



**PERIMETER**  
— CAPITAL MANAGEMENT —

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**Fourth Quarter 2010**

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

**Firm Overview:**

100% Employee-Owned Investment Boutique

Established June 2006 in Atlanta, Georgia

Total Assets Under Management (12/31/2010):

- \$1,788.8M

Strategies Managed:

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

**Strategy Overview:**

**U.S. Extended Small Cap Growth**

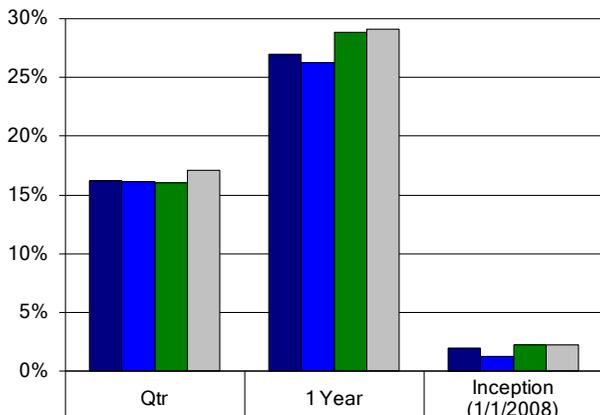
- Seek to Invest in High Quality Stocks Exhibiting Strongest Relative Earnings Growth Momentum Across Any and All Market Sectors
- Experience & Bottom-Up, Fundamental Analysis Uncovers Pricing/Valuation Inefficiencies Inherent in Undiscovered Smaller Cap Stocks
- 90 - 110 stocks
- Portfolio Managers: Mark Garfinkel, CFA, Patrick W. Kirksey, CFA, Brian Crawford, CFA
- Strategy Inception: January 2008
- Strategy Assets: \$31.0M

The Perimeter U.S. Extended Small Cap Growth Equity composite returned 16.20% gross of fees for the fourth quarter of 2010, slightly ahead the Russell 2500 Growth Index's return of 16.00%. Following record performance by the Russell 2500 Index (+12.5%) in September, the market continued to rally with positive returns in all three months of the quarter. Greater clarity on the Fed's second round of quantitative easing ("QE2"), together with mid-term election results in November and the extension of the tax cuts; all contributed to drive the market higher. Mirroring last quarter, economically sensitive and higher beta stocks performed the best, with Energy being the standout sector, up over 30% as oil prices climbed to over \$90 per barrel. Other leading sectors included Technology and Industrials while the "safe haven" sectors - Consumer Staples, Healthcare and Utilities - all trailed in the quarter.

Stock selection was generally solid in the quarter, with the Extended Portfolio outperforming the benchmark in 6 of 9 sectors. Top contributors included the Consumer Discretionary, Finance and Healthcare sectors. With regard to Consumer Discretionary, portfolio holdings in name brand apparel companies benefited from a solid holiday shopping season. Also, our underweight in for-profit education companies was also a benefit in that these stocks suffered given the increased government scrutiny into their business practices. In Finance, the portfolio benefited from our exposure to select capital market companies that performed well in conjunction with the market's rise, as well as not owning any REITs, which struggled in the quarter. Lastly, in the Healthcare our selection of later-stage biotech companies was superior and produced strong gains in the quarter relative to the benchmark's negative performance. On the downside, negative contribution primarily was confined to the Technology sector, as the portfolio's stock selection trailed that of the benchmark.

**Performance Results**

As of 12/31/2010



	Qtr	1 Year	Inception (1/1/2008)
■ PCMESCG Gross	16.20%	26.95%	1.98%
■ PCMESCG Net	16.06%	26.22%	1.20%
■ R2500 GrIdx	16.00%	28.86%	2.21%
■ R2000 GrIdx	17.11%	29.09%	2.18%

**Performance by Sector**

	Perimeter ESCG	Russell 2500 Growth Index
<b>Consumer Discretionary</b>	18.43%	15.70%
<b>Consumer Staples</b>	17.05%	11.29%
<b>Energy</b>	29.04%	30.58%
<b>Financials</b>	20.80%	11.09%
<b>Health Care</b>	15.96%	11.75%
<b>Industrials</b>	18.80%	18.81%
<b>