



## NexPoint Strategic Opportunities Fund – Rights Offering

If you are a record date holder (April 29, 2019) of NHF, you are eligible to purchase additional NHF shares in an upcoming Rights Offering by the Fund.

This document will cover the following three areas regarding the upcoming NHF Rights Offering:

1. Frequently Asked Questions
2. Description of the Rights Offering
3. Subscription Logistics

### 1. Frequently Asked Questions

Capitalized terms used herein but not defined shall have the meaning ascribed to such term in the Fund's registration statement.

#### Q: What dates are important?

<u>Record Date:</u>	April 29, 2019
<u>Subscription Period:</u>	April 30, 2019 to May 22, 2019
<u>Expiration Date:</u>	May 22, 2019

#### Q: What is a Rights Offering?

- A rights offering has historically been an effective method to raise additional capital. It allows current Shareholders to purchase additional common shares at a preset subscription price, which is typically set at a discount to the Fund's recent trading price.

#### Q: How are rights distributed?

- Each Shareholder is given the "right" to purchase additional shares based on the number of shares owned as of a defined date (the "Record Date"). In this particular rights offer, Record Date Shareholders will receive one Right for each outstanding whole common share held on the Record Date. Each Right entitles the holder to purchase one new common share for every three Rights held (1-for-3).
- For example, if a Shareholder owned nine shares, he/she would receive nine Rights and be entitled to purchase up to three additional shares.

**Q: What if a Shareholder is issued less than three Rights or the Rights received by a Shareholder are not evenly divisible by three?**

- A Record Date Shareholder who is issued fewer than three Rights may subscribe, at the Subscription Price (defined below), for one full Share.
- Rights received by a Shareholder that are not divisible by three should be rounded down to the nearest multiple of three to determine the number of Shares a holder is entitled to purchase.
- For example, if a Shareholder received eight Rights, he/she would be entitled to purchase up to two additional shares.

**Q: Can a Shareholder purchase additional Shares in excess of the Rights issued to him/her?**

- The offering includes an “over-subscription privilege” where a Shareholder who fully exercises all of his or her rights has the “privilege” to “over-subscribe” for additional shares. The over-subscription privilege is usually subject to allotment and shares will be distributed on a pro rata basis if the over-subscription allotment does not satisfy all over-subscription requests.
- For example, if a Shareholder received eight Rights and exercised those Rights to purchase an additional two shares of common stock, the Shareholder would have the opportunity to purchase additional Shares through the over-subscription privilege.

**Q: What is the Subscription Price of the Rights Offering?**

- The subscription price per common share will be determined based upon a formula equal to the lesser of (1) 95% of the Fund’s reported net asset value, or (2) 95% of the average of the last reported sales price of the Fund’s common shares on the New York Stock Exchange (“NYSE”) on May 22, 2019 (the “Expiration Date”) and on each of the four trading days preceding the Expiration Date.

**Q: Will the Rights be transferable?**

- The Rights are non-transferable and may not be purchased or sold. Rights not exercised will expire without residual value at the close of business on the Expiration Date.

**Q: Are there transaction costs related with the rights offering?**

- Shareholders will not be charged a fee if they subscribe directly through the subscription agent (American Stock Transfer & Trust Company, LLC). However, certain brokerage firms may charge a fee to exercise rights. Please consult your Financial Advisor or brokerage firm for applicable fees.
- The expenses related to the Offer are expected to be approximately \$350,000 (assuming the Offer is fully subscribed) which will be borne by the Fund. The expenses include, but are not limited to the expenses, of preparing, printing, and mailing the prospectus and rights subscription materials and fees assessed by service providers. NexPoint Advisors, L.P. believes that the potential benefits and strategic uses of the additional equity raised through the Offer outweigh these expenses. The potential benefits and strategic uses are discussed in more detail below.

**Q: How long does a Shareholder have to exercise their rights?**

- The rights offering will be open for subscriptions from April 30, 2019 through May 22, 2019. Instructions on how to subscribe are described at the end of the FAQ and are further detailed in the Prospectus.

**Q: Will Shareholders be diluted?**

- Shareholders who fully exercise their rights will not experience any dilution to the value of their current investment as a result of the rights offering. Dilution may be experienced by Shareholders who do not fully exercise their rights as a result of the issuance of new shares below the then-current net asset value. A Shareholder may avoid dilution by fully subscribing to the rights offering.

**Q: How does a Shareholder participate in the Rights Offering?**

Completed subscription certificates must be sent together with proper payment of the estimated Subscription Price for all Shares subscribed for in the Primary Subscription and the over-subscription privilege (for Record Date Shareholders) to the Subscription Agent by one of the methods described below. Alternatively, Rights holders may arrange for their financial institutions to send notices of guaranteed delivery by facsimile to DTC to be received by the Subscription Agent prior to 5:00 p.m., Eastern Time, on the Expiration Date. Facsimiles should be confirmed by telephone at DTC. The Trust will accept only properly completed and executed subscription certificates actually received at any of the addresses listed below, prior to 5:00 p.m., Eastern time, on the Expiration Date or by the close of business on the third business day after the Expiration Date following timely receipt of a notice of guaranteed delivery. **Shareholders may also subscribe for the Offer by contacting their broker dealer, trust company, bank or other nominee.**

<u>Subscription Certificate Delivery Method</u>	<u>Address/Number</u>
Notice of Guaranteed Delivery	Contact your broker-dealer, trust company, bank, or other nominee to notify the Trust of your intent to exercise the Rights.
First Class Mail Only: (No Overnight /Express Mail):	American Stock Transfer & Trust Company, LLC Operations Center Attn. Reorganization Group P.O. Box 2042 New York, NY 10272-2042
Hand:	American Stock Transfer & Trust Company, LLC Operations Center Attn: Reorganization Group 6201 15th Avenue Brooklyn, NY 11219
Express Mail or Overnight Courier:	American Stock Transfer & Trust Company, LLC Operations Center Attn: Reorganization Group 6201 15th Avenue Brooklyn, NY 11219

The Fund will honor only subscription certificates received by the Subscription Agent on or prior to the Expiration Date at one of the addresses listed above. Delivery to an address other than those listed above will not constitute good delivery.

**Q: What is the contact information for the Information Agent?**

- Information Agent: AST Fund Solutions (888) 626-0988

**2. Description of the Rights Offering**

Offering:	Non-Underwritten, Non-Transferable Rights Offering
Rights Ratio/ Primary Subscription	1-for-3: Record date shareholders will be issued one right for each share of common stock held as of the Record Date. Three rights will be required to purchase one newly issued share at the subscription price (the " <u>Primary Subscription</u> "). Shareholders issued fewer than three rights will be permitted to purchase one share pursuant to the Primary Subscription.
Over-Subscription Privilege:	Record date shareholders who fully exercise their rights may subscribe for shares not otherwise subscribed for as a result of unexercised rights. If over-subscription requests exceed the number of available shares, such available shares will be allocated on a pro rata basis based on the number of shares owned by such shareholder held on the record date. In addition, the Fund in its sole discretion may elect to issue additional common shares in amount up to 25% of the common shares issued in the Primary Subscription. Any Record Date Shareholder who is issued fewer than three Rights may subscribe for one full common share in the offering.

Transferability: Rights issued will not be transferable. Rights not exercised will expire without residual value at the close of business on the Expiration Date.

Subscription Price: The subscription price per common share will be determined based upon a formula equal to the lesser of 95% of the reported net asset value or the average of the last reported sales price of the Fund's common shares on the NYSE on May 22, 2019 (the Expiration Date) and on each of the four trading days preceding the Expiration Date.

### 3. Subscription Logistics

- Subscription Logistics / How to Exercise your rights:

- Investors will receive a similar rights certificate with important information on both sides of the document
  - **FRONT:** This side of the certificate will show the number of Rights that were issued to an investor

RIGHTS CERTIFICATE #:

NUMBER OF RIGHTS

THE TERMS AND CONDITIONS OF THE RIGHTS OFFERING ARE SET FORTH IN THE TRUST'S PROSPECTUS SUPPLEMENT DATED APRIL 11, 2019 (THE "PROSPECTUS") AND ARE INCORPORATED HEREIN BY REFERENCE. COPIES OF THE PROSPECTUS ARE AVAILABLE UPON REQUEST FROM AST FUND SOLUTIONS, LLC, THE INFORMATION AGENT.

**NEXPOINT STRATEGIC OPPORTUNITIES FUND**  
Incorporated under the laws of the State of Delaware

**NON - TRANSFERABLE SUBSCRIPTION RIGHTS CERTIFICATE**

Evidencing Non - Transferable Subscription Rights to Purchase Shares Common Stock of NexPoint Strategic Opportunities Fund

Estimated Subscription Price: \$20.85 per Share

THE SUBSCRIPTION RIGHTS WILL EXPIRE IF NOT EXERCISED ON OR BEFORE 5:00 P.M., EASTERN TIME, ON MAY 22, 2019, UNLESS EXTENDED BY THE FUND

- **BACK:** This side is the instructions on how to exercise your Rights in both the primary (basic) subscription and over-subscription, method of payment, and delivery instructions (wire and mail)

**FORM 1-EXERCISE OF SUBSCRIPTION RIGHTS**

To subscribe for shares pursuant to your Basic Subscription Right, please complete lines (a) and (c) and sign under Form 4 below. To subscribe for shares pursuant to your Over-Subscription Right, please also complete line (b) and sign under Form 4 below. To the extent you subscribe for more Shares than you are entitled under either the Basic Subscription Right or the Over-Subscription Right, you will be deemed to have elected to purchase the maximum number of shares for which you are entitled to subscribe under the Basic Subscription Right or Over-Subscription Right, as applicable.

**NOTE: The subscription price for the Shares (the "Subscription Price") will be determined based upon a formula equal to the lesser of (1) 95% of the reported net asset value per common share calculated as of the close of trading on the NYSE on the Expiration Date, or (2) 95% of the average of the last reported sales price of the Trust's common shares on the NYSE on the Expiration Date and on each of the four trading days preceding the Expiration Date.**

**(a) EXERCISE OF BASIC SUBSCRIPTION RIGHT:**

I apply for \_\_\_\_\_ shares x \$20.85 = \$ \_\_\_\_\_  
(no. of new shares) (est. subscription price) (amount enclosed)

**(b) EXERCISE OF OVER-SUBSCRIPTION RIGHT**

If you have exercised your Basic Subscription Right in full and wish to subscribe for additional shares of Common Stock for which you are entitled to subscribe pursuant to your Over-Subscription Right:

I apply for \_\_\_\_\_ shares x \$20.85 = \$ \_\_\_\_\_  
(no. of new shares) (est. subscription price) (amount enclosed)

(c) Total Amount of Payment Enclosed = \$ \_\_\_\_\_

**METHOD OF PAYMENT (CHECK ONE)**

- Check or bank draft payable to "American Stock Transfer & Trust Company, LLC as Subscription Agent."
- Wire transfer of immediately available funds directly to the account maintained by American Stock Transfer & Trust Company, LLC, as Subscription Agent, for purposes of accepting subscriptions in this Rights Offering at JPMorgan Chase Bank, 55 Water Street, New York, New York 10005, ABA #021000021, Account # 530-354616 American Stock Transfer FBO NexPoint Strategic Opportunities Fund, with reference to the rights holder's name.

- If **NOT** oversubscribing, fill out sections (a) and (c) and be sure not to designate more shares than what the Front side of the certificate states divided by 3 and rounded down to the nearest multiple of 3.
  - For Example, if the certificate states an investor has 8 Rights, they would be entitled to purchase up to an additional 2 shares of stock.
- If **WANTING** to oversubscribe, fill out sections (a) and (c) as well as section (b).
  - Be sure to subscribe for the full amount on the basic subscription right in section (a). For Example, if the certificate states an investor has 9 Rights, they will need apply for 3 additional shares of stock (9 rights = 3 shares).
  - In section (b), fill in the amount of additional shares you would like to oversubscribe for and add sections (a) & (b) to write down for section (c)
- Then be sure to check the appropriate box for method of payment

DELIVERY OPTIONS FOR SUBSCRIPTION RIGHTS CERTIFICATE

Delivery other than in the manner or to the address listed below will not constitute valid delivery.

If delivering by mail, hand or overnight courier:

American Stock Transfer & Trust Company, LLC  
Operations Center  
Attn: Reorganization Department  
6201 15<sup>th</sup> Avenue  
Brooklyn, New York 11219

FORM 4-SIGNATURE

TO SUBSCRIBE: I acknowledge that I have received the Prospectus for this Rights Offering and I hereby irrevocably subscribe for the number of shares indicated above on the terms and conditions specified in the Prospectus.

Signature(s): \_\_\_\_\_

IMPORTANT: The signature(s) must correspond with the name(s) as printed on the reverse of this Subscription Rights Certificate in every particular, without alteration or enlargement, or any other change whatsoever.

- Also, be sure to use the following address if delivering my mail otherwise it will not constitute valid delivery
- All subscriptions must be submitted and postmarked by 5:00 P.M. Eastern on the Expiration Date of the Subscription Period which is Wednesday, May 22, 2019
- The investor must provide a signature under section Form 4 and the signature must correspond to the name(s) printed on the FRONT side of the certificate.

**Shareholders may also subscribe for the offer by contacting their broker dealer, trust company, bank or other nominee.**