

May 1, 2013

Dear Friend,

It was a great first quarter for Integre Advisors. Net of fees, our Diversified Equity Composite returned 11.93%, our Concentrated Equity Composite returned 11.89%, and our Domestic Small-Cap Composite returned 15.08%. By contrast, the S&P 500 Total Return Index returned 10.61%, and the Russell 2000 Small-Cap Index returned 12.39%.<sup>1</sup>

With the conclusion of the quarter, our Small-Cap Composite now has a 15-month track record and \$34 million in assets. We started this product because we believed that the potential return for small-capitalization stocks was high as, due to consolidation in the financial industry, there are now fewer money managers who actively research smaller companies. Indeed the results indicate our thesis may be correct. Since inception, our Small-Cap Composite has returned 43.6%, net of fees, vs. the Russell 2000 Small-Cap Index's return of 30.1%. We view this product as a good complement to our Diversified and Concentrated products whose holdings are predominantly in larger-capitalization stocks, and we look forward to its continued growth.

Overall this quarter's performance was driven by a mix of smaller, oversold stocks that we purchased at the end of last year. In January those smaller stocks increased significantly in value as Congress came to an agreement regarding the fiscal cliff, and central banks around the world have continued to ease.

Lately, we have been more defensively positioning our portfolios through the purchase of large companies with diverse revenue streams. We are not doing this simply to be contrarian, but rather because it is our job to look down as well as up. This dual focus has helped us outperform the market over time -- by over 3% a year over the past five years in our Diversified Equity Composite, and by over 2% a year since the inception of our firm in 2004. It's not what you make but what you keep, we are fond of saying, and the way we have managed to "keep," is by mitigating the big declines.

We have recently been investing in a number of companies which get the majority of their revenue from the United States. We are optimistic on the outlook for the US given the productivity of its workforce, its large base of natural resources and the dollar's defacto status as the world's reserve currency.

<sup>1</sup> See full disclosure on the next page.

On May 15<sup>th</sup> I will be giving a talk at 6 P.M. entitled “American Renaissance: Can the US Consumer Bounce Back?” The evening will be an opportunity to learn more about why we are currently overweight US consumer cyclicals, ask questions about our holdings and views of the market, and meet our new Chief Operating and Compliance Officer, François Coeytaux. Please contact Jeannie Woo if you haven’t yet RSVP’d.

With all good wishes, and looking forward to seeing you in May,

Sincerely,

Manny Weintraub, CFA

**Disclosure:** Preliminary 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, concentrated equity and domestic small-cap composites represent the asset-weighted returns of those accounts sharing the objective of the respective diversified equity, concentrated equity and domestic small-cap strategies. As of 1/1/13, portfolios are included in a composite at the beginning of the first full month under management and stay in the composite until the end of the last full month under management. Prior to that, the composites included portfolios with a minimum of \$250,000 that were managed for a full calendar quarter before inclusion and stayed above the minimum during any quarter. 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 and Russell 2000 are for informational purposes only, as the composites may hold securities not in the S&P 500 Total Return and Russell 2000 and may have more or less volatility and risk than an investment in the S&P 500 Total Return and Russell 2000. Management fee information is available upon request.