

NPORT-EX 1 iboxx_nportex.htm PART F
INVESTMENT PORTFOLIO (unaudited)

As of March 31, 2019

Highland/iBoxx Senior Loan ETF

Principal Amount (\$)		Value (\$)
US Senior Loans (a) — 69.9%		
AEROSPACE — 3.0%		
3,845,083	Transdigm Inc., Term Loan E, 1st Lien, VAR LIBOR USD 1 Month+2.500%, 05/30/25 (b)	3,762,169
5,828,503	Transdigm Inc., Term Loan F, 1st Lien, VAR LIBOR USD 1 Month+2.500%, 06/09/23 (b)	5,718,909
2,972,373	Transdigm Inc., Term Loan G, 1st Lien, VAR LIBOR USD 1 Month+2.500%, 08/22/24 (b)	2,911,020
		<u>12,392,098</u>
AIRLINES — 0.5%		
2,000,000	American Airlines Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month +2.000%, 10/10/21 (b)	1,987,970
AUTOMOTIVE — 0.7%		
2,996,203	Gates Global LLC, Term Loan B, 1st Lien, VAR LIBOR USD 3 Month+2.750%, 04/01/24 (b)	2,965,943
BUILDING MATERIALS — 2.4%		
3,154,787	American Builders & Contractors Supply Co., Inc., Term Loan B2, 1st Lien, VAR LIBOR USD 1 Month+2.000%, 10/31/23 (b)	3,093,191
4,461,587	Quikrete Holdings Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+2.750%, 11/15/23 (b)	4,364,391
2,494,962	U.S. Silica Company, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month +4.000%, 05/01/25 (b)	2,369,877
		<u>9,827,459</u>
CHEMICALS — 2.7%		
1,496,231	Berlin Packaging LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month +3.000%, 11/07/25 (b)	1,457,026

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
CHEMICALS (continued)		
2,824,403	Berry Global Inc., Term Loan Q, 1st Lien, VAR LIBOR USD 1 Month+2.000%, 10/01/22 (b)	2,810,436
1,500,000	Berry Global Inc., Term Loan S, 1st Lien, VAR LIBOR USD 1 Month +1.750%, 02/08/20 (b)	1,497,390
1,250,000	Berry Global Inc., Term Loan T, 1st Lien, VAR LIBOR USD 1 Month +1.750%, 01/06/21 (b)	1,247,044
3,490,175	H.B. Fuller Company, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+2.000%, 10/20/24 (b)	3,434,559
360,876	Tronox Finance LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+3.000%, 09/23/24	520,289
224,454	Tronox Ltd., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+3.000%, 09/23/24 (b)	226,137
		<u>11,192,881</u>
COMPUTERS & ELECTRONICS — 6.2%		
5,500,000	Boxer Parent Company Inc., Term Loan, 1st Lien, VAR LIBOR USD 1 Month +4.250%, 10/02/25 (b)	5,397,122
1,439,199	First Data Corp., Term Loan, 1st Lien, VAR LIBOR USD 1 Month+2.000%, 07/08/22 (b)	1,437,264
4,246,824	Go Daddy Operating Company LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+2.250%, 02/15/24 (b)	4,225,191
3,220,653	GTT Communications Inc., Term Loan, 1st Lien, VAR LIBOR USD 1 1 Month+2.750%, 05/31/25 (b)	3,050,332
3,500,000	Infor (US) Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month+2.750%, 02/01/22	3,489,885
3,000,000	SS&C Technologies Holdings Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month +2.250%, 04/16/25 (b)	2,978,595

INVESTMENT PORTFOLIO (unaudited) (continued)

As of March 31, 2019

Highland/iBoxx Senior Loan ETF

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
COMPUTERS & ELECTRONICS (continued)		
	SS&C Technologies Holdings Inc., Term Loan B3, 1st Lien, VAR LIBOR USD 1	
2,182,972	Month+2.250%, 04/16/25 (b)	2,180,575
	Worldpay LLC, Term Loan B4, 1st Lien, VAR LIBOR USD 1 Month	
2,990,554	+1.750%, 08/09/24 (b)	2,997,491
		<u>25,756,455</u>
CONSTRUCTION — 1.1%		
	Brand Energy & Infrastructure Services Inc., Term Loan, 1st Lien, VAR LIBOR USD 3	
4,565,335	Month+4.250%, 06/21/24 (b)	4,395,092
CONSUMER PRODUCTS — 0.6%		
	Revlon Consumer Products Corp., Term Loan B, 1st Lien, VAR LIBOR USD 3	
3,376,287	Month+3.500%, 09/07/23	2,468,137
ENERGY — 0.9%		
	Seadrill Partners Finco LLC, Term Loan, 1st Lien, VAR LIBOR USD 3	
4,440,782	Month+6.000%, 02/21/21 (b)	3,721,035
FOOD & BEVERAGE — 2.1%		
	Albertson's LLC, Term Loan B5, 1st Lien, VAR LIBOR USD 3	
1,519,643	Month+3.000%, 12/21/22	1,515,835
	Albertson's LLC, Term Loan B6, 1st Lien, VAR LIBOR USD 3	
3,500,000	Month+3.000%, 06/22/23 (b)	3,474,642
	US Foods, Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
3,742,308	Month+2.000%, 06/27/23 (b)	3,701,343
		<u>8,691,820</u>
GAMING/LEISURE — 8.3%		
	Boyd Gaming Corp, Term Loan B, 1st Lien, VAR LIBOR USD 3	
1,994,515	Month+2.500%, 09/15/23 (b)	1,980,663

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
GAMING/LEISURE (continued)		
	CityCenter Holdings LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1	
2,992,386	Month+2.250%, 04/18/24	2,951,880
	Crown Finance US Inc., Term Loan, 1st Lien, VAR LIBOR USD 1	
5,268,237	Month+2.500%, 02/28/25 (b)	5,170,193
	Golden Nugget Inc., Term Loan B, 1st Lien, VAR LIBOR USD 3	
3,595,370	Month+2.750%, 10/04/23 (b)	2,586,084
	MGM Growth Properties Operating Partnership LP, Term Loan B, 1st Lien, VAR LIBOR USD 1	
3,238,432	Month+2.000%, 04/25/23 (b)	3,210,723
	Sabre GLBL Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
2,991,162	Month+2.000%, 02/22/24 (b)	2,982,572
	Scientific Games International Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
6,987,406	Month+2.750%, 08/14/24 (b)	6,829,252
	UFC Holdings LLC, Term Loan, 1st Lien, VAR LIBOR USD 1 Month	
2,493,606	+3.250%, 08/18/23 (b)	2,487,461
	VICI Properties 1 LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1	
3,750,000	Month+2.000%, 12/20/24 (b)	3,690,244
	WMG Acquisition Corp., Term Loan F, 1st Lien, VAR LIBOR USD 1 Month	
2,500,000	+2.125%, 11/01/23 (b)	2,452,350
		<u>34,341,422</u>
HEALTHCARE — 2.6%		
	Envision Healthcare Corp., Term Loan, 1st Lien, VAR LIBOR USD 3	
7,973,750	Month+3.750%, 10/10/25 (b)	7,503,114
	Greatbatch Ltd., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
1,000,000	+3.000%, 10/27/22 (b)	1,002,035

INVESTMENT PORTFOLIO (unaudited) (continued)

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Highland/iBoxx Senior Loan ETF

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
HEALTHCARE (continued)		
	Grifols Worldwide Operations Limited, Term Loan B, 1st Lien, VAR LIBOR USD 1	
2,354,083	Week+2.250%, 01/31/25 (b)	2,357,153
		<u>10,862,302</u>
INFORMATION TECHNOLOGY — 2.6%		
	Avaya Inc., Cov-Lite, Term Loan B, 1st Lien, VAR LIBOR USD 1	
4,780,891	Month+4.250%, 12/15/24 (b)	4,779,138
	Kronos Incorporated, Incremental Term Loan, 1st Lien, VAR LIBOR USD 3	
3,750,000	Month+3.000%, 11/01/23	3,721,613
	Vertafore Inc., Term Loan B, 1st Lien, VAR LIBOR USD 3	
2,502,500	Month+3.250%, 07/02/25 (b)	2,459,837
		<u>10,960,588</u>
INSURANCE — 2.9%		
	Alliant Holdings Intermediate LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1	
3,423,774	Month+3.000%, 05/09/25 (b)	3,319,121
	Asurion, LLC, Term Loan B4, 1st Lien, VAR LIBOR USD 1	
3,954,507	Month+3.000%, 08/04/22 (b)	3,955,129
	MPH Acquisition Holdings LLC, Term Loan, 1st Lien, VAR LIBOR USD 3	
4,998,636	Month+2.750%, 06/07/23 (b)	5,000,466
		<u>12,274,716</u>
MACHINERY — 0.7%		
	Gardner Denver Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
1,596,525	Month+2.750%, 07/30/24 (b)	1,660,171
	Rexnord LLC, Term Loan, 1st Lien, VAR LIBOR USD 1 Month	
1,250,000	+2.000%, 08/21/24 (b)	1,239,700
		<u>2,899,871</u>
MEDIA/TELECOMMUNICATIONS — 15.7%		
	Charter Communications Operating LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1	
7,471,010	Month+2.000%, 04/30/25 (b)	7,449,029

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
MEDIA/TELECOMMUNICATIONS (continued)		
	Coral-US Co-Borrower LLC, Term Loan B4, 1st Lien, VAR LIBOR USD 1	
3,500,000	Month+3.250%, 01/30/26 (b)	3,492,353
	iHeartCommunications Inc., Term Loan D, 1st Lien, VAR LIBOR USD 1	
18,621,429	Month+6.750%, 01/22/19 (b)(c)	13,332,943
	Level 3 Financing Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
7,250,000	Month+2.250%, 02/22/24 (b)	7,175,216
	Radiate Holdco LLC, Term Loan, 1st Lien, VAR LIBOR USD 1	
4,675,506	Month+3.000%, 02/01/24 (b)(c)	4,584,731
	SBA Senior Finance II LLC, Term Loan, 1st Lien, VAR LIBOR USD 1	
4,138,963	Month+2.000%, 04/11/25 (b)	4,071,626
	Unitymedia Finance LLC, Term Loan D, 1st Lien, VAR LIBOR USD 1	
1,500,000	Month+2.250%, 01/15/26 (b)	1,486,357
	Univision Communications Inc., Term Loan C, 1st Lien, VAR LIBOR USD 1	
7,237,339	Month+2.750%, 03/15/24 (b)	6,836,246
	UPC Financing Partnership, Term Loan, 1st Lien, VAR LIBOR USD 1	
2,750,000	Month+2.500%, 01/15/26 (b)	2,748,020
	Virgin Media Bristol LLC, Term Loan K, 1st Lien, VAR LIBOR USD 1	
6,150,000	Month+2.500%, 01/15/26 (b)	6,091,790
	Windstream Services LLC, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
1,750,000	+6.000%, 03/29/21 (b)	1,759,021
	Zayo Group LLC, Term Loan B2, 1st Lien, VAR LIBOR USD 1 Month	
2,000,000	+2.250%, 01/19/24 (b)	1,991,800

INVESTMENT PORTFOLIO (unaudited) (continued)

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Highland/iBoxx Senior Loan ETF

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
MEDIA/TELECOMMUNICATIONS (continued)		
	Ziggo Secured Finance Partnership, Term Loan E, 1st Lien, VAR LIBOR USD 1	
4,100,000	Month+2.500%, 04/15/25 (b)	3,999,201
		<u>65,018,333</u>
METALS & MINING — 0.7%		
	BWay Holding Company, Term Loan, 1st Lien, VAR LIBOR USD 3	
3,203,581	Month+3.250%, 04/03/24 (b)	3,142,012
		<u>3,142,012</u>
PRINTING & PUBLISHING — 2.3%		
	Meredith Corp., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
2,000,000	+2.750%, 01/31/25 (b)	1,998,060
	Refinitiv US Holdings Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
7,732,500	+3.750%, 10/01/25 (b)	7,538,100
		<u>9,536,160</u>
REAL ESTATE — 2.0%		
	Brookfield Property REIT Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
3,489,975	+2.500%, 08/27/25 (b)	3,379,048
	Brookfield WEC Holdings Inc., Term Loan, 1st Lien, VAR LIBOR USD 1 Month	
4,987,500	+3.750%, 08/01/25	4,997,450
		<u>8,376,498</u>
RETAIL — 6.9%		
	Academy Ltd., Term Loan, 1st Lien, VAR LIBOR USD 1	
3,150,416	Month+4.000%, 07/01/22 (b)	2,287,990
	Belk Inc., Closing Date Term Loan, 1st Lien, VAR LIBOR USD 1	
2,144,540	Month+4.750%, 12/12/22	1,736,187
	BJ's Wholesale Club Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
2,492,481	Month+3.000%, 01/27/24	2,489,652

