

NexPoint Credit Strategies Fund  
Form N-Q  
May 29, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-21869

**NEXPOINT CREDIT STRATEGIES FUND**

(formerly Pyxis Credit Strategies Fund)

(Exact name of registrant as specified in charter)

200 Crescent Court

Suite 700

Dallas, Texas 75201

(Address of principal executive offices) (Zip code)

**NexPoint Advisors, L.P.**

**200 Crescent Court**

**Suite 700**

**Dallas, Texas 75201**

**(Name and Address of Agent for Service)**

**Registrant's telephone number, including area code: (866) 351-4440**

**Date of fiscal year end: December 31**

**Date of reporting period: March 31, 2013**

**Item 1: Schedule of Investments**

The Schedule of Investments are attached herewith.

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**INVESTMENT PORTFOLIO (unaudited)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>U.S. Senior Loans (a) - 33.7%</b>		
<b>AEROSPACE - 0.4%</b>		
2,000,000	Continental Airlines, Inc. Term Loan B 03/22/19 (b)	2,024,180
76,805	IAP Worldwide Services, Inc. Second Lien Term Loan 16.50%, 06/30/16	50,883
		2,075,063
<b>BROADCASTING - 6.7%</b>		
35,950,043	ComCorp Broadcasting, Inc. Term Loan 9.00%, 04/03/13 (c)(d)	35,268,933
<b>CHEMICALS - 2.8%</b>		
8,402,481	INEOS U.S. Finance LLC Cash Dollar Term Loan 6.50%, 05/04/18	8,558,515
1,597,107	W.R. Grace & Co. Revolver Credit Loan (e)	3,122,344
1,597,107	5-Year Revolver (e)	3,122,344
		14,803,203
<b>ENERGY - 0.5%</b>		
731,707	EMG Utica Term Loan 03/27/20 (b)	737,195
2,000,000	FTS, International, Inc. Term Loan 8.50%, 05/06/16	1,899,720
		2,636,915
<b>FINANCIAL - 0.2%</b>		
1,250,000	Nuveen Investments, Inc. Tranche A First Lien Term Loan 5.70%, 05/13/17	1,276,119
<b>Principal Amount (\$)</b>		
<b>FOOD &amp; DRUG - 0.5%</b>		
2,450,980	SUPERVALU, Inc. Term Loan 03/21/19 (b)	2,496,789
<b>FOOD &amp; TOBACCO - 0.1%</b>		
800,000	H.J. Heinz Co. Term Loan B-2 03/27/20 (b)	807,832

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<b>FOREST PRODUCTS &amp; CONTAINERS - 0.1%</b>		
	Berlin Packaging LLC	
667,000	First Lien Term Loan	675,337
	03/29/19 (b)	
	Second Lien Term Loan	
200,000	03/27/20 (b)	197,000
		872,337
<b>GAMING &amp; LEISURE - 1.6%</b>		
	Ginn LA Conduit Lender, Inc.	
8,438,203	First Lien Tranche B Term Loan (e)	210,955
3,937,249	First Lien Tranche A Credit-Linked Deposit (e)	98,431
	Harrah s Las Vegas Propco LLC	
	Senior Loan	
3,000,000	3.70%, 02/13/14	2,835,465
	LLV Holdco LLC	
	Exit Revolving Loan	
7,492,946	5.00%, 02/28/17 (c)(d)(f)	5,439,879
	WAICCS Las Vegas 3 LLC	
7,000,000	Second Lien Term Loan (e)	35,000
		8,619,730

See accompanying Notes to Investment Portfolio. | 1

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>U.S. Senior Loans (continued)</b>		
<b>HEALTHCARE - 1.4%</b>		
2,435,085	Kinetic Concepts, Inc. Dollar Term C-1 Loan 5.50%, 05/04/18	2,483,141
4,714,375	Select Medical Corp. Series A Tranche B Term Loan 5.50%, 06/01/18	4,754,895
		7,238,036
<b>HOUSING - 1.0%</b>		
2,000,000	Armstrong World Industries, Inc. Term Loan B 03/15/20 (b)	2,018,040
2,737,567	Building Materials Holding Corp. Second Lien Term Loan 01/05/15 (b)	2,655,440
2,754,707	LBREP/L-Suncal Master I LLC First Lien Term Loan (c)(e)	334,697
		5,008,177
<b>INFORMATION TECHNOLOGY - 3.5%</b>		
4,738,959	Avaya, Inc. Term Loan B-5 03/30/18 (b)	4,777,842
4,000,000	Kronos, Inc. Second Lien Initial Term Loan 9.75%, 04/30/20	4,190,000
1,833,400	Novell, Inc. First Lien Term Facility 7.25%, 11/22/17	1,858,224
997,500	RP Crown Parent LLC First Lien Term Loan 6.75%, 12/21/18	1,019,011
1,347,613	Vertafore, Inc. First Lien Term Loan 5.25%, 07/29/16	1,365,577
5,000,000	Second Lien Term Loan 9.75%, 10/29/17	5,125,000
		18,335,654
<b>Principal Amount (\$)</b>		
<b>MEDIA &amp; TELECOMMUNICATIONS - 1.5%</b>		
886,042	Broadstripe LLC Revolver 9.25%, 07/31/15 (c)(e)	56,441
8,920,151	First Lien Term Loan (c)(e)	568,214
3,979,888	Cengage Learning Acquisitions, Inc. Original Term Loan 2.71%, 07/03/14	3,080,433

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	Extended Tranche B Term Loan	
4,968,100	5.71%, 07/05/17	3,673,289
	Endurance Business Media, Inc. Term Loan	
3,402,226	6.50%, 12/14/14 (d)	680,445
	FoxCo Acquisition Sub LLC Initial Term Loan	
83,808	07/14/17 (b)	85,458
		8,144,280
<b>RETAIL - 2.2%</b>		
	Burlington Coat Factory Warehouse Corp. Term Loan B-1	
1,676,395	5.50%, 02/23/17	1,701,935

2 | See accompanying Notes to Investment Portfolio.

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>U.S. Senior Loans (continued)</b>		
<b>RETAIL (continued)</b>		
1,995,000	Collective Brands, Inc. Term Loan 7.25%, 10/09/19	2,025,863
7,825,422	Guitar Center, Inc. Extended Term Loan 5.54%, 04/10/17	7,797,720
		11,525,518
<b>SERVICE - 4.7%</b>		
1,855,021	Coinmach Service Corp. Term Loan 3.21%, 11/20/14	1,838,790
129,283	Delayed Draw Term Loan 3.21%, 11/20/14	128,151
8,958,765	EnergySolutions LLC Term Loan 6.25%, 08/12/16	9,057,311
3,500,000	First Data Corp. Dollar Term Loan 4.20%, 03/23/18	3,494,102
3,003,844	Term Loan B 5.20%, 03/24/17	3,034,258
2,000,000	Term Loan B 5.20%, 09/24/18	2,018,340
4,987,500	Sabre, Inc. Term Loan B 02/19/19 (b)	5,061,839
		24,632,791
<b>TELECOMMUNICATIONS - 0.7%</b>		
3,584,526	U.S. Telepacific Corp. Term Loan Advance 5.75%, 02/23/17	3,582,285
<b>Principal Amount (\$)</b>		
<b>TRANSPORTATION - 1.4%</b>		
992,228	Delta Air Lines, Inc. Term Loan B-1 5.25%, 10/18/18	1,010,212
5,954,660	YRCW Receivables LLC Term B Loan 11.25%, 09/30/14	6,073,753
		7,083,965
<b>UTILITY - 4.4%</b>		
2,000,000	Texas Competitive Electric Holdings Co. LLC Non-Extended Term Loan	1,472,780



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	3.79%, 10/10/14	
	Extended Term Loan	
28,329,417	4.70%, 10/10/17	20,153,122
	Topaz Power Holdings LLC	
	Term B Advance	
1,710,000	5.25%, 02/26/20	1,739,925
		23,365,827
	Total U.S. Senior Loans (Cost \$205,089,820)	177,773,454

**Principal Amount**

**Foreign Denominated or Domiciled**

**Senior Loans (a) - 0.8%**

**GERMANY - 0.6%**

**USD**

	Schaeffler AG	
	Term Loan Facility C	
3,345,000	4.25%, 01/27/17	3,389,694

*See accompanying Notes to Investment Portfolio. | 3*

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>Foreign Denominated or Domiciled Senior Loans (continued)</b>		
<b>LUXEMBOURG - 0.2%</b>		
<b>USD</b>		
	AI Chem & Cy SCA Tranche B-1 Term Loan 10/03/19 (b)	
538,684	Term Loan B-2	546,091
	10/03/19 (b) Second Lien Term Loan	
279,497		283,341
	03/31/20 (b)	
222,222		228,055
		1,057,487
<b>UNITED KINGDOM - 0.0%</b>		
<b>GBP</b>		
	Henson No. 4 Ltd. Term Loan Facility B (c)(e)	
930,717	Term Loan Facility C (c)(e)	45,179
930,717		45,596
		90,775
	Total Foreign Denominated or Domiciled Senior Loans (Cost \$6,101,993)	4,537,956

Principal Amount (\$)		Value (\$)
<b>Asset-Backed Securities - 25.1%</b>		
	ABCLO, Ltd. Series 2007-1A, Class C 2.15%, 04/15/21 (g)(h)	
2,000,000		1,767,532
	ACA CLO, Ltd. Series 2007-1A, Class D 2.65%, 06/15/22 (g)(h)	
2,000,000		1,760,000
	Airlie CLO, Ltd. Series 2006-1A, Class C 1.98%, 05/20/20 (g)(h)	
1,000,000		908,800
	Apidos CDO Series 2005-1A, Class C 2.15%, 07/27/17 (g)(h)	
2,000,000		1,895,000
<b>Asset-Backed Securities (continued)</b>		
	Series 2013-12A, Class F 5.18%, 04/15/25 (g)(h)(i)	
1,500,000	Apidos CDO I, Ltd. Series 2013-12A, Class D 3.33%, 04/15/25 (g)(h)(i)	
2,000,000		1,843,800
	Ares VR CLO, Ltd. Series 2006-5RA, Class D 2.19%, 02/24/18 (g)(h)	
2,803,095		2,652,989

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1,000,000	Avalon Capital, Ltd. 3 Series 1A, Class C 1.09%, 02/24/19 (g)(h)	947,500
1,000,000	Avenue CLO, Ltd. Series 2006-3A, Class B1L 1.95%, 07/20/18 (g)(h)	875,000
1,500,000	Avery Street CLO Series 2006-1A, Class D 2.18%, 04/05/18 (g)(h)	1,323,750
1,000,000	Babson Mid-Market CLO, Inc. Series 2007-2A, Class D 2.00%, 04/15/21 (g)(h)	885,000
2,500,000	Brentwood CLO Corp. Series 2006-1A, Class B 1.12%, 02/01/22 (g)(h)	2,018,750
2,000,000	Cent CDO, Ltd. Series 2007-15A, Class C 2.53%, 03/11/21 (g)(h)	1,794,840
2,000,000	ColumbusNova CLO, Ltd. Series 2007-1A, Class D 1.64%, 05/16/19 (g)(h)	1,760,000
2,500,000	Comstock Funding, Ltd. Series 2006-1A, Class C 2.04%, 05/30/20 (g)(h)	2,287,500
2,500,000	Cornerstone CLO, Ltd. Series 2007-1A, Class C 2.70%, 07/15/21 (g)(h)	2,171,500

4 | See accompanying Notes to Investment Portfolio.

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>Asset-Backed Securities (continued)</b>		
	Del Mar CLO, Ltd. Series 2006-1A, Class E 4.30%, 07/25/18 (g)(h)	417,854
457,922		
	Eastland CLO, Ltd. Series 2007-1A, Class C 1.80%, 05/01/22 (g)(h)	8,263,412
11,010,000		
	Series 2007-1A, Class D 3.90%, 05/01/22 (g)(h)	1,476,090
2,006,825		
	Galaxy CLO, Ltd. Series 2007-8A, Class D 1.60%, 04/25/19 (g)(h)	1,832,250
2,100,000		
	Gallatin CLO, Ltd. Series 2007-1A, Class B1L 1.54%, 05/17/21 (g)(h)	869,688
1,000,000		
	Golden Knight CDO, Ltd. Series 2007-2A, Class D 1.70%, 04/15/19 (g)(h)	1,740,000
2,000,000		
	Goldman Sachs Asset Management CLO PLC Series 2007-1A, Class D 3.05%, 08/01/22 (g)(h)	3,660,000
4,000,000		
	Series 2007-1A, Class E 5.30%, 08/01/22 (g)(h)	784,086
847,661		
	Grayson CLO, Ltd. Series 2006-1A, Class B 1.00%, 11/01/21 (g)(h)	2,371,875
3,000,000		
	Series 2006-1A, Class C 1.85%, 11/01/21 (g)(h)	1,542,800
2,000,000		
	Series 2006-1A, Class D 3.90%, 11/01/21 (g)(h)	2,050,989
2,915,407		
	Greenbriar CLO, Ltd. Series 2007-1A, Class C 2.05%, 11/01/21 (g)(h)	4,699,341
5,487,000		
	Series 2007-1A, Class D 3.05%, 11/01/21 (g)(h)	775,000
1,000,000		
	Greywolf CLO, Ltd. Series 2007-1A, Class D 1.79%, 02/18/21 (g)(h)	873,100
1,000,000		
<b>Principal Amount (\$)</b>		<b>Value (\$)</b>
	Series 2007-1A, Class E 4.24%, 02/18/21 (g)(h)	761,526
814,466		
	Series 2013-1A, Class D 4.98%, 04/15/25 (g)(h)	898,800
1,000,000		
	Series 2013-1A, Class E 5.33%, 04/15/25 (g)(h)	1,236,000
1,500,000		

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1,000,000	Gulf Stream - Sextant CLO, Ltd. Series 2006-1A, Class D 1.89%, 08/21/20 (g)(h)	898,620
5,264,095	Hewett s Island CDO, Ltd. Series 2007-1RA, Class E 1.00%, 11/12/19 (g)(h)	5,132,493
2,000,000	Hewett s Island CLO V, Ltd. Series 2006-5A, Class D 1.73%, 12/05/18 (g)(h)	1,731,000
762,824	Highland Loan Funding V, Ltd. Series 1A, Class B 1.57%, 08/01/14 (g)(h)	661,597
10,279,227	Highland Park CDO, Ltd. Series 2006-1A, Class A1 0.62%, 11/25/51 (g)(h)	8,531,759
1,147,416	Series 2006-1X, Class A1 0.62%, 11/25/51 (g)	953,789
7,375,000	Series 2006-1A, Class A2 0.69%, 11/25/51 (g)(h)	1,696,250
2,000,000	Hillmark Funding Series 2006-1A, Class C 1.99%, 05/21/21 (g)(h)	1,745,000
612,103	Series 2006-1A, Class D 3.89%, 05/21/21 (g)(h)	524,327
1,000,000	Inwood Park CDO, Ltd. Series 2006-1A, Class D 1.70%, 01/20/21 (g)(h)	870,450

See accompanying Notes to Investment Portfolio. | 5

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>Asset-Backed Securities (continued)</b>		
500,000	Katonah CLO, Ltd. Series 2006-9A, Class B1L 1.70%, 01/25/19 (g)(h)	420,000
902,964	Series 8A, Class D 2.14%, 05/20/18 (g)(h) Series 7A, Class D	761,560
848,153	2.14%, 11/15/17 (g)(h)	723,051
1,500,000	Madison Park Funding I, Ltd. Series 2007-5A, Class D 3.79%, 02/26/21 (g)(h)	1,296,540
1,000,000	Marquette U.S./European CLO LLC Series 2006-1A, Class D1 2.05%, 07/15/20 (g)(h)	860,650
835,038	Navigator CDO, Ltd. Series 2006-2A, Class D 3.78%, 09/20/20 (g)(h)	715,406
3,500,000	Neuberger Berman CLO, Ltd. Series 2012-13A, Class E 5.47%, 01/23/24 (g)(h)	3,246,250
750,000	NYLIM Flatiron CLO, Ltd. Series 2006-1A, Class D 3.74%, 08/08/20 (g)	665,625
1,000,000	OHA Credit Partners, Ltd. Series 2012-7A, Class D 4.29%, 11/20/23 (g)(h)	1,000,500
408,963	Pam Capital Funding LP Series 1998-1A, Class B2 1.65%, 05/01/14 (g)(h) Series 1998-1A, Class B1	256,052
817,925	7.47%, 05/01/14 (h)	477,669
1,000,000	PPM Grayhawk CLO, Ltd. Series 2007-1A, Class C 1.70%, 04/18/21 (g)(h)	837,110
5,000,000	Primus CLO II, Ltd. Series 2007-2A, Class D 2.70%, 07/15/21 (g)(h)	4,235,500
4,000,000	Rampart CLO, Ltd. Series 2006-1A, Class C 1.75%, 04/18/21 (g)(h)	3,492,980
<b>Principal Amount (\$)</b>		
3,972,238	Red River CLO, Ltd. Series 1A, Class E 4.05%, 07/27/18 (g)(h)	3,197,254
6,000,000	Rockwall CDO II, Ltd. Series 2007-1A, Class A3L 1.30%, 08/01/24 (g)(h)	4,350,000
500,000	Stanfield Azure CLO, Ltd. Series 2006-1A, Class B1L 1.99%, 05/27/20 (g)(h)	455,725
1,000,000		913,550

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	Stanfield Bristol CLO, Ltd. Series 2005-1A, Class C 2.34%, 10/15/19 (g)(h)	
1,200,000	Stanfield Daytona CLO, Ltd. Series 2007-1A, Class B1L 1.65%, 04/27/21 (g)(h)	1,012,080
4,000,000	Stanfield McLaren CLO Delaware Corp. Series 2007-1A, Class B1L 2.69%, 02/27/21 (g)(h)	3,698,400
10,300,000	Stratford CLO, Ltd. Series 2007-1A, Class C 2.30%, 11/01/21 (g)(h)	8,696,558
1,397,789	Series 2007-1A, Class E 4.30%, 11/01/21 (g)(h)	1,174,143
2,000,000	Venture IX CDO, Ltd. Series 2007-9A, Class D 4.46%, 10/12/21 (g)(h)	1,900,000
1,000,000	Westbrook CLO, Ltd. Series 2006-1A, Class D 1.98%, 12/20/20 (g)(h)	920,200
3,000,000	Wind River CLO I, Ltd. Series 2004-1A, Class COM4 0.00%, 12/19/16 (h)	2,325,000

6 | See accompanying Notes to Investment Portfolio.

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>Asset-Backed Securities (continued)</b>		
	Wind River CLO II Tate Investors, Ltd. Series 2005-2A, Class C 2.05%, 10/19/17 (g)(h)	
1,500,000		1,391,250
Total Asset-Backed Securities (Cost \$122,895,070)		132,132,760
<b>Corporate Bonds &amp; Notes - 18.5%</b>		
<b>CHEMICALS - 2.3%</b>		
	Momentive Performance Materials, Inc. 9.00%, 01/15/21 (j)	
2,025,000		1,528,875
	TPC Group, Inc. 8.75%, 12/15/20 (h)	
10,000,000		10,462,500
		11,991,375
<b>ENERGY - 1.8%</b>		
	Calumet Specialty Products Partners LP/Calumet Finance Corp. 9.38%, 05/01/19	
2,785,000		3,133,125
300,000	9.63%, 08/01/20 (h)	339,750
	Penn Virginia Corp. 7.25%, 04/15/19 (j)	
1,000,000		1,002,500
	Venoco, Inc. 8.88%, 02/15/19	
5,000,000		4,875,000
		9,350,375
<b>FOREST PRODUCTS &amp; CONTAINERS - 0.0%</b>		
427,928	NewPage Holding Corp. (c)(e)	
<b>HEALTHCARE - 2.6%</b>		
	Azithromycin Royalty Sub LLC 16.00%, 05/15/19 (e)(h)	
12,377,817		6,198,811
85,880,505	Celtic Pharma Phinco BV, PIK (e)(h)	7,716,002
		13,914,813
<b>Principal Amount (\$)</b>		
<b>Corporate Bonds &amp; Notes (continued)</b>		
<b>INFORMATION TECHNOLOGY - 5.5%</b>		
	Avaya, Inc. 7.00%, 04/01/19 (h)(j)	
9,500,000		9,333,750
16,971,250	10.50%, 03/01/21 (h)	16,249,972
	CommScope, Inc. 8.25%, 01/15/19 (h)	
3,000,000		3,270,000
		28,853,722
<b>MEDIA &amp; TELECOMMUNICATIONS - 2.4%</b>		
	Cengage Learning Acquisitions, Inc. 11.50%, 04/15/20 (h)(j)	
7,000,000		5,320,000
3,225,000	12.00%, 06/30/19 (h)	838,500



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3,500,000	DISH DBS Corp. 5.00%, 03/15/23 (h)(j)	3,460,625
3,000,000	MetroPCS Wireless, Inc. 6.63%, 11/15/20 (j)	3,146,250
		12,765,375
<b>SERVICE - 2.9%</b>		
4,500,000	Sabre, Inc. 8.50%, 05/15/19 (h)	4,899,375
10,300,000	Travelport LLC 9.88%, 09/01/14	10,403,000
		15,302,375
<b>TRANSPORTATION - 0.6%</b>		
3,750,000	DPH Holdings Corp. (e)	83,438
3,933,000	DPH Holdings Corp. (e)	87,509
8,334,000	DPH Holdings Corp. (e)	185,431
2,326,000	Visteon Corp. 6.75%, 04/15/19 (j)	2,500,450
		2,856,828

See accompanying Notes to Investment Portfolio. | 7

**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Principal Amount (\$)		Value (\$)
<b>Corporate Bonds &amp; Notes (continued)</b>		
<b>UTILITY - 0.4%</b>		
3,000,000	Texas Competitive Electric Holdings Co. LLC 11.50%, 10/01/20 (h)	2,257,500
	Total Corporate Bonds & Notes (Cost \$160,392,076)	97,292,363

**Principal Amount**

<b>Foreign Corporate Bonds &amp; Notes - 9.7%</b>		
<b>CANADA - 2.0%</b>		
<b>USD</b>		
10,069,000	Tervita Corp. 8.00%, 11/15/18 (h)	10,427,708
<b>FINLAND - 4.2%</b>		
<b>USD</b>		
23,000,000	Nokia OYJ 5.38%, 05/15/19 (j)	22,022,500
<b>LUXEMBOURG - 0.7%</b>		
<b>EUR</b>		
3,000,000	INEOS Group Holdings SA 7.88%, 02/15/16 (h)	3,890,821
<b>UNITED KINGDOM - 2.3%</b>		
<b>USD</b>		
5,325,000	INEOS Finance PLC 8.38%, 02/15/19 (h)	5,910,750
5,500,000	7.50%, 05/01/20 (h)(j)	6,015,625
		11,926,375
<b>UNITED STATES - 0.5%</b>		
<b>EUR</b>		
3,000,000	Momentive Performance Materials, Inc. 9.50%, 01/15/21	2,831,439
	Total Foreign Corporate Bonds & Notes (Cost \$48,125,540)	51,098,843

**Shares**

Principal Amount (\$)		Value (\$)
<b>Foreign Corporate Bonds &amp; Notes (continued)</b>		
<b>Claims (c)(k)- 0.0%</b>		
<b>OTHER - 0.0%</b>		
1,690,532	Hillcrest IV	
	Total Claims (Cost \$1,690,532)	
<b>Common Stocks - 48.4%</b>		
<b>BROADCASTING - 5.4%</b>		
2,010,616	Communications Corp. of America (c)(d)(k)	2,429,628

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6,371	Young Broadcasting Holding Co., Inc., Class A (d)(k)	25,961,825
		28,391,453
<b>CONSUMER DISCRETIONARY - 9.4%</b>		
148,750	Apollo Group, Inc., Class A (k)(l)	2,586,763
14,650	Best Buy Co., Inc. (l)	324,498
202,250	Big Lots, Inc. (j)(k)(l)	7,133,357
101,150	DeVry, Inc. (j)(l)	3,211,512
214,575	Family Dollar Stores, Inc. (j)(l)	12,670,654
44,000	GameStop Corp., Class A (j)	1,230,680
157,050	Garmin, Ltd. (j)(l)	5,188,932
113,737	K12, Inc. (k)(l)	2,742,199
9,490	NIKE, Inc., Class B (l)	560,005
1,027,650	Staples, Inc. (j)(l)	13,801,339
		49,449,939

8 | See accompanying Notes to Investment Portfolio.

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Shares		Value (\$)
<b>Common Stocks (continued)</b>		
<b>CONSUMER STAPLES - 0.7%</b>		
550	Coca-Cola Co. (The) (l)	22,242
4,700	Colgate-Palmolive Co. (l)	554,741
64,650	Dr. Pepper Snapple Group, Inc. (j)(l)	3,035,318
1,150	Walgreen Co. (l)	54,832
		3,667,133
<b>ENERGY - 0.1%</b>		
5,700	Exxon Mobil Corp. (l)	513,627
<b>FINANCIAL - 10.8%</b>		
1,000,000	Adelphia Recovery Trust	1,200
147,020	Aflac, Inc. (l)	7,647,981
46,601	American Banknote Corp. (c)(k)	458,088
602,055	American Express Co. (k)(l)	40,614,630
20,500	Ameriprise Financial, Inc. (l)	1,509,825
2,500	Automatic Data Processing, Inc. (l)	162,550
3,900	Chubb Corp. (The) (l)	341,367
187,947	SWS Group, Inc. (k)(l)	1,137,079
80,300	Torchmark Corp. (l)	4,801,940
		56,674,660
<b>GAMING &amp; LEISURE - 0.0%</b>		
13	LLV Holdco LLC - Litigation Trust Units (c)(d)(k)	
26,712	LLV Holdco LLC - Series A, Membership Interest (c)(d)(k)	
144	LLV Holdco LLC - Series B, Membership Interest (c)(d)(k)	
<b>HEALTHCARE - 5.2%</b>		
15,600	Abbott Laboratories (l)	550,992
15,600	AbbVie, Inc. (l)	636,168
629,300	Akorn, Inc. (j)(k)(l)	8,703,219
1,550	Becton Dickinson and Co. (l)	148,196
22,600	Edwards Lifesciences Corp. (j)(k)(l)	1,856,816
24,000,000	Genesys Ventures IA, LP (c)(d)(k)	15,501,600
8,935	Molina Healthcare, Inc. (k)(l)	275,823
		27,672,814
<b>HOUSING - 0.2%</b>		
368,150	CCD Equity Partners LLC (c)(k)	839,382
<b>Shares</b>		
<b>INFORMATION TECHNOLOGY - 3.3%</b>		
329,200	Corning, Inc. (l)	4,388,236
2,725	International Business Machines Corp. (l)	581,243
4,079	Magnachip Semiconductor Corp. (k)	70,607
421,200	Microsoft Corp. (l)	12,050,532

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14,700	NetApp, Inc. (k)(l)	502,152
		17,592,770
<b>MEDIA &amp; TELECOMMUNICATIONS - 3.3%</b>		
12,650	DIRECTV (k)(l)	716,117
6,480	Endurance Business Media, Inc., Class A (c)(d)(k)	
18,000	Gray Television, Inc., Class A (j)(k)	73,800
308,875	Metro-Goldwyn-Mayer, Inc., Class A (k)	12,470,519
70,800	Time Warner, Inc. (l)	4,079,496
		17,339,932
<b>METALS &amp; MINERALS - 0.5%</b>		
69,900	Allegheny Technologies, Inc. (j)(l)	2,216,529
3,200	Reliance Steel & Aluminum Co. (l)	227,744
		2,444,273
<b>REAL ESTATE INVESTMENT TRUST - 3.8%</b>		
212,150	Corrections Corp. of America, REIT (l)	8,288,701
622,625	Spirit Realty Capital, Inc., REIT	11,829,875
		20,118,576
<b>TELECOMMUNICATIONS - 2.8%</b>		
45,168	Fairpoint Communications, Inc. (k)	337,405
1,323,100	MetroPCS Communications, Inc. (k)(l)	14,421,790
		14,759,195

See accompanying Notes to Investment Portfolio. | 9

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**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Shares		Value (\$)
<b>Common Stocks (continued)</b>		
<b>TRANSPORTATION - 2.2%</b>		
2,846,500	AMR Corp. (k)	11,812,975
<b>UTILITY - 0.0%</b>		
81,194	Entegra TC LLC (k)	22,328
<b>WIRELESS COMMUNICATIONS - 0.7%</b>		
2,260,530	Pendrell Corp. (k)	3,752,478
Total Common Stocks (Cost \$341,553,671)		255,051,535
<b>Preferred Stocks (k) - 4.3%</b>		
<b>FINANCIAL - 4.3%</b>		
6,000	Aberdeen Loan Funding, Ltd. (h)	3,360,000
3,800	Brentwood CLO, Ltd./Corp (h)	2,415,172
1,200	Brentwood CLO, Ltd./Corp (h)	762,686
5,000	Eastland Investors Corp. (h)	4,250,000
5,000	Red River CLO, Ltd., Series PS-2	3,051,071
6,000	Rockwall CDO, Ltd. (h)	2,580,000
6,000	Southfork CLO, Ltd. (h)	3,015,000
4,000	Stratford CLO, Ltd. (h)	3,034,222
		22,468,151
Total Preferred Stocks (Cost \$22,453,750)		22,468,151
<b>Exchange-Traded Funds (k) - 6.6%</b>		
<b>FINANCIAL - 1.4%</b>		
383,400	ProShares UltraShort Russell 2000, ETF	7,568,316
<b>METALS &amp; MINERALS - 5.2%</b>		
722,000	ProShares Ultra Silver, ETF	27,255,500
Total Exchange-Traded Funds (Cost \$39,845,663)		34,823,816
<b>Units</b>		
<b>Warrants (k) - 0.3%</b>		
<b>BROADCASTING - 0.3%</b>		
389	Young Broadcasting Holding Co., Inc., expires 12/24/24 (d)	1,585,175
<b>Units</b>		
<b>GAMING &amp; LEISURE - 0.0%</b>		
602	LLV Holdco LLC - Series C, Membership Interest, expires 07/15/15 (c)(d)	
828	LLV Holdco LLC - Series D, Membership Interest, expires 07/15/15 (c)(d)	
925	LLV Holdco LLC - Series E, Membership Interest, expires 07/15/15 (c)(d)	
1,041	LLV Holdco LLC - Series F, Membership Interest, expires 07/15/15 (c)(d)	
1,179	LLV Holdco LLC - Series G, Membership Interest, expires 07/15/15 (c)(d)	

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**INFORMATION TECHNOLOGY - 0.0%**

80,472	Microvision, Inc., expires 07/23/13	2,233
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	Total Warrants (Cost \$774,997)	1,587,408
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**Shares**

**Investment Companies - 11.6%**

60,962,902	State Street Navigator Prime Securities Lending Portfolio (m)	60,962,902
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	Total Investment Companies (Cost \$60,962,902)	60,962,902
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**Total Investments - 159.0%**

	(Cost \$1,009,886,014) (n)	<b>837,729,188</b>
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*10 | See accompanying Notes to Investment Portfolio.*

**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Shares	Value (\$)
<b>Securities Sold Short - (4.2)%</b>	
<b>Common Stocks - (1.7)%</b>	
<b>ENERGY - (1.7)%</b>	
434,800 Chesapeake Energy Corp.	(8,874,268)
Total Common Stocks (Proceeds \$8,381,998)	(8,874,268)
<b>Exchange-Traded Funds - (2.5)%</b>	
<b>Principal Amount (\$)</b>	
<b>ENERGY - (0.6)%</b>	
96,000 ProShares Ultra DJ-UBS Crude Oil, ETF (k)	(3,029,760)
<b>FINANCIAL - (1.9)%</b>	
106,100 iShares Russell 2000 Index Fund, ETF	(10,000,986)
Total Exchange-Traded Funds (Proceeds \$12,912,095)	(13,030,746)
Total Securities Sold Short (Proceeds \$21,294,093)	(21,905,014)
<b>Other Assets &amp; Liabilities, Net - (54.8)%</b>	
<b>Net Assets - 100.0%</b>	
<b>526,992,082</b>	

- (a) Senior loans (also called bank loans, leveraged loans, or floating rate loans) in which the Fund invests generally pay interest at rates which are periodically determined by reference to a base lending rate plus a spread (unless otherwise identified, all senior loans carry a variable rate of interest). These base lending rates are generally (i) the Prime Rate offered by one or more major United States banks, (ii) the lending rate offered by one or more European banks such as the London Interbank Offered Rate ( LIBOR ) or (iii) the Certificate of Deposit rate. Rate shown represents the weighted average rate at March 31, 2013. Senior loans, while exempt from registration under the Securities Act of 1933 (the 1933 Act ), contain certain restrictions on resale and cannot be sold publicly. Senior secured floating rate loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturity shown.
- (b) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.
- (c) Represents fair value as determined by the Fund's Board of Trustees (the Board ), or its designee in good faith, pursuant to the policies and procedures approved by the Board. Securities with a total aggregate value of \$60,987,637, or 11.6% of net assets, were fair valued under the Fund's valuation procedures as of March 31, 2013.
- (d) Affiliated issuer. Assets with a total aggregate market value of \$86,867,485, or 16.4% of net assets, were affiliated with the Fund as of March 31, 2013.
- (e) The issuer is, or is in danger of being, in default of its payment obligation. Income is not being accrued.
- (f) Fixed rate senior loan.
- (g) Variable or floating rate security. The interest rate shown reflects the rate in effect March 31, 2013.
- (h) Securities exempt from registration under Rule 144A of the 1933 Act. These securities may only be resold in transaction exempt from registration to qualified institutional buyers. At March 31, 2013, these securities amounted to \$246,522,115 or 46.8% of net assets.
- (i) Settlement is on a delayed delivery or when-issued basis with final maturity to be announced (TBA) in the future.
- (j) Securities (or a portion of securities) on loan. As of March 31, 2013, the market value of securities loaned was \$59,800,489. The loaned securities were secured with cash collateral of \$60,962,902. Collateral is calculated based on prior day's prices.



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- (k) Non-income producing security.
- (l) All or part of this security is pledged as collateral for short sales. The market value of the securities pledged as collateral was \$143,533,951.
- (m) Represents investments of cash collateral received in connection with securities lending.
- (n) Cost for U.S. federal income tax purposes is \$1,009,886,014.

### Currency Abbreviations:

EUR	Euro Currency
GBP	British Pound

### Glossary:

CDO	Collateralized Debt Obligation
CLO	Collateralized Loan Obligation
ETF	Exchange-Traded Fund
PIK	Payment-in-Kind
PNC	PNC Capital Markets LLC
REIT	Real Estate Investment Trust

*See accompanying Notes to Investment Portfolio. \ 11*

**INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

Forward foreign currency exchange contracts outstanding as of March 31, 2013 were as follows:

<b>Contracts</b>			<b>Principal</b>		
<b>to Buy or</b>			<b>Amount</b>		
<b>to Sell</b>	<b>Currency</b>	<b>Counterparty</b>	<b>Covered</b>	<b>Expiration</b>	<b>Unrealized</b>
<b>Sell</b>	<b>EUR</b>	<b>PNC</b>	<b>by Contracts</b>	<b>08/01/13</b>	<b>Appreciation/ (Depreciation)</b>
			4,615,000		\$ 334,478

**Foreign Denominated or Domiciled Senior Loans, and Foreign Corporate Bonds & Notes**

**Industry Concentration Table:**

(% of Net Assets)

Telecommunications	4.2%
Chemicals	3.7%
Service	2.0%
Transportation	0.6%
Retail	0.0%
Total	10.5%

12 | See accompanying Notes to Investment Portfolio.

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**NOTES TO INVESTMENT PORTFOLIO (unaudited)**

**As of March 31, 2013**  
**Valuation of Investments**

**NexPoint Credit Strategies Fund**

In computing the NexPoint Credit Strategies Fund's (the "Fund") net assets attributable to common shares, securities with readily available market quotations on the New York Stock Exchange, NASDAQ or other nationally recognized exchange, use the closing quotations on the respective exchange for valuation of those securities. Securities for which there are no readily available market quotations will be valued at the mean between the most recently quoted bid and ask prices provided by the principal market makers. If there is more than one such principal market maker, the value shall be the average of such means. Securities without a sale price or quotations from principal market makers on the valuation day may be priced by an independent pricing service. Generally, the Fund's loan and bond positions are not traded on exchanges and consequently are valued based on a mean of the bid and ask price from the third-party pricing services or broker-dealer sources that NexPoint Advisors, L.P. (the "Investment Advisor") has determined to generally have the capability to provide appropriate pricing services and have been approved by the Trustees.

Securities for which market quotations are not readily available, for which the Fund has determined the price received from a pricing service or broker-dealer is stale or otherwise does not represent fair value (such as when events materially affecting the value of securities occur between the time when market price is determined and calculation of the Fund's net asset value), will be valued by the Fund at fair value, as determined by the Board or its designee in good faith in accordance with procedures approved by the Board, taking into account factors reasonably determined to be relevant, including: (i) the fundamental analytical data relating to the investment; (ii) the nature and duration of restrictions on disposition of the securities; and (iii) an evaluation of the forces that influence the market in which these securities are purchased and sold. In these cases, the Fund's NAV will reflect the affected portfolio securities' fair value as determined in the judgment of the Board or its designee instead of being determined by the market. Using a fair value pricing methodology to value securities may result in a value that is different from a security's most recent sale price and from the prices used by other investment companies to calculate their NAV. Determination of fair value is uncertain because it involves subjective judgments and estimates.

There can be no assurance that the Fund's valuation of a security will not differ from the amount that it realizes upon the sale of such security. Those differences could have a material impact to the Fund. Short-term debt investments, that is, those with a remaining maturity of 60 days or less, are valued at cost adjusted for amortization of premiums and accretion of discounts. Repurchase agreements are valued at cost plus accrued interest. Foreign price quotations are converted to U.S. dollar equivalents using the 4:00 PM London Time Spot Rate.

**Fair Value Measurements**

The Fund has performed an analysis of all existing investments and derivative instruments to determine the significance and character of all inputs to their fair value determination. The levels of fair value inputs used to measure the Fund's investments are characterized into a fair value hierarchy. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's valuation. The three levels of the fair value hierarchy are described below:

Level 1 Quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement;

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, but are valued based on executed trades; broker quotations that constitute an executable price; and alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 inputs are either directly or indirectly observable for the asset in connection with market data at the measurement date; and

Level 3 Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. In certain cases, investments classified within Level 3 may include securities for which the Fund has obtained indicative quotes from broker-dealers that do not necessarily represent prices the broker may be willing to trade on, as such quotes can be subject to material management judgment. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price the asset or liability based on the best available information.

**NOTES TO INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

The Investment Adviser has established policies, as described above and approved by the Board, to ensure that valuation methodologies for investments and financial instruments that are categorized within all levels of the fair value hierarchy are fair and consistent. A Pricing Committee has been established to provide oversight of the valuation policies, processes and procedures, and is comprised of personnel from the Investment Adviser. The Pricing Committee meets monthly to review the proposed valuations for investments and financial instruments and is responsible for evaluating the overall fairness and consistent application of those policies.

As of March 31, 2013, the Fund's investments consisted of senior loans, corporate notes and bonds, asset-backed securities, common stock, preferred stock, exchange traded funds and warrants. The fair value of the Fund's loans, bonds and asset-backed securities are generally based on quotes received from brokers or independent pricing services. Loans, bonds and asset-backed securities with quotes that are based on actual trades with a sufficient level of activity on or near the measurement date are classified as Level 2 assets. Loans, bonds and asset-backed securities that are priced using quotes derived from implied values, indicative bids, or a limited number of actual trades are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable.

The fair value of the Fund's common stocks, preferred stocks and warrants that are not actively traded on national exchanges are generally priced using quotes derived from implied values, indicative bids, or a limited amount of actual trades and are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable.

At the end of each calendar quarter, management evaluates the Level 2 and 3 assets and liabilities for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third party services, and the existence of contemporaneous, observable trades in the market. Additionally, management evaluates the Level 1 and 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may fluctuate from period to period. Additionally, the fair value of investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values the Fund may ultimately realize. Further, such investments may be subject to legal and other restrictions on resale or otherwise less liquid than publicly traded securities.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of the levels are recognized at the value at the end of the period. A summary of the inputs used to value the Fund's assets as of March 31, 2013 is as follows:

	Total value at March 31, 2013	Level 1 Quoted Price	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
<b>NexPoint Credit Strategies Fund</b>				
Assets				
U.S. Senior Loans	\$ 177,773,454	\$	\$ 119,858,390	\$ 57,915,064
Foreign Denominated or Domiciled Senior Loans	4,537,956		4,447,181	90,775
Asset-Backed Securities	132,132,760		121,668,670	10,464,090
Corporate Bonds & Notes	97,292,363		89,576,361	7,716,002
Foreign Corporate Bonds & Notes	51,098,843		51,098,843	
Claims*				**
Common Stocks				
Broadcasting	28,391,453		25,961,825	2,429,628
Consumer Discretionary	49,449,939	49,449,939		
Consumer Staples	3,667,133	3,667,133		
Energy	513,627	513,627		
Financial	56,674,660	56,216,572		458,088
Gaming & Leisure				
Healthcare	27,672,814	12,171,214		15,501,600

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Housing	839,382			839,382
Information Technology	17,592,770	17,592,770		
Media & Telecommunications	17,339,932	4,869,413	12,470,519	
Metals & Minerals	2,444,273	2,444,273		
Real Estate Investment Trust	20,118,576	20,118,576		
Telecommunications	14,759,195	14,759,195		
Transportation	11,812,975	11,812,975		
Utility	22,328		22,328	
Wireless Communications	3,752,478	3,752,478		
Preferred Stocks*	22,468,151		22,468,151	
Exchange-Traded Funds*	34,823,816	34,823,816		
Warrants*				
Equity Contracts	1,587,408	2,233	1,585,175	
Investment Companies	60,962,902	60,962,902		
Other Financial Instruments				
Forward Foreign Currency Contracts Foreign Exchange Contracts	334,478	334,478		
<b>Total Assets</b>	<b>838,063,666</b>	<b>293,491,594</b>	<b>449,157,443</b>	<b>95,414,629</b>
<b>Liabilities</b>				
Securities Sold Short	(21,905,014)	(21,905,014)		
<b>Total Liabilities</b>	<b>(21,905,014)</b>	<b>(21,905,014)</b>		
<b>Total</b>	<b>\$ 816,158,652</b>	<b>\$ 271,586,580</b>	<b>\$ 449,157,443</b>	<b>\$ 95,414,629</b>

\* See Investment Portfolio detail for industry breakout.

\*\* This category includes a security with a value of zero.

The table below sets forth a summary of changes in the Fund's Level 3 assets (assets measured at fair value using significant unobservable inputs) for the three months ended March 31, 2013.

	Balance as of December 31, 2012	Transfers into Level 3	Transfers Out of Level 3	Net Amortization (Accretion) of Premium/ (Discount)	Net Realized Gains/ (Losses)	Net Unrealized Gains/ (Losses)	Net Purchases*	Net (Sales)*	Balance as of March 31, 2013	Change in Unrealized Gain/(Loss) on Level 3 securities still held at period end
U.S. Senior Loans	\$ 42,087,789	\$ 10,263,753	\$	\$ 288,073	\$ 17,256	\$ 63,409	\$ 5,465,902	\$ (271,118)	\$ 57,915,064	\$ 63,409
Foreign Denominated or Domiciled Senior Loans	187,531				678	26,863		(124,297)	90,775	26,863
Asset-Backed Securities	1,700,238	8,696,558		11,381		55,913			10,464,090	55,913
Corporate Bonds & Notes	8,435,914		(356,378)			(5,846)		(357,688)	7,716,002	(567,733)
Claims						(498,526)	498,526			(498,526)
Common Stocks										
Broadcasting	24,671,202		(25,961,825)		701,679	3,720,251		(701,679)	2,429,628	1,808,951
Financial**	428,263					53,125		(23,300)	458,088	53,125
Healthcare	40,320,000					(818,400)		(24,000,000)	15,501,600	(818,400)
Housing	839,382								839,382	
Gaming & Leisure						649,440		(649,440)		649,440
Media & Telecommunications**	71,278					(71,278)				(71,278)
Utility	18,269		(22,328)			4,059				
Warrants										
Equity Contracts	1,468,475		(1,585,175)		66,254	116,700		(66,254)		

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Total	\$ 120,228,341	\$ 18,960,311	\$ (27,925,706)	\$ 299,454	\$ 785,867	\$ 3,295,710	\$ 5,964,428	\$ (26,193,776)	\$ 95,414,629	\$ 701,764
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\* Includes any applicable borrowings and/or paydowns made on revolving credit facilities held in the Fund's Investment Portfolio.

\*\* Balance as of December 31, 2012 reflects an industry reclassification for American Banknote Corp. from Media & Telecommunications to Financial.

For the three months ended March 31, 2013, total change in unrealized gain/(loss) on Level 3 securities still held at period end and included in the change in net assets was \$701,764. The Fund presents these unrealized gains on the Statement of Operations as net change in unrealized appreciation/(depreciation) on investments.

Investments designated as Level 3 may include assets valued using quotes or indications furnished by brokers which are based on models or estimates and may not be executable prices. In light of the developing market conditions, the Investment Adviser continues to search for observable data points and evaluate broker quotes and indications received for portfolio investments. As a result, for the three months ended March 31, 2013, a net amount of \$8,965,395 of the Fund's portfolio investments were transferred between Level 2 and Level 3. Determination of fair values is uncertain because it involves subjective judgments and estimates that are unobservable. Transfers between Level 2 and Level 3 were due to management's assessment of observable and unobservable inputs for valuing the assets.

**NOTES TO INVESTMENT PORTFOLIO (unaudited) (continued)**

As of March 31, 2013

NexPoint Credit Strategies Fund

For the three months ended March 31, 2013, a net amount of \$3,433 of the Fund's portfolio investments was transferred between Level 1 and Level 2. Transfers between Level 1 and Level 2 were due to management's assessment of quoted prices for assets in active markets.

The following table summarizes the valuation techniques used and unobservable inputs developed to determine the fair value of material Level 3 investments:

Fund and Category	Ending Balance		Valuation Technique	Unobservable Inputs	Input Value(s)
	at				
	3/31/2013				
<b>NexPoint Credit Strategies Fund</b>					
Debt	\$	76,185,931	Third-Party Pricing Vendor		0.5-104.75
			Liquidation Analysis	Discount Rate	15% - 25%
				Liquidity Discount	25% - 30%
			Debt - Loan Spread	Weighted Comparables	33%
				Weighted Avg DM	4%
				Liquidity Discount	20%
				Multiple Discount	10%
Common Stocks		19,228,698	Multiples Analysis	Discount Rate	20% - 25%
				Liquidity Discount	25%
				Minority Discount	20%
			Fair Valuation - Multiple Scenarios	Discount Rate	24%
				Scenario Probabilities	33%

Total \$ 95,414,629

The significant unobservable inputs used in the fair value measurement of the Fund's debt investments are discount rates and liquidity discounts. Significant increases or decreases in either of those inputs in isolation would result in a significantly lower or higher fair value measurement.

The significant unobservable inputs used in the fair value measurement of the reporting entity's common stock investments are discount rates and scenario probabilities. Significant changes in either of those inputs in isolation would result in a significantly lower or higher fair value measurement.

**Derivative Transactions**

The Fund entered into derivative transactions for the purpose of hedging against the effects of changes in the value of portfolio securities due to anticipated changes in market conditions, to gain market exposure for residual and accumulating cash positions, and for managing the duration of fixed-income investments.

**Forward Foreign Currency Exchange Contracts**

In order to minimize the movement in NAV resulting from a decline or appreciation in the value of a particular foreign currency against the U.S. dollar or another foreign currency or for other reasons, the Fund is authorized to enter into forward currency exchange contracts. These contracts involve an obligation to purchase or sell a specified currency at a future date at a price set at the time of the contract. Forward currency contracts do not eliminate fluctuations in the values of portfolio securities but rather allow the Fund to establish a rate of exchange for a future point in time. Forwards involve counterparty credit risk to the Fund because the forwards are not exchange-traded, and there is no clearinghouse to guarantee forwards against default. As of March 31, 2013, the open notional value of the Fund's forward currency exchange contracts were EUR 4,615,000 and during the three months ended March 31, 2013, the closed notional value was EUR 4,615,000.

**Options**

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The Fund may utilize options on securities or indexes to varying degrees as part of their principal investment strategy. An option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option at a specified exercise or strike price. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. The Fund may hold options, write option contracts, or both.

If an option written by the Fund expires unexercised, the Fund realizes on the expiration date a capital gain equal to the premium received by the Fund at the time the option was written. If an option purchased by a Fund expires unexercised, the Fund realizes a capital loss equal to the premium paid. Prior to the earlier of exercise or expiration, an exchange-traded option may be closed out by an offsetting purchase or sale of an option of the same series (type, underlying security, exercise price and expiration). There can be no assurance, however, that a closing purchase or sale transaction can be effected when the Fund desires. The Fund will realize a capital gain from a closing purchase transaction if the cost of the closing option is less than the premium received from writing the option, or, if it is more, the Fund will realize a capital loss.

During the three months ended March 31, 2013, the Fund had covered written options to hedge against equity price movement of the related securities, which is consistent with the investment strategy of the Fund.



NOTES TO INVESTMENT PORTFOLIO (unaudited) (continued)

As of March 31, 2013

NexPoint Credit Strategies Fund

Transactions in written options for the three months ended March 31, 2013 were as follows:

	Number of Contracts	Premium
Outstanding, December 31, 2012	11,934	\$ 2,951,678
Call Options Written	4,675	533,599
Put Options Written	7,334	931,120
Call Options Exercised	(3,900)	(483,448)
Put Options Expired	(11,934)	(1,416,025)
Call Options Expired	(775)	(50,151)
Put Options Closed	(7,334)	(2,466,773)

Outstanding, March 31, 2013

The Fund adopted amendments to authoritative guidance on disclosures about derivative instruments and hedging activities which require that the Fund discloses: a) how and why an entity uses derivative instruments, b) how derivative instruments and related hedged items are accounted for and c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows.

The fair values of derivative instruments have the following risk exposure at March 31, 2013:

Fund	Asset Derivative		Liability Derivative Fair Value
	Fair Value		
Equity Contracts	\$	1,587,408	\$
Foreign Exchange Contracts		334,478	

For the three months ended March 31, 2013, the Fund's average volume of derivatives is as follows:

Derivatives	Units/Contracts	Depreciation
Warrants	85,436	\$
Forward Currency Exchange Contracts Sold		(40,417)
Written Options	5,967	

**Affiliated Issuers**

Under Section 2(a)(3) of the 1940 Act, a portfolio company is defined as "affiliated" if a Fund owns five percent or more of its outstanding voting securities. The Fund held at least five percent of the outstanding voting securities of the following companies during the period ended March 31, 2013:

Issuer	Par Value at March 31, 2013	Shares at March 31, 2013	Market Value December 31, 2012	Market Value March 31, 2013	Affiliated Income	Purchases	Sales
ComCorp Broadcasting, Inc. (Senior Loans)*	\$ 35,950,043	2,010,616	\$ 34,829,552 620,677	\$ 35,268,933 2,429,628	\$ 817,863	\$	\$

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Communications Corp of America (Common Stocks)							
Endurance Business Media, Inc., Class A (Common Stocks)	6,480	71,278					
Endurance Business Media, Inc. (Senior Loans)	3,402,226	682,339	680,445	56,049			9,471
Genesys Ventures IA, L.P. (Common Stocks)	24,000,000	40,320,000	15,501,600		225,205		24,000,000
LLV Holdco, LLC (Senior Loans)	7,492,946	5,234,227	5,439,879	94,167			
LLV Holdco, LLC Litigation Trust Units (Common Stocks)	13						
LLV Holdco, LLC Series A Membership Interest (Common Stocks)	26,712						
LLV Holdco, LLC Series B Membership Interest (Common Stocks)	144						
LLV Holdco, LLC Series C Membership Interest (Warrants)	602						
LLV Holdco, LLC Series D Membership Interest (Warrants)	828						
LLV Holdco, LLC Series E Membership Interest (Warrants)	925						
LLV Holdco, LLC Series F Membership Interest (Warrants)	1,041						
LLV Holdco, LLC Series G Membership Interest (Warrants)	1,179						
Young Broadcasting Holding Co., Inc., Class A (Common Stocks)	6,371	24,050,525	25,961,825				701,679
Young Broadcasting Holding Co., Inc., (Warrants)	389	1,468,475	1,585,175				66,254
	\$ 46,845,215	26,055,300	\$ 107,277,073	\$ 86,867,485	\$ 968,079	\$ 225,205	\$ 24,777,404

\* Company is a wholly owned subsidiary of Communications Corp. of America.

For more information with regard to significant accounting policies, see the most recent annual report filed with the Securities and Exchange Commission.

**Item 2. Controls and Procedures.**

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3 (c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEXPOINT CREDIT STRATEGIES FUND

By: /s/ Ethan Powell  
Ethan Powell  
Executive Vice President and Principal Executive Officer  
(principal executive officer)

Date: May 29, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ethan Powell  
Ethan Powell  
Executive Vice President and Principal Executive Officer  
(principal executive officer)

Date: May 29, 2013

By: /s/ Brian Mitts  
Brian Mitts  
Chief Financial Officer and Treasurer  
  
(principal financial officer)

Date: May 29, 2013