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HIGHLAND CAPITAL MANAGEMENT

Highland Capital Management Provides Updates on Global Allocation Fund Portfolio Ahead of Fund Conversion

DALLAS – December 14, 2018 – Highland Capital Management Fund Advisors, L.P. (together with its affiliates, "Highland") announced today a number of updates related to the Highland Global Allocation Fund, a series of Highland Funds II (the "Fund"), following shareholder approval to redomicile the Fund into a standalone trust and convert the Fund from an open-end fund to a closed-end fund (the "Conversion").

First, the Fund recently completed sales of a portion of the Fund's exposure to TerreStar Corporation ("TerreStar"), which reduced the Fund's illiquid holdings by approximately 36% and confirms Highland's view on the value of the TerreStar investment. Earlier this month the Fund completed a sale of approximately $23 million of TerreStar equity at a price of $350 per share. This is the Fund's second sale of TerreStar equity at $350 per share as the Fund completed a sale of $25 million of TerreStar equity in July 2018.

The Fund also sold approximately $40 million of TerreStar debt at its current fair valuation of approximately par (99.90) following the filing of the Fund's definitive proxy on October 11, 2018.

Highland continues to believe TerreStar is an attractive asset, and the Fund therefore maintains exposure to TerreStar through approximately $52 million of equity and $13 million of debt.

Notwithstanding these recent sales, Highland believes the closed-end fund structure better supports investments in companies like TerreStar. The Conversion eliminates the need to manage the Fund's investments based on investor flows and allows shareholders to maintain access to illiquid investments. While past performance does not guarantee future results, shareholders have benefited from the Fund's top tier performance in the world allocation category and can look to continuity of the Fund's current portfolio.

The Conversion process is ongoing and has been resoundingly approved by the Fund's shareholders, with 95% of shareholders who voted their shares voting in favor of the Conversion at the November 8, 2018 special shareholder meeting.

While the Fund ends the year with strong performance, ranking in the top percentile of world allocation funds year to date (YTD), as well as in the 1- and 3-year periods, the industry-wide migration of assets from open-end funds has changed the mutual fund landscape. As a firm, we see value in closed-end structures as a solution for investors seeking differentiated strategies and exposure to long-term illiquid positions.

The Conversion is expected to close in December 2018.

About Highland Capital Management Fund Advisors, L.P.

Highland Capital Management Fund Advisors, L.P. is the retail arm of Highland Capital Management, L.P., (together with its affiliates "Highland"), a multibillion-dollar global alternative investment manager founded in 1993 by Jim Dondero and Mark Okada. A pioneer in the leveraged loan market, the firm has evolved over 25 years, building on its credit expertise and value-based approach to expand into other asset classes. Today, Highland operates a diverse investment platform, serving both institutional and retail investors worldwide. In addition to high yield credit, Highland's investment capabilities include public equities, real estate, private equity and special situations, structured credit, and sector- and region-specific verticals built around specialized teams. Highland is headquartered in Dallas, Texas and maintains offices in New York, Buenos Aires, Rio de Janeiro, Singapore, and Seoul. For more information visit highlandfunds.com.

Before investing, 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 Highland Global Allocation Fund | HCOAX = Highland Global Allocation Fund – Class A | HCOCX = Highland Global Allocation Fund – Class C | HCOYX = Highland Global Allocation Fund – Class Y

Highland Global Allocation Fund as of 9/30/2018

Share Class/Index	Incept.	YTD	1-YR	3-YR	5-YR	10-YR	Since Incept.
Class A	9.8.93	7.21	9.70	8.61	6.19	6.72	7.94
Class A (w/load)	9.8.93	1.07	3.36	6.49	4.94	6.09	7.69
Class C	9.30.99	6.45	8.75	7.75	5.39	5.90	4.01
Class C (w/load)	9.30.99	5.45	7.75	7.75	5.39	5.90	4.01
Class Y	1.5.98	7.27	9.95	8.80	6.41	6.96	6.11
FTSE All World		4.03	10.24	13.99	9.28	8.83	6.72

Strategy inception date is April 9, 2013.

The performance data quoted represents past performance and is no guarantee of future results. Investment return 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.

Note: Effective April 9, 2013, Highland Core America Equity Fund was renamed Highland Global Allocation Fund. At the same time, Highland Capital Management Fund Advisors, L.P. became the sole Adviser to the Fund and the Fund no longer utilizes a sub-adviser. In addition to these changes, the Fund's investment strategies were revised and the Fund will no longer invest at least 80% of its assets in domestic equity securities.

For the 1-year period as of December 13, 2018, the Highland Global Allocation Fund Class A, C and Y shares percentile rankings were 1, 1 and 1, respectively, based on Total Return among 445 funds in the Morningstar World Allocation Category. For the 1-year period as of September 30, 2018, the Highland Global Allocation Fund Class A, C and Y shares percentile rankings were 2, 3 and 1, respectively, based on Total Return among 449 funds in the Morningstar World Allocation Category. For the 3-year period as of September 30, 2018, the Highland Global Allocation Fund Class A, C and Y shares percentile rankings were 24, 42 and 20, respectively, based on Total Return among 449 funds in the Morningstar World Allocation Category. The Morningstar Ranking compares a Fund's Morningstar risk and return scores with all the Funds in the same Category, where 1% = Best and 100% = Worst. Rankings do not take front-end sales loads into account. Rankings are not available for 5 and 10 year due to a change in the Morningstar category. Past performance does not guarantee future results.