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
RETAIL (continued)		
	Harbor Freight Tools USA Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
3,944,733	Month+2.500%, 08/18/23 (b)	3,862,544
	J. Crew Group Inc., Term Loan, 1st Lien, VAR LIBOR USD 1	
2,475,941	Month+3.220%, 03/05/21 (b)	1,708,399
	J.C. Penney Company Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
2,993,333	+4.250%, 06/23/23 (b)	2,672,431
	Neiman Marcus Group Inc., Term Loan, 1st Lien, VAR LIBOR USD 1	
4,775,138	Month+3.250%, 10/25/20 (b)	4,453,318
	Petco Animal Supplies Inc., Term Loan, 1st Lien, VAR LIBOR USD 3	
3,864,824	Month+3.250%, 01/26/23 (b)	2,954,658
	PetSmart Inc., Term Loan B2, 1st Lien, VAR LIBOR USD 1	
7,041,930	Month+3.000%, 03/11/22 (b)	6,334,251
		<u>28,499,430</u>
SERVICE — 2.3%		
	Acosta Inc., Term Loan B1, 1st Lien, VAR LIBOR USD 1	
4,093,299	Month+3.250%, 09/26/21	1,928,496
	Change Healthcare Holdings Inc., Closing Date Term Loan, 1st Lien, VAR LIBOR USD 1	
7,557,250	Month+2.750%, 03/01/24 (b)	7,490,520
		<u>9,419,016</u>
UTILITIES — 2.7%		
	Calpine Corp., Term Loan, 1st Lien, VAR LIBOR USD 3	
2,600,212	Month+2.500%, 01/15/24 (b)	2,587,356
	Texas Competitive Electric Holdings Company LLC, Escrow Loan (Extending) (d)(e)	
26,000,000		14,300
	Vistra Operations Company LLC, Term Loan B3, 1st Lien, VAR LIBOR USD 1 Month	
3,741,834	+2.000%, 12/31/25 (b)	3,700,232

INVESTMENT PORTFOLIO (unaudited) (continued)

As of March 31, 2019

Highland/iBoxx Senior Loan ETF

Principal Amount (\$)		Value (\$)
US Senior Loans (a) (continued)		
UTILITIES (continued)		
	Vistra Operations Company LLC, Term Loan, 1st Lien, VAR LIBOR USD 1	
5,125,092	Month+2.000%, 08/04/23 (b)	5,089,576
		<u>11,391,464</u>
	Total US Senior Loans (Cost \$301,017,105)	<u>290,120,702</u>
Foreign Domiciled Senior Loans (a) — 10.0%		
AUSTRALIA — 0.8%		
USD		
	Aristocrat Leisure, Term Loan B3, 1st Lien, VAR LIBOR USD 3	
3,506,540	Month+1.750%, 10/19/24(b)	3,447,367
CANADA — 3.0%		
USD		
	Bausch Health Companies Inc., Term Loan B, 1st Lien, VAR LIBOR USD 1	
4,177,466	Month+3.000%, 06/02/25(b)	4,118,404
	Bausch Health Companies Inc., Term Loan, 1st Lien, VAR LIBOR USD 1 Month	
2,961,039	+2.750%, 11/27/25(b)	2,930,748
	Hub International Ltd., Term Loan B, 1st Lien, VAR LIBOR USD 3	
5,422,773	Month+3.000%, 04/25/25(b)	5,265,774
		<u>12,314,926</u>
GERMANY — 0.4%		
USD		
	Unitymedia Hessen GmbH & Co. KG, Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
1,500,000	+2.250%, 09/30/25(b)	1,487,167

Principal Amount (\$)/Shares		Value (\$)
Foreign Domiciled Senior Loans (a) (continued)		
LUXEMBOURG — 3.1%		
USD		
	Intelsat Jackson Holdings S.A., Term Loan B3, 1st Lien, VAR LIBOR USD 3	
3,500,000	Month+3.750%, 11/27/23(b)	3,450,460
	JBS LUX S.A., Term Loan B, 1st Lien, VAR LIBOR USD 1 Month	
5,733,461	+2.500%, 10/30/22(b)	5,719,303
	SS&C Technologies Holdings Europe S.A.R.L., Term Loan B4, 1st Lien, VAR LIBOR USD 1	
2,390,839	Month+2.250%, 04/16/25(b)	2,409,915
	Travelport Finance (Luxembourg) S.A.R.L., Term Loan, 1st Lien, VAR LIBOR USD 3	
1,988,087	Month+2.500%, 03/17/25(b)	1,988,037
		<u>13,567,715</u>
NETHERLANDS — 1.4%		
USD		
	Stars Group Holdings B.V., Term Loan, 1st Lien, VAR LIBOR USD 1 Month	
5,951,286	+3.500%, 07/10/25(b)	5,968,012
UNITED KINGDOM — 1.2%		
USD		
	Misys Ltd., Term Loan B, 1st Lien, VAR LIBOR USD 3	
5,167,307	Month+3.500%, 06/13/24(b)	4,994,796
	Total Foreign Domiciled Senior Loans (Cost \$41,964,264)	<u>41,779,983</u>
Common Stock — 0.1%		
UNITED STATES — 0.1%		
	Texas Competitive Electric Holdings Company LLC	
431,587		309,879
	Total Common Stock (Cost \$1,161,722)	<u>309,879</u>

