

Adviser on Highland Capital Management Investment Platform Plans Reorganization, Initiates Voluntary Bankruptcy Proceedings

*Single Highland Entity Has Filed for Chapter 11 Protection; Other Highland and Affiliated Entities,
Affiliated Investment Advisers Are Not Filing Any Bankruptcy Petitions*

Investment and Business Operations Are Continuing Across Highland Platform Without Interruption

DALLAS – October 16, 2019 – Highland Capital Management (“Highland”), a Dallas-based alternative investment platform, announced today that Highland Capital Management, L.P. (“HCMLP”), an investment adviser entity within the platform, has commenced voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the District of Delaware (the “Court”). HCMLP’s filing stems from a potential judgment being sought against that entity. Although Highland disputes the underlying claims, entry of the judgment in its maximum potential amount could result in a judgment against HCMLP greater than the entity’s liquid assets. HCMLP’s Chapter 11 filing was therefore necessary given its present liquidity position.

The Highland investment platform is comprised of a number of investment advisers, broker dealers, and other related entities; HCMLP is the only entity on the platform that has filed for Chapter 11 protection. The other entities on the platform—including but not limited to Highland Capital Management Fund Advisers, L.P. (“HCMFA”), NexPoint Advisors, L.P., (“NexPoint”), NexPoint Real Estate Advisors, L.P. (“NREA”), and NexPoint Securities, Inc., as well as all HCMFA-, NexPoint-, and NREA-advised funds—are not filing any bankruptcy petitions. All charitable giving vehicles and entities supporting community foundations are unaffected by this filing. HCMLP does not expect the filing to negatively impact any of its advised accounts.

Investment and business activities on the Highland platform are operating in the ordinary course and are continuing without disruption amid HCMLP’s reorganization. Highland does not anticipate any employment or management changes at HCMLP or elsewhere across the platform.

The potential judgment against HCMLP relates to a crisis-era fund previously managed by HCMLP. The fund has been in liquidation since 2011. Rather than liquidating the fund at the height of the crisis for pennies on the dollar, HCMLP carried out a liquidation process over time intended to maximize recoveries for investors.

The liquidation plan, which was finalized and approved by investors and HCMLP in 2011, established a committee of fund investor representatives (the “Redeemer Committee”) to coordinate the liquidation process. Between 2011 and 2016, HCMLP distributed over \$1.55 billion of the original account balance of approximately \$1.70 billion. At that point, with over 90% of the liquidation process completed, the Redeemer Committee filed a complaint against HCMLP resulting from a contract dispute over the timing of management fees and other related claims.

As noted above, Highland believes that HCMLP acted in the interest of investors and disputes the Redeemer Committee’s claims. However, in consideration of its liquidity profile, HCLMP determined that it was necessary to commence the voluntary Chapter 11 proceedings at this time.

Highland expects to provide additional details with respect to the HCMLP filing when available.



About HCMLP

HCMLP is an SEC-registered investment adviser on Highland Capital Management's multibillion-dollar global alternative investment platform. The Highland platform was established in 1993 with an initial focus in alternative credit. A pioneer in the leveraged loan market, Highland helped advance the market's development and expand investor access to the loan asset class. Highland has evolved over its more than 25-year history, building on its credit expertise and value-based approach to expand into other asset classes. Today, Highland operates a diverse investment platform, serving both institutional and retail investors worldwide. In addition to high-yield credit, Highland's investment capabilities include public equities, real estate, private equity and special situations, structured credit, and sector- and region-specific verticals built around specialized teams. Highland is headquartered in Dallas, Texas and maintains offices in Buenos Aires, Rio de Janeiro, Singapore, and Seoul.

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