

NPORT-EX 2 Highland_GAF_Schedule_F.htm SCHEDULE F
INVESTMENT PORTFOLIO (unaudited)

As of June 30, 2024

Highland Global Allocation Fund

<u>Shares</u>		<u>Value (\$)</u>
U.S. Equity — 47.4%		
Communication Services — 21.9%		
	MidWave Wireless, Inc. (fka	
169,531	Terrestar Corp.) (a)(b)(c)(d)(e)	55,167,083
189,945	Telesat (e)(f)	1,728,499
		<u>56,895,582</u>
Energy — 1.7%		
357,484	Talos Energy, Inc. (e)	4,343,431
		<u>4,343,431</u>
Financials — 0.4%		
100,000	TXSE Group, Inc. (a)(b)(e)	1,000,000
		<u>1,000,000</u>
Healthcare — 0.4%		
232,800	Heron Therapeutics, Inc. (e)(f)	814,800
17,200	Patterson (f)	414,864
		<u>1,229,664</u>
Materials — 1.4%		
730,484	MPM Holdings, Inc. (d)(e)	3,652,420
		<u>3,652,420</u>
Real Estate — 21.6%		
	Alexandria Real Estate Equities,	
56,000	REIT (f)	6,550,320
8,055	City Office, REIT (f)	40,114
1,147,062	GAF REIT (a)(b)(c)(e)	12,936,945
	NexPoint Diversified Real Estate	
573,554	Trust, REIT (c)(f)	3,171,754
	NexPoint Real Estate Finance, Inc.,	
901,385	REIT (c)(f)	12,367,007
	NexPoint Residential Trust, Inc.,	
180,761	REIT (c)(f)	7,141,867
417,500	Seritage Growth Properties (e)(f)	1,949,725
	United Development Funding IV,	
280,000	REIT, REIT (a)(b)	173,320
875,255	Whitestone, REIT, Class B (f)	11,649,644
		<u>55,980,696</u>
	Total U.S. Equity	
	(Cost \$128,109,960)	<u>123,101,793</u>

Principal Amount (\$)

U.S. Senior Loans (g) — 14.1%		
Communication Services — 9.4%		
	MidWave Wireless, Inc. (fka	
	Terrestar Corp.) Term Loan A, 1st	
	Lien, cash/0% PIK 02/27/28 (a)	
24,528,643	(b)(c)	24,474,680
Real Estate — 4.7%		
	NexPoint SFR Operating	
	Partnership L.P., 05/24/27 (a)(b)	
5,000,000	(c)	4,850,000
	NHT Operating Partnership LLC	
	Convertible Promissory Note,	
8,500,000	02/22/27 (a)(b)(c)	7,348,250
		<u>12,198,250</u>

<u>Shares</u>		<u>Value (\$)</u>
Non-U.S. Equity (continued)		
Consumer Discretionary — 1.9%		
3,000	MercadoLibre, Inc. (e)(f)(h)	4,930,200
Energy — 3.3%		
65,800	Targa Resources (f)(h)	8,473,724
121	Transocean (e)(f)(h)	648
		<u>8,474,372</u>
Financials — 0.1%		
24,300	Grupo Supervielle ADR (f)(h)	164,754
3,995	StoneCo, Class A (e)(f)(h)	47,900
		<u>212,654</u>
Healthcare — 0.0%		
10,445	HLS Therapeutics Inc. (e)(h)	25,590
Industrials — 0.4%		
60,593	GL Events (h)	1,082,197
Utilities — 4.1%		
202,250	Central Puerto ADR (f)(h)	1,834,407
67,700	Pampa Energia ADR (e)(f)(h)	2,996,402
66,500	Vistra Corp. (f)(h)	5,717,670
		<u>10,548,479</u>
	Total Non-U.S. Equity	
	(Cost \$13,858,406)	<u>25,391,331</u>
U.S. Master Limited Partnerships — 9.2%		
Energy — 9.2%		
1,127,440	Energy Transfer L.P. (f)	18,287,077
139,050	Western Midstream Partners L.P. (f)	5,524,457
	Total U.S. Master Limited	
	Partnerships	
	(Cost \$21,741,958)	<u>23,811,534</u>
U.S. LLC Interest — 8.9%		
Real Estate — 8.9%		
349	GAF REIT Sub II, LLC (a)(b)(c)(e)	8,460,993
156,528	GAF REIT Sub III, LLC (a)(b)(c)(e)	11,146,971
3,789,008	SFR WLIF III, LLC (a)(b)(c)	3,410,866
	Total U.S. LLC Interest	
	(Cost \$24,175,570)	<u>23,018,830</u>
U.S. Registered Investment Companies — 5.8%		
	Highland Opportunities and Income	
334,005	Fund (c)(f)	2,087,531
	NexPoint Event Driven Fund, Class Z	
724,799	(c)	11,691,004
	NexPoint Merger Arbitrage Fund,	
58,598	Class Z (c)	1,154,964
	Total U.S. Registered Investment	
	Companies	
	(Cost \$15,676,922)	<u>14,933,499</u>

Total U.S. Senior Loans	
(Cost \$38,020,784)	<u>36,672,930</u>

Shares

Non-U.S. Equity — 9.8%

Communication Services — 0.0%

77,866	Grupo Clarin, Class B (e)(h)	<u>117,839</u>
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INVESTMENT PORTFOLIO (unaudited)(continued)**As of June 30, 2024****Highland Global Allocation Fund**

<u>Principal Amount (\$)</u>		<u>Value (\$)</u>
Non-U.S. Sovereign Bonds — 4.4%		
	Argentine Republic Government International Bond	
90,699	1.00%, (05/15/2024) (h)	52,152
29,000,000	3.50%, (05/15/2024)(h)(i)	11,357,704
	Total Non-U.S. Sovereign Bonds	
	(Cost \$16,956,867)	11,409,856
U.S. Preferred Stock — 3.6%		
Financials — 0.8%		
25,000	First Horizon (f)(j)	613,750
89,000	Western Alliance Bancorp (f)(j)	1,606,450
		2,220,200
Healthcare — 1.5%		
202,684	Apnimed, Series C-1 (a)(b)(e)(j)	2,466,664
108,098	Apnimed, Series C-2 (a)(b)(e)(j)	1,392,302
		3,858,966
Real Estate — 1.3%		
239,774	Braemar Hotels & Resorts, Inc. (e)(j)	3,083,494
	NexPoint Diversified Real Estate	
13,831	Trust, REIT (c)(f)(j)	202,624
		3,286,118
	Total U.S. Preferred Stock	
	(Cost \$7,972,655)	9,365,284
Non-U.S. Registered Investment Company — 1.3%		
	BB Votorantim Highland	
10,000	Infrastructure, LLC (a)(b)(c)	3,446,530
	Total Non-U.S. Registered Investment Company	
	(Cost \$4,574,500)	3,446,530
Non-U.S. Master Limited Partnership — 0.9%		
Energy — 0.9%		
	Enterprise Products Partners L.P. (f)	
78,631	(h)	2,278,726
	Total Non-U.S. Master Limited Partnership	
	(Cost \$2,151,846)	2,278,726
Principal Amount (\$)		
U.S. Corporate Bonds & Notes — 0.2%		
Communication Services — 0.2%		
	iHeartCommunications, Inc.	
320,615	6.38%, 05/01/26 (f)	249,627
584,493	8.38%, 05/01/27 (f)	216,690
	Total U.S. Corporate Bonds & Notes	
	(Cost \$1,313,965)	466,317

<u>Principal Amount (\$)</u>		<u>Value (\$)</u>
U.S. Asset-Backed Security — 0.1%		
	CFCRE Commercial Mortgage Trust, Series 2017-C8, Class D 3.00%, (05/15/2024)	191,829
	Total U.S. Asset-Backed Security (Cost \$225,684)	191,829
Units		
U.S. Rights — 0.1%		
Healthcare — 0.1%		
2,156,000	Paratek Pharmaceuticals (a)(b)(e)	172,480
	Total U.S. Rights (Cost \$—)	172,480
Non-U.S. Warrants — 0.0%		
Communication Services — 0.0%		
	iHeartCommunications, Inc., Expires	
1,109	05/01/2039(e)(h)	970
		970
Industrials — 0.0%		
	American Airlines Group, Inc., Expires (a)(b)(e)(h)	—
1,260,362		—
	Total Non-U.S. Warrants (Cost \$23,084)	970
Principal Amount (\$)		
U.S. Repurchase Agreement — 0.0%		
12	Daiwa Capital Markets 5.350%, dated 06/28/2024 to be repurchased on 07/01/2024, repurchase price \$12 (collateralized by U.S. Government obligations, ranging in par value \$0 - \$1, 0.000% - 7.500%, 07/11/2024 - 07/01/2054; with total market value \$12)(k)(l)	12
	Total U.S. Repurchase Agreement (Cost \$12)	12
Total Investments -105.8%		
(Cost \$274,802,213)		274,261,921

INVESTMENT PORTFOLIO (unaudited)(concluded)**As of June 30, 2024****Highland Global Allocation Fund**

<u>Shares</u>	<u>Value (\$)</u>
Securities Sold Short— (3.7)%	
U.S. Exchange-Traded Fund — (0.8)%	
(9,610) iShares Russell 2000 ETF	<u>(1,949,773)</u>
Total U.S. Exchange-Traded Fund (Proceeds \$2,000,747)	<u>(1,949,773)</u>
U.S. Equity — (2.9)%	
Communication Services — (2.6)%	
(9,952) Netflix, Inc. (m)	<u>(6,716,406)</u>
Consumer Staples — (0.3)%	
(4,000) WD-40 Co.	<u>(878,560)</u>
Total U.S. Equity (Proceeds \$1,665,944)	<u>(7,594,966)</u>
Total Securities Sold Short- (3.7)% (Proceeds \$3,666,691)	<u>(9,544,739)</u>
Other Assets & Liabilities, Net - (2.1)%(n)	<u>(5,350,268)</u>
Net Assets - 100.0%	<u>259,366,914</u>

- (a) Securities with a total aggregate value of \$136,447,084, or 52.6% of net assets, were classified as Level 3 within the three-tier fair value hierarchy. Please see Notes to Investment Portfolio for an explanation of this hierarchy, as well as a list of unobservable inputs used in the valuation of these instruments.
- (b) Represents fair value as determined by the Investment Adviser pursuant to the policies and procedures approved by the Board of Trustees (the “Board”). The Board has designated the Investment Adviser as “valuation designee” for the Fund pursuant to Rule 2a-5 of the Investment Company Act of 1940, as amended. The Investment Adviser considers fair valued securities to be securities for which market quotations are not readily available and these securities may be valued using a combination of observable and unobservable inputs. Securities with a total aggregate value of \$136,447,084, or 52.6% of net assets, were fair valued under the Fund’s valuation procedures as of June 30, 2024. Please see Notes to Investment Portfolio.
- (c) Affiliated issuer. Assets with a total aggregate fair value of \$169,059,069, or 65.2% of net assets, were affiliated with the Fund as of June 30, 2024.
- (d) Restricted Securities. These securities are not registered and may not be sold to the public. There are legal and/or contractual restrictions on resale. The Fund does not have the right to demand that such securities be registered. The values of these securities are determined by valuations provided by pricing services, brokers, dealers, market makers, or in good faith under the policies and procedures established by the Board. Additional Information regarding such securities follows:

- (g) Senior loans (also called bank loans, leveraged loans, or floating rate loans) in which the Fund invests generally pay interest at rates which are periodically determined by reference to a base lending rate plus a spread (unless otherwise identified, all senior loans carry a variable rate of interest). These base lending rates are generally (i) the Prime Rate offered by one or more major United States banks, (ii) the lending rate offered by one or more European banks such as the Secured Overnight Financing Rate (“SOFR”) or (iii) the Certificate of Deposit rate. As of June 30, 2024, the SOFR 1 Month and SOFR 3 Month rates were 5.33% and 5.32%, respectively. Senior loans, while exempt from registration under the Securities Act of 1933, as amended (the “1933 Act”), contain certain restrictions on resale and cannot be sold publicly. Senior secured floating rate loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity maybe substantially less than the stated maturity shown.
- (h) As described in the Fund’s prospectus, a company is considered to be a non-U.S. issuer if the company’s securities principally trade on a market outside of the United States, the company derives a majority of its revenues or profits outside of the United States, the company is not organized in the United States, or the company is significantly exposed to the economic fortunes and risks of regions outside the United States.
- (i) Step Coupon Security. Coupon rate will either increase (step-up bond) or decrease (step-down bond) at regular intervals until maturity. Interest rate shown reflects the rate currently in effect.
- (j) Perpetual security with no stated maturity date.
- (k) Tri-Party Repurchase Agreement.
- (l) This security was purchased with cash collateral held from securities on loan. The total value of such securities as of June 30, 2024 was \$12.
- (m) No dividend payable on security sold short.
- (n) As of June 30, 2024, \$9,541,239 in cash was segregated or on deposit with the brokers to cover investments sold short and is included in “Other Assets & Liabilities, Net”.

<u>Restricted Security</u>	<u>Security Type</u>	<u>Acquisition Date</u>	<u>Cost of Security</u>	<u>Fair Value at Period End</u>	<u>Percent of Net Assets</u>
MidWave Wireless, Inc. (fka Terrestar Corp.)	U.S. Equity	11/14/2014	\$48,015,561	\$ 55,167,083	21.3%
MPM Holdings, Inc.	U.S. Equity	5/15/2019	\$ —	\$ 3,652,420	1.4%

- (e) Non-income producing security.
- (f) All or part of this security is pledged as collateral for short sales. The fair value of the securities pledged as collateral was \$ 92,139,725.

GLOSSARY: (abbreviations that may be used in the preceding statements) (Unaudited)**Other Abbreviations:**

ADR American Depositary Receipt

LLC Limited Liability Company

L.P. Limited Partnership

PIK Payment-in-Kind

REIT Real Estate Investment Trust

NOTES TO INVESTMENT PORTFOLIO (unaudited)

As of June 30, 2024

Highland Global Allocation Fund

Organization

NexPoint Funds II (the “Trust”) is a Massachusetts business trust organized on August 10, 1992. The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a closed-end management investment company. It comprises two portfolios (collectively the “Funds”) that are currently being offered. This report covers information for the period ended June 30, 2024 for Highland Global Allocation Fund (the “Fund”). NexPoint Climate Tech Fund is reported separately.

Valuation of Investments

Pursuant to Rule 2a-5 under the 1940 Act, the Board has designated NexPoint as the Fund’s valuation designee to perform the fair valuation determination for securities and other assets held by the Fund. NexPoint acting through its “Valuation Committee,” is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of NexPoint and certain of NexPoint’s affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is subject to Board oversight and certain reporting and other requirements intended to provide the Board the information it needs to oversee NexPoint’s fair value determinations.

The Fund’s investments are recorded at fair value. In computing the Fund’s net assets attributable to shares, securities with readily available market quotations on the New York Stock Exchange (“NYSE”), National Association of Securities Dealers Automated Quotation (“NASDAQ”) or other nationally recognized exchange, use the closing quotations on the respective exchange for valuation of those securities. Securities for which there are no readily available market quotations will be valued pursuant to policies established by NexPoint and approved by the Fund’s Board. Typically, such securities will be valued at the mean between the most recently quoted bid and ask prices provided by the principal market makers. If there is more than one such principal market maker, the value shall be the average of such means. Securities without a sale price or quotations from principal market makers on the valuation day may be priced by an independent pricing service. Generally, the Fund’s loan and bond positions are not traded on exchanges and consequently are valued based on a mean of the bid and ask price from the third-party pricing services or broker-dealer sources that the Investment Adviser has determined to have the capability to provide appropriate pricing services.

Securities for which market quotations are not readily available, or for which the Fund has determined that the price received from a pricing service or broker-dealer is “stale” or otherwise does not represent fair value (such as when events materially affecting the value of securities occur between the time when market price is determined and calculation of the Fund’s NAV) will be valued by the Fund at fair value, as determined by the Board or its designee in good faith in accordance with procedures approved by the Board, taking into account factors reasonably determined to be relevant including: (i) the fundamental analytical data relating to the investment; (ii) the nature and duration of restrictions on disposition of the securities; and (iii) an evaluation of the forces that influence the market in which these securities are purchased and sold. In these cases, the Fund’s NAV will reflect the affected portfolio securities’ fair value as determined in the judgment of the Board or its designee instead of being determined by the market. Using a fair value pricing methodology to value securities may result in a value that is different from a security’s most recent sale price and from the prices used by other investment companies to calculate their NAVs. Determination of fair value is uncertain because it involves subjective judgments and estimates.

There can be no assurance that the Fund’s valuation of a security will not differ from the amount that it realizes upon the sale of such security. Those differences could have a material impact to the Fund.

Fair Value Measurements

The Fund has performed an analysis of all existing investments and derivative instruments to determine the significance and character of inputs to their fair value determination. The levels of fair value inputs used to measure the Fund’s investments are characterized into a fair value hierarchy. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment’s valuation. The three levels of the fair value hierarchy are described below:

Level 1 — Quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement;

NOTES TO INVESTMENT PORTFOLIO (unaudited) (continued)**As of June 30, 2024****Highland Global Allocation Fund**

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, but are valued based on executed trades; broker quotations that constitute an executable price; and alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 inputs are either directly or indirectly observable for the asset in connection with market data at the measurement date; and

Level 3 — Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. In certain cases, investments classified within Level 3 may include securities for which the Fund has obtained indicative quotes from broker-dealers that do not necessarily represent prices the broker may be willing to trade on, as such quotes can be subject to material management judgment. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price the asset or liability based on the best available information.

The Investment Adviser has established policies and procedures, as described above and approved by the Board, to ensure that valuation methodologies for investments and financial instruments that are categorized within all levels of the fair value hierarchy are fair and consistent. A Valuation Committee has been established to provide oversight of the valuation policies, processes and procedures, and is comprised of personnel from the Investment Adviser and its affiliates. The Valuation Committee meets monthly to review the proposed valuations for investments and financial instruments and is responsible for evaluating the overall fairness and consistent application of established policies.

The fair value of the Fund's loans, bonds and asset-backed securities are generally based on quotes received from brokers or independent pricing services. Loans, bonds and asset-backed securities with quotes that are based on actual trades with a sufficient level of activity on or near the measurement date are classified as Level 2 assets. Senior loans, bonds and asset-backed securities that are priced using quotes derived from implied values, indicative bids, or a limited number of actual trades are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable.

The fair value of the Fund's common stocks, exchange traded funds, rights and warrants that are not actively traded on national exchanges are generally priced using quotes derived from implied values, indicative bids, or a limited amount of actual trades and are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable. Exchange-traded options are valued based on the last trade price on the primary exchange on which they trade. If an option does not trade, the mid-price, which is the mean of the bid and ask price, is utilized to value the option. At the end of each calendar quarter, the Investment Adviser evaluates the Level 2 and 3 assets and liabilities for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third party services, and the existence of contemporaneous, observable trades in the market. Additionally, the Investment Adviser evaluates the Level 1 and 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may fluctuate from period to period. Additionally, the fair value of investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values the Fund may ultimately realize. Further, such investments may be subject to legal and other restrictions on resale or otherwise less liquid than publicly traded securities.

