



**PERIMETER**  
— CAPITAL MANAGEMENT —

www.perimetercap.com

Six Concourse Parkway, Suite 3300, Atlanta, Georgia 30328

800-970-2725

**Fourth Quarter 2011**

**U.S. Small Cap Growth Update**

**Firm Overview:**

100% Employee-Owned Investment Boutique

Established June 2006 in Atlanta, Georgia

Total Assets Under Management : \$1,511.6M\*

Strategies Managed:

- U.S. Small Cap Growth Equities
- U.S. Extended Small Cap Growth Equities
- Global Long/Short L.P.

**Strategy Overview:**

**U.S. Small Cap Growth**

- Seek to Invest in High Quality Stocks Exhibiting Strongest Relative Earnings Growth Momentum Across Any and All Market Sectors
- Experience & Bottom-Up, Fundamental Analysis Uncovers Pricing/Valuation Inefficiencies Inherent in Undiscovered Smaller Cap Stocks
- 190 - 200 stocks
- Portfolio Manager: Mark Garfinkel, CFA, Strategy Inception: October 1998
- Strategy Assets: \$1,411.1M\*

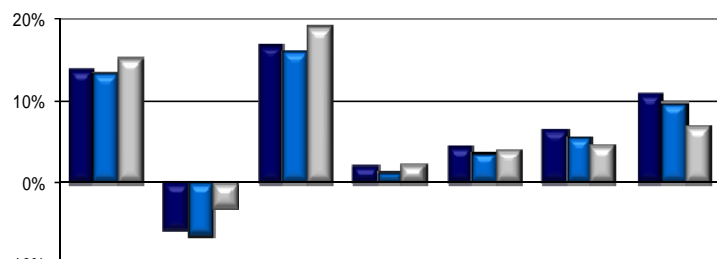
\* As of 12/31/2011

The Perimeter U.S. Small Cap Growth Equity composite returned 13.7% gross of fees for the 4th quarter of 2011, versus the 15.0% return of the Russell 2000 Growth Index. The strong gains this quarter were concentrated in October and reflected a recovery from last quarter's sharp sell-off, which was sparked by fears of a global double-dip recession. From an economic standpoint, GDP expansion began to accelerate from the anemic growth posted in the first half of the year. Further signs of recovery were also reflected in the job market as initial jobless claims dipped back below 400,000 and the unemployment rate declined slightly to 8.6%. Congress and the Administration reached a compromise on the debt ceiling/deficit debate and the short term employment tax breaks were extended for another year. The European debt crisis continued to remain an overhang for the markets, with a significant amount of skepticism surrounding recent resolutions and initiatives.

From an overall perspective, high volatility and spiking stock correlations continued through much of 2011 given market uncertainty surrounding the trajectory of growth in 2012. However, during the fourth quarter as the market recovered from the sharp sell-off noted above, the more cyclical sectors such as Energy, Industrials, Materials and Technology performed best, while the defensive areas of Consumer Staples, Healthcare and Telco Services underperformed. Perimeter saw very strong contribution to performance for the quarter from our stocks in the Energy space, up over 36% on average for the quarter. Notable leaders included **Kodiak Oil & Gas (KOG)** and **GeoResources (GEOI)**, each up more than 65%. Maintaining an underweight position in weaker performing Consumer Staples, along with strong performance from **Hain Celestial Group (HAIN)** in the food products area, supported strong contribution from this sector. These gains were offset by a difficult earnings season in several of our Technology and Consumer Discretionary holdings, as these companies were not able to weather the market's uncertainty as well as expected. **Shutterfly (SFLY)** and **Crocs (CROX)** in Consumer Discretionary reported disappointing news relative to estimated growth, as well as **Cavium Networks (CAVM)** and **Interactive Intelligence (ININ)** in Technology.

**Performance Results**

As of 12/31/2011



■ PCM Gross	13.66%	-5.80%	16.79%	1.89%	4.41%	6.53%	10.68%
■ PCM Net	13.45%	-6.49%	15.93%	1.17%	3.60%	5.59%	9.63%
■ R2Growth	14.99%	-2.91%	19.00%	2.09%	3.92%	4.48%	6.73%

Performance by Sector	Perimeter SCG Portfolio	Russell 2000 Growth Index
Consumer Discretionary	7.64%	11.85%
Consumer Staples	12.92%	6.89%
Energy	36.22%	28.15%
Financials	9.11%	12.29%
Health Care	11.75%	11.34%
Industrials	19.53%	20.50%
Information Technology	10.08%	14.84%
Materials	16.14%	15.13%
Telco Services	17.57%	8.99%
Utilities	0.29%	12.17%

GICS: Global Industry Classification System

***Contributors to Performance\****

Company	Total Return (Quarter)
<b>Kodiak Oil &amp; Gas (KOG)</b>	<b>+82%</b>
Kodiak engages in the acquisition, exploration & production of oil & natural gas primarily in the Williston Basin in North Dakota & Montana. KOG is experiencing best in class production growth with production more than tripling in 2011 & again in 2012. During the quarter, KOG announced a large accretive acquisition increasing its position in the attractive Bakken region and driving shares higher.	
<b>Synovis Life (SYNO)</b>	<b>+66%</b>
Medical device company develops, manufactures & markets medical devices used primarily in surgical procedures for soft tissue repair. Products are used in brain, cardiac, hernia & vascular surgical procedures. In orthopedic applications, products are used for the repair of rotator cuff & other tendon injuries. On 12/13/2011, Synovis agreed to be acquired by Baxter International for \$28 dollars per share representing a 52% premium to the prior close. At the time Perimeter Capital Management was the 3rd largest shareholder.	
<b>GeoResources (GEOI)</b>	<b>+65%</b>
Energy exploration company producing in 2 U.S. onshore oil-rich resource plays. We have owned GEOI since late in 2009 & have been very impressed with management & ability to execute over time. After stock sold off approximately 20% in 3Q, stock bounced back in 4Q. Strong performance was driven by promising operating performance in the Eagle Ford & Bakken shales, while they also shed light on a promising new potential oily play, the Austin Chalk. WTI crude oil appreciating from \$80 to \$100 bolstered GEOI. We maintain our position.	
<b>Salix Pharmaceuticals (SLXP)</b>	<b>+62%</b>
Specialty pharma focused on gastrointestinal diseases. Earnings & share price on upward slope with introduction of lead drug Xifaxan to treat hepatic encephalopathy (HE), a new best in class treatment. Xifaxan originally approved for traveler's diarrhea also submitted to FDA to treat Irritable Bowel Syndrome (IBS) which should significantly expand revenues upon approval. Drug recently had a favorable FDA ruling, requiring any potential generic competitors to undergo extensive testing, reducing the likelihood of competition. Strategy is to build on the Xifaxan franchise by developing & acquiring gastrointestinal drugs to be sold by same sales force targeting high prescribing doctors.	
<b>Onyx Pharmaceuticals (ONXX)</b>	<b>+46%</b>
Biotech company focused on cancer treatment for liver & kidney cancer. Also has 2 promising drugs in pipeline to treat refractory multiple myeloma & colorectal cancer. A lawsuit/dispute with partner Bayer over latter's Regorafenib development was settled in late 3Q11, followed by positive early Phase III trial. Drug was developed by Bayer where post settlement ONXX is expected to receive 20% royalty rate. Also, ONXX filed an NDA for Carfilzomib drug for treatment of refractory multiple myeloma, where some doubt remains whether FDA will grant accelerated approval. Regardless, ONXX is progressing well towards increasing their cancer treatment franchise.	

