

## WHO WE ARE

NexPoint Capital is a healthcare-focused non-listed business development company (“BDC”) sponsored by NexPoint Advisors, an affiliate of Highland Capital Management. Highland is an institutional investment firm with \$13.5 billion in assets under management and particular expertise in the U.S. healthcare economy.

## FOR INVESTORS SEEKING<sup>1</sup>:

- CURRENT INCOME<sup>2</sup>
- PORTFOLIO DIVERSIFICATION
- LONG-TERM CAPITAL APPRECIATION

## INVESTMENT SUB-SECTOR FOCUS:

- PHARMACEUTICALS
- MEDICAL DEVICES
- LIFE SCIENCES
- INSURANCE
- FACILITIES

## ASSET CLASS FOCUS:

- DEBT OF MIDDLE MARKET COMPANIES
- SYNDICATED FLOATING RATE DEBT
- MEZZANINE AND EQUITY TRanches OF COLLATERALIZED LOAN OBLIGATIONS
- EQUITY OF MIDDLE MARKET COMPANIES
- PUBLIC EQUITY

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**Offering Period:** Three years, commencing August 18, 2014

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**Price Per Share** \$10.75

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**Minimum Initial Investment:** \$2,500

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**Program Size:** \$1.5 billion / 150,000,000 shares of common stock

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### Fees and Expenses<sup>3</sup>:

Selling Commissions: 8%<sup>4</sup>  
 Offering & Organizational Expenses: 1%  
 Management Fee: 2%  
 Management Incentive: 20% (7.5% hurdle)

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**Distribution Frequency<sup>5</sup>:** Monthly

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**Distribution Reinvestment Plan:** Shares may be purchased at the discounted price equal to 92 percent of the current offering price per share during the offering period via the distribution reinvestment plan.

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### Suitability Standards<sup>6</sup>: (pursuant to state securities law):

\$250,000 net worth (exclusive of home, furnishings and autos) or minimum net worth of \$70,000 combined with minimum gross annual income of \$70,000.

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**Share Repurchase Program:** Beginning with the first quarter following the one-year anniversary of the date that we satisfy the minimum offering requirement, we intend to offer to repurchase shares on a quarterly basis. Shares will be repurchased at a price equal to 90 percent of the current offering price in effect on each date of repurchase. Investors interested in tendering shares to be repurchased must either tender at least 25 percent of their shares, or all of the shares the investor owns. If an investor chooses to tender only a portion of their shares, they must maintain a minimum balance of \$5,000 worth of shares of common stock following a tender of shares for repurchase. We do not expect to repurchase more than 10 percent of the weighted average number of shares that were outstanding in the prior calendar year.

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**Liquidity:** Quarterly tender offers. Additionally, the board of directors will consider some type of liquidity event within five years after the offering stage is complete. However, there is no guarantee that a liquidity event will occur within five years after the offering stage or at all.

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**Death and Disability Repurchases:** We will repurchase shares from a stockholder in the event of the stockholder’s death or Qualifying Disability, as defined in the Fund’s prospectus, upon such shares being presented to us for repurchase. Please review the most recent fund prospectus for full details.

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THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE PROSPECTUS. THIS SALES AND ADVERTISING LITERATURE MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. AN INVESTMENT IN NEXPOINT HEALTHCARE, LLC INVOLVES A HIGH DEGREE OF RISK AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THIS PROGRAM WILL BE ATTAINED. THERE IS RISK, IN PART, DUE TO THE LACK OF LIQUIDITY IN OUR SHARES. THE AMOUNT OF DISTRIBUTIONS WE PAY, IF ANY, IS UNCERTAIN. WE MAY PAY DISTRIBUTIONS FROM OFFERING PROCEEDS OR FROM BORROWINGS IN ANTICIPATION OF FUTURE CASH FLOWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, THE ATTORNEY GENERAL OF THE STATE OF NEW YORK NOR ANY OTHER STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The public offering price of NexPoint Capital’s common stock is subject to a sales load of up to 8% and offering expenses of up to 1%. Estimated annual fund expenses as a percentage of the average net assets attributable to common stock are 5.8%. Expenses and fees are described more fully in the prospectus. Annual expense ratio calculated as set forth in the prospectus and based on public offering price in effect on such date. Please consult the prospectus and read it carefully.

## RISK FACTORS

Investing in our shares of common stock may be considered speculative and involves a high degree of risk, including the risk of a substantial loss of investment. See the "Risk Factors" section of our prospectus to read about the risks you should consider before buying our shares including the risk of leverage.

- You should not expect to be able to sell your shares of common stock regardless of how we perform.
  - If you are able to sell your shares of common stock, you will likely receive less than your purchase price.
  - We do not intend to list our shares of common stock on any securities exchange during, or for what may be a significant time after, the offering period, and we do not expect a secondary market in the shares of common stock to develop.
  - Because our common stock will not be listed on a securities exchange, you may be unable to sell your shares and, as a result, you may be unable to reduce your exposure on any market downturn.
  - We intend to implement a share repurchase program, but we do not expect to repurchase more than 10% of the weighted average number of shares that were outstanding in the prior calendar year. In addition, any such repurchases will be at a 10% discount to the current offering price in effect on the date of repurchase.
  - Our distributions may be funded from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment. Any capital returned to stockholders through distributions will be distributed after payment of sales load, fees and expenses and such amounts will not be recoverable by our stockholders.
  - You should consider that you may not have access to the money you invest for an indefinite period of time. An investment in our shares of common stock is not suitable for you if you need access to the money you invest. See "Share Repurchase Program," "Suitability Standards" and "Liquidity Strategy."
  - The lack of experience of our investment adviser operating under the constraints imposed on us as a business development company and RIC may hinder the achievement of our investment objective.
  - We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.
  - We are subject to risks associated with middle-market healthcare companies, including competition, extensive government regulation and commercial difficulties.
  - Our CLO investments may be riskier and less transparent to us and our stockholders than direct investments in the underlying companies. Our investments in equity and mezzanine tranches of CLOs will likely be subordinate to the other debt tranches of such CLOs, and are subject to a higher degree of risk of total loss.
  - There are significant potential conflicts of interest that could affect our investment returns.
1. There is no assurance that these objectives will be met.
  2. Distributions are not guaranteed and may be suspended, modified or terminated at the discretion of the board of directors. Distributions may include a return of principal or borrowed funds, which may lower overall returns to the investor and may not be sustainable.
  3. Expenses charged by the fund are subject to expense limitation agreement and certain contributions of capital by the advisor.
  4. Includes dealer manager fees of 1%.
  5. Subject to our board of directors' discretion and applicable legal restrictions, we intend to authorize and declare ordinary cash distributions on either a semimonthly or monthly basis and pay such distributions on a monthly basis beginning to later than the first calendar quarter after the month in which the minimum offering requirement is met.
  6. Some states have established different suitability standards than those set forth by the Company. Please consult the prospectus for the suitability standards.

[www.NexPointCapital.com](http://www.NexPointCapital.com)

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BDC-FS-INVESTOR

**HIGHLAND CAPITAL**  
MANAGEMENT