INVESTMENT PORTFOLIO (unaudited) (concluded)

As of March 31, 2019

Highland/iBoxx Senior Loan ETF

Shares	Value (\$)
Cash Equivalent — 0.2%	
Dreyfus Treasury & Agency Cash Management, Institutional Class, 2.320% (f)	
839,928 (Cost \$839,928)	839,928
Total Cash Equivalent (Cost \$839,928)	839,928
Total Investments - 80.2%	333,050,492
(Cost \$344,983,018)	
Other Assets & Liabilities, Net - 19.8%	82,221,290
Net Assets - 100.0%	415,271,782

LIBOR — London Interbank Offered Rate
 LLC — Limited Liability Company
 LP — Limited Partnership
 Ltd. — Limited
 USD — United States Dollar
 VAR — Variable Rate

**Foreign Domiciled Senior Loans
 Industry Concentration Table:
 (% of Net Assets)**

Computers & Electronics	1.8%
Food & Beverage	1.3%
Gaming/Leisure	2.2%
Healthcare	1.7%
Insurance	1.3%
Media/Telecommunications	1.2%
Transportation	0.5%
	<u>10.0%</u>

- (a) Senior loans (also called bank loans, leveraged loans, or floating rate loans) in which the Highland/iBoxx Senior Loan ETF (the “Fund”) invests generally pay interest at rates which are periodically determined by reference to a base lending rate plus a spread. (Unless otherwise denoted as a fixed rate loan, all senior loans carry a variable interest rate.) These base lending rates are generally (i) the Prime Rate offered by one or more major United States banks, (ii) the lending rate offered by one or more European banks such as the London Inter-Bank Offered Rate (“LIBOR”) or (iii) the Certificate of Deposit rate. As of March 31, 2019, the LIBOR USD 1 Week, LIBOR USD 1 Month and LIBOR USD 3 Month rates were 2.423%, 2.495% and 2.600%, respectively. Senior loans, while exempt from registration under the Securities Act of 1933, as amended (the “1933 Act”), contain certain restrictions on resale and cannot be sold publicly. Senior secured floating rate loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy and the actual remaining maturity may be substantially less than the stated maturity shown.
- (b) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.
- (c) The issuer is, or is in danger of being, in default of its payment obligation. Full income is not being accrued, although adequate protection payments are being made in certain cases.
- (d) Represents value held in escrow pending future events. No interest is being accrued.
- (e) No expiration date.
- (f) The rate shown is the 7-day effective yield as of March 31, 2019.

NOTES TO INVESTMENT PORTFOLIO (unaudited)

As of March 31, 2019**Highland/iBoxx Senior Loan ETF****Organization**

Highland Funds I (the "Trust") was organized as a Delaware statutory trust on February 28, 2006. The Trust is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust is currently comprised of five funds, each of which is non-diversified. The financial statements herein are those of the Highland/iBoxx Senior Loan ETF (the "Fund"). The Fund is a non-diversified exchange-traded fund ("ETF"). The financial statements of the remaining funds of the Trust are presented separately.

Valuation of Investments

In computing the Fund's net assets attributable to shares, securities with readily available market quotations on the New York Stock Exchange, National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or other nationally recognized exchange use the closing quotations on the respective exchange for valuation of those securities. Securities for which there are no readily available market quotation will be valued pursuant to policies adopted by the Fund's Board of Trustees (the "Board"). Typically, such securities will be valued at the mean between the most recently quoted bid and ask prices provided by the principal market makers. If there is more than one such principal market maker, the value shall be the average of such means. Securities without a sale price or quotations from principal market makers on the valuation day may be priced by an independent pricing service. Investments in mutual funds are valued at their respective net asset values as determined by those mutual funds each business day. Generally, the Fund's loan and bond positions are not traded on exchanges and consequently are valued based on a mean of the bid and ask price from the third-party pricing services or broker-dealer sources that Highland Capital Management Fund Advisors, L.P. (the "Investment Adviser") has determined generally have the capability to provide appropriate pricing services and have been approved by the Board.

