

Q2 2026

**NEXPOINT**

FUND OVERVIEW & INVESTOR UPDATE

# Highland Opportunities and Income Fund

2Q



# 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 | \$890MM   |
| Net Assets     | \$645MM   |

## Portfolio Characteristics

|                            |         |
|----------------------------|---------|
| Number of Holdings         | 65      |
| Monthly Distribution/Share | \$0.039 |
| Distribution Rate (NAV)    | 3.9%    |
| Regulatory Leverage        | \$245MM |
| Leverage %*                | 27.53%  |

\*Perpetual preferred

# Closing NAV Discount



## Latest Updates

The Adviser remains focused on identifying and pursuing opportunities to narrow the Fund's discount. There were notable developments in Q2, including the monetization of a top-10 holding above the position's mark and the announcement of a new share repurchase program.

### Portfolio Value Creation Through Monetization of Top Holding

#### Q2 UPDATE

- TRQ Plano LLC, a debt position that was previously the second largest holding, was monetized in May 2026, with realized value above position's mark
- Exit reinforces investment strategy focus on unique opportunities to unlock value in Fund's top holdings
- Monetization reflects Fund's disciplined valuation process and marks carried over time

### Commitment to Share Repurchases Under New 2-Yr. Program

#### Q2 UPDATE

- Announced on June 9, 2026, that the Board authorized a new share repurchase program of up to \$100MM over a two-year period, which commenced June 11, 2026
- Upfront commitment to deploy approximately \$20MM of the total program authorization as soon as practicable

#### HIGHLIGHTS (AFTER 6/30/26)

- Meaningful progress made on the upfront commitment; since the program commenced, the Fund has purchased 1,588,242 shares at an average price of \$7.34/share, with repurchases totaling \$11,659,083 (as of August 31, 2026)

#### ONGOING/FUTURE UPDATES

- Updates on the repurchase program are posted monthly to the Fund's website

# Closing NAV Discount



## Other Recent Initiatives

Developments during and after Q2 add to several initiatives that have been introduced and/or expanded over the last 12 months.

### Reinforced Shareholder Alignment

#### OVERVIEW

- Increased NexPoint and affiliate ownership in HFRO common shares over several quarters, deepening alignment with shareholders and reflecting strong portfolio conviction

#### HIGHLIGHTS

- As of June 30, 2026, NexPoint and affiliates owned 9.45% of the Fund

### Expanded Portfolio Management Team

#### OVERVIEW

- Brad Heiss added as a portfolio manager in September 2025, joining co-PMs Scott Johnson and James Dondero
- Expanded the portfolio management team, increased investment sourcing and underwriting capacity, and added sector expertise in financial services and insurance

#### HIGHLIGHTS

- Continued progress on portfolio optimization planning, developing target asset allocations, and positioning the Fund to transition to the allocation target over time as top positions are monetized

### Enhanced Shareholder Communications

#### OVERVIEW

- Continued to evolve communications framework based on shareholder feedback to promote understanding of the portfolio and investment strategy among investors and other Fund stakeholders

#### HIGHLIGHTS

- Updates to quarterly presentation/call format to focus on material developments in the Fund Q/Q; changes reflect ongoing commitment to investor communications and transparency

# Closing NAV Discount



## Ongoing Focus Areas

The Adviser's work to address the discount includes pursuing several ongoing initiatives with support of the Board, all of which remain priorities today.

### 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

- Established dedicated Board committee to facilitate ongoing engagement
- 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

- Initiatives focused on increasing transparency and improving investors' understanding of Fund and investments
- Initiatives have increased communications frequency and channels to improve awareness of existing resources and materials

#### HIGHLIGHTS

- Hold quarterly calls with portfolio management team, announced via press release, to provide easy access to information and updates on Fund and top holdings

### Portfolio Performance & Optimization

#### OVERVIEW

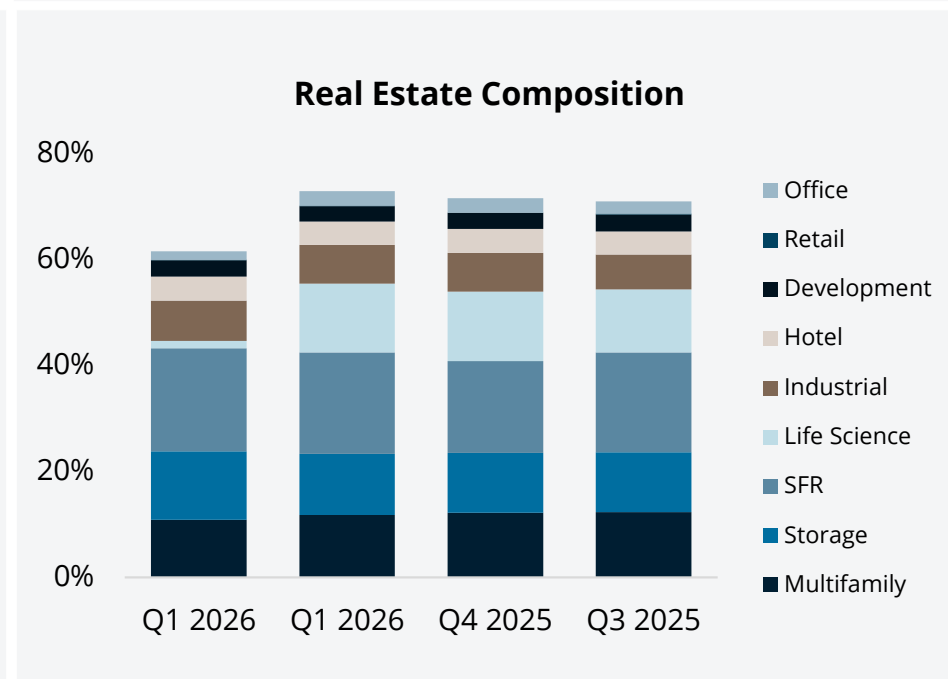
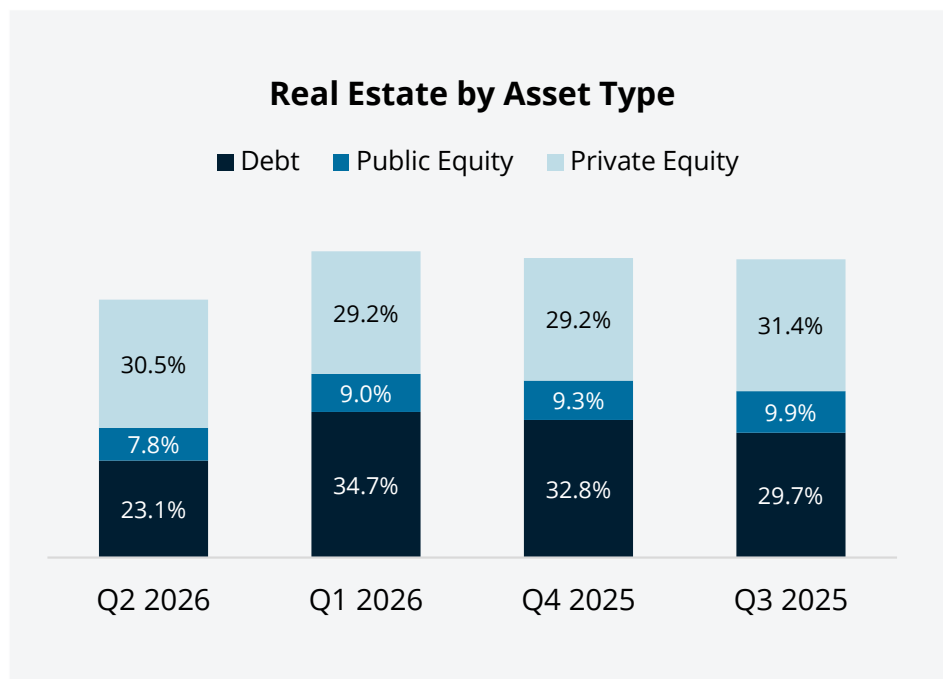
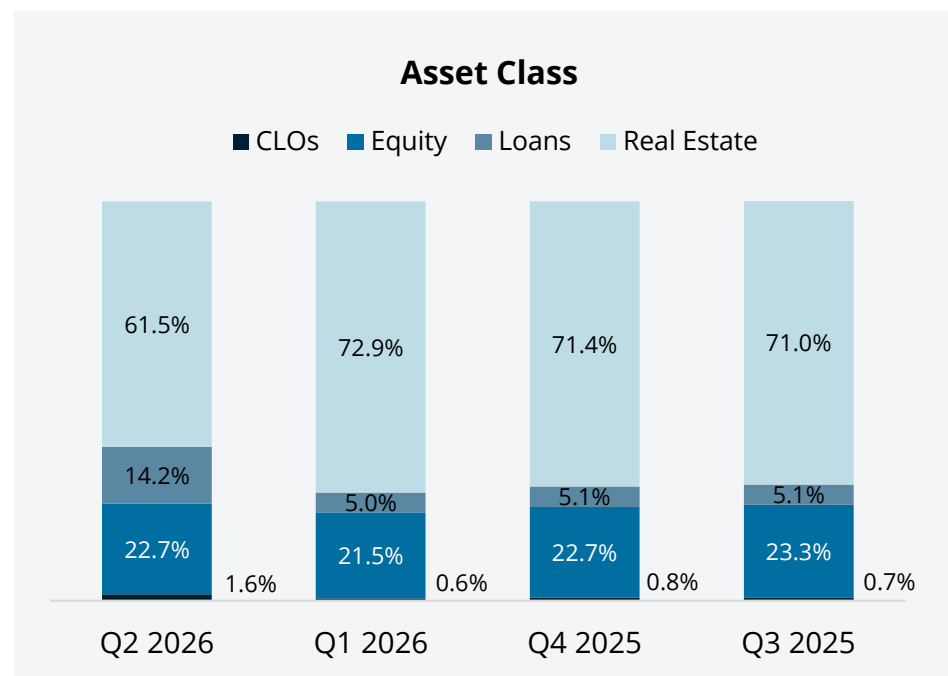
- Look to monetize positions on an opportunistic basis to maximize value of top holdings and facilitate transition toward optimized asset allocation over time

#### HIGHLIGHTS

- Adviser expects opportunities for monetizations within top holdings in 2026 and 2027

# Portfolio Composition

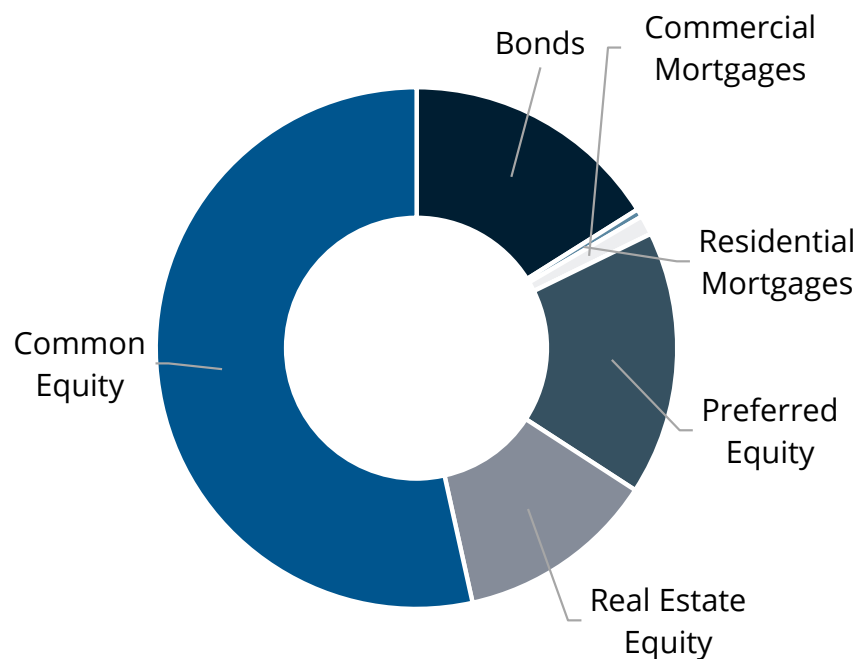
- As of June 30, 2026, the Fund's assets totaled \$890MM.
- The Fund's long assets were approximately 61.5% commercial real estate (debt & equity) and 38.5% non-real estate related assets invested across debt securities, public and private equity, and structured products.
- The real estate assets by type were approximately 30.5% private equity, 23.1% debt, and 7.8% public equity securities, as a percentage of the Fund's long assets.



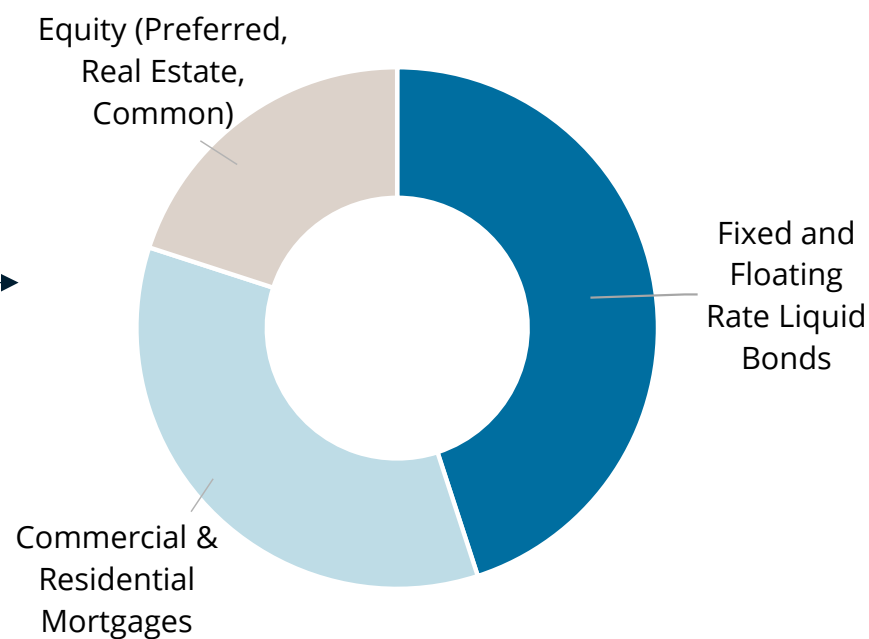
# HFRO Target Asset Allocation

The Fund will look to monetize positions in its current portfolio on an opportunistic basis over time to support gradual transition to its target allocation.

Current Portfolio



Target Asset Allocation



# TRQ Plano LLC 2Q26 Monetization Summary

Fund's second largest holding, was monetized in Q2 above mark

## OVERVIEW

- Fund held a debt position in TRQ Plano LLC (formerly EDS Legacy Partners), owner of the former EDS campus at 5400 Legacy Drive, Plano, TX
- The transaction closed in the second quarter, marking a significant monetization for the Fund with full repayment of the promissory note plus accrued interest

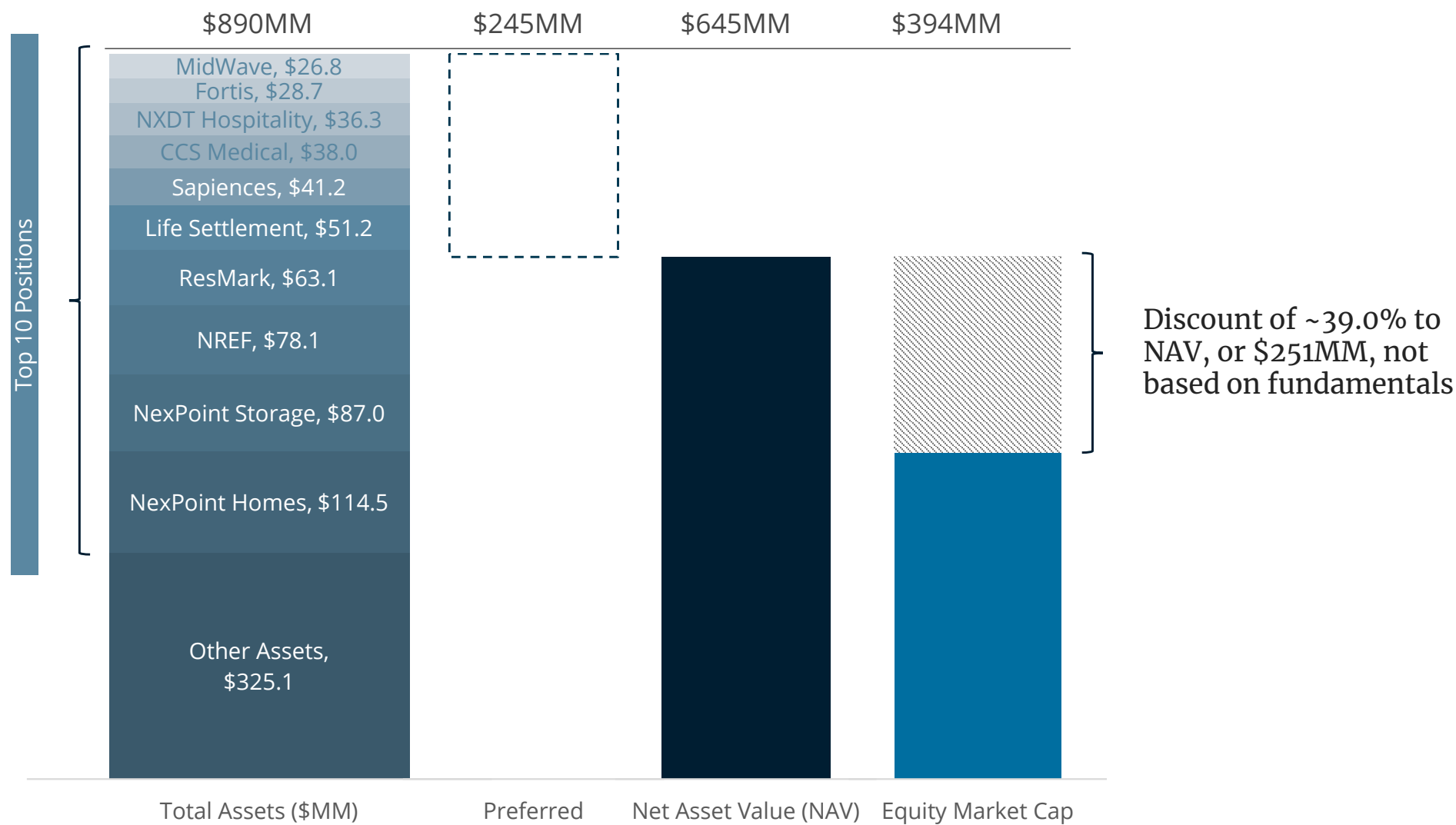


## HOW THE POSITION WAS MONETIZED

- 2018** ● **Equity investment**  
Fund acquired the SPE owning the former EDS campus and held the property for lease.
- 2023** ● **Sold equity, converted to debt**  
With office vacancy at record highs, Fund sold the SPE equity to a third party and converted to a note, shifting carrying costs to the buyer.
- 2024** ● **Owner repositioned the campus**  
Rezoning broadened permitted uses; a City of Plano economic development agreement created a TIRZ funded by TIF.
- 1Q-2Q26** ● **AT&T headquarters sale**  
AT&T selected the campus for its new global HQ in 1Q26, leaving Downtown Dallas; the sale closed in 2Q26.
- 2Q26** ● **Outcome**  
Note repaid in full with accrued interest, above mark.

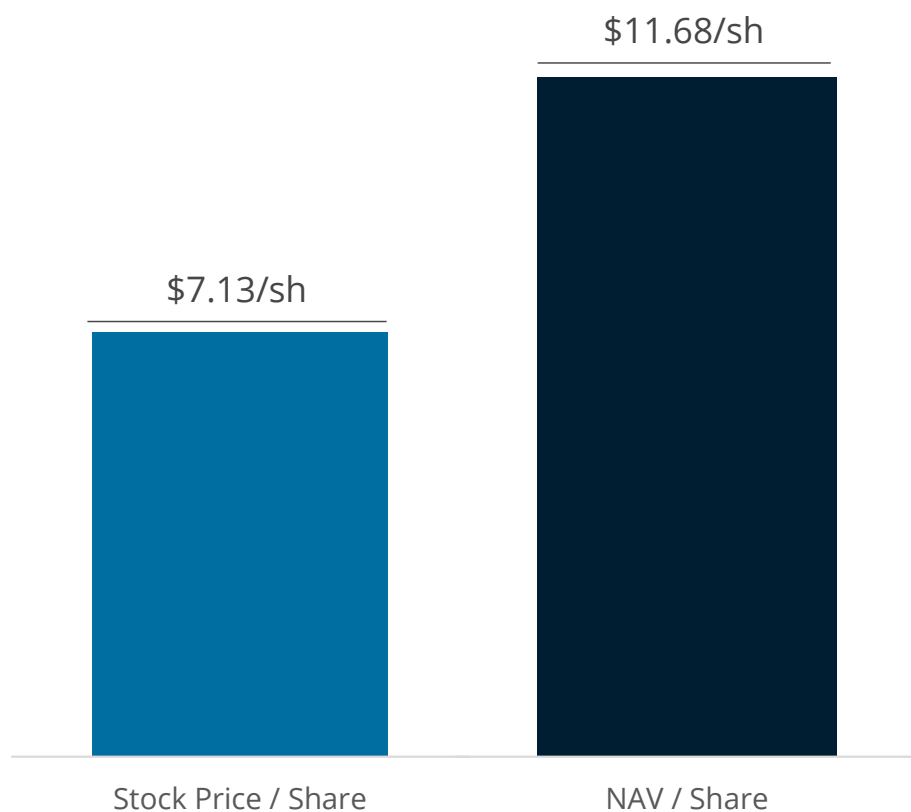
# HFRO Discount to NAV

Fund discount to NAV is disconnected from market fundamentals.



# HFRO Discount to NAV

Current discount represents opportunity as Fund realizes value of top holdings.



## Opportunities at Current Discount

- HFRO expects investment monetization's in other top positions over next 1-2 years, providing catalysts for the Fund
- Monetization proceeds over time expected to be deployed into accretive investment opportunities with the ability to increase NAV/share and narrow the discount
- Investment opportunities include share buybacks under current program, new investments as part of the portfolio repositioning to the target allocation, and reinvestment to maximize the value of existing holdings

HIGHLAND OPPORTUNITIES AND INCOME FUND

# Top 10 Positions Snapshot

# Top 10 Positions (as of 6/30/26)

| INVESTMENT                          | % PORTFOLIO | THESIS                                                                                                                                                                                                         | KEY HIGHLIGHTS                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NexPoint Homes Trust</b>         | 14.0%       | 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 ongoing portfolio optimization efforts focused on accretively disposing of lower performing homes to continue paying down debt.                                                                                                                                                                                           |
| <b>NexPoint Storage Partners</b>    | 10.6%       | Development portfolio of self-storage assets that is mostly stabilized and positioned to benefit from strong occupancy and rate increases to existing tenants.                                                 | Continuing to maximize NOI growth while optimizing portfolio and capital structure.                                                                                                                                                                                                                                                    |
| <b>NexPoint Real Estate Finance</b> | 9.5%        | A stabilized investment in a publicly traded mortgage REIT with an attractive dividend yield. REIT lends to or invests in stabilized and light transitional properties as well as select development projects. | \$1.1B portfolio of 85 investments — weighted toward life sciences (39.4%), multifamily (37.6%), and SFR (15.1%) at a 63.4% weighted-average LTV and 1.39x DSCR; funded roughly \$70MM of new loans at double-digit coupons, raised \$22.6MM from Series C preferred offering, and declared a \$0.50 per share third-quarter dividend. |
| <b>ResMark Venture</b>              | 7.7%        | Investment in a build-to-rent residential joint venture with a developer with deep industry experience and a demonstrated ability to capture high yields.                                                      | Consists of five separate build-to-rent residential developments in California and Texas, with expected deliveries through 2027 and lease-up through 2028.                                                                                                                                                                             |
| <b>Life Settlement Portfolio</b>    | 6.2%        | Exposure to life settlements asset class, one of few remaining that provides a secured investment alongside potential unlevered, double-digit investor returns.                                                | Portfolio (consists of 10 policies with a current market value of \$46.6MM, excluding cash) has achieved a 12.8% CAGR since its November 2020 inception (96.6% cumulative return).                                                                                                                                                     |

## Top 10 Positions (as of 6/30/26) (cont'd)

| INVESTMENT                     | % PORTFOLIO | THESIS                                                                                                                                                                                         | KEY HIGHLIGHTS                                                                                                                                                                                                                                                                             |
|--------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sapience Therapeutics</b>   | 5.0%        | Private company using proprietary technology to create novel treatments for untreatable cancers.                                                                                               | Advancing main programs (focused on peptide-based therapeutics to treat cancers) through Phase 2 clinical trials. Pursuing capital raise in 2H26.                                                                                                                                          |
| <b>CCS Medical</b>             | 4.6%        | Leader in home medical distribution positioned to capture value in integration of chronic care management and the rapidly growing CGM market.                                                  | Focused on the build-out of the pharmacy channel, as well as other ongoing growth initiatives, including several analytics platform projects. Regulatory-driven industry consolidation introduced, but Company is well positioned among peers to navigate shifts without major disruption. |
| <b>NXDT Hospitality Holdco</b> | 4.4%        | Investment is the result of NexPoint Diversified Real Estate Trust (NXDT) acquiring NexPoint Hospitality Trust (NHT), HFRO's original investment.                                              | Closed the previously announced acquisition of NHT, which was HFRO's original investment. NHT's debt was assumed by NXDT as part of the merger. Three assets remain in portfolio.                                                                                                          |
| <b>Fortis Life and Annuity</b> | 3.5%        | Opportunity to participate in structurally growing retirement income market at favorable entry point via newly formed insurance company.                                                       | Company building out operations and distribution through scalable operating model with specialized service providers. First annuity product expected to launch in 4Q26.                                                                                                                    |
| <b>Midwave Wireless</b>        | 3.3%        | Ownership of scarce, nationwide mid-band spectrum — including 100% of the 1.4 GHz Band — positioned to capture value as carriers invest billions in comparable assets for their 5G build-outs. | Company recently satisfied all outstanding FCC requirements, allowing 1.4 GHz Band, which is comprised of 64 licenses covering the entire U.S., 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 Positions

# 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 6.30.26)

- Portfolio (comprised of 1,871 homes<sup>1</sup>) maintains strong NOI growth, which is expected to remain stable with high occupancy, targeting 4-5% dividend yield
- Continued progress on de-levering the portfolio by paying down over \$26.3MM of debt

## UPDATE & NEXT MILESTONE

- Continue strategic deleveraging portfolio by selectively exiting underperforming assets or MSAs
- Sold another 112 assets during Q2 and using proceeds primarily to pay down debt, specifically convertible notes



|                    |                                    |
|--------------------|------------------------------------|
| Initial Investment | 2022                               |
| % of HFRO          | 14.0%                              |
| Investment         | \$114.5 MM                         |
| Investment Type    | Debt, Private Equity               |
| Industry           | Real Estate – Single-Family Rental |

1. As of June 30, 2026.

# 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 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 6.30.26)

- Trailing 12-month portfolio NOI increased 13.4%, rising from \$53MM (Jan 2025) to \$60.1MM (July 2026)
- 2026 NOI budget of \$58.3MM (3.9% growth over 2025) is supported by current run-rate performance
- Physical occupancy reached above 94% as of June 30, 2026; occupancy exceeds publicly traded peers
- Portfolio is comprised of 61 facilities<sup>1</sup> with an average facility age of < 6 years; this makes it one of the youngest Class A portfolios in the U.S. and positions it for strong occupancy and in-place rent growth

## UPDATE & NEXT MILESTONE

- Key priority remains focusing on operations and maximizing NOI growth
- Continuing to pursue opportunities to optimize portfolio and capital structure

1. As of June 30, 2026.



|                    |                            |
|--------------------|----------------------------|
| Initial Investment | 2018                       |
| % of HFRO          | 10.6%                      |
| Investment         | \$87.0 MM                  |
| Investment Type    | Private Equity             |
| Industry           | Real Estate – Self-Storage |

# 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, office, and marina sectors*

## INVESTMENT RATIONALE & OBJECTIVE

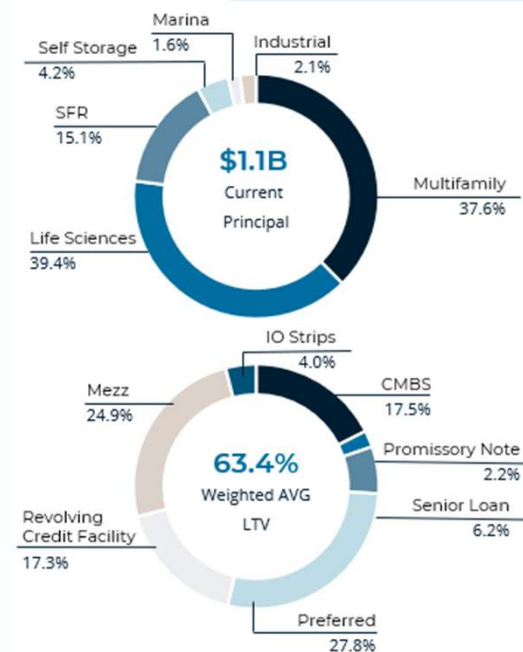
- Investment in common stock (NYSE: NREF) of mortgage REIT focused on real estate sectors where its senior management team has operating experience
- Longer term duration lending provides earnings visibility, with equity cushion providing some investment protection
- **Objective: stabilized investment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

## KEY HIGHLIGHTS (as of 6.30.26)

- Net income of \$5.4MM, or \$0.29 per diluted share for 3 months ended 6/30/26
- Cash available for distribution of \$13.9MM, or \$0.58 per diluted share, for 3 months ended 6/30/26
- Outstanding total portfolio of \$1.1B, composed of 85 investments
- Weighted-average loan to value (LTV) and debt service coverage ratio (DSCR) are 63.4% and 1.39x, respectively

## UPDATE & NEXT MILESTONE

- In 2Q26 funded \$7.3MM on a loan that pays a monthly coupon of SOFR + 900 bps, funded \$20.2MM on a loan that pays a monthly coupon of 14.0%, and funded \$42.6MM on a loan that pays a monthly coupon of 14.0%
- During the quarter, the fund raised \$22.6MM in gross proceeds from the Series C preferred stock offering



|                    |                       |
|--------------------|-----------------------|
| Initial Investment | 2020                  |
| % of HFRO          | 9.5%                  |
| Investment         | \$78.1 MM             |
| Investment Type    | Common Stock          |
| Industry           | Real Estate – Finance |

# 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 6.30.26)

- Continuing to deliver units and finish out developments on five separate build-to-rent residential developments in California and Texas with expected deliveries continuing through 2027
- Supply dynamic has been less favorable for properties in Texas markets, which slowed initial lease-up, but progress remains on track with projected timeline

## UPDATE & NEXT MILESTONE

- Five properties (two in Texas, three in California) progressing through construction completion and lease-up phases
- Lease-up phases continue in 2027-2028; remain confident in overall leasing outlook despite slight softness in certain markets



|                    |                                    |
|--------------------|------------------------------------|
| Initial Investment | 2023                               |
| % of HFRO          | 7.7%                               |
| Investment         | \$63.1 MM                          |
| Investment Type    | Private Equity                     |
| Industry           | Real Estate – Single-Family Rental |

# Life Settlement Portfolio

*Actively managed life settlement portfolio providing unique access to investment grade assets generating double-digit returns*

## INVESTMENT RATIONALE & OBJECTIVE

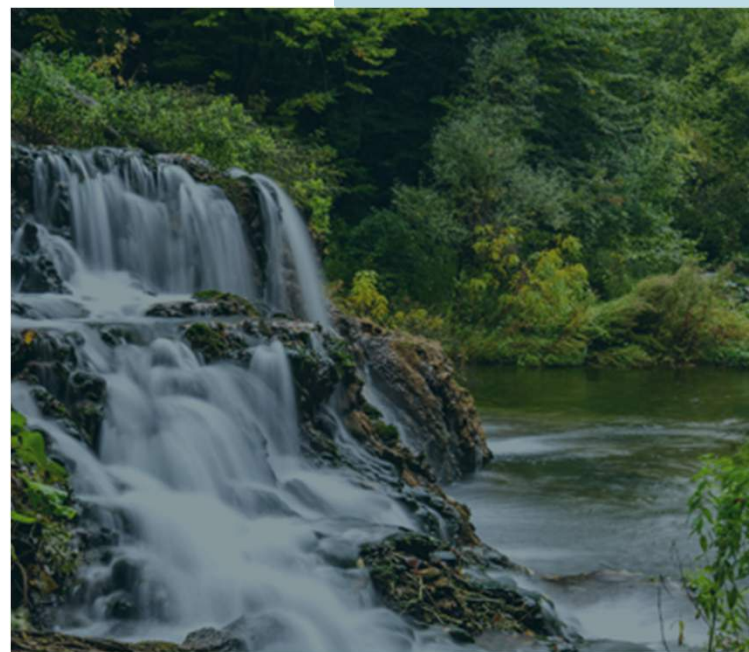
- Life settlement investments provide opportunities to invest in life insurance policies that original policyholders sell in exchange for liquidity at a percentage of the ultimate face value, but multiples of the current account value
- One of the remaining asset classes that provides a secured investment alongside potential unlevered, double-digit investor returns
- Original investment builds on deep experience in the asset class within Adviser's team
- Objective: actively managed, investment grade life settlement portfolio that targets stable, uncorrelated double-digit returns as policies mature**

## KEY HIGHLIGHTS (as of 6.30.26)

- Portfolio consists of 10 policies with a current market value of \$46.6MM, excluding cash; total face value of the portfolio is \$81.8MM
- Portfolio has achieved a 12.8% CAGR since its inception on November 16, 2020 (96.6% cumulative return)
- Given current volatility in the broader markets, life settlements continue to be a stable and growing asset class driven by demographic demand as Baby Boomer population ages and cost of living and retirement increases

## UPDATE & NEXT MILESTONE

- The portfolio has \$35.3MM of face value potentially maturing in the next 30 months (2.5 years)



|                    |                                           |
|--------------------|-------------------------------------------|
| Initial Investment | 2020                                      |
| % of HFRO          | 6.2%                                      |
| Investment         | \$51.2 MM                                 |
| Investment Type    | Investment Grade Fixed Income Replacement |
| Industry           | Insurance                                 |

Market value of Life Settlement portfolio is \$46.6 MM excluding cash from recent maturities. Total investment of \$51.2 MM includes cash from recent maturities. Each of the ten policies owned are issued by insurance companies with an A.M. Best Financial Strength Ratings above B++, which translates to an Issuer Credit Rating of bbb+ to bbb or higher and considered investment grade.

# 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

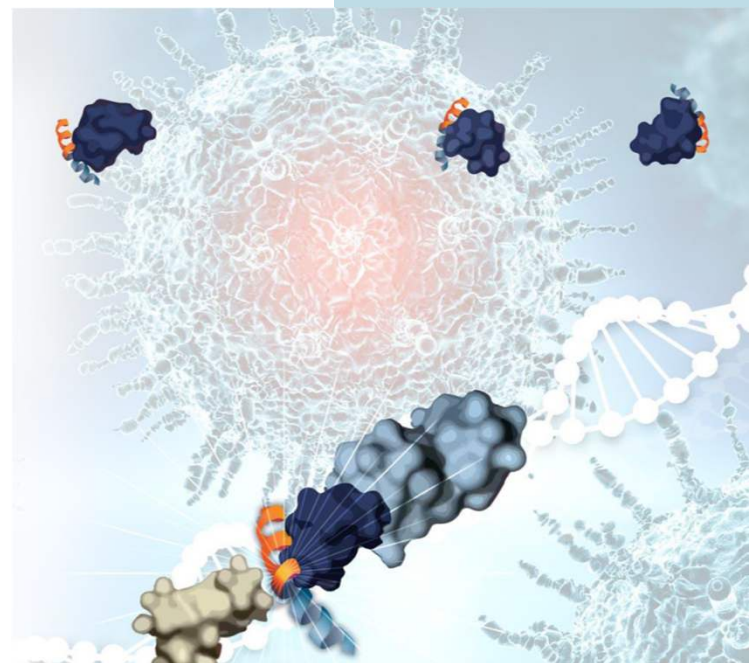
- With two platforms that are purpose-built to maximize the translational potential of drug candidates, creating a pipeline of therapeutic candidates called SPEARs™ (Stabilized Peptides Engineered Against Regulation) that disrupt intracellular protein-protein interactions, enabling targeting of transcription 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 6.30.26)

- 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
- Have also 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

- Company has raised more than \$100MM in outside capital, attracting top investors including Bristol-Myers Squibb, Eshelman Ventures, and Kingdon Capital; pursuing additional capital raise in 2H26
- Lucicebtide Phase 2 clinical trial provided positive clinical and pharmacodynamic data on which to raise funds



|                    |                                    |
|--------------------|------------------------------------|
| Initial Investment | 2021                               |
| % of HFRO          | 5.0%                               |
| Investment         | \$41.2 MM                          |
| Investment Type    | Convertible Debt, Preferred Equity |
| Industry           | Biotech                            |

# 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

- Established leader in growing distribution market for continuous glucose monitoring (CGM) diabetes supplies and expects to continue capturing growth 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 6.30.26)

- Through May 2026, revenue and adjusted EBITDA were modestly lower year-over-year (-3% sales, with a 7% decline in CGM), but results remain broadly in line with peers facing the same reimbursement and channel dynamics; core pharmacy business is showing resilience and early signs of stabilization, positioning CCS to return to growth as the channel mix shifts
- Continues to prioritize investment in pharmacy channel and analytics platform—both areas with strong development and significant long-term opportunity to expand margins and improve patient retention
- Net leverage is 2.24x EBITDA, comfortably within covenant limits, offering financial flexibility to pursue growth and withstand near-term headwinds

## UPDATE & NEXT MILESTONE

- Management continues to progress on the build-out of pharmacy channel, and other growth initiatives, including several analytics platform projects
- Continued focus on operations and growth, while positioning portfolio for a potential exit over time



|                    |               |
|--------------------|---------------|
| Initial Investment | 2010          |
| % of HFRO          | 4.6%          |
| Investment         | \$38.0 MM     |
| Investment Type    | Debt, Private |
| Industry           | Healthcare    |

# NXDT Hospitality Holdco

*The subsidiary of an externally advised, publicly traded, diversified REIT focused on the acquisition, development, and management of opportunistic and value-add investments throughout the United States*

