

TAX EXEMPT FUND

A: HTXAX C: HTXCX Y: HTXYX¹

ACCESS TO INSTITUTIONALLY MANAGED TAX-EXEMPT PLATFORM

The Fund seeks to provide as high a level of income exempt from federal income taxation and is consistent with preservation of capital.

- 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
- Balance between income and total return performance
- Market sensitive research
- Team based portfolio management
- Long-term investment horizon

FUND FACTS

Inception Date (Class A)	9/8/1993
Sub-Advisor	First Foundation
Fund Manager	John Hakoplan <i>Over 25 years of experience</i>

DISTRIBUTION (CLASS Y)

Distribution Frequency	Monthly
30-Day SEC Yield	1.94%

FEES & EXPENSES (%)

	Gross	Net
Class A	1.49	0.90
Class C	2.25	1.65
Class Y	1.23	0.64

DURATION (% OF NET ASSETS)

Up to 3 Years	26.3
3 to 5 Years	49.6
5 to 8 Years	24.1
Over 8 Years	0.0

CREDIT RATINGS² (% OF NET ASSETS)

AAA	7.2
AA	43.4
A	37.9
BBB	10.6
Cash	0.8

TOP 5 HOLDINGS (% OF NET ASSETS)

Great Lakes Water Authority Water Supply System	4.9
Carol Stream Park District, GO	4.7
Golden State Tobacco Securitization Corp.	4.7
New Jersey Economic Development Authority	4.6
Regional Transportation Center	4.6

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	9.08.93	0.92	0.92	1.52	2.84	3.44	3.85
Class A (w/load)	9.08.93	-3.36	-3.36	0.05	1.96	2.99	3.67
Class C	9.08.93	0.16	0.16	0.76	2.08	2.67	2.92
Class C (w/load)	9.08.93	-0.84	-0.84	0.76	2.08	2.67	2.92
Class Y	9.08.93	1.04	1.04	1.70	3.05	3.66	4.04
Bloomberg Barclays Capital Municipal 10-Yr Bond		1.41	1.41	2.34	3.87	4.85	4.93

SALES CHARGES

Class A Max Sales Charge: 4.25%. 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 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, 2020.

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.

AMT Risk. The Fund's income may be subject to certain state and local taxes and depending on an investor's status, to the federal alternative minimum tax (AMT). **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. **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. **Interest Rate Risk.** The risk that fixed income securities will decline in value because of changes in interest rates. A fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration. **Municipal Obligations Risk.** The risk of investing in municipal securities, including interest rate risk and the credit risk of the issuers of municipal securities. **Prepayment Risk.** The risk that during periods of falling interest rates, issuers of debt securities may repay higher rate securities before their maturity dates.

30 Day SEC Yield: A standard yield calculation developed by the Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds.

Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

Bloomberg Barclays Capital 10 Year Municipal Bond Index is an unmanaged index comprised of Investment-grade, fixed rate security that includes investment grade, tax-exempt, and fixed-rate securities with maturities of at least eight years and less than twelve years. Unlike the Fund, the index is not an investment, does not incur fees or expenses, and is not professionally managed. It is not possible to invest directly in the index.

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

²Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). The rating categories reflected are issued by Standards and Poor's, a Nationally Recognized Statistical Rating Organization ("NRSRO"). The ratings used were those for the specific position or debt issuer held in the Fund as of the date of this fact sheet. Quality ratings reflect the credit quality of the underlying positions in the fund portfolio and not the fund itself. A fund's portfolio and composition is subject to change.

Source: SEI

Prepared by Highland Capital Funds Distributor, Member FINRA

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE