



**Government Income Obligations**

Highland Funds - Year Ended December 31, 2017

Fund Name	Government Income Percentages						Total
	Treasury	Agency	FNMA/GNMA	Repo Agreements	Mutual Funds	Other	
Highland Fixed Income Fund	0.87%	2.16%	11.70%	0.00%	0.00%	85.27%	100.00%
Highland Total Return Fund	1.06%	0.07%	1.20%	0.00%	0.00%	97.68%	100.00%

**Agencies:** SLMA, Federal Farm Credit, Tennessee Valley Authority, Commodity Credit Corp., FDIC, Federal Financing Bank, Federal Home Loan Bank, Federal Intermediate, Credit Bank, Federal Land Bank Association, Federal Savings and Loan Insurance Corp., General Insurance Fund, Government Services Administration (GSA), Production Credit Association and the U.S. Post Office.

# HIGHLAND CAPITAL MANAGEMENT

## Qualified Dividend Income %

Highland Funds Year Ended December 31, 2017

Highland Funds	QDI %
Highland Fixed Income Fund	8.37%
Highland Floating Rate Opportunities Fund	0.11%
Highland Global Allocation Fund	13.95%
Highland Long/Short Equity Fund	61.38%
Highland Long/Short Healthcare Fund	27.49%
Highland Merger Arbitrage Fund	10.20%
Highland Opportunistic Credit Fund	0.23%
Highland Premier Growth Equity Fund	0.00%
Highland Small-Cap Equity Fund	5.60%
Highland Tax-Exempt Fund	0.00%
Highland Total Return Fund	94.30%
NexPoint Capital, Inc.	6.66%
NexPoint Credit Strategies Fund	0.86%
NexPoint Real Estate Strategies Fund	0.79%

# HIGHLAND CAPITAL MANAGEMENT

## Corporate Dividends Received Deductions Highland Funds Year Ended December 31, 2017

Highland Funds	DRD%
Highland Fixed Income Fund	4.90%
Highland Floating Rate Opportunities Fund	0.00%
Highland Global Allocation Fund	38.57%
Highland Long/Short Equity Fund	69.67%
Highland Long/Short Healthcare Fund	0.00%
Highland Merger Arbitrage Fund	36.42%
Highland Opportunistic Credit Fund	4.74%
Highland Premier Growth Equity Fund	0.00%
Highland Small-Cap Equity Fund	6.33%
Highland Tax-Exempt Fund	0.00%
Highland Total Return Fund	82.45%
NexPoint Capital, Inc.	0.13%
NexPoint Credit Strategies Fund	1.50%
NexPoint Real Estate Strategies Fund	0.78%

# HIGHLAND CAPITAL MANAGEMENT

## Income By State

Highland Funds Year Ended December 31, 2017

Highland Tax Exempt Fund	% Inc. By State
Alabama	0.00%
Alaska	3.45%
Arizona	3.45%
Arkansas	0.00%
California	9.55%
Colorado	4.45%
Connecticut	6.60%
Delaware	0.00%
District of Columbia	4.75%
Florida	3.19%
Georgia	6.39%
Guam	0.00%
Hawaii	4.94%
Idaho	0.00%
Illinois	10.26%
Indiana	5.97%
Iowa	0.00%
Kansas	0.00%
Kentucky	0.10%
Louisiana	0.00%
Maine	0.16%
Maryland	0.00%
Massachusetts	2.40%
Michigan	4.17%
Minnesota	0.00%
Mississippi	0.00%
Missouri	3.49%
Montana	0.00%
Nebraska	0.00%
Nevada	0.00%
New Hampshire	0.00%
New Jersey	10.29%
New Mexico	0.00%
New York	0.04%
North Carolina	0.02%
North Dakota	0.00%
Ohio	0.61%
Oklahoma	0.00%
Oregon	0.00%
Pennsylvania	9.68%
Puerto Rico	0.00%
Rhode Island	0.00%
South Carolina	0.01%
South Dakota	0.00%
Tennessee	0.04%
Texas	5.12%
Utah	0.00%
Vermont	0.00%
Virginia	0.00%
Washington	0.00%
West Virginia	0.00%
Wisconsin	0.00%
Wyoming	0.00%

Other	0.87%
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