
CONTEGO
CAPITAL
PARTNERS

Item 1 – Cover Page

CONTEGO CAPITAL PARTNERS, LLC

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March 15, 2011

This Brochure provides information about the qualifications and business practices of Contego Capital Partners, LLC (the “ADVISER”). If you have any questions about the contents of this Brochure, please contact us at 312-376-1007 or admin@contegocapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Contego Capital Partners, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Contego Capital also is available on the SEC’s website at www.adviserinfo.sec.gov.

¹ This is Contego’s principal mailing address. Contego maintains a physical office where it conducts its work and stores required books and records at 1030 W Chicago Ave, 3rd Floor, Chicago IL 60622.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated January 1, 2010 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future should Contego update this document, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

The foregoing notwithstanding, Contego Capital is in the process of winding down most client portfolios and does not anticipate being registered as investment adviser after 2011 and, as such, is not expecting to update or deliver future Brochures or updates or amendments thereto.

Currently, our Brochure may be requested by contacting David Schink, General Counsel at 312/376-1010 or dschink@contegocapital.com.

Additional information about Contego is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons

CONTEGO
CAPITAL
PARTNERS

affiliated with Contego who are registered, or are required to be registered, as investment adviser representatives of Contego.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iv
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information	5
Item 10 – Other Financial Industry Activities and Affiliations.....	6
Item 11 – Code of Ethics.....	7
Item 12 – Brokerage Practices	8
Item 13 – Review of Accounts	8
Item 14 – Client Referrals and Other Compensation	9
Item 15 – Custody	10
Item 16 – Investment Discretion	10
Item 17 – Voting Client Securities	11
Item 18 – Financial Information.....	11
Brochure Supplement(s)	

Item 4 – Advisory Business

Contego Capital Partners, LLC (“Contego”) provides investment management and supervisory services to its clients in relation to synthetic portfolios of privately offered investment pools (“hedge funds”). Contego has been offering investment advisory services since 2003 and, through predecessor entities, has clients for whom it has provided such services since 2001.

Contego’s clients generally access such portfolios through the purchase of over-the-counter structured derivative contracts, such as barrier call options (collectively, “options”), from one or more independent financial services companies (“counterparties”). These options generally offer initial leverage on such investments of up to 4 to 1 (i.e., for every dollar used to purchase an option, the investor receives the related return of 4 dollars invested in the various hedge funds).

Contego offers this service either directly to clients that are eligible to purchase options directly from the counterparties or indirectly by assisting investors in organizing limited liability entities (such as limited liability companies) and investing in the options through such entities.

Contego also provides investment management and supervisory services to traditional “fund-of-funds” investment pools that are privately offered to qualified investors. These funds invest directly into a portfolio of hedge funds rather than indirectly through an option.

Contego’s operating principals are Jon R. Norberg and David F. Schink. Contego is owned by Mr. Norberg, Mr. Schink and Arlene R. Busch, a former principal with the firm. As of 12/31/2010 Contego manages approximately \$210,000,000 in discretionary clients assets on a notional basis.

Contego reserves the right to provide investment management and supervisory services to clients other than those of the types it currently services.

Contego is in the process of winding down most of its client portfolios and does not expect to be registered as an investment advisor past 2011. It is likely that all advisory operations will be terminated or, to the extent such client portfolios are not wound down by Contego directly, transferred, with client consent, to other advisory firms or persons who may be

affiliated with Contego-personnel. Contego personnel are likely to take positions away from Contego beginning in the second calendar quarter of 2011, which positions may require such personnel to dedicate significant time and attention to non-Contego matters. Contego personnel will continue to dedicate sufficient time and attention to Contego's advisory affairs in order to prudently and responsibly liquidate client portfolios and Contego's other business operations.

Item 5 – Fees and Compensation

The fees for Contego's services are negotiable based on the amount of assets committed to Contego's management and the level of service necessary for Contego to manage such account. Contego generally charges a management fee, typically in arrears, of up to 2% annually (which may be deducted as often as quarterly) and, in most cases, an incentive fee or allocation of up to 10% of any "Net New Profits" in a client's account as of the end of a period (generally annually). The fees charged are typically deducted from the client's capital account.

"Net New Profits" are any amount the value of a client's investment as of the end of the relevant period exceeds the "High Water Mark" for such account, which is the value of such account as of the most recent incentive fee/allocation (deducting the amount of any withdrawals or distributions made to the client from such account since such assessment) or, if the account has never been assessed an incentive fee/allocation, the amount of capital contributed to fund such account (deducting the amount of any withdrawals or distributions made to the client from such account since the account was established).

However, all of the specifics relating to Contego's fees are negotiable and may vary, sometimes significantly, from these standards.

Contego's fees are exclusive of other related costs and expenses which may be incurred by the client. For example, clients may incur certain charges imposed by custodians or administrators and other third parties such as wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, underlying hedge funds will have their own level of fees and expenses. Such charges, fees and commissions are exclusive of and in addition to Contego's fees, and Contego shall not receive any portion of these commissions, fees, and costs.

Ms. Busch, an owner and former principal of the firm, separately has an interest in a broker-dealer that receives commission income a counterparty in certain option transactions. Contego does not receive any portion of these fees and the fees charged by Contego and the counterparty are not increased as a result of the payment of this income to Ms. Busch's broker-dealer.

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

In certain cases, Contego has entered into performance fee arrangements with qualified clients: such fees are subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Contego shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for Contego to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Contego has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

Contego primarily provides portfolio management services to high net worth individuals. Investors must generally be both (i) "accredited investors" as defined in Rule 501 under the Securities Act of 1933 and (ii) either "qualified clients" as defined in Rule 205-3 under the Investment Advisers Act of 1940 or "qualified purchasers" as defined in the Investment Company Act of 1940. Contego also offers its services to corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

The portfolios managed by Contego are generally multi-strategy, multi-manager “fund of funds”. Contego allocates and from time to time re-allocates portfolio assets primarily to the investment discretion of a diverse group of underlying hedge fund managers (Sub-Managers) that employ a broad range of “alternative” investment strategies and techniques (e.g., long/short equity, convertible bond, event driven, fixed-income, global macro, short selling). Specifically, Contego seeks to identify Sub-Managers that, in its judgment, are collectively capable of outperforming the U.S. equity markets and fixed-income markets (on a risk-adjusted basis) over a two to four year period and producing overall annual returns whose correlation to the U.S. equity and fixed-income markets is minimal.

Sub-Managers may pursue single strategies or focus on a particular market or market sector. Other Sub-Managers may engage in multiple strategies or focus on multiple markets or market sectors. In most cases, the Sub-Managers selected by Contego will have the discretion to invest and trade in a broad variety of securities and other financial instruments in implementing their strategies.

In selecting hedge funds for its clients, Contego uses databases and industry contacts to research and identify prospective hedge funds for investment. Contego then performs due diligence on each such fund, which may include interviews with its managers, completion and review of written questionnaires and discussions with references, and statistical and other quantitative analyses. This due diligence is complemented by an evaluation of the fund performance on both an absolute and a relative basis, its investing and trading style and an analysis of the prospects for success of the hedge fund strategy in the expected market environment. After an initial investment is made in a hedge fund, the fund’s performance and strategy is monitored and evaluated to determine if the hedge fund should remain in the relevant client’s portfolio.

Investing in securities involves risk of loss that clients should be prepared to bear. **Investing in hedge funds through portfolios managed by Contego entails a high degree of risk of loss and/or illiquidity.** Further, the option structure through which clients can invest will add an additional layer of risk associated with embedded leverage and potential illiquidity, as well as counterparty risk.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Contego or the integrity of Contego’s management. Contego has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

From time to time, Arlene Busch, an owner of Contego and former principal, may receive referral fees paid by structuring counterparties in connection with referred business. Certain portfolios may be subject to the payment of such fees. The only such existing arrangement is that of Ms. Busch, who is an owner of and registered representative with Ajax Investments, LLC, a registered broker-dealer.

Contego was the sole owner of Contego Alternative Assets, LLC (“CAA”), a registered investment advisor. CAA was the successor to Agio Alternative Assets, LLC which was purchased by Contego in August 2003. CAA provided substantially the same services to clients as Contego, but all new client relationships since August 2003 have been initiated by and maintained at Contego. CAA relationships have been transferred to Contego and CAA has ceased operational activities. Contego generally provides services to persons and entities either directly or through an investment in a pooled investment vehicle.

Contego generally does not solicit any client to whom it is providing services directly to invest in any pooled investment vehicle managed by Contego. However, to the extent that Contego determines that such solicitation is appropriate, it would waive the fees for such client at one of the two levels of service to ensure that the client paid no more to Contego than if it were receiving services at only one level.

Contego has third-party marketing (referral) agreements with several independent referral sources. Generally, these agreements provide that such solicitors will receive a percentage of the fees generated by any clients referred to Contego. Any client (whether a direct investor in the options or an investor in one of the pooled investment vehicles managed by Contego) that is referred by one of these solicitors will receive a specific disclosure statement that includes details of such arrangement (including information regarding the fees received by the solicitor) and will be required to acknowledge receipt of such disclosure statement in writing.

An affiliated person of a referral source is an investor in one private fund managed by Contego, which has the potential to create an incentive for Contego to favor this particular private fund. Contego’s policy is to treat all portfolios on a fair and equitable basis, consistent with its obligations as a fiduciary.

Beginning in the second calendar quarter of 2011 certain Contego employees may have employment, consulting or equity relationships with non-Contego firms.

Item 11 – Code of Ethics

The Investment Advisers Act of 1940, as amended, imposes a fiduciary duty on investment advisers. As a fiduciary, Contego has a duty of utmost good faith to act solely in the best interests of each of our clients. Contego's clients entrust it with their funds, which in turn places a high standard on Contego's conduct and integrity. Contego's fiduciary duty compels all employees to act with the utmost integrity in all dealings with clients. This fiduciary duty is the core principle underlying Contego's Code of Ethics and represents the expected basis of all of our dealings with our clients.

Generally, Contego personnel may purchase or sell subject to the oversight of Contego's Chief CCO. Personal securities transactions by such personnel are subject to Contego's Code of Ethics. The Code of Ethics includes various reporting, disclosure and approval requirements, described in summary below. Contego designed these requirements to prevent or mitigate actual or potential conflicts of interest with clients. Compliance with the Code of Ethics is a condition of employment.

In accordance with Securities and Exchange Commission rules relating to recordkeeping by investment advisers, Contego requires prompt reports detailing the securities trading transactions. Contego further requires that all brokerage account relationships be disclosed and annual certifications of compliance with the Code of Ethics from all access persons be submitted. Transactions in shares of registered open-end investment companies, securities issued by the government of the United States, bankers' acceptances, bank certificates of deposit, commercial paper and certain other money market instruments are excluded from the reporting requirements.

The responsibilities of Contego's CCO (or designee) include overseeing the regular monitoring and verification of compliance of covered persons with the requirements of the Code of Ethics, and reporting material violations to Contego's senior management. The CCO will review all reported securities transactions. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on such transactions. The CCO also may impose more severe

sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

Upon request, a copy of Contego's Code of Ethics will be provided to any client or prospective client.

Contego manages multiple portfolios using structured option platforms. The structured options reference the performance of a portfolio of hedge funds. From time to time, it may be desirable to move exposure of one or more hedge funds from one portfolio to another portfolio. Generally, a pair off may be executed if there is a partial or total redemption on the part of one client, or in an effort to rebalance hedge fund weightings inside of the affected portfolios in order to manage risk. A client's portfolio may be affected because it has too large a concentration which Contego wishes to reduce as part of its risk management process, because another client has such a concentration and Contego wishes to transfer a portion of that allocation to another client account, or because another client has effected a partial or full redemption and Contego wishes to reallocate valuable capacity to another client portfolio. Contego believes that effecting such a transaction benefits its clients in properly balancing the portfolios while offering clients access to managers that might not otherwise be available.

Pursuant to the Investment Advisers Act of 1940, Contego has a fiduciary obligation to its clients. Accordingly, pair off transactions should be undertaken in a manner that is fair and impartial to all concerned clients. Because Contego could have an incentive to favor one client over another in how it uses these pair off transactions, Contego have adopted a policy governing how they are implemented, which policy includes the ability to screen portfolios of objecting clients from such transactions.

Item 12 – Brokerage Practices

Contego does not participate in any soft-dollar programs.

Item 13 – Review of Accounts

Contego's Investment Committee reviews the status of each client account or reviews an overview prepared by a financial analyst of the company on the status of each client

account on a monthly basis. This review includes an analysis of the hedge funds included in such client portfolio. In addition, the Investment Committee generally also reviews client portfolios on a monthly basis and will, in conjunction with the company's investment staff, contact a sample set of the managers of such hedge funds on a monthly basis to review fund performance, leverage, net positions, investment strategy, investment opportunities, investment style drift, personnel turnover and changes in internal policies (such as risk management). The Investment Committee is directed, and investment decision authority, rests with Mr. Norberg in his capacity as chief investment officer.

Each client or each investor of a pooled investment vehicle managed by Contego is provided access to a monthly website report detailing the performance of the relevant portfolio of hedge funds. At least quarterly, and in most cases monthly, investors in pooled vehicles receive capital account statements providing net value balances for their portfolio positions. Investors in certain pooled investment vehicles may also receive annual financial statements that may be audited at the expense of such vehicle upon the affirmative vote of a majority in interest of such vehicle.

Item 14 – *Client Referrals and Other Compensation*

Contego has third-party marketing (referral) agreements with several independent referral sources. Generally, these agreements provide that such solicitors will receive a percentage of the fees generated by any clients referred to Contego. Any client (whether a direct investor in the options or an investor in one of the pooled investment vehicles managed by Contego) that is referred by one of these solicitors will receive a specific disclosure statement that includes details of such arrangement (including information regarding the fees received by the solicitor) and will be required to acknowledge receipt of such disclosure statement in writing.

An affiliated person of a referral source is an investor in one private fund managed by Contego, which has the potential to create an incentive for Contego to favor this particular private fund. Contego's policy is to treat all portfolios on a fair and equitable basis, consistent with its obligations as a fiduciary.

Beginning in the second calendar quarter of 2011 certain Contego personnel may commence employment, consulting or other arrangements with non-Contego firms that may generate

significant personal income for such personnel. Such arrangements are not expected to materially interfere with the expected liquidation or transfer of Contego's client portfolios.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. RBC provides portfolio clients website access to information regarding their accounts. Contego urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

With respect to the structured portfolios on which is provides advice, Contego generally has discretionary authority (subject to specific override by certain clients who have negotiated such right) to select, maintain and divest the various hedge funds in which a client's portfolio is directly or indirectly invested. Since Contego does not directly trade any client assets, it has no control over the broker-dealers selected to execute trades for the hedge funds included in a client's portfolio or the commission rates paid to those broker-dealers.

With respect to "fund of funds" for which Contego serves as the general partner, managing member or investment adviser, Contego generally has discretionary authority (subject to specific override by certain clients who have negotiated such right) to select, maintain and divest the various hedge funds in which such "fund of funds" are invested. Contego has no control over the broker-dealers selected to execute trades for the hedge funds included in the portfolios of these "fund of funds" or the commission rates paid to those broker-dealers.

Item 17 – Voting *Client* Securities

Clients may obtain a copy of Contego’s complete proxy voting policies and procedures upon request. Clients may also obtain information from Contego about how it voted any proxies on behalf of their account(s). As a practical matter Contego does not invest in securities through which a proxy vote issue arises.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about such adviser’s financial condition. Contego has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.