

April 5, 2004

Dear Friend:

The first quarter came in like a lion and went out like a lamb. The S&P 500 rose nearly 4% in January -- annualize that! -- but subsequently faded due to geopolitical concerns, closing the quarter up 1.7%.

I am pleased to report that Integre Advisors outperformed the index for our first quarter as a registered investment advisor, returning 4.6% net of fees. Our performance benefited from a number of stocks whose earnings came in better than the Street had expected when we bought them in 2003.

One new purchase this quarter, and a good example of our investment process, is database provider Factset Research Systems. The stock was knocked down 33% based on a proposed legislative change that would have eliminated its ability to get paid by brokerage commissions, the controversial "soft dollars." Factset is the type of business we like to buy: a unique franchise with free cash flow equal to earnings, a solid balance sheet and strong organic revenue growth; the potential legislative change gave us the opportunity to buy it at a discount, when it was out of favor on Wall Street.

Before buying the stock, we assigned economic values to the best and worst case legislative outcomes for the company and concluded that the market had overreacted. We determined that we could earn a double-digit return if the most likely outcome occurred -- one that was neither as terrible as the market feared nor as advantageous as the status quo. Not long after we purchased it, the company reported better than expected earnings, bought in 3% of its outstanding shares, more moderate voices stepped into the "soft dollar" debate, and the stock rose by 13%.

Every day we are looking for special situations like Factset and we are happy to report that we now have Sourabh Banerji joining us in our search. Sourabh spent four years at Goldman Sachs in portfolio analytics and construction, and prior to that, seven years in risk management for Citibank in Tokyo and New York. His love of investing and keen global insights make him a valuable asset to our firm.

As always please do not hesitate to call us if you have any questions or concerns.

Sincerely,

Emanuel Weintraub, CFA
Managing Director