

Item 1 – Cover Page

**Part 2A of Form ADV
Brochure for:**

HCSF MANAGEMENT, LLC

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March 28, 2019

This brochure provides information about the qualifications and business practices of HCSF Management, LLC. If you have any questions about the contents of this brochure, please contact us at (415) 263-7300 or ir@headlandscap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration of an Investment Adviser does not imply any certain level of skill or training.

Additional information about HCSF Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

HCSF Management, LLC (“Headlands Capital”) is an existing registered investment advisor and has submitted a prior version of this Brochure to regulators, Clients and prospective Clients.

This Brochure includes routine immaterial annual updates, including Regulatory Assets Under Management, to the prior version of this Brochure, dated March 29, 2018. This Brochure contains certain other updates including the following:

Item 4 has been updated to include an additional team member;

Item 8 has expanded upon potential risk of loss; and

Item 11 has expanded upon potential conflicts of interest.

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Item 4 – Advisory Business

HCSF Management, LLC (“Headlands Capital”) is a Delaware limited liability company organized in March, 2012. Prior to March, 2012, HCSF Management, LLC conducted business as Headlands Capital Advisors, LP (“Headlands Capital Advisors”) since 2006. Headlands Capital provides advisory and portfolio management services to pooled investment vehicles, including Headlands Capital Secondary Fund, LP (the “Headlands Capital Secondary Fund”), Headlands Strategic Opportunities Fund, LP (“Headlands Strategic Opportunities Fund”), Headlands Capital Secondary Fund II, LP (the “Headlands Secondary Fund II”), Headlands Capital Offshore, LP (“Headlands Capital Offshore”) and, together with the Headlands Capital Secondary Funds and Headlands Strategic Opportunities Fund, “Fund Clients”) and certain other pooled investment vehicles which co-invest in certain portfolio investments made by the Fund Clients (each, a “Co-Invest Fund”). Throughout this brochure, “Clients” shall be used to refer to the pooled investment vehicles managed by Headlands Capital, including the Fund Clients, and “investors” shall be used to refer to those vehicles’ underlying investors.

Headlands Capital is indirectly principally owned by David E. Park, III and David W. Cost Jr.

Team Biographies

David E. Park, III, CFA, Managing Partner, co-founded Headlands Capital Advisors in 2006 and co-manages the Headlands Strategic Opportunities Fund, the Headlands Capital Secondary Fund and the Headlands Capital Secondary Fund II. Prior to forming Headlands Capital Advisors, Mr. Park was Managing Partner at Paul Capital Partners where he led \$700 million in investments and oversaw the firm’s fundraising and governance activities. During his tenure at Paul Capital, Mr. Park helped grow the firm’s assets under management from ~\$65 million to ~\$4 billion and served as a senior member of the firm’s investment committee, overseeing all investment decisions. Prior to Paul Capital, Mr. Park was a Portfolio Manager for the Rockefeller family investment office, where he also held board seats of various portfolio companies. Mr. Park began his career as an investment banker at Credit Suisse. Mr. Park graduated from Rice University, Magna Cum Laude, Phi Beta Kappa, and attended the London School of Economics and the Chinese University of Hong Kong. Mr. Park is a member of YPO Gold.

David W. Cost Jr., CFA, Partner, co-founded Headlands Capital Advisors in 2006 and co-manages the Headlands Strategic Opportunities Fund, LP. Mr. Cost is Chief Compliance Officer for Headlands Capital. Prior to founding Headlands Capital Advisors, Mr. Cost worked for Hoover Investment Management in San Francisco, where he was Associate Portfolio Manager for the Forward Hoover Small Cap Fund, which had assets under management of \$1+ billion at that time. Previously, Mr. Cost worked as a Senior Analyst at Montgomery Asset Management supporting the Montgomery Small Cap Fund. Prior to Montgomery, Mr. Cost was Director of Research for Sand Hill Advisors, a wealth management firm in Menlo Park, CA. Mr. Cost began his career at Union Bank in Los Angeles as Assistant Vice President where he managed a portfolio of commercial banking clients. Mr. Cost holds a BA from Dartmouth College and a MBA from the Anderson School of Management at UCLA.

Brian Kim, Partner, joined Headlands Capital Advisors in 2010 and co-manages the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II. Prior to joining Headlands Capital, Mr. Kim was Managing Director at Zephyr Management, a firm which had \$1.7 billion in assets under management, where he was responsible for managing private equity and secondary transactions. Prior to Zephyr, Mr. Kim was a founding member of CVC International, Citigroup’s global emerging markets private equity team, where he was directly responsible for deals in excess of \$170 million and served as a board member on 10 portfolio companies. Mr. Kim was also

previously a foreign exchange trader for Citigroup as well as an analyst in the capital markets and corporate financial control divisions. Mr. Kim holds a Bachelor of Science degree in Electrical Engineering from the University of Michigan and a Master of Business Administration degree from the Wharton School at the University of Pennsylvania.

Michael Ellis, CFA, Principal and Research Analyst, joined Headlands Capital Advisors in 2011 after graduating from Columbia Business School. Mr. Ellis conducts equity research across all sectors of the domestic small-cap universe. Prior to business school, Mr. Ellis worked as a Research Associate at Dodge & Cox, where he served on the global equity research team and conducted fundamental research on companies in various industries including chemicals, medical devices, capital goods, healthcare services, household products and real estate. Mr. Ellis began his career as an investment banker, working for Putnam Lovell and Colchester Partners. Mr. Ellis received a BA from Middlebury College and an MBA with Honors from Columbia Business School where he was also a participant in the Value Investing Program.

Advisory Services

Headlands Capital provides discretionary advisory and portfolio management services to its Fund Clients according to the investment objectives and strategies described in the offering documents of each Fund Client. These objectives and strategies may limit the concentration and geography of the Clients' investments or limit Headlands Capital's investments in certain asset classes. Headlands Capital may further tailor its advisory services to the specific needs of a Fund Client as may be necessary, appropriate or negotiated from time to time.

Headlands Capital does not participate in any wrap fee programs.

As of December 31, 2018, Headlands Capital had discretionary Client assets under management of approximately \$460,304,021.

Advisory Services Tailoring

Client accounts are managed according to the strategies and objectives set out in each Client's constituent documents.

Item 5 – Fees and Compensation

Management Fee

Headlands Capital generally receives the following fees. Headlands Capital, in its sole discretion, can waive or reduce the management fee and performance fee with respect to certain investors.

Headlands Capital Secondary Fund, LP – Headlands Capital will receive from the Headlands Capital Secondary Fund a management fee in the amount of 0.3125% per quarter of committed capital during the investment period and 0.25% of net asset value ("NAV") following the investment period, each payable quarterly in advance.

Headlands Strategic Opportunities Fund, LP – Headlands Capital will receive from the Headlands Strategic Opportunities Fund a management fee equal to 0.375% per quarter of NAV, payable quarterly in advance, for both Class A shares and Founder's Class shares.

Headlands Capital Secondary Fund II, LP – Headlands Capital will receive from the Headlands Capital Secondary Fund II a management fee in the amount of 0.3125% per quarter of committed capital during the investment period and 0.25% of net asset value ("NAV") following the investment period, each payable quarterly in advance. Headlands Capital Offshore invests directly in Headlands Capital Secondary Fund II.

In the event that an advisory contract is terminated before the end of a management fee period, Headlands Capital will refund the overpayment of the management fee (computed on the basis of the number of days elapsed).

Carried Interest / Incentive Allocation

Headlands Capital Secondary Fund, LP – Headlands Capital Secondary Management, LLC, an affiliate of Headlands Capital, typically will receive from the Headlands Capital Secondary Fund carried interest of 12.5% of profits, subject to a hurdle equal to a 7% compound return, followed by a catch-up, but there may be variations in the rate for different investors.

Headlands Strategic Opportunities Fund, LP – For the Class A shares, Headlands Capital Management, LLC, an affiliate of Headlands Capital, typically will receive from the Headlands Strategic Opportunities Fund an incentive allocation of 20%, subject to a high-water mark, but there may be variations in the rate for different investors. For the Founder's Class shares, an affiliate of Headlands Capital will receive from the Headlands Strategic Opportunities Fund an incentive allocation of 20%, subject to a hurdle equal to a 7% compound return, followed by a catch-up. The Founder's Class shares have a 2-year lockup period.

Headlands Capital Secondary Fund II, LP – Headlands Capital Secondary Management, LLC, an affiliate of Headlands Capital, typically will receive from the Headlands Capital Secondary Fund II carried interest of 12.5% of profits, subject to a hurdle equal to a 7% compound return, followed by a catch-up, but there may be variations in the rate for different investors. Headlands Capital Offshore invests directly in Headlands Capital Secondary Fund II.

Expenses

The Fund Clients are each responsible for costs and expenses related to their own operations, including:

Fund Clients other than Headlands Strategic Opportunities Fund:

- fees, costs and expenses of custodians, attorneys, accountants, auditors, tax advisors, consultants, brokers, agents, third-party administrators, valuation firms and other professionals and service providers;
- all out-of-pocket fees, costs and expenses (which includes travel and meals), if any, incurred in identifying, developing, negotiating, structuring, monitoring, and, to the extent applicable, disposing of portfolio investments and in connection with unconsummated investment opportunities, including, without limitation, any financing, legal, accounting, advisory and consulting expenses in connection therewith;
- brokerage commissions, prime brokerage fees, registration fees and expenses, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with portfolio investments;
- interest on and fees and expenses arising out of all borrowings made by a Client;
- costs of any (a) litigation, (b) director and officer liability, general partner liability or other insurance for a Client, its general partner, Headlands Capital and their affiliates and (c) any indemnification or extraordinary expense or liability relating to the affairs of a Client;
- any taxes, fees or other governmental charges levied against a Client and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Client;
- expenses of any meeting of the investors or investor advisory board, if any;
- costs and expenses incurred in connection with a Client's legal and regulatory compliance with U.S. and non-U.S. laws and regulations, including, without limitation, compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and registration

pursuant to the Investment Advisers Act of 1940, as amended, filings under the U.S. Securities Exchange Act of 1934, as amended (including Form 13F, Form 13H, Section 16 filings, Schedule 13D filings and Schedule 13G filings), any forms, schedules, filings, information or other documents prepared with respect to the Foreign Account Tax Compliance Act, reports to be filed with the U.S. Commodity Futures Trading Commission and reports, disclosures, filings and notifications prepared in accordance with the European Union Alternative Investment Fund Managers Directive;

- travel, entertainment and related expenses in connection with a Client's investment activities (including airfare, lodging, ground transportation, travel and meals); and
- expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provision.

Headlands Strategic Opportunities Fund:

- fees, costs and expenses of custodians, attorneys, accountants, auditors, tax advisors, consultants, brokers, agents, third-party administrators, valuation firms and other professionals and service providers;
- legal, internal and external accounting, auditing, administrator and other professional expenses;
- transaction-related research expenses;
- custodian fees, taxes on securities transactions;
- interest on borrowed moneys, brokerage fees and commissions and any other similar fees;
- clearing expenses;
- due diligence expenses related to actual or potential investments (whether or not consummated);
- costs of any (a) litigation, (b) director and officer liability, general partner liability or other insurance for a Client, its general partner, Headlands Capital and their affiliates and (c) any indemnification or extraordinary expense or liability relating to the affairs of a Client;;
- expenses incurred in connection with the preparation and delivery of reports of Headlands Strategic Opportunities Fund and any meetings with the partners of Headlands Strategic Opportunities Fund;
- extraordinary expenses;
- travel, entertainment and related expenses in connection with Headlands Strategic Opportunities Fund's investment activities (including, lodging, ground transportation, travel and meals); and
- expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provision.

For information about brokerage practices, see Item 12 below.

Co-Invest Funds

Subject to complying with the limited partnership agreement or other governing documents of the Fund Clients (the "Governing Documents"), Headlands Capital, in its sole discretion, may provide one or more investors, their affiliates and/or unaffiliated third parties approved by Headlands Capital with the opportunity to co-invest with the Fund Clients (other than in their capacity as partners or members of a Fund Client) in one or more potential investments.

In allocating co-investment opportunities, subject to the Governing Documents of the Fund Clients, consideration may be given to all relevant factors, including without limitation the size of the transaction (e.g., a large transaction would exceed diversification or investment limits set forth by certain Fund Clients and/or investors or by Headlands Capital's internal investment guidelines),

whether the investor(s) have co-investment provisions within their side letters, the ability to accommodate deal timing, or strategic considerations. Co-investment vehicles controlled by Headlands Capital will generally invest on the same terms and share expenses with the Fund Clients.

Headlands Capital receives management fees and performance fees with respect to Co-Invest Funds, although the terms of each Co-Invest Fund are subject to negotiation with the investors thereof and future Co-Invest Funds may or may not provide for the payment of a management fee and/or performance fee. Headlands Capital's management fees, performance fees and other compensation payable with respect to any Co-Invest Fund are established at the time of the formation of the relevant Co-Invest Fund and are highly negotiated with participating investors prior to making their respective investment, and such fees vary on a vehicle-by-vehicle basis. Investors in the Co-Invest Funds are encouraged to carefully review the applicable organizational documents for details concerning such fees.

Item 6 - Performance-Based Fees and Side-By-Side Management

Headlands Capital charges an annual incentive allocation, carried interest or performance fee (the "Incentive Allocation"). See "Carried Interest / Incentive Allocation" under "Item 5--Fees and Compensation" above.

The Incentive Allocation provisions create an incentive for Headlands Capital to make Client investments that are riskier or more speculative than would be the case in the absence of an Incentive Allocation based on performance of the Clients' portfolios. Differences in Client compensation arrangements may create a conflict of interest, including an incentive for Headlands Capital to disproportionately allocate time, services or functions to Clients paying an Incentive Allocation or Clients paying an Incentive Allocation at a higher rate, or allocate investment opportunities to such Clients. Notwithstanding any such potential conflicts, Headlands Capital will allocate investment opportunities to its Fund Clients in a manner that it believes to be fair and equitable.

With respect to Co-Invest Funds, the presence and participation of third-party co-investors in each Co-Invest Fund reduces the likelihood that Headlands Capital or its affiliate can negotiate to receive excess Incentive Allocation from such Co-Invest Fund at the expense of the applicable Fund Client participating in the same investment.

Item 7 – Types of Clients

Headlands Capital's Clients include pooled investment vehicles. Investors in the pooled investment vehicles include high-net worth individuals, family offices, trusts, endowments, foundations, and pension funds.

Headlands Capital requires that all investors in the pooled investment vehicles be "accredited investors." The minimum capital commitment from an investor in the Headlands Capital Secondary Fund is \$1,000,000, in the Headlands Strategic Opportunities Fund is \$1,000,000, and in the Headlands Secondary Fund II is \$1,000,000, although lesser commitment amounts in the Fund Clients may be accepted at the discretion of Headlands Capital or the Funds Clients' general partners. Investors in the Co-Invest Funds are typically limited partners in the Fund Clients or third parties who have expressed an interest in, and have the ability and resources to, participate in such co-investment opportunities.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss *Investment Program and Strategies*

Headlands Capital's investment objective for each of its Fund Clients is summarized below:

Headlands Capital Secondary Fund, LP and Headlands Capital Secondary Fund II, LP – The Headlands Capital Secondary Funds seek to generate investment returns for investors principally by acquiring interests in private investment funds, including buyout, growth equity, venture capital and special situation funds through secondary market purchases. The Partnerships may also acquire direct and indirect interests in operating companies through the secondary market.

Headlands Strategic Opportunities Fund, LP – The Headlands Strategic Opportunities Fund seeks to generate investment returns for investors by building a concentrated, long-only portfolio of small cap, publicly-traded companies and to use a “constructive activist” approach to further grow shareholder value. Headlands Capital targets well-managed, cash flow-generating businesses, building proprietary knowledge derived from onsite meetings to develop a differentiated, long-term investment thesis on its portfolio companies. Underscoring its conviction investing and collaborative activist philosophy, the Headlands Strategic Opportunities Fund seeks to own approximately 8-12 core portfolio holdings at any time.

Market and Investment Risks

No Assurance of Investment Return.

Headlands Capital cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Fund Clients will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that expected returns of the Fund Clients will be achieved. An investment in the Fund Clients should only be considered by persons who can afford a loss of their entire investment. The Fund Clients' investments, by their nature, involve a high degree of financial risk. In making investments on behalf of its Fund Clients, Headlands Capital may use highly speculative investment techniques, including highly-concentrated portfolios, junior securities positions, control positions, illiquid investments, leverage and workouts. In addition, some of the Fund Clients' assets may be invested in derivative instruments. Such investments may expose the Fund Clients' assets to the risks of material financial loss, which may in turn adversely affect the financial results of the Fund Clients' portfolios.

Highly Competitive Market for Investment Opportunities.

The activity of identifying, completing and successfully disposing of attractive public and private investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that Headlands Capital will be able to locate and complete investments that satisfy each Fund Client's rate of return objectives or realize their values, or that Headlands Capital will be able to invest fully its Fund Clients' capital.

Risks Associated with Publicly-Traded Investments.

Headlands Capital expects to invest in publicly-traded securities or in investment funds that own publicly-traded securities. Headlands Capital's direct and indirect investments in securities of publicly-traded companies will be sensitive to movements in the stock market and trends in the overall economy, including rises in interest rates. In addition, by investing in publicly-traded securities, the Fund Clients or the investment funds in which they invest will remain subject to federal and state securities laws which may, among other things, restrict the ability to sell a portfolio investment.

Risks Associated with Secondary Fund Investments.

The market for secondary investments has been evolving and is likely to continue to evolve. It is possible that competition for appropriate investment opportunities may increase, thus reducing the

number of investment opportunities available to the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II and adversely affecting the terms upon which investments can be made. Accordingly, there can be no assurance that the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II will be able to identify sufficient investment opportunities or that it will be able to acquire sufficient secondary investments on attractive terms. In addition, in the cases where the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II acquire an interest in an investment fund in a secondary transaction, the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II may acquire contingent liabilities of the seller of such interest. More specifically, where the seller has received distributions from the relevant investment fund and, subsequently, such investment fund recalls one or more of these distributions, the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II (as the purchaser of the interest to which such distributions are attributable and not the seller) may be obligated to return monies equivalent to such distributions to the investment fund. While the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II may, in turn, be able to make a claim against the seller for any such monies so paid to the investment fund to the extent the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II have not waived such claim, there can be no assurances that the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II would have the ability to make such a claim or, if such a claim is made, there can be no assurances that the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II would prevail. Finally, in some instances, the Headlands Capital Secondary Fund and Headlands Capital Secondary Fund II have the opportunity to acquire a portfolio of investment funds from a seller on an “all or nothing” basis. Certain of the investment funds in the portfolio are less attractive than others, and certain of the sponsors of such investment funds are more familiar to Headlands Capital than others, or are more experienced or highly regarded than others.

Limited Information.

In general, the Fund Clients’ investments will be made based on information available to the public at large. By comparison, privately negotiated transactions, the type of transactions pursued by most private equity and corporate buyout funds, are usually completed based upon information gathered through contact with and access to the counter-party’s records, facilities and personnel. Therefore, this disparate amount of information may negatively affect the Fund Clients’ certainty of achieving a particular outcome in connection with its investments.

Reliance on Portfolio Company Management Teams.

Each Fund Client portfolio companies’ day-to-day operations will be the responsibility of such portfolio companies’ management teams. In addition, where a Fund Client is a passive investor in an investment vehicle such as a private equity limited partnership, the Fund Client is dependent on the manager of such investment vehicle for the day-to-day operations and fiduciary management of such vehicle and its portfolio companies. Although Headlands Capital will be responsible for monitoring the performance of portfolio investments, there can be no assurance that the existing management teams, or any successors, will be able to operate Fund Clients’ portfolio companies successfully.

Investments in Smaller Capitalization Companies.

Headlands Capital intends to invest in the stocks of companies with smaller market capitalizations. While Headlands Capital believes that such investments often provide significant potential for appreciation, it recognizes that such investments may involve higher risks than investments in the stocks of larger companies. For example, prices of smaller capitalization stocks are often more volatile than prices of larger capitalization stocks. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant loss to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some smaller capitalization stocks, an investment in

such stocks may be characterized by reduced liquidity. To the extent there is any public market for the securities held by the Fund Clients, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Such companies also may have shorter operating histories on which to judge future performance.

Non-Control Investments.

The Fund Clients are likely to hold a non-controlling interest in most of their portfolio companies and, therefore, may have a limited ability to protect positions in such companies. In these cases, the Fund Clients will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom Headlands Capital and the Fund Clients are not affiliated and whose interests may conflict with the interests of the Fund Clients.

Control Position Risk.

Notwithstanding that Fund Clients are likely to hold non-controlling interests in most of their portfolio companies, a Fund Client may make occasional investments to acquire control (or which may be considered controlling investments under applicable law) or exercise influence over management and the strategic direction of companies in which the Fund Client invests. The exercise of control over a company through a control position, or the service of an officer or employee of Headlands Capital or its affiliates as a director of such company, could (i) expose the assets of the respective Fund Client to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, the applicable Fund Client(s), directly, and the applicable investors, indirectly, would likely suffer losses in their investments. In general, Fund Clients will indemnify Headlands Capital and its affiliates for such claims.

Illiquid and Long-Term Investments.

Headlands Capital may make investments in securities that have limited liquidity. Some investments held by the Fund Clients may not be able to be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Securities Act") or in accordance with Rule 144 or another exemption under the Securities Act. The market prices, if any, of such investments tend to be volatile and the Fund Clients may not be able to sell such investments when it desires, or, upon sale, to realize what it perceives to be their fair value. Further, companies whose securities are not publicly-traded are not subject to the disclosure and other investor protection requirements applicable to publicly-traded securities. Even where the Fund Clients hold publicly-traded securities, the Fund Clients' position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity in the event that the Fund Clients wished to, or were required to, dispose of or reduce their position in such company by selling shares into the market. Dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Fund Clients' investors. In the event that the Fund Clients acquire control positions in certain companies as discussed above or acquire an interest in certain companies where officers or employees of Headlands Capital serve as directors, the filing of various forms required by Section 16(b) of the Exchange Act as part of the process of selling shares owned by the Fund Clients may impact negatively the price of the shares that can be obtained by the Fund Clients. If the Fund Clients were forced to sell such an investment, they may not receive fair value therefor.

Leverage.

Certain of the Fund Clients' portfolio companies may have capital structures with significant leverage. Consequently the leveraged capital structure of such portfolio companies will increase

such companies' exposure to adverse factors such as rising interest rates, downturns in the economy or deterioration in the business of such portfolio company or its industry, and may impair such companies' ability to meet their debt obligations. Additionally, the Fund Clients may leverage their investment positions by borrowing. Although borrowings by Fund Clients have the potential to enhance overall returns that exceed a Fund Client's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund Client's cost of funds and the Fund Client may be forced to withhold distributions in order to repay such borrowings. In addition, borrowings by a Fund Client may be secured by the Fund Client's capital as well as by the Fund Client's assets. Failure to satisfy the terms of debt incurred by the Fund Clients can have negative consequences, including forced liquidation of Fund Clients' other investments in order to satisfy the borrower's obligations. Leverage may also take the form of trading on margin, which will result in interest charges that could be substantial. The use of leverage will have the effect of increasing the volatility of the Fund Clients' investments.

Risk of Limited Number of Investments.

Each Fund Client may participate in a limited number of investments and, as a consequence, the aggregate return of each Fund Client may be substantially adversely affected by the unfavorable performance of even a single investment. Investors have no assurance as to the degree of diversification of each Fund Client's portfolio, either by geographic region, asset type or sector except as described in each Client's constituent documents. In circumstances where Headlands Capital, on behalf of a Fund Client, intends to refinance all or a portion of the capital invested in a portfolio company or transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Fund Client having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Foreign Investments.

Fund Clients may invest outside of the United States. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency fluctuations and associated conversion costs; (ii) differences between the U.S. and foreign securities markets, including volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision; (iii) certain economic and political risks, including potential restrictions on foreign investment and repatriation of capital and the possibility of expropriation or confiscatory taxation; (iv) differences between U.S. and foreign market contract terms (e.g. foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the imposition of foreign withholding or other taxes with respect to such investment; and (vi) less developed corporate laws regarding fiduciary duties and the protection of investors.

Expedited Transactions.

Investment analyses and decisions by Headlands Capital may be undertaken on an expedited basis in order to take advantage of available investment opportunities. In such cases, the information available to Headlands Capital at the time of the investment decision may be limited, and Headlands Capital may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity. Further, Headlands Capital may conduct its due diligence activities over a very brief period.

No Market for Limited Partnership Interests.

Limited partnership interests ("Interests") in the Fund Clients have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. Except in the limited circumstances described herein, Interests are not redeemable at the option of the holder

and investors do not have the right to withdraw their capital. It is not contemplated that registration of the Interests in the Fund Clients will ever be effected. There will be no public market for Interests in the Fund Clients and none is expected to develop. Each investor will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its Interest for investment purposes and not with a view to resale or distribution. Consequently, investors must be prepared to bear the risk of an investment in the Fund Clients for an extended period of time.

General Economic Conditions.

General economic conditions may affect the Fund Clients' portfolios and investment returns. Interest rates, currency rates, the price of securities, inflation, the participation of other investors in the financial markets, changes in laws, war, terrorism, natural disasters and catastrophic events may affect the value of investments made in the Fund Clients' portfolios. There is no assurance that any key trends or economic and market conditions for investing will continue to improve or not deteriorate. The Fund Clients' financial condition may be adversely affected by a significant general economic downturn. Headlands Capital may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on Headlands Capital's business and operations and thereby could impact the Fund Clients' portfolios. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Fund Clients' profitability, impede the ability of the issuers in which the Fund Clients invest to perform under or refinance their existing obligations, and impair the Fund Clients' ability to effectively exit its investments on favorable terms.

Possible Effect of Redemptions.

Substantial redemptions of the Interests could require Headlands Capital to liquidate investment positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of the Interests and achieve its Fund Clients' investment objectives. Such factors could adversely affect the value of the Interests redeemed and of the Interests that remain outstanding.

Expenses Ultimately Borne by the Investors.

Fees and expenses borne by the Fund Clients will directly or indirectly impact the NAV of the Interests of each Fund Client.

Line of Credit.

The Clients are typically parties to one or more subscription-based credit facilities and borrowings by the funds under such facilities will generally be secured by the Clients' investors' capital commitments as well as by the Clients' assets, subject to certain limitations, and the terms of such facilities may provide that during the continuance of a default under such facilities, the interests and distributions of the Clients' investors may be subordinated to such facilities. Investors may be required to execute an investor acknowledgement for the benefit of the lenders under the subscription credit facility and may be required to acknowledge their obligations to pay their share of indebtedness up to their remaining commitment. Use of a subscription-based credit facility may result in a higher reported internal rate of return for a fund than if the facility had not been utilized, and as a result of this and other factors (including that the interest rate on such borrowings is typically less than the rate of the preferred return (if any) and that such preferred return (if any) does not accrue on such borrowings, and only accrues on capital contributions when made) may present conflicts of interest and the general partner of a fund may make distributions prior to the repayment of outstanding borrowings. As a result, use of such facilities or other long-term leverage arrangements with respect to investments may reduce or eliminate the preferred return (if any) received by investors in a Client and provide the general partner of such Client with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Subject to the limitations in the governing documents of a Client, the use of a subscription-based credit facility by such Client is within the applicable general partner's discretion.

Cyber Security Breaches and Identity Theft.

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Headland Capital's and the Fund Clients' and their respective portfolio companies' and their service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information and material nonpublic information. Although Headlands Capital has implemented, and the portfolio companies and their service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Headlands Capital does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to Headlands Capital, the Fund Clients and/or their respective portfolio companies, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. Headlands Capital, the Fund Clients and/or their respective portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Headlands Capital's, the Fund Clients' and/or their respective portfolio companies' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and their beneficial owners), material nonpublic information in possession of and the intellectual property and trade secrets and other sensitive information of Headlands Capital, the Fund Clients and/or their respective portfolio companies. Such a failure could harm Headlands Capital's, the Fund Clients' and/or their respective portfolio companies' reputation, subject any such entity and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy or other laws and adverse publicity and otherwise affect their business and financial performance.

United Kingdom Exit.

The United Kingdom ("UK") formally notified the European Council of its intention to leave the European Union ("EU") on March 29, 2017. Given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU will be a source of instability, may create significant currency fluctuations and/or otherwise adversely affect international markets, arrangements for trading or other arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future and beyond the date of the UK's withdrawal from the EU. Uncertainty about the way in which the many and complex issues will be resolved could adversely affect a Fund Client, the performance of its investments (e.g., if its investments include businesses that depend on access to the single market or whose values are adversely affected by the UK's future relationship with the EU) and its ability to fulfil its investment objectives. Were any other member state to decide to withdraw from the EU, that could exacerbate such uncertainty and instability and may present similar and/or additional potential risks.

Misconduct of Headlands Capital Personnel or Third-Party Service Providers.

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to Headlands Capital and its Fund Clients. Misconduct by employees or by third-party service providers could cause significant losses to Headlands Capital and its Fund Clients. Employee misconduct could include, among other things, binding a Fund Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses) or otherwise charging (or seeking to charge) inappropriate expenses to a Fund Client or Headlands Capital. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the funds' business prospects or future activities. Furthermore, because of Headlands Capital businesses and the regulatory regimes under which they operate, misdeeds by a Headlands Capital entity (or its personnel) may result in foreclosing a Fund Client's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions that Headlands Capital takes to detect and prevent this activity may not be effective in all cases.

Risks Relating to Headlands Capital*Dependence Upon Key Individuals.*

The success of a Fund Client's portfolio is expected to depend significantly upon the expertise, skill, and judgment of Mr. David E. Park, III, Mr. David W. Cost Jr., and Mr. Brian Kim. If Mr. Park's, Mr. Cost's, or Mr. Kim's services were to become unavailable to the Fund Clients for any extended period of time, the Fund Client's performance could be materially adversely affected.

Co-Invest Funds

The above methods of analysis, investment strategies and risks apply to the Co-Invest Funds as well.

Item 9 – Disciplinary Information

Headlands Capital has no information applicable to this Item. Headlands Capital has no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of its advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Headlands Capital nor any of Headlands Capital's management persons are registered, or have an application pending to register as:

- a broker-dealer or registered representative of a broker-dealer; or
- a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Headlands Capital provides advisory and portfolio management services to its Clients: the Headlands Capital Secondary Fund, the Headlands Strategic Opportunities Fund, the Headlands Capital Secondary Fund II, and the Co-Invest Funds.

Headlands Capital is affiliated with Headlands Capital Management, LLC and Headlands Capital Secondary Management, LLC. Each of such entities serves as a general partner of a Fund Client advised by Headlands Capital (referred to in this Brochure as the “GP Entities”). The GP Entities are “relying advisers” of Headlands Capital in reliance on a position expressed by the SEC staff in 2012, and will not separately register with the SEC as investment advisers. The information in this Brochure regarding the advisory services provided by “Headlands Capital” shall also apply to and include the GP Entities.

Headlands Capital does not recommend or select other investment advisers for its Fund Clients for compensation.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Headlands Capital holds its employees to a high standard of integrity and business practices. In serving its Clients and their investors, Headlands Capital strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its employees and Clients’ securities transactions. Headlands Capital has a Code of Ethics (the “Code”) to help govern personal trading activities. When persons covered by the Code engage in personal securities transactions, they are expected to adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of Clients and their investors must be paramount; (b) personal transactions must be conducted consistent with this Code in a manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by this Code have certain reporting obligations of their personal securities transactions.

Headlands Capital will provide a copy of the Code to any investor or prospective investor upon request. Such a request may be made by submitting a written request to Headlands Capital at the address on the cover page to this brochure.

It is Headlands Capital’s policy not to engage in transactions between its own accounts and Client accounts (e.g., buying from or selling any security to any Client) without disclosing to a Client before the completion of such transaction the capacity in which Headlands Capital is acting and obtaining the consent of the Client’s investors or the Client’s advisory committee (which is comprised of representatives of the investors in such Client), as applicable, to such transaction. While Headlands Capital endeavors at all times to act in the best interests of its Clients, investors should be aware that such transactions create a potential conflict of interest for Headlands Capital.

Other Matters

Allocation of Investment Opportunities: In connection with its investment activities, Headlands Capital may encounter situations in which it must determine how to allocate investment opportunities among its Clients and other persons, including but not limited to co-investment vehicles that have been formed to invest side-by-side with one or more of Headlands Capital’s Clients (the investors in such co-investment vehicles may include investors in Headlands Capital’s Fund Clients and/or individuals and entities that are not investors in any of Headlands Capital’s Fund Clients) and investors whose co-investment Headlands Capital determines in good faith will provide strategic benefits for Headlands Capital’s Fund Clients or their portfolio companies.

Subject to complying with the limited partnership agreement or other governing documents of the Fund Clients (the “Governing Documents”), Headlands Capital, in its sole discretion, may provide one or more investors, their affiliates and/or unaffiliated third parties approved by Headlands

Capital with the opportunity to co-invest with the Fund Clients (other than in their capacity as partners or members of a Fund Client) in one or more potential investments.

In allocating co-investment opportunities, subject to the Governing Documents of the Fund Clients, consideration may be given to all relevant factors, including without limitation the size of the transaction (e.g., a large transaction would exceed diversification or investment limits set forth by certain Fund Clients and/or investors or by Headlands Capital's internal investment guidelines), whether the investor(s) have co-investment provisions within their side letters, the ability to accommodate deal timing or strategic considerations. Co-investment vehicles controlled by Headlands Capital will generally invest on the same terms and share expenses with the Fund Clients.

In exercising its discretion to allocate investment opportunities and fees and expenses, Headlands Capital may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Clients with differing fee, compensation or expense structures, Headlands Capital may have an incentive to allocate investment opportunities to Clients from which Headlands Capital or its affiliates may derive, directly or indirectly, a higher fee, compensation or other benefit.

Broken Deal Expenses: Co-investors may not bear their share of broken deal expenses (including, without limitation, commitment fees, legal, tax, accounting, travel and entertainment, advisory, consulting and printing expenses and any liquidated damages, reverse termination fees or similar payments) for unconsummated transactions and in such instances such costs and expenses may be borne by Fund Clients.

Personal Trading and Other Business Activities: The managing partners, partners, members, officers, employees, affiliates of such persons and relatives of such persons of Headlands Capital may trade in securities for their own accounts, subject to pre-clearance restrictions and reporting requirements as may be required by law or Headlands Capital's policies, or otherwise determined from time to time by Headlands Capital, as applicable. Subject to the governing documents of the Clients, Headlands Capital and such persons may conduct any other business, including any business within the securities industry, whether or not such business is in competition with a fund. Headlands Capital evaluates all such Outside Business Activities of itself and its employees, including any business within the securities industry, on a case-by-case basis and will determine whether to prohibit participation the outside business activity or develop additional policies and procedures to mitigate any conflict of interest.

Side Letters: The general partner of a Client of Headlands Capital may enter into side letters or other similar agreements with certain investors in connection with their admission to such Client without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of such Client's governing documents in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors. Such rights or terms in any such side letter may include, without limitation, (i) fee arrangements with respect to such investors, (ii) excuse rights applicable to particular investments; (iii) reporting obligations of the applicable general partner; (iv) waiver of certain confidentiality obligations; (v) consent of the applicable general partner to certain transfers by such investor; (vi) special rights with respect to co-investment; (vii) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor; (viii) additional obligations and restrictions of the applicable general partner and a Client with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; (ix) agreements to assist with the applicable tax filings and (x) certain obligations and restrictions on the applicable general partner with respect to the exercise of its discretion on certain matters.

Item 12 – Brokerage Practices

Headlands Capital generally has authority and discretion to select broker-dealers and to establish brokerage accounts with such broker-dealers to execute investment transactions initiated by Headlands Capital and for the selection of the markets in which the transactions will be executed. In doing so, Headlands Capital (i) is not generally obligated to solicit competitive bids for each transaction; (ii) shall have no obligation to seek the lowest available commission cost to its Clients; and (iii) may reject any request by a Client or investor in a Client for directed brokerage that Headlands Capital reasonably believes to be inconsistent with its duty to seek to achieve best execution.

In negotiating commission rates, Headlands Capital takes into account the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker (as described more fully below), even though a Client may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided.

Soft Dollar Benefits

Headlands Capital generally has authority and discretion to direct its Fund Clients' brokerage to firms that furnish or pay for quotation and/or office equipment, recordkeeping, research, research-related services, and other services outside of the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, provided that Headlands Capital believes that such "soft dollar" arrangements are consistent with standards of fiduciary duty applicable to itself. While Headlands Capital has the authority to utilize such soft dollar arrangements, it does not currently do so.

