



PERIMETER
— CAPITAL MANAGEMENT —

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Second Quarter 2010 - *Extended Small Cap Growth Update*

The Perimeter U.S. Extended Small Cap Growth Equity composite returned -8.19% gross of fees for the Second Quarter 2010, outperforming the Russell 2500 Growth Index's return of -9.77%. The quarter started off strong with many indices reaching 52-week highs by late April, only to see a sharp reversal in the markets as weakening economic data raised the specter of a double-dip recession. Housing statistics turned downward shortly after the expiration of the first-time home buyer tax credit and employment numbers showed a lack of improvement, as corporations have been hesitant to add jobs. Add in the spreading sovereign debt crises overseas and a massive oil spill in the Gulf of Mexico and it is not surprising that consumer and investor sentiment suffered greatly in the quarter. This was evident as every sector in the benchmark declined in 2Q10, with Energy, Finance and Consumer Discretionary down the most. Even relative safe havens like Consumer Staples, Healthcare and Utilities posted negative returns, albeit to a lesser degree than the rest of the market.

The dominant theme in Perimeter's outperformance this quarter was strong broad-based stock selection. Healthcare was Perimeter's top relative contributor to performance in the quarter given strong stock selection within the Pharmaceuticals industry. Salix Pharmaceuticals received FDA approval for a new indication for its gastrointestinal drug Xifaxan while VIVUS Inc. continued to make progress toward approval for the company's new obesity drug Qnexa - propelling both stocks higher. Likewise, the portfolio benefited from good stock selection in Consumer Discretionary given exposure to companies that cater to low to middle-end consumers like Monro Muffler and Dollar Tree. Other sectors where selection was positive include Consumer Staples and Industrials. The only offset this quarter was weak selection in Technology, particularly Communication Equipment where a couple of our holdings reported disappointing results.

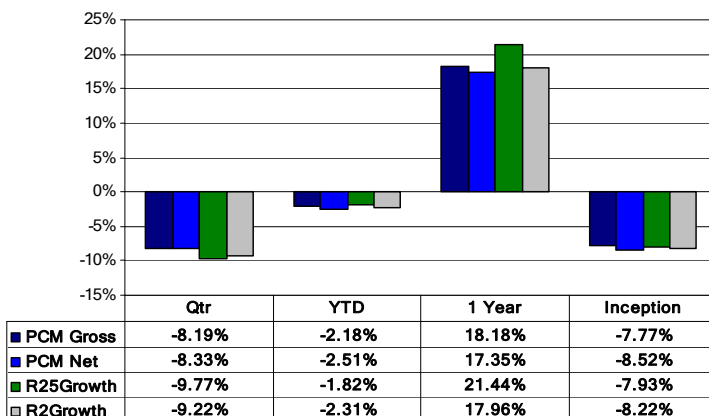
Manager Outlook & Portfolio Positioning

Economic recoveries and stock market rallies rarely, if ever, move in an upward, linear trajectory. The recent market sell-off has been painful but was not much of a surprise. The largely uninterrupted rise from the March 2009 bottom through the recent April high - where the Russell 2500 Index was up over 110% without a single 10% retracement - was not sustainable without some form of correction or pause. Recent economic data have raised questions on the strength and sustainability of the current economic expansion, prompting a mid-cycle correction and flight to safety that has brought both investor sentiment and company valuation levels down to lower levels.

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Performance Results*

For Periods Ending 6/30/2010



Performance by Sector*

Economic Sector	Perimeter Portfolio	Russell 2500 Growth Index
Consumer Discretionary	-10.32%	-12.02%
Consumer Staples	-7.90%	-9.48%
Energy	-13.84%	-16.81%
Financials	-14.63%	-12.48%
Health Care	-3.90%	-8.74%
Industrials	-6.61%	-8.20%
Information Technology	-8.20%	-7.31%
Materials	-11.22%	-11.36%
Telco Services	-7.30%	-8.41%
Utilities	--	-4.99%

Second Quarter 2010 Extended Small Cap Growth Update - continued

Contributors to Performance*

Company	Total Return (Quarter)
ev3 Inc. (EVVV)	+40%
Supplier of medical devices that assist in peripheral vascular and neurovascular surgical procedures. After posting a nice recovery in growth in the most recent quarter on share gains and inventory restocking, ev3 announced they were being acquired by a larger company (Covidien), given their relative attractive valuation and future growth prospects.	
Sybase (SY)	+38%
A leading database and enterprise application software provider with above peer sales and earnings growth over the last few years, announced an agreement to be acquired at a nice premium by SAP, a large European software company that saw the value in Sybase's diverse product portfolio.	
Akamai Technologies (AKAM)	+29%
Leading provider of application management and acceleration of web content to ensure quality of service and delivery of content. Akamai has been posting accelerating growth trends due to their exposure to Media & Entertainment and the significant growth in streaming video over the internet, driving increasing adoption of the company's services.	
American Medical Systems (AMMD)	+22%
Medical device company with products focused on men's and women's pelvic health issues. Recent and future growth is being driven by a variety of new product launches that help assist patients manage incontinence, as well as sales force and geographic expansion into international markets.	
Monro Muffler (MNRO)	+11%
Retail provider of automotive muffler, brake and tire services in the southeastern U.S. Monro is seeing improving sales growth due to their low price / high quality focus, a reduction in capacity of service bays across the country as a result of closed dealerships and a general boost in demand for auto repair as the average age of autos on the street has risen given an extended period of depressed new car sales.	