NOTES TO INVESTMENT PORTFOLIO (unaudited) (concluded)

As of June 30, 2024

Highland Global Allocation Fund

Affiliated Issuers

Under Section 2(a)(3) of the Investment Company Act of 1940, as amended, a portfolio company is defined as “affiliated” if a fund owns five percent or more of its outstanding voting securities or if the portfolio company is under common control. The table below shows affiliated issuers of the Fund as of June 30, 2024:

Issuer	Shares/ Principal Amount (\$) September 30, 2023	Beginning Value as of September 30, 2023 \$	Purchases at Cost \$	Proceeds from Sales \$	Distribution to Return of Capital \$	Net Amortization (Accretion) of Premium/ (Discount) \$	Net Realized Gain (Loss) on Sales of Affiliated Issuers \$	Change in Unrealized Appreciation (Depreciation) \$	Ending Value as of June 30, 2024 \$	Shares/ Principal Amount (\$) June 30, 2024	Affiliated Income \$	Cap Gain Distributions \$
Majority Owned, Not Consolidated												
None												
Other Affiliates												
MidWave Wireless, Inc. (fka Terrestar Corp.) (U.S. Equity)	169,531	59,727,467	—	—	—	—	—	(4,560,384)	55,167,083	169,531	—	—
GAF REIT (U.S. Equity)	1,147,062	12,786,700	—	—	—	—	—	150,245	12,936,945	1,147,062	—	—
NexPoint Diversified Real Estate Trust (U.S. Equity)	556,218	4,844,659	119,926	—	(330,871)	—	—	(1,461,960)	3,171,754	573,554	(76,870)	—
NexPoint Real Estate Finance (U.S. Equity)	901,385	14,746,664	—	—	(1,068,645)	—	—	(1,311,012)	12,367,007	901,385	400,902	(49,287)
NexPoint Residential Trust, Inc. (U.S. Equity)	175,885	5,659,979	163,713	—	89,712	—	—	1,228,463	7,141,867	180,761	38,975	(298,062)
MidWave Wireless, Inc. (fka Terrestar Corp.) (U.S. Senior Loan)	22,383,167	22,289,158	2,145,475	—	—	1,216	—	38,831	24,474,680	24,528,643	2,167,426	—
NexPoint SFR Operating Partnership, LP (U.S. Senior Loan)	5,000,000	4,957,500	—	—	—	—	—	(107,500)	4,850,000	5,000,000	281,250	—
NHT Operating Partnership LLC Secured Promissory Note (U.S. Senior Loan)	8,500,000	8,168,500	—	—	—	—	—	(820,250)	7,348,250	8,500,000	349,326	—
GAF REIT Sub II, LLC (U.S. LLC Interest)	349	8,561,604	—	—	—	—	—	(100,611)	8,460,993	349	—	—
GAF REIT Sub III, LLC (U.S. LLC Interest)	156,528	11,047,064	—	—	—	—	—	99,907	11,146,971	156,528	—	—
SFR WLIF III, LLC (U.S. LLC Interest)	3,789,008	3,517,435	—	—	—	—	—	(106,569)	3,410,866	3,789,008	292,929	—
Highland Opportunities and Income Fund (U.S. Registered Investment Company)	334,005	2,685,400	—	—	(103,007)	—	—	(494,862)	2,087,531	334,005	51,303	—
NexPoint Event Driven Fund (U.S. Registered Investment Company)	706,236	11,130,287	285,674	—	—	—	—	275,043	11,691,004	724,799	285,674	—
NexPoint Merger Arbitrage Fund (U.S. Registered Investment Company)	57,856	1,133,394	14,545	—	—	—	—	7,025	1,154,964	58,598	28,818	—
NexPoint Diversified Real Estate Trust (U.S. Preferred Stock)	13,831	198,613	—	—	(14,263)	—	—	18,274	202,624	13,831	—	—
BB Votorantim Highland Infrastructure LLC (Non-U.S. Registered Investment Company)	10,000	3,607,189	—	—	2,717	—	—	(163,376)	3,446,530	10,000	—	—
Other Controlled												
None												
Total	43,901,061	175,061,613	2,729,333	—	(1,424,357)	1,216	—	(7,308,736)	169,059,069	46,088,054	3,819,733	(347,349)