

NexPoint Real Estate Strategies Fund

We continue to spend an enormous amount of time, energy, and effort in constructing a strategy that we believe provides investors unique access to the real estate sector while strategically allocating capital in a thoughtful, forward-thinking manner throughout the entire real estate cycle. We aim to achieve four primary objectives: to provide (i) current income, (ii) long-term total return, (iii) lower correlation to the equity markets and consistently outperform the MSCI US REIT Index, and (iv) minimize drawdowns during market downturns while maximizing risk-adjusted returns. Our investment philosophy employs a “hands on” approach whereby each step of the investment process is performed in-house by an investment team that is active in all facets of the real estate capital markets. As a result, we believe we can identify and effectively exploit the arbitrage between public and private real estate values.

The war in Ukraine and the unprecedented rise in real interest rates as the Federal Reserve began tightening monetary policy to curb widespread inflation led to the second worst year on record after 2008, with REITs posting a negative 24.51% return vs negative 18.13% return for the S&P 500. NexPoint Real Estate Strategies Class Z shares posted a total return of 1.34% during 2022, besting the MSCI US REIT Index, the Fund’s primary benchmark, by 25.85%. The Class Z shares also bested the S&P 500 total return by 19.47%. Cumulatively, since inception in July 2016, NexPoint Real Estate Strategies Class Z shares returned 64.14%, outperforming the MSCI US REIT Index by 48.27%.

We believe the market is still focused on supply-chain issues, geopolitical tensions and inflationary concerns, all of which could lead to continued headwinds for the commercial real estate sector. While we believe inflationary pressures have begun easing, geopolitical uncertainties and capital looking for safe investments could keep real estate values for certain asset types stable. We remain positive on companies who focus on assets located in high-growth job markets with short duration lease terms which we believe will outperform in a rising interest rate environment.

We believe our ability to leverage information from being both an owner-operator and lender to commercial real estate investments allows us to find relative value throughout the capital stack with the goal of delivering higher than average risk-adjusted returns. We will continue to seek to take advantage of market dislocations and be tactical in our investment decisions by shifting the portfolio’s asset-mix based upon where we believe we are in the real estate cycle.

We want to thank you for your support, and we will continue to work diligently to create value for our shareholders.

RETURNS (AS OF 12/31/2022)					
SHARE CLASS/ INDEX	YTD	1-YR	3-YR	5-YR	Since Incept.*
Class A	1.06	1.06	7.79	6.97	7.45
Class A (w/load)	-4.75	-4.75	5.69	5.71	6.47
Class C	0.22	0.22	7.02	6.29	6.84
Class Z	1.34	1.34	8.05	7.32	7.80

* Since Inception in July 1, 2016

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 833-697-7253.

Before investing in the Fund, you should carefully consider the Fund’s investment objectives, risks, charges and expenses. For a copy of a prospectus which contains this and other information, please visit our website at www.nexpoint.com or call 1-833-697-7253. Please read the fund prospectus carefully before investing.

Risks and Disclosures

Investing in our shares may be considered speculative and involves a high degree of risk, including the risk of a substantial loss of investment. See the "Risk Factors" section of our prospectus to read about the risks you should consider before buying our shares including the risk of leverage. Some of the risks relating to your investment in our shares include the following:

Investors should understand that:

- the Fund does not currently intend to list its shares on any securities exchange;
- there is no secondary market for the Fund's shares, and the Fund does not expect that such a market will develop at this time; and
- your investment in the Fund will be illiquid.

Before investing, you should therefore consider the following factors:

- You may not have access to the money you invest for an extended period of time;
- You may not be able to sell your shares at the time of your choosing regardless of how the Fund performs.
- Because you may not be able to sell your shares at the time of your choosing, you may not be able to reduce your exposure in a market downturn.
- An investment in the Fund may not be suitable for investors who may need the money they invested in a specified timeframe.
- The amount of distributions that the Fund may pay, if any, is uncertain.
- The Fund may pay distributions in significant part from sources that may not be available in the future and that are unrelated to the Fund's performance, such as from offering proceeds, borrowings, and amounts from the Fund's affiliates that are subject to repayment by investors. All or a portion of a distribution may consist of a return of capital. Because a return of capital may reduce a shareholder's tax basis, it will increase the amount of gain or decrease the amount of loss on a subsequent disposition of the shareholder's shares.
- The Fund has implemented a share repurchase program, but it is only required to repurchase up to 5% of its outstanding shares per quarter. In the event a repurchase offer is oversubscribed, the Fund may not repurchase all of the shares tendered but will repurchase shares tendered on a pro rata basis, and no assurance can be given that the Fund will repurchase all of a shareholder's tendered shares over any period. In addition, the Fund may in the future determine to list its shares on a public securities exchange, but even if an active secondary market in the Fund's shares were to develop as a result, closed-end fund shares frequently trade at a discount from their NAV. Investing in the Fund involves a considerable degree of risk.
- The Fund is a closed-end investment company structured as an "interval fund" and designed for long-term investors. Unlike many closed-end investment companies, the Fund's shares are not listed on any securities exchange and are not publicly traded. There is currently no secondary market for the shares and the Fund expects that no secondary market will develop. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 5% of the shares outstanding at NAV. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. The Fund's investments are also subject to liquidity risk.

General Real Estate Risks. The Fund will be subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions (including the availability of excess supply of properties relative to demand), changes in the availability of debt financing, credit risk arising from the financial condition of tenants, buyers, and sellers of properties, geographic or market concentration, competition from other space, and various other risks. The Company or its subsidiary entities will incur the burdens of ownership of real property, which include paying expenses and taxes, maintaining the investments, and ultimately disposing of the Portfolio. The possibility of partial or total loss of capital will exist, and prospective Investors should not subscribe unless they can readily bear the consequences of such loss.

Definitions: **The MSCI US REIT Index** is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI) its parent index, which captures large, mid and small caps securities. **The S&P 500 Index** is an index of a basket of 500 stocks designed to provide a broad snapshot of the overall U.S. equity market. Criteria for inclusion: U.S. Company, market capitalization must be in excess of US\$ 3 billion, public float of at least 50%, financial viability, adequate liquidity and reasonable price, sector balance, and company type. Ordinary cash dividends are applied on the ex-date in calculating the total return series. "Special dividends" are those dividends that are outside of the normal payment pattern established historically by the issuing corporation. The total return index series reflect both ordinary and special dividends.

An interval fund is a type of investment company that is legally classified as a closed-end fund, but is different from traditional closed-end funds in that their shares typically do not trade on the secondary market and they are permitted to continuously offer their shares at a price based on the Fund's net asset value.

An interval fund periodically offers to buy back, or "repurchase," a stated portion of its shares from shareholders at a price based on net asset value, generally on a quarterly basis, as disclosed in the Fund's prospectus and annual report. The interval fund will periodically notify its shareholders of the upcoming repurchase dates, and specify a date by which shareholders must accept the repurchase offer. Shareholders are not required to accept these offers and sell their shares back to the Fund. The actual repurchase will occur at a later, specified date.