***Detractors from Performance\****

Company	Total Return (Quarter)
<b>Shutterfly (SFLY)</b>	<b>-45%</b>
Largest on-line provider of personalized photo books, greeting cards, stationary & photo calendars. Co grew rapidly in recent year, taking market share from competitors including Snapfish & Kodak Gallery. We believe both competitors are for sale & attempted to increase customers by discounting heavily during holiday season, the busiest time of the year. We were surprised by magnitude & duration of promo activity. However, both competitors are believed to be unprofitable at current promo levels & unlikely to continue heavy discounting. We believe SFLY is oversold based on long-term growth prospects for the business, so we are holding our position.	
<b>Crocs (CROX)</b>	<b>-38%</b>
Designs, manufactures and sells Crocs shoes into wholesale & direct channels, both online & through company-owned stores. After a brush with bankruptcy due to undisciplined & unsustainable growth, company began to repair damaged vendor relationships & returned to sustainable growth in 2010. However, results turned sour mid-way through 2011 after management significantly lowered full-year guidance on merchandise missteps & distribution issues in Europe. We continue to hold, given 30% growth in spring backlogs & a stock price that trades well below company fundamentals.	
<b>Western Refining (WNR)</b>	<b>-35%</b>
U.S. refining company with locations in TX & NM, has seen large benefit to margins given high spreads between WTI-Crude prices & global Brent Crude prices (due to excess oil supply in West TX and Mid-Continent areas). Announcement that a large pipeline would reverse flow in 2012, helping to remove excess supply of crude oil from mid-continent, has pressured refining margins, even though reversal will not occur until 2012. Regardless, impact on growth for 2012 will be negatively impacted. We have exited our position.	
<b>Bio-Reference Labs (BRLI)</b>	<b>-34%</b>
Fourth largest full-service clinical laboratory & the fastest growing among the largest labs. Stock price suffered in 4Q not due to any fundamental reason (the company actually reported a strong quarter) but there were several "short stories" attacking the company. We sold our position in BRLI due to concerns over earnings quality and the company's choice to use a small local audit firm.	
<b>Silicon Image (SIMG)</b>	<b>-20%</b>
Semiconductor company focused on wired & wireless connectivity solutions in consumer electronics arena. Co pioneered HDMI technology found on any HDTV whereby high def content can be transmitted from set top boxes or DVD players. As this technology has been commoditized, their new MHL technology interested us over a year ago. Essentially MHL allows HD content to be moved between mobile devices & TVs. Some concern exists that other technologies may now crowd marketplace. The stock is currently under review.	



PERIMETER  
— CAPITAL MANAGEMENT —

Fourth Quarter 2011

U.S. Small Cap Growth Update

**Performance Characteristics\***

	Perimeter SCG	Russell 2000 Growth Index
Price/Earnings	18.5x	18.7x
Estimated EPS Growth	20.8%	16.3%
Return on Equity	12.4%	10.6%
LT Debt/Capital	20.0%	24.7%
Market Capitalization (in \$M)	\$1,239.6	\$1,390.5

Source: FACTSET

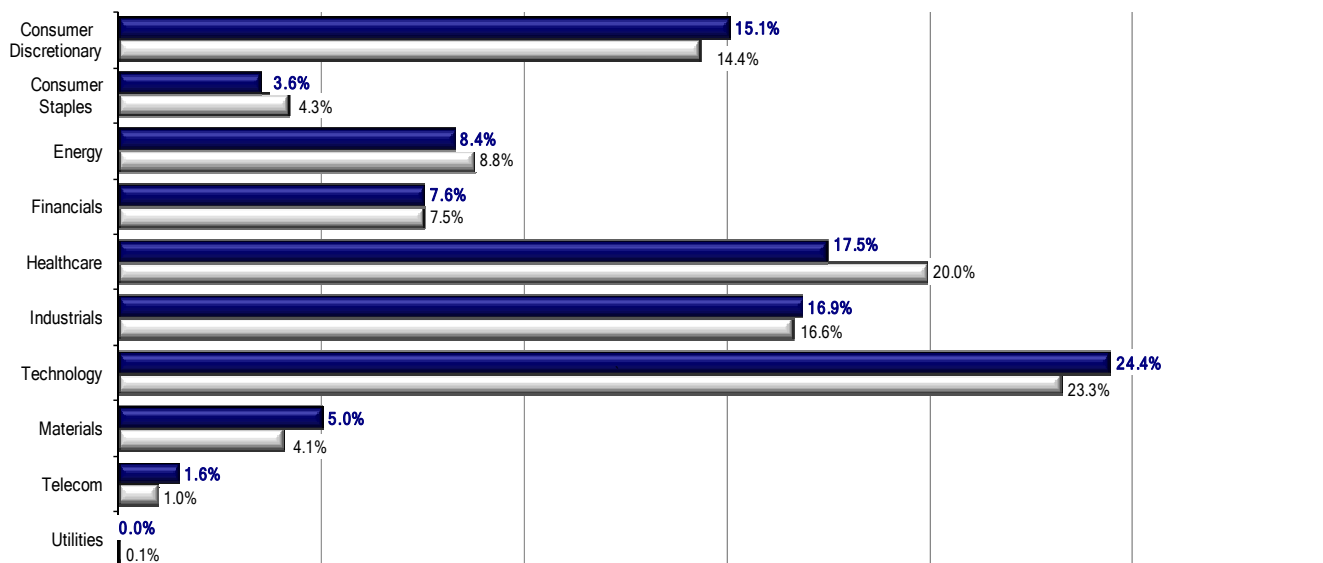
**MPT Statistics\***

	Perimeter SCG	Russell 2000 Growth Index
Alpha	-0.24	0.00
Beta	0.94	1.00
Standard Deviation	25.13	26.45
Information Ratio	-0.07	--
Sharpe Ratio	0.02	0.03
R <sup>2</sup>	0.99	1.00

For the 5-Year Period Ending 12/31/2011

Source: eVestment Alliance

**Sector Weightings\***



	Utilities	Telecom	Materials	Technology	Industrials	Healthcare	Financials	Energy	Consumer Staples	Consumer Discretionary
■ Perimeter U.S. Small Cap Growth	0.0%	1.6%	5.0%	24.4%	16.9%	17.5%	7.6%	8.4%	3.6%	15.1%
■ Russell 2000 Growth Index	0.1%	1.0%	4.1%	23.3%	16.6%	20.0%	7.5%	8.8%	4.3%	14.4%

**Current Top Holdings\***

As of 12/31/2011

Company	Ticker	Perimeter Portfolio	Company Description
Onyx Pharmaceuticals Inc.	ONXX	0.89%	Pharmaceutical
Vistaprint N.V.	VPRT	0.88%	Online Commercial Printing
ValueClick Inc.	VCLK	0.87%	Online Ad / Marketing Services
Salix Pharmaceuticals Ltd.	SLXP	0.87%	Pharmaceutical
OPNET Technologies Inc.	OPNT	0.86%	Enterprise Software
MasTec Inc.	MTZ	0.83%	Engineering & Construction
LivePerson Inc.	LPSN	0.82%	eCommerce Software
NewMarket Corp.	NEU	0.82%	Speciality Chemicals
A.O. Smith Corp.	AOS	0.82%	Machinery
Select Comfort Corp.	SCSS	0.82%	Speciality Mattresses

## Manager Outlook & Positioning

Looking forward, Perimeter is encouraged by recent data which suggests the U.S. economy is showing signs of recovering; however, sustainability will remain in question throughout 2012. While we acknowledge that serious global concerns remain and that we still have our own domestic challenges, we are comfortable with the overall market environment and are optimistic for the full year. Our viewpoint is based on several emerging trends: increasing auto production, a bottom in the housing market and the Presidential election. Furthermore, stock valuations are attractive as market sentiment still reflects much pessimism among investors. The economy has shown steady improvement despite weak autos and housing - two key elements that have underpinned past recoveries. However, there are signs that both of these areas are stabilizing and/or improving. While autos began to show signs of life in 2011 with improving sales and production, this was derailed following the Japan tragedy and ensuing supply chain disruptions. The housing recovery has seen fits and starts, impaired by a tremendous amount of excess inventory. It appears this significant overhang is finally beginning to resolve itself, potentially leading to the true emergence of a recovery in the housing market. Lastly, this is a Presidential election year, which historically tends to boost optimism and the market along with it.

As it relates to portfolio positioning, there were only minor shifts in sector weights during the most recent quarter. The current sector positioning of the Perimeter portfolio relative to the benchmark is about as neutral as it has been in the last five years. This reflects to a lesser degree the current uncertain economic environment but more so the fact that we are keenly focused on company-specific growth and quality characteristics. For several years now the market has been trading less on company-specific fundamentals but rather macro headlines, which are not sustainable. The middle of 2011 saw the re-emergence of the long-term trend in which higher quality companies outperform their lower quality counterparts. We believe this heralded an environment with new market leadership, where quality company fundamentals will once again begin reasserting themselves in driving stock price performance. It is specifically this type of environment where Perimeter has delivered some of the strongest relative performance in our 13 year history. We have high conviction and confidence that quality companies with solid cash generation and balance sheets will be rewarded in 2012.

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

## Important Disclosures

### 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. 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 2 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. Small Cap Growth Equity Composite primarily invests in U.S. small cap stocks and is managed according to a growth objective. The returns of Russell 2000 Growth Index are presented along side those of the Perimeter U.S. Small Cap Growth Equity Composite for illustrative purposes only. The Russell 2000 Growth Index is a broad based index comprised of 2000 U.S. based small capitalization stocks. Although the Perimeter U.S. Small Cap Growth Equity Composite primarily invests in small capitalization stocks, its portfolio composition may be materially different than that of the index. The eVestment Small Cap Growth universe discussed encompasses advisers that report data to eVestment and are categorized as Small 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 12/31/2011, 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. 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. 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.

