

# FIRM BROCHURE (*PART 2A OF FORM ADV*)

Integre Advisors, LLC  
277 Park Avenue, 49<sup>th</sup> Floor  
New York, NY 10172  
212-838-2300  
212-812-4161  
[www.integreadvisors.com](http://www.integreadvisors.com)  
[mmarrone@integreadvisors.com](mailto:mmarrone@integreadvisors.com)

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This brochure provides information about the qualifications and business practices of Integre Advisors, LLC. 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, LLC 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 made since our last brochure. We last updated our brochure on March 5, 2012.

Current updates in this Firm Brochure include additional or new disclosures about the following:

- New small minority owners of Integre, Item 4
  - Updated disclosures about our Code of Ethics and personal trading policies, Item 11
  - Directed brokerage for those few clients which direct Integre to use a particular broker-dealer, Item 12
  - Allocation processes, Item 12.
  - Custody relationships
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## **ITEM 4: ADVISORY BUSINESS**

### ***Firm Description***

Integre Advisors, LLC, (“Integre”) was established in 2003 and has its principal office at 277 Park Avenue, 49<sup>th</sup> Floor, New York, NY 10172. Integre offers multiple strategies to invest primarily in the equities markets.

Integre’s world wide web site is [www.integreadvisors.com](http://www.integreadvisors.com).

### ***Principal Owners***

The Principal owner of the firm is Emanuel Weintraub with Sourabh Banerji and Michael Marrone as small minority owners.

### ***Types of Advisory Services***

Integre offers investment supervisory services for individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations.

We invest in:

- A. Equity Securities
  - 1. exchange listed
  - 2. traded over the counter
  - 3. foreign issuers
- B. Warrants
- C. Corporate debt securities
- D. Commercial Paper
- E. Certificates of Deposit
- F. Municipal Securities
- G. United States Government Securities

Integre’s fundamental analysis method utilizes a verity of sources. Those sources include annual reports, prospectuses, filings with the Securities and Exchange Commission, inspections of corporate activities, and research by others.

The investment strategies used to implement any investment advice given to clients include long term purchases (held at least a year), short term purchases (sold within a

year), trading (sold within 30 days), short sales, margin transactions, and option strategies.

### ***Tailored Relationships***

Investment programs will be customized for each client based on the client's current financial situation, financial goals, attitude towards risk and desired investment objectives and restrictions.

Integre is not engaged in any business activities other than investment management. It is registered with the SEC as an investment advisor but holds no other registrations and has no arrangements with any client or related person that are material to its advisory business.

### ***Wrap Fee Programs***

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, the clients in the Program 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 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. Clients 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 clients 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:
  - 1. 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
  - 2. 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.

### ***Account Minimums***

Program clients must deposit an initial amount of at least \$250,000 in cash or eligible securities. In the event a client's Program account balance falls below the minimum initial required amount Integre may, at its sole discretion, request the client make additional deposits or terminate the account agreement. In addition to the minimum initial account balance, Program accounts will be subject to an annual minimum account fee of \$7,500.

### ***Review & Reports of Account***

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 receive account statements, at least quarterly, and transaction confirmations directly from Charles Schwab. Integre may arrange for periodic performance reports to be delivered to the client or made available to the client in other electronic forms.

### ***Assets under Discretionary and Non-Discretionary Management as of 12/31/2011***

Discretionary	\$323,980,663
Non-Discretionary	\$1,729,658
Total Assets	\$325,710,321

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## **ITEM 5: FEES AND COMPENSATION**

### ***Description***

Integre serves as an investment advisor on a discretionary basis to individuals and institutions. For its separate account clients, Integre will develop a customized investment program for each client based on the client's goals, diversification requirements, risk tolerance, tax profile and other factors.

Integre charges each client an advisory fee based on a percentage of assets under management. The advisory fee charged depends on (i) the client's investment objective and strategy (e.g., a total return strategy based primarily on common stocks or an income strategy based on bonds), (ii) the size of the account and (iii) other factors. The standard fee schedule is set forth below; fees are negotiable.



## ***Fee Billing***

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:

- A. 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
- B. 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
- C. 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.
- D. The minimum quarterly fee is \$1,875.

With respect to certain older or "legacy" clients, a different fee schedule than the one set forth above may be in place. For legacy clients, the typical advisory fee for an equity account is 1% of assets under management on an annual basis and the typical advisory fee for a fixed income account is typically .375% of assets under management on an annual basis. In addition, certain legacy clients may be charged a performance fee on the equity portion of their account. Performance fees will be imposed in accordance with Rule 205-3 under the Investment Advisers Act of 1940. Performance fees are typically 20% of the return on the equity portion of the account in excess of a benchmark return, typically the S&P 500 Total Return Index. Accounts also have a high water mark, such that a performance fee will be assessed only if the account both outperforms the benchmark and has made cumulative profits in excess of any losses. A performance-based fee may give Integre the incentive to manage an account in a more aggressive manner than would otherwise be the case. Because Integre's compensation is based in part on capital appreciation, there may be an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such a performance fee. Integre will receive compensation based on unrealized appreciation as well as realized gains in assets of a performance-based fee account.

Certain other legacy clients have arrangements where they are charged a 1.5% annual management fee but no performance fee.

Advisory fees are generally assessed quarterly in advance. Certain accounts have advisory fees assessed quarterly in arrears. Performance fees are generally assessed and paid at the end of each calendar quarter, upon termination of the account and upon a withdrawal of assets.

A client may terminate its investment management agreement at any time on written notice. If funds are contributed during the quarter a pro-rated advisory fee will be charged on such assets based on the number of days such funds were managed by Integre during such quarter. If funds are withdrawn during a quarter a pro rata portion of the advisory fee will be refunded based on the number of days such assets were in the client account during the quarter.

The fees charged by Integre are separate and distinct from the fees charged by recommended mutual funds, exchange traded funds (ETFs) and custodians. A description of these mutual fund or ETF fees is available in each mutual fund's or ETF's prospectus.

### ***Other Fees or Expenses***

In considering Integre, a prospective client should be aware that the client's investment portfolio will have costs outside of investment management fees. Brokerage commissions and possible custodian fees are charged separately. The fees charged by Integre are separate and distinct from the fees charged by recommended mutual funds, ETFs, brokers and custodians. A description of these mutual fund or ETF fees is available in each mutual fund's or ETF's prospectus. The factors that should be considered by a prospective client in analyzing the cost structure 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.

### ***Participation or Interest in Client Transaction***

Neither Integre nor any related persons engage in the purchase or sale of securities to or from client accounts (principal transactions), nor do they act as agent or broker for any other person in transactions in which client securities are bought or sold (agency cross transactions).

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## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Certain legacy clients may be charged a performance fee on the equity portion of their accounts. Performance fees will be imposed in accordance with Rule 205-3 under the

Investment Advisers Act of 1940. Performance fees are typically 20% of the return on the equity portion of the account in excess of a benchmark return, typically the S&P 500 Total Return Index. Accounts also have a high water mark, such that a performance fee will be assessed only if the account both outperforms the benchmark and has made cumulative profits in excess of any losses. A performance-based fee may give Integre the incentive to manage an account in a more aggressive manner than would otherwise be the case. Because Integre's compensation is based in part on capital appreciation, there may be an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such a performance fee. Integre will receive compensation based on unrealized appreciation as well as realized gains in assets of a performance-based fee account.

In order to minimize any conflicts of interest, Integre combines both management fee accounts and performance fee accounts in the investment product strategy. All trades are done on the strategy level and are allocated independently of the portfolio manager through use of an order management system. The order management system allocates on a pro-rata basis for full complete orders and on a random basis for partially completed orders.

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## **ITEM 7: TYPES OF CLIENTS**

The minimum amount to open an account is \$1,000,000, which minimum may be waived.

Integre provides advisory services to:

- High net worth individuals\*
- Pension and Profit sharing plans
- Corporations

\*Individuals includes trusts, estates, family offices, and IRA's

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## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Methods of Analysis and Investment Strategies***

Integre's investment objective is to seek consistent superior returns primarily through long-term capital appreciation, while also attempting to preserve capital and mitigate risk through diversification of investments, proper position sizing, limiting exposure to less liquid investments. Integre anticipates that client assets will be invested in publicly

traded equity securities. The focus will be on purchasing securities which it believes, based on fundamental research, to be available for purchase at a considerable discount to the intrinsic value of the underlying assets or business. Integre will invest in companies of any market capitalization, geographic location or market sector. The investment position may be long-biased or market neutral at various times depending on general economic and equity market conditions.

### ***Risk of Loss***

No assurance can be given, however, that Integre will achieve its objective, and investment results may vary substantially over time and from period to period. Integre makes no representations or warranties of any kind nor are any intended or should be inferred with respect to the economic return from, or the tax consequences of, a prospective investment.

Listed below are additional or further explanations of material risks involved in connection with our investment strategy:

Stock Portfolios. Client accounts will be subject to the risks associated with any equity investment strategy. Sharp downward (or upward) market moves will adversely impact account positions and result in client account losses. Losses may also be incurred on individual positions as a result of issuer-specific matters such as unexpectedly disappointing earnings, lawsuits, patent issues, analyst action or other matters. Equity returns are volatile and may fluctuate substantially over time.

Investing in Fixed Income Securities. Issuers of fixed income securities have a contractual obligation to pay interest at a specified rate (coupon rate) on specified dates and to repay principal (face value or par value) on a specified maturity date. Certain bonds (usually intermediate and long-term bonds) have provisions that allow the issuer to redeem or "call" a bond before its maturity. Issuers are most likely to call such bonds during periods of falling interest rates. As a result, client accounts may be required to invest the unanticipated proceeds of a called security at lower interest rates, which may cause such client accounts' income to decline.

Hedging. Integre may attempt to structure its investments, and/or use various investment strategies and instruments, in a manner intended to hedge client accounts' exposure to market movements or other risks or limit losses. No assurance can be given that any hedging strategies or techniques employed by Integre will be successful or will operate as intended. The use of hedging instruments or strategies may reduce the profit realized by client accounts in some cases, and may cause client accounts to incur additional expenses. Integre is not obligated to adopt or maintain any particular hedging or risk management procedures.

Small Cap Issuers. At any given time, Integre may invest client accounts in smaller-to-medium sized companies of a less seasoned nature. Securities of such issuers often involve significantly greater risks than the securities of larger, better-known companies.

Information Sources and Analysis. Integre selects investments based in part on information and data that the issuers of securities file with various government agencies or make directly available to Integre or that it obtains from other sources. Integre is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be readily available.

Integre is not in a position to obtain all relevant information regarding a company or a security. Further, Integre may misinterpret or incorrectly analyze the information that it has about a particular fund, company or security. These and other factors may cause Integre to (a) invest in securities at times that will lead to losses in client accounts and may cause a client to lose a significant portion of its investment or (b) refrain from investing in particular securities at times that would have resulted in gains in the client's portfolio if Integre would have caused the client's account to invest.

Emerging Markets. Some of the countries in which Integre will invest have experienced political, economic and/or social instability. Many emerging market countries have also experienced dramatic swings in the value of their national currency. There can be no assurance given that such instability or such fluctuations will not occur in the future and, if they do occur, that they will not have a material adverse effect on the performance of client accounts.

The laws and regulations in some of the countries in which Integre invests are subject to frequent changes driven by economic, social and political instability. The legal systems in certain countries may be transitional and the laws regulating securities transactions protection of investors and ensuring market discipline, which are customary in countries with developed securities markets, are not available. In countries where legal and regulatory frameworks are in place, the enforcement of laws and regulations may be inadequate or insufficient.

Some of the countries where Integre invests may not recognize regulation by the exchanges and self-regulatory organizations as law that can be enforced through the judiciary or by means otherwise available to the investors in developed markets.

Derivatives regulation and trading has not been developed in some of the countries where Integre will invest. The investments made by Integre may not be recognized as securities protected by the securities laws in the countries where the investments are made. Investments that are recognized as securities under the local laws are often traded on the foreign exchanges with very little liquidity, thus adversely affecting the ability of the securities holders to liquidate their investment holdings.

Some of the countries where Integre invests currently have or may in the future introduce foreign exchange control regulations which can limit the ability of Integre to repatriate the dividends, interest or other income from the investments or the proceeds from sale of securities.

Risks associated with the investments in the emerging markets, including but not limited to the risks described above, could adversely affect the performance of client accounts and result in substantial losses. No assurance can be given as to the ability of Integre to achieve any return on its investments and, in turn, return on client accounts.

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## **ITEM 9: DISCIPLINARY INFORMATION**

Integre or any of its affiliates, employees, or partners do not have any legal or disciplinary events to report.

