HIGHLAND FUNDS II

Highland Fixed Income Fund (the "Fund")

Supplement dated December 4, 2020 to the Fund's Summary Prospectus, Prospectus and Statement of Additional Information ("SAI"), each dated January 31, 2020, as supplemented from time to time

This supplement provides new and additional information beyond that contained in the Summary Prospectus, the Prospectus and the SAI and should be read in conjunction with the Summary Prospectus, the Prospectus and the SAI. Capitalized terms and certain other terms used in this supplement, unless otherwise defined in this supplement, have the meanings assigned to them in the Summary Prospectus, the Prospectus and the SAI.

Effective immediately, Calvin Jones has been added as portfolio manager of the Fund and is primarily responsible for the Fund's investments. Accordingly, the Fund's Summary Prospectus, Prospectus and SAI are hereby amended and supplemented as follows:

1. *The following paragraph and table are hereby replaced in its entirety under the "Portfolio Management" section of the Summary Prospectus and the corresponding section of the Prospectus:*

   Highland Capital Management Fund Advisors, L.P. serves as the investment adviser to the Fund and First Foundation Advisors serves as sub-adviser to the Fund. The portfolio manager for the Fund is:

Portfolio Manager	**Portfolio Manager Experience in this Fund**	**Title with Sub-Adviser**
John Hakopian	5 years	President
Calvin Jones, CFA	Less than 1 year	Managing Director

2. *The following paragraphs are hereby added under the "Management of the Funds – About the Funds' Portfolio Managers" section of the Prospectus:*

   Portfolio Management Teams

   Highland Fixed Income Fund is managed by John Hakopian and Calvin Jones.

   Calvin Jones, CFA, is a portfolio manager of **Highland Fixed Income Fund** and a Managing Director of Fixed Income at FFA. Mr. Jones is a senior member of the FFA investment management team and is responsible for working closely with FFA's financial advisors to develop investment strategies utilizing income assets to help clients achieve their financial goals. In his role, Mr. Jones serves on the company's Investment and Asset Allocation committees and is responsible for leading and overseeing the firm's fixed income assets. Mr. Jones joined FFA in 2011. His previous experience at ProShare Advisors included trading and analysis in global equity and derivatives markets for the world's largest manager of leveraged and inverse funds. Mr. Jones earned a Bachelor of Engineering degree from the University of Pittsburgh and a Master of Science in Mathematical Finance degree from the University of North Carolina at Charlotte. He is a member of the CFA Institute and the CFA Society of Los Angeles.

3. *The following table is hereby added under the "Securities Activities of HCMFA and the Sub-adviser – Portfolio Manager – Other Accounts Managed and Ownership of Securities" section in the SAI:*

Fund/Portfolio Manager	**Other Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts[2]**	**Dollar Range of Fund Securities Owned**
Fixed Income Fund				
Calvin Jones*	None	None	None	None

*Information is provided as of November 30, 2020

INVESTORS SHOULD RETAIN THIS SUPPLEMENT WITH THE SUMMARY PROSPECTUS, PROSPECTUS AND SAI FOR FUTURE REFERENCE.

HFII-HFB-SUPP-1220

HIGHLAND FUNDS II
Highland Total Return Fund
Highland Fixed Income Fund

Supplement dated October 29, 2020 to the Summary Prospectus, Prospectus and Statement of Additional Information ("SAI") each dated January 31, 2020, as supplemented from time to time

This Supplement provides new and additional information beyond that contained in the Summary Prospectuses, Prospectus and Statement of Additional Information and should be read in conjunction with the Summary Prospectuses, Prospectus and Statement of Additional Information.

IMPORTANT NOTICE

The following information supplements and supersedes any information to the contrary contained in the Summary Prospectus, Prospectus and/or Statement of Additional Information of Highland Total Return Fund and Highland Fixed Income Fund, each a series of Highland Funds II (the "Trust"), each dated and supplemented as noted above.

Upon the recommendation of the Highland Capital Management Fund Advisors, L.P. ("HCMFA"), the investment advisor to Highland Total Return Fund and Highland Fixed Income Fund (each a "Fund", and together the "Funds"), the Board of Trustees of the Trust has approved the conversion of the Funds' Class C Shares into Class Y Shares and the subsequent termination of the Funds' Class C Shares.

The Funds' Class C Shares will be converted into Class Y Shares on or about November 16, 2020 (the "Effective Date") and the Class C Shares will be terminated thereafter. Please do not attempt to make the exchange yourself. Accordingly, as of the Effective Date, all references to the Funds' Class C Shares in the Summary Prospectus, Prospectus and SAI are deleted in their entirety. Shareholders of Class C Shares converted into Class Y Shares will not be subject to any fee, load, or charge to the shareholder. Effective immediately, Class C Shares of the Funds are closed to all new investors.

The conversions are not expected to be taxable events for federal income tax purposes, and should not result in the recognition of gain or loss by shareholders, although each shareholder should consult with his or her own tax advisor. At any time prior to the conversions, shareholders may redeem Class C shares of the Funds. Such a redemption would likely result in the recognition of gain or loss by the shareholder for U.S. federal income tax purposes, which would be taxable to a shareholder that holds the shares in a taxable account.

INVESTORS SHOULD RETAIN THIS SUPPLEMENT WITH THE SUMMARY PROSPECTUS, PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION FOR FUTURE REFERENCE.

HFII-PROS-SUPP-1020

HIGHLAND FUNDS II
Highland Total Return Fund
Highland Fixed Income Fund

Supplement dated September 29, 2020 to the Summary Prospectus, Prospectus and Statement of Additional Information ("SAI") each dated January 31, 2020, as supplemented from time to time

This Supplement provides new and additional information beyond that contained in the Summary Prospectuses, Prospectus and Statement of Additional Information and should be read in conjunction with the Summary Prospectuses, Prospectus and Statement of Additional Information.

IMPORTANT NOTICE

The following information supplements and supersedes any information to the contrary contained in the Summary Prospectus, Prospectus and/or Statement of Additional Information of Highland Total Return Fund and Highland Fixed Income Fund, each a series of Highland Funds II (the "Trust"), each dated and supplemented as noted above.

A Special Meeting of Shareholders of Highland Total Return Fund and Highland Fixed Income Fund will be held at 300 Crescent Court, Suite 700, Dallas, Texas 75201, at 10:00 AM (Central Time), on or about December 11, 2020, for the purpose of approving or disapproving the Plan (as defined below).

Following discussions held at meetings on June 17-18, 2020, August 13, 2020, September 17-18, 2020 and September 23, 2020, the Board of Trustees (the "Board") of the Trust unanimously approved an Agreement and Plan of Reorganization (the "Plan") for the reorganization of Highland Total Return Fund and Highland Fixed Income Fund (each a "Target Fund" and collectively, the "Target Funds") with and into the First Foundation Total Return Fund and First Foundation Fixed Income Fund, respectively (the "Acquiring Funds" and, together with the Target Funds, the "Funds"), each newly created series of The Advisors' Inner Circle Fund III ("AIC III"), with the Acquiring Funds being the surviving funds for accounting and performance purposes (each a "Reorganization" and, together, the "Reorganizations"). Under the Plan, the Target Funds would be reorganized into the Acquiring Funds on or around December 14, 2020 (the "Closing Date"). Based on the information requested by the Board and provided to it by Highland Capital Management Fund Advisors, L.P. (the "Adviser"), the Board, including a majority of the Trustees who are not "interested persons" of the Trust, unanimously concluded that participation by each Target Fund in the applicable Reorganization is in the best interests of the Target Fund and its shareholders and that the interests of the Target Fund's shareholders will not be diluted as a result of the Reorganization.

The reorganization will involve: (1) each Target Fund transferring all or substantially all of its assets and liabilities to the corresponding Acquiring Fund in exchange for shares of beneficial interest in the Acquiring Fund; and (2) the Target Funds distributing to its shareholders shares of the corresponding classes of the Acquiring Funds in exchange for such shareholders' shares of the Target Funds in complete liquidation of the Target Funds and subsequent termination of the Target Funds. Each Reorganization is commonly referred to as a "shell" reorganization, because: (i) the applicable Acquiring Fund, which mirrors the corresponding Target Fund, has been created for the purpose of receiving the assets of the Target Fund and (ii) the applicable Acquiring Fund will have carried on no business activities prior to the Reorganization.

The Reorganizations are expected to be tax-free transactions for the Funds and their shareholders (which means that no gain or loss would be recognized directly by the Funds or their shareholders as a result of the Reorganizations).

First Foundation Advisors currently serves as the sub-advisor to the Target Funds and will continue to serve as sub-advisor to the Acquiring Funds and the current portfolio managers of the Target Funds are expected to continue to provide day-to-day management of the Acquiring Funds following the Reorganizations. There are no material differences between each of the investment objectives, policies, strategies, restrictions and risks of the Target Funds and each of their respective Acquiring Funds. Subject to the consummation of the Reorganizations, Brookmont Capital Management, LLC, the investment adviser of the Acquiring Funds, also has agreed to limit the Acquiring Funds' total operating expenses pursuant to an expense limitation agreement for at least one year after the consummation of the Reorganizations.

At any time prior to the Reorganizations, shareholders may redeem shares of the Target Funds. Such a redemption would likely result in the recognition of gain or loss by the shareholder for U.S. federal income tax purposes, which would be taxable to a shareholder that holds the shares in a taxable account. The Target Funds' shareholders will not incur any sales load or similar transaction charges as part of the Reorganizations. Prior to the Reorganizations, the Target Funds must continue to make timely distributions of its previously undistributed net investment income and realized net capital gains, if any. Please contact the Adviser at 1-877-665-1287 if you have questions about the Reorganizations or your account. Your tax treatment may vary depending upon your particular situation, and you are urged to consult with your own tax advisors and financial planners as to the particular tax consequences to you.

It is anticipated that a prospectus/proxy statement will be mailed to shareholders of the Target Funds on or about November 24, 2020. The record date for determination of shareholders entitled to vote at the Special Meeting has been fixed at November 10, 2020. In addition to the Reorganizations being subject to approval by the AIC III Board and each Target Fund's shareholders, the Reorganizations are subject to certain regulatory approvals and other customary conditions. If all conditions are satisfied and approvals obtained, the Reorganizations are expected to close on or about December 14, 2020.

The foregoing is not an offer to sell, nor a solicitation to buy, shares of the Acquiring Funds, nor is it a solicitation of any proxy. Shareholders of the Target Funds, as of November 10, 2020, will be receiving a prospectus/proxy statement, or an "**Important Notice Regarding the Availability of Proxy Materials**," that provides additional information regarding the proposed Reorganizations. The prospectus/proxy statement, and any other documents filed by the Funds with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov or at the Fund's website at www.highlandfunds.com/literature. Investors should read the prospectus/proxy statement carefully because it contains important information. For more information please call 1-877-665-1287.

INVESTORS SHOULD RETAIN THIS SUPPLEMENT WITH THE SUMMARY PROSPECTUS, PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION FOR FUTURE REFERENCE.

HIGHLAND CAPITAL MANAGEMENT

Highland Funds II

Summary Prospectus

January 31, 2020

Highland Fixed Income Fund

Class A HFBAX **Class C** HFBCX **Class Y** HFBYX

Before you invest, you may want to review the Fund's Statutory Prospectus, which contains more information about the Fund and its risks. You can find the Fund's Statutory Prospectus, Statement of Additional Information and other information about the Fund online at http://highlandfunds.com/highland-funds-2/. You can also get this information at no cost by calling 1-877-665-1287 or by sending an e-mail request to info@highlandfunds.com. The Fund's Statutory Prospectus and Statement of Additional Information, both dated January 31, 2020, as supplemented, are incorporated by reference into this Summary Prospectus.

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Funds' annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Funds' website (highlandfunds.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from a Fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by contacting the Funds' transfer agent at 1-877-665-1287.

You may elect to receive all reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with a Fund, you can call 1-877-665-1287 to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with the fund complex if you invest directly with a Fund.

Investment Objective

The investment objective of Highland Fixed Income Fund ("Fixed Income Fund" or the "Fund") is to seek maximum income consistent with prudent investment management and the preservation of capital.

Fees and Expenses of the Fund

The following tables describe the fees and expenses that you may pay if you buy and hold shares of the Fund.

You may qualify for sales charge discounts on purchases of Class A Shares if you and your family invest, or agree to invest in the future, at least $50,000 in Highland Funds II equity funds and/or asset allocation funds, or at least $100,000 in Highland Funds II fixed income funds. More information about these and other discounts is available from your financial professional and in the "Reduced Sales Charges for Class A Shares" section on page 51 of the Fund's Prospectus and the "Programs for Reducing or Eliminating Sales Charges" section on page 63 of the Fund's Statement of Additional Information. Investors investing in the Fund through an intermediary should consult the Appendix to the Fund's Prospectus, which includes information regarding financial intermediary-specific sales charges and related discount policies that apply to purchases through certain specified intermediaries.

Shareholder Fees (fees paid directly from your investment)

	Class A	Class C	Class Y
Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	4.25%	None	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends and other Distributions (as a % of offering price)	None	None	None
Maximum Deferred Sales Charge (Load) (as a % of the net asset value at the time of purchase or redemption, whichever is lower)	None[1]	1.00%[2]	None
Exchange Fee	None	None	None
Redemption Fee	None	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

	Class A	Class C	Class Y
Management Fee	0.30%	0.30%	0.30%
Distribution and/or Service (12b-1) Fees	0.25%	1.00%	None
Other Expenses	0.40%	0.40%	0.41%
Acquired Fund Fees	0.05%	0.05%	0.05%
Total Annual Fund Operating Expenses[3]	1.00%	1.75%	0.76%
Expense Reimbursement[4]	0.05%	0.05%	0.06%
Total Annual Fund Operating Expenses After Expense Reimbursement	0.95%	1.70%	0.70%

[1] Class A Shares bought without an initial sales charge in accounts aggregating $1 million or more at the time of purchase are subject to a 0.50% contingent deferred sales charge ("CDSC") if the shares are sold within one year of purchase.

[2] Class C Shares are subject to a 1% CDSC for redemptions of shares within one year of purchase. This CDSC does not apply to redemptions under a systematic withdrawal plan.

[3] Total Annual Fund Operating Expenses differ from the ratio of expenses to average net assets shown in the Financial Highlights, which reflect the operating expenses of the Fund and do not include acquired fund fees and expenses.

[4] Highland Capital Management Fund Advisors, L.P. ("HCMFA" or the "Adviser") has contractually agreed to limit the total annual operating expenses (exclusive of fees paid by the Fund pursuant to its distribution plan pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"), 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 to 0.65% of average daily net assets attributable to any class of the Fund (the "Expense Cap"). The Expense Cap will continue through at least January 31, 2021, and may not be terminated prior to this date without the action or consent of the Fund's Board of Trustees. Under the expense limitation agreement, the Adviser may recoup waived and/or reimbursed amounts with respect to the Fund within thirty-six months of the date such amounts were waived or reimbursed, provided the Fund's total annual operating expenses, including such recoupment, do not exceed the Expense Cap in effect at the time of such waiver/reimbursement.

Expense Example

This Example helps you compare the cost of investing in the Fund to the cost of investing in other mutual funds. The Example assumes that (i) you invest $10,000 in the Fund for the time periods indicated and then sell or redeem all your shares at the end of those periods, (ii) your investment has a 5% return each year, and (iii) operating expenses remain the same. Only the first year of each period in the Example takes into account the expense reimbursement described in the footnote above. Your actual costs may be higher or lower.

	1 Year	3 Years	5 Years	10 Years
Class A	$518	$725	$949	$1,593
Class C				
if you do not sell your shares	$173	$546	$944	$2,058
if you sold all your shares at the end of the period	$273	$546	$944	$2,058
Class Y	$72	$237	$416	$937

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the Expense Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 53% of the average value of its portfolio.

Principal Investment Strategies

The Fund seeks to achieve its investment objective by investing at least 80% of its net assets under normal circumstances in debt securities. This investment policy may be changed by the Fund upon 60 days' prior written notice to shareholders.

The Adviser has allocated all the assets of the Fund to be managed/advised by First Foundation Advisors ("FFA" or the "Sub-Adviser"), the Fund's sub-adviser. The Fund invests primarily in a variety of investment-grade debt securities, such as mortgage-backed securities, corporate bonds, U.S. Government securities, investment-grade municipal obligations and money market instruments. The Fund normally has a weighted average maturity of approximately five to ten years, but is subject to no limitation with respect to the maturities of the instruments in which it may invest.

U.S. Government securities are securities that are issued or guaranteed as to principal and interest by the U.S. Government or one of its agencies or instrumentalities.

Some U.S. Government securities are backed by the full faith and credit of the U.S. Government, such as U.S. Treasury bills and notes and obligations of the Government National Mortgage Association (Ginnie Mae). Other U.S. Government securities are neither issued nor guaranteed by the full faith and credit of the U.S. Government, including those issued by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Fannie Mae and Freddie Mac have been operating under a conservatorship since 2008, with the Federal Housing Finance Authority acting as their conservator, and receive certain financing support from and have access to certain borrowing arrangements with the U.S. Treasury.

The portfolio manager seeks to identify debt securities with characteristics such as:

- attractive yields and prices
- the potential for capital appreciation
- reasonable credit quality

The portfolio manager may consider selling a security when one of these characteristics no longer applies, or when valuation becomes excessive and more attractive alternatives are identified.

The Fund also may invest to a lesser extent in non-mortgage asset-backed securities, high yield securities (also known as "junk securities"), foreign (non-U.S.) and emerging market debt securities and equity securities, such as exchange-traded funds ("ETFs").

The portfolio manager may also use various types of derivatives (such as options, futures and options on futures) to manage interest rate risk (also known as duration) and to manage exposure to credit quality. The reference in the Fund's investment objective to capital preservation does not indicate that the Fund may not lose money. The investment adviser seeks to employ strategies that are consistent with capital preservation, but there can be no assurance that the investment adviser will be successful in doing so.

Principal Risks

When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. No assurance can be given that the Fund will achieve its investment objective, and investment results may vary substantially over time and from period to period. An investment in the Fund is not appropriate for all investors. Each risk summarized below is a principal risk of investing in the Fund, and different risks may be more significant at different times depending upon market conditions or other factors.

An investment in the Fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Mortgage-Backed Securities Risk is the risk of investing in mortgage-backed securities, and includes interest rate risk, liquidity risk and credit risk, which may be heightened in connection with investments in loans to “subprime” borrowers. Certain mortgage-backed securities are also subject to prepayment risk. Mortgage-backed securities, because they are backed by mortgage loans, are also subject to risks related to real estate, and securities backed by private-issued mortgages may experience higher rates of default on the underlying mortgages than securities backed by government-issued mortgages. The Fund could lose money if there are defaults on the mortgage loans underlying these securities.

Asset-Backed Securities Risk is the risk of investing in asset-backed securities, and includes interest rate risk, prepayment risk and the risk that the Fund could lose money if there are defaults on the loans underlying these securities.

Financial Services Sector Risk is the risk associated with investments in the financial services sector. Such investments may be subject to credit risk, interest rate risk, and regulatory risk, among others. Banks and other financial institutions can be affected by such factors as downturns in the U.S. and foreign economies and general economic cycles, fiscal and monetary policy, adverse developments in the real estate market, the deterioration or failure of other financial institutions, and changes in banking or securities regulations.

Counterparty Risk is the risk that a counterparty (the other party to a transaction or an agreement or the party with whom the Fund executes transactions) to a transaction with the Fund may be unable or unwilling to make timely principal, interest or settlement payments, or otherwise honor its obligations.

Credit Risk is the risk that the issuers of certain securities or the counterparties of a derivatives contract or repurchase contract might be unable or unwilling (or perceived as being unable or unwilling) to make interest and/or principal payments when due, or to otherwise honor its obligations. Debt securities are subject to the risk of non-payment of scheduled interest and/or principal. Non-payment would result in a reduction of income to the Fund, a reduction in the value of the obligation experiencing non-payment and a potential decrease in the net asset value (“NAV”) of the Fund.

Currency Risk is the risk that fluctuations in exchange rates will adversely affect the value of the Fund’s foreign currency holdings and investments denominated in foreign currencies.

Debt Securities Risk is the risk associated with the fact that the value of debt securities typically changes in response to various factors, including, by way of example, market-related factors (such as changes in interest rates or changes in the risk appetite of investors generally) and changes in the actual or perceived ability of the issuer (or of issuers generally) to meet its (or their) obligations. During periods of rising interest rates, debt securities generally decline in value. Conversely, during periods of falling interest rates, debt securities generally rise in value. This kind of market risk is generally greater for funds investing in debt securities with longer maturities.

Derivatives Risk is a combination of several risks, including the risks that: (1) an investment in a derivative instrument may not correlate well with the performance of the securities or asset class to which the Fund seeks exposure, (2) derivative contracts, including options, may expire worthless and the use of derivatives may result in losses to the Fund, (3) a derivative instrument entailing leverage may result in a loss greater than the principal amount invested, (4) derivatives not traded on an exchange may be subject to credit risk, for example, if the counterparty does not meet its obligations (see also “Counterparty Risk”), and (5) derivatives not traded on an exchange may be subject to liquidity risk and the related risk that the instrument is difficult or impossible to value accurately. As a general matter, when the Fund establishes certain derivative instrument positions, such as certain futures, options and forward contract positions, it will segregate liquid assets (such as cash, U.S. Treasury bonds or commercial paper) equivalent to the Fund’s outstanding obligations under the contract or in connection with the position. In addition, changes in laws or regulations may make the use of derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the use, value or performance of derivatives. The Fund’s ability to pursue its investment strategy, including its strategy of investing in certain derivative instruments, may be limited to or adversely affected by the Fund’s intention to qualify as a regulated investment company (a “RIC”), and its strategy may bear adversely on its ability to so qualify.

Emerging Markets Risk is the risk of investing in securities of issuers tied economically to emerging markets, which entails all of the risks of investing in securities of non-U.S. issuers detailed below under “Non-U.S. Securities Risk” to a heightened degree. These heightened risks include: (i) greater risks of expropriation, confiscatory taxation, nationalization, and less social, political and economic stability; (ii) the smaller size of the markets for such securities and a lower volume of trading, resulting in lack of liquidity and in price volatility; (iii) greater fluctuations in currency exchange rates; and (iv) certain national policies that may restrict the Fund's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests.

Equity Securities Risk is the risk that stock prices will fall over short or long periods of time. In addition, common stocks represent a share of ownership in a company, and rank after bonds and preferred stock in their claim on the company's assets in the event of bankruptcy.

Exchange-Traded Funds ("ETF") Risk is the risk that the price movement of an ETF may not exactly track the underlying index and may result in a loss. In addition, shareholders bear both their proportionate share of the Fund's expenses and similar expenses of the underlying investment company when the Fund invests in shares of another investment company. Certain ETFs may be thinly-traded and experience large spreads between the "ask" price quoted by a seller and the "bid" price offered by a buyer.

Fixed Income Market Risk is the risk that fixed income markets may, in response to governmental intervention, economic or market developments (including potentially a reduction in the number of broker-dealers willing to engage in market-making activity), or other factors, experience periods of increased volatility and reduced liquidity. During those periods, the Fund may experience increased levels of shareholder redemptions, and may have to sell securities at times when it would otherwise not do so, and at unfavorable prices. Fixed income securities may be difficult to value during such periods.

High Yield Debt Securities Risk is the risk that below investment grade securities or unrated securities of similar credit quality (commonly known as "high yield securities" or "junk securities") are more likely to default than higher rated securities. The Fund's ability to invest in high-yield debt securities generally subjects the Fund to greater risk than securities with higher ratings. Such securities are regarded by the rating organizations as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. The market value of these securities is generally more sensitive to corporate developments and economic conditions and can be volatile. Market conditions can diminish liquidity and make accurate valuations difficult to obtain.

Interest Rate Risk is the risk that fixed income securities will decline in value because of changes in interest rates. When interest rates decline, the value of fixed rate securities already held by the Fund can be expected to rise. Conversely, when interest rates rise, the value of existing fixed rate portfolio securities can be expected to decline. 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 is the risk of investing in municipal securities, and includes interest rate risk and the credit risk of the issuers of municipal securities. The municipal securities market is volatile and may be significantly affected by adverse tax, legislative or political changes. To the extent that the Fund remains relatively small, it may have fewer favorable investment opportunities.

Non-U.S. Securities Risk is the risk associated with investing in non-U.S. issuers. Investments in securities of non-U.S. issuers involve certain risks not involved in domestic investments (for example, fluctuations in foreign exchange rates (for non-U.S. securities not denominated in U.S. dollars); future foreign economic, financial, political and social developments; nationalization; exploration or confiscatory taxation; smaller markets; different trading and settlement practices; less governmental supervision; and different accounting, auditing and financial recordkeeping standards and requirements) that may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. These risks are magnified for investments in issuers tied economically to emerging markets, the economies of which tend to be more volatile than the economies of developed markets. In addition, certain investments in non-U.S. securities may be subject to foreign withholding and other taxes on interest, dividends, capital gains or other income or proceeds. Those taxes will reduce the Fund's yield on any such securities. See the "Taxation" section on page 60 of the Fund's Prospectus.

Operational and Technology Risk is the risk that cyber-attacks, disruptions, or failures that affect the Fund's service providers, counterparties, market participants, or issuers of securities held by the Fund may adversely affect the Fund and its shareholders, including by causing losses for the Fund or impairing Fund operations. The Fund and its Adviser have limited ability to prevent or mitigate cyber security incidents affecting third-party service providers.

Prepayment Risk is the risk that during periods of falling interest rates, issuers of debt securities may repay higher rate securities before their maturity dates. This may cause the Fund to lose potential price appreciation and to be forced to reinvest the unanticipated proceeds at lower interest rates. This may adversely affect the NAV of the Fund's shares.

Illiquid and Restricted Securities Risk is the risk that the Sub-Adviser may not be able to sell illiquid or restricted securities, such as securities issued pursuant to Rule 144A of the Securities Act of 1933, at the price it would like or may have to sell them at a loss. Securities of non-U.S. issuers, and emerging or developing markets securities in particular, are subject to greater liquidity risk.

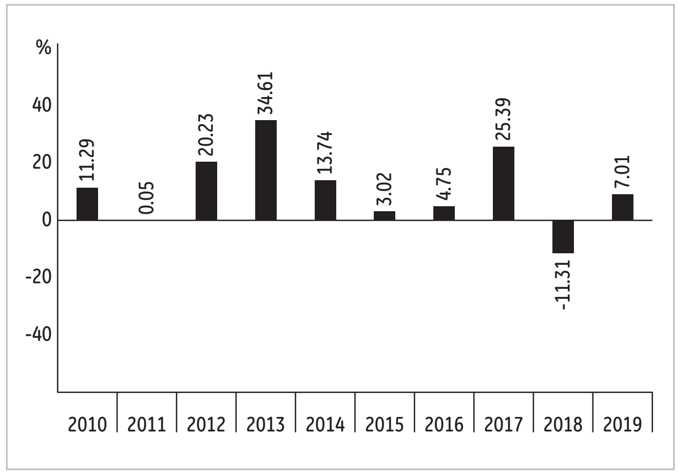
Securities Market Risk is the risk that the value of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably, due to factors affecting particular companies or the securities markets generally. A general downturn in the securities market may cause multiple asset classes to decline in value simultaneously. Many factors can affect this value and you may lose money by investing in the Fund.

Performance

The bar chart and the Average Annual Total Returns table below provide some indication of the risks of investing in the Fund by showing changes in the performance of the Fund's Class A Shares for each full calendar year and by showing how the Fund's average annual returns compare with the returns of a broad-based securities market index or indices. As with all mutual funds, the Fund's past performance (before and after taxes) does not predict how the Fund will perform in the future. The Fund's performance prior to August 1, 2014 reflects returns achieved when the Fund was sub-advised by a different sub-adviser. If the Fund's current management had been in place for the prior periods, the performance information shown would have been different. The Fund's performance reflects applicable fee waivers and/or expense limitations in effect during the periods presented, without which returns would have been lower. Both the chart and the table assume the reinvestment of dividends and distributions. The bar chart does not reflect the deduction of applicable sales charges for Class A Shares. If sales charges had been reflected, the returns for Class A Shares would be less than those shown below. The returns of Class C and Class Y Shares would have substantially similar returns as Class A because the classes are invested in the same portfolio of securities and the annual returns would differ only to the extent that the classes have different expenses (including sales charges). Updated information on the Fund's performance can be obtained by visiting *https://highlandfunds.com/funds/*or by calling 1-877-665-1287.

Calendar Year Total Returns

The bar chart shows the performance of the Fund's Class A shares as of December 31.



The highest calendar quarter total return for Class A Shares of the Fund was 2.98% for the quarter ended March 31, 2019 and the lowest calendar quarter total return was -2.46% for the quarter ended June 30, 2013.

Average Annual Total Returns
(For the periods ended December 31, 2019)

	1 Year	5 Years	10 Years
Class A (inception 2/22/93)			
Return Before Taxes	2.50%	2.05%	3.20%
Return After Taxes on Distributions	1.45%	1.05%	2.23%
Return After Taxes on Distributions and Sale of Fund Shares	1.45%	0.92%	2.06%
Return Before Taxes			
Class C (inception 9/30/99)	5.20%	2.18%	2.89%
Class Y (inception 11/29/93)	7.28%	3.20%	3.91%
Bloomberg Barclays Capital U.S. Aggregate Bond Index (reflects no deduction for fees, expenses or taxes) (inception 12/28/93)	8.72%	3.05%	3.74%

After-tax returns in the table above are shown for Class A Shares only and after-tax returns for other share classes will vary. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. For example, after-tax returns shown are not relevant to investors who hold their Fund shares through tax-advantaged arrangements, such as 401(k) plans or individual retirement accounts.

In some cases, average annual return after taxes on distributions and sale of fund shares may be higher than the return before taxes and the average annual return after taxes on distributions because of realized losses that would have been sustained upon the sale of fund shares immediately after the relevant periods. The calculations assume that an investor holds the shares in a taxable account, is in the actual historical highest individual federal marginal income tax bracket for each year and would have been able to immediately utilize the full realized loss to reduce his or her federal tax liability. However, actual individual tax results may vary and investors should consult their tax advisers regarding their personal tax situations.

Portfolio Management

Highland Capital Management Fund Advisors, L.P. serves as the investment adviser to the Fund and First Foundation Advisors serves as sub-adviser to the Fund. The portfolio manager for the Fund is:

Portfolio Manager	Portfolio Manager Experience in this Fund	Title with Sub-Adviser
John Hakopian	5 years	President

Purchase and Sale of Fund Shares

Purchase minimum (for Class A and Class C Shares) (reduced for certain accounts)

	By mail	By wire	Automatic
Initial Investment	$500	$1,000	$25
Subsequent Investments	$100	$1,000	$25

There is no program asset size or minimum investment requirements for initial and subsequent purchases of shares by eligible omnibus account investors.

Purchase minimum (for Class Y Shares) (eligible investors only)

Initial Investment	None
Subsequent Investments	None

Class Y Shares are available to investors who invest through programs or platforms maintained by an authorized financial intermediary.

Individual investors that invest directly with the Fund are not eligible to invest in Class Y Shares.

The Fund reserves the right to apply or waive investment minimums under certain circumstances as described in the Prospectus under the “Choosing a Share Class” section.

You may purchase shares of the Fund by mail, bank wire, electronic funds transfer or by telephone after you have opened an account with the Fund. You may obtain an account application from your financial intermediary, from the Fund by calling 1-877-665-1287 or from the Fund’s website at http://highlandfunds.com/literature.

In general, you may sell (redeem) all or part of your Fund shares on any business day through the following options:

- Through your Financial Intermediary
- By writing to Highland Funds II — Highland Fixed Income Fund, PO Box 219424, Kansas City, Missouri 64121-9424, or
- By calling DST Asset Manager Solutions, Inc. at 1-877-665-1287

Financial intermediaries may independently charge fees for shareholder transactions or for advisory services. Please see their materials for details.

Tax Information

The Fund intends to make distributions that generally will be taxable to you as ordinary income, qualified dividend income or capital gains, unless you are a tax-exempt investor or otherwise investing in the Fund through a tax-advantaged arrangement, such as a 401(k) plan or an individual retirement account. If you are investing in the Fund through a tax-advantaged arrangement, you may be taxed later upon withdrawals from that arrangement.

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

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