

Q1 2025

**NEXPOINT**

INVESTOR PRESENTATION

# Highland Opportunities and Income Fund

1Q



# HFRO Snapshot

Highland Opportunities and Income Fund (HFRO) is a closed-end, non-diversified management investment company focused on delivering attractive returns through capital appreciation and interest income.

## INVESTMENT OBJECTIVE

- To produce capital appreciation and current income by opportunistically allocating its assets across a wide range of strategies, including opportunistic real estate, liquid credit, structured credit, and special situations

## INVESTMENT STRATEGY

- Identify market inefficiencies and trading opportunities by capitalizing on the investment skillset and deep knowledge of equity and credit markets, structured products, and real estate across NexPoint's investment platform
- Invest primarily in alternative investments, including private credit and private equity instruments, and opportunistic public instruments
- Investments instruments include: (a) liquid credit (including broadly syndicated loans); (b) direct lending (including first lien loans, second lien loans, and mezzanine debt); (c) opportunistic credit; (d) structured credit (including CLOs and CMBS); and (e) real assets (including real estate)
- May also invest in special situations, including stressed and non-control distressed credit and opportunities arising from market dislocation

## Overview

Ticker	HFRO
CUSIP	43010E404
Managed Assets	\$928M
Net Assets	\$683M

## Portfolio Characteristics

Number of Holdings	72
Monthly Distribution/Share	\$0.039
Distribution Rate (NAV)	3.7%
Regulatory Leverage	\$245M
Leverage %*	26.4%

\*Perpetual preferred

# HFRO Investment Merits



Attractive real estate portfolio comprised of debt and equity positions with capital appreciation opportunity

Focus on Lifesciences real estate developments, Single Family Rentals, and Self-Storage Properties



Core real estate holdings poised to unlock value as interest rates decline in the coming quarters

Lower interest rates increase the likelihood that real estate assets can be monetized



Permanent capital and a solid balance sheet with no leverage or off-balance sheet financings to force untimely asset sales

Diversified balance sheet structured to withstand volatility with no financings, substantial liquidity, and no capital markets mark-to-market provisions



Leverage investment experience and resources from across NexPoint's real estate and corporate debt and equity platform

Experienced leadership team that brings a distinctive perspective and ability to identify opportunities and create shareholder value across multiple asset classes



Compelling valuations in our own capital structure, effectively buying into a performing loan and equity portfolio at a significant discount

# Closing NAV Discount

## Board Engagement

### OVERVIEW:

- Discount to NAV has continuously been key focus of Board
- Board engagement with Adviser is ongoing to review existing initiatives and evaluate additional opportunities to reduce the discount

### HIGHLIGHTS/RECENT ACTIONS:

- Established a dedicated Board committee
- At the Board's direction, the Fund is using a portion of the Board's compensation to purchase HFRO shares for the Directors in the market to align further the Board members.

## Transparency & Communication

### OVERVIEW:

- Improve investors' understanding of Fund and investments
- Increase transparency and clarify investment objectives and strategies so investors are aligned
- Increase communications frequency and channels to improve awareness of existing resources and materials

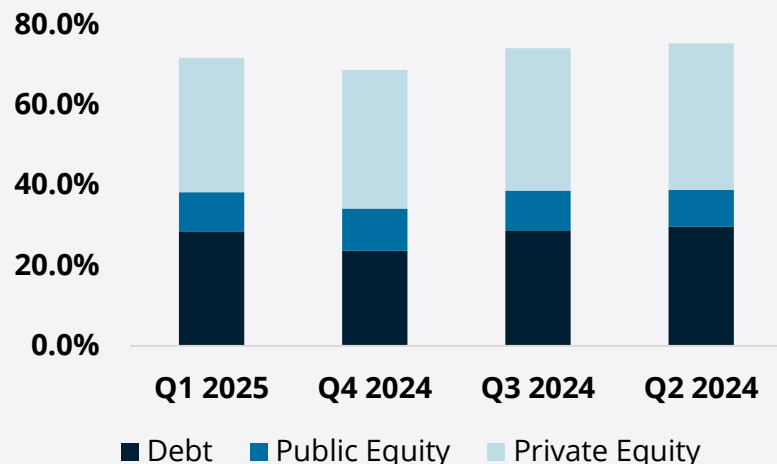
### HIGHLIGHTS/RECENT ACTIONS:

- Solicited investor feedback on initiatives to reduce discount
- Worked with Bloomberg Terminal Fund analysis teams to adjust data feeds to better capture underlying holdings
- Regular reporting of repurchase activity through Fund Updates on website
- Announce quarterly calls via press release to maximize awareness and continuously refine calls based on feedback

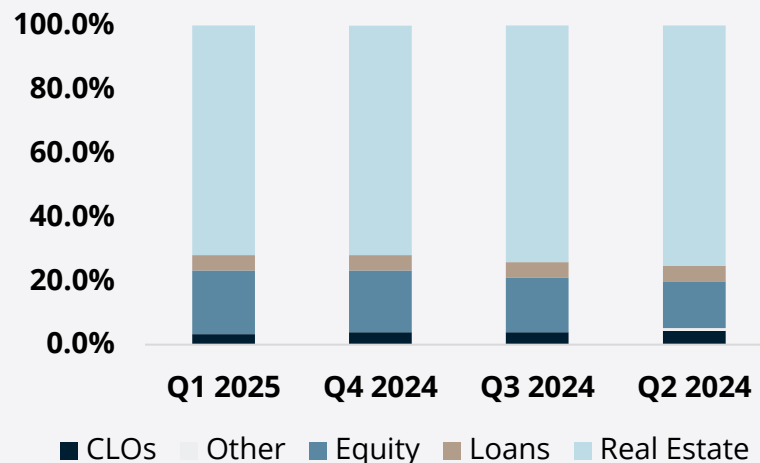
## Portfolio Composition

- As of March 31, 2025, the Fund's assets totaled \$928 million.
- The Fund's long assets were approximately 71.9% commercial real estate (debt & equity) and 28.1% non-real estate related assets invested across debt securities, public and private equity, and structured products.
- The real estate assets by type were approximately 33.5% private equity, 28.4% debt, and 9.9% public equity securities, as a percentage of the Fund's long assets.

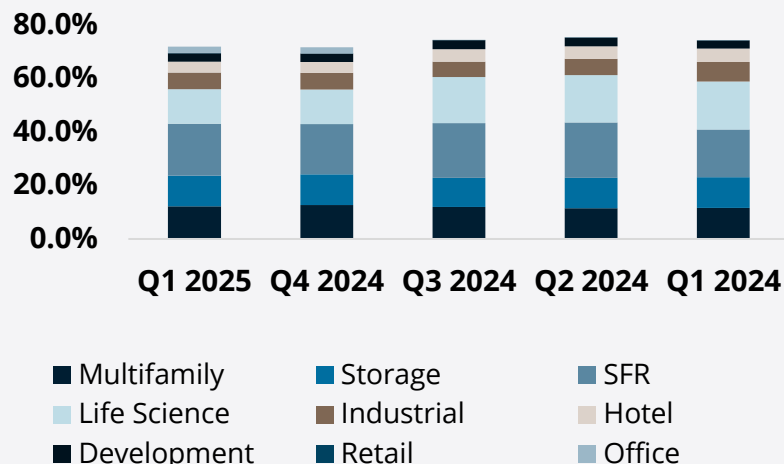
**Real Estate by Asset Type**  
(% of Long Assets)



**Asset Class**  
(% of Long Assets)



**Real Estate Composition**  
(% of Long Assets)



# Three Core Themes in Current Portfolio

## Thesis One:

Opportunity in **RESIDENTIAL RENTAL MARKET** (Single Family Rentals (SFR) and multifamily) in face of housing affordability challenges and migration out of large coastal metros

- **Investments:** NexPoint Homes – ResMark Ventures
- **Opportunity:** Several investments that are stabilizing as well as some under development, which have meaningful upside opportunity through NOI growth of stabilizing properties and capital appreciation of development assets

## Thesis Two:

**LIFE SCIENCES AND MEDICAL** is a rapid growth sector with select supply / demand imbalances and meaningful opportunities for informed investors

- **Investments:** EDS Legacy Partners – IQHQ – CCS Medical – Sapience Therapeutics
- **Opportunity:** Invested in various aspects of the thesis, through a redevelopment project in a supply-constrained market, other real estate development in established life science markets led by an experienced management team, and direct to the chronic care market

## Thesis Three:

Leverage **NEXPOINT EXPERTISE** including uncovering **VALUE-ADD REAL ESTATE** and other **ALTERNATIVE INVESTMENTS** which provides attractive total return opportunities

- **Investments:** NexPoint Storage Partners – NexPoint Real Estate Finance – NexPoint Hospitality Trust – MidWave Wireless
- **Opportunity:** Ability to uncover unique and compelling opportunities, including value-add real estate or sectors that can be institutionalized, and make significant investments in projects where NexPoint's experience for bold and creative solutions can be applied to unlock value

HIGHLAND OPPORTUNITIES AND INCOME FUND

# Top 10 Holdings Snapshot

# Top 10 Holdings (as of 3/31)

INVESTMENT	% PORTFOLIO	THESIS	KEY HIGHLIGHTS
<b>NexPoint Homes Trust</b>  <small>THESIS: RESIDENTIAL RENTAL MARKET</small>	12.3%	Core SFR portfolio with potential upside from NOI growth and home price appreciation, meeting the demand for affordable housing. Expect stable NOI growth, targeting 4-5% dividend yield.	Executing on opportunity to optimize portfolio, including upgrading property manager, and accretively disposing of lower performing homes to continue paying down debt.
<b>NexPoint Storage Partners</b>  <small>THESIS: NEXPOINT EXPERIENCE</small>	10.8%	Development portfolio that is stabilizing and positioned to benefit from high occupancy and rate increases.	Continuing to maximize NOI growth while positioning portfolio for a potential exit over time.
<b>EDS Legacy Partners</b>  <small>THESIS: LIFE SCIENCE AND MEDICAL</small>	9.2%	Repositioned prior equity position in an office holding amid office market weakness. Current structure provides a debt instrument with a path to liquidity through redevelopment into a life sciences and medical complex.	HFRO holds a promissory note in the project with repayment potential as the project reaches key milestones. The project continues to see interest from prospective tenants.
<b>NexPoint Real Estate Finance</b>  <small>THESIS: NEXPOINT EXPERIENCE</small>	8.4%	A stabilized investment in a publicly traded company with an attractive dividend yield led by a highly experienced management team.	Lends to or invests in properties that are stabilized or require limited deferred funding to support leasing or ramp-up of operations, where capital expenditures are for value-add improvements. YTD in 2025, the stock has delivered a total return of ~4% and offers an attractive dividend yield of ~12%.
<b>ResMark Venture</b>  <small>THESIS: RESIDENTIAL RENTAL MARKET</small>	7.9%	Investment in a joint venture with a developer who has deep experience in the industry and a demonstrated ability to capture high yields.	Developing five separate build-to-rent residential developments in California and Texas, with expected deliveries from 2025-2027. Developments are progressing in line with anticipated budgets and delivery dates.



# Top 10 Holdings (as of 3/31) (cont'd)

INVESTMENT	% PORTFOLIO	THESIS	KEY HIGHLIGHTS
<b>CCS Medical</b>  <small>THESIS: LIFE SCIENCE AND MEDICAL</small>	7.0%	Positioned to capture value from strategy of integrating chronic care management and the rapidly growing CGM market.	Focused on the progress of the 2024 growth initiatives, which include several accretive pharmacy and analytics growth projects.
<b>Sapience Therapeutics</b>  <small>THESIS: LIFE SCIENCE AND MEDICAL</small>	4.0%	Private company using proprietary technology to create novel treatments for untreatable cancers and positioned to disrupt the market.	Raised more than \$100 million in outside capital while specializing in developing peptide-based therapeutics to treat cancers.
<b>NexPoint Hospitality Trust</b>  <small>THESIS: NEXPOINT EXPERIENCE</small>	3.6%	Public company investment with benefit of debt structure and potential upside through hospitality stabilization and active asset recycling.	Announced the closing of its acquisition by NexPoint Diversified Real Estate Trust in April. HFRO's investment in the convertible debt remains with the surviving entity post-merger.
<b>IQHQ</b>  <small>THESIS: LIFE SCIENCE AND MEDICAL</small>	3.3%	Capture demand dynamics for high-quality life science facilities in markets with top research hubs in investment with potential for high-teens IRRs.	After period of sector weakness, positioned to benefit from recent industry tailwinds, such funding, onshoring activity, and increased M&A. Leasing activity and capital raise provides momentum into 2025.
<b>Midwave Wireless</b>  <small>THESIS: NEXPOINT EXPERIENCE</small>	2.6%	Significant opportunity to monetize a mid-band Spectrum with the potential for a wide variety of use cases.	Owns 100% of the 1.4 GHz Band, which is comprised of 64 licenses covering the entire U.S., and having recently satisfied all outstanding FCC requirements, it is now open to service a range of private LTE and NR use cases as it looks to effectuate a transaction in the near future.

HIGHLAND OPPORTUNITIES AND INCOME FUND

# Top Holdings

## TOP HOLDINGS DETAIL

# NexPoint Homes Trust

*A private REIT focused on acquiring, building, and operating single-family rental homes mostly in the Sunbelt states*

## INVESTMENT RATIONALE & OBJECTIVE

- Fills a significant growing need for expanded access to affordable single-family rental (SFR) properties due to the lack of housing supply and the growing affordability gap between renting and owning
- Focuses on acquiring newer construction homes and partnering with local builders to create “build-for-rent” communities in secondary and tertiary markets near major employment centers
- **Objective: SFR investment that delivers dividend yield with additional potential upside from NOI growth and home price appreciation**

## KEY HIGHLIGHTS (as of 3.31.25)

- Continued to realize operational improvements in collaboration and financial reporting after upgrading property managers to Mynd/Roofstock in Q3 2024
- Made progress on de-levering the portfolio by paying down over \$60M in debt since the beginning of 2024.

## UPDATE & NEXT MILESTONE

- Portfolio maintains strong NOI growth, which is expected to remain stable with high occupancy, targeting 4-5% dividend yield
- Continue to de-lever portfolio by selling off/exiting underperforming assets or MSAs and using proceeds primarily to pay down debt, specifically convertible notes



Initial Investment	2022
% of HFRO	12.3%
Investment	\$115.0M
Investment Type	Debt, Private Equity
Industry	Real Estate – Single-Family Rental

# NexPoint Storage Partners

*Invests in newly built, multi-story, climate-controlled, Class-A self-storage facilities—all managed by Extra Space Storage (NYSE: EXR)—in dense and growing markets in the U.S.*

## INVESTMENT RATIONALE & OBJECTIVE

- A best-in-class storage portfolio that is benefiting from storage tailwinds in key locations across the United States, with a focus in the Sunbelt states
- All assets are operated by Extra Space Storage, which serves as a strong, experienced operating partner
- ***Objective: self-storage development portfolio that is stabilizing and positioned to benefit from high occupancy***

## KEY HIGHLIGHTS (as of 3.31.25)

- Owns or controls 89 state-of-the-art, climate-controlled self-storage facilities (76,000 units across 25 states) with a gross asset value over \$1.8 billion
- One of the youngest Class A portfolios in the U.S., with an average facility age of < 5 years, positioning it for high occupancy and robust rent growth
- Portfolio continues to achieve strong NOI growth (1.5% in Q1 vs Q1 2024) as it benefits from secular storage tailwinds and higher interest rates that remain a headwind for the housing market, which increases storage demand

## UPDATE & NEXT MILESTONE

- Focusing on operations and maximizing NOI growth continues to be the key priority, while positioning portfolio for a potential exit over time



Initial Investment	2018
% of HFRO	10.8%
Investment	\$104.6M
Investment Type	Private Equity
Industry	Real Estate – Self-Storage

# EDS Legacy Partners

*Owns the former Electronic Data Systems (EDS) campus located at 5400 Legacy Drive in Plano, Texas, which is situated on 91 acres and includes ~1.6 million square feet of space, being redeveloped into a life sciences and medical complex*

## INVESTMENT RATIONALE & OBJECTIVE

- Asset was purchased in 2018 with original plans to attract large corporate office tenants; however, pivoted plans following Covid-pandemic dislocation in the office sector in order to realize embedded value in this real estate
- After extensive analysis, determined the highest and best use to be a life sciences and medical center
- Based on capital investment and borrowing needs for redevelopment, which would exceed fund regulatory borrowing restrictions, HFRO sold its equity position in December 2023 to facilitate realizing the value of a 10% premium to its appraised value, and currently holds a promissory note
- ***Objective: realize value in original investment by facilitating redevelopment, capturing liquidity as the project reaches key milestones***

## KEY HIGHLIGHTS (as of 3.31.25)

- Economic development agreement finalized with City of Plano in Q3 2024 supports the project through tax increment financing (TIF)

## UPDATE & NEXT MILESTONE

- Updates tie to prospective tenant interest and other developments



Initial Investment	2018
% of HFRO	9.2%
Investment	\$107.8M
Investment Type	Debt
Industry	Real Estate – Life Sciences

## TOP HOLDINGS DETAIL

# NexPoint Real Estate Finance

*An externally managed commercial mortgage REIT listed on NYSE with a focus on investments in multifamily, single-family rental, self-storage, life science, hospitality, office, and marina sectors*

## INVESTMENT RATIONALE & OBJECTIVE

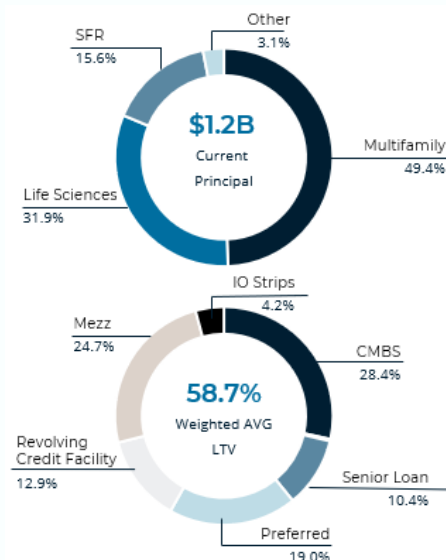
- Investment in common stock (NYSE: NREF) of mortgage REIT focused on real estate sectors where its senior management team has operating experience
- Longer term duration lending provides earnings visibility, with equity cushion providing some investment protection
- **Objective: stabilized investment in a publicly traded company with a highly experienced management team**

## KEY HIGHLIGHTS (as of 3.31.25)

- Net income of \$8.4M, or \$0.70 per diluted share for 3 mo. ended 3/31/25
- Cash available for distribution of \$10.5M, or \$0.45 per diluted share, for 3 mo. ended 3/31/25
- Outstanding total portfolio of \$1.2B, composed of 85 investments
- Weighted-average loan to value ("LTV") and debt service coverage ratio ("DSCR") are 58.7% and 1.46x, respectively

## UPDATE & NEXT MILESTONE

- During the first quarter, NREF purchased \$55M of Preferred Stock and funded \$20.8M on a loan that pays a monthly coupon of SOFR + 900 bps
- Company continues to perform well, hit guidance targets, and raise accretive capital



Initial Investment	2020
% of HFRO	8.4%
Investment	\$74.4M
Investment Type	Common Stock
Industry	Real Estate – Finance



## TOP HOLDINGS DETAIL

# ResMark Venture

*A JV with a multibillion-dollar international pension fund managed by an affiliate of The Resmark Companies invested in mostly residential development projects focused on single-family build-to-rent investments in suburban markets*

## INVESTMENT RATIONALE & OBJECTIVE

- A developer with 30+ years of experience and focused on new single-family build-to-rent investments in suburban markets that exhibit strong employment and population growth, high barriers to homeownership, limited new supply, and proximity to desirable local amenities
- Merchant builder that targets mid-teens IRRs
- ***Objective: invested in a joint venture with a developer who has deep experience in the industry and disciplined investment process that has demonstrated ability to capture high yields***

## KEY HIGHLIGHTS (as of 3.31.25)

- Continuing to develop five separate build-to-rent residential developments in California and Texas, with expected deliveries from 2025 through 2027
- First deliveries expected in mid-2025 for three of the developments, and one development expected to be completed by Q3 2025
- Focused on investments that will drive high yields (>20% IRRs)
- As of 3/31/25, the Venture has deployed \$142.6M of the \$173.47M equity commitment across the portfolios

## UPDATE & NEXT MILESTONE

- The investments are in various stages of development
- Still on track to be delivered on time, despite minor material delays, which are now onsite and avoiding any tariff impacts



Initial Investment	2023
% of HFRO	7.9%
Investment	\$53.9M
Investment Type	Private Equity
Industry	Real Estate – Single-Family Rental

## TOP HOLDINGS DETAIL

# CCS Medical

*A leading national distributor of home medical equipment and supplies for patients with chronic conditions, with a focus on diabetes management*

## INVESTMENT RATIONALE & OBJECTIVE

- CCS is at the forefront of the rapidly growing distribution market for continuous glucose monitoring (CGM) diabetes supplies and expects to continue capturing growth stemming from the secular trend of healthcare moving online and to the home
- Offers fully integrated experience for chronic care management, differentiated from typical fragmented care for patients with such conditions
- **Objective: maximizing value by integrating chronic care management with the rapidly growing CGM market**

## KEY HIGHLIGHTS (as of 3.31.25)

- CCS continues to experience revenue and adjusted EBITDA growth and realized year-over-year sales growth of 4% for Q1 2025, with the highly profitable CGM division experiencing 1% year-on-year growth
- Focus on the analytics platform, which has seen increased development in the past 48 months and has significant runway for opportunity
- The company's net leverage continues to sit at a comparatively low 1.29 times EBITDA, which is well within debt covenants

## UPDATE & NEXT MILESTONE

- Management continues to focus on the progress of other its growth initiatives, which include several accretive pharmacy and analytics platform projects



Initial Investment	2010
% of HFRO	7.0%
Investment	\$50.5M
Investment Type	Debt, Private
Industry	Healthcare



## TOP HOLDINGS DETAIL

# Sapience Therapeutics

*A privately held, clinical-stage biotechnology company focused on discovering and developing peptide therapeutics to address oncogenic and immune dysregulation that drive cancer*

### INVESTMENT RATIONALE & OBJECTIVE

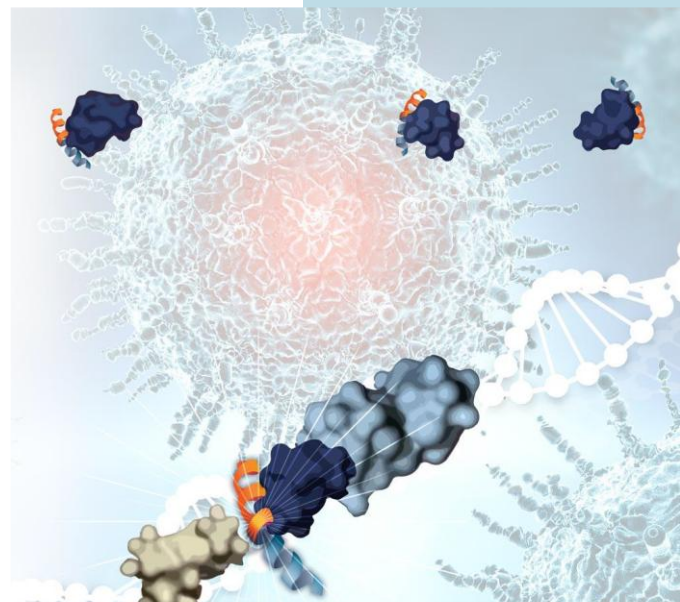
- With two platforms that are purpose-built to maximize the translational potential of drug candidates, creating a pipeline of therapeutic candidates called SPEARs™ (Stabilized Peptides Engineered Against Regulation) that disrupt intracellular protein-protein interactions, enabling targeting of transcription factors traditionally been considered undruggable.
- 8 additional SPEARs™ programs in various stages of discovery.
- **Objective: private company using proprietary technology to create novel treatments for untreatable cancers and positioned to disrupt the market.**

### KEY HIGHLIGHTS (as of 3.31.25)

- Clinical-stage SPEARs™, ST316 and Lucicebtide, are advancing through Phase 2 clinical trials: ST316 is currently enrolling a Phase 2 dose expansion study; Lucicebtide has completed the main portion of a Phase 2 dose expansion study and has completed enrollment in two additional sub-studies
- In 2024, initiated work on their new class of molecule, SPARCs™ (Stabilized Peptides Against Receptors on Cancer), which can direct cargo to cell surface targets, enabling delivery of payloads to cancer cells

### UPDATE & NEXT MILESTONE

- Has raised more than \$100 million in outside capital, attracting top investors including Bristol-Myers Squibb, Eshelman Ventures, and Kingdon Capital
- Anticipates initial readouts from ST316 Phase 2 study by mid-2025



Initial Investment	2021
% of HFRO	4.0%
Investment	\$32.1M
Investment Type	Convertible Debt, Preferred Equity
Industry	Biotech

## TOP HOLDINGS DETAIL

# NexPoint Hospitality Trust

*A publicly traded REIT listed on the TSX Venture Exchange (NHT.U) focused on owning and operating well-located hospitality properties in the U.S. that offer a high current yield*

## INVESTMENT RATIONALE & OBJECTIVE

- HFRO owns convertible debt of NHT
- NHT invests in properties that offer a high current yield and in many cases are underperforming assets with the potential to increase in value through investments in capital improvements, brand repositioning, revenue enhancements, or operational improvements.

## KEY HIGHLIGHTS (as of 3.31.25)

- In February, NHT announced it had received board and shareholder approval of its acquisition by NXDT for \$0.36 per unit and the transaction closed in April, following the end of the first quarter

## UPDATE & NEXT MILESTONE

- ***On April 17, 2025, NHT announced the closing of its previously announced acquisition by NexPoint Diversified Real Estate Trust (NYSE: NXDT), and has now been dissolved and its entities merged with NXDT***
- Completed the sale of Homewood Suites after the first quarter.
- The debt in HFRO remains with the surviving entity post-merger



Initial Investment	2020
% of HFRO	3.6%
Investment	\$38.9M
Investment Type	Debt
Industry	Real Estate – Hotels

## TOP HOLDINGS DETAIL

# IQHQ

*A private real estate investment trust (REIT) that acquires, develops, redevelops, and manages life-sciences real estate across several core markets*

### INVESTMENT RATIONALE & OBJECTIVE

- Pursues large format, iconic development and selective re-development opportunities within live-work-play clusters in the top life science markets, including Boston, San Francisco, and San Diego
- IQHQ is led by top life science developers; investors include leading funds
- ***Objective: capitalize on demand for premier life science real estate in these markets to capture attractive returns***

### KEY HIGHLIGHTS (as of 3.31.25)

- Life science industry saw recovery in 2024 following post-2021 funding contraction, creating favorable conditions for IQHQ as increased VC capital, M&A activity, and onshoring initiatives drive renewed demand for specialized real estate
- Announced the completion of \$900 million of capital raise in 2024, led by existing institutional investors, with final closing in December 2024
- Intend to use funds from capital raise to continue executing on key projects and to continue building on strategy

### UPDATE & NEXT MILESTONE

- Chan Zuckerberg Initiative (CZI) finalized a 225K sq. ft. lease at IQHQ's Elco Yards district. CZI will fully occupy The Shop, one of four buildings at Elco Yards
- In May, announced the relocation of J. Craig Venter Institute, a leader in genomics research, to IQHQ's Research and Development District ("RaDD") with a 50K sq. ft. lab and office space and an entire floor of the building



Initial Investment	2020
% of HFRO	3.3%
Investment	\$53.1M
Investment Type	Common Stock
Industry	Real Estate – Life Science

## TOP HOLDINGS DETAIL

# MidWave Wireless, Inc.

*MidWave Wireless, Inc., formerly TerreStar Corporation, is one of the largest independent wireless spectrum license holders in the U.S.*

## INVESTMENT RATIONALE & OBJECTIVE

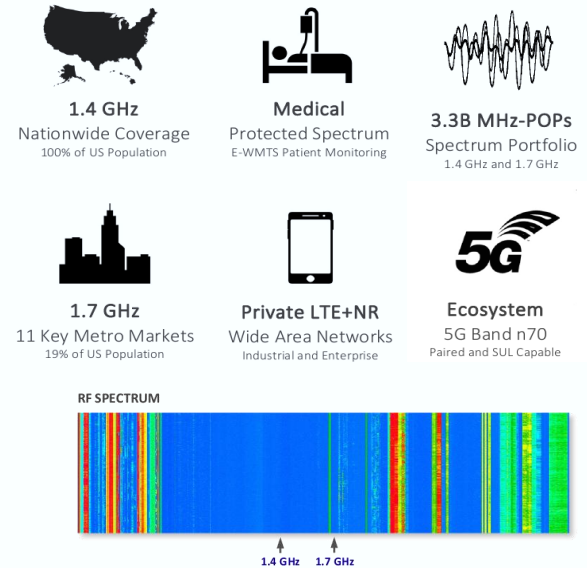
- MidWave's mid-band spectrum investments cover every major domestic market, representing more than 3.3 billion MHz-POPs of aggregate Radio Frequency (RF) resource.
- Owns 100% of 1.4 GHz Band, comprised of 64 licenses covering entire U.S.
- Owns ~30% of the critical 1.7GHz Band within the AWS-3 spectrum block
- **Objective: long-term investment alongside other sophisticated, disciplined players in the industry with a significant opportunity to monetize a mid-band Spectrum with potential for a variety of use cases**

