

Capital Gains Estimates for 2018

A Fund's Capital Gains distributions are taxable to shareholders even if they are paid from gains earned by a Fund prior to the shareholder's investment and thus were included in the price paid for the shares. For example, a shareholder who purchases shares on or just before the record date of a Fund distribution will pay full price for the shares and may receive a portion of his or her investment back as a taxable distribution.

The following are estimates for the upcoming year-end capital gains distributions to be made by Highland Capital Management Fund Advisors, L.P. This table is not intended to be a comprehensive list of all Highland Funds that may pay a capital gains distribution.

Please note that these estimates are for informational purposes only and may be subject to revisions.

Current Estimates*									
<i>Fund Name</i>	\$ Per Share			% of Fund			NAV** as of 12/6/2018	Record Date	Ex/ Reinvestment/ Payable Date
	Short Term	Long Term	Total Per Share	Short Term	Long Term	Total Per Share			
Highland Energy MLP Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	2.89	N/A	N/A
Highland Fixed Income Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	12.53	N/A	N/A
Highland Floating Rate Opportunities Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	14.79	N/A	N/A
Highland Global Allocation Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	10.25	N/A	N/A
Highland Long/Short Healthcare Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	15.40	N/A	N/A
Highland Opportunistic Credit Fund	0.000	0.000	0.000	0.00%	0.00%	0.00%	4.22	N/A	N/A
Highland/iBoxx Senior Loan ETF	0.000	0.000	0.000	0.00%	0.00%	0.00%	17.70	N/A	N/A
Highland Total Return Fund	0.007	0.007	0.013	0.03%	0.03%	0.06%	21.47	12/19/2018	12/20/2018
Highland Tax-Exempt Fund	0.000	0.022	0.022	0.00%	0.20%	0.20%	12.04	12/19/2018	12/20/2018
Highland Merger Arbitrage Fund	0.651	0.052	0.703	3.02%	0.24%	3.26%	21.57	12/19/2018	12/20/2018
Highland Long/Short Equity Fund	0.733	0.195	0.929	6.22%	1.66%	7.88%	11.98	12/19/2018	12/20/2018
Highland Small-Cap Equity Fund	0.680	1.071	1.751	5.27%	8.30%	13.57%	14.55	12/19/2018	12/20/2018
Highland Premier Growth Equity Fund	0.295	9.014	9.309	1.21%	36.95%	38.16%	26.67	12/19/2018	12/20/2018

***As of 12/06/2018**

****NAV based on institutional share classes Y and Z**

The tax information provided is for informational purposes only and should not be construed as legal or tax advice. Consult an attorney or tax professional regarding your specific legal or tax situation.

Before investing in the Fund, you should carefully consider the Fund's investment objectives, risks, charges and expense. 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.