

## 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) seeks to 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 the capital markets, real estate markets and private market. As a result, we believe we can identify and effectively exploit the arbitrage between public and private real estate values. Not only do we believe that our style and approach provide greater control, transparency, and efficiencies, but we firmly believe it is the superior method in running an actively managed, real estate focused interval fund.

Real Estate Investment Trusts (“REITs”) posted a total return, as measured by the MSCI US REIT Index (RMZ), of -7.51% for the 2020 calendar year. There was large performance disconnect in the major real estate verticals as hospitality, office, and malls had one of their worst performing years of recent memory while single-family rental, industrial, and data centers were a bright spot in a very murky real estate landscape due the on-going COVID-19 pandemic. NexPoint Real Estate Strategies Class Z shares returned -12.75% during 2020, lagging the MSCI US REIT Index, the Fund’s primary benchmark, by approximately 6.00%. Since inception in July 2016, NexPoint Real Estate Strategies Class Z shares returned 10.59%, slightly underperforming the MSCI US REIT Index by 1.09%.

Looking ahead, with the continued effort of an effective vaccination rollout across the country, the push for extensive government intervention and assistance in the form of stimulus checks for Americans and programs for continued relief to small businesses, we remain confident this will act as a direct catalyst to economic recovery in 2021. 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 as unemployment continues to dramatically improve. Since the Fund’s inception in July 2016, there have been significant opportunities in the public real estate market for several key reasons. First, continued volatility, the byproduct of interest rate sensitivity and macroeconomic events (pandemic, political climate, trade wars, etc.), has led generalist investors to sell real estate assets, along with traditional sectors, creating attractive valuations within REITs. Finally, with our experience, and ability, in investing throughout the entire capital structure, we believe we are able to find attractive risk return profiles on a relative basis within real estate assets and sectors. Due to these factors, we believe we were able to exploit idiosyncratic dislocations and allocate capital to undervalued, mispriced securities. We have also continued to make concentrated debt investments in proprietary, or unique, real estate deals that we believe are more insulated from systematic risk. We believe these themes will continue to exist in 2021, thereby creating similar opportunities for active managers. 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.

# Disclosures

RETURNS				
Share Class	YTD	1-YR	3-YR	ITD
Class A	-14.60%	-14.60%	-1.52%	1.83%
Class A (w/load)	-19.50%	-19.50%	-3.45%	0.48%
Class C	-15.87%	-15.87%	-2.05%	1.35%
Class Z	-14.44%	-14.44%	-1.15%	2.26%

**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](http://www.nexpoint.com) or call 1-833-697-7253. Please read the fund prospectus carefully before investing.

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.

**\*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.

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.