

July 26, 2005

Dear Client,

It has been a great six months for Integre Advisors. While the S&P 500 increased by 1.4% in the second quarter, we outperformed the index in both of our portfolio composites. Our diversified equity composite increased 3.2% net of fees for the second quarter, outperforming the S&P 500 by 1.6%. Our concentrated equity composite increased 4.4% net of fees, outperforming the S&P 500 by 3.0%.

The S&P 500 is now down 0.8% for the first six months of the year. During that period, the diversified equity composite outperformed the index by 7.2%; the concentrated equity composite outperformed by 10.8%.¹

While the healthcare industry was responsible for much of our performance in the first quarter, in the second quarter it was investments in three smaller industries -- title insurance, recreational vehicle manufacturing and teen-oriented retailing -- that made the difference. We invested in these industries when the individual stocks were all down in price due to what we believed were short-term concerns: a fear of higher mortgage rates decreasing demand for title insurance, an excess of RV dealer inventory, and two months of flat same-store clothing sales. In the end, mortgage rates actually went down thereby increasing demand for title insurance, strong consumer demand reduced RV inventory, and a well designed summer collection increased demand for clothing.

¹ Performance figures are unaudited. Past performance may not be indicative of future results and every investment program has the potential for loss as well as profit. The diversified equity composite is the dollar-weighted linked monthly return of those accounts sharing the objective of a diversified equity portfolio that are greater than \$250,000 in size. The concentrated equity composite is the dollar-weighted linked monthly return of those accounts sharing the objective of a concentrated equity portfolio that are greater than \$250,000 in size. Accounts are added to the composite on the first day of the month following our first 30 days of managing the account and must be in the composite for a full calendar quarter before inclusion. Portfolios are excluded as of the last full calendar month under management or at such prior date as Integre Advisors receives notice of termination. Individual account results will vary from that of the composite based on fee structures, investment restrictions, the timing of contributions and withdrawals and other factors. Comparisons to the S&P 500 total return are for informational purposes only, as the composites may hold securities not in the S&P 500 and may have more or less volatility and risk than an investment in the S&P 500.

Recently, concern about an economic slowdown resulted in a sell-off of consumer cyclicals. We took this as an opportunity to make new investments in the sector, believing that we had uncovered a good risk/reward. In a best case scenario, no economic slowdown will materialize and the stocks should increase in value; in a worst case, the slowdown, which is already partially reflected in the share prices, does materialize and prices do not increase until the hypothetical recession is over.

We are pleased to report that we now have over \$100 million in assets under management. When we founded this firm eighteen months ago with just \$20 million in assets, we built operational capabilities that exceeded our needs so that we could quickly and easily service new clients. Now, with over \$100 million in assets, we continue to invest heavily for future growth. Most recently we have been upgrading our information systems. In this mailing you will find a new quarterly reporting package with a new format, an enhanced summary page, and graphs of performance. We hope you find it useful and welcome your feedback. With all best wishes for a terrific summer--

Sincerely,

Emanuel Weintraub, CFA
Managing Director