

# **The Advisors' Inner Circle Fund II**

## **Perimeter Small Cap Growth Fund**

**Semi-Annual Report**

**January 31, 2009**



**PERIMETER**  
— CAPITAL MANAGEMENT —

**Investment Adviser:**

**Perimeter Capital Management LLC**

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**TABLE OF CONTENTS**

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Shareholders' Letter . . . . .	1
Schedule of Investments . . . . .	3
Statement of Assets & Liabilities . . . . .	11
Statement of Operations . . . . .	12
Statement of Changes in Net Assets . . . . .	13
Financial Highlights . . . . .	15
Notes to Financial Statements . . . . .	17
Disclosure of Fund Expenses . . . . .	24
Approval of Investment Advisory Agreement . . . . .	26

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The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q within 60 days after the end of the period. The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>, and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0300.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, as well as information relating to how the Fund voted proxies relating to portfolio securities during the most recent period ended June 30, will be available (i) without charge, upon request, by calling 1-888-968-4964; and (ii) on the Commission's website at <http://www.sec.gov>.

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**SHAREHOLDERS' LETTER**

Dear Shareholders:

The Perimeter Small Cap Growth Fund returned (37.79%) in the Investor class and (37.72%) in the Institutional class over the last six months, besting the (39.07%) return of the Russell 2000 Growth Index. This period brackets one of the largest market selloffs in U.S. history as the global credit crisis stalled economic growth. During this period, unemployment spiked from 5.8% to 7.6%, oil tumbled from \$120 to \$40, and all indications suggest that the U.S. manufacturing economy is contracting. Governments across the globe scrambled to stimulate their economies while investors weighed weaker fundamentals with attractive valuations.

From an absolute performance perspective, there was no shelter as every sector recorded acutely negative returns. For the full period, the Consumer Staples, Healthcare, and Utilities sectors outperformed on a relative basis as the downdraft rewarded defensive stocks. Returns from Energy stocks were all but demolished as weaker demand and surging inventories drove down hydrocarbon prices. Our underweight in this area proved beneficial.

For the Fund, positive attribution was driven by stock selection and contributed all of our alpha generation for the period. Our stock selection in the Technology, Consumer Discretionary and Materials sectors was particularly robust. High quality companies, as measured by high returns and strong balance sheets, outperformed for the period overall.

**Outlook**

During the second half of 2008, we began reducing our exposure to late cyclical stocks, and we are now in the later stages of that pruning process. As we continue to remove late cyclical exposure, we are adding a combination of early cyclical stocks and those companies that continue to show economic resilience. As always, we strive to maintain a fresh and productive portfolio driven by our bottom-up process geared toward owning stock in companies with the strongest relative earnings momentum.

Early cyclical stocks are those that will likely show the greatest relative earnings momentum as we emerge from recession. Within this framework, we have seen opportunities in Consumer Discretionary, Technology, and certain Industrial and Financial stocks. In conjunction with our gradual and methodical shift toward these early cyclical stocks is our already reduced exposure to Healthcare and Consumer Staples. This migration occurred as fewer candidates exhibited those sustainable relative growth characteristics

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that we consider paramount to future outperformance. In the coming months, we expect our weighting in Energy, Materials, and Industrials (to a lesser extent) to decline further as earnings momentum has rolled over.

Economic uncertainty is the topic of discussion at every turn and it is this uncertainty that keeps a lid on the market, as bulls and bears jockey for position. Keeping that in mind, the market should begin to recover well before the fundamentals of the economy or individual companies. Those investors that wait for stabilization may inevitably miss a large part of the recovery rally. We are committed to our investment discipline, which once again prevailed in a very difficult market, and we are excited about the prospects for the Fund going forward.

*This represents the manager's assessment of the Fund and the market environment at a specific point in time and should not be relied upon by the reader as research or investment advice.*

*The Russell 2000 Index is a widely-recognized, capitalization-weighted index that measures the performance of the smallest 2,000 companies in the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.*



**COMMON STOCK — continued**

	<u>Shares</u>	<u>Value</u>
<b>CONSUMER DISCRETIONARY — continued</b>		
Maidenform Brands*	75,720	\$ 677,694
MDC Holdings	13,852	424,425
NetFlix*	20,437	738,593
PetMed Express*	7,519	108,574
PF Chang's China Bistro*	44,000	780,120
Pool	50,200	795,670
Red Robin Gourmet Burgers*	18,045	219,788
Shoe Carnival*	50,671	397,767
Steiner Leisure*	8,560	213,401
Universal Technical Institute*	15,980	280,129
Wolverine World Wide	37,402	678,472
		<u>21,197,775</u>
<b>CONSUMER STAPLES — 2.8%</b>		
Central European Distribution*	15,539	188,022
Chattem*	10,214	690,466
Chiquita Brands International*	82,236	1,149,659
Flowers Foods	32,145	690,796
Heckmann*	94,840	491,271
Pantry*	45,520	756,998
		<u>3,967,212</u>
<b>ENERGY — 5.9%</b>		
Arena Resources*	38,108	928,311
Bill Barrett*	45,217	999,748
Cano Petroleum*	211,209	130,950
Core Laboratories	13,350	896,986
EXCO Resources*	102,210	1,036,409
Gulf Island Fabrication	35,140	442,413
Hercules Offshore*	110,647	411,607
Hornbeck Offshore Services*	28,879	512,313
Natural Gas Services Group*	47,141	403,056
North American Energy Partners*	197,487	408,798
Oil States International*	37,810	692,301
Parker Drilling*	49,910	105,809
Penn Virginia	24,710	509,026

*The accompanying notes are an integral part of the financial statements.*

**THE ADVISORS' INNER CIRCLE FUND II****PERIMETER SMALL  
CAP GROWTH FUND  
JANUARY 31, 2009  
(Unaudited)****COMMON STOCK — continued**

	<u>Shares</u>	<u>Value</u>
<b>ENERGY — continued</b>		
Petroquest Energy* .....	76,043	\$ 481,352
T-3 Energy Services, Cl 3* .....	40,456	515,814
		<u>8,474,893</u>
<b>FINANCIALS — 5.9%</b>		
City Bank .....	67,780	213,507
Encore Capital Group* .....	70,790	372,355
Entertainment Properties Trust .....	14,630	331,369
FBL Financial Group, Cl A .....	24,715	254,812
First Cash Financial Services* .....	68,180	1,146,788
First Citizens BancShares, Cl A .....	5,910	826,573
Green Bankshares .....	50,665	501,077
Infinity Property & Casualty .....	17,400	668,160
IPC Holdings .....	38,450	986,627
Pacific Capital Bancorp .....	33,814	358,767
Provident Financial Services .....	21,470	234,667
Stifel Financial* .....	27,510	963,950
Texas Capital Bancshares* .....	45,090	509,066
Tower Group .....	17,246	432,357
United Community Banks .....	42,670	219,751
Whitney Holding .....	26,470	343,845
		<u>8,363,671</u>
<b>HEALTH CARE — 16.1%</b>		
Albany Molecular Research* .....	61,328	525,581
Alexion Pharmaceuticals* .....	34,110	1,257,636
Alnylam Pharmaceuticals* .....	50,200	1,058,718
American Medical Systems Holdings* .....	105,500	1,128,850
Bruker BioSciences* .....	239,626	965,693
Celera* .....	108,870	918,863
Cross Country Healthcare* .....	57,769	432,690
CryoLife* .....	94,199	776,200
Cubist Pharmaceuticals* .....	42,060	900,505
Emergency Medical Services, Cl A* .....	19,010	637,215
Ensign Group .....	39,291	646,730
eResearchTechnology* .....	153,464	888,557
Greatbatch* .....	37,420	871,886

*The accompanying notes are an integral part of the financial statements.*

**THE ADVISORS' INNER CIRCLE FUND II**

**PERIMETER SMALL  
CAP GROWTH FUND  
JANUARY 31, 2009  
(Unaudited)**

**COMMON STOCK — continued**

	<u>Shares</u>	<u>Value</u>
<b>HEALTH CARE — continued</b>		
ICON ADR*	45,820	\$ 920,982
Immucor*	25,560	708,268
inVentiv Health*	83,298	794,663
IRIS International*	69,118	688,415
Meridian Bioscience	16,770	356,530
Merit Medical Systems*	15,586	239,868
Myriad Genetics*	17,250	1,286,332
Neogen*	26,173	684,947
Oculus Innovative Sciences*	58,548	96,604
Psychiatric Solutions*	39,572	1,028,872
Questcor Pharmaceuticals*	30,190	194,725
RehabCare Group*	27,222	379,747
STERIS	30,010	798,266
SurModics*	11,459	227,232
Synovis Life Technologies*	74,223	1,209,093
US Physical Therapy*	52,951	646,002
Vivus*	162,033	795,582
Vnus Medical Technologies*	59,010	944,750
		<u>23,010,002</u>
<b>INDUSTRIALS — 18.9%</b>		
Airtran Holdings*	273,170	1,119,997
Arkansas Best	23,709	554,554
Beacon Roofing Supply*	73,050	929,926
Capstone Turbine*	690,681	600,892
CBIZ*	156,669	1,273,719
Celadon Group*	109,769	858,394
Chart Industries*	43,465	367,714
Clean Harbors*	17,330	927,328
CRA International*	36,780	772,748
Curtiss-Wright	27,473	887,378
DynCorp International, Cl A*	31,950	480,528
EMCOR Group*	27,150	559,018
EnerSys*	55,320	503,965
EnPro Industries*	31,420	574,986
Esterline Technologies*	21,895	790,191
Excel Maritime Carriers, Cl A	71,341	470,851

*The accompanying notes are an integral part of the financial statements.*

## COMMON STOCK — continued

	<u>Shares</u>	<u>Value</u>
<b>INDUSTRIALS — continued</b>		
Exponent* .....	24,542	\$ 601,770
Flow International* .....	73,040	113,212
FTI Consulting* .....	26,700	1,094,967
Furmanite* .....	60,399	224,684
Genco Shipping & Trading .....	17,730	275,702
General Cable* .....	18,900	311,094
GeoEye* .....	59,491	1,026,220
GrafTech International* .....	114,910	920,429
Heartland Express .....	59,810	805,043
HUB Group, CI A* .....	28,622	649,719
Huron Consulting Group* .....	20,380	1,018,592
II-VI* .....	29,926	563,507
Integrated Electrical Services* .....	35,356	292,394
Kansas City Southern* .....	34,280	622,525
Kforce* .....	74,698	466,862
Marten Transport* .....	26,170	462,162
Old Dominion Freight Line* .....	30,540	765,943
PMFG* .....	40,389	282,723
Simpson Manufacturing .....	36,630	735,164
Stanley* .....	26,446	800,256
Team* .....	29,345	579,564
Teledyne Technologies* .....	18,895	526,604
TrueBlue* .....	64,107	544,909
VSE .....	15,487	445,406
Waste Connections* .....	17,470	506,979
Woodward Governor .....	33,175	682,410
		<u>26,991,029</u>
<b>INFORMATION TECHNOLOGY — 26.2%</b>		
ACI Worldwide* .....	46,160	784,258
Adtran .....	48,375	732,881
Advanced Analogic Technologies* .....	114,746	345,385
Anadigics* .....	267,740	543,512
ANSYS* .....	38,979	969,018
Art Technology Group* .....	303,540	519,053
Aspen Technology* .....	77,995	522,566
Avocent* .....	55,440	795,564