## INVESTMENT RATIONALE & OBJECTIVE

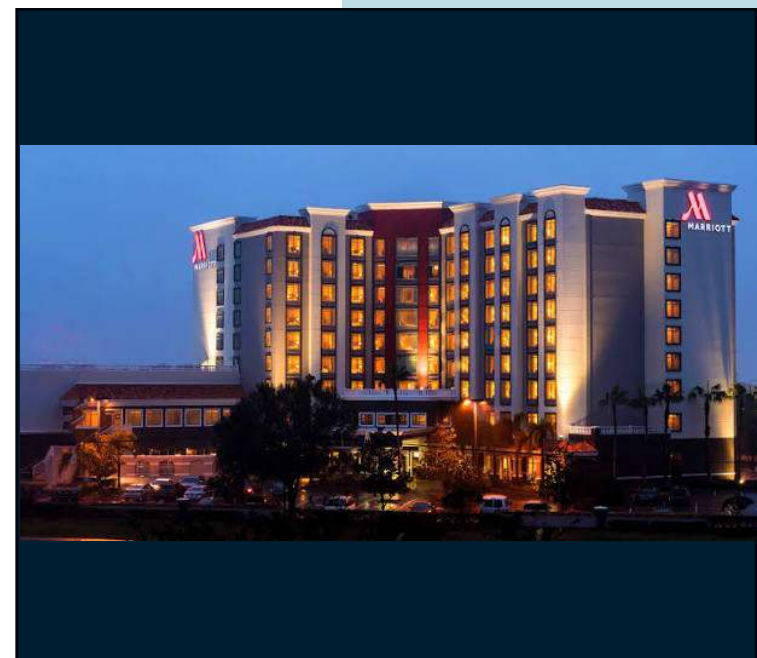
- HFRO owned convertible debt of NexPoint Hospitality Trust (NHT), which was acquired by NexPoint Diversified Real Estate Trust (NXDT) in a take-private transaction completed on April 17, 2025
- **Objective: investment in NXDT is the result of NXDT acquiring NexPoint Hospitality Trust (NHT), HFRO's original investment**

## KEY HIGHLIGHTS (as of 6.30.26)

- Transaction on April 17, 2025, the NHT REIT was dissolved and its subsidiary entities merged with and into entities owned or controlled, directly or indirectly, by NXDT
- Completed one disposition and two refinancings in 1H 2026
- Three remaining assets in portfolio in various stages of renovations

## UPDATE & NEXT MILESTONE

- Strategic deleveraging continues across the portfolio via paydowns and asset sales
- Seek to monetize freshly renovated assets upon renovation completion



|                    |                      |
|--------------------|----------------------|
| Initial Investment | 2020                 |
| % of HFRO          | 4.4%                 |
| Investment         | \$36.3 MM            |
| Investment Type    | Debt                 |
| Industry           | Real Estate – Hotels |

# Fortis Life and Annuity Insurance Company

*Newly created insurance company domiciled in Texas with the ability to sell fixed annuities in 38 states and the District of Columbia*

## INVESTMENT RATIONALE & OBJECTIVE

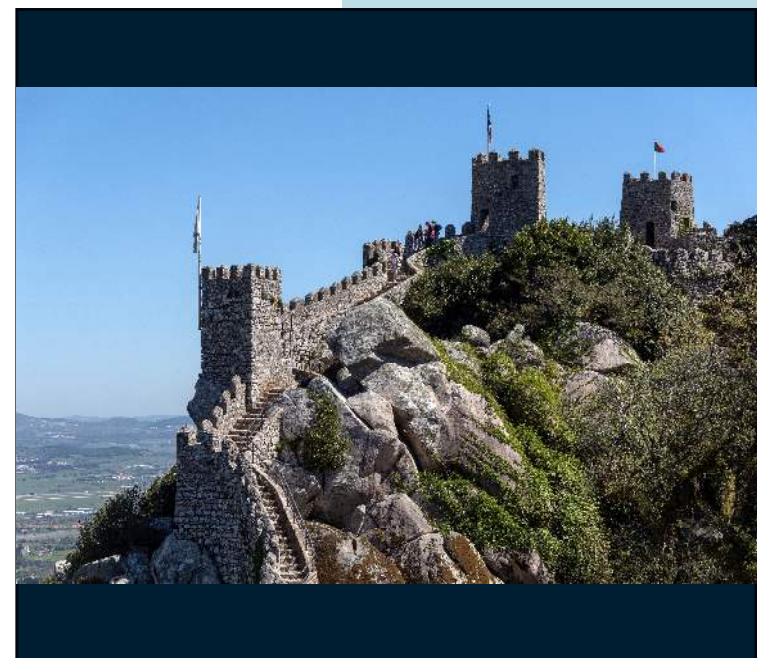
- Investment in insurer provides direct exposure to large and growing annuities market, with \$2.8 trillion in annuity reserves, and fixed annuity sales growing to \$290B in 2025, up from \$127B in 2019<sup>1</sup>
- Annuities market growth trajectory supported by tailwind of demographic trends, with U.S. population age 65+ projected to grow nearly 30% in next decade (from 61.2 million today to 78 million by 2035); total retirement market is \$49.1 trillion, with annuities representing approximately 5%<sup>2</sup>
- Objective: provide exposure to fixed annuity market and capture benefits from secular growth trends driving retirement-income demand**

## KEY HIGHLIGHTS (as of 6.30.26)

- Formalizing third-party and vendor relationships ahead of expected 4Q26 annuity issuance; executing on plan for newly formed insurer to launch and scale through strategic, efficient use of third-party infrastructure, supporting delivery of high-quality products and services at reduced costs
- Engaged illumifin for policy administration and agent contracting, NexAnnuity for product development, distribution, and insurance services, Forvis Mazars for statutory accounting, and Lewis & Ellis as appointed actuary

## UPDATE & NEXT MILESTONE

- Company is expected to launch first fixed annuity product in 4Q26



|                    |           |
|--------------------|-----------|
| Initial Investment | 2026      |
| % of HFRO          | 3.5%      |
| Investment         | \$28.7 MM |
| Investment Type    | Equity    |
| Industry           | Insurance |

1, Federal Reserve Board, Z.1 Financial Accounts of the United States, 2025; LIMRA, U.S. Individual Annuity Sales Survey, 2019 and 2025. 2, U.S. Census Bureau, Vintage 2024 Population Estimates, 2025; U.S. Census Bureau, National Population Projections, 2017; Investment Company Institute, The U.S. Retirement Market, 2025.

# 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

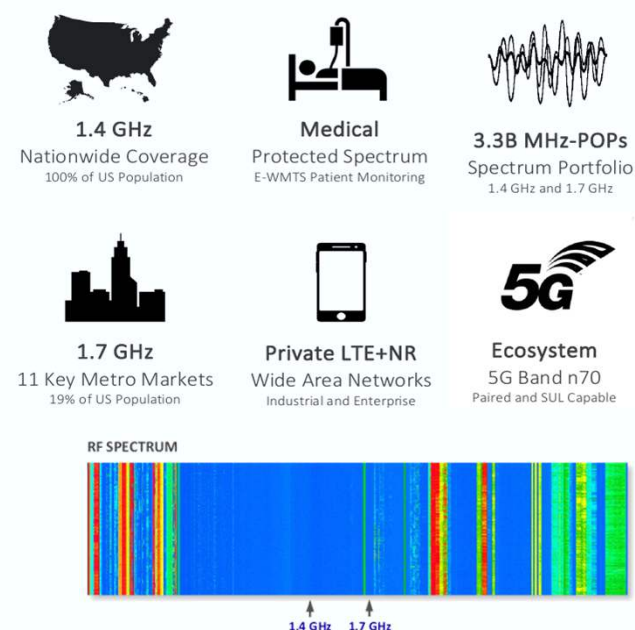
- MidWave's mid-band spectrum investments cover every major domestic market, representing more than 3.3 billion MHz-POPs of aggregate Radio Frequency (RF) resource
- Owns 100% of 1.4 GHz Band, comprised of 64 licenses covering entire U.S. and ~30% of the critical 1.7GHz Band within the AWS-3 spectrum 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 6.30.26)

- 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 strategy remains the same and focus continues to be to explore strategic options including a sale of some or all of its assets
- Market for Spectrum has been active with ~\$40B in transactions in 2025, indicating strong positioning for MidWave and its assets
- Notable announcements: AT&T acquired \$23B of spectrum licenses from EchoStar; SpaceX acquired \$17B wireless spectrum from EchoStar



|                    |              |
|--------------------|--------------|
| Initial Investment | 2015         |
| % of HFRO          | 3.3%         |
| Investment         | \$26.8 MM    |
| Investment Type    | Equity, Loan |
| Industry           | Telecom      |

HIGHLAND OPPORTUNITIES AND INCOME FUND

# Appendix

# Selected Financial Highlights

Quarter Ended June 30, 2026

| Balance Sheet Highlights                                         | 2Q2026  | 1Q2026  | 4Q2025   | 3Q2025  | 2Q2025   | 1Q2025  | 4Q2024   | 3Q2024  |
|------------------------------------------------------------------|---------|---------|----------|---------|----------|---------|----------|---------|
| Investment Portfolio at Fair Value                               | \$861   | \$825   | \$828    | \$840   | \$839    | \$877   | \$897    | \$963   |
| Total Debt Outstanding                                           | \$245   | \$245   | \$245    | \$245   | \$239    | \$240   | \$140    | \$140   |
| Total Net Assets                                                 | \$645   | \$627   | \$631    | \$636   | \$630    | \$683   | \$783    | \$846   |
| Debt-to-Equity Ratio                                             | 0.38x   | 0.39x   | 0.39x    | 0.39x   | 0.38x    | 0.35x   | 0.18x    | 0.17x   |
| Net Debt-to-Equity                                               | 0.31x   | 0.38x   | 0.37x    | 0.38x   | 0.33x    | 0.35x   | 0.16x    | 0.15x   |
| Income Statement Highlights                                      |         |         |          |         |          |         |          |         |
| Total Investment Income                                          | \$14.9  | \$16.6  | (\$3.6)  | \$11.8  | \$10.1   | \$8.5   | \$10.4   | \$14.9  |
| Net Investment Income                                            | \$9.2   | \$13.8  | (\$10.2) | \$8.9   | \$7.5    | \$5.8   | \$7.3    | \$11.9  |
| Net Realized Gains/(Losses)                                      | (\$4.2) | (\$5.4) | \$2.2    | (\$1.3) | (\$18.0) | \$18.5  | \$0.2    | (\$0.2) |
| Net Unrealized Appreciation/(Depreciation)                       | \$26.1  | (\$4.6) | \$10.9   | \$9.6   | (\$53.1) | \$4.5   | (\$60.6) | \$4.4   |
| Total Increase in Net Assets Resulting from Operations           | \$27.8  | \$0.5   | (\$0.3)  | \$13.9  | (\$66.9) | \$26.5  | (\$55.0) | \$14.2  |
| Per-Share Data                                                   |         |         |          |         |          |         |          |         |
| Net Asset Value Per Share                                        | \$11.68 | \$11.31 | \$11.39  | \$11.48 | \$11.38  | \$12.35 | \$12.00  | \$12.96 |
| Net Investment Income per Share (Basic and Diluted)              | \$0.16  | \$0.25  | (\$0.19) | \$0.16  | \$0.14   | \$0.10  | \$0.11   | \$0.18  |
| Total Increase in Net Assets Resulting from Operations per Share | \$0.47  | \$0.04  | \$0.02   | \$0.22  | (\$1.21) | \$0.47  | (\$0.84) | \$0.22  |
| Distributions per Share                                          | \$0.12  | \$0.12  | \$0.12   | \$0.12  | \$0.12   | \$0.12  | \$0.12   | \$0.12  |

# NexPoint's Leading Alternative Investment Platform

## Firm Overview

|                  |                                                               |
|------------------|---------------------------------------------------------------|
| <b>AUM</b>       | \$16.7 billion <sup>1</sup>                                   |
| <b>Focus</b>     | Alternative investments                                       |
| <b>Employees</b> | 131 total employees; 39 Investment professionals <sup>2</sup> |
| <b>Offices</b>   | Headquartered in Dallas Texas, with employees across the U.S. |



### 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 5/31/2026, inclusive of NexPoint and affiliates, based on fee calculation AUM. 2. As of 8/31/26 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.



**Brad Heiss**  
Portfolio Manager

- Has over 20 years of investment management and financial services experience.
- He leads NexPoint's affiliated retirement solutions business that includes its insurance platform.
- Prior to NexPoint, has worked in a Financial Institutions Group within Investment Banking Division, and worked as an investment analyst at long/short investment funds

# 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, the Fund's most recent annual report on Form N-CSR, semi-annual report, and other filings which contain this and other information, please visit our website at [www.nexpointassetmgmt.com](http://www.nexpointassetmgmt.com), the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), or call 1-800-357-9167. Please read these materials 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.

## 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.

## Contact Information

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**SALES DESK**  
(833) 697-7253

**WEBSITE**  
[nexpointassetmgmt.com](http://nexpointassetmgmt.com)

**INVESTOR  
SUPPORT**  
[IR@nexpoint.com](mailto:IR@nexpoint.com)

**ADDRESS**  
300 Crescent Court, Suite 700  
Dallas, TX 75201