Detractors from Performance*

Company	Total Return (Quarter)
Thompson Creek Metals (TC)	-36%
Mining, milling and distributor of molybdenum (Moly) products used in steel alloys, which strengthen steel and make it more heat and corrosion resistant. Thompson Creek has been weak along with Moly prices given economic sensitivity but the outlook ahead looks promising given rising demand and limited supply due to China banning exports of Molybdenum.	
Blue Coat Systems (BCSI)	-34%
Supplier of WAN (Wide Area Network) optimization and internet gateway security appliances to the small and mid enterprise market. Blue Coat reported an in-line 1Q10 but the stock price has suffered on disappointing guidance, as the company has experienced a slowdown in demand in their European markets. Given prospects for decelerating momentum in growth we are exiting our position.	
Guess? Inc. (GES)	-33%
Designer and distributor of apparel and accessories for men, women and children. Despite a dominant market position and strong history of growth, Guess? experienced weakness given the strengthening dollar and the company's 50% exposure to international markets. We added to positions in the quarter as we feel valuation is attractive and the market under appreciates the strong competitive position that Guess? possesses in the global market place.	
Emulex (ELX)	-31%
Storage networking solution provider of connectivity products for storage, servers and enterprise networks. Despite a return to strong growth and upside to expectations, the stock has been weak on disappointing guidance due to delays at a customer undergoing a platform transition. We maintain our position as growth should rebound and continue to be strong into 2011 given a strong enterprise server refresh cycle that is underway.	
Aaron's Rents (AAN)	-23%
Specialty retailer of consumer electronics, computers, furniture and household appliances has delivered stable and consistent growth throughout the years. Aaron's has underperformed recently due to a modest reduction in guidance that was largely driven by charges from exiting an unprofitable office furniture division. We maintain our position as Aaron's should see stable growth ahead given steady end market demand for low cost consumer furniture and appliances.	

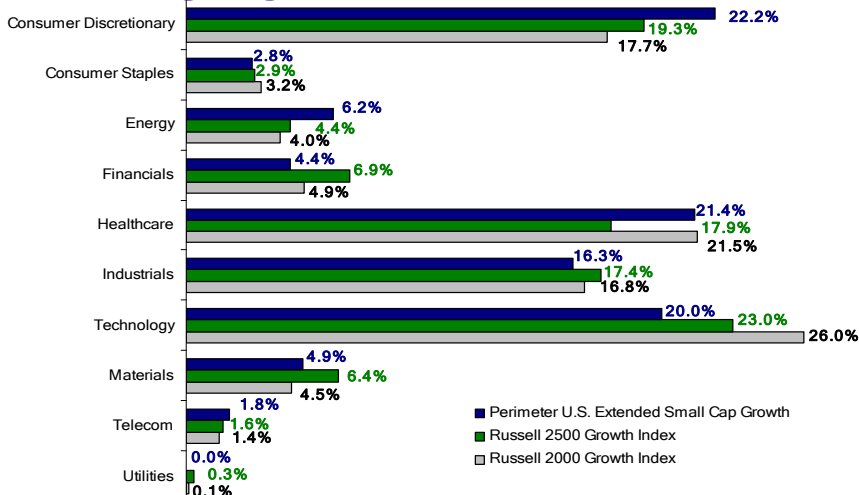
Current Top Holdings* (as of 6/30/2010)

Company	Ticker	Perimeter Portfolio	Company Description
Akamai Technologies Inc.	AKAM	1.18%	Network Management
Solera Holdings Inc.	SLH	1.10%	Insurance Software
Whole Foods Market Inc.	WFMI	1.10%	Natural Foods Grocery
Kansas City Southern	KSU	1.07%	Regional Railroad
Syniverse Holdings Inc.	SVR	1.07%	Telecommunication Services
Impax Laboratories Inc.	IPXL	1.06%	Generic Pharmaceuticals
Waste Connections Inc.	WCN	1.03%	Commercial Services
Monro Muffler Brake Inc.	MNRO	1.02%	Auto Service
Hub Group Inc. (CI A)	HUBG	1.02%	Intermodal Transport
Dollar Tree Inc.	DLTR	1.01%	Discount Retailer

Portfolio Characteristics*

	Perimeter Portfolio	Russell 2500 Growth Index	Russell 2000 Growth Index
Price/Earnings	19.8x	20.6x	20.9x
Estimated EPS Growth	13.2%	5.1%	2.9%
Return on Equity	11.8%	11.6%	7.6%
LT Debt/Capital	24.3%	30.4%	27.1%
Market Capitalization (in \$M)	\$2,185.3	\$2,019.2	\$973.1

Sector Weightings*





Second Quarter 2010 Extended Small Cap Growth Update - *continued*

Manager Outlook & Portfolio Positioning (continued)