*The accompanying notes are an integral part of the financial statements.*

**COMMON STOCK — continued**

	<u>Shares</u>	<u>Value</u>
<b>INFORMATION TECHNOLOGY — continued</b>		
BluePhoenix Solutions*	155,173	\$ 322,760
CACI International, CI A*	25,630	1,157,195
Cogent*	108,463	1,262,509
Compellent Technologies*	50,730	613,833
Comtech Telecommunications*	28,285	1,097,458
Cybersource*	102,830	1,226,762
Diebold	22,640	561,019
Ebix*	34,180	699,323
EMS Technologies*	31,524	756,576
EPIQ Systems*	90,835	1,609,596
F5 Networks*	38,450	852,437
FalconStor Software*	66,064	210,744
GigaMedia*	145,775	957,742
Globecomm Systems*	102,607	526,374
Hackett Group*	220,340	619,155
Integral Systems*	13,730	150,069
Mantech International, CI A*	18,370	985,183
Monolithic Power Systems*	36,530	443,840
Netscout Systems*	89,024	1,265,921
Nice Systems ADR*	51,799	994,023
NVE*	22,896	743,662
O2Micro International ADR*	232,750	535,325
Oplink Communications*	74,619	527,556
PMC — Sierra*	194,070	945,121
Radiant Systems*	104,466	361,452
Seachange International*	103,590	613,253
Semtech*	81,810	961,268
Shanda Interactive Entertainment ADR*	44,522	1,295,590
Silicon Motion Technology*	183,020	514,286
Soapstone Networks*	166,500	411,255
Solera Holdings*	48,050	1,157,525
Starent Networks*	72,101	1,059,885
Sybase*	42,223	1,153,110
Synaptics*	36,530	861,012
Techwell*	48,375	273,319
Tekelec*	72,690	902,810

*The accompanying notes are an integral part of the financial statements.*

**THE ADVISORS' INNER CIRCLE FUND II**

**PERIMETER SMALL  
CAP GROWTH FUND  
JANUARY 31, 2009  
(Unaudited)**

<b>COMMON STOCK — continued</b>		
	<u>Shares</u>	<u>Value</u>
<b>INFORMATION TECHNOLOGY — continued</b>		
TeleCommunication Systems, Cl A* .....	161,870	\$ 1,158,989
Ultimate Software Group* .....	35,350	486,770
VistaPrint* .....	9,780	223,962
Web.com Group* .....	132,427	397,281
Websense* .....	68,180	763,616
Zoran* .....	95,008	564,348
		<u>37,436,151</u>
<b>MATERIALS — 3.7%</b>		
AK Steel Holding .....	53,260	429,808
Aptargroup .....	17,839	549,798
ICO* .....	62,974	166,881
Landec* .....	65,040	357,720
Olympic Steel .....	22,570	358,186
Rock-Tenn, Cl A .....	29,610	922,944
Schnitzer Steel Industries, Cl A .....	20,470	803,857
Sensient Technologies .....	47,419	1,019,508
Silgan Holdings .....	14,650	671,556
		<u>5,280,258</u>
<b>TELECOMMUNICATION SERVICES — 0.3%</b>		
Syniverse Holdings* .....	35,791	485,326
<b>UTILITIES — 0.5%</b>		
Avista .....	38,980	742,179
<b>TOTAL COMMON STOCK</b>		
(Cost \$180,749,516) .....		<u>135,948,496</u>
<b>EXCHANGE TRADED FUND — 2.0%</b>		
iShares Russell 2000 Growth Index Fund (Cost \$3,041,715) .....	59,335	<u>2,801,799</u>

*The accompanying notes are an integral part of the financial statements.*

**THE ADVISORS' INNER CIRCLE FUND II****PERIMETER SMALL  
CAP GROWTH FUND  
JANUARY 31, 2009  
(Unaudited)****SHORT-TERM INVESTMENT — 0.6%**

	<u>Shares</u>	<u>Value</u>
<b>CASH EQUIVALENT — 0.6%</b>		
Union Bank of California		
Money Market Fund, Fiduciary		
Shares, 0.050% (A)		
(Cost \$843,636) .....	843,636	\$ 843,636
<b>TOTAL INVESTMENTS — 97.8%</b>		
(Cost \$184,634,867) .....		<u>\$139,593,931</u>

Percentages are based on Net Assets of \$142,686,089.

\* Non-income producing security.

\*\* More narrow industries are utilized for compliance purposes, whereas broad sectors are utilized for reporting purposes.

(A) The rate shown is the 7-day simple yield as of January 31, 2009.

ADR — American Depositary Receipt

Cl — Class

*The accompanying notes are an integral part of the financial statements.*

**STATEMENT OF ASSETS AND LIABILITIES**

<b>Assets:</b>	
Investments at Value (Cost \$184,634,867) .....	\$139,593,931
Cash .....	1,811
Receivable for Investment Securities Sold .....	5,067,442
Receivable for Capital Shares Sold .....	2,628,719
Prepaid Expenses .....	24,549
Dividends Receivable .....	12,602
<b>Total Assets</b> .....	<u>147,329,054</u>
<b>Liabilities:</b>	
Payable for Investment Securities Purchased .....	4,187,435
Payable for Capital Shares Redeemed .....	281,230
Payable due to Investment Adviser .....	76,351
Payable due to Administrator .....	12,392
Chief Compliance Officer Fees Payable .....	2,833
Payable due to Trustees .....	956
Other Accrued Expenses .....	81,768
<b>Total Liabilities</b> .....	<u>4,642,965</u>
<b>Net Assets</b> .....	<u>\$142,686,089</u>
<b>Net Assets Consist of:</b>	
Paid-in Capital .....	\$215,722,675
Accumulated Net Investment Loss .....	(396,306)
Accumulated Net Realized Loss on Investments .....	(27,599,344)
Net Unrealized Depreciation on Investments .....	(45,040,936)
<b>Net Assets</b> .....	<u>\$142,686,089</u>
Net Asset Value — (unlimited authorization — no par value)	
Investor Class (\$88,735,319 ÷ 13,723,104) .....	<u>\$6.47</u>
Net Asset Value — (unlimited authorization — no par value)	
Institutional Class (\$53,950,770 ÷ 8,311,129) .....	<u>\$6.49</u>

*The accompanying notes are an integral part of the financial statements.*

**THE ADVISORS' INNER CIRCLE FUND II****PERIMETER SMALL CAP  
GROWTH FUND FOR  
THE SIX MONTHS ENDED  
JANUARY 31, 2009  
(Unaudited)****STATEMENT OF OPERATIONS****Investment Income**

Dividend Income (net of foreign taxes withheld of \$297) .....	\$ 353,012
<b>Total Investment Income</b> .....	<u>353,012</u>

**Expenses**

Investment Advisory Fees .....	637,545
Administration Fees .....	70,837
Shareholder Servicing Fees — Investor Class Shares .....	41,069
Chief Compliance Officer Fees .....	4,956
Trustees' Fees .....	3,112
Transfer Agent Fees .....	118,156
Legal Fees .....	28,777
Printing Fees .....	21,048
Registration Fees .....	18,143
Audit Fees .....	12,206
Custodian Fees .....	3,081
Insurance and Other Expenses .....	4,945
<b>Total Expenses</b> .....	<u>963,875</u>

Less: Waiver of Investment Advisory Fees .....	(196,570)
Fees Paid Indirectly (See Note 4) .....	<u>(17,987)</u>

<b>Net Expenses</b> .....	<u>749,318</u>
<b>Net Investment Loss</b> .....	<u>(396,306)</u>

<b>Net Realized Loss on Investments</b> .....	(18,383,488)
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<b>Net Change in Unrealized Appreciation (Depreciation) on Investments</b> .....	<u>(45,990,658)</u>
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<b>Net Realized and Unrealized Loss on Investments</b> .....	<u>(64,374,146)</u>
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<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u><u>\$(64,770,452)</u></u>
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*The accompanying notes are an integral part of the financial statements.*

## STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended January 31, 2009 <i>(Unaudited)</i>	Period Ended July 31, 2008
<b>Operations:</b>		
Net Investment Loss .....	\$ (396,306)	\$ (694,063)
Net Realized Loss on Investments .....	(18,383,488)	(9,128,657)
Net Change in Unrealized Appreciation (Depreciation) on Investments .....	(45,990,658)	524,885
<b>Net Decrease in Net Assets Resulting from Operations .....</b>	<b>(64,770,452)</b>	<b>(9,297,835)</b>
<b>Distributions:</b>		
Net Realized Gain — Investor Class Shares .....	—	(903,177)
<b>Capital Share Transactions:</b>		
<b>Investor Shares</b>		
Issued .....	31,613,757	106,598,230
Reinvestment of Distributions .....	—	891,668
Redeemed .....	(16,125,788)	(27,737,871)
<b>Net Increase in Net Assets from Investor Class Share Transactions .....</b>	<b>15,487,969</b>	<b>79,752,027</b>
<b>Institutional Shares*</b>		
Issued .....	46,436,678	26,587,087 <sup>(1)</sup>
Redeemed .....	(3,438,965)	(265,790)
<b>Net Increase in Net Assets from Institutional Class Share Transactions .....</b>	<b>42,997,713</b>	<b>26,321,297</b>
Redemption Fees .....	963	(2,007)
<b>Net Increase in Net Assets from Capital Share Transactions .....</b>	<b>58,486,645</b>	<b>106,071,317</b>
<b>Total Increase (Decrease) in Net Assets .....</b>	<b>(6,283,807)</b>	<b>95,870,305</b>
<b>Net Assets:</b>		
Beginning of Period .....	148,969,896	53,099,591
End of Period .....	\$142,686,089	\$148,969,896
Accumulated Net Investment Loss .....	\$ (396,306)	\$ —

<sup>(1)</sup> Includes subscriptions as a result of an in-kind transfer of securities (see Note 8).

\* Commenced operations on December 31, 2007.

Amounts designated as "—" are either \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF CHANGES IN NET ASSETS — continued

	Six Months Ended January 31, 2009 <i>(Unaudited)</i>	Year Ended July 31, 2008
<b>Share Transactions:</b>		
<b>Investor Shares</b>		
Issued . . . . .	4,002,903	9,712,354
Reinvestment of Distributions . . . . .	—	76,934
Redeemed . . . . .	<u>(2,049,614)</u>	<u>(2,639,144)</u>
<b>Net Increase in Shares Outstanding from Investor Class Share Transactions . . . . .</b>	<u>1,953,289</u>	<u>7,150,144</u>
<b>Institutional Shares*</b>		
Issued . . . . .	6,224,784	2,580,535 <sup>(1)</sup>
Redeemed . . . . .	<u>(468,834)</u>	<u>(25,356)</u>
<b>Net Increase in Shares Outstanding from Institutional Class Share Transactions . . . . .</b>	<u>5,755,950</u>	<u>2,555,179</u>
<b>Total Increase in Shares Outstanding from Share Transactions . . . . .</b>	<u><u>7,709,239</u></u>	<u><u>9,705,323</u></u>

<sup>(1)</sup> Includes subscriptions as a result of an in-kind transfer of securities (see Note 8).

\* Commenced operations on December 31, 2007.

Amounts designated as “—” are zero shares.

The accompanying notes are an integral part of the financial statements.

## FINANCIAL HIGHLIGHTS

## Selected Per Share Data &amp; Ratios For a Share Outstanding Throughout the Period

	Investor Class Shares		
	Six Months Ended January 31, 2009 (Unaudited)	Year Ended July 31, 2008	Period Ended July 31, 2007*
Net Asset Value, Beginning of Period . . . . .	\$10.40	\$11.49	\$10.00
Income from Operations:			
Net Investment Loss <sup>(1)</sup> . . . . .	(0.02)	(0.08)	(0.08) <sup>(2)</sup>
Net Realized and Unrealized Gain (Loss) on Investments . . . . .	(3.91)	(0.88)	1.57 <sup>(2)</sup>
Total from Operations . . . . .	(3.93)	(0.96)	1.49
Dividends and Distributions from:			
Net Realized Gains . . . . .	—	(0.13)	—
Total Dividends and Distributions . . . . .	—	(0.13)	—
Redemption Fees . . . . .	—	—	—
Net Asset Value, End of Period . . . . .	\$ 6.47	\$10.40	\$11.49
<b>Total Return</b> † . . . . .	<u>(37.79)%</u>	<u>(8.47)%</u>	<u>14.90%</u>
<b>Ratios and Supplemental Data</b>			
Net Assets, End of Period (Thousands) . . . . .	\$88,735	\$122,353	\$53,100
Ratio of Expenses to Average Net Assets (including waivers, excluding fees paid indirectly) . . . . .	1.10%**	1.20%	1.38%**
Ratio of Expenses to Average Net Assets (including waivers, and fees paid indirectly) . .	1.08%**	1.16%	1.29%**
Ratio of Expenses to Average Net Assets (excluding waivers, and fees paid indirectly) . .	1.38%**	1.51%	2.11%**
Ratio of Net Investment Loss to Average Net Assets . . . . .	(0.58)%**	(0.74)%	(0.79)%**
Portfolio Turnover Rate‡ . . . . .	72%	147%	88%

† Total return is for the period indicated and has not been annualized. Total return would have been lower had certain expenses not been waived by the Adviser during the period. The return shown does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

‡ Portfolio turnover rate is for the period indicated and has not been annualized. Excludes effect of in-kind transfer, where applicable.

\* Commenced Operations on September 29, 2006.

\*\* Annualized

<sup>(1)</sup> Per share data calculated using average shares method.

<sup>(2)</sup> This amount is inconsistent with the Fund's aggregate net income, gains and losses because of the timing of sales and redemption of Fund shares in relation to fluctuating market values for the investment portfolio. Amounts designated as "—" are zero or rounded to zero.

The accompanying notes are an integral part of the financial statements.

## FINANCIAL HIGHLIGHTS — continued

## Selected Per Share Data &amp; Ratios For a Share Outstanding Throughout the Period

	Institutional Class Shares	
	Six Months Ended January 31, 2009 <i>(Unaudited)</i>	Period Ended July 31, 2008*
Net Asset Value, Beginning of Period . . . . .	\$10.42	\$11.53
Income from Operations:		
Net Investment Loss <sup>(1)</sup> . . . . .	(0.02)	(0.04)
Net Realized and Unrealized Loss on Investments . . . . .	<u>(3.91)</u>	<u>(1.07)</u>
Total from Operations . . . . .	<u>(3.93)</u>	<u>(1.11)</u>
Redemption Fees . . . . .	—	—
Net Asset Value, End of Period . . . . .	<u>\$ 6.49</u>	<u>\$10.42</u>
<b>Total Return</b> † . . . . .	<u>(37.72)%</u>	<u>(9.63)%</u>
<b>Ratios and Supplemental Data</b>		
Net Assets, End of Period (Thousands) . . . . .	\$53,951	\$26,616
Ratio of Expenses to Average Net Assets (including waivers, excluding fees paid indirectly) . . . . .	1.02%**	1.03%**
Ratio of Expenses to Average Net Assets (including waivers, and fees paid indirectly) . . . . .	1.00%**	1.00%**
Ratio of Expenses to Average Net Assets (excluding waivers, and fees paid indirectly) . . . . .	1.30%**	1.37%**
Ratio of Net Investment Loss to Average Net Assets . . . . .	(0.50)**%	(0.58)**%
Portfolio Turnover Rate‡ . . . . .	72%	147%

† Total return is for the period indicated and has not been annualized. Total return would have been lower had certain expenses not been waived by the Adviser during the period. The return shown does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

‡ Portfolio turnover rate is for the period indicated and has not been annualized. Excludes effect of in-kind transfer, where applicable.

\* Commenced Operations on December 31, 2007.

\*\* Annualized

(1) Per share data calculated using average shares method.

Amounts designated as “—” are zero or rounded to zero.

The accompanying notes are an integral part of the financial statements.

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**NOTES TO FINANCIAL STATEMENTS (Unaudited)**

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**1. Organization:**

**The Advisors' Inner Circle Fund II** (the "Trust") is organized as a Massachusetts business trust under an Amended and Restated Agreement and Declaration of Trust dated July 24, 1992. The Trust is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company with thirty funds. The financial statements herein are those of the Perimeter Small Cap Growth Fund (the "Fund"). The financial statements of the remaining funds are presented separately. The investment objective of the Fund is to seek long-term capital appreciation. The Fund invests primarily (at least 80% of its net assets) in small-cap equity securities. The assets of each fund of the Trust are segregated, and a shareholder's interest is limited to the fund in which shares are held.

At January 31, 2009, the Fund was registered to offer Investor Shares and Institutional Shares.

**2. Significant Accounting Policies:**

The following is a summary of the significant accounting policies followed by the Fund:

*Use of Estimates* — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

*Security Valuation* — Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded, or, if there is no such reported sale, at the most recent quoted bid price. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used.

Securities for which market prices are not "readily available" are valued in accordance with Fair Value Procedures established by the Trust's Board of Trustees (the "Board"). The Trust's Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Board. Some of the more common reasons that may necessi-

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tate that a security be valued using Fair Value Procedures include: the security's trading has been halted or suspended; the security has been delisted from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; the security has not been traded for an extended period of time; the security's primary pricing source is not able or willing to provide a price; or trading of the security is subject to local government-imposed restrictions. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee. As of January 31, 2009, there were no fair valued securities.

In September, 2006, the Financial Accounting Standards Board ("FASB") released Statement of Financial Accounting Standards ("SFAS") No. 157, which provides enhanced guidance for using fair value to measure assets and liabilities. The Fund adopted SFAS No. 157 on August 1, 2008. SFAS No. 157 establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

- Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 — Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 — Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by SFAS No.157, investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components

of the overall fair value measurement. The table below sets forth information about the level within the fair value hierarchy at which the Fund's investments are measured at January 31, 2009:

	Level 1	Level 2	Level 3	Total
Investments in Securities	\$139,593,931	\$ —	\$ —	\$139,593,931

*Federal Income Taxes* — It is the Fund's intention to continue to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of the Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for Federal income taxes have been made in the financial statements.

On January 31, 2008, the Fund adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50 percent likely to be realized.

The adoption of FIN 48 did not result in the recording of any tax expense in the current period. However, management's conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

*Security Transactions and Investment Income* — Security transactions are accounted for on trade date for financial reporting purposes. Costs used in determining realized gains and losses on the sales of investment securities are based on specific identification. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis.

*Expenses* — Most expenses of the Trust can be directly attributed to a particular fund. Expenses that cannot be directly attributed to a fund are apportioned among the funds of the Trust based on the number of funds and/or relative net assets.

*Dividends and Distributions to Shareholders* — Dividends from net investment income, if any, are declared and paid annually by the Fund. Any net realized capital gains are distributed to shareholders at least annually.

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*Redemption Fees* — The Fund retains a redemption fee of 2% on redemptions of Fund shares held less than seven days. For the six months ended January 31, 2009, there were redemption fees of \$963 retained by the Fund.

### **3. Transactions with Affiliates:**

Certain officers and a trustee of the Trust are also officers of SEI Investments Global Funds Services (the “Administrator”), a wholly owned subsidiary of SEI Investments Company, and/or SEI Investments Distribution Co. (the “Distributor”). Such officers are paid no fees by the Trust for serving as officers of the Trust.

The services provided by the Chief Compliance Officer (“CCO”) and his staff, whom are employees of the Administrator, are paid for by the Trust as incurred. The services include regulatory oversight of the Trust’s Advisors and service providers as required by SEC regulations. The CCO’s services have been approved by and are reviewed by the Board.

### **4. Administration, Shareholder Servicing, Transfer Agent and Custodian Agreements:**

The Fund and the Administrator are parties to an Administration Agreement under which the Administrator provides management and administrative services to the Fund at an annual rate of:

- 0.10% on the first \$250 million of the Fund’s average daily net assets;
- 0.08% on the next \$250 million of the Fund’s average daily net assets; and
- 0.06% on the Fund’s average daily net assets over \$500 million.

The Fund is subject to a minimum annual administration fee of \$100,000, \$15,000 per additional class.

DST Systems, Inc. serves as the transfer agent and dividend disbursing agent for the Fund under a transfer agency agreement with the Trust. The Fund may earn cash management credits which can be used to offset transfer agent expenses. During the six months ended January 31, 2009, the Fund earned credits of \$17,987, which were used to offset transfer agent expenses. This amount is listed as “Fees Paid Indirectly” on the Statement of Operations.

The Fund has entered into shareholder servicing agreements with third-party service providers pursuant to which the service providers provide certain shareholder services to Fund shareholders (the “Service Plan”). Under the Service Plan, the Fund may pay service providers a fee at a rate of up to 0.25% annually of the average daily net assets of the Investor Class shares of the Fund.

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Union Bank of California, N.A. Bank acts as custodian (the "Custodian") for the Fund. The Custodian plays no role in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund.

**5. Investment Advisory Agreement:**

Perimeter Capital Management, LLC (the "Adviser") serves as the investment adviser to the Fund. For its services, the Adviser is entitled to a fee, which is calculated daily and paid monthly, at an annual rate of 0.90% of the Fund's average daily net assets. Effective January 1, 2008, the Adviser has voluntarily agreed to limit the total expenses of the Institutional Shares and Investor Shares of the Fund (excluding shareholder servicing, interest, taxes, brokerage commissions and extraordinary expenses) to 1.00% of the Fund's average daily net assets. Shareholder servicing fees of up to 0.25% of the Investor Shares' average daily net assets are charged to the Investor shares. Prior to January 1, 2008, the Adviser had voluntarily agreed to limit the total expenses of the Investor Shares to 1.29% of the Fund's average daily net assets. To maintain this expense limitation, the Adviser may waive a portion of its advisory fee and/or reimburse certain expenses of the Fund. The Adviser intends to continue its voluntary expense limitation until further notice, but may discontinue it at any time. If at any point it becomes unnecessary for the Adviser to make expense limitation reimbursements, the Adviser may retain the difference between the "Total Annual Fund Operating Expenses" and the respective share class expense limitations to recapture all or a portion of its prior expense limitation reimbursements made during the preceding three-year period. At January 31, 2009, the amount the Adviser may seek as reimbursement of previously waived fees and reimbursed expenses for the Fund was \$692,388.

**6. Investment Transactions:**

The cost of security purchases and the proceeds from security sales, other than long-term U.S. Government and short-term investments, for the six months ended January 31, 2009 were \$158,611,315 and \$100,718,847, respectively. There were no purchases or sales of long-term U.S. Government securities.

**7. Federal Tax Information:**

The amount and character of income and capital gain distributions, if any, to be paid, are determined in accordance with Federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to differing book and tax treatments in the timing of recogni-

tion of gains or losses on investments. Permanent book and tax differences, if any, may result in reclassifications to undistributed net investment income (loss), accumulated net realized gain (loss) and paid-in capital.

The tax character of dividends and distributions declared during the year ended July 31, 2008 was as follows.

<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>	<u>Total</u>
\$903,177	\$ —	\$903,177

As of July 31, 2008, the components of Accumulated Losses were as follows:

Capital Loss Carryforwards Expiring July 2016 . . . . .	\$ (726,209)
Post-October Losses . . . . .	(6,936,294)
Unrealized Depreciation . . . . .	(603,631)
Total Accumulated Losses . . . . .	<u><u>\$(8,266,134)</u></u>

Post-October losses represent losses realized on investment transactions from November 1, 2007 through July 31, 2008, that, in accordance with Federal income tax regulations, the Fund defers and treats as having arisen in the following fiscal year. For Federal income tax purposes, capital loss carryforwards represent realized losses of the Fund that may be carried forward for a maximum period of eight years and applied against future capital gains.

The Federal tax cost and aggregate gross unrealized appreciation and depreciation on investments held by the Fund at January 31, 2009 were as follows:

<u>Federal Tax Cost</u>	<u>Aggregate Gross Unrealized Appreciation</u>	<u>Aggregate Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
\$184,634,867	\$5,246,549	\$(50,287,485)	\$(45,040,936)

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**8. In-Kind Transfers:**

During the year ended July 31, 2008, the Fund issued shares of beneficial interest in exchange for securities. These securities were transferred at their then current value on the date of the transaction.

<u>Transaction Date</u>	<u>Shares Issued</u>	<u>Value</u>
12/17/07	413,007	\$4,592,639
03/31/08	416,886	4,206,375

**9. Other:**

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be established; however, based on experience, the risk of loss from such claims is considered remote.

**DISCLOSURE OF FUND EXPENSES** *(Unaudited)*

All mutual funds have operating expenses. As a shareholder of a mutual fund, your investment is affected by these ongoing costs, which include (among others) costs for portfolio management, administrative services, and shareholder reports like this one. It is important for you to understand the impact of these costs on your investment returns.

Operating expenses such as these are deducted from a mutual fund's gross income and directly reduce its final investment return. These expenses are expressed as a percentage of a mutual fund's average net assets; this percentage is known as a mutual fund's expense ratio.

The following examples use the expense ratio and are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table on the following page illustrates your Fund's costs in two ways:

- **Actual Fund Return.** This section helps you to estimate the actual expenses after fee waivers that your Fund incurred over the period. The "Expenses Paid During Period" column shows the actual dollar expense cost incurred by a \$1,000 investment in the Fund, and the "Ending Account Value" number is derived from deducting that expense cost from the Fund's gross investment return.

You can use this information, together with the actual amount you invested in the Fund, to estimate the expenses you paid over that period. Simply divide your actual account value by \$1,000 to arrive at a ratio (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply that ratio by the number shown for your Fund under "Expenses Paid During Period."

- **Hypothetical 5% Return.** This section helps you compare your Fund's costs with those of other mutual funds. It assumes that the Fund had an annual 5% return before expenses during the year, but that the expense ratio (Column 3) for the period is unchanged. This example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to make this 5% calculation. You can assess your Fund's comparative cost by comparing the hypothetical result for your Fund in the "Expenses Paid During Period" column with those that appear in the same charts in the shareholder reports for other mutual funds.

**DISCLOSURE OF FUND EXPENSES** *(Unaudited)*

**Note:** Because the hypothetical return is set at 5% for comparison purposes — NOT your Fund's actual return — the account values shown may not apply to your specific investment.

	<b>Beginning Account Value 08/01/08</b>	<b>Ending Account Value 01/31/09</b>	<b>Annualized Expense Ratios</b>	<b>Expenses Paid During Period*</b>
<b>Investor Shares</b>				
<i>Actual Fund Return</i>	\$1,000	\$ 622.10	1.08%	\$4.42
<i>Hypothetical 5% Return</i>	1,000	1,019.76	1.08	5.50
<b>Institutional Shares</b>				
<i>Actual Fund Return</i>	1,000	622.80	1.00	4.09
<i>Hypothetical 5% Return</i>	1,000	1,020.16	1.00	5.09

\* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

**APPROVAL OF INVESTMENT ADVISORY AGREEMENTS** *(Unaudited)***Board Considerations in Re-Approving the Advisory Agreement**

Pursuant to Section 15(c) of the Investment Company Act of 1940 (the "1940 Act"), the Board of Trustees (the "Board") of The Advisors' Inner Circle Fund II (the "Trust") must annually review and re-approve the existing Advisory Agreement after its initial two-year term: (i) by the vote of the Trustees or by a vote of the shareholders of the Fund; and (ii) by the vote of a majority of the Trustees who are not parties to the Advisory Agreement or "interested persons" of any party thereto, as defined in the 1940 Act (the "Independent Trustees"), cast in person at a meeting called for the purpose of voting on such approval. Each year, the Board calls and holds a meeting to decide whether to renew the Advisory Agreement for an additional one-year term. In preparation for the meeting, the Board requests and reviews a wide variety of information from the Adviser. The Trustees use this information, as well as other information that the Adviser and other service providers of the Fund may submit to the Board, to help them decide whether to renew the Advisory Agreement for an additional year.

Prior to this year's meeting held on August 12, 2008, the Board, including the Independent Trustees advised by their independent legal counsel, reviewed written materials from the Adviser regarding, among other things: (i) the nature, extent and quality of the services to be provided by the Adviser; (ii) the investment performance of the Fund and the Adviser; (iii) the costs of the services to be provided and profits to be realized by the Adviser and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale would be realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors, as discussed in further detail below.

At the meeting, representatives from the Adviser, along with other service providers of the Fund, presented additional oral and written information to help the Board evaluate the Adviser's fee and other aspects of the Advisory Agreement. Among other things, the representatives provided an overview of the firm by reviewing its organization, ownership, capital structure and positive compliance history. The Adviser representatives then reviewed the Adviser's best execution and soft dollar practices, as well as the Fund's recent placement on a platform. The Trustees then discussed the written materials that the Board received before the meeting and the Adviser's oral presentation and any other information that the Board received at the meeting, and deliberated on the approval of the Advisory Agreement in light of this information. In its deliberations, the Board considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement, and did not identify any single piece of information discussed below that was all-important, controlling or determinative of its decision.

*Nature, Extent and Quality of Services Provided by the Adviser*

In considering the nature, extent and quality of the services provided by the Adviser, the Board reviewed the portfolio management services provided by the Adviser to the Fund. Among other things, the Board considered the quality and continuity of the Adviser's portfolio management personnel. The most recent investment adviser reg-

**APPROVAL OF INVESTMENT ADVISORY AGREEMENTS** *(Unaudited)*

istration form ("Form ADV") for the Adviser was provided to the Board, as was the response of the Adviser to a detailed series of questions which included, among other things, information about the background and experience of the portfolio managers primarily responsible for the day-to-day management of the Fund.

The Trustees also considered other services provided to the Fund by the Adviser, such as selecting broker-dealers for executing portfolio transactions, monitoring adherence to the Fund's investment restrictions, and monitoring compliance with various Fund policies and procedures and with applicable securities regulations. Based on the factors above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services provided to the Fund by the Adviser.

*Investment Performance of the Fund and the Adviser*

The Board was provided with information regarding the Fund's performance over various periods of time and since the Fund's inception. The Board also compared the Fund's performance to its benchmark index and other similar mutual funds over various periods of time. At the meeting, a representative of the Adviser provided information regarding and led a discussion of factors impacting the performance of the Fund over the past year, focusing on investment approach and general economic factors. The representative discussed factors contributing to the Fund's investment performance, noting in particular the impact of stock selection on the performance of the Fund. The representatives also noted that although the Fund underperformed its benchmark, the Fund's performance was at the median of its peer universe over various periods of time. Based on this information, the Board concluded that it was satisfied with the investment results the Adviser had been able to achieve for the Fund.

*Cost of Services Provided and Economies of Scale*

In concluding that the advisory fees payable by the Fund were reasonable, the Trustees reviewed a report of the advisory fees paid by the Fund to the Adviser, and the fee waivers that the Adviser had made over the period, as well as the costs and other expenses incurred by the Adviser in providing advisory services and the resulting profits realized by the Adviser from its relationship with the Fund, and concluded that such profit was not excessive. The Trustees also reviewed reports comparing the respective expense ratio and advisory fee paid by the Fund to those paid by other comparable mutual funds and concluded that the advisory fee appeared reasonable in light of the services rendered and was the result of arm's length negotiations, and that the Fund's advisory fee, after waivers, was lower than the average advisory fees paid by similarly managed mutual funds. In addition, the Board considered whether economies of scale were realized during the current contract period, but did not conclude that such economies of scale had yet been achieved.

Based on the Board's deliberations and its evaluation of the information described above, the Board, including all of the Independent Trustees, unanimously: (a) concluded that terms of the Agreement are fair and reasonable; (b) concluded that the Adviser's fees are reasonable in light of the services that the Adviser provides to the Fund; and (c) agreed to renew the Advisory Agreement for another year.

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**Adviser:**

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**Distributor:**

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Oaks, PA 19456

**Administrator:**

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**Legal Counsel:**

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**Independent Registered Public Accounting Firm:**

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Two Commerce Square  
2001 Market Street, Suite 4000  
Philadelphia, PA 19103

This information must be preceded or accompanied by a current prospectus for the Fund.