

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Highland Fixed Income Fund		06-1357782	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Highland Funds	1-877-665-1287	Info@HighlandFunds.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
200 Crescent Court, Suite 700		Dallas, TX 75201	
8 Date of action		9 Classification and description	
09/30/2017		Non-Dividend Distributions Paid in 2017	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See Attachment	N/A	See Attachment	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 Fixed Income 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 the 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.

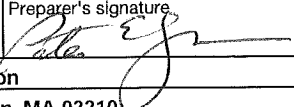
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Pursuant to IRC Sec. 6045, brokers are required to reflect these adjustments in cost basis reporting for covered securities. If a broker is not required to provide cost basis to a particular shareholder, 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 2017 Form 1099-DIV.

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.

Sign Here

Signature ▶ _____ Date ▶ _____

Print your name ▶ _____ Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Peter Garrity		11/6/17		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

Highland Fixed Income Fund
 Form 8937 Appendix A
 FYE: September 30, 2017
 EIN: 06-1357782

2017 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	43090E647	HFBA	Daily	Daily	01/31/17	0.024796909	0.002407373	0.022389536
Class A	43090E647	HFBA	Daily	Daily	02/28/17	0.027659310	0.002685265	0.024974045
Class A	43090E647	HFBA	Daily	Daily	03/31/17	0.027954516	0.002713925	0.025240591
Class A	43090E647	HFBA	Daily	Daily	04/28/17	0.025240006	0.002450391	0.022789615
Class A	43090E647	HFBA	Daily	Daily	05/31/17	0.028800852	0.002796090	0.026004762
Class A	43090E647	HFBA	Daily	Daily	06/30/17	0.029963171	0.002908933	0.027054238
Class A	43090E647	HFBA	Daily	Daily	07/31/17	0.026336334	0.002556826	0.023779508
Class A	43090E647	HFBA	Daily	Daily	08/31/17	0.028408295	0.002757980	0.025650315
Class A	43090E647	HFBA	Daily	Daily	09/29/17	0.029197776	0.002834625	0.026363151

2017 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	43090E621	HFBC	Daily	Daily	01/31/17	0.016666245	0.001618019	0.015048226
Class C	43090E621	HFBC	Daily	Daily	02/28/17	0.020399144	0.001980422	0.018418722
Class C	43090E621	HFBC	Daily	Daily	03/31/17	0.019849860	0.001927096	0.017922764
Class C	43090E621	HFBC	Daily	Daily	04/28/17	0.017311054	0.001680619	0.015630435
Class C	43090E621	HFBC	Daily	Daily	05/31/17	0.020531438	0.001993266	0.018538172
Class C	43090E621	HFBC	Daily	Daily	06/30/17	0.021991628	0.002135026	0.019856602
Class C	43090E621	HFBC	Daily	Daily	07/31/17	0.018356683	0.001782133	0.016574550
Class C	43090E621	HFBC	Daily	Daily	08/31/17	0.020170059	0.001958182	0.018211877
Class C	43090E621	HFBC	Daily	Daily	09/29/17	0.021252397	0.002063259	0.019189138

Highland Fixed Income Fund
 Form 8937 Appendix A
 FYE: September 30, 2017
 EIN: 06-1357782

2017 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	43090E597	HFBYX	Daily	Daily	01/31/17	0.027504470	0.002670233	0.024834237
Class Y	43090E597	HFBYX	Daily	Daily	02/28/17	0.030111686	0.002923351	0.027188335
Class Y	43090E597	HFBYX	Daily	Daily	03/31/17	0.030686743	0.002979179	0.027707564
Class Y	43090E597	HFBYX	Daily	Daily	04/28/17	0.027873713	0.002706080	0.025167633
Class Y	43090E597	HFBYX	Daily	Daily	05/31/17	0.031527313	0.003060785	0.028466528
Class Y	43090E597	HFBYX	Daily	Daily	06/30/17	0.032610555	0.003165950	0.029444605
Class Y	43090E597	HFBYX	Daily	Daily	07/31/17	0.028987904	0.002814250	0.026173654
Class Y	43090E597	HFBYX	Daily	Daily	08/31/17	0.031150881	0.003024240	0.028126641
Class Y	43090E597	HFBYX	Daily	Daily	09/29/17	0.031849778	0.003092091	0.028757687