

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|---|--|--|--|
| 1 Issuer's name NEXPOINT CREDIT STRATEGIES FUND | | 2 Issuer's employer identification number (EIN) 80-0139099 | |
| 3 Name of contact for additional information BRIAN MITTS | 4 Telephone No. of contact (972)628-4100 | 5 Email address of contact BMITTS@HIGHLANDFUNDS.COM | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 200 CRESCENT COURT, SUITE 700 | | 7 City, town, or post office, state, and Zip code of contact DALLAS, TX 75201 | |
| 8 Date of action 2015 Tax Year | | 9 Classification and description CASH/PROPERTY NON-DIVIDEND DISTRIBUTIONS PAID IN CALENDAR YEAR 2015 | |
| 10 CUSIP number SEE STMT 1 | 11 Serial number(s) N/A | 12 Ticker symbol NHF | 13 Account number(s) N/A |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ NEXPOINT CREDIT STRATEGIES FUND PAID DISTRIBUTIONS TO ITS SHAREHOLDERS PER THE ATTACHED SCHEDULE. THE PERCENTAGE OF THESE DISTRIBUTIONS WHICH REPRESENTS A NON-TAXABLE RETURN OF CAPITAL IS SHOWN ON THE ATTACHED SCHEDULE. THE DISTRIBUTIONS REFLECTED INCLUDE BOTH CASH AND PROEPRTY DISTRIBUTIONS. CASH DISTRIBUTIONS ARE PAID AND DECLARED MONTHLY. IN ADDITION TO CASH DISTRIBUTIONS, THE BOARD OF TRUSTEES APPROVED A SPIN-OFF IN WHICH NHF DISTRIBUTED ALL OF ITS OUTSTANDING SHARES OF NEXPOINT RESIDENTIAL TRUST, INC (NXRT) COMMON STOCK TO NHF'S SHAREHOLDERS ON A PRO RATA BASIS. THE DISTRIBUTION WAS MADE TO SHAREHOLDERS OF RECORD AS OF THE CLOSE OF BUSINESS ON MARCH 23, 2015. THE SHARES WERE DISTRIBUTED ON MARCH 31, 2015.

SEE STATEMENT 1 FOR ADDITIONAL INFORMATION.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE TOTAL AMOUNT OF NON-TAXABLE RETURN OF CAPITAL, ON THE ATTACHED SCHEDULE, MAY REPRESENT A REDUCTION IN THE SHAREHOLDERS' TAX BASIS IN THEIR SHARES HELD.

SEE STATEMENT 1 FOR ADDITIONAL INFORMATION.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE TAX BASIS OF THE SHAREHOLDERS' SHARES IS DECREASED BY THE PER SHARE AMOUNT OF NON-TAXABLE RETURN OF CAPITAL, ON THE ATTACHED SCHEDULE, MULTIPLIED BY THE NUMBER OF SHARES THE SHAREHOLDER OWNS.

SEE STATEMENT 1 FOR ADDITIONAL INFORMATION.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ PURSUANT TO IRC SEC. 301(C)(1), THE PORTION OF A DISTRIBUTION WHICH IS A DIVIDEND (AS DEFINED IN IRC SEC. 316) IS INCLUDABLE IN GROSS INCOME. PURSUANT TO IRC SEC. 301(C)(2), THE PORTION OF A DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE APPLIED AGAINST AND REDUCE THE ADJUSTED TAX BASIS OF THE STOCK.

18 Can any resulting loss be recognized? ▶ NO LOSS WILL BE RECOGNIZED AS A RESULT OF ANY NON-TAXABLE RETURN OF CAPITAL. A LOSS MAY BE REALIZED UPON THE DISPOSITION OF THE SHARES.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ PURSUANT TO IRC SEC. 6045, BROKERS ARE REQUIRED TO REFLECT THESE ADJUSTMENTS IN THE COST BASIS REPORTING FOR COVERED SECURITIES. IF A BROKER IS NOT REQUIRED TO PROVIDE COST BASIS TO A PARTICULAR SHAREHOLDER, THE COST BASIS OF THE SHAREHOLDERS' SHARES SHOULD BE ADJUSTED AS OF THE DISTRIBUTION DATE TO REFLECT THE RETURN OF CAPITAL DESCRIBED ABOVE. THE FINAL AMOUNT OF TAXABLE DIVIDENDS AND NON-TAXABLE RETURN OF CAPITAL (I.E., NON-DIVIDEND DISTRIBUTIONS) WILL BE REPORTED TO SHAREHOLDERS ON THEIR 2015 FORM 1099-DIV.

SEE STATEMENT 1 FOR ADDITIONAL INFORMATION.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ A SIGNED COPY IS MAINTAINED BY THE ISSUER Date ▶ 2/29/16

Print your name ▶ _____ Title ▶ _____

| | | | | | |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

NEXPOINT CREDIT STRATEGIES FUND

Supplemental attachment to Form 8937

Part I, Box 10

Part 2, Box 14, 15, 16 & 19

| CUSIP | Record Date | Ex Date | Payable Date | Per Share Distribution | Per Share Nontaxable Return of Capital | Per Share Taxable Dividend |
|--------------|--------------------|----------------|---------------------|-------------------------------|---|-----------------------------------|
| 65340G106 | 1/23/2015 | 1/21/2015 | 1/30/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 2/20/2015 | 2/19/2015 | 2/27/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 3/24/2015 | 3/20/2015 | 3/31/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 3/23/2015 | 3/31/2015 | 3/31/2015 | 4.666666667 | 2.006191875 | 2.660474792 |
| 65340G106 | 4/23/2015 | 4/21/2015 | 4/30/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 5/22/2015 | 5/20/2015 | 5/29/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 6/23/2015 | 6/19/2015 | 6/30/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 7/24/2015 | 7/22/2015 | 7/31/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 8/24/2015 | 8/20/2015 | 8/31/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G106 | 9/23/2015 | 9/21/2015 | 9/30/2015 | 0.060000000 | 0.025793896 | 0.034206104 |
| 65340G205 | 10/23/2015 | 10/21/2015 | 10/30/2015 | 0.240000000 | 0.103175582 | 0.136824418 |
| 65340G205 | 11/23/2015 | 11/19/2015 | 11/30/2015 | 0.240000000 | 0.103175582 | 0.136824418 |
| 65340G205 | 12/24/2015 | 12/22/2015 | 12/31/2015 | 0.240000000 | 0.103175582 | 0.136824418 |