

SOCIALLY RESPONSIBLE EQUITY FUND

A: HPEAX C: HPECX Y: HPEYX¹

On October 28, 2020, the Board of Trustees (the "Board") of Highland Funds I (the "HFI") and Highland Funds II (the "HFII") unanimously approved an Agreement and Plan of Reorganization (the "Plan") for the reorganization of Highland Socially Responsible Fund (the "Acquired Fund") into NexPoint Merger Arbitrage Fund (the "Acquiring Fund," and together with the Acquired Fund, the "Funds"). Under the Plan, the Acquired Fund would be reorganized into the Acquiring Fund on or around January 15, 2021 (the "Closing Date"). Shareholders of record as of November 20, 2020, will be entitled to vote on the Plan. See Prospectus Supplement dated October 30, 2020 for additional information.

FUND FACTS

Inception Date (Class A)	12/31/1996
Fund Managers	James Dondero, CFA President, Co-Founder
	Mike Hurley, CMT Chief Market Strategist

SOCIALLY RESPONSIBLE EQUITY INVESTMENT

The Fund seeks to provide long-term growth of capital and future income rather than current income.

- The Fund seeks to achieve its investment objectives by investing at least 80% of its net assets under normal circumstances in equity securities which are contained in the MSCI KLD 400 Social Index
- The Adviser applies both fundamental and technical methods in selecting holdings, which includes evaluations based on growth, value, trend, and momentum
- Finally, the managers then use their proprietary market based analysis to hedge the portfolio when appropriate, in order to seek better risk-adjusted returns than the index across a market cycle

FEES & EXPENSES (%)

	Gross	Net
Class A	1.57	1.57
Class C	2.30	2.30
Class Y	1.25	1.25

TOP 5 EQUITY HOLDINGS (% OF NET ASSETS)

Microsoft Corp	9.1
NexPoint Merger Arbitrage	6.5
Alphabet Inc.	6.3
Facebook Inc.	4.2
Texas Instruments Inc.	4.1

TOTAL RETURN ANALYSIS (%)

AS OF 09/30/2020

SHARE CLASS/INDEX	Incept.	YTD	1-YR	3-YR	5-YR	10-YR	Since Incept.
Class A	12.31.96	-2.47	3.36	1.65	6.84	10.22	7.71
Class A (w/load)	12.31.96	-8.06	-2.60	-0.33	5.59	9.57	7.44
Class C	9.30.99	-2.92	2.61	0.90	6.05	9.40	4.65
Class C (w/load)	9.30.99	-3.90	1.61	0.90	6.05	9.40	4.65
Class Y	12.31.96	-2.29	3.54	1.90	7.11	11.50	7.98
S&P 500 ²		5.57	15.15	12.28	14.15	13.74	8.61
MSCI KLD 400 Social Index ²		8.02	17.64	13.36	14.72	13.76	8.90

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. Class C performance results shown exclude CDSC.

Note: Effective July 16, 2019 Highland Premier Growth Fund was renamed Highland Social Responsible Equity Fund. In addition to these changes, the Fund's investment strategies were revised and the Fund will invest at least 80% of its net assets in equity securities, such as common and preferred stocks, of socially responsible companies as defined in the MSCI KLD 400 Social Index. For more information, please view the Fund's prospectus at highlandfunds.com or call 877-665-287.

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 call 877.665.1287.

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.

RISK CONSIDERATIONS

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. **Currency Risk.** The risk that the values of foreign investments may be affected by changes in the currency rates or exchange control regulations. **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. **Diversification Risk.** Although the Fund is a diversified fund, it may invest in securities of a limited number of issuers in an effort to achieve a potentially greater investment return than a fund that invests in a larger number of issuers. As a result price movements of a single issuer's securities will have a greater impact on the Fund's net asset value, causing it to fluctuate more than that of a more diversified fund. **Foreign and Emerging Markets Risk.** The Fund may invest in foreign and emerging market securities which involves certain risks such as currency volatility, political and social instability and reduced market liquidity. **Growth Investing Risk.** The risk of investing in growth stocks that may be more volatile than other stocks because they are more sensitive to investor perceptions of the issuing companies growth potential. **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. **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. **Short Sales Risk.** The risk of short sales theoretically involves unlimited loss potential since the market price of securities sold short may continuously increase. **Socially Responsible Investment/ESG Risk** is the risk that, because the Fund invests primarily in companies which are constituents of social indices or are included in the Corporate Responsibility Magazine's List of 100 Best Corporate Citizens and excludes securities of certain issuers for non-investment reasons, the Fund may underperform the broader equity market or other funds that do not utilize socially responsible, ESG, or sustainability criteria when selecting investments. **Value Investing Risk** is the risk of investing in undervalued stocks that may not realize their perceived value for extended periods of time or may never realize their perceived value. Value stocks may respond differently to market and other developments than other types of stocks. Value-oriented funds will typically underperform when growth investing is in favor.

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. 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.

The **MSCI KLD 400 Social Index** is a capitalization weighted index of 400 US securities that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts.

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

²Prior to July 16, 2019, the Fund compared its performance to the S&P 500® Index. After this date, to better reflect the universe of investment opportunities based on the Fund's investment strategy, the Fund added the MSCI KLD 400 Social Index as the benchmark to which the Fund compares its performance.

Source: SEI

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

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE