INTEGRE ADVISORS
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Dear Client,

It was a great second quarter for Integre Advisors. All three of our products performed well and as a result, each is now outperforming its index for the first half of the year.

For the quarter, net of fees, our Diversified Equity Composite returned 4.7%, our Concentrated Equity Composite returned 6.5%, and our Domestic Small-Cap Composite returned 2.7%. The S&P 500 Total Return Index returned 2.9%, and the Russell 2000 Small-Cap Index returned 3.1%.[1]

For the first six months of 2013, net of fees, our Diversified Equity Composite is now up 17.2%, our Concentrated Equity Composite is up 19.1%, and our Domestic Small-Cap Composite is up 18.2%. By contrast, the S&P 500 Total Return Index is up 13.8%, and the Russell 2000 Small-Cap Index is up 15.9%.[1]

For years we have been sending you letters describing just how uninterested the world is in investing in U.S. equities while at the same time declaring our faith in a U.S. turnaround. With the S&P 500 having its best first half results since 1999, it is safe to say that turnaround is now a reality.

In June, investors bought $4.9 billion of U.S. equity Exchange Traded Funds while pulling $7.3 billion out of bond ETFs. During the second quarter, the Ten-Year Treasury went from yielding 1.6% to yielding 2.6%; the Vanguard Total Bond Market ETF declined by 2.7%. Gold has also declined substantially along with the price of other commodities. With the emerging markets performing poorly and Europe sputtering along, the U.S. is now the best-performing major economy in the world.

In anticipation of this sea change, we have, for several quarters, been focusing our portfolios on companies which are not just U.S.-listed but those which earn the majority of their profits domestically. During the second quarter our investments in technology and financials performed particularly well, while our investments in technology hardware which did not do well, only decreased by a relatively small margin.

[1] See full disclosure on the next page.

With the S&P 500 hitting new highs, some reflexively believe it is now ripe for decline. We disagree because we believe investors and company managements remain chastened from the 2008 downturn and are therefore taking less risk with their balance sheets, banks in particular. In addition, we believe that with the housing market still in recovery mode, the government cutting back on federal spending and moderate inflation on the horizon, there is more growth yet to come.

Wishing you a wonderful, restful summer,

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 and Russell 2000 are for informational purposes only, as the composites may hold securities not in the S&P 500 and Russell 2000 and may have more or less volatility and risk than an investment in the S&P 500 and Russell 2000. Management fee information is available upon request.