

# **INCLINE GLOBAL MANAGEMENT, LLC**

## **Part 2A of Form ADV**

### **The Brochure**

40 West 57th Street, 26th Floor  
New York, NY 10019  
(212) 488-2910

May 2012

This brochure provides information about the qualifications and business practices of Incline Global Management, LLC (“Incline Global” or the “Company”). If you have any questions about the contents of this brochure, please contact us at (212) 488-2910. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Incline Global is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT INCLINE GLOBAL OR ANY PRINCIPALS OR EMPLOYEES OF INCLINE GLOBAL POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

## **Material Changes**

In May 2012, Incline Global filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first firm Brochure compiled by Incline Global to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

## Table of Contents

Material Changes.....	2
Table of Contents .....	3
Advisory Business.....	4
Fees and Compensation.....	4
Performance Based Fees and Side-by-Side Management .....	5
Types of Clients .....	5
Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations .....	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Brokerage Practices .....	9
Review of Accounts .....	10
Client Referrals and Other Compensation.....	10
Custody.....	10
Investment Discretion.....	10
Voting Client Securities .....	10
Financial Information.....	11

## **Advisory Business**

Incline Global is a Delaware Limited Liability Company formed in 2001 by Jeff Lignelli (“Principal”). Prior to January 9, 2012, Incline Global was known as Stonebrook Fund Management, LLC. In May 2012, the Company registered with the SEC as an investment adviser. As of May 1, 2012, Incline Global managed \$99 MM on a discretionary basis.

Incline Global manages a private fund complex; the fund complex has an onshore (“Incline Global Partners, LP”) and offshore feeder fund (“Incline Global Offshore, Ltd”) that invests in a master fund (“Incline Global Master, LP,” collectively, the “Fund”) that is used to invest in securities. Information about the Fund included in this brochure is qualified in its entirety by information in the Fund’s confidential offering documents. Investors and prospective investors in the Fund should refer to the confidential private placement memorandum, limited Fund agreement and other governing documents (the “Governing Documents”) for complete information on the investment objectives and investment restrictions with respect to the Fund. There is no assurance that any of the Funds’ investment objectives will be achieved.

The Fund has a global long/short equity and opportunistic credit strategy focused primarily on large and mid-cap global companies that trade on developed market exchanges. The Fund aims to generate long-term, risk-adjusted returns while preserving capital and mitigating risk through a diversification of investments and hedging activities. As part of this strategy, the Fund may invest in long and short instruments in equities, debt, and commodities, and may purchase options or other derivative instruments, which may be used for hedging purposes.

## **Fees and Compensation**

All investors and potential investors should review the Governing Documents for the Fund in conjunction with this brochure for more complete information on the fees and compensation payable with respect to the Fund.

Incline Global and its affiliate, the Fund’s general partner, Incline Global Associates, LLC (the “General Partner”), receive an annual management fee equal to or up to 1.75% of assets under management, and an annual performance allocation of up to 20% of net profits. Management fees are generally collected monthly in advance, while incentive allocations are generally assessed annually and are subject to each investor’s respective high water mark. Incline Global debits management fees directly from the Funds’ custodial accounts, and any incentive allocations are assessed directly against investors’ capital account balances; investors are not invoiced for the Company’s services. The annual management and other fees described above are generally subject to waiver or reduction by Incline Global in its sole discretion with certain investors.

In addition to management fees and incentive allocations, investors in the Fund may indirectly bear a variety of other expenses, including Fund formation expenses, proxy-related costs, underwriting and private placements, brokerage commissions, interest, custody fees, accounting, audit and legal expenses (some of which may be related to Incline Global in connection with investment advice provided to the Funds), directors costs, costs of any litigation or investigation and costs associated with reporting, and providing information to existing and prospective Limited Partners. Investors may also bear technology and communication expenses (including but not limited to Incline Global’s website; cell phone, internet and cable expenses that may or may not be related to the management of the Fund; client relationship

management software; order management software; computer terminals; and the services of third party technology consultants) and non-investment related consultation services (including but not limited to compliance consulting services). The allocation of these costs to the Fund, rather than to Incline Global, creates a conflict of interest for Incline Global. Expense allocation practices differ for various investment advisers and private fund complexes, and in some cases expenses that are the same or similar to those listed above may be borne by a private fund complex's investment adviser. The Fund does not reimburse Incline Global or the General Partner for other general overhead costs.

