Highland Global Allocation Fund

Performance Review

For the quarter ended September 30, 2021, the Highland Global Allocation Fund (the "Fund") experienced a total market price return of 2.56% and a total NAV return of 1.74%. The Fund's benchmark, the FTSE All World Index returned -0.96%.

Manager Discussion

The Fund's largest investment themes during the year included Utilities, Telecom, and Energy MLP's. Quarternorth Energy, Plymouth Opportunities REIT and NexPoint Residential Trust were among the largest contributors to the Fund's performance. The Fund's largest detractors included Energy MLPs and a single name short position.

TerreStar, the Fund's largest position, minimally contributed to performance during the quarter. Terrestar is a privately held, nationwide licensee of wireless spectrum, an asset that most people use every day. Spectrum is the radio frequency that carries all wireless communication signals. The Federal Communications Commission (the "FCC"), which has regulatory oversight in the space, administers spectrum for non-federal use. The FCC typically sells or assigns initial wireless spectrum licenses to market participants using an auction process. Access to spectrum may also be attained through the secondary market, which allows licensees like TerreStar to transfer, sell, or lease spectrum, in whole or in part.

We believe wireless spectrum assets, in general represent significant value, as they benefit from a favorable supply-demand dynamic: there is limited available spectrum capacity in low- and mid-tier bands; yet, demand is tied to exponential growth in wireless bandwidth usage from smartphones, HD video, data, and the Internet of Things, among other technology trends. Licenses of wireless spectrum are therefore valued on potential future "rents" derived from broadband communications against spectrum scarcity and future capacity.

These secular trends have led to attractive spectrum valuations in the broadband industry, illustrated by participants such as AT&T, Sprint, Dish Network ("Dish"), Verizon, and T-Mobile spending billions of dollars to secure licenses. A recent wireless spectrum auction in February 2021 closed with winning bids valued at $81 billion, with Verizon, AT&T and T-Mobile bidding approximately $45 billion, $23 billion, and $9 billion respectively.

TerreStar's value is derived from two spectrum assets: a license for 1.7 GHz band spectrum covering 11 of the top 30 U.S. markets and approximately 19% of the population; and a license for 1.4 GHz band for use in wireless medical telemetry ("WMTS"), with the ability to expand into other areas. Dish owns the license covering the remaining 1.7 GHz band spectrum. TerreStar's ownership of spectrum in key markets and with significant population coverage could make the company an attractive partner for other spectrum holders.

In 2020, TerreStar received a limited, conditional waiver from the U.S. Federal Communications Commission to allow it to offer its 1.4 GHz band spectrum for wireless medical telemetry services ("WMTS") applications, with the potential to deploy that spectrum more broadly if certain conditions are met. This approval is subject to TerreStar meeting a number of operational deployment milestones set by the FCC. This work is ongoing. We believe that once the required hospital WMTS buildout is finished and certification of completion and non-interference is filed, TerreStar will be granted flexible use (i.e. for non-WMTS) within 90 days, absent an affirmative finding that such additional service would cause harmful interference to WMTS.

In April 2021, it was reported that TerreStar Corp. hired a financial adviser to explore strategic alternatives for the 5G airwaves within its medical division. According to the report, TerreStar is weighing options to monetize the spectrum either by financing debt or going public through a merger with a special purpose acquisition company. It could also seek investment from a private equity firm or a large telecommunications company.

Vistra, the Fund's second largest holding, generated a -7.01% total return over the quarter. We believe the shares can provide a strong total return framework going forward as underlying fundamentals remain supportive and valuation is attractive. In August, Vistra announced its Q2 2021 financial results. Vistra delivered second quarter net income of $35 million from ongoing operations of $49 million. Ongoing operations adjusted EBITDA was $909 million, which excludes the impacts from Winter Storm Uri and was in-line with management expectations for the period. Include Uri impacts, second quarter ongoing operations adjusted EBITDA was $825 million. The company announced implementing post Uri activities including investing nearly $50 million in 2021 for enhanced weatherization of power generating units in the ERCOT market; adding additional dual fuel capabilities and gas storage; participating in processes with the PUCT and ERCOT to implement recent Texas legislation related to Uri, particularly registration and weatherization of critical gas and electric infrastructure; engaging in processes to evaluate potential market reforms; and implementing new risk management policies to further protect Vistra's future earnings and cash flows.

Top 5 Exposures[1,2] (% of Assets) (As of 9/30/21)

Investment	Equity	Debt	Total
Terrestar Corp.	20.4%	6.3%	26.7%
Vistra Corp.	11.0%	0.3%	11.3%
NexPoint Real Estate Finance	9.1%	-	9.1%
Energy Transfer L.P.	5.3%	-	5.3%
Argentine Sovereign Debt	-	3.8	3.8%

*As of 9/30 the Fund had a short exposure of -5.25% and -4.04% in the ProShares UltraPro QQQ and Netflix, respectively.

The Fund continues to maintain a large allocation to energy MLPs, which negatively contributed to performance during the quarter. MLPs (as measured by the Alerian MLP Index, "AMZ") returned -5.71% while the Alerian Midstream Energy Index ("AMNA", a proxy for broader midstream performance including C-Corps) returned -1.26%. We remain constructive on the long-term outlook for midstream energy. The US operates as a low-cost producer of oil and gas, which means that we expect US production volumes and export opportunities to rebound as the sector recovers from the impacts of the pandemic. The sector has undergone a significant transformation over the past several years towards a focus on shareholder returns, corporate simplification, returns on invested capital, and a reduction in leverage. We think this renewed focus on capital discipline combined with an improving fundamental backdrop should enable the sector to create value over time.

Annualized Returns (%)* As of 9/30/2021

	Incept.	YTD	1-Year	3-Year	5-Year	10-Year	Since Incept.
HGLB NAV	1.05.95	24.53	35.36	0.15	3.38	7.33	5.33
HGLB Market Price		50.14	65.10	-4.92	0.21	5.67	4.65
FTSE All World		11.48	27.94	13.05	13.70	12.49	7.50

*Comparison of fund returns to the FTSE All World may not be meaningful prior to the investment strategy change on April 9,2013.

Disclosures

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 Expense Cap expired on January 31, 2019.

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.

Note: Effective April 9, 2013, Highland Core America Equity Fund was renamed Highland Global Allocation Fund. At the same time, Highland Capital Management Fund Advisors, L.P. became the sole Adviser to the Fund and the Fund no longer utilizes a sub-adviser. In addition to these changes, the Fund's investment strategies were revised and the Fund will no longer invest at least 80% of its assets in domestic equity securities. For more information, please view the Fund's prospectus at highlandfunds.com or call 877.665.1287.

Effective on February 13, 2019, the Highland Global Allocation Fund converted from an open-end fund to a closed-end fund, and began trading on the NYSE under the symbol HGLB on February 19, 2019. The performance data presented above reflects that of Class Z shares of the Fund when it was an open-end fund, HCOYX. Month-end returns since March 2019 reflect market prices. The closed-end Fund pursues the same investment objective and strategy as it did before its conversion.

The information herein has been prepared by the Investment Adviser, is based upon unaudited information, and has not been independently audited or verified. This summary is for informational purposes only and is subject to change. This Fact Sheet contains information about prior investments made by the Adviser of the Fund. This information was prepared by the Adviser based on its experience in the industry and on assumptions of fact and opinion as to future events which the Adviser believed to be reasonable when made. There can be no assurance that the Adviser and/or the Fund will be as successful as these earlier investments. Prior investment returns are not indicative of future results. It should not be assumed that investment recommendations made in the future will be profitable or will equal the performance of the securities included herein.

Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset value, which may increase an investor's risk of loss. Net Asset Value (NAV) is total assets less total liabilities, which includes preferred shares, divided by the number of common shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV, and may be worth more or less than your original investment. For additional information, please contact your investment adviser or visit our website www.highlandfunds.com.

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE

RISK CONSIDERATIONS

Investment in an MLP. 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

Illiquid and Restricted Securities Risk Certain investments made by the Funds are, and others may be, illiquid, and consequently the Funds may not be able to sell such investments at prices that reflect the Investment Adviser's assessment of their value or the amount originally paid for such investments by the Funds. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. Furthermore, the nature of the Funds' investments, especially those in financially distressed companies, may require a long holding period prior to profitability. Restricted securities (i.e., securities acquired in private placement transactions) and illiquid securities may offer higher yields than comparable publicly traded securities. The Funds, however, may not be able to sell these securities when the Investment Adviser considers it desirable to do so or, to the extent they are sold privately, may have to sell them at less than the price of otherwise comparable securities. Restricted securities are subject to limitations on resale which can have an adverse effect on the price obtainable for such securities. Also, if in order to permit resale the securities are registered under the Securities Act at a Fund's expense, the Fund's expenses would be increased. A high percentage of illiquid securities in a Fund creates risk that such a Fund may not be able to redeem its shares without causing significant dilution to remaining shareholders. **Focused Investment Risk** is the risk that 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 widely diversified fund. **MLP Risk** is the risk of investing in MLP units, which involves some risks that differ from an investment in the equity securities of a company. The Fund currently holds and may in the future hold a significant investment in MLP units. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a remote possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP's partnership agreement, or to take other action under the partnership agreement of that MLP would constitute "control" of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. Additionally: • A sustained reduced demand for crude oil, natural gas and refined petroleum products could adversely affect MLP revenues and cash flows. • Changes in the regulatory environment could adversely affect the profitability of MLPs. Investments in MLP units also present special tax risks. See "MLP Tax Risk" in the prospectus. **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. Derivatives may involve leverage, as described in more detail below, and the Fund's exposure to derivatives may be significant on a notional basis even where the derivatives are not significant on a market value basis. **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 company's growth potential. **Leverage Risk.** The risk associated with the use of leverage for investment purposes to create opportunities for greater total returns. Any investment income or gains earned with respect to the amounts borrowed that are in excess of the interest that is due on the borrowing will augment the Fund's income. Conversely, if the investment performance with respect to the amounts borrowed fails to cover the interest on such borrowings, the value of the Fund's shares will decrease more quickly than would otherwise be the case. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for payment to Fund shareholders. **Value Investing Risk.** 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.

The FTSE All-World Index Series is the Large/Mid Cap aggregate of 2,800 stocks from the FTSE Global Equity Index Series. It covers 90-95% of the investable market capitalization. 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.

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.

1. Calculates as a percent of long market value, which may include investments purchased with borrowed assets. The Fund may borrow an amount up to 33 1/3% of its total assets (including the amount borrowed) less all liabilities other than borrowings. The Fund may borrow for investment purposes, to meet redemption requests and for temporary, extraordinary or emergency purposes. 2. Information shown does not take into account the notional exposure of any derivative positions. Does not take into account short positions