

ENERGY MLP FUND

A: HEFAX C: HEFCX Y: HEFYX¹

Effective January 21, 2020, the Highland Energy MLP Fund was liquidated. Please see the Fund prospectus for more information.

FUND FACTS

Inception Date (Class A) 12/1/2011
Fund Managers James Dondero, CFA
President, Co-Founder

Jon Poglitsch
Head of Credit Research

Matthew Gray
Managing Director

DISTRIBUTION (CLASS Y)

Distribution Frequency Quarterly

FEES & EXPENSES (%)

	Gross	Net
Class A	8.99	7.51
Class C	9.74	8.26
Class Y	8.74	7.26

TOP 5 HOLDINGS (% OF PORTFOLIO)

Energy Transfer Equity, L.P.	17.9
Williams Cos Inc.	14.6
Enterprise Products Partners L.P.	12.5
MPLX LP	10.3
Crestwood Equity	8.5

COMBINING TAX BENEFITS OF MLPs WITH A MUTUAL FUND STRATEGY

The Fund aims to provide investors with current income and capital appreciation by investing primarily in large and mid-cap Master Limited Partnerships (MLPs) of domestic midstream energy companies.

- Potential Tax and Estate Planning Benefits
 - Typically all quarterly distributions are considered return of capital
 - Investors receive a 1099 form rather than individual K-1 forms for each underlying investment
- Experienced Management
 - Supported by a team of energy specialists
 - Highland has extensive expertise in energy related investing
- Seeking Growth, Quality, and Daily Liquidity
 - Focused on midstream MLPs that are historically not as susceptible to distribution fluctuations as those from variable-pay MLPs
 - Exposure to North American energy infrastructure expansion

TOTAL RETURN ANALYSIS (%)

AS OF 12/31/2019

SHARE CLASS/ INDEX	Incept	YTD	1-YR	3-YR	5-YR	Since Incept.
Class A	12.1.11	13.35	13.35	-12.54	-17.92	-7.86
Class A (w/load)	12.1.11	6.96	6.96	-14.22	-18.89	-8.53
Class C	12.1.11	12.48	12.48	-13.17	-18.52	-8.51
Class C (w/load)	12.1.11	11.48	11.48	-13.17	-18.52	-8.51
Class Y	12.1.11	13.26	13.26	-12.32	-17.84	-7.68
Alerian MLP		6.56	6.56	-4.45	-7.00	0.38

An investment in MLPs can be an effective means to diversify a broader portfolio, as MLPs have historically shown a low correlation to domestic equities, leveraged loans and high-yield bonds.

	ALERIAN MLP INDEX	S&P 500 INDEX	LEVGD LOAN INDEX	HY INDEX	S&P 500 UTILITIES INDEX	S&P 500 ENERGY INDEX	FNER INDEX
Alerian MLP Index	1.00	0.55	0.52	0.61	0.27	0.60	0.35
S&P 500 Index	0.55	1.00	0.57	0.71	0.46	0.72	0.73
Levgd Loan Index	0.52	0.57	1.00	0.84	0.33	0.45	0.51
HY Index	0.61	0.71	0.84	1.00	0.40	0.55	0.71
S&P 500 Utilities Index	0.27	0.46	0.33	0.40	1.00	0.34	0.49
S&P 500 Energy Index	0.60	0.72	0.45	0.55	0.34	1.00	0.40
FNER Index	0.35	0.73	0.51	0.71	0.49	0.40	1.00

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.

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

RISK CONSIDERATIONS

Investing in MLPs involves additional risks as compared to the risks of investing in common stock, including risks related to cash flow, dilution and voting rights. Each Fund's investments are concentrated in the energy infrastructure industry with an emphasis on securities issued by MLPs, which may increase price fluctuation. Energy infrastructure companies are subject to risks specific to the industry such as fluctuations in commodity prices, reduced volumes of natural gas or other energy commodities, environmental hazards, changes in the macroeconomic or the regulatory environment or extreme weather.

MLPs may trade less frequently than larger companies due to their smaller capitalizations, which may result in erratic price movement or difficulty in buying or selling. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment, including the risk that an MLP could lose its tax status as a partnership, which could reduce or eliminate distributions paid by MLPs to the Fund. Additional management fees and other expenses are associated with investing in MLP funds. The Fund is subject to certain MLP tax risks and risks associated with accounting for its deferred tax liability which could materially reduce the net asset value. An investment in the Fund does not offer tax benefits of a direct investment in an MLP.

The Fund is organized as a Subchapter "C" Corporation, which means that it will pay federal, state and local income taxes at a corporate rate (currently as high as 35%) based on its taxable income. The potential benefit of investing in MLPs generally is the treatment of them as partnerships for federal income purposes. The Fund invests in MLPs, however, since the Fund is a corporation, it will be taxed at the Fund level which in turn will reduce the amount of cash available for distribution which would result in the reduction of the Fund's net asset value. A significant portion of the Fund's distribution may be tax deferred return of capital (ROC) which reduces a shareholder's cost basis in the investment and is taxable when the shares are sold. Please consult a tax adviser to fully assess any potential impact to holding the Fund as an investment.

Short Sales Risk is the risk of loss associated with any appreciation on the price of a security borrowed in connection with a short sale. **Derivatives Risk** is the risk that that an investment in derivatives, such as swaps, options and futures, may not correlate completely to the performance of the underlying securities or index and may be volatile, and may result in a loss greater than the principal amount invested. **Exchange-Traded Funds Risk** is the risk that the ETFs in which the Fund invests will not be able to replicate exactly the performance of the indices they track and may result in a loss.

Correlation: A statistical measure of how two securities move in relation to each other. The correlation coefficient will vary from -1 perfect positive correlation.

Alerian MLP Index is a composite of the 50 most prominent Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. 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.

NOTE: The Fund's inception date is December 1, 2011. Effective February 1, 2013, the Fund revised its investment strategy to focus on master limited partnership ("MLP") investments. The Fund's management team also changed. The above tables reflect performance since inception of the Fund.

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.

SALES CHARGES: Class A Max Sales Charge: 5.75%. 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.

FEES AND EXPENSES: Includes Deferred Income Tax Expense: 4.74%. The Fund accrues deferred income tax asset or liability for its future tax asset or liability associated with the capital appreciation or depreciation of its investments, the distributions received by the Fund on equity securities of master limited partnerships ("MLPs") considered to be return of capital and for any net operating gains. The Fund's accrued deferred tax asset or liability, if any, is reflected each day in the Fund's net asset value per share. The Fund's deferred tax asset or liability, if any, depends upon the Fund's net investment gains and losses and realized and unrealized gains and losses on investments and may vary greatly from year to year depending on the nature of the Fund's investments, the performance of those investments and general market conditions. Therefore, any estimate of deferred tax asset or liability cannot be reliably predicted from year to year. See "Net Asset Value" in the Fund's prospectus.

Source: SEI

Prepared by NexPoint Securities, Inc., Member FINRA/SIPC

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE