, ESG Advisory Committee & Manager of Sustainable Investing & Risk Analysis

Shelby Riggs
Vice-Chair, ESG Advisory Committee
Senior Associate

WHO WE ARE

Ranger Investment Management, L.P. was founded in 2002. We are a boutique owner-operated investment firm specializing in the small- and microcap space, headquartered in Dallas, Texas. Our team manages long-only growth-oriented domestic equity portfolios with the objective of capturing and compounding returns while managing risk to preserve capital. As of December 31, 2023, the Firm managed $2.0 billion in discretionary and non-discretionary assets, of which all are institutional investors.

Our ESG process seeks to exploit information inefficiencies inherent in smaller companies to add value and enhance portfolio quality. Through original research and management engagement, we look to identify companies making improvements in their sustainability initiatives, which we believe can be a powerful dynamic with positive consequences over time.

Filling in the ESG information gap inherent in smaller companies is critical to fully understanding the investment opportunity. Many small capitalization companies are not covered by Wall Street and provide unique perspective and opportunity for our portfolios.

CONDUCTING ORIGINAL RESEARCH

Guided by SASB standards on materiality, we look for financially material and decision-useful information in our research. Companies have also started identifying primary ESG risks and opportunities for their businesses.

ASSESSING FINANCIAL MATERIALITY

We learn first-hand how companies are managing these topics in their businesses, while maintaining accountability and encouraging positive behavior that aligns with our clients' long-term interests.

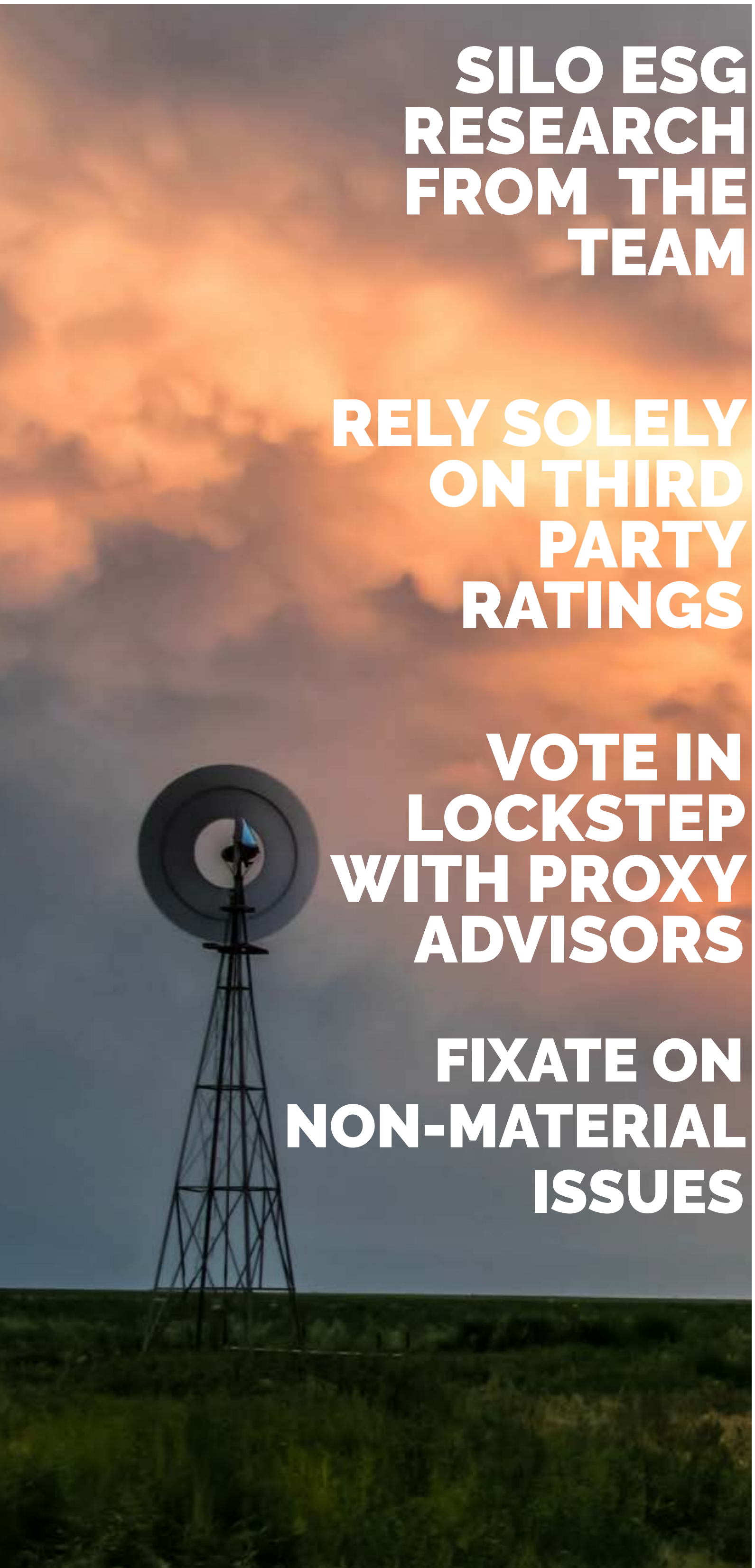
ENGAGING MANAGEMENT & BOARD MEMBERS

WHAT WE DO	HOW WE DO IT	WHY IT MATTERS
FOLLOW A NON-CONCESSIONARY ESG INTEGRATION PROGRAM	We will not and do not sacrifice performance in favor of any specific ESG factor, for any strategy.	Regulatory scrutiny on labeling and greenwashing requires managers to be fully transparent on how ESG factors are considered in the investment process.
BUILD COMPREHENSIVE COMPANY-SPECIFIC ESG ASSESSMENTS	Proprietary Sustainability Assessments cover company and industry-specific risks and opportunities, third-party ratings, and engagement plans for RIM analysts.	We believe that companies who consider material ESG risks and opportunities in their businesses are equipped to create shareholder value with less risk over time.
FOCUS ON FINANCIAL MATERIALITY	Using SASB's materiality framework, we analyze ESG risks/opportunities for each company with a focus on potential financial impacts.	ESG factors can impact revenues, costs, cost of capital, and/or valuations of assets and liabilities
YEAR ROUND ENGAGEMENTS WITH CURRENT AND PROSPECTIVE PORTFOLIO COMPANIES	We discuss how companies manage risks/opportunities. We encourage improvement while holding them accountable through engagement and proxy voting.	Tracking E/S and G conversations helps monitor progress, gain insight into specific topics, and better inform our proxy voting
STAY ABREAST OF ESG ISSUES IN A RAPIDLY EVOLVING LANDSCAPE	Conduct quarterly ESG trainings, sponsor continuing education, and regularly review policies/ procedures.	ESG landscape necessitates frequent advancements to best practices.
STICK TO THOROUGH DOCUMENTATION & REPORTING AT THE COMPANY & PORTFOLIO LEVEL	Clients receive quarterly updates, and where applicable, account-specific reports according to investor IMAs.	External reporting allows for a global standard. Offering bespoke investment and reporting solutions allows us to better fulfill our fiduciary duty.

WHAT WE DON'T DO

We believe companies who carefully evaluate ESG risks and opportunities in their businesses are equipped to create shareholder value with less risk over time. Our approach is non-concessionary, meaning we will not sacrifice performance in favor of any ESG factor.

But beyond what we do, we also want to relay what we don't do:



SILO ESG RESEARCH FROM THE TEAM

Our investment team and process are structured so that ESG topics are truly integrated and appropriately considered in portfolio decision-making. Our quarterly ESG training further enhances the team's ESG skillsets by providing deep dives on ESG topics, reviewing engagement and proxy voting priorities, and highlighting unique case studies.

RELY SOLELY ON THIRD PARTY RATINGS

By evaluating company documents, websites, SEC filings, and engaging management, we produce our proprietary Sustainability Assessment. This helps us overcome obstacles we find frequently in third-party ratings for small companies such as lack of coverage, inaccurate peer comparisons, and market cap bias.

VOTE IN LOCKSTEP WITH PROXY ADVISORS

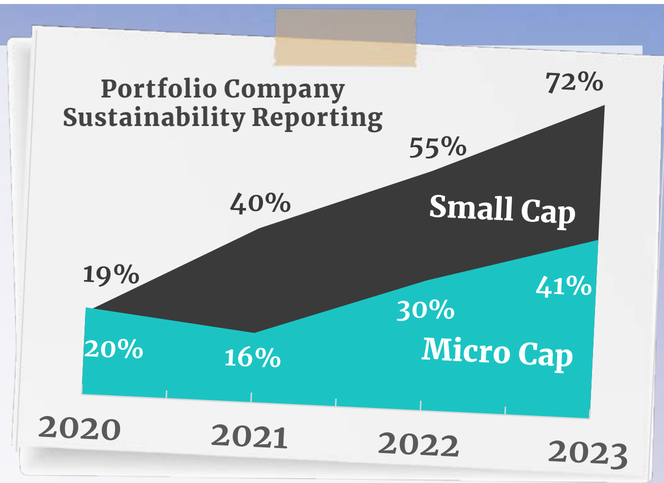
Each proxy is reviewed by the sponsoring investment team analyst and a member of our engagement team. When considering a vote against the management in question or the proxy service provider, we notify clients who have expressed interest in voting discrepancies and engage with management teams, when appropriate.

FIXATE ON NON-MATERIAL ISSUES

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.

SMALL COMPANY ESG MOMENTUM CONTINUES

Since our inaugural ESG Annual Report in 2019, we've highlighted the advancements our portfolio companies make in their own sustainability reporting. We are pleased with the continued progress achieved by our portfolio companies in 2023. Since 2020, the number of companies publishing sustainability reports has more than doubled.



Considering the charged political environment surrounding ESG, we believe it is notable that small companies continue to increase their allocation of resources to gathering and reporting ESG data. This speaks to the importance of these topics to companies and their stakeholders. Whether publishing reports for the first time or updating previous reports with additional data and commentary, this content is helpful to our process and helps spark more engagements on these topics.

While mentions of ESG by management on quarterly earnings calls have declined recently, our conversations with companies continue to be more productive. This is not only the result of having more ESG data to analyze and discuss, but we notice that management teams are more comfortable talking about ESG topics compared to recent years. We believe this is a result of their ESG initiatives being more ingrained in their companies, including formal board and management oversight of specific ESG topics. Many have conducted materiality assessments that have informed which topics are most important to both internal and external stakeholders. This has also made management teams more confident in prioritizing, and focusing less on topics that may not be material to their businesses. This leads to more educated and productive conversations compared to a few years ago when some management teams had a more defensive stance when discussing ESG.

This is also likely due to the evolving regulatory environment. In 2023, we saw the release of S1 and S2 standards from the ISSB which went into effect in 2024, the initiation of the CSRD in Europe (whose reporting timeline was subsequently delayed), the signing of California's Climate-Related Financial Risk Act, and the final climate reporting rule from the SEC that was released just prior to us publishing this report. While the ultimate outcomes and implementation dates of these regulatory actions may still be challenged, companies are nonetheless preparing for additional ESG-related disclosures if they are not already reporting these metrics. We continue engaging with companies to learn how potential regulations are being addressed, the costs involved, and any other challenges or highlights that arise as a result.

PORTFOLIO EMISSIONS REPORTING

We continue to see increased emissions disclosures in our portfolios, albeit with a reporting bias towards larger companies. In our Small Cap portfolio, 24 companies representing 49% of the portfolio now report greenhouse gas emissions. This compares to 14 companies (22%) in 2022. In Micro Cap, five companies report greenhouse gas emissions, comprising 8% of the portfolio which compares to three companies (7%) last year. Our conversations with small companies indicate many have been laying the groundwork for disclosing Scopes 1 & 2 emissions, in anticipation of the final SEC rule.

