

Highland Opportunities and Income Fund

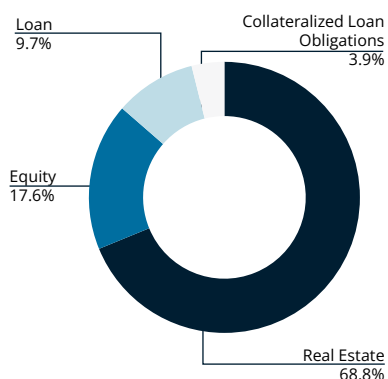
Common Stock*

Shares Outstanding (Common)	65,296,917
Market Price	\$5.19
Net Asset Value (NAV)	\$12.00
Premium/(Discount) to NAV	(59.71)%
Average Daily Volume (3 mo)	359,422

Portfolio Characteristics*

Number of Holdings	77
Monthly Distribution Rate Per Share	\$0.039
Distribution Rate (Price) ²	8.9%
Distribution Rate (NAV) ²	3.6%
Regulatory Leverage (M)	\$145
Leverage Percentage	15.6%

Portfolio Allocation*



INVESTMENT OBJECTIVE

Growth of capital along with income.

INVESTMENT STRATEGY

Focus on real estate securities, secured and unsecured fixed-rate loans and corporate bonds, mezzanine securities, structured products, convertible and preferred securities and equities (public and private) and floating rate securities.

Highland Opportunities and Income Fund is a closed-end fund that will invest at least 25% of its assets in securities or other instruments directly or indirectly secured by real estate

General Information

Ticker	HFRO
CUSIP	43010E404
Inception Date	January 13, 2000
Expense Ratio	1.24% ¹
Total Managed Assets (M)	\$928
Total Net Assets (M)	\$783
Fund Manager	Jim Dondero, CFA, <i>Co-Founder, President</i> Scott Johnson, <i>Managing Director</i>

Top 10 Exposures*

Investment	Equity	Debt	Total
NexPoint Homes ³	4.0%	8.2%	12.2%
NexPoint Storage Partners ³	10.8%	-	10.8%
EDS Legacy Partners	-	9.2%	9.2%
NexPoint Real Estate Finance ⁴	7.9%	0.7%	8.6%
Resmark Ventures ³	7.3%	-	7.3%
CCS Medical, Inc.	4.3%	2.0%	6.3%
Sapience	2.3%	1.7%	4.0%
NexPoint Hospitality Trust	-	3.6%	3.6%
IQHQ Inc.	3.3%	-	3.3%
MidWave Wireless	1.3%	1.2%	2.5%

1. The Expense Ratio shown is reported in the Fund's Annual Report dated December 31, 2024. 2. 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 10.9% in 2024 and expects similar results for 2025. 3. Positions held in REIT subsidiary. 4. On February 11, 2020, as part of the formation transaction for NexPoint Real Estate Finance (NYSE: NREF), certain assets held in HFRO, valued at \$46 million, were contributed in exchange for operating partnership units of NREF. The NREF Op Units are convertible one-to-one for NREF Common shares and therefore are priced daily in HFRO using the NREF common share price. * Current and future portfolio holdings are subject to change and risk. Top holdings are as a percentage of long-only market value. See distributions below for complete details.

Annualized Returns (%) As of 12/31/2024

	Incept.	YTD	1-Year	3-Year	5-Year	10-Year
HFRO NAV	1.13.00	-2.68	-2.68	2.10	3.20	2.90
HFRO Market Price		-27.00	-27.00	-14.69	-8.08	-3.91
CS Leverage Loan		9.05	9.05	6.84	5.73	5.13

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 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 Fact Sheet 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 less 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.

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.

Credit Suisse (CS) Leveraged Loan Index is designed to mirror the investable universe of the \$US-denominated leveraged loan market. The index inception is January 1992. Total return of the index is the sum of three components: principal, interest, and reinvestment return. The cumulative return assumes that coupon payments are reinvested into the index at the beginning of each period. Unlike the Fund, the index is not an investment, does not incur fees or expenses, and is not professionally managed. It is not possible to invest directly in the index.

Source: SEI