

LONG/SHORT HEALTHCARE FUND

A: HHCA X C: HHCC X Z: HHCZ X¹

WHY LONG/SHORT HEALTHCARE?

- Healthcare is one of the largest and fastest growing components of U.S. GDP²
- Opportunity to invest in the Biotechnology Revolution
- Active management is optimal as correlations decline and dispersion increases
- Strategy seeks to deliver alpha and attractive absolute return at low-beta, low- correlation to S&P500

WHY HIGHLAND?

- Healthcare is one of Highland's largest investment sectors at \$1.23 billion assets³
- Deep bench of 7 sector-specialists Small and nimble; can take advantage of largest opportunity set
- We believe our competitive advantage is driven by our Philosophy, People and Process

FUND FACTS

Inception Date (Class A) 5/5/2008
 Fund Managers James Dondero,
President, Co-Founder
 Dr. Andrew Hilgenbrink
Managing Director

FEES & EXPENSES

	Gross	Net
Class A	2.64	2.64
Class C	3.30	3.30
Class Z	2.36	2.36

KEY STATISTICS⁴

Alpha	5.61
Beta	0.1
Correlation	0.1
Upside Capture (%)	35
Downside Capture (%)	18

FUND CHARACTERISTICS⁴

Exposure (% of net assets)	
Long	72
Short	-6
Gross ⁵	78
Net	65

TOP HOLDINGS (% OF NET ASSETS)

Long	
Minerva Neurosciences, Inc.	7.9
HLS Therapeutics, Inc.	7.4
Amarin Corp. PLC	7.0
Bio-Rad Laboratories, Inc.	5.3
Shire PLC	5.2

Short

Eli Lilly & Co	-0.6
Cambrex Corporation	-0.8
WaVe Life Sciences Pte Ltd	-0.8
Incyte Corporation	-1.3
Roche Holdings	-1.6



TOTAL RETURN ANALYSIS (%)

AS OF 12/31/2018

SHARE CLASS/ INDEX	Incept.	YTD	1-YR	3-YR	5-YR	10-YR	Since Incept.
Class A	5.5.08	12.40	12.40	1.13	2.40	4.46	5.47
Class A (w/load)	5.5.08	6.25	6.25	-0.76	1.25	3.87	4.91
Class C	5.5.08	11.65	11.65	0.53	1.78	3.85	4.85
Class C (w/load)	5.5.08	10.65	10.65	0.53	1.78	3.85	4.85
Class Z	5.5.08	12.72	12.72	1.50	2.77	4.83	5.84
S&P 500		-4.38	-4.38	9.26	8.49	13.12	7.95

SALES CHARGES

Class A Max Sales Charge: 5.50%. Class C Contingent Deferred Sales Charge ("CDSC") is 1% 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 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 www.highlandfunds.com.

RISK CONSIDERATIONS

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.

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. **Industry Concentration Risk.** Because the Fund normally invests at least 80% of the value of its assets in healthcare companies, the Fund's performance largely depends on the overall condition of the healthcare industry and the Fund is susceptible to economic, political and regulatory risks or other occurrences associated with the healthcare industry. **Leverage Risk.** Leverage may increase the risk of loss, cause fluctuations in the market value of the Fund's portfolio to have disproportionately large effects or cause the NAV of the Fund generally to decline faster than it would otherwise. Micro, Small and Mid-Cap **Securities Risk.** Investments in securities of companies with micro, small or medium capitalizations involve certain risks that may differ from, or be greater than, those for larger companies, such as higher volatility, lower trading volume, fewer business lines and lack of public information. **Non-U.S. Securities Risk.** Investments in securities of non-U.S. issuers involve certain risks not involved in domestic investments (for example, expropriation or political or economic instability). **Portfolio Turnover Risk.** High portfolio turnover will increase the Fund's transaction costs and may result in increased realization of net short-term capital gains, higher taxable distributions and lower after-tax performance. **Short Sales Risk.** The risk of short sales theoretically involves unlimited loss potential since the market price of securities sold short may continuously increase. **Hedging Risk.** Hedging is a strategy for reducing exposure to investment risk. An investor can hedge the risk of one investment by taking an offsetting position in another investment. The values of the offsetting investments should be inversely correlated. There is no assurance that hedging strategies will be successful.

S&P 500 Total Return Index is an index of a basket of 500 stocks designed to provide a broad snapshot of the overall U.S. equity market. The total return index series reflects both ordinary and special dividends. Investors cannot invest directly into an index.

¹ Only eligible investors may purchase Class Z Shares. Please refer to the prospectus for information and conditions.

² Source: National Coalition on Health Care as of June 2011.

³ As of 12/31/2018. Includes AUM of affiliated advisers.

⁴ **Risk Statistics:** Key Statistics are based on Class Z monthly returns for the period from March 2010, the date Highland Capital Management, L.P. took over the Fund, through the date of this fact sheet. Benchmark risk measures are calculated in relation to the S&P 500 Index. **Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Beta** measures the Fund's sensitivity to market movements; beta greater than 1 is more volatile than the market; beta less than 1 is less volatile than the market. **Correlation** is a statistical measure of how two securities move in relation to each other.

⁵ Gross Exposure is calculated using the sum of Long Equity Exposure and Short Equity Exposure. Net Exposure is calculated using the difference of Long Equity Exposure and Short Equity Exposure. Portfolio composition will change with market conditions. Risk measures apply to Class A Shares only.

Source: SEI

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