

HIGHLAND CAPITAL
MANAGEMENT

A PASSION FOR ALTERNATIVES A COMMITMENT TO VALUE

For 25 years Highland Capital has pioneered making alternative investments more accessible: offering the global reach, experienced managers and alternative strategies once available only to institutions, in liquid mutual fund vehicles designed for individuals.

Investment Strategies

ALTERNATIVE

Global Allocation
Long/Short Equity
Long/Short Healthcare
Energy MLP
Opportunistic Credit
Merger Arbitrage

EQUITY

Premier Growth Equity
Small-Cap Equity

FIXED INCOME

Fixed Income
Tax Exempt

ASSET ALLOCATION

Total Return

ETFs

Highland/iBoxx Senior Loan ETF

CLOSED-END

Floating Rate Opportunities
NexPoint Credit Strategies

Why Highland Funds?

Highland focuses on bringing institutional-quality alternative strategies to the broader investment community. We provide investors with the potential benefits of alternative assets through transparent, value-oriented investment vehicles built on Highland's core characteristics:

EXPERTISE

Highland is one of the largest and most experienced alternative asset managers, with approximately \$13.8 billion under management and nearly 25 years in business.* Our team includes more than 45 investment professionals with diverse financial and business expertise, helping us uncover alpha in corners of the global capital markets where others can't or won't go.

INNOVATION

Co-founders and industry pioneers James Dondero and Mark Okada created one of the first asset management companies specializing in managing bank loans. Highland also structured one of the first non-bank Collateralized Loan Obligations ("CLOs") and has continued to lead the industry in the adoption of mutual funds, ETFs, closed-end funds and other vehicles that are broadening the use of alternative investments.

FLEXIBILITY

Our product-agnostic implementation approach allows us to match our investing strategies with the ideal vehicle. Investors can choose mutual funds, closed-end funds, separately managed accounts, and ETFs— all managed by the same talented investment team and according to our rigorous investment standards.

COMMITMENT

Our approach is grounded in experience and guided by discipline. We don't chase hot ideas or market trends. Instead, we are committed to protecting our investors' capital by managing our strategies according to time-tested investment principals and our own unique insights into the global capital markets. Clients can be sure we're focused on protecting their interests, because we invest our own capital alongside theirs.

* As of 12/31/2017, inclusive of Highland Capital Management, L.P. and affiliates, based on fee calculation AUM.

Investing involves risk, including possible loss of principal. There is no guarantee that the investment objective of any Fund will be achieved.