**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. One cannot invest directly in an index.

**Price to Earnings (Price/Earnings)** - A measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

**Estimated EPS Growth** - A measure of a company's growth; percentage change in earnings per share. Please note this is not indicative of future performance of the Fund. The Fund's earnings will vary from this figure.

**Return on Equity** - Amount of net income returned as a percentage of shareholders equity.

**Long-Term Debt to Capital (LT Debt/Capital)** - A ratio showing the financial leverage of a firm, calculated by dividing long-term debt by the amount of capital available.

**Alpha** - Measure of risk-adjusted performance.

**Beta** - Measure of risk in relation to the market or benchmark

**Standard Deviation** - Statistical measure of historical volatility; A measure of the extent to which numbers are spread around their average. Higher standard deviation represents higher volatility.



## Fourth Quarter 2011

## U.S. Small Cap Growth Update

### FINANCIAL TERMS (cont'd)

**Information Ratio** - The ratio of expected return to risk, as measured by standard deviation.

**Sharpe Ratio** - Measures the Fund's return in excess of a risk-free return. The higher the Sharpe ratio, the more favorable the relationship between return and risk.

**R2** - Measure of how closely a portfolio's performance correlates with the performance of a benchmark index.

## U.S. Small Cap Growth Equity Composite Disclosure

Year End	Total Firm	Composite Assets		Annual Performance Results			
	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell 2000 Growth	Composite Dispersion
2011	1,512	1,308	25	(5.80%)	(6.49%)	(2.91%)	0.38%
2010	1,786	1,706	22	26.50%	25.56%	29.09%	0.26%
2009	1,207	1,048	21	33.67%	32.69%	34.47%	0.44%
2008	746	714	20	(37.18%)	(37.61%)	(38.54%)	0.26%
2007	670	670	14	9.72%	9.06%	7.05%	0.04%
2006	337	290	Five or fewer	12.84%	11.86%	13.35%	N.A.
2005	-	1,502	Five or fewer	9.19%	8.00%	4.15%	N.A.
2004	-	973	Five or fewer	20.66%	19.30%	14.31%	N.A.
2003	-	824	Five or fewer	47.40%	45.77%	48.54%	N.A.
2002	-	506	Five or fewer	(21.73%)	(22.64%)	(30.26%)	N.A.
2001	-	618	Five or fewer	0.46%	(0.69%)	(9.23%)	N.A.
2000	-	536	Five or fewer	13.13%	11.85%	(22.43%)	N.A.
1999	-	376	Five or fewer	22.00%	20.62%	43.09%	N.A.
1998*	-	31	Five or fewer	46.65%	46.28%	51.65%	N.A.

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

\*Results shown for the year 1998 represent partial period performance from October 8, 1998 through December 31, 1998.

**U.S. Small Cap Growth Equity Composite** contains all discretionary, fee-paying, equity only accounts that invest primarily in small cap domestic companies with compelling earnings and growth characteristics. For comparison purposes the composite is measured against the Russell 2000 Growth Index. The minimum account size for this composite is \$250 thousand.

Perimeter Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Perimeter Capital Management has been independently verified for the periods June 26, 2006 through June 30, 2011.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The US Small Cap Growth Equity Composite has been examined for the periods June 26, 2006 through June 30, 2011. The verification and performance examination reports are available upon request.

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 June 26, 2006 through July 31, 2006, non-fee-paying accounts represent 100% of composite assets. Beginning August 1, 2006, non-fee-paying accounts represent less than 1% of composite assets. As of October 1, 2006, there were no non-fee paying accounts 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 for fee paying accounts or by using the maximum applicable management fee for non-fee paying accounts. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.

The management fee schedule is as follows: First \$25MM, 100bps; next \$75MM, 90bps; over \$100MM, 80bps. Actual investment advisory fees incurred by clients may vary. Beginning March 31, 2010 composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 25% or greater of portfolio assets.

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 U.S. Small Cap Growth Equity Composite was created June 26, 2006. Performance presented prior to June 26, 2006 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individuals responsible for selecting the securities to buy and sell.

Composite dispersion represents asset weighted standard deviation of the accounts held in the portfolio for the entire year. As of December 31, 2011, the three-year annualized ex-post standard deviation of the composite and the benchmark are 23.96% and 24.65% respectively.