

May 2, 2006

Dear Client :

It was a solid start to 2006. In the first quarter, our diversified equity composite rose 3.3%, net of fees, compared to the S&P 500's 4.3% increase. Our concentrated equity composite rose 2.2%, net of fees.¹

Our performance was largely driven by consumer cyclicals, those companies that sell big-ticket items like electronics or mattresses to U.S. consumers. We bought these companies last spring and fall when they were trading down due to concerns over rising interest rates and gasoline prices. Since then, many of these companies have performed better than expected as the economy has in fact remained strong and unemployment low.

This quarter we made four new investments: two in companies that are trading below liquidation value, and two in out-of-favor companies with recurring revenue streams. We believe that the value in the former group - a homebuilder and a utility - will eventually be recognized either through improved earnings or a transaction, such as a takeover or a leveraged buyout. As for the out-of-favor companies with steady revenue streams - a computer printer manufacturer and a financial processor - we believe that we will either achieve our target return through share buybacks and dividends or, in the event that the economy slows down, that the market would accord a higher price-to-earnings multiple for such stable businesses.

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.

On the corporate front, we are pleased to announce that Georgia Parras, formerly of Cramer Rosenthal McGlynn, an \$8 billion-investment advisory firm, has joined Integre as a portfolio administrator. With several years' experience in the industry, she is an excellent addition to our growing firm.

For your reading pleasure we have included a recent article about Integre published on Marketwatch.com. It is an excellent summary of our investment philosophy.

We wish you a pleasant spring and look forward to speaking with you soon.

Sincerely,

Emanuel Weintraub, CFA
Managing Director