More detailed information about the expenses borne by the Funds is included in the Fund's Governing Documents.

## **Performance Based Fees and Side-by-Side Management**

See discussion of performance based fees in the *Fees and Compensation* section above.

Incentive allocations based on Fund performance could motivate Incline Global to invest assets aggressively. Incentive allocations are based on realized and unrealized gains and losses, so Incline Global could be motivated to inflate the values of the Funds' holdings in order to collect larger incentive allocations. Although Incline Global will always seek to invest Fund assets appropriately, investors should nonetheless be aware of the potential conflicts of interest posed by incentive-based compensation.

## **Types of Clients**

Incline Global provides investment advisory services to the Fund. Investment advice is provided directly to the Fund and not individually to its limited partners. Investors in the Fund may include, but are not limited to, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, endowments, foundations, and corporate or other business entities.

Details concerning applicable investor suitability criteria are set forth in the Fund's Governing Documents. Generally, investors must invest a minimum dollar amount of \$1,000,000; the General Partner of the Fund may waive the minimum investment amount. In addition, Incline Global or the Fund may enter into separate agreements, commonly referred to as "side letters," with certain investors to waive certain terms or to allow such investors to invest on terms different than those specifically described in the Fund's private placement memorandum. Under certain circumstances, these agreements could create preferences or priorities for such investors relative to other investors.

Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" and "qualified purchaser" within the meaning set forth under the United States federal securities laws.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### *Methods of Analysis and Investment Strategies*

The investment objective of the Fund is to maximize absolute return over the long-term while minimizing the risk of capital loss. The Fund will pursue this objective by investing primarily in a portfolio of publicly traded global equity securities using an equity hedge fund structure. The Fund will also invest in credit opportunistically. Incline Global expects to invest in global companies that trade primarily on developed market exchanges and take advantage of growth in emerging parts of the world. Incline Global bases long and short equity selection on fundamental business and security analysis. The Company may also invest in

other securities such as debt or options instead of common stock if it believes such securities may provide superior risk adjusted returns to the Fund.

Incline Global identifies key macroeconomic, market, industry/secular, and company specific trends and themes and develops a macro top-down view of investing environment. Incline Global intends to conduct detailed fundamental research on all investments. Incline Global makes investment decisions on a bottom-up basis based on careful fundamental analysis of issuers through conducting due diligence around securities. Incline Global expects its equity positions to trade attractive price/earnings multiples and have solid free cash flow, in most cases with meaningful dividend yields.

For the Fund's long investments, Incline Global primarily invests in companies it believes have a significant long-term return potential based on revenue and earnings growth that Incline Global believes are not reflected in the price of the company's equity or debt at the time of purchase. Incline Global is attracted to companies that are global in nature and can benefit from growth in the developing world. Some of the criteria Incline Global will look for are an attractive business model, good competitive landscape, high barriers to entry, strong management team with financial interests aligned with shareholders, and strong free cash flow characteristics which free cash flows are being reinvested. Incline Global also seeks to invest in companies that are aligned with Incline Global's macro views and views of attractive sector themes. Incline Global employs several valuation techniques when analyzing securities, including free cash flows, earnings per share, EBITDA and book value multiples to seek a proper range of valuation scenarios are reviewed in its analysis. On the short side, Incline Global seeks companies that it believes are subject to negative macro views, negative sector and industry themes, poor industry conditions, deteriorating supply/demand dynamics and increasing competition. Although the Fund invests primarily in public equity securities of global issuers, the Fund may utilize exchange traded instruments, invest in the credit markets and may invest in options and other securities.

