



**PERIMETER**  
— CAPITAL MANAGEMENT —

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**Second Quarter 2009 - Small Cap Growth Update**

The Perimeter U.S. Small Cap Growth Equity composite returned **23.61%** gross of fees for the Second Quarter of 2009, beating the Russell 2000 Growth Index's return of **23.38%**. The second quarter saw a continuation of the strong performance experienced towards the end of the first quarter as further signs of economic stabilization and potential for recovery became evident. In fact, from the market bottom on March 9th to the most recent market high on June 12th, the Russell 2000 Growth Index appreciated an extraordinary 53.7% in 70 trading days. The force of this rebound was demonstrated by the fact that over half of this gain occurred in the first 16 trading days from March 9 to March 31. From mid June to the end of the quarter, the market leveled off as investors digested the gains and weighed the sustainability of improving economic conditions.

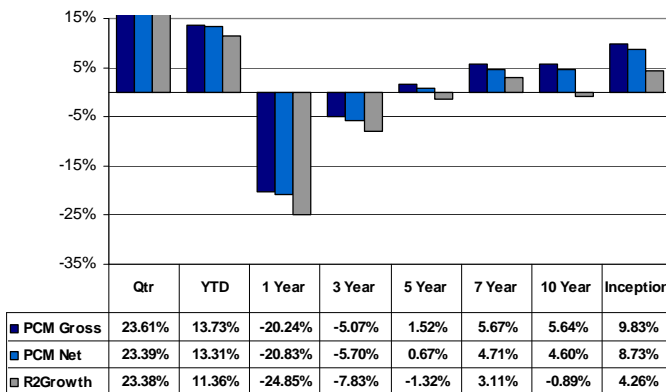
Every sector enjoyed positive returns, led by Materials, Technology, Energy, and Consumer Discretionary, each posting returns greater than 25% during the quarter. Defensive sectors, which include Telecommunications, Utilities, Healthcare, and Consumer Staples, were all in the bottom five performing sectors. Given this mix and Perimeter's positioning to benefit from early cyclical leadership, our overweight in three of the four best performing sectors and our underweight in four of the five worst performing sectors generated a positive allocation effect.

While a rising tide lifts all boats, not all boats are lifted equally and not since the 1930's have we seen this magnitude of diverging performance between small, low valuation, negative return companies versus larger, more profitable, and generally higher quality companies. Needless to say, as economic data improved and credit spreads tightened, those lower quality companies - some of which had been left for dead - made an astounding comeback. However, even with Perimeter's higher quality portfolio characteristics, stock selection was a positive contributor to performance with particularly strong selection in the Healthcare and Energy sectors.

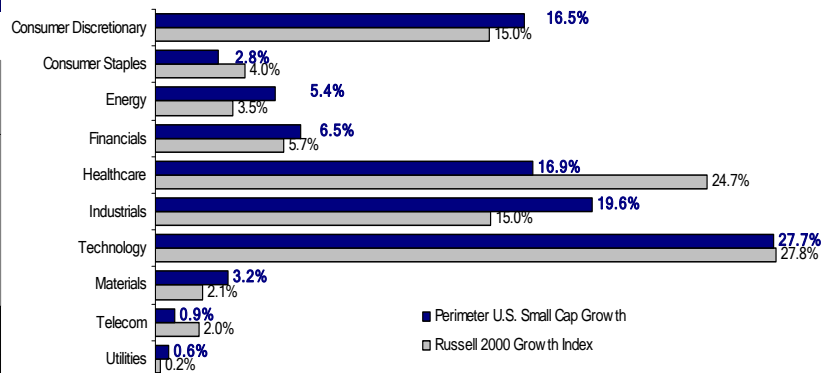
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**Performance Results\***

For Periods Ending 6/30/2009



**Sector Weightings\***



**Performance by Sector\***

Economic Sector	Perimeter Portfolio	Russell 2000 Growth Index
Consumer Discretionary	1.58%	0.09%
Consumer Staples	-0.89%	-0.24%
Energy	-1.06%	-1.40%
Financials	-2.16%	-0.73%
Health Care	-2.41%	-2.98%
Industrials	-4.62%	-4.68%
Information Technology	1.89%	0.73%
Materials	-0.24%	-0.43%
Telco Services	0.11%	-0.05%
Utilities	-0.16%	-0.05%

**Portfolio Characteristics**

	Perimeter SCG Portfolio	Russell 2000 Growth Index
Price/Earnings	16.7x	17.0x
Estimated EPS Growth	8.5%	3.0%
Return on Equity	9.3%	6.3%
LT Debt/Capital	21.2%	32.2%
Market Capitalization (in \$M)	\$945.9	\$825.3

**MPT Statistics**

	Perimeter SCG Portfolio	Russell 2000 Growth Index
Alpha	2.70	0.00
Beta	0.95	1.00
Standard Deviation	21.54	22.41
Information Ratio	0.94	--
Sharpe Ratio	-0.07	-0.19
R <sup>2</sup>	0.98	1.00



## Second Quarter 2009 Small Cap Growth Update - *continued*

### *Current Top Holdings\* (as of 6/30/2009)*

Company	Ticker	Perimeter Portfolio	Company Description
Synovis Life Technologies Inc.	SYNO	0.88%	Biomaterial for Surgery
Jarden Corp.	JAH	0.86%	Consumer Products
American Medical Systems Holdings Inc.	AMMD	0.85%	Medical Devices
Bruker Corp.	BRKR	0.85%	Life Science & Analytical Research Tools
GeoEye Inc.	GEOY	0.85%	Satellite Imaging
Alexion Pharmaceuticals Inc.	ALXN	0.83%	Global Biopharmaceutical Company
Ansys Inc.	ANSS	0.81%	Engineering Simulation Software
EPIQ Systems Inc.	EPIQ	0.81%	Bankruptcy Administration
CyberSource Corp.	CYBS	0.80%	eCommerce Payment Management
PMC-Sierra Inc.	PMCS	0.80%	Semiconductors

### *Manager Outlook & Small Cap Growth Portfolio Positioning*

We have seen a significant rebound in the equity market due to a moderate improvement in consumer behavior, improvements in the credit markets, a period of inventory restocking, and drastic cost reductions at companies. While these factors are certainly positive, we need additional signs of an economic recovery to fuel the market further, not just evidence of stabilization. At this time, many of the indicators that we look toward for confirmation of economic trends have advanced sharply from their low points but seem to have now stalled or moderated, at least temporarily. Unemployment continues to rise (albeit at a slower rate), the Consumer Confidence Index (CCI) retraced a small portion of its previous upward move, and while the U.S. Purchasing Manager's Index (PMI) continues to improve, it nevertheless still signals economic contraction.

Our strong stock selection coupled with the portfolio's positioning in early cyclical companies and those that may benefit from the reflationary theme have positively contributed to performance. The reflationary theme refers to the potential for rising commodity prices (energy, metals, materials, etc) from an economic recovery in the emerging world economies, particularly China, Brazil and India. Commodity prices were at the leading edge of the market downdraft, but as the developing world economies recover and longer term concerns about inflation emerge (after vast global expansionary monetary and fiscal policy), commodity-related companies could return to leadership in the not to distant future.

We have been and will remain significantly underweight in the Healthcare sector, given 1) the ongoing and evolving discussions of healthcare reform in Washington and 2) the tight budgets and weak spending trends of hospitals. We continue to have large, but well-diversified, exposure within the technology sector. We have been overweight in this sector, but the Russell rebalance in June raised the benchmark's weight by roughly 3%, in-line with our portfolio.

Given the ever changing economic developments, we continuously re-examine and question the shape and character of the economic recovery, particularly since we feel the consumer is not as healthy as in previous recoveries. In June and early July, we have noticed that positive earnings growth and expectations are once again critical for stock outperformance. While this may seem trivial, it is a major departure from recent months and a sign that some normalcy may be returning to the marketplace. The Perimeter portfolio is consistently higher quality and focused on earnings growth, so we are pleased that our individual stock selection outperformed the benchmark during a period when lower quality companies disproportionately drove market performance. We continue to build our portfolio from the bottom-up with those companies demonstrating strong current and future growth characteristics and look forward to a more rational market where business fundamentals and strong earnings growth drive positive investment results.

- Mark D. Garfinkel, CFA, *Chief Investment Officer*



## Second Quarter 2009 Small Cap Growth Update - *continued*

### ***Important Disclosure***

#### **INVESTMENT PERFORMANCE**

Past performance is not indicative of future results. Inherent in any investment is the possibility of loss of all or substantial amount of such investment. Performance data is presented for the Perimeter Small Cap Growth Composite. Perimeter makes no assurance that investment objectives will be achieved. Performance results presented off calendar month end are not reconciled and are subject to revision. The historical track record presented was calculated by linking Perimeter's actual performance since inception to the STI Classic Small Cap Growth Fund (I Shares) performance returns net of investment management fees. Members of Perimeter Capital Management investment team managed the STI Classic Small Cap Growth Fund for the period shown through June 23, 2006, while previously employed at Trusco Capital Management, the Fund's adviser. This information should not be evaluated independent of or without reference to the investment advisory agreement that more specifically addresses applicable investment advisory fees. Advisory fees charged by Perimeter are described in Part II of Perimeter's Form ADV. For a free copy of Form ADV, please contact Perimeter Capital at (770) 350-8700.

Performance results include the reinvestment of dividends and other similar income. The Perimeter Small Cap Growth Fund ("Perimeter Fund") primarily invests in US small cap stocks and is managed according to a growth objective. The returns of the Russell 2000 Growth Index are presented along side those of the Perimeter Fund for illustrative purposes only. The Russell 2000 Growth Index is a broad based index comprised of 2000 US based small capitalization stocks. Although the Perimeter Fund primarily invests in small capitalization stocks, its portfolio composition may be materially different than that of the Russell 2000 Growth Index.

The eVestment Small Cap Growth universe discussed encompasses advisers that report data to eVestment and are categorized as Small Cap Growth portfolios. eVestment does not independently verify the data, which forms the basis for rankings, provided by advisers.

This material is supplemental to GIPS compliance requirements and is provided for your information. This supplemental material complements the GIPS compliant composite presentation which is available upon request or provided with this brochure in one-on-one presentations.

#### **SECTOR WEIGHTINGS AND PORTFOLIO CHARACTERISTICS**

The sector weightings and portfolio characteristics are presented as 6/30/2009, and may change without notice. A complete list of sector weightings and individual security positions for any specific period are available upon request. The top ten individual securities presented represent the ten largest positions in the Perimeter Small Cap Growth composite based on aggregate dollar value. The specific securities identified do not represent all of the securities purchased, sold or recommended and should not be assumed that the investments or the securities identified were or will be profitable. All information presented is for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. We believe that the material contains an objective, balanced presentation of the performance of the Perimeter Small Cap Growth composite, including a general summary of certain holdings that both over- and under-performed the expectations of our portfolio management team.

#### **FORECASTING**

Forecasting is based on current economic and market information, which may be revised at any time.

#### **FINANCIAL TERMS**

**Total Return** - All performance calculations are total returns. Total return is comprised of dividend and interest income, realized and unrealized gains and losses.

**Estimated Annual Income** - An estimate of the dividends and interest to be received over the next twelve months based on current asset allocation and information.

**Russell 2000 Growth Index** - Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 is comprised of the smallest 2000 companies of the Russell 3000.

**Alpha** - A measure of a mutual fund's risk relative to the market.

**Beta** - A measure of a security's or portfolio's volatility, or systematic risk, in comparison to the market as a whole.

**Standard Deviation** - A measure of the average deviations of a return series from its mean; often used as a risk measure.

**Information Ratio** - A measure of portfolio management's performance against risk and return relative to a benchmark or alternative measure.

**Tracking Error** - A divergence between the price behavior of a position or portfolio and the price behavior of a benchmark.

**R square (R2)** - A measure of a manager's movement in relation to the market; otherwise known as the coefficient of determination.