

**MADISON STREET PARTNERS, LLC**

5613 DTC Parkway, Suite 310

Greenwood Village, Colorado 80111

Tel: 303-815-1660

Fax: 303-815-1670

[www.madisonstreetpartners.com](http://www.madisonstreetpartners.com)

This brochure provides information about the qualification and business practices of Madison Street Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 303-815-1660, or by email at [marnett@madisonstreetpartners.com](mailto:marnett@madisonstreetpartners.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. Madison Street Partners, LLC is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training.

Additional information about Madison Street Partners, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 31, 2011

## **Item 2: Material Changes**

The United States Securities and Exchange Commission (the “SEC”) adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the “Brochure”) and Part 2B (the “Brochure Supplement”). In response to the SEC’s amendments, this Brochure, dated March 31, 2011, is materially different in structure and contains certain new information that our previous brochure did not require.

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## Item 4: Advisory Business

Madison Street Partners, LLC (“Madison” or “we”), was formed in January 2004. The principal members and managers of Madison are Drew M. Hayworth, Steven C. Owsley, and Charles D. Leone. As of February 28, 2011, Madison manages, on behalf of five clients, approximately \$380 million on a discretionary basis and \$0.00 on a non-discretionary basis.

Madison, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”), serves as investment adviser to certain pooled investment vehicles that are structured to rely on exclusions from the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”). Interests in these pooled investment vehicles are typically offered to certain accredited investors, including high net worth individuals and institutional investors, in offerings that are exempt from registration under the Securities Act of 1933, as amended (the “1933 Act”). Madison currently serves as General Partner to Madison Street Fund, L.P. and Madison Street QP Fund, L.P., each a Delaware private investment limited partnership (the “Partnerships”), and also serves as investment adviser to Madison Street Master Portfolio (the “Master Portfolio”), a segregated portfolio of Cogent Investment Strategies Master Fund, SPC, a Cayman Islands segregated portfolio company. Madison currently also provides investment advisory services to the Sixtina Madison Street UCITS III Compliant Fund, a pooled investment vehicle subject to the requirements of the Undertakings for Collective Investment in Transferable Securities (the “UCITS Fund”). Madison may also offer separate account investment services to selected clients (“Separate Accounts”).

Madison’s investment advisory services are typically tailored to its investment vehicle and separate account clients through a consideration of the applicable investment objectives and restrictions. Madison does not, however, tailor its services to the individual needs of investors in those pooled investment vehicles.

## Item 5: Fees and Compensation

Fees charged by Madison are typically not negotiable. Fees may be waived, however, by Madison in its capacity as general partner or investment manager, as the case may be, in its sole and absolute discretion.

As general partner to the Partnerships, Madison receives an annual management fee of 1.0% of the Partnership’s net asset value. The management fee is payable in advance on the first business day of each calendar month and is based on the net assets under management as of the first business day of such month. In addition, Madison may earn an incentive allocation equal to 20% of the net new appreciation, calculated

annually. This incentive allocation is subject to a “high water mark” that limits the ability of Madison to earn such incentive allocations until losses allocated to a limited partner of a Partnership are recouped. Fees for the Partnerships are typically deducted from client accounts.

For providing investment advice to the Master Portfolio, Madison is paid a monthly fee, payable in advance, based upon an annual, predetermined percentage of the Madison Portfolio’s net asset value. The annual percentage is 0.80% of the Madison Portfolio’s net asset value. In addition, Madison may earn an incentive allocation equal to 16% of the net new appreciation, calculated annually. This incentive allocation is subject to a “high water mark” that limits the ability of Madison to earn such incentive allocations until losses allocated to a shareholder of the Master Portfolio are recouped. Fees for the Master Portfolio are typically directly billed.

Madison receives an annual management fee of 1% for providing investment advisory services to the UCITS Fund. This management fee is typically payable in arrears on a monthly basis, and is based on the net assets under management during such period. In addition, Madison may earn an incentive allocation equal to 20% of the net new appreciation, calculated quarterly. Fees for the UCITS Fund are typically directly billed.

For providing investment advice to the Separate Accounts, Madison is typically paid a negotiated fee, in accordance with Madison’s standard advisory contract for Separate Accounts. The management fee for such Separate Accounts is typically 1.5%. In addition, Madison may earn an incentive allocation equal to 20% of the net new appreciation, calculated monthly. Fees for the Separate Accounts are typically directly billed.