In selecting broker-dealers for its Clients, Headlands Capital generally considers the amount and nature of research, execution and other services provided by brokers as well as the extent to which such services are relied on, and attempts to allocate a portion of the brokerage business of its Clients' investments, even though an account may or may not in any particular instance be the direct or indirect beneficiary of the services provided. Headlands Capital may derive substantial direct or indirect benefit from these soft dollar services, particularly to the extent Headlands Capital may in the future use soft dollars to pay for expenses that it would otherwise be required to pay. Therefore, Headlands Capital may have an incentive to select a broker-dealer based on its interest in receiving the research or other products and services, rather than on Clients' interests in receiving the most favorable execution.

Headlands Capital is not required to allocate soft dollar benefits pro rata or on any other equitable basis among the Clients it manages. Headlands Capital is not required to allocate either a stated dollar or stated percentage of its brokerage business to any broker for any minimum time period, and will review such relationships from time to time.

The Clients maintain accounts at Goldman Sachs, their prime broker, through which Clients may execute trades, borrow securities and maintain custody of their securities. Additionally, Headlands Capital may direct its Clients to execute trades with BTIG, LLC.

Headlands Capital reserves the right, in its sole discretion, to change the brokerage and custodial arrangements described above without further notice to investors.

Item 13 – Review of Accounts

Typically, all accounts are managed and reviewed on an ongoing basis to ensure appropriate exposure and risk levels based on market conditions. Asset allocation, cash management, market

prospects and individual issue prospects are all considered. Particular attention is given to changes in company earnings, industry, and company outlook, market outlook and price level. Mr. David E. Park, III, Mr. David W. Cost Jr., Mr. Michael Ellis and Mr. Brian Kim are responsible for reviewing the investment activities of the Clients to ensure that its investments activities are consistent with the investment thesis outlined in each Client's confidential offering memorandum and/or organizational documents.

As further described in Item 14, at the end of each fiscal year, each of the Clients has its financial statements examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each investor in a Client after the end of each fiscal year. Unaudited quarterly capital account statements will be provided to each investor in a Client.

Item 14 – Client Referrals and Other Compensation

Headlands Capital does not receive any economic benefit from a person who is not a Client for providing investment advice or other advisory services to the Clients.

Headlands Capital may compensate certain third party marketers with a portion of the management and/or performance fee, pursuant to a written agreement, for investor referrals to the Clients. All such referral arrangements will be fully disclosed to prospective investors at the time of solicitation.

Item 15 – Custody

Headlands Capital is deemed to have custody of its Clients' funds because its affiliates act as the general partners (or similar managing role) to its Clients. Client assets are (i) held in the name of a Client, or in an account for the benefit of such Client, by an independent qualified custodian or (ii) private, uncertificated securities recorded on the books and records of the issuer in the name of a Client.

As noted above, the custodian of each Client is a "qualified custodian" as defined in Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Headlands Capital obtains custodial, clearing, settlement and related services on behalf of its Clients through what is known as a "prime brokerage" arrangement. Under that arrangement, a single brokerage firm (the "Prime Broker") maintains custody of each Client's assets (either directly or through its clearing brokerage firm). The Prime Broker is a "qualified custodian" and maintains custody of each Client's funds and securities in a separate account for such Client. At the end of each fiscal year, each of the Clients has its financial statements examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each investor in a Client after the end of each fiscal year. Unaudited quarterly capital account statements will be provided to each investor in a Client.

Item 16 – Investment Discretion

Headlands Capital typically has discretionary investment management authority for its Clients. While the General Partner (or similar managing entity) of a Client is responsible for the management, policies and operations of such Client, such General Partner (or similar managing entity) grants authority to Headlands Capital to manage and/or make investment recommendations and monitor investments, as more fully described in the advisory agreement executed among the relevant Client and Headlands Capital at the outset of the advisory relationship. In all cases, however, this discretion is to be exercised in a manner consistent with the investment strategy and objectives of the relevant Client. When making investment recommendations, Headlands Capital

observes the investment policies, limitations and restrictions that are applicable to the relevant Client's account.

As the investment manager for the Clients, Headlands Capital has broad discretion, without limitation, to determine the:

- securities to be bought or sold for the Clients' accounts;
- amount of securities to be bought or sold for the Clients' accounts;
- broker or dealer to be used for a purchase or sale of securities for the Clients' accounts; and
- commission rates to be paid to a broker or dealer for the Clients' securities transactions. Each investor authorizes such discretion in each Client's organizational documents.

Item 17 – Voting Client Securities

Headlands Capital has adopted policies and procedures that address generally the guidelines it expects to follow in the exercise of its voting authority over proxies it receives on behalf of Clients. Headlands Capital will vote Client proxies in the best interest of its Clients. Headlands Capital will consider a number of factors to determine whether exercising the Clients' voting rights as to its securities is in the relevant Client's best interest, such as whether the securities are being held for a short or long period of time.

When voting a proxy on behalf of a Client, Headlands Capital will generally follow its voting guidelines. Headlands Capital attempts to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict of interest over proxy voting arises between Headlands Capital and a Client, Headlands Capital will seek to resolve the conflict and vote the proxies in a manner that is in the relevant Client's best interest. Headlands Capital will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by submitting a written request to Headlands Capital at the address on the cover page of this brochure.

Item 18 – Financial Information

Headlands Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients or investors in the Clients. Headlands Capital has not been the subject of a bankruptcy petition. Headlands Capital does not require or solicit payment of \$1,200 or more six months or more in advance.

Item 19 – Requirements for State-Registered Advisers

Headlands Capital is not registered with any state. Therefore, Headlands Capital has no information applicable to this item.