

Capital Gains Estimates for 2022

A fund's capital gains distributions are taxable to shareholders even if they are paid from gains earned by a Fund prior to the shareholder's investment and thus were included in the price paid for the shares.

For example, a shareholder who purchases shares on or just before the record date of a Fund distribution will pay full price for the shares and may receive a portion of his or her investment back as a taxable distribution.

The following are estimates for the upcoming year-end capital gains distributions to be made by NexPoint Asset Management L.P. **Please note that these estimates are for informational purposes only and may be subject to revisions.**

2022: NexPoint Funds Capital Gains Estimate

There are no estimated capital for any NexPoint Fund managed by NexPoint Asset Management, L.P for 2022.

Additionally, although the NexPoint Merger Arbitrage Fund does not expect to have a capital gain it will pay a quarterly distribution of 1.25% in accordance with the Fund's distribution policy to pay quarterly distributions at an annual rate equal to 5.0% of the Fund's net asset per share. Below are the relevant dates for the Q4 distribution:

Record Date: December 20, 2022

Ex-Date: December 21, 2022

Pay Date: December 22, 2022

The tax information provided is for informational purposes only and should not be construed as legal or tax advice. Consult an attorney or tax professional regarding your specific legal or tax situation.

Before investing, you should carefully consider the fund's investment objectives, risks, charges and expense. 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.