Securities for which market quotations are not readily available and for which the Fund has determined the price received from a pricing service or broker-dealer is "stale" or otherwise does not represent fair value (such as when events materially affecting the value of securities occur between the time when market price is determined and calculation of the Fund's NAV), will be valued by the Fund at fair value, as determined by the Board or its designee in good faith in accordance with procedures approved by the Board, taking into account factors reasonably determined to be relevant, including, among other things: (i) the fundamental analytical data relating to the investment; (ii) the nature and duration of restrictions on disposition of the securities; and (iii) an evaluation of the forces that influence the market in which these securities are purchased and sold. In these cases, the Fund's NAV will reflect the affected portfolio securities' fair value as determined in the judgment of the Board or its designee instead of being determined by the market. Determination of fair value is uncertain because it involves subjective judgments and estimates.

There can be no assurance that the Fund's valuation of a security will not differ from the amount that it realizes upon the sale of such security. Those differences could have a material impact on the Fund.

The NAV shown in the Fund's financial statements may vary from the NAV published by the Fund as of the end of the reporting period because portfolio securities transactions are accounted for on the trade date (rather than the day following the trade date) for financial statement purposes.

NOTES TO INVESTMENT PORTFOLIOS (unaudited) (continued)

As of March 31, 2019**Highland/iBoxx Senior Loan ETF****Fair Value Measurements**

The Fund has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. The levels of fair value inputs used to measure the Fund's investments are characterized into a fair value hierarchy. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's valuation. The three levels of the fair value hierarchy are described below:

- Level 1* — Quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement;
- Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, but are valued based on executed trades; broker quotations that constitute an executable price; and alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 inputs are either directly or indirectly observable for the asset in connection with market data at the measurement date; and
- Level 3* — Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. In certain cases, investments classified within Level 3 may include securities for which the Fund has obtained indicative quotes from broker-dealers that do not necessarily represent prices the broker may be willing to trade on, as such quotes can be subject to material management judgment. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price the asset or liability based on the best available information.

The Investment Adviser has established policies and procedures, as described above and approved by the Board, to ensure that valuation methodologies for investments and financial instruments that are categorized within all levels of the fair value hierarchy are fair and consistent. A Pricing Committee has been established to provide oversight of the valuation policies, processes and procedures, and is comprised of personnel from the Investment Adviser. The Pricing Committee meets monthly to review the proposed valuations for investments and financial instruments and is responsible for evaluating the overall fairness and consistent application of established policies.

As of March 31, 2019, the Fund's investments consisted of senior loans, common stock, and a cash equivalent. The fair value of the Fund's loans is generally based on quotes received from brokers or independent pricing services. Loans with quotes that are based on actual trades with a sufficient level of activity on or near the measurement date are classified as Level 2 assets. Loans that are priced using quotes derived from implied values, indicative bids, or a limited number of actual trades are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable.

At the end of each calendar quarter, management evaluates the Level 2 and 3 assets and liabilities for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third party services, and the existence of contemporaneous, observable trades in the market. Additionally, management evaluates the Level 1 and 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may fluctuate from period to period. Additionally, the fair value of investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values the Fund may ultimately realize. Further, such investments may be subject to legal and other restrictions on resale or otherwise less liquid than publicly traded securities.

NOTES TO INVESTMENT PORTFOLIO (unaudited) (concluded)**As of March 31, 2019****Highland/iBoxx Senior Loan ETF**

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of the levels are recognized at the value of the security at the end of the period. A summary of the levels of inputs used to value the Fund's assets as of March 31, 2019 is as follows:

	Total Market Value at 03/31/19	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Highland/iBoxx Senior Loan ETF				
Assets				
US Senior Loans*	\$290,120,702	\$ —	\$ 290,120,702	\$ —
Foreign Domiciled Senior Loans*	41,779,983	—	41,779,983	—
Common Stock*	309,879	309,879	—	—
Cash Equivalent*	839,928	839,928	—	—
Total	\$333,050,492	\$ 1,149,807	\$ 331,900,685	\$ —

* Please refer to the Investment Portfolio for industry/country breakout.

For the period ended March 31, 2019, there were no transfers within the Fund between Level 1, Level 2 or Level 3. At March 31, 2019, and during the period then ended, there were no Level 3 investments.

The Fund uses end of period market value in the determination of the amount associated with any transfers between levels.

For more information with regard to significant accounting policies, see the most recent annual or semi-annual report filed with the U.S. Securities and Exchange Commission.

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