Comparison of fund returns to the Morningstar World Allocation Category may not be meaningful prior to the investment strategy change on April 9, 2013. Morningstar placed the Fund in the World Allocation category on November 29, 2013.

FEES & EXPENSES (%)

Class A: 1.59 Gross, 1.59 Net; Class C: 2.34 Gross, 2.34 Net; Class Y: 1.34 Gross, 1.34 Net
SALES CHARGES

Class A Max Sales Charge: 5.75%. Class C Contingent Deferred Sales Charge ("CDSC") is 1.5% within the first year from each purchase. Performance results reflect the contractual waivers and/or reimbursements of fund expenses by the Advisor. Absent this limitation, performance results would have been lower. The Advisor has contractually agreed to limit the total annual operating expenses (exclusive of distribution and/or service (12b-1) fees, taxes, such as deferred tax expenses, dividend expenses on short sales, interest payments, brokerage commissions and other transaction costs, acquired fund fees and expenses and extraordinary expenses (collectively, the "Excluded Expenses")) of the Fund (the "Expense Cap"). The Expense Cap will continue through at least January 31, 2019.

RISK CONSIDERATIONS

Credit Risk. The risk that the Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty of a derivatives contract or repurchase agreement, is unable or unwilling (or is perceived to be unable or unwilling) to make a timely payment of principal and/or interest, or to otherwise honor its obligations.

Currency Risk. The risk that the values of foreign investments may be affected by changes in the currency rates or exchange control regulations.

Derivatives Risk. Derivatives, such as futures and options, are subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Derivatives also expose the Fund to the credit risk of the derivative counterparty. Derivative contracts may expire worthless and the use of derivatives may result in losses to the Fund.

Foreign and Emerging Markets Risk. The Fund may invest in foreign and emerging market securities which involves certain risks such as currency volatility, political and social instability and reduced market liquidity.

Growth Investing Risk. The risk of investing in growth stocks that may be more volatile than other stocks because they are more sensitive to investor perceptions of the issuing companies growth potential.

Value Investing Risk. The risk of investing in undervalued stocks that may not realize their perceived value for extended periods of time or may never realize their perceived value.

Focused Investment Risk. The risk that although the Fund is a diversified fund, it may invest in securities of a limited number of issuers in an effort to achieve a potentially greater investment return than a fund that invests in a larger number of issuers. As a result, price movements of a single issuer's securities will have a greater impact on the Fund's net asset value, causing it to fluctuate more than that of a more widely diversified fund.

Illiquid and Restricted Securities Risk. Certain investments made by the Funds may be illiquid, and consequently the Funds may not be able to sell such investments at prices that reflect the Investment Adviser's assessment of their value or the amount originally paid for such investments by the Funds. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. Furthermore, the nature of the Funds' investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Restricted securities (i.e., securities acquired in private placement transactions) and illiquid securities may offer higher yields than comparable publicly traded securities. The Funds, however, may not be able to sell these securities when the Investment Adviser considers it desirable to do so or, to the extent they are sold privately, may have to sell them at less than the price of otherwise comparable securities. Restricted securities are subject to limitations on resale which can have an adverse effect on the price obtainable for such securities. Also, if in order to permit resale the securities are registered under the Securities Act at a Fund's expense, the Fund's expenses would be increased. A high percentage of illiquid securities in a Fund creates risk that such a Fund may not be able to redeem its shares without causing significant dilution to remaining shareholders.

Leverage Risk. The risk associated with the use of leverage for investment purposes to create opportunities for greater total returns. Any investment income or gains earned with respect to the amounts borrowed that are in excess of the interest that is due on the borrowing will augment the Fund's income. Conversely, if the investment performance with respect to the amounts borrowed fails to cover the interest on such borrowings, the value of the Fund's shares may decrease more quickly than would otherwise be the case. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for payment to Fund shareholders.

MLP Risk. The risk of investing in MLP units, which involves some risks that differ from an investment in the equity securities of a company. The Fund currently holds and may in the future hold a significant investment in MLP units. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a remote possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP's partnership agreement, or to take other action under the partnership agreement of that MLP would constitute "control" of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. Additionally: A sustained reduced demand for crude oil, natural gas and refined petroleum products could adversely affect MLP revenues and cash flows; Changes in the regulatory environment could adversely affect the profitability of MLPs. Investments in MLP units also present special tax risks. See "MLP Tax Risk" in the prospectus.

Redemption and/or Dilution Risk. To the extent the Fund continues to experience significant net redemptions, liquid assets of the Fund will likely need to continue to be sold to satisfy such redemptions, which would result in the Fund becoming increasingly illiquid. This creates additional dilution risk for shareholders, because illiquid assets may not be able to be sold quickly at fair market value which can reduce proceeds available to pay redemptions.

Valuation Risk. The risk that the portfolio securities that have been valued using techniques other than market quotations, may have valuations that are different from those produced using other methodologies, and that the security may be sold at a discount to the value established by the Fund.

Morningstar World-allocation Category consists of portfolios seeking to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world, most of them focus on the U.S., Canada, Japan, and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least 10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non- U.S. stocks or bonds.