

INCENTIVE AS

(“Incentive”)

Form ADV, Part 2A

(the “Brochure”)

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This brochure provides information about the qualifications and business practices of Incentive AS. If you have any questions about the contents of this brochure, please contact us by telephone at 47 2301 2900. 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 Incentive AS will be available on the SEC’s website at www.adviserinfo.sec.gov.

Incentive AS is an authorized alternative investment fund adviser. You should be aware that registration with the SEC does not imply a certain level of skill or training.

Item 2 Material Changes

This Brochure was first filed on July 17, 2015, in accordance with requirements adopted by the SEC. Please note that it has been prepared for purposes of complying with these requirements and it should not be deemed to be an offer of securities or investment advisory services. The discussion below includes only material changes since the last annual update of this Brochure on March 28, 2018. Please review these changes carefully.

The following material changes have occurred since the last update of this Brochure:

Incentive AS has a new fund under management, Incentive Special Opportunities Fund. The Fund was authorised by the Central Bank of Ireland 28 August 2018. No other material changes since last update of this Brochure.

The following material changes are planned to be executed after the publication of this Brochure:

No material changes are planned to be executed after the publication of this Brochure.

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Brochure Summary: About this Brochure and Incentive AS

This Brochure will be provided to current and prospective Clients to whom Incentive may provide discretionary investment advisory services, pursuant to the documents governing Incentive's agreement with such Clients. Recipients should be aware that this Brochure is designed solely to provide information relevant to Clients for the purpose of compliance with relevant obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from information provided through a prospectus, supplement, or other offering document for a Fund. To the extent there is any conflict between this Brochure and any such offering document or other governing document applicable to a Fund, the Fund-specific documents will govern.

Incentive does not maintain a place of business within the United States ("U.S."). It may rely on SEC Staff guidance to apply local governing law, rather than the substantive provisions of the Investment Company Act of 1940 or the Advisers Act, to its relationships with the Funds to the extent that Incentive's activities with respect to those relationships do not constitute "conduct" or have "effects" within the U.S.

Glossary:

"1940 Act" means the U.S. Investment Company Act of 1940, as amended.

"Account" means any Client accounts advised by Incentive.

"Advisers Act" means the U.S. Investment Advisers Act of 1940.

"Brochure" means Incentive's Form ADV Part 2A.

"Client" means current and prospective clients of Incentive. As of the date of this Brochure, Incentive's current clients are the two Funds, and their feeder funds, and four Managed Accounts.

"Code" means the Incentive Code of Ethics which is included in the internal rules and regulations of Incentive.

"Covered Person" means persons covered by the Code.

"Funds" refer to the Incentive Active Value Master Fund and Incentive Active Value Long Only Master Fund, both sub-funds of Incentive Investment Funds ICAV, an Irish Collective Asset Management Vehicle organized in the Republic of Ireland (also included in the term "Client").

"Governing Documents" shall mean a prospectus, supplement, organizational document or other such offering document provided in connection with the offer and/or sale of shares in investment funds organized in jurisdictions outside of the U.S.

"Investor" means any end investor in the Funds, as defined above.

"Managed Accounts" refers to any mandate regulated by an investment management agreement where Incentive provides discretionary investment management services, other than the Funds and their feeder funds.

"SEC" means the U.S. Securities and Exchange Commission.

Item 4 Advisory Business

General and Ownership

Incentive is a Norwegian corporation with its principal office and place of business located in Oslo, Norway. Incentive was established in 2014 and is an investment management firm providing investment advisory and related services to its Clients. Its principal owners include Incentive Holding AS (90% ownership) and Sector Asset Management AS (10% ownership). Further information of the principal owners and investors in Incentive can be found in Schedule A of Form ADV Part 1, publicly available online at www.advisorinfo.sec.gov.

Types of Advisory Services We Offer

Incentive currently provides discretionary investment advice to the Funds. Incentive also acts as investment manager to four Managed Accounts on behalf of principals located inside the U.S. Incentive provides various investment related services as may be agreed upon with the Clients from time to time. Incentive's investment management services include determining the investment objectives of the Funds, determining appropriate asset allocation across the Funds' investment strategies, placing trades for execution, and monitoring existing and prospective investments in light of the objectives and risk parameters.

Tailoring Advisory Services to the Individual Need of Clients

The specific services provided by Incentive to a particular Client depend upon the investment objectives and restrictions as set forth in the documents governing Incentive's agreements with such Client. Restrictions on investments in certain securities or types of securities (if any) are set forth in these documents. The investments of each Client are managed in accordance with such investment objectives, restrictions, strategies and guidelines and are not tailored to any particular Investor.

Incentive is authorized to make the following determinations in accordance with the Client's specified investment objectives, without consultation or consent before a particular transaction is effected: (i) which securities to buy or sell; (ii) the total amount of securities to buy or sell; (iii) the broker or dealer through whom securities are bought or sold; (iv) the commission rates at which securities transactions for client accounts are effected; and (v) the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs. However, Incentive may also accept Managed Accounts with limited discretion.

How Much Client Assets We Manage

As of March 1st, 2019, Incentive managed approximately USD 837 million in Client assets on a discretionary basis. Incentive did not manage any assets on a non-discretionary basis as of that date.

Item 5 Fees and Compensation

How We are Compensated for our Advisory Services

Currently, Incentive charges the Fund fees based in part on the Funds' assets under management (Management Fee) and in part based on the investment performance of the Funds (Performance Fee). Fees charged by the Funds to Investors vary between different share classes.

Incentive's Fee Schedule

The current fee schedule for Incentive Active Value Long Only Fund is as follows:

Management Fee:

Class of Shares	Management Fee
Class A Shares	1.00 per cent per annum of the Net Asset Value attributable to the Class A Shares.
Class B Shares	1.25 per cent per annum of the Net Asset Value attributable to the Class B Shares.
Class C Shares	1.25 per cent per annum of the Net Asset Value attributable to the Class C Shares.

Performance Fee:

The Fund will pay Incentive a Performance Fee, as follows;

In respect of the Class A Shares 15 per cent of the aggregated appreciation in value of the relevant Class and in respect of the Class B and Class C Shares 20 percent of the aggregated appreciation in value of the relevant Class, in excess of the Prior High Net Asset Value adjusted by a fixed hurdle of 5 per cent per annum or a variable hurdle.

The Management Fee shall include the payment of the fees due to the Risk Manager.

No Management Fee or Performance Fee is charged in respect of Class L Shares, a share class only available to certain Investors (such as directors, officers and employees of Incentive).

The current fee schedule for Incentive Active Value Fund is as follows:

Management Fee:

Class of Shares	Management Fee
Class A Shares	0.75 per cent per annum of the Net Asset Value attributable to the Class A Shares.
Class D Shares	0.95 per cent per annum of the Net Asset Value attributable to the Class D Shares.
Class E Shares	1.00 per cent per annum of the Net Asset Value attributable to the Class E Shares.
Class F Shares	1.25 per cent per annum of the Net Asset Value attributable to the Class F Shares.

Performance Fee:

The Fund will pay Incentive a Performance Fee, as follows;

In respect of the Class A Shares, Class D Shares and Class E Shares 15 per cent of the aggregated appreciation in value of the relevant Class and in respect of the Class F Shares 20 percent of the aggregated appreciation in value of the relevant Class, in excess of the Prior High Net Asset Value adjusted by a hurdle of 5 per cent per annum

No Management Fee or Performance Fee is charged in respect of Class L Shares, a share class only available to certain Investors (such as directors, officers and employees of Incentive).

Class A share class is no longer open for subscriptions by investors who are not currently already investors in this share class.

Class D NOK shares and Class E shares are closed for subscription subject to the discretion of the directors to accept further subscriptions on any dealing day

Managed Accounts have separate fee agreements.

Fees Are Not Negotiable

Fees are not negotiable. However, future Clients may pay a fee different than those described above based on the unique circumstances of such future Clients. As stated above, fees charged by the Fund to Investors vary between different share classes.

How We Collect Fees

Fees are generally paid in arrears. Management Fees are paid monthly and Performance Fees are paid annually or semi-annually, depending on share class. Fees also crystallize upon a redemption from the Fund. Fees are deducted from Fund assets. Fees cannot be paid in advance.

Additional Fees and Expenses

The Funds incur brokerage, other transaction costs, trading enhancing and research costs. The Funds are required to pay custody fees, taxes, duties and other government charges, transfer fees, registration fees and other expenses associated with the purchase, holding or sale of assets, costs and charges associated with making deposits in connection with foreign exchange transactions, withholding taxes payable and required to be withheld by issuers, their agents and others, as well as audit, administrative and other expenses associated with regulatory or tax compliance or investment operations. More information about brokerage fees and commissions can be found in Item 12 of this Brochure.

No additional sales-based compensation or trails are paid to Incentive or any Incentive supervised person for the sale of securities or other investment products, including asset-based sales charges or service fees.

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

Performance Fees and Incentives

As specified above, Incentive charges the Funds Performance Fees based on the investment performance of the Funds.

As per this Brochure, Incentive currently acts as investment manager for the Funds and four Managed Accounts. Pursuant to the investment management agreement between the principal of the Managed Accounts and Incentive, investments on behalf of the Managed Accounts shall duplicate the “long investments” of the Incentive Active Value Master Fund. Incentive is required to perform equal treatment and allocation between its Clients.

Incentive may manage assets for different Clients that charge varying Management Fees and Performance Fees as described above, which could cause potential conflict of interest. Varying fee structures between different Clients may for example induce Incentive to favor certain Clients over others.

Performance Fees are typically calculated and charged either annually or semi-annually. Incentive therefore stands to benefit if the investment performance of the assets that it manages during a certain period is superior to that of relevant benchmarks and/or hurdle rates, if any. The fact that Incentive charges Performance Fees from its Clients helps align Incentive’s interest with the interests of its Clients but can also induce Incentive to take excessive risk in the management of Client assets.

Policies and Procedures to Address Potential Conflicts of Interest

Incentive maintains policies and procedures, including its Code of Ethics (described in Item 11, below), a Trade Allocation Policy, a Best Execution Policy, and other policies and disclosures reasonably designed to assure that Incentive and its employees service all Clients in a matter consistent with applicable law and the fiduciary duties an adviser owes its Clients, including policies and procedures that ensure fair and equitable treatment of Clients over time to mitigate these and other conflicts associated with “side-by-side” management.

Specific investments made by Incentive on behalf of Incentive Active Value Master Fund are, to the extent possible, made on behalf of the Managed Accounts, provided that this does not breach with the investment management agreement governing the relationship between Incentive and a particular Client, or there are other specific reasons for making deviations.

Additionally, Incentive has established valuation policies and procedures to mitigate the risk of potential conflicts of interest what concerns the valuation of Client assets.

Item 7 Types of Clients

Types of Clients

Incentive's current Clients consist of three Funds with feeder funds (domiciled in the Republic of Ireland) and four Managed Accounts that it manages on behalf of a Principal (domiciled in United States).

This Brochure may be provided to current or prospective end Investors in the Funds, together with the Funds' and the feeder funds' Governing Documents, including any prospectus, supplement, private placement memorandum, organizational documents and other related documents, prior to or in connection with such person's consideration or execution of an investment in the Funds. Investors and other recipients should be aware that while the Brochure may include information about the Funds, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with the Funds. More complete information about the Funds are included in the Funds' supplements, which may only be provided to current and eligible prospective Investors. The Funds or their shares are not registered with the SEC under the 1940 Act and the U.S. Securities Act of 1933.

Incentive has no place of business in the United States, and the Funds are domiciled outside the United States. Consequently, in reliance upon guidance from the SEC and its staff, Incentive complies with certain Advisers Act rules (but not all) with regard to the Funds.

In no event should this Brochure be considered to be an offer of interests in the Funds or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Incentive for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act. To the extent that there is any conflict between discussions herein and similar or related discussions in any supplements, the supplements will govern.

Minimum Initial Investments

Incentive require a minimum investment of EUR 1 000 000 or the USD or NOK equivalent to invest in the Funds. Class L has no Minimum Initial Investment Amount. This is set forth in the supplement of the Funds. Future Clients may have different minimum investment requirements.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Incentive's Investment Philosophy and Approach

Incentive Active Value Long Only Master Fund

The fund's investment strategies are based on the fundamental research skills, portfolio management skills and risk management skills of Incentive.

The fund's portfolio is expected, under normal circumstances, to hold 10 to 20 investments at any given time. Incentive believes that this number of investments will allow for sufficient diversification in the portfolio and at the same time also enable Incentive to dedicate a considerable amount of time to each of its investments. Incentive intends to actively engage with the management teams, board members and other stakeholders of its underlying portfolio companies when it believes that such engagement can positively influence any processes aimed at enhancing the value of an investment. For the avoidance of doubt, Incentive will not take legal or management control of the underlying portfolio companies.

Incentive will often seek out investment opportunities that have been overlooked by many other investors. For instance, these could be situations where perhaps the complexity of factors surrounding the company or the industry in general, causes the company to be out-of favour or misunderstood by "the market" at the time. Incentive believes, that such circumstances where its own investment view differs from that of the consensus view in the market, often represents the very best investment opportunities.

Incentive expects to generate high quality investment leads through a combination of (i) regular screening of European markets for opportunities where there is a substantial gap between market price and estimated intrinsic value, (ii) interaction with its extensive network of business and capital markets contacts across Europe, including management teams, board members, financial advisors, other institutional investors, controlling shareholders and other relevant market participants, and (iii) in depth analysis of specific situations that merits further work following initial assessment.

Investment ideas will be evaluated on the basis of extensive, fundamental value oriented research that includes analysis of business specific factors such as; profitability, financial strength, competitive positioning and growth prospects as well as wider industry dynamics such as; industry structure, nature of competition, relative strength vs. suppliers and customers, concentration level of customers and suppliers, risk of the company's products or services becoming obsolescent and risk of technology shifts.

The investment analysis also typically includes an assessment of the complexity of the situation at hand and the likelihood of significant value drivers materialising within a reasonable time frame, corporate governance related matters, liquidity characteristics and ultimately potential exit strategies.

The assessment of risk will be an integral part of the due diligence process carried out in conjunction with each investment in the portfolio. Typically, Incentive will seek to minimise the fund's exposure to companies where future profitability is difficult to assess, including investments in situations where a company's business model relies upon the adoption of new and unproven technologies and business concepts. When assessing the level of risk associated with each investment, Incentive will focus much more of its efforts on understanding the risk for a permanent loss in the investment rather than trying to estimate the risk for short term fluctuations in the pricing of the investment.

Furthermore, Incentive intends to monitor aggregate risk parameters such as overall portfolio exposure and liquidity characteristics, industry and capitalisation biases across the portfolio, exposure to situations with likely binary outcomes and overall portfolio exposure to broader market events such as significant fluctuations in commodity prices, foreign exchange rates or interest rates.

Once Incentive's thorough due diligence process has revealed a compelling investment opportunity, the fund will seek to make an investment through open market purchases, participation in private placements and initial public offerings, block trades and occasionally through privately negotiated transactions.

Incentive expects that the fund will hold most of its investments over several years and as a result of that, new investments will be initiated relatively infrequently.

Investments will be sold when their attractiveness, in Incentive's opinion no longer is compelling enough to warrant continued exposure. Typically, this happens as (i) Incentive's investment thesis proves correct and the price of the security converges to a level around assessed fair value, (ii) other even more compelling investment opportunities arise, causing a reallocation of capital away from some of the least attractive investments in the portfolio, or (iii) circumstances change in a way that is detrimental to the original investment thesis

Incentive Active Value Master Fund

The fund's investment strategies are based on the fundamental research skills, portfolio management skills and risk management skills of Incentive.

The fund's portfolio is expected, under normal circumstances, to hold 10 to 20 long investments and 0 to 15 short investments at any given time. Incentive believes that this number of investments will allow for sufficient diversification in the portfolio and at the same time also enable Incentive to dedicate a considerable amount of time to each of its investments. Incentive intends to actively engage with the management teams, board members and other stakeholders of its underlying portfolio companies when it believes that such engagement can positively influence any processes aimed at enhancing the value of an investment. For the avoidance of doubt, Incentive will not take legal or management control of the underlying portfolio companies.

Incentive will often seek out investment opportunities that have been overlooked by many other investors. For instance, these could be situations where perhaps the complexity of factors surrounding the company or the industry in general, causes the company to be out-of favour or misunderstood by "the market" at the time. Incentive believes, that such circumstances where its own investment view differs from that of the consensus view in the market, often represents the very best investment opportunities.

Incentive expects to generate high quality investment leads through a combination of (i) regular screening of European markets for opportunities where there is a substantial gap between market price and estimated intrinsic value, (ii) interaction with its extensive network of business and capital markets contacts across Europe, including management teams, board members, financial advisors, other institutional investors, controlling shareholders and other relevant market participants, and (iii) in depth analysis of specific situations that merits further work following initial assessment.

Investment ideas will be evaluated on the basis of extensive, fundamental value oriented research that includes analysis of business specific factors such as; profitability, financial strength, competitive positioning and growth prospects as well as wider industry dynamics such as; industry structure, nature of competition, relative strength vs. suppliers and customers, concentration level of customers and suppliers, risk of the company's products or services becoming obsolescent and risk of technology shifts.

The investment analysis also typically includes an assessment of the complexity of the situation at hand and the likelihood of significant value drivers materialising within a reasonable time frame, corporate governance related matters, liquidity characteristics and ultimately potential exit strategies.

The assessment of risk will be an integral part of the due diligence process carried out in conjunction with each investment in the portfolio. Typically, Incentive will seek to minimise the fund's exposure to companies where future profitability is difficult to assess, including investments in situations where a company's business model relies upon the adoption of new and unproven technologies and business concepts. When assessing the level of

risk associated with each investment, Incentive will focus much more of its efforts on understanding the risk for a permanent loss in the investment rather than trying to estimate the risk for short term fluctuations in the pricing of the investment.

Furthermore, Incentive intends to monitor aggregate risk parameters such as overall portfolio exposure and liquidity characteristics, industry and capitalisation biases across the portfolio, exposure to situations with likely binary outcomes and overall portfolio exposure to broader market events such as significant fluctuations in commodity prices, foreign exchange rates or interest rates.

Once Incentive's thorough due diligence process has revealed a compelling investment opportunity, the fund will seek to make an investment through open market purchases, participation in private placements and initial public offerings, block trades and occasionally through privately negotiated transactions.

Incentive expects that the fund will hold most of its long investments over several years and as a result of that, new investments will be initiated relatively infrequently. Short investments will typically be initiated with a shorter anticipated holding period and typically only in companies where Incentive expects negative share price development during the following six to twelve months.

Investments will be sold when their attractiveness, in Incentive's opinion no longer is compelling enough to warrant continued exposure. Typically, this happens as (i) Incentive's investment thesis proves correct and the price of the security converges to a level around assessed fair value, (ii) other even more compelling investment opportunities arise, causing a reallocation of capital away from some of the least attractive investments in the portfolio, or (iii) circumstances change in a way that is detrimental to the original investment thesis

Incentive Special Opportunities Fund

The fund's investment strategies are based on the fundamental research skills, portfolio management skills and risk management skills of Incentive. The Fund is expected to hold 1 to 5 investments at any given time.

Incentive intends to actively engage with the management team, board members and other stakeholders of its underlying portfolio companies when it believes that such engagement can positively influence any processes aimed at enhancing the value of an investment. For the avoidance of doubt, Incentive will not take legal or management control of the underlying portfolio companies.

Incentive will often seek out investment opportunities that have been overlooked by many other investors. For instance, these could be situations where perhaps the complexity of factors surrounding the company or the industry in general, causes the company to be out of favour or misunderstood by "the market" at the time. Incentive believes, that such circumstances where its own investment view differs from that of the consensus view in the market, often represents the very best investment opportunities.

Incentive expects to generate high quality investment leads through a combination of (i) regular screening of European markets for opportunities where there is a substantial gap between market price and estimated intrinsic value, (ii) interaction with its extensive network of business and capital markets contacts across Europe, including management teams, board members, financial advisors, other institutional investors, controlling shareholders and other relevant market participants, and (iii) in depth analysis of specific situations that merits further work following initial assessment.

Investment ideas will be evaluated on the basis of extensive, fundamental value oriented research that includes analysis of business specific factors such as; profitability, financial strength, competitive positioning and growth prospects as well as wider industry dynamics such as; industry structure, nature of competition, relative strength vs. suppliers and customers, concentration level of customers and suppliers, risk of the company's products or services becoming obsolescent and risk of technology shifts.

The investment analysis also typically includes an assessment of the complexity of the situation at hand and the likelihood of significant value drivers materialising within a reasonable time frame, corporate governance related matters, liquidity characteristics and ultimately potential exit strategies.

The assessment of risk will be an integral part of the due diligence process carried out in conjunction with each investment in the portfolio. Typically, Incentive will seek to minimize the fund's exposure to companies where future profitability is difficult to assess, including investments in situations where a company's business model relies upon the adoption of new and unproven technologies and business concepts. When assessing the level of risk associated with each investment, Incentive will focus much more of its efforts on understanding the risk for a permanent loss in the investment rather than trying to estimate the risk for short term fluctuations in the pricing of the investment.

Once Incentive's thorough due diligence process has revealed a compelling investment opportunity, the fund will seek to make an investment through open market purchases, participation in private placements and initial public offerings, block trades and occasionally through privately negotiated transactions.

Incentive intends to hold an investment for between 2-5 years, subject to Incentive's discretion to hold such investments for such shorter or longer period.

Investments will be sold when their attractiveness, in Incentive's opinion no longer is compelling enough to warrant continued exposure. Typically this happens as (i) Incentive's investment thesis proves correct and the price of the security converges to a level around assessed fair value, (ii) other even more compelling investment opportunities arise, causing a reallocation of capital away from some of the least attractive investments in the portfolio, or (iii) circumstances change in a way that is detrimental to the original investment thesis.

RISK FACTORS

General Considerations

There is no guarantee that the investment objective of the Funds, or the risk monitoring and diversification goals, will be achieved and results may vary substantially over time.

Limited Liquidity

The Funds are structured as limited liquidity funds. Investors should note the Funds' redemption provisions prior to making a subscription. Redemptions in the Funds are subject to a 90-day prior notice period and additional limitations may be imposed depending on the size of the redemption request. The restrictions on redemptions will significantly affect the liquidity of an investor's investment. A secondary market in the Shares is not expected.

Investment and Trading Risk

The investments of the Funds in financial instruments are subject to the risk of loss of capital. Incentive believes the Funds' investment process will moderate this risk through a careful and timely selection of securities and other financial instruments, though no guarantee or representation is made that the Funds will be successful in this regard.

Key Man Risk

The investment performance of the Funds is substantially dependent on the services of Svein Høgset ("Key Man"). In the event of the death, incapacity, departure, insolvency or withdrawal of the Key Man, the performance of the Funds may be adversely affected.

Furthermore, some of the contractual arrangements in place with certain counterparties may provide the relevant counterparties with rights of termination if the Key Man ceases to have responsibility for managing the Funds' investments or similar provisions. The assertion of such rights to terminate contracts could result in the Funds' contractual positions being closed out on unsatisfactory terms and in a reduced number of potential counterparties in the future. The assertion of such rights may have a material adverse impact on the business and/or financial

condition of the Funds. There can be no assurance that Incentive would be able to mitigate the effects of the loss of the Key Man.

Operating Risk

Potential losses may arise from the various facets of operating an investment fund such as the Funds. For example, there are regulatory risks, the potential for lawsuits and the potential for the occurrence of tax events which may adversely affect the Funds. There is also the risk of human error such as inaccuracies in booking and reporting of trades. Also, applicable to the Incentive Active Value Master Fund, long/short investment strategies are considered to be more complex than straight long only investment strategies, hence such strategies may involve higher operating risk.

Systematic Risk of the Global Capital Markets

Stock markets are vulnerable to changes in economic cycles, interest rate levels, commodity prices, government policies and geopolitical and natural disaster risks. However, over time, stock markets have tended to provide an excess return over a risk free rate of interest. Therefore, systematic risk is believed to be mitigated by protracted holding periods. Further, applicable to the Incentive Active Value Master Fund, the use of short positions may offset some systematic risk.

Credit Risk

Credit risk refers to potential losses due to counterparty default, such as the failure to pay coupons or principal of a bond. Another type of credit risk is the risk of settlement failure, that is, the failure of a counter party to deliver or pay for securities.

Concentration of Investments

As noted in the Investment Strategy section, under normal circumstances the portfolio of the Funds will consist of between 10 to 20 investments. The holding of such relatively few positions and in particular a loss in any one position could have an adverse impact on the Funds' capital.

Operating history

The Incentive Active Value Master Fund has been in operation since July 2, 2014. The Fund's reference share class (Class A EUR) delivered net return as follows since inception:

2018: + 2.12 %
2017: + 9.10 %
2016: + 7.81 %
2015: + 22.01 %
2014: - 3.55 % (July 2, 2014 – December 31, 2014)

The Incentive Active Value Long Only Master Fund has been in operation since April 18, 2016. The Fund's reference share class (Class A USD) delivered net return as follows since inception:

2018: + 1.79 %
2017: + 19.34 %
2016: + 12.96 % (April 18, 2016 – December 31, 2016)

Item 9 Disciplinary Information

Not applicable.

No disciplinary events are reported.

Item 10 Other Financial Industry Activities and Affiliations

Other Registrations

Incentive is registered with the Financial Supervisory Authority of Norway and the Central Bank of Ireland.

Other Financial Industry Activities and Affiliations

Not applicable.

Item 11 Code of Ethics, Interest in Client Transactions and Personal Transactions

Interest in Client Transactions

Incentive and its employees are not obligated to refrain from investing in securities held by accounts that they manage except to the extent that such investments violate the policies adopted by Incentive or otherwise violate applicable law or fiduciary standards to which Incentive may be subject such as the Norwegian Securities Trading Act with respect to employee transactions and applicable SEC rules.

However, employees of Incentive are encouraged to invest a substantial portion of their financial net worth in the Funds to ensure alignment of interest between employees of Incentive, and Investors in the Funds. As per the time of this Brochure, employees of Incentive have invested approximately USD 32 million in the Funds.

From time to time, employees of Incentive or any related person(s) may have interests in securities owned by Incentive's Clients. As these situations may represent a potential conflict of interest, Incentive has adopted policies and procedures relating to personal transactions that are designed to prevent actual conflicts of interest from occurring.

Our Code of Ethics

Incentive will endeavor to prevent conflicts of interest from arising and has adopted guidelines and rules in accordance with SEC Rule 204A-1 for ensuring that the Client's interests are satisfactorily safeguarded. A basic tenet of Incentive's Code is that Covered Persons must adhere to the highest principles of conduct in the discharge of their duties with respect to their Clients. Incentive values its adherence to the highest standards of integrity and ethical business conduct in ensuring the fair treatment of Clients. The Funds and the Managed Accounts are managed in the best possible manner, within the limits defined in the respective investment management agreements between Incentive and its Clients, and other relevant Governing Documents. As such, the Code requires employees of Incentive to comply with stated standards of business conduct, including compliance with Incentive's policies and procedures, and relevant fiduciary duties owed by an investment adviser to its Clients. The activities of Incentive are organized in such a way as to minimize the risk of any conflict of interest between Incentive and its Clients, or between Incentive's various Clients. Employees are expected to avoid situations in which their personal interests may conflict with their professional duties and to disclose any such conflicts to their superior in Incentive. Employees are also expected to report to the compliance department any violations of the Code that come to their attention. Any non-material deviations from these policies and procedures are compiled in a deviation report from the Chief Compliance Officer to the Board of Directors on a quarterly basis. Any material deviations from these policies and procedures will be reported to the Board of Directors immediately.

Employees must seek prior written approval for, and provide monthly reports of all their personal transactions to Incentive. No employee transactions, except investment in Fund shares, may take place without prior written approval from the Chief Executive Officer, and personal investments are typically subject to a mandatory holding period.

Incentive's policies and the Code also include ethical restraints relating to Clients, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting corruption.

Employees of Incentive may, from time to time, come into possession of material non-public and other confidential information which, if disclosed, might affect an investor's decision to buy or sell a security ("Inside Information"). Inside Information may relate to issuers of listed securities. Under applicable law, Incentive and its employees may be prohibited from improperly disclosing or using Inside Information for their personal benefit or for the benefit of any other person or entity, regardless of whether that person or entity is a Client. Accordingly, should such persons come into possession of Inside Information with respect to any issuer, they may be prohibited from communicating such information to, or using such information for the benefit of, their clients when following policies and procedures designed to comply with applicable law. Incentive has adopted policies and procedures to prevent the misuse of Inside Information by Incentive and its officers, directors and employees which are designed to comply with applicable law.

Incentive will provide a copy of the policy and procedures to any Investor upon request. Incentive's contact information appears on the cover page of this Brochure.

Item 12 Brokerage Practices

How We Select Broker-Dealers for Client Transactions

Generally, Incentive is authorized to make the following determinations in accordance with the Funds' specified investment objectives without consultation or consent before a transaction is effected:

- (i) which securities to buy or sell;
- (ii) the total amount of securities to buy or sell;
- (iii) the broker or dealer through whom securities are bought or sold;
- (iv) the commission rates at which securities transactions for client accounts are effected; and
- (v) the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

However, Incentive may accept Managed Accounts with limited discretion.

Selection Criteria for Brokers and Dealers

Incentive's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions ("Best Execution"). The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant.

The factors include, but are not limited to: Incentive's knowledge of negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the speed at which the trade will be executed; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; Incentive's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions. In addition to the above factors, Incentive will also consider the characteristics of the Fund, the nature of the order (including the characteristics of the financial instruments encompassed by the order), characteristics of the trading system at which the order may be directed, as well as characteristics of the firm with which the order may be placed, in addition to any other factors deemed relevant. Incentive will make a specific assessment as to how the order should be placed to achieve the Best Execution.

Commission Rates Policy

Incentive endeavors to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. However, Incentive will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Although Incentive generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker's ability to provide professional services and competitive commission rates. The Funds do not arrange for soft dollar benefits.

Incentive Does Not Consider "Soft Dollar" Benefits in Allocating Brokerage

All trading enhancing and research costs are paid directly to service providers and allocated to the relevant Clients. From 1 January 2018 the research costs are paid from the Clients to a research payment account (RPA), and paid

from the RPA and to the service providers according to a budget, determined and reviewed each quarter. The RPA is held in the name of Incentive.

Allocation of Brokerage Costs and Batching Practices

It is the policy of Incentive that when a decision is made to aggregate transactions on behalf of more than one Client, such transactions will be allocated to all participating Clients in a fair and equitable manner, typically on the basis of the respective Client's proportion of aggregate NAV. Consistent with each participating Client investment management agreement, Incentive may batch orders for more than one Client to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Any deviations from the main principle of these policies require approval of Incentive's Compliance Officer. Any material errors are reported from the Compliance Officer and the Chief Executive Officer to the Board of Directors of Incentive and the Funds on a quarterly basis.

Item 13 Review of Accounts

Review of Client Accounts and Fund Reporting

The accounts' cash and positions are reviewed and reconciled against the prime broker accounts daily. The accruals, fees and performance figures are reviewed and recomputed monthly.

Investors in the Funds receive monthly statements from the Fund's administrator, BNY Mellon.

Additional Reports from Incentive

The nature and frequency of written reports to the Clients by Incentive depends upon the terms of their management agreements. Typically, investors in the Funds receive monthly NAV reports and monthly fact sheets. Monthly fact sheets generally include information about the Funds' performance, an overview of the key exposures in the portfolio, as well as other relevant risk and exposure related information. In addition, quarterly investment letters are distributed to investors. In these letters Incentive discusses the Funds' performance, its exposures and the outlook for its investments in detail.

Upon request, Incentive also provides weekly performance estimates. Other reporting such as holdings reports may be available subject to non-disclosure agreements.

All reports are distributed to investors by e-mail.

Item 14 Client Referrals and Other Compensation

Referral Arrangements

Incentive does not make cash payments to third party solicitors for Client referrals.

Because Incentive do not compensate any person for client referrals, Incentive is not required to consider Rule 206(4)-3 under the Advisers Act.

Item 15 Custody

Custody of Client Accounts

Incentive does not maintain custody of Client accounts.

Item 16 Investment Discretion

Incentive's Investment Discretion

Generally, Incentive is authorized to make the following determinations in accordance with the Funds' specified investment objectives without consultation or consent before a transaction is effected:

- which securities to buy or sell;
- the total amount of securities to buy or sell;
- the broker or dealer through which securities are bought or sold;
- the commission rates (or equivalents) at which transactions are effected.

The specific services provided by Incentive to the Funds depend upon the investment objectives and restrictions, as set forth in the Governing Documents.

However, Incentive may accept Managed Accounts with limited discretion.

Item 17 Voting Client Securities

Incentive's Voting Policies and Procedures

Within the discretionary authority of Incentive is the right to proxy voting on behalf of the Funds. Incentive will monitor corporate events that may have an impact on the way in which Incentive votes related corporate securities. Incentive will use its discretion and judgment in deciding whether it is in the best interest of a Fund to vote particular proxies on a case-by-case basis. All issues are considered on a case-by-case basis in the best interest of the Funds as determined by Incentive.

In certain cases, it may not be possible or in the best interest of the Funds for Incentive to actively vote all proxies arising from such corporate actions. This may be due to, among other things: (i) the size of a Fund and of the positions held may mean it is not economic nor in the Funds' best interests to employ a proxy service to manage the voting of all proxies; and/or (ii) trading strategies employed by a Fund may mean that positions are held on a short-term basis and the periods of ownership may not give rise to voting rights.

You may contact Incentive with questions about a proxy voting and solicitation, or learn more about Incentive's proxy voting practices, at the contact information provided on the front cover of this Brochure.

Where potential conflicts of interest arise with respect to a specific proxy, Incentive would place the interests of the Clients first. If conflicts arise between Clients, Incentive may abstain from voting. Incentive's proxy voting policy allows investment managers to vote in the best interest of the Funds on an ad hoc basis. Proxy voting is also governed by Incentive's internal rules and regulations.

Item 18 Financial Information

Not applicable.