

# WRAP FEE PROGRAM BROCHURE (PART 2A APPENDIX 1 OF FORM ADV)

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This wrap fee program brochure provides information about the qualifications and business practices of Integre Advisors. If you have any questions about the contents of this brochure, please contact us at: 212-838-2300, or by email at: [mmarrone@integreadvisors.com](mailto:mmarrone@integreadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Integre Advisors, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2: MATERIAL CHANGES

### *Material Changes since the Last Update*

There have not been any material changes to our wrap fee program since our last update on December 7, 2008.

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### ITEM 3: TABLE OF CONTENTS

ITEM 2: MATERIAL CHANGES .....	2
<i>Material Changes since the Last Update</i> .....	2
ITEM 3: TABLE OF CONTENTS.....	3
ITEM 4: SERVICES, FEES AND COMPENSATION .....	4
ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....	7
ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION.....	8
ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS .....	8
ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS.....	9
ITEM 9: ADDITIONAL INFORMATION .....	9
ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	9

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## ITEM 4: SERVICES, FEES AND COMPENSATION

Integre offers the All-Cap Growth Advisory wrap fee program (the “Program”), where it deems appropriate, to interested prospects and advisory clients. Integre is the sponsor of the Program and the party responsible for marketing it. Generally, Program customers include high net worth individuals and trusts. The description of the Program herein is a summary and a copy of the wrap fee brochure is available to clients upon request without charge.

Dan McCarthy and Nels Wagensteen are two portfolio managers at Integre. They pursue a particular investment strategy focused on using fundamental analysis to identify emerging and established companies with the potential for above average growth, particularly in the field of information technology. The current focus of the strategy is on information services that target the Chinese consumer and on Chinese internet companies. Customers may elect to pursue this strategy through the Program under which clients will pay a single fee to Integre and Integre will then be responsible for all brokerage expenses (i.e., a wrap fee). Integre has negotiated what it believes are favorable commission rates with Charles Schwab to provide brokerage services for customers in the Program. By enrolling in the Program clients are choosing the brokerage services of Schwab. While Integre believes that Schwab provides excellent execution, there can be no assurances that best execution will be obtained in all cases. Trades for a client in the Program may be aggregated with other trades placed through Schwab for Integre clients. Assets placed in the Program are managed on a fully discretionary basis by Integre. Investment programs will be customized for each client in the Program based on the client’s current financial situation, financial goals, attitude towards risk and desired investment restrictions (e.g., no shorting). Investments may include common and preferred stocks, mutual fund, convertible bonds, non-convertible bonds and cash or cash equivalent holdings. Investments will not be made in futures or derivatives other than options on the instruments listed above.

### FEE SCHEDULE

The fee schedule for the Program is set forth below. Fees are payable upon inception of the account and at the start of each calendar quarter thereafter. The market value of each of the securities in the account shall be computed as of the close of trading on the last business day of March, June, September, and December. The wrap fee for the account for the following quarter shall be computed on the valuation as of the close of the previous quarter as follows:

A) For common stocks, convertible bonds, convertible preferred shares, cash, cash equivalent mutual funds, and all other managed assets of the account not being held for permanent investment in fixed income securities, the annual charge, payable quarterly, is:

For accounts with a market value of less than \$10 million:

1.500% of the first \$2,500,000 of market value  
1.400% of the next \$2,500,000 of market value  
1.300% of the next \$2,500,000 of market value  
1.200% of the next \$2,499,999 of market value

Or

For accounts with a market value equal or greater than \$10 million:

1.250% of the first \$10,000,000 of market value  
0.900% of the remaining balance of market value

B) For cash equivalents and managed assets held for permanent investment in fixed income securities, the annual charge, payable quarterly is:

0.375% of the market value

C) The minimum quarterly fee is \$1,875.

D) The total amount paid using this schedule may be more or less than the amount charged by Integre under other fee schedules offered to other clients.

E) Fees are subject to negotiation in certain cases.

F) 100% of the wrap fee is paid to Integre, which then pays any brokerage charges incurred by the client. Brokerage charges can vary widely from period to period and client to client based on market events, contributions and withdrawals by a client, the extent to which Integre deems it appropriate to engage in purchases or sales of securities and other factors.

## **MUTUAL FUND FEES AND EXPENSES**

Client assets may be invested by Integre in one or more mutual funds. All fees paid to Integre for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Integre. In that case, the client would not receive the services provided by Integre which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's

financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Integre to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients may incur certain charges imposed by third parties in addition to the Program fee and mutual fund fees as noted above. Such charges include but are not limited to charges imposed directly by ETF funds, certain deferred sales charges on previously-purchased mutual funds, odd-lot differentials, spreads paid to market makers from whom securities were obtained by the broker-dealer, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

#### **ADDITIONAL INFORMATION ABOUT FEES AND SERVICES; CONFLICTS OF INTEREST**

In considering the investment programs described in this brochure, a prospective client should be aware that the Program may cost a client more or less than purchasing the actual investment management and brokerage services separately. The factors that should be considered by a prospective client in analyzing the cost structure of the Program include the size of a client's portfolio, the nature of the investments to be managed, average commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees and commissions that would be charged for managing the client portfolio outside of a wrap structure.

Integre receives compensation from clients to whom it recommends the Program. The amount of compensation charged by Integre and its representatives as a result of the client's participation in the Program may be more or less than what the client would pay if it paid separately for investment advice and brokerage services. Integre and its representatives may have a financial incentive to recommend the Program over other advisory programs or services in that Integre may receive higher compensation under the Program than it does for providing portfolio management where the client pays the brokerage costs.

Advisory fees may vary among Integre's clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with a client, among other things. Integre may "household" or group together multiple accounts of one client relationship for purposes of calculating its fee.

Clients should understand that similar advisory services may be available from other registered investment advisers for lower fees. In addition, clients should note that the wrap fee structure may create a potential conflict of interest for Integre in managing accounts, in that less frequent trading will result in fewer commissions to Schwab and a higher net fee for Integre. Inasmuch as Integre pays the custodian's transaction execution fees, Integre may have a disincentive to trade securities in an account. Clients should consider this potential conflict in analyzing the program.

Integre may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA

registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Integre may recommend/require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Integre is independently owned and operated and not affiliated with Schwab. Schwab provides Integre with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Integre committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Integre client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Institutional also makes available to Integre other products and services that benefit Integre but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Integre's accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Integre in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Integre's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

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## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

Program customers must deposit an initial amount of at least \$250,000 in cash or eligible securities. In the event Program account balances fall below the minimum initial required amount Integre may, at its sole discretion, request the customer to make additional deposits or terminate the account agreement. In addition to the minimum initial account balance program will be subject to an annual minimum account fee of \$7,500. With respect to the Program, Integre typically provides investment advice to high net worth individuals and trusts.

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## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

As the sponsor of the Program, Integre provides the advisory services. Unlike a wrap fee program where the broker is the sponsor, other advisers will not be considered or retained (except through mutual funds). Clients desiring a different manager must make that decision themselves and withdraw from the Program. Within Integre, the Program will be managed by Dan McCarthy and Nels Wagensteen. Messrs. McCarthy and Wagensteen were retained by Integre based on their strong professional credentials and long experience in investment management. Integre will periodically review the performance of Messrs. McCarthy and Wagensteen as it does with all of its employees. Performance is not reviewed by Charles Schwab or any third party.

As the sole manager in and sponsor of the Program, Integre has full access to all client information provided by the client upon enrollment in the Program. Integre shares such information with Charles Schwab to the extent necessary to place trades for the client, including client name, address and social security number. Charles Schwab is not responsible for monitoring or approving the Program in any way. Clients are direct clients of Integre and may contact and consult with Integre at any time.

Program accounts will be formally reviewed at least each calendar quarter to determine that the account holdings are consistent with the investor profile, investment restrictions and risk objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, and political or economic environment. Program clients will account statements, at least quarterly, and transaction confirmations directly from Charles Schwab. Integre may arrange for periodic performance reports to be delivered to the customer or made available to the customer in other electronic forms.

Messrs. McCarthy and Wagensteen are supervised persons of Integre and Items 4.B, 4.C, 4.D, 6, 8.A and 17 of Part 2A of Form ADV are applicable to them in their roles as portfolio managers of the Program.

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## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Integre has full access to all client information, including but not limited to name, address and social security number, provided by the client upon enrollment in the Program. Integre shares such information with the portfolio managers to the extent necessary to execute trades and manage the client's assets. Any updated client



information is provided to the portfolio managers to the extent such information is necessary in order for the portfolio managers to manage the client's assets.

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## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

There are no restrictions placed on a client's ability to contact and consult with their portfolio managers.

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## **ITEM 9: ADDITIONAL INFORMATION**

All information previously disclosed in Items 9, 10 and 11 in Part 2A of Form ADV is applicable to the Program and wrap fee clients.

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## **ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This is not required as Integre is an SEC-registered investment adviser.