	Fund Name and Ticker Symbol	Strategy	Inception Class A	Morningstar Category	Fund Manager	Share Class*	Tickers	Max Sales Charge (Class A)	Minimum Investments ¹	Class A Max Breakpoint Investments	Total Net Assets as of 12/31/17
ALTERNATIVE	GLOBAL ALLOCATION	High-conviction concentrated portfolio aiming to provide above-average risk-adjusted total returns by investing in U.S. and foreign equities and fixed income securities, along with select alternative investments in the pursuit of long-term capital growth and future income.	9/8/93	World Allocation	James Dondero	Class A ³ Class C ¹ Class Y ⁴	HCOAX HCOCX HCOYX	5.75	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$583.7M
	LONG/SHORT EQUITY	Seeks to deliver capital appreciation with moderate risk and lower volatility compared to equity markets while attempting to mitigate downside risk through hedging activities.	12/5/06	Long-Short Equity	Jonathan Lamensdorf Michael McLochlin	Class A ² Class C ¹ Class Z ⁴	HEOAX HEOCX HEOZX	5.50	Class A: \$2,500 Class C: \$2,500	Class A: \$500K ²	\$387.2M
	LONG/SHORT HEALTHCARE	Aims to provide attractive long-term absolute return through alpha generation and effective risk management with low-beta, low-correlation to S&P 500 through long and short investments in public equities within the Healthcare industry.	5/5/08	Long-Short Equity	Michael Gregory	Class A ² Class C ¹ Class Z ⁴	HHCA HHCCX HH CZX	5.50	Class A: \$2,500 Class C: \$2,500	Class A: \$500K ²	\$79.0M
	ENERGY MLP	Invests primarily in large and mid-cap Master Limited Partnerships (MLPs) of domestic midstream energy companies with the objective of providing investors with current income and capital appreciation.	12/1/11	Energy Limited Partnership	James Dondero, Jon Poglitsch, Matthew Gray	Class A ³ Class C ¹ Class Y ⁴	HEFAX HEFCX HEFYX	5.75	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$26.7M
	OPPORTUNISTIC CREDIT	Seeks to achieve high total returns while attempting to minimize losses utilizing an opportunistic approach that pursues attractive fixed-income opportunities across multiple sectors, regions and investment styles.	5/18/05	Nontraditional Bond	James Dondero, Trey Parker	Class A ² Class C ¹ Class Y ⁴	HNRAX HNR CX HNR ZX	3.50	Class A: \$2,500 Class C: \$2,500	Class A: \$500K ²	\$62.3M
	MERGER ARBITRAGE	Pursues positive absolute returns with reduced volatility and correlation to both equity and fixed income markets by investing in publicly announced mergers to capture the spread between the current price of the target company and the announced offer price for that company.	1/20/15	Market Neutral	Jonathan Lamensdorf	Class A ² Class C ¹ Class Z ⁴	HMEAX HMECX HMEZX	5.50	Class A: \$2,500 Class C: \$2,500	Class A: \$500K ²	\$37.9M
EQUITY	SMALL-CAP EQUITY	Seeks to maximize long-term capital appreciation by constructing a concentrated alpha-driven portfolio of small cap stocks. With substantial capacity runway, the fund's alpha generation comes from management's tactical, high-conviction portfolio management style.	9/30/98	Small Growth	James Dondero	Class A ³ Class C ¹ Class Y ⁴	HSZAX HSZCX HSZYX	5.75	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$54.1M
	PREMIER GROWTH EQUITY	Seeks to provide long-term growth of capital by investing in large and medium-sized companies with above-average growth profiles. Utilizes bottom-up stock selection, a concentrated alpha-driven portfolio and tactical sector allocation.	12/31/96	Large Growth	James Dondero	Class A ³ Class C ¹ Class Y ⁴	HPEAX HPECX HPEYX	5.75	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$160.0M
FIXED INCOME	FIXED INCOME	Total return strategy seeking to provide maximum income and capital preservation by investing primarily in a variety of investment-grade debt securities, such as mortgage-backed securities, corporate bonds, U.S. government securities, and money market instruments.	2/22/93	Intermediate-Term Bond	Sub-Advised by First Foundation Advisors John Hakopian, Susan Riechel	Class A ³ Class C ¹ Class Y ⁴	HFBAX HFBCX HFBYX	4.25	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$142.9M
	TAX EXEMPT	Utilizes a disciplined investment process emphasizing fundamental, bottom-up research with the objective of seeking above-average tax-exempt income while aiming to provide a consistent trend of competitive long-term returns.	9/8/93	Municipal National Intermediate	Sub-Advised by First Foundation Advisors John Hakopian, Susan Riechel	Class A ³ Class C ¹ Class Y ⁴	HTXAX HTXCX HTXYX	4.25	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$13.9M
ASSET ALLOCATION	TOTAL RETURN	Invests primarily in a combination of U.S. and foreign equity and debt securities while utilizing an asset allocation process to diversify holdings across asset classes and adjusts its weightings based on market and economic conditions to meet its objectives.	2/22/93	Moderate Allocation	Sub-Advised by First Foundation Advisors John Hakopian, Jim Garrison, Eric Speron	Class A ³ Class C ¹ Class Y ⁴	HTAAX HTACX HTAYX	5.75	Class A: \$1,000 Class C: \$1,000	Class A: \$1M ³	\$103.1M
ETFs	HIGHLAND/iBOXX SENIOR LOAN ETF	Invests in Senior-Secured Bank Loans, targeting results that correspond generally to the performance of the Markit iBoxx Liquid Leveraged Loan Index.	11/6/12	Bank Loan	Mark Okada	N/A	SNLN	N/A	N/A	N/A	\$564.3M
CLOSED-END FUNDS	FLOATING RATE OPPORTUNITIES	Aims to provide attractive high income, the opportunity for moderate capital appreciation and low correlation to other asset classes by investing in floating rate bank loans and other floating rate securities.	11/13/00	Bank Loan	Mark Okada Jon Poglitsch	N/A	HFRO	N/A	N/A	N/A	\$1.1B
	NEXPOINT CREDIT STRATEGIES	Aims to provide both current income and capital appreciation. The Fund is invested primarily in below investment grade debt and equity securities and has the ability to hedge.	6/29/06	Tactical Allocation	James Dondero	N/A	NHF	N/A	N/A	N/A	\$645.7M

There are certain risks that should be considered before investing in the Funds.

Before investing in a Fund, you should carefully consider the Fund's investment objectives, risks, charges and expenses. For a copy of a prospectus or summary prospectus which contains this and other information, please visit our website at highlandfunds.com or call 1-877-665-1287. Please read the fund prospectus carefully before investing.

The performance data quoted here represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month-end, please visit our website at highlandfunds.com.

- 1 Class C Shares are subject to a 1% CDSC for redemptions of shares within one year of purchase. This CDSC does not apply to redemptions under a systematic withdrawal plan.
- 2 Class A Shares bought without an initial sales charge in accounts aggregating \$500,000 or more at the time of purchase are subject to a 1.00% contingent deferred sales charge ("CDSC") if the shares are sold within 18 months of purchase.
- 3 Class A Shares bought without an initial sales charge in accounts aggregating \$1 million or more at the time of purchase are subject to a 0.50% contingent deferred sales charge ("CDSC") if the shares are sold within one year of purchase.
- 4 Only eligible investors may purchase Class Y or Z Shares. Please refer to the prospectus for information and conditions.

The Highland/iBoxx Senior Loan ETF is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Highland Capital Management or any of its affiliates.

Leveraged Loans are loans to companies that typically already have a high amount of debt and are often characterized by lower credit ratings or higher interest rates.

For a full listing of the risks associated with the Funds, please see the "Description of Principal Risks" in the prospectus.

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