The investment strategies summarized above represent Incline Global's current intentions, are general in nature and are not exhaustive. Incline Global may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. Depending on conditions and trends in securities and commodities markets and the economy generally, Incline Global may pursue any objectives or use any techniques that it considers appropriate and in Fund's interests.

#### *Material Risks*

Investment and Trading Risks in General. All investments risk the loss of capital. No guarantee or representation is made that the Fund's investment program will be successful, and investment results may vary substantially over time. Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment in Interests.

Limited Operating History. The Fund has a limited operating history for prospective investors to evaluate prior to making an investment in the Fund.

Reliance on Key Person. The Fund's investment performance will be substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal's interest in Incline Global and the Fund, the Company and the Fund may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Fund's business.

Short Sales. The Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. Under adverse market conditions, the Fund might have

difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment Principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund (and thus the Fund). Also, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Default and Credit Risks. The Fund’s credit investments involve the risk that the obligor either cannot or will not fulfill its obligations. In evaluating credit risk, Incline Global will generally attempt to reach conclusions regarding the obligor’s assets, liabilities, income and prospects, its management, the priority of the Fund’s claims against the obligor, the value of any collateral, the process for enforcing rights and realizing value from collateral and many other factors, each of which is likely to involve numerous assumptions and uncertainties. In addition, Incline Global will often be dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. As a result, there is no assurance that Incline Global will correctly evaluate the credit risks associated with its investments. Any actual default, or any circumstance that increases the possibility of a default, could have a material adverse effect on the Fund.

Investors should review the Fund’s Governing Documents to understand the risks and potential conflicts of interest. However, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Fund.

## **Disciplinary Information**

Incline Global and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the Company or its personnel.

## **Other Financial Industry Activities and Affiliations**

### *Registered Broker-Dealers*

No one at Incline Global is registered as a broker-dealer or a registered representative of a broker-dealer.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

No one at Incline Global is registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

### *Relationships with Related Persons*

The principal client of Incline Global is currently the Fund, which is a pooled investment vehicle exempt from registration under the Investment Company Act.

As discussed throughout, Incline Global and its related persons are, directly or indirectly, the General Partner, and limited partners of the Fund.

### *Additional Relationships*

Incline Global does not have additional relationships that it has identified as material an investors evaluation of the Fund or the Company.

### *Selection or Recommendation of Other Advisers*

Incline Global does not recommend or select other investment advisers or receive compensation from such advisers in a manner that would create a material conflict of interest. Incline Global does not have other business relationships with other advisers that create a material conflict of interest.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As an SEC-registered adviser, Incline Global has adopted and implemented a written Code of Ethics under Rule 204A-1 of the Investment Advisers Act of 1940 that is applicable to all employees. Incline Global's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Incline Global's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under Incline Global's Code of Ethics, all supervised personnel have a duty to act only in the best interests of the Fund and its limited partners and all potential conflicts and violations of the Code of Ethics must be promptly reported to Chief Compliance Officer ("CCO"). All supervised personnel must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of inside information, and other improper activities. Employees must obtain the prior approval of the CCO for certain personal securities transactions and must report all personal transactions to the CCO on at least a quarterly basis. The CCO monitors all transactions by employees in order to identify any pattern of



conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code of Ethics, or other inappropriate behavior.

On occasion, Incline Global employees may buy and sell securities for themselves that they also recommend to the Fund. Incline Global, its Principal and employees are investors in the Fund. The Code of Ethics contains policies and procedures designed to prevent improper practices with respect to such transactions, and compliance with the Code of Ethics by Incline Global, its Principal and employees, is the primary method employed to address the conflicts of interest that arise with respect to these transactions.

A copy of Incline Global's Code of Ethics is available upon request.

## **Brokerage Practices**

### *Best Execution Considerations*

Subject to the investment objectives, policies and restrictions of the Fund as set forth in the Fund's Governing Documents, Incline Global has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Fund, including the selection of, and commissions paid to, brokers. Incline Global considers a variety of factors in its selection of trading counterparties.

Incline Global seeks to trade with reputable counterparties. In addition to trading costs and listed prices, the Company periodically and systematically evaluates approved counterparties based on factors such as:

- The ability to execute large or difficult transactions;
- The brokers' or dealers' facilities;
- The ability to execute quickly when necessary;
- The ability to work orders when necessary;
- The ability to obtain locates for short sales;
- Special execution capabilities;
- Efficiency of execution and error resolution;
- Willingness to execute related or unrelated difficult transactions in the future;
- Custody, recordkeeping and similar services
- The protection of Incline Global's proprietary trading information;
- Financial responsibility, regulation, and integrity;
- The frequency of trade errors; and
- The responsiveness to Incline Global during trading and settlement.

### *The Receipt of Research and Other Soft Dollar Benefits*

In addition to the factors listed above, Incline Global may receive products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment), and this research may be a factor in the allocation of brokerage. Incline Global benefits from the research that it receives because the Company does not need to pay for or generate the research internally, and this benefit could incentivize Incline Global to select a counterparty based on its interest in receiving research rather than investor's interests in receiving the most favorable execution available.

Incline Global may cause a higher commission to be paid to a broker or dealer that furnishes research, services or equipment than might be charged by another broker or dealer for effecting the same transaction, provided that Incline Global determines in good faith that the amount of commissions charged is

reasonable in relation to the value of the brokerage and research or investment management-related services and equipment provided by such broker or dealer. Incline Global does not necessarily solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Incline Global does not generally receive any benefits outside the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended, for the use of commissions or “soft dollars” to obtain “research and execution” services.

## **Review of Accounts**

### *Review of Client Accounts*

The Fund is reviewed on a daily basis Incline Global’s Investment Team, including the Principal, analysts and trading staff. Additionally, the Fund is reviewed at annually to assure conformity with the objectives and guidelines of such fund. Additional or focused reviews can be triggered by factors such as political and economic developments, corporate announcements, and changes in market conditions.

### *Reports to Clients*

Incline Global provides quarterly letters to investors in the Funds that usually describe the Funds’ returns and positioning, as well as macroeconomic developments and analysis. The Funds’ administrator also provides investors with monthly account statements. On an annual basis Incline Global arranges for investors to receive K-1 tax statements (if necessary) and the Funds’ audited financial statements.

## **Client Referrals and Other Compensation**

Incline Global has entered into an agreement for the purpose of referring qualified clients for investment into the Fund. Incline Global may pay a third party a portion of the management fee earned, at Incline Global’s own expense.

## **Custody**

All assets are held in custody by unaffiliated broker dealers or banks. However, Incline Global is deemed to have custody of Fund assets because of their authority over the Funds’ assets.

It is Incline Global’s policy to cause each Fund with assets over which Incline Global is deemed to have custody to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of the Fund, Incline Global will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP.

## **Investment Discretion**

Subject to the investment objectives, policies, and restrictions of each Fund as set forth in the Governing Documents of such Fund, Incline Global has full discretion to manage those accounts.

## **Voting Client Securities**

Incline Global seeks to vote Fund securities in the best interests of investors and has adopted written proxy voting policies and procedures. In general, the policy requires Incline Global to vote proxies in the interest

of maximizing investor value. Although Incline Global believes that there is a low likelihood of proxy votes posing a material conflict of interest, the Company would take any such conflict seriously. In such a circumstance the Proxy Voting Committee, consisting of the Principal, trading staff, analysts and CCO, would work together to determine a course of action that is believed to be in best interests of the Fund and its investors. Incline Global will not neglect its proxy voting responsibilities, but the Company may abstain from voting if it deems that abstinence is in the Funds or its' investors best interests.

Current and prospective investors may request a copy of Incline Global's written proxy voting policies and procedures, and current investors may request information about how the Company voted their respective securities.

## **Financial Information**

Incline Global has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.