

July 23, 2007

Dear Client:

It was a good six months for Integre Advisors. While we underperformed the S&P 500 during the second quarter, we nonetheless managed to add to our strong first quarter gains, outperforming the index for the first half of the year.

During the second quarter our diversified equity composite rose 2.2%, net of fees, and our concentrated equity composite also increased 2.2%, net of fees, compared to the 6.3% return of the S&P 500. The S&P 500 is now up 7.0% for the first six months of the year. During that period, the diversified index increased 8.8%, outperforming the index by 1.8%; the concentrated equity composite increased by 10.6%, outperforming the index by 3.6%.¹

Our performance this quarter was driven by our large number of investments in the software sector. As these companies have begun borrowing money to buy in their own stock, their earnings-per-share growth rates have accelerated and their valuations have improved.

During the quarter we invested in three spin-offs – companies created when a larger company “spins off” a division and dividends it out to its own current shareholders. We bought the spin-offs -- a packaged food company, a radio broadcaster and a financial processor -- after some large institutional investors dumped their stakes without much regard for price. We believe that once these companies develop track records as independent corporations their valuations should increase.

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.

In addition, we made three investments in companies with above-average profitability, or yield, whose share prices, we believe, are temporarily depressed due to short-term concerns. These investments include an office REIT trading at a discount to its liquidation value and a highly profitable manufacturer of motorcycles trading at its lowest valuation in ten years due to a U.S. consumer slowdown. We believe that new financial management at the REIT should enable the company to grow its cash flow at a faster rate, thereby resulting in a higher valuation for the stock. As for the motorcycle company, we believe that strong international demand for this archetypal American product and a large share buy-back will trump sluggish demand from the U.S. consumer.

On the corporate front, we are pleased to report that Integre's public profile continues to grow along with our asset base. Most recently, we were interviewed by Maria Bartiromo of CNBC about the need for investment in America's energy infrastructure given the recent rise in the price of oil. And speaking of infrastructure, we recently upgraded our telephones to an I.P. (internet protocol) based system. This enhances our disaster recovery program. In the event of an emergency, you will be able to reach us at our main telephone number regardless of our physical location; access to the internet is all we need for the system to work. While our main telephone number – 212-838-2300 – remains the same, Integre employees now have new phone numbers as a result of the switch. We have attached a list of these new phone numbers for your convenience.

We wish you a pleasant summer.

Sincerely,

Emanuel Weintraub, CFA
Managing Director