There have been some modest changes in the portfolio positioning since last quarter. Perimeter maintains a slight overweight in Consumer Discretionary, although that position has moderated, with an emphasis on those companies that can sustain growth ahead due to a focus on lower-priced merchandise and services that appeal to the value conscious consumer. Our Healthcare weight rose slightly and this coupled with the recent Russell rebalancing has resulted in Perimeter being overweight the index, as this area remains a focus given the continued recovery in company fundamentals that we seen. An example would be recent addition Integra Life Sciences, a medical device company focused on neurosciences and orthopedics that is benefiting from a recovery in demand and geographic expansion. Lastly, the beta of the portfolio has been reduced somewhat as we have brought down our weight in Technology and Materials. In Technology, we exited some holdings that showed deterioration in fundamentals during the quarter; in addition, we sold two companies (Sybase and Cybersource) on strength as each announced during the quarter they were being acquired. Within Materials, we maintain a generally positive bias based on expectations of continued industrialization that is ongoing in emerging markets but reduced some select positions on near term commodity price concerns given recent macroeconomic slowing in Europe and China.

The second quarter of 2010 was difficult for the markets, especially when you consider the Russell 2500 Growth Index has fallen 18% from the late April 2010 highs (as of this writing - 7/6/10). The markets are likely to continue to experience a higher level of volatility over the ensuing months as consumers and investors digest the current economic landscape. At Perimeter, we maintain a positive bias for the full year but recognize that job creation and combating deflation is a key component in this outlook. Regardless, we expect our style of investment management, which focuses on higher quality companies with sustainable future growth, will fare well in this type of uncertain market.

- Mark D. Garfinkel, CFA, *Chief Investment Officer, Co-Portfolio Manager*

- Patrick W. Kirksey, CFA, *Co-Portfolio Manager*

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 U.S. Extended Small Cap Growth Equity 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. 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 U.S. Extended Small Cap Growth Equity Composite primarily invests in U.S. small to mid cap stocks and is managed according to a growth objective. The returns of both the Russell 2500 Growth Index and Russell 200 Growth Index are presented along side those of the Perimeter U.S. Extended Small Cap Growth Equity Composite for illustrative purposes only. The Russell 2500 Growth Index is a broad based index comprised of 2500 U.S. based small to mid capitalization stocks and the Russell 2000 Growth Index is a broad based index comprised of 2000 U.S. based small capitalization stocks. Although the Perimeter U.S. Extended Small Cap Growth Equity Composite primarily invests in small to mid capitalization stocks, its portfolio composition may be materially different than that of both indices. The eVestment Small to Mid Cap Growth universe discussed encompasses advisers that report data to eVestment and are categorized as Small to Mid 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.

Contributors & Detractors - These holdings were selected based on their performance being the five (5) best and five (5) worst in terms of percentage change during the period.

SECTOR WEIGHTINGS AND PORTFOLIO CHARACTERISTICS

The sector weightings and portfolio characteristics are presented as 6/30/2010, 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 U.S. Extended Small Cap Growth Equity 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 U.S. Extended Small Cap Growth Equity 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 2500 Growth Index - Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2500 is comprised of the smallest 2500 companies of the Russell 3000.

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.

Important Disclosure

Year End	Total Firm Assets (millions)	Composite Assets		Performance Results			
		USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell 2500 Growth	Composite Dispersion
YTD 2010*	1,405	24.0	4	(2.18%)	(2.51%)	(1.82%)	N/A
2009	1,207	3.3	3	31.29%	30.23%	41.66%	N/A
2008	746	0.15	1	(36.37%)	(36.94%)	(41.50%)	N/A

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

*For purposes of this presentation, 2010 returns represent the period of January 1, 2010 through June 30, 2010.

***U.S. Extended Small Cap Growth Equity Composite** contains all discretionary, fee-paying, equity only accounts that invest primarily in small to mid cap domestic companies that display above average growth characteristics. For comparison purposes the composite is measured against the Russell 2500 Growth Index.*

Perimeter Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Perimeter Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. For the period January 1, 2008 through April 30, 2009, non-fee-paying accounts represent 100% of composite assets. Beginning May 1, 2009 there are no non-fee-paying accounts included in the composite. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees where applicable, or maximum standard fee for non fee paying portfolios. Additional information regarding policies for calculating and reporting returns is available upon request.

Accounts in this composite may invest in ADRs. Many foreign countries impose a withholding tax on ADR dividends which results in a net dividend payment below 100% of the dividend amount that is declared by the company. This net dividend is reinvested in the composite accounts without further deduction of taxes.

The management fee schedule is as follows: First \$25MM, 90bps; next \$75MM, 80bps; over \$100MM, 70bps. Actual investment advisory fees incurred by clients may vary. Perimeter Capital Management's compliance with the GIPS standards has been verified for the period June 26, 2006 through September 30, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the US Extended Small Cap Growth Equity Composite beginning January 1, 2008. A copy of the verification report is available upon request.

The US Extended Small Cap Growth Equity Composite was created January 1, 2008.