

LONG/SHORT EQUITY FUND

A: HEOAX C: HEOCX Z: HEOZX¹

FUND SUMMARY

INVESTMENT OBJECTIVE

Seeks consistent, above-average total returns primarily through capital appreciation, while also attempting to preserve capital and mitigate risk through hedging activities.

INVESTMENT STRATEGY

Fundamentally driven bottom-up investment process integrated with a top-down risk analysis. The Fund predominantly invests in large and mid-cap stocks, diversified across sectors with a primary focus on domestic securities. The Fund invests in both long and short securities and typically runs with a net long exposure between 30% and 60%. The long portfolio is typically invested in individual stock positions and the short portfolio typically consists of approximately 75% in individual stocks and 25% in market/industry hedges.

INVESTMENT RATIONALE

Can be used as a defensive equity holding or as a core holding within an alternative asset allocation.

RETURNS (AS OF 3/31/19)

SHARE CLASS/INDEX	YTD	1-YR	3-YR	5-YR	10-YR	Since Incept.
Class A	11.99	0.56	5.36	2.79	4.99	4.19
Class A (w/load)	5.85	-4.99	3.41	1.63	4.40	3.71
Class C	11.72	-0.11	4.68	2.10	4.36	3.55
Class C (w/load)	10.72	1.11	4.68	2.10	4.36	3.55
Class Z	11.78	0.68	5.64	3.08	5.30	4.52
S&P 500	13.65	9.50	13.51	10.91	15.92	8.08

SALES CHARGES

Gross: Class A 4.13, Class C 4.78, Class Z 3.78 Net: Class A 2.88, Class C 3.53, Class Z 2.53 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 Advisor has contractually agreed to waive 1.25% of the Fund's management fee. This fee waiver will continue through at least October 31, 2019. Total net operating expenses were applicable to investors. Total net operating expenses include acquired fund fees and expenses of 0.11% and dividend expense on short sales of 0.77%.

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.

Before investing in the Fund, 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

FUND FACTS

Inception Date (Class A)	12/5/2006
Fund Managers	Jim Dondero, CFA, Co-Founder, President
	Brad Heiss, CFA, Managing Director
	Michael McLochlin, Managing Director

KEY STATISTICS²

Fund Standard Deviation (%)	7.8
S&P 500 Standard Deviation (%)	14.7
Maximum Drawdown (%)	-14.3
Beta	0.4
Downside Capture (%)	38.6

FUND CHARACTERISTICS³

<u>Exposure (% of net assets)</u>	
Gross	182
Long	122
Short	-60
Net Long	62
<u>Market Cap (% of net assets)</u>	
Greater than \$10B	67
\$2B - \$10B	25
Under \$2B	8
<u>Number of Positions</u>	
Longs	61
Shorts	37

TOP HOLDINGS (% OF NET ASSETS)

<u>Long</u>	
Visa	5.3
Alphabet	5.2
CDK Global	4.5
Avago Technologies	4.1
Amazon	3.9
<u>Short</u>	
JB Hunt Transport	-2.0
SPDR S&P Retail ETF	-1.9
Oracle Corp	-1.8
Citrix Systems	-1.3
SPDR S&P Industrial ETF	-1.2

RISK CONSIDERATIONS

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. **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-Diversification Risk.** As a non-diversified fund, the Fund may invest a larger portion of its assets in the securities of one or a few issuers than a diversified fund. A non-diversified fund's investment in fewer issuers may result in the fund's shares being more sensitive to the economic results of those issuers. An investment in the Fund could fluctuate in value more than an investment in a diversified fund. **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). **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.** Although intended to limit or reduce investment risk, hedging strategies may also limit or reduce the potential for profit. There is no assurance that hedging strategies will be successful.

The 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 **Risk Statistics:** Risk Statistics are based on Class Z monthly returns since inception through the date of this fact sheet. Benchmark risk measures are calculated in relation to the S&P 500 Index. **Standard Deviation** measures the volatility of the Fund's returns. Higher standard deviation represents higher volatility. **Beta** measures the Fund's sensitivity to market movements; beta greater than 1 is less volatile than the market. **Maximum Drawdown** is the largest peak-to-trough decline for the Fund based on monthly returns.

³ 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

Prepared by NexPoint Securities, Inc. ("NexPoint"), Member FINRA/SIPC

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE