

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name  Highland Global Allocation Fund		<b>2</b> Issuer's employer identification number (EIN)  91-6361402	
<b>3</b> Name of contact for additional information  Highland Funds	<b>4</b> Telephone No. of contact  1-877-665-1287	<b>5</b> Email address of contact  Info@HighlandFunds.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  200 Crescent Court, Suite 700		<b>7</b> City, town, or post office, state, and Zip code of contact  Dallas, TX 75201	
<b>8</b> Date of action  09/30/2016		<b>9</b> Classification and description  Non-Dividend Distributions Paid in 2016	
<b>10</b> CUSIP number  See Attachment	<b>11</b> Serial number(s)  N/A	<b>12</b> Ticker symbol  See Attachment	<b>13</b> Account number(s)  N/A

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► Highland Global Allocation Fund paid non-taxable Return of Capital distributions to its shareholders per the attached schedule.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► The amount of non-taxable Return of Capital, on the attached schedule, represents an adjustment in the shareholders' tax basis in their shares held.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The tax basis of the shareholders' shares is decreased by the per share amount of non-taxable Return of Capital, on the attached schedule, multiplied by the number of shares the shareholder owns.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Pursuant to IRC Sec. 301(c)(1), the portion of a distribution, which is a dividend (as defined in IRC Sec. 316), is includible in gross income. Pursuant to IRC Sec. 301(c)(2), the portion of a distribution, which is not a dividend, shall be applied against and reduce the adjusted tax basis of the stock.

**18** Can any resulting loss be recognized? ▶ No loss will be recognized as a result of any non-taxable Return of Capital. A loss may be realized upon the disposition of shares.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Pursuant to IRC SEC. 6045, brokers are required to reflect these adjustments in cost basis reporting for covered securities. If a broker is not required to provide cost basis to a particular shareholder, the cost basis of the shareholder's shares should be adjusted as of the distribution date to reflect the Return of Capital described above. The final amount of taxable dividends and non-taxable Return of Capital (I.E. non-dividend distributions) will be reported to shareholders on their 2016 Form 1099-DIV.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶

Date ▶ 2/2/2017

Print your name ▶ BRIAN MITTS

Title ▶ TREASURER

Paid Preparer Use Only

Print/Type preparer's name

Peter Garrity

Preparer's signature

Date

Check ☐ if self-employed

PTIN

P01063407

Firm's name ▶ State Street Corporation

Firm's EIN ▶

04-1867445

Firm's address ▶ One Iron Street, Boston, MA 02210

Phone no.

617-662-3975

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Highland Global Allocation Fund  
Form 8937 Appendix A  
FYE: September 30, 2016  
EIN: 91-6361402

2016 Distributions - Class A

Share Class	Part 1, Box 10	Part 1, Box 12	Part II, Boxes 14, 15, 16					
	CUSIP Number	Ticker Symbol	Record Date	Ex Date	Payable Date	Per Share Distribution	Per Share Return of Capital	Per share Taxable Dividend
Class A	43090E605	HCOAX	3/23/2016	3/24/2016	3/24/2016	0.165741000	0.012153395	0.153587605
Class A	43090E605	HCOAX	6/23/2016	6/24/2016	6/24/2016	0.174456000	0.012792445	0.161663555
Class A	43090E605	HCOAX	9/23/2016	9/26/2016	9/26/2016	0.200891000	0.014730861	0.186160139

2016 Distributions - Class C

Share Class	Part 1, Box 10	Part 1, Box 12	Part II, Boxes 14, 15, 16					
	CUSIP Number	Ticker Symbol	Record Date	Ex Date	Payable Date	Per Share Distribution	Per Share Return of Capital	Per share Taxable Dividend
Class C	43090E803	HCOCX	3/23/2016	3/24/2016	3/24/2016	0.155127000	0.011375096	0.143751904
Class C	43090E803	HCOCX	6/23/2016	6/24/2016	6/24/2016	0.161070000	0.011810882	0.149259118
Class C	43090E803	HCOCX	9/23/2016	9/26/2016	9/26/2016	0.186142000	0.013649352	0.172492648

2016 Distributions - Class Y

Share Class	Part 1, Box 10	Part 1, Box 12	Part II, Boxes 14, 15, 16					
	CUSIP Number	Ticker Symbol	Record Date	Ex Date	Payable Date	Per Share Distribution	Per Share Return of Capital	Per share Taxable Dividend
Class Y	43090E878	HCOYX	3/23/2016	3/24/2016	3/24/2016	0.169726000	0.012445606	0.157280394
Class Y	43090E878	HCOYX	6/23/2016	6/24/2016	6/24/2016	0.179621000	0.013171183	0.166449817
Class Y	43090E878	HCOYX	9/23/2016	9/26/2016	9/26/2016	0.206550000	0.015145822	0.191404178