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## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Broker-Dealer Registration***

Integre does not have a registration or an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

### ***Futures, Commodity Pool Operator, Commodity Trading Advisor***

Integre does not have a registration or an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### ***Related Person Arrangements***

Neither Integre nor any of its management persons have any relationship or arrangement that is material to its advisory business or to its clients.

### ***Arrangements with Other Investment Advisers***

Integre does not recommend or select other investment advisers for our clients nor does Integre have other business relationships with those advisers that create a material conflict of interest.

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## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics***

Integre has adopted a Code of Ethics (the “Code of Ethics”) in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 (the “Act”). A copy of the Code of Ethics is available to clients upon request without charge. The purpose of the Code of Ethics is to set forth certain key guidelines that have been adopted by us as office policy for the guidance of all personnel and to specify the responsibility of all employees of and consultants to Integre to act in accordance with their fiduciary duty to our clients and to comply with applicable federal and state laws and regulations. The Code of Ethics requires that all employees and consultants conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry.

The following is a summary of certain provisions of the Code of Ethics:

Confidential Information. As an investment adviser, we have a fiduciary duty to our clients not to divulge or misuse information obtained in connection with our services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee or consultant obtains about a client's affairs in the course of employment or in connection with a consulting agreement with us should be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information should likewise be held in confidence. Even the fact that Integre advises a particular client should ordinarily be treated as confidential.

Material Inside Information. All partners, employees and consultants of Integre (in any capacity) and all persons - friends, relatives, business associates and others - who receive nonpublic material inside information from employees concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. The Code of Ethics sets forth an extensive list of subject information about which is likely to be material inside information. The Code of Ethics forbids trading on material inside information and also explicitly forbids disclosing material inside information to another person (“tipping”) who subsequently uses that information for his or her profit.

Fiduciary Duty and Conflicts of Interest. Integre and its employees and partners have a fiduciary duty to its clients to act for the benefit of the clients before taking any action in interest of any employee or the firm.



The Code of Ethics addresses, among others, the following common examples of conflicts of interest.

Gifts and Entertainment. In order to address conflicts of interest that may arise when an employee accepts or gives a gift, favor, entertainment, special accommodation, or other items of value, Integre places restrictions on gifts and entertainment. The Code of Ethics contains policies relating to gifts and entertainment.

Scalping or Front-Running. The Code of Ethics contains policies relating to scalping or front-running trades for clients.

### ***Participation or Interest in Client Transactions and Personal Trading***

Personal Trading. No employee may buy, sell, or pledge any security (other than U.S. government bonds, ETFs, index options, money market funds and open-end mutual funds) for any personal account (which includes accounts for certain family members as described in the Code of Ethics) without obtaining written clearance from the Compliance Officer *before* effecting any such transaction, specifying the securities involved, dated, and signed by the Compliance Officer. In addition, no preclearance is required for personal and related account transactions as part of trades in the same security alongside advisory client transactions in an Integre product strategy. It is each employee's responsibility to bring proposed transactions to the Compliance Officer's attention and to obtain from the Compliance Officer follow-up written documentation of any oral clearance. Transactions effected without preclearance are subject, in the Compliance Officer's discretion (after consultation with other members of management, if appropriate), to being reversed or, if the employee made profits on the transaction, to disgorgement of such profits. Additionally, any trades made by the Compliance Officer shall be approved by the President, or in his absence, the highest ranking employee present at the time of the trade.

In accordance with the Act, employees are required to file initial / annual holdings and quarterly transaction reports, and annual attestations, with the Compliance Officer.

Participation or Interest in Client Transactions. Generally, the Compliance Officer may allow an employee or partner to buy or sell a security at or about the same time we are buying or selling this security on behalf of clients in an Integre product strategy security. Also, the Compliance Officer may allow an employee or partner to invest in the same security that a client may invest in, or be party to a securities transaction with any client, or buy or sell a security for a client that an Integre employee or partner may have a material financial interest in. In actual practice, transactions for employee and their related accounts may be “bunched” or combined with the advisory client transactions in the same transactions.



## **ITEM 12: BROKERAGE PRACTICES**

### ***Selecting Brokerage Firms***

Integre will enter into an agreement with each client under which it will have the discretion, absent specific instructions from the client, to make all investment and brokerage decisions for the client.

Integre has entered into an agreement with Charles Schwab, an independent registered broker-dealer and qualified custodian, whereby Charles Schwab may provide certain brokerage and custodial services to the clients of Integre. Integre recommends Charles Schwab to clients without an existing brokerage arrangement.

Integre also has arrangements with Deutsche Bank whereby it has agreed to provide portfolio management services as a sub-adviser to certain clients of that firm.

As noted above, Integre generally has the authority to determine the broker-dealer to be used in any securities transaction and the commission rate to be paid. While the primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors are considered by Integre when arranging for the purchase and sale of clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In determining the abilities of the broker-dealer to obtain best execution of a particular transaction, Integre will consider all relevant factors including the execution capabilities required by the transaction(s), the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account for speed, efficiency or confidentiality and the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, as well as any other matters Integre deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

The majority of Integre's trades are done on an agency basis. Thus, clients pay a commission to the broker for effecting the trade and also pay the market makers the offering or bid prices of the securities purchased or sold. In addition, certain of the broker-dealers may also charge a minimum ticket charge ranging from \$10 to \$25 depending on the firm and the size of the transaction. Minimum ticket charges may be in place of a commission or in addition to a cents per share commission.

## ***Research and Other Soft Dollar Benefits***

When the "best execution" criteria are satisfied, those broker-dealers who supplement Integre's capabilities with research, quotation and certain software materials may be selected by Integre to provide brokerage services. Ongoing research and live data feeds are critical elements of Integre's investment management process. Accordingly, Integre may use broker provided research and brokerage related products and services which assist Integre in carrying out its investment decision making responsibilities. These services may include, but are not limited to, research, data feeds and analytical software, such as Bloomberg, Thomson and IDC market data. Integre adheres to Section 28(e) of the Securities Exchange Act of 1934, as amended, in connection with its use of soft dollars.

In some cases Integre acquires a research product or service with soft dollars which also has non research uses. In these cases Integre makes a reasonable allocation of the cost of the product or service according to its use. That portion of the product or service which provides administrative or other non research services is paid for by Integre in hard dollars.

All research or other services received from broker-dealers to whom commissions are paid are used collectively. There is no direct relationship between commissions received by a broker-dealer from a particular client's transactions and the use of any or all of that broker-dealer's research material in relation to that client's account. Integre may pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer. Integre would be pleased to provide additional detail to clients about its soft dollar practices upon request.

## ***Brokerage for Client Referrals***

Integre does not participate in brokerage for client referral programs.

## ***Directed Brokerage***

In certain instances, advisory clients may already have a relationship with an existing broker-dealer or request that Integre place the client's orders with a particular brokerage firm pursuant to directions received from the client ("broker-dealer directed accounts"). In broker-dealer directed accounts, it is the responsibility of the client, not Integre, to negotiate the commission rates, and clients should recognize that they may pay a higher brokerage commission or receive less favorable execution than might otherwise be possible. Clients should also be aware of our firm's lack of authority to negotiate commissions, obtain volume discounts, and that best execution may not be achieved for broker-dealer directed accounts.

Clients should also be aware that disparities in commission charges may exist between the commissions charged to other clients for similar trades, and that there is a potential conflict of interest on the part of Integre arising from broker referrals or directed brokerage practices. Additionally, directed brokerage accounts may be traded after discretionary accounts.

### ***Aggregation of Client Accounts***

#### Allocation Procedures

A. Preparation of Allocation Statement

Prior to entering an order, the portfolio manager will prepare a statement in written or electronic form such as the trade blotter or order management system (the "Allocation Statement") specifying participating accounts and the allocation of the order among such accounts.

B. Allocation of Executed Orders

If an aggregated order is filled in its entirety, it will be allocated among participating accounts in accordance with the Allocation Statement. If an aggregated order is partially unexecuted at the end of a trading day, the executed trades will be allocated among participating accounts on a random basis based on our firm's software trading program unless allocated post-execution. Allocating on a random basis has the advantages of being fairer and avoiding high ticket charges and small odd lot positions for smaller orders and accounts. Notwithstanding the foregoing, all accounts need not be given their pro rata share of a filled order if full pro rata allocation would result in certain clients receiving an odd share amount or would result in increased transaction costs due to per ticket charges (vs. per share charges). Pro rata amounts allocated may also be rounded depending on the size of the client account. Integre will endeavor to distribute partially filled orders among clients so that all clients are treated fairly over the long term.

