

October 25, 2005

Dear Client:

It has been a great nine months for Integre Advisors. While the S&P 500 increased by 3.6% in the third quarter, we outperformed the index in both of our portfolio composites. Our diversified equity composite increased 5.0% net of fees for the third quarter, outperforming the S&P 500 by 1.4%. Our concentrated equity composite increased 3.8% net of fees, outperforming the S&P 500 by 0.2%.

The S&P 500 ended up 2.8% for the first nine months of the year. During that period, the diversified equity composite outperformed the index by 9.0%; the concentrated equity composite outperformed by 11.5%.¹

In the third quarter we were pleased to have three of our holdings -- a pharmaceutical company, a fax and photocopier company, and a sneaker and athletic apparel manufacturer -- acquired by their competitors. When we made these investments all three companies had declined in price due to what we believed were short-term concerns: a one-time charge for price protection on a popular drug; a faster than expected decline in the non-strategic fax business; and fear that an on-going strike by hockey players would reduce the demand for hockey-related apparel. While these concerns were important to investors focused on smooth quarterly earnings progression, we saw the price drops as an opportunity to buy companies with good long-term growth prospects and strong cash flow generation at attractive valuations.

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.

Currently, the high price of oil and the continuing rise in short-term rates has caused the market to discount cyclical stocks. While we believe that these concerns are valid – clearly the fact that the average consumer will have less discretionary income may negatively impact this quarter or next quarter’s earnings – we do not believe that the impact will be as great as current stock prices are indicating. On the contrary, we believe that many cyclicals are currently trading at good risk/rewards. If the economy does not do well, we believe these unpopular stocks should not dramatically sell-off as expectations are already low; if, on the other hand, the economy improves, or even merely does not do as poorly as is expected, then prices should increase.

On the corporate front, we are pleased to report that PLANSPONSOR, a magazine serving the pension fund industry, recently profiled Integre in its “The Best Managers You Never Heard Of” cover story. While this is not a category we wish to remain in long-term, it is always nice to be recognized for the good work that we do for our clients. We have enclosed a copy of the article for your reading pleasure.

As always, we are working to expand our operations infrastructure. Most recently we gained the ability to vote your proxies for you should you so desire. This service will allow you to reduce the volume of paper sent to your home as well as allow us, as common shareholders in the same enterprises, to speak with a united and more forceful voice on matters such as corporate governance, stock option issuance and material corporate transactions. If this is of interest, please call Jeannie at (212) 838-2300 and she will start the process of transferring your voting authority to Integre.

With all best wishes for a great autumn--

Sincerely,

Emanuel Weintraub, CFA
Managing Director