#### *Refundable Fees*

Typically upon termination of any agreement, any prepaid, unearned fees will be promptly refunded, subject to any transaction expenses associated with the liquidation of an account. Clients may inquire about any refundable fees by contacting Madison at (303) 815-1660.

#### *Other Expenses and Fees*

In addition to the management and performance fees discussed above, clients are generally responsible for paying certain other expenses, including, but not limited to, investment expenses (e.g., brokerage commissions, interest expenses, and consultant expenses), legal expenses, accounting expenses, and auditing expenses. With respect to the Partnerships, the Master Portfolio and the UCITS Fund, a more detailed description of all applicable fees and expenses is available in the relevant vehicle’s private placement memorandum, prospectus, or other offering document.

## **Item 6: Performance Fees and Side by Side Management**

As stated in *Item 5: Fees and Compensation* above, the pooled investment vehicles managed by Madison may be subject to incentive allocations or performance-based fees (collectively with incentive allocations, “performance-based fees”), which are allocations or fees based on a share of capital gains on or capital appreciation of assets. Madison may also manage vehicles or accounts that are not charged a performance-based fee. In situations where Madison or its supervised persons manage performance-fee accounts alongside accounts that do not pay performance-based fees, a potential conflict of interest arises, in that Madison or its supervised person has an incentive to favor accounts that pay performance-based fees.

To mitigate this risk, Madison has adopted policies and procedures, including its Code of Ethics, emphasizing Madison’s fiduciary duty to act in the best interests of all clients at all times. Madison believes that these policies and procedures, as well as existing investment mechanisms, are reasonably designed to address such conflicts of interest. For example, the use of a high water mark by Madison creates an incentive to balance risk and reward potential as any losses by clients will need to be regained before incentive fees are received. Madison also seeks to regularly monitor the risk of individual investments and the portfolio of each client as a whole.

## **Item 7: Types of Clients**

### *Pooled Investment Vehicles*

Madison provides advisory services to the Partnerships and the Master Portfolio, which are pooled investment vehicles that are structured to operate under exclusions from registration under the 1940 Act. Interests in Partnerships and the Master Portfolio are typically exempt from registration under 1933 Act, in accordance with private placement exemptions that are available under Regulation D and Section 4(2) of the 1933 Act.

As a consequence, investors in the Partnerships and the Master Portfolio must meet certain financial criteria. Investors in these pooled investment vehicles must demonstrate that they are “accredited investors,” and, depending on the vehicle in which they invest, may also have to establish their status as “qualified clients” or “qualified purchasers.” The precise financial criteria associated with these requirements are governed by U.S. federal securities laws, and are set forth in more detail in the respective subscription agreements of those investment vehicles.

Investments in the Partnerships and the Master Portfolio are typically subject to an account minimum of \$1,000,000, which may be waived in certain circumstances at Madison’s sole discretion. Investors in these vehicles may include affiliated parties of Madison, funds of funds, high net worth individuals, institutions, endowments and foundations.

As noted above, Madison also provides investment advisory services to the UCITS Fund, a pooled investment vehicle subject to the regulation of the Commission de Surveillance du Secteur Financier, the financial services regulatory authority of Luxembourg (“CSSF”). The UCITS Fund is generally offered to non-U.S. investors,

and investors in the UCITS Fund are not subject to the same financial criteria as investors in the Partnerships and the Master Portfolio. Investments in the UCITS Fund are subject to a minimum of \$250,000.

### *Separate Accounts*

The separate accounts served by Madison typically require a minimum investment of \$25 million, which may be waived in certain circumstances at Madison's sole discretion.

## **Item 8: Methods of Analysis, Investment Strategy and Risk of Loss**

### *Investment Strategy*

Subject to the investment guidelines and limitations of the private placement memorandum of each Partnership or Master Portfolio, the prospectus for the UCITS Fund, or the investment management agreement with each individual separate account client, Madison generally seeks to maximize total return by employing a disciplined value oriented long/short portfolio strategy that attempts to uncover mispriced securities primarily within, but not limited to, the small and mid capitalization segments of the equity market.

### *Methods of Analysis*

Madison typically employs a bottom up method whereby security positions are based upon extensive analysis of both the fundamental and technical data surrounding a particular stock. A long position would be entered if Madison believes the stock is undervalued based upon fundamental ratios such as price to book, price to sales, price to free cash flow and debt to equity and/or the stock's trading history indicates a positive deviation from the norm, its peer group, or the market. Short positions are analyzed in a similar fashion whereby Madison seeks out stocks with weak fundamentals, technical chart breakdowns, and other catalysts that indicate deteriorating business conditions.

### *Investment Techniques*

To the extent consistent with the investment guidelines and limitations of the private placement memorandum of each Partnership or Master Portfolio, the prospectus for the UCITS Fund, or the investment management agreement with each individual separate account client, Madison may also employ investment techniques including, but not limited to, the purchase or sale of put and call equity and equity index options, taking both long and short positions in foreign equity securities, and incurring borrowing leverage.

Madison reserves the right to use any or all of the investment strategies, methods of analysis or investment techniques described here.

## Risk of Loss

### *General Risk of Investing*

Investing in securities involves a substantial risk of loss to the value of investments. Each client or investor should be prepared to bear the risk of losing a substantial amount of their investment up to and including all assets invested. Madison recommends both long and short investments. Long securities risk a loss equal to the amount invested, short securities have a risk of unlimited loss. Madison seeks to manage risk on several levels but does not attempt to hedge against all possible exposure. Performance is subject to numerous factors that are neither within the control of or predictable by Madison including economic, political, competitive and other conditions. There can be no assurance that the strategies and methods of analysis employed by Madison will be successful or achieve the desired results. A non-exhaustive list of the significant risks related to the method of analysis and the investment strategies of Madison is outlined below. A more thorough listing of risks associated with the pooled investment vehicles managed by Madison can be found in the offering documents (such as a private placement memorandum or prospectus) specific to that investment vehicle.

### *Lack of Diversification*

The portfolio recommended by Madison is not generally diversified among a wide range of securities, industries or asset classes. As such, the portfolio may be exposed to wider fluctuations in portfolio value than otherwise would be the case if the portfolio were required to maintain a high degree of diversification among its investments.

### *Short Sales*

Selling securities short risk losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed.

### *Leverage*

The pooled investment vehicles managed by Madison may leverage their investment positions by borrowing funds from securities broker-dealers, banks or others. The level of interest rates generally, and the rates at which such funds may be borrowed in particular could affect the results of investments using leverage. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well.

### *Non-U.S. Investments*

Non-U.S. investments include investments denominated in non-U.S. currencies or traded outside the United States. Risks specific to these investments include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation, and economic or political instability in foreign nations.

### *Dependence on Key Employees*

Madison relies heavily on the services of key employees. The level of advisory services provided by Madison would likely be impacted if the services of key employees were not available.

### *Small-Cap Companies*

The Partnership may invest in securities of smaller capitalization companies. These securities are often lesser known and can be rather illiquid. As such, smaller cap securities can involve greater risks than securities of larger, well known companies.



### *Conflicts of Interest*

There may exist certain inherent and potential conflicts of interest between Madison or and its affiliates and Madison's advisory clients. Conflicts may include, but are not limited to, time commitment by Madison, management of other clients and fees charged to clients, including incentive and management fees. To mitigate the risks of such conflicts, Madison relies on policies and procedures that it believes are reasonably designed to emphasize its fiduciary duties to all its clients, and that seek to monitor the allocation of time, opportunities and other resources between clients.

## **Item 9: Disciplinary Action**

There are no legal or disciplinary events that would be material to a client's or a prospective client's evaluation of Madison's advisory business.

## **Item 10: Other Financial Activities and Affiliations**

Madison serves as general partner to the Partnerships, and investment adviser to the Master Portfolio, the UCITS Fund, and the Separate Accounts. Neither Madison nor its employees is under an obligation to devote their full time to the business of any one of the pooled investment vehicles to which Madison provides investment advice. Madison has adopted policies and procedures that it believes are reasonably designed to emphasize our fiduciary duties to all clients.

Madison serves as investment adviser to the Master Portfolio, which is managed by Cogent Asset Management, LLC, a Delaware limited liability company ("**Cogent**"). Cogent is an affiliate of Cogent Alternative Strategies, Inc., a registered broker-dealer.

Madison has entered into a solicitation agreement pursuant to which a third party solicitor will solicit advisory clients and investors on behalf of Madison. This solicitation agreement is consistent with Rule 206(4)-3 under the Investment Advisers Act of 1940. Appropriate disclosure is provided to a client or investor prior to or at the time of entering into any advisory agreement. The costs of any such referral fees are paid entirely by Madison and are determined pursuant to a formula that is disclosed in the solicitation agreement and the solicitor's disclosure statement.

## **Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

Principals, officers, and employees (and members of their families) of Madison, and its related persons and affiliates may participate directly or indirectly as investors in the Madison's pooled investment vehicle clients, including the Partnerships and the Master Portfolio. In addition, Madison may buy and sell on behalf of its clients securities of issuers or other investments in which Madison and its related persons and affiliates have a confidential relationship or in which Madison's or its affiliates' principals, officers and/or employees (and members of their families) own securities or otherwise have an interest.

### *Code of Ethics*

Madison has adopted a Code of Ethics that it believes is reasonably designed to protect against conflicts between the personal securities transactions (if any) of Madison's and its affiliates' principals, officers and employees (and members of their families) and transactions effected on behalf of clients. The Code of Ethics is based on the principle that Madison and its employees owe a fiduciary duty to clients. Thus, Madison employees must (i) place the interests of clients first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions (if any) in full compliance with the Code of Ethics. Personal investing by Madison's principals, officers, and employees, if any, in securities in which Madison's advisory clients are investing or have investments, may only occur after such clients' purchases or sales have been effected.

The Code of Ethics, among other things, also imposes restrictions on Madison's Supervised Persons from buying and selling securities that have been or are in the process of being purchased or sold for clients. With certain exceptions (e.g., open and closed-end mutual funds, ETFs, and money market instruments), supervised persons may buy or sell securities only after such transactions have been pre-cleared by Madison. Approval is generally only given when the transaction can be completed without competing with the interests of the advisory clients. Other policies adopted by Madison with which all principals, officers, and employees (and members of their families), if any, must comply include, but are not limited to, annual certification of compliance with the Code of Ethics, and directing brokers to supply Madison with duplicate confirmations and periodic statements of personal securities transactions.

### *Non-Public Information*

From time to time, Madison and its principals, officers, or employees may come into possession of material, non-public or other confidential information about companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Principals, officers and employees are prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a client of Madison.

A copy of Madison's Code of Ethics is available to any client or prospective client upon request.

## Item 12: Brokerage Practices

### Brokerage Selection

Madison has discretionary authority to determine the type, amount, price and timing of securities transactions on behalf of each of its clients, including the selection of and commissions paid to brokers, subject to each client's investment policies and goals.

Subject to the rest of Item 12, Madison, in seeking to obtain the best execution of portfolio transactions, may consider the quality and reliability of brokerage services. Madison may also consider brokerage, research and investment information provided by the brokers and dealers. Factors considered by Madison in selecting brokers and dealers may include the following: price; the broker's or dealer's facilities, reliability and financial stability; the ability of the broker or dealer to effect securities transactions, particularly with regard to such aspects as complexity of the trade, timing, order size and execution of the orders; and the brokerage and research products and services provided by that broker or dealer to Madison that are expected to enhance Madison's general portfolio manager capabilities, notwithstanding that a given client may not be the direct or exclusive beneficiary of such services.

Commission rates, being a component of price, are one factor considered together with other factors. Madison may cause a client's account to pay a broker or dealer a commission for effecting a transaction for the client's account that may be higher than a commission charged by another broker, in exchange for brokerage and/or research services. This is a benefit to Madison because Madison does not directly produce or pay for the research or services. This may create an incentive to select a broker based on the research or other services provided rather than the client's interest in best execution. Under Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), Madison may do this if it determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker.

To mitigate and address any conflicts of interest that may arise, Madison has adopted policies and procedures to evaluate, on an ongoing basis, the value of a broker's research and brokerage services and the reasonableness of any commissions charged.

The products and services that Madison received with client brokerage commissions within the last fiscal year include, but may not be limited to economic, market, and industry research data, and order management systems.

### *Soft Dollars*

Madison typically does not attempt to allocate to clients the relative costs or benefits of those products or services, because Madison believes that the products and services received are, in the aggregate, of assistance in fulfilling its overall responsibilities to its clients. In many cases, products and services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid.

Madison has entered into a soft dollar agreement that will establish an account at the prime broker for the specific purpose of aggregating and maintaining "soft dollar credits" generated by the portfolio transactions described above in the Brokerage Selection section. Madison may elect to use these credits to purchase

research or brokerage products and services that Madison has determined to be within the safe harbor provisions of Section 28(e) of the Exchange Act. The products and services obtained through soft dollar credits may or may not benefit the particular clients whose transaction were the source of such credits.

### *Directed Brokerage*

As noted above, Madison typically retains discretion over brokerage selection. However, certain clients may sometimes wish to restrict brokerage to a particular broker or dealer. When a client for whom Madison provides discretionary investment management services request or instructs in writing that Madison direct a portion of the securities transactions for its account to a specified broker-dealer, Madison will treat the direction as a decision by the client to retain, except to the extent of the direction, the discretion Madison would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions generally for the client's account. Although Madison will attempt to effect such transactions in a manner consistent with its policy of seeking best execution on each transaction, there may be occasions where it is unable to do so, in which case Madison will continuity to comply with the client's instructions on a going forward basis.

The client, therefore, should consider whether under its direction commissions, execution, clearance and settlement capabilities, and fees for custodial or other services provided by the broker-dealer will be comparable to those otherwise obtainable by Madison.

A client making such a designation also should understand that it may lose the possible advantage that non-designating clients derive from aggregation of orders for multiple clients as a single transaction for the purchase or sale of a particular security because all or a portion of the client-designated trades may be excluded from and executed subsequent to aggregated orders. A client that makes such a designation should further understand that it may forego benefits from savings on execution costs that may otherwise be obtained. The client who directs Madison to use a specific broker may receive less efficient clearing and settlement on some transactions at least in part because the directed broker may provide less efficient service.

### *Trade Aggregation*

Where appropriate, transactions for multiple clients may be bunched for execution purposes, which will not ordinarily affect commissions charged and execution prices on such transactions. In general, Madison seeks to aggregate trades when it has the opportunity to do so.

## **Item 13: Review of Accounts**

Madison's principals review and recommend strategies that are consistent with a client's investment objectives and policies. The principals typically also review client's portfolios on a daily basis for consistency with investment objectives or compliance restrictions, and make the day-to-day investments on behalf of each such portfolio. Principals may also confer with one another on an informal basis frequently throughout each business day.

Investors in the Partnerships may receive from Madison, on a monthly basis, written reports of the results of operations. On an annual basis, as soon as practicable after the close of each Partnership's fiscal year, Madison causes to be prepared and mailed to each limited partner the following items: audited financial statements of the Partnership prepared by independent certified public accountants; the net asset value of the Partnership; the closing capital account of such partner and the manner of its calculation; and any other information necessary to enable such partner to prepare an individual tax returns.

With respect to the Master Portfolio, Madison typically provides the Master Portfolio and the manager of the Master Portfolio with transaction confirmations, equity runs and trading statements relating to the assets of the Master Portfolio as well as any other reports requested by the Master Portfolio or its manager from time to time.

#### **Item 14: Client Referrals and Other Compensation**

Madison maintains an internal bonus compensation plan that may reward employees of Madison for new account relationships developed by them.

Madison has entered into a solicitation agreement pursuant to which a third party solicitor will solicit clients and investors on behalf of Madison. This solicitation agreement is consistent with Rule 206(4)-3 under the Investment Advisers Act of 1940. Appropriate disclosure is provided to a client or investor prior to or at the time of entering into any advisory agreement. The costs of any such referral fees are paid entirely by Madison and are determined pursuant to a formula that is disclosed in the solicitation agreement and the solicitor's disclosure statement.

#### **Item 15: Custody**

Madison is deemed to have custody of the assets for the Partnerships. Investors with assets in the Partnerships typically receive a monthly account statement directly from the Partnerships' administrator. Furthermore, as noted above, investors in the Partnerships will receive annual written audit reports following the completion of the audit by an independent certified public accountant.

Madison does not have custody of the assets of the Master Portfolio, the UCITS Fund, or the Separate Accounts, and does not deduct fees directly from these client accounts.

## **Item 16: Investment Discretion**

Madison generally has discretionary authority over the accounts of its advisory clients. Please see Item 4 above for further details on the discretionary authority of Madison. Madison typically receives this discretionary authority pursuant to, and in accordance with the terms of, the investment advisory agreements and/or subscription agreements entered into by clients and investors.

## **Item 17: Proxy Voting**

Madison currently has authority to vote proxies for the Partnerships. Madison has adopted written proxy voting procedures. Under those procedures, Madison generally votes with management, except in certain circumstances. Any conflicts of interest that arise in the context of voting proxies are evaluated by our Chief Compliance Officer, and handled in accordance with how the Chief Compliance Officer deems appropriate, given consideration to the type and materiality of the conflict. A copy of Madison's proxy voting procedures is available upon request. Clients may obtain information about how Madison voted that client's proxies by contacting Madison in writing at its principal place of business.

## **Item 18: Financial Information**

Not Applicable