THE EVOLUTION OF 'ESG AWARENESS'

We created our proprietary 'ESG Awareness Scale' in 2021 to help establish where companies are in acknowledging ESG impacts on their businesses and to provide context within a wide spectrum of approaches in the small and microcap universe. As our portfolio companies improved rapidly, we found our original scale to be less useful in assessing awareness, given how many companies quickly rose to the top tiers of our scale.

In 2023, we redesigned our scale to better reflect how active companies are in addressing ESG risks and opportunities and reporting on their progress. This resulted in condensing our scale down to four tiers: *Dedicated, Proactive, Familiar,* and *Apprehensive*. While this measure is subjective, we believe these tiers will provide more useful insights into where companies reside across the awareness spectrum while providing more accurate context that will allow us to better measure any improvements they are making.

Dedicated

- Routine ESG reports made available to the public
- Global framework alignment (SASB/GRI)
- GHG and/or diversity reporting

Proactive

- Regular ESG commentary
- Published first report or plans to report
- Formal board oversight of ESG
- Conducted a Materiality Assessment, etc.

Familiar

- Surface-level mentions of ESG, no substantive programs
- ESG risks, opportunities recognized in proxy
- No reported ESG data

Apprehensive

- Negative sentiment towards ESG
- Outlier versus peers
- Not willing to engage on ESG topics

ANNUAL PRI SIGNATORY REPORTING

Last year, we received 2022 Assessment results which marked the second year of the PRI's new reporting regime. Comparisons from year to year are difficult once again, given how the updated topics were categorized and evaluated. For a comprehensive review of our scores, please see the table below.

Like in years past, we are proud to report that Ranger Investments scored above the median score across each reporting category. Even though PRI distinguishes investment managers across asset class, geography, and assets under management, they do not distinguish between investment styles. Being focused on the small and microcap universe, where ESG data is less prevalent (but improving dramatically), we are especially pleased with our results against peers – many of which manage portfolios consisting of much larger companies.

Something to note, however, is that PRI has made 2024 reporting voluntary (unless you're a recent signatory who has never reported). As the largest sustainability reporting platform for asset owners and managers, PRI understands that the investment reporting landscape has changed significantly in recent years. By making reporting voluntary, they're directly addressing signatories' needs and challenges through signatory feedback provided post-reporting in 2023.

Signatory of:

PRI Principles for Responsible Investment

2019

	Med. Score	RIM
Strategy & Governance	A	A
Listed Equities - Incorporation	B	B
Listed Equities - Active Ownership	B	B

2020

	Med. Score	RIM
Strategy & Governance	A	A+
Listed Equities - Incorporation	A	A+
Listed Equities - Active Ownership	B	A

2021

	Med. Score	RIM
Investment & Stewardship Policy	60	71
Listed Equity - Incorporation (Active Fundamental)	71	83
Listed Equity - Voting (Active Fundamental)	54	59

2022

	Med. Score	RIM
Policy, Governance & Strategy	50	60
Direct Listed Equities: Active Fundamental	69	70
Confidence Building Measures	80	100

EXECUTIVE COMPENSATION

Executive compensation trends underscore the importance of active ownership.
There is no shortage of articles discussing sky-high executive pay packages at the world's largest companies, citing ever-increasing multiples of CEO pay to median employee salaries. However, this trend is not limited to mega cap companies. As investors scrutinize executive pay, they may find that small companies experienced a similar dynamic in recent years. Retaining employees, especially in the c-suite, has become more expensive in the recent labor market. While investors appreciate strong leadership and continuity, there is a point when excessive executive compensation ("EC") creates a misalignment with shareholders.

