

HIGHLAND CAPITAL
MANAGEMENT

Dear Highland Floating Rate Opportunities Fund Investor,

Shareholders of Highland Floating Rate Opportunities Fund (the “Fund”) are expected to vote to authorize the Fund’s Board of Trustees to convert the Fund from an open-end fund to a closed-end fund (the “Conversion”) at a shareholder meeting scheduled for November 3, 2017, or at an adjournment or postponement thereof, and the Board is expected to convert the Fund to a closed-end fund shortly after 4:00 p.m. Eastern Time on the day shareholder authorization is received. Upon the Conversion, shareholders of the Fund will no longer have the right to cause the Fund to redeem their shares; instead, the Fund expects to list its shares for trading on the New York Stock Exchange (“NYSE”).

You are receiving this notification because you have a **Coverdell** account that is invested in the Fund. When the Conversion occurs on or about November 3, 2017, the Fund will become a closed-end fund. Unfortunately, your account agreement does not permit your existing account to hold shares of closed-end funds, therefore you will no longer be able to hold shares of the Fund through your existing account. **You have several alternative investment options for the assets in your account, but you must act prior to the date of the Conversion in order to take advantage of these options.**

If you wish to retain your interest in the Fund and participate in the Conversion, you must transfer your holdings of the Fund from your existing account to a qualified full-service brokerage or custody account prior to the Conversion. Shareholders who hold shares of the Fund through a financial intermediary should contact their financial representative to discuss their options with respect to such a transfer. For additional assistance with a transfer to a new account, please call Highland Funds Shareholder Services at 1-877-665-1287. Many full service brokerage or custody firms should be able to assist with a transfer of your account, but if you would like the contact information of a service provider who could open an account for you please call 1-855-498-1580.

Alternatively, if you do not wish to participate in the Conversion and wish to exchange your shares for shares of another Highland-advised open-end fund, you may keep your existing account and exchange your Fund shares for shares of one or more of the open-end mutual funds listed. To do so, please contact your financial representative or call Highland Funds Shareholder Services at 1-877-665-1287.

List of Funds Available for Exchanges

Highland Energy MLP
Highland Fixed Income
Highland Global Allocation
Highland Long/Short Equity

Highland Long/Short Healthcare
Highland Merger Arbitrage
Highland Opportunistic Credit
Highland Premier Growth Equity

Highland Small-Cap Equity
Highland Tax-Exempt
Highland Total Return

Securities offered through Highland Capital Management Fund Advisors, L.P. (HCMFA), Member FINRA/SIPC.
HCMFA is affiliated with Highland Capital Management, L.P.
Home Office: 972.628.4100 • www.highlandfunds.com
200 Crescent Court Suite 700, Dallas, TX 75201

If you fail to transfer your existing account to a qualified full-service brokerage or custody account or to provide instructions to exchange the Fund shares held in your account for shares of another Highland fund prior to 4:00 p.m. Eastern Time on November 2, 2017 and the Fund has received sufficient votes in favor of the Conversion, your shares of the Fund will be automatically exchanged for shares of the Highland Fixed Income Fund at that time. As a result of such an exchange, you would hold shares of the Highland Fixed Income Fund, which pays a management fee of 0.30% and has a contractual expense limitation agreement that limits fund expenses to 0.65% of average daily net assets (exclusive of certain distribution-related fees and other expenses) through at least January 31, 2018. In comparison, your current Fund holdings are subject to a management fee of 0.65% and are not subject to a contractual expense limitation agreement on other Fund expenses.

Please call Highland Funds Shareholder Services at 1-877-665-1287 with questions about the options described in this notice.

Sincerely,

Highland Funds

www.highlandfunds.com

Highland Funds are distributed by Highland Capital Funds Distributor, Inc.