## KEY HIGHLIGHTS (as of 3.31.25)

- Significant increase in the fourth quarter of ~38% in the mark due to a market transaction between two unaffiliated firms that traded MidWave common stock at a price significantly higher than the previous third party-derived mark
- 1.4 GHz Band, MidWave's largest asset; at 2.64 Billion MHz-POPs, this is the largest wide-area resource not controlled by a wireless carrier
- MidWave's 1.7 asset is comprised of 18 licenses that cover 19% of the nation with a heavy presence in the Midwest spanning from Minnesota to Ohio, as well as Hawaii, Puerto Rico and the U.S. Virgin Islands
- Mobile carriers such as Dish, Verizon and AT&T are spending billions of dollars on similar spectrum assets as they build out their 5G networks

## UPDATE & NEXT MILESTONE

- MidWave continues to explore strategic options including a sale of some or all of its assets



Initial Investment	2015
% of HFRO	2.6%
Investment	\$23.1
Investment Type	Equity, Loan
Industry	Telecom

HIGHLAND OPPORTUNITIES AND INCOME FUND

# Appendix

# Selected Financial Highlights

Quarter Ended March 31, 2025

Balance Sheet Highlights	1Q2025	4Q2024	3Q2024	2Q2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
Investment Portfolio at Fair Value	\$877	\$897	\$963	\$965	\$988	\$1,008	\$1,046	\$1,035	\$1,070
Total Debt Outstanding	\$240	\$140	\$140	\$140	\$140	\$160	\$159	\$159	\$159
Total Net Assets	\$683	\$783	\$846	\$844	\$867	\$870	\$925	\$928	\$936
Debt-to-Equity Ratio	0.35x	0.18x	0.17x	0.17x	0.16x	0.18x	0.17x	0.17x	0.17x
Net Debt-to-Equity	0.35x	0.16x	0.15x	0.12x	0.10x	0.18x	0.17x	0.16x	0.16x

Income Statement Highlights									
Total Investment Income	\$8.5	\$10.4	\$14.9	\$10.9	\$11.1	\$12.1	\$9.0	\$10.0	\$24.7
Net Investment Income	\$5.7	\$7.3	\$11.9	\$8.1	\$7.7	\$9.1	\$5.4	\$6.6	\$21.3
Net Realized Gains/(Losses)	\$18.5	\$0.2	(\$0.2)	(\$50.2)	\$24.0	(\$2.0)	(\$2.0)	(\$5.2)	\$2.5
Net Unrealized Appreciation/(Depreciation)	\$4.5	(\$60.6)	\$4.4	\$21.2	(\$3.4)	(\$44.4)	\$10.4	\$8.1	(\$16.6)
Total Increase in Net Assets Resulting from Operations	\$26.5	(\$55.0)	\$14.2	(\$22.8)	\$26.4	(\$38.8)	\$11.9	\$7.6	\$5.2

Per-Share Data									
Net Asset Value Per Share	\$12.35	\$12.00	\$12.96	\$12.77	\$12.91	\$12.74	\$13.56	\$13.61	\$13.74
Net Investment Income per Share (Basic and Diluted)	\$0.09	\$0.11	\$0.18	\$0.12	\$0.11	\$0.13	\$0.08	\$0.10	\$0.31
Total Increase in Net Assets Resulting from Operations per Share	\$0.44	(\$0.84)	\$0.22	(\$0.21)	\$0.24	(\$0.59)	\$0.18	\$0.10	\$0.08
Distributions per Share	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.23	\$0.23	\$0.23	\$0.23

# NexPoint's Leading Alternative Investment Platform

## Firm Overview

<b>AUM</b>	\$16.9 billion <sup>1</sup>
<b>Focus</b>	Alternative investments
<b>Employees</b>	106 total employees; 27 investment professionals <sup>2</sup>
<b>Offices</b>	Headquartered in Dallas Texas, with employees across the US



### FIXED INCOME ALTERNATIVES

Floating Rate  
Preferred Equity  
High Yield



### DIVERSIFIED ALTERNATIVES

Private Equity  
Equity  
Alternatives



### PUBLIC REAL ESTATE

Multifamily  
Single Family  
Rental  
Hospitality



### PRIVATE REAL ESTATE

Single Family Rental  
Self-Storage  
Office  
Life Science



### DELAWARE STATUTORY TRUSTS

Commercial  
Real Estate

1. As of 12/31/2024, inclusive of NexPoint and affiliates, based on fee calculation AUM. 2. As of 12/31/24 based on Headcount Report.



# Fund Management



**Jim Dondero, CFA**

Co-Founder & President

- Has over 30 years of experience investing across the alternative landscape. Founded NexPoint in 2012 to bring alternative strategies to retail channels.
- Established a number of integrated businesses to manage investments in credit, real estate, and private equity.
- Holds a number of board positions at companies within financial services, healthcare, and real estate, among other industries.