Proxy voting trends show 2022 was a wake-up call for executive compensation.
As the pandemic took hold and many businesses grounded to a halt, we applauded company executives who took pay cuts or decided to forego their salaries and bonuses altogether to help ensure employees kept their jobs and continued supporting their families. This type of initiative is reflective of a positive company culture and resonates not only with employees and customers, but with investors like us who believe culture is a critical component to building long-term business value.

However, since coming out of the pandemic, we observed an uptick in the number of EC-related proxy proposals we voted against, which were mostly in line with our proxy advisor's recommendations. In any given year, EC-related proposals typically comprise ~15% of proxy proposals across our portfolios. Of those proposals, which include items such as ratifying EC, approving amendments to stock plans, and establishing frequency of Say-on-Pay ("SOP"), the percentage of proposals we voted against increased from 11.0% (2021) to 20.8% (2022). Specifically, in our small cap portfolio, we voted against 22% of EC proposals in 2022, compared to only 8% in 2020.

This pattern was not just limited to our portfolios. According to Pay Governance, 4.6% of S&P 500 companies experienced SOP failures in 2022 - a record high since SOP votes became mandated under the Dodd-Frank Act of 2010. Looked at another way, Broadridge found that the average level of support for SOP proposals was 86.3% in 2022, the lowest in five years. Indeed, this coincided with a down market, with the S&P 500 declining 19.4% in 2022 and the Russell 3000 falling 20.5%.

Unfavorable S&P 500 SOP Proposals by Year*

	2011	2012	2013	2014	2015	2016	2017
Failed SOP Proposals (#)	8	13	7	6	4	5	7
Failed SOP Proposals (%)	1.8%	3.0%	1.6%	1.3%	0.9%	1.1%	1.4%
ISS SOP "Against" Recs	61	58	45	41	40	37	49
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Failed SOP Proposals (#)	7	7	11	18	22	11	--
Failed SOP Proposals (%)	1.5%	1.5%	2.2%	3.8%	4.6%	2.5%	--
ISS SOP "Against" Recs	47	54	53	54	60	43	--

**Reflects SOP outcomes based on companies that were S&P 500 constituents at the time of the vote. (Source: Pay Governance)*

In our discussions with portfolio companies and their board members during this time, some mentioned a catch-up dynamic going into 2022, in which executives were re-compensated for pay that was given up as part of their pandemic responses. However, in many cases, this did not appear to be a normalization of pay to previous levels as much as it was a significant pay increase. When we asked others about the magnitude of the increases, some companies told us this was also to reward executives for successfully navigating the company through the pandemic. Others mentioned the tight labor market and the need to ensure executives weren't lured away with more extravagant packages from competitors, with some seeking better alignment of pay with peers. While these can be valid rationales for raising EC, investors should closely examine major changes in compensation to ensure executive incentives are in alignment with shareholder interests.

While some companies increased cash salaries and bonuses during this period, stock-based compensation was the primary driver of the increase in overall pay. This typically consists of a mix of stock units that vest over a specified time along with others that are tied to achieving a specified performance metric such as revenue growth, profitability, or total shareholder return, usually over a multi-year period. Although stock-based awards are often viewed as the primary incentive tool companies use to attract and retain executives, they should be used responsibly. Several proposals we voted against were large "one-time" awards whose vesting structures were not tied to performance thresholds at all.

Even if there is a pay-for-performance alignment in the vesting conditions of stock-based compensation, the magnitude of stock issuances to pay executives can create dilution concerns. In addition to guidelines provided by proxy service providers who tend to evaluate dilution levels against industry peer groups, we consider how responsible a company has been with its stock grants in the past and if there has been a noticeable change in the compensation committee's pay philosophy and actions. Smaller (and younger) companies inherently deploy more stock-based compensation than their larger counterparts, especially companies in the technology and healthcare sectors. This is more reason that small cap investors pay close attention to stock-based compensation practices at their portfolio companies.

Engaging management and directors

Companies often hold calls with investors to garner support for stock plans proposed in their proxies ahead of annual meetings. We highly value these conversations because they often allow us the opportunity to speak directly with board members, and specifically, members of compensation committees. Not only can we learn first-hand about how these boards design EC plans, but also gain a better understanding of the nuances in complex structures that allow us to make better-informed voting decisions. Furthermore, these conversations often act as a gateway to broader conversations that provide insight into the overall governance practices of the company.

Companies who receive less than 70% support on SOP proposals are encouraged by proxy advisors to reach out to institutional investors, particularly those who opposed the proposals, to gather feedback and potentially take corrective actions. Weak SOP results also puts pressure on directors who serve on compensation committees, adding further incentive for companies to proactively reach out to shareholders. Through "post-mortem" engagements, investors can have a strong voice in steering the future compensation schemes at portfolio companies. Out of the ESG-specific calls with management teams in 2022, roughly half were arranged specifically to discuss EC topics – either initiated by us or by the portfolio company. We voiced our views regarding incentives, plan structures, the rigor of performance thresholds, and the magnitude of stock plans. Sometimes, this engagement process, if occurring before the annual general meeting, can lead to companies modifying their proposal to address investor concerns, such as reducing the number of shares authorized to pay executives to more reasonable levels.

Improvements in 2023

After weak shareholder support for EC proposals in 2022 that coincided with the S&P 500 declining approximately 18.1%, companies generally put forth more reasonable proposals in 2023. This was reflected in our proxy voting, as our votes against EC-related proposals normalized toward longer-term averages of ~8%. In our small cap portfolio, we voted against 7.5% of proposals compared to 22% in 2022. More broadly, SOP failures within the S&P 500 declined from 4.6% to 2.5% in 2023, which is more in line with historical averages.

We believe this is the result of improved investor awareness and companies being more attuned to investor sentiment. Awarding lavish pay packages can set an eventual undesirable precedent. Making matters worse is that most companies exclude stock-based compensation costs from their non-GAAP earnings results. In many cases, these costs are a meaningful proportion of revenue. This creates an uncomfortable situation when companies continue to award executives lavish pay packages and then simultaneously ask investors to ignore the costs of those packages from their results. What happens if we enter into a more prolonged weak market environment and executives demand more compensation in cash? Many companies would find themselves in quite a precarious position.

Sound compensation plans go hand-in-hand with sound governance. The dynamic of the last three years has shown that the investor feedback and voting mechanisms can be a powerful tool in ensuring EC practices are well structured. In our view, investors should spend time studying plans and incentives and engage companies as necessary. Companies should continue to enhance their shareholder communications regarding pay practices to ensure they are transparent to investors.

PROXY VOTING

In 2023, we voted on 100% of the 788 proposals across our Small and Micro Cap portfolios. We voted against fewer EC-related proposals compared to 2022, as more companies amended compensation plans to closer align with shareholders.

Similar to 2022, we voted on four shareholder proposals in 2023, three being climate related. Through these engagements, we gained insight into the costs and logistics of gathering and reporting climate data.

2023 Proxies

	Small Cap	Micro Cap
Proxies Voted (#)	443	345
Proxies Voted (%)	100%	100%
Votes Against MGMT (#)	40	29
Votes Against ISS (#)	14	9

TALKS WITH MANAGEMENT

Engagement continues to be a foundational pillar of our investment process. Meeting with management teams, and more recently board members, helps us understand how they approach competitive challenges, navigate changing market environments, and prioritize long-term business initiatives. 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 identify topics that are not getting attention from management teams.

2023 Engagements

	Small Cap	Micro Cap	Firm-wide
Engagements (#)	117	101	423
G Conversations (%)	22%	24%	18%
E/S Conversations (%)	14%	26%	4%

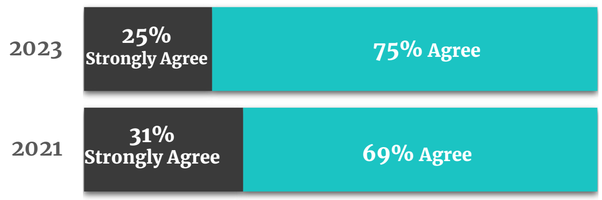
As we discussed, executive compensation has become an area of focus for us, considering the voting dynamic in recent years. We particularly value engaging on compensation matters, as those discussions are more likely to provide us access to board members, specifically members of compensation committees. This provides useful insights into how companies structure their compensation plans and allows us to offer feedback. These conversations are also gateways to broader ESG conversations. We can learn directly from board members how effectively they are addressing ESG risks in their businesses.

CLIMATE SURVEY RESULTS

Last fall, we conducted our second climate survey (N=31) to portfolio companies. We achieved our goal to better understand and compare how companies address climate in their businesses compared to two years prior, what obstacles they see in implementation, and how regulatory risks are addressed.

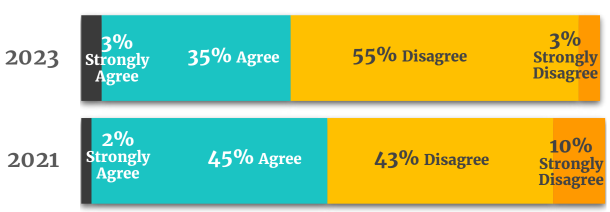
Between the two surveys, prompts were nearly identical to highlight improvements within the portfolio and companies, individually. Regardless of the politicized conversations around ESG and climate reporting in the last three years, companies confirmed our inference that the work continues under the surface.

When it comes to assessing risk, portfolio companies are still ***in 100% agreement that they consider the impacts of climate change on their businesses***:



What we find interesting, is our companies are becoming more confident in assessing the long-term financial impact of climate change on their businesses. We see management teams gaining confidence in their ability to say "no" with substantiation, whether that be from hiring or consulting climate experts, conducting materiality assessments with stakeholders, and/or participating in a global climate reporting initiative.

"***Climate-related issues represent a material long-term financial risk for our company***"



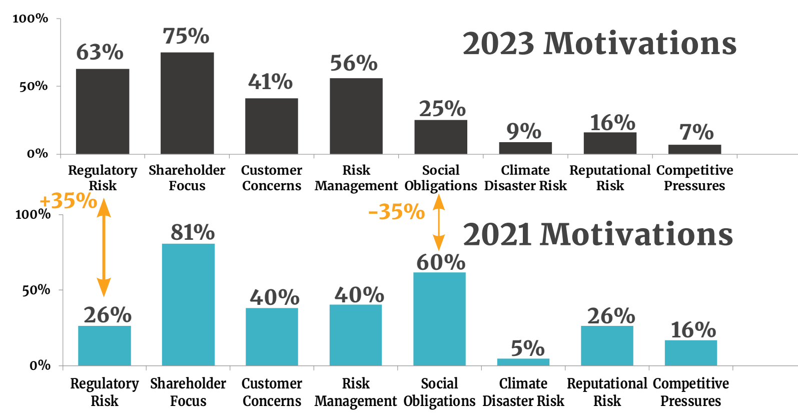
"***Do you measure your company's carbon footprint?***"
We saw an 18% increase between the 18-month interval in our companies producing formal sustainability reports, from 41% in 2021 to 59% in 2023.

Results also showed a decline (8%) in respondents' emissions reporting. We attribute this to changes in portfolio holdings rather than companies previously reporting and deciding to stop.

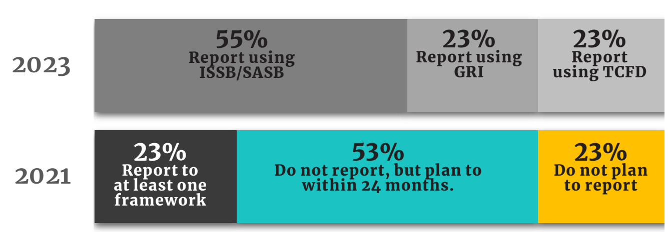
"***Rank the top challenges in measuring and analyzing your company's carbon footprint.***"
According to management teams, 'initial climate data collection' is still a primary obstacle for adopting more robust initiatives. The difference from 2021, is that now an equal number of companies consider 'personnel constrains' as an additional primary obstacle. Given our focus on small companies, this does not come as a shock.