C. When Full Aggregation is not Possible

In some circumstances, it may be appropriate to buy or sell a security on behalf of more than one advisory client account over a period of time. In those instances, although it may not be possible for aggregated orders to be entered for all of Integre's clients, the portfolio manager still must allocate advisory clients' orders on an equitable basis as described in the above section.

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## **ITEM 13: REVIEW OF ACCOUNTS**

### ***Periodic Reviews***

Integre monitors portfolio securities and financial markets on an on-going basis and client records are updated on a daily basis and available for review daily. In addition, accounts are formally reviewed quarterly.

### ***Review Triggers***

Accounts are formally reviewed quarterly by Integre management, unless the client or Integre believes an interim review is warranted. Such interim review might occur as the result of a change in the investment goals or financial condition of a client or upon a client's request.

### ***Regular Reports***

Clients receive a confirmation for each transaction effected for their accounts and monthly statements reflecting all account activity directly from their broker/custodian. Additionally, Integre issues quarterly appraisal and performance reports for each account. Performance reports reflect the realized and unrealized gains and losses in an account, provide a summary of activity in the account in the quarter, and compare the performance of the account to various indices.

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## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Integre does not have any arrangements under which it or a related person compensates another for client referrals. Integre does not have any arrangements under which it receives any economic benefit, including sales awards or prizes.

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## **ITEM 15: CUSTODY**

Integre is deemed to have custody under regulatory guidelines as a result of Integre's authority from certain clients for our firm to directly debit client advisory fees from their custodian accounts consistent with industry practices and regulatory guidelines.

All assets are held in the client's name and not in Integre's name at the custodian. Integre will recommend Charles Schwab as the primary custodian for the client. However, the client may choose any custodian that provides security clearing services. Clients will receive monthly statements from Charles Schwab, or the custodian that the client chose, and clients should carefully review those statements.

Clients will receive monthly/quarterly statements from Integre and are urged to carefully review each statement. In order to ensure that all account transactions, holdings and values are correct and current, we urge clients to compare our firm's statements with the statements you receive directly from your independent brokerage or bank qualified custodian.

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## **ITEM 16: INVESTMENT DISCRETION**

Integre has investment discretionary authority over the purchase and sale decisions for certain clients. Such discretionary authority is conveyed through management agreements with clients. Under certain circumstances, clients maintain investment authority over their accounts and Integre does not have discretionary authority.

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## **ITEM 17: VOTING CLIENT SECURITIES**

### Proxy Voting

Integre has adopted policies and procedures with respect to the voting of proxies relating to securities held in client accounts. When a client has delegated responsibility for voting proxies to Integre, we evaluate and vote the proxies in a manner consistent with the client's best interests. Prior to a proxy voting deadline, Integre evaluates the issues presented. Typically, Integre votes in accordance with the recommendations of company management, since the quality of company management is one of the criteria on which we rely in connection with making our investment decisions. However, Integre will vote against recommendations of management if we determine that such a vote is not in the best interests of our clients. Further, there may be times when Integre determines that refraining from voting a proxy is in clients' best interests, such as when the cost of voting a proxy exceeds the expected benefit to clients.

In the event Integre determines that a material conflict of interest exists with respect to a proposal being voted on, Integre will engage a reputable non-interested party to independently review Integre's vote and to confirm that Integre's vote recommendation is in the best interests of its clients under the circumstances. If the independent third party determines that Integre's vote recommendation is not in the best interests of its clients under the circumstances, then Integre shall vote in the manner suggested by such independent third party.

Clients may obtain information regarding how Integre voted their securities, or request a copy of the firm's proxy voting policies and procedures, by contacting Michael J. Marrone (Chief Operating Officer) at (212) 812-4160, or writing to him at Integre Advisors, 277 Park Avenue, New York, New York 10172 or emailing him at [mmarrone@IntegreAdvisors.com](mailto:mmarrone@IntegreAdvisors.com).

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**ITEM 18: FINANCIAL INFORMATION**

As a matter of firm policy and practice, our firm will not charge or earn advisory fees in excess of \$1,200 more than six months in advance of the services rendered.

Also, our firm and its principals have no financial events or proceedings to disclose.

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