**Scott Johnson**

Portfolio Manager

- Portfolio Manager with over 25 years of investment management experience with extensive experience including private equity, mergers and acquisitions and long/short hedge funds.
- Prior to NexPoint, has been the portfolio manager at funds focused on making opportunistic investments in public and private debt and equity securities, as well as working at a private equity firm focused on control-oriented buyout investments and as an Analyst in mergers & acquisitions.



# Disclosures

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 877-665-1287.

Before investing in the Fund, you should carefully consider the Fund's investment objectives, risks, charges and expenses. For a copy of a prospectus or summary prospectus which contains this and other information, please visit our website at [nexpointassetmgmt.com](http://nexpointassetmgmt.com) or call 1-877-665-1287. Please read the fund prospectus carefully before investing.

The Advisor to the Fund is NexPoint Asset Management, L.P. ("Advisor").

The information herein has been prepared by the Investment Adviser, is based upon unaudited information, and has not been independently audited or verified. This summary is for informational purposes only and is subject to change. This presentation contains information about prior investments made by the Adviser of the Fund. This information was prepared by the Adviser based on its experience in the industry and on assumptions of fact and opinion as to future events which the Adviser believed to be reasonable when made. There can be no assurance that the Adviser and/or the Fund will be as successful as these earlier investments. Prior investment returns are not indicative of future results. It should not be assumed that investment recommendations made in the future will be profitable or will equal the performance of the securities included herein.

Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset value, which may increase an investor's risk of loss. Net Asset Value (NAV) is total assets fewer total liabilities, which includes preferred shares, divided by the number of common shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV and may be worth more or less than your original investment. For additional information, please contact your investment adviser or visit our website [www.nexpointassetmgmt.com](http://www.nexpointassetmgmt.com).

Distributions: If a Fund estimates that it has distributed more than its income and net realized capital gains in the current fiscal year; a portion of its distribution may be a return of capital. A return of capital may occur, for example, when some or all of a shareholder's investment is paid back to the shareholder. A return of capital distribution does not necessarily reflect a Fund's investment performance and should not be confused with "yield" or "income". When distributions exceed total return performance, the difference will reduce the Fund's net asset value per share. Although the character of income will not be determined until the end of the Fund's fiscal year, please refer to the section on the website for Section 19a notices that provide estimated amounts and sources of the fund's distributions, which should not be relied upon for tax reporting purposes. A Form 1099-DIV for the calendar year will be sent to shareholders to illustrate how the Fund's distributions should be reported for federal income tax purposes. The Fund had a return of capital of 43.0% in 2023 and expects similar results for 2024.

## RISK CONSIDERATIONS

**Credit Risk.** The risk that the Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty of a derivatives contract or repurchase agreement, is unable or unwilling (or is perceived to be unable or unwilling) to make a timely payment of principal and/or interest, or to otherwise honor its obligations. **Currency Risk.** The risk that the values of foreign investments may be affected by changes in the currency rates or exchange control regulations. **Debt Securities Risk.** The Fund's ability to invest in high-yield debt securities generally subjects the Fund to greater risk than securities with higher ratings. Loans may not be considered 'securities' for purposes of the anti-fraud provisions under the federal securities laws and, as a result, as a purchaser of these instruments, a Fund may not be entitled to the anti-fraud protections of the federal securities laws. **Derivatives Risk.** Derivatives, such as futures and options, are subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Derivatives also expose the Fund to the credit risk of the derivative counterparty. Derivative contracts may expire worthless, and the use of derivatives may result in losses to the Fund. **Liquidity Risk.** The risk that, due to low trading volume, lack of a market maker, large position size, or legal restrictions (including daily price fluctuation limits or "circuit breakers"), the Fund may not be able to sell particular securities or unwinding derivative positions at desirable prices. Because loan transactions often take longer to settle than transactions in other securities, the Fund may not receive the proceeds from the sale of a loan for a significant period of time. No assurance can be given that the Fund will have sufficient liquidity in the event of abnormally large redemptions. **Non-Diversification Risk.** As a non-diversified fund, the Fund may invest a larger portion of its assets in the securities of one or a few issuers than a diversified fund. **Non-Payment Risk.** Senior Loans, like other corporate debt obligations, are subject to the risk of non-payment of scheduled interest and/or principal. Non-payment would result in a reduction of income to the Fund, a reduction in the value of the Senior Loan experiencing non-payment and a potential decrease in the NAV of the Fund. **Senior Loans Risk.** The risks associated with senior loans are similar to the risks of below investment grade securities in that they are considered speculative. In addition, as with any debt instrument, senior loans are also generally subject to the risk of price declines and to increases in prevailing interest rates. Senior loans are also subject to the risk that, as interest rates rise, the cost of borrowing increases, which may also increase the risk and rate of default. In addition, the interest rates of floating rate loans typically only adjust to changes in short-term interest rates; long term interest rates can vary dramatically from short term interest rates. Therefore, senior loans may not mitigate price declines in a rising long-term interest rate environment. **Short Sales Risk.** The risk of short sales theoretically involves unlimited loss potential since the market price of securities sold short may continuously increase.

# NEXPOINT

## VISIT OUR WEBSITE

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