"***Select the top three motivations for addressing your company's carbon footprint.***"
Also not surprising, are the comparisons between 2021 and 2023 responses given this question. Three years ago, companies led with 'shareholder focus' and 'social obligation' by a long shot. In 2023, we saw a 35% increase for 'regulatory risk' and a 35% decline for 'social obligation'.

This speaks volumes about the tone with which we discuss climate in the sustainable investing universe and how impending global regulations are becoming a focus.



Adhering to Global Frameworks
Lastly, and perhaps most importantly we find, are the changes in levels of participation and climate reporting through global frameworks. Our goal in 2021 was simply to understand if companies valued the global reporting frameworks, and in 2023, we targeted specific frameworks that companies use to report climate data. We are pleased to share that many portfolio companies follow our suggestions to join ISSB/SASB or GRI.



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
Chair

Shelby Riggs
Vice-Chair

Andrew Hill
Member

Melanie Mendoza
Member

Brian Busby
Member

Jeff Dalton, Manager of Sustainable Investing & Risk Analysis

Committee Role: Responsible for monitoring, analyzing and reporting to the committee on any ESG issues related to investments.
Credentials: SASB - FSA Credential; US SIF - Fundamentals of Sustainable and Impact Investment Certificate; Climate Disclosures Standard Board - Recommendations of the TCFD

Shelby Riggs, Senior Associate - ESG & Client Relations

Committee Role: Manages ESG reporting, marketing and committee initiatives. Develop and cultivate relationships in the ESG/ Responsible Investment community on behalf of RIM.
Credentials: PRI Academy Certifications 1) Getting Started in Responsible Investment & 2) Foundations in Responsible Investment; Climate Disclosures Standard Board – 1) Introduction to Climate Related Disclosures & 2) Recommendations of the TCFD; US SIF – Fundamentals of Sustainable and Impact Investment Certificate

Andrew Hill, President & Portfolio Manager

Committee Role: Provides direction and oversight to the committee as it pertains to ESG and responsible investment policies, with specific responsibility to represent the Investment Team from a Partner/Portfolio Manager's perspective.
Credentials: Climate Disclosures Standard Board - Introduction to Climate Related Disclosures

Melanie Mendoza, Chief Compliance Officer

Committee Role: Provides guidance and makes decisions on compliance-related matters.
Credentials: Certified Regulatory Compliance Professional (CRCP)

Brian Busby, Head Trader

Committee Role: Manages the Trading Desk and reports to the committee on proprietary and third-party screening tools related to client-directed investment guidelines. Additionally, he represents the Investment Team from a Partner/Head Trader perspective.
Credentials: Climate Disclosures Standard Board - Introduction to Climate Related Disclosures

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 employee's 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

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

MANAGEMENT ENGAGEMENT
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.

MANAGING CONFLICTS OF INTEREST
We seek to avoid conflicts of interest as part of our fiduciary responsibilities to our clients. However, in the event a potential or perceived conflict may arise, we seek to mitigate the conflict from interfering with our proxy voting process. For example, this may include situations where an investee company is also a client of RIM or if a RIM employee has a personal or professional relationship with an investee company, such as serving as a director. The Firm has in place policies and procedures that include reporting of outside business activities and pre-clearance prior to accepting a certain director position. In the event these situations may occur and if we believe the conflict of interest may influence our decision-making process, we will continue voting in accordance to our proxy voting policy. If necessary, the Firm's CCO will make a determination of the materiality of the conflict and seek an advisory vote from the ESG Committee.

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.

AD HOC
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.

Contact Us

Ranger Investment Management, L.P.
8115 Preston Road, Suite 590 Dallas, TX 75225

Web: www.rangerinvestments.com
Email: esg@rangerinvestments.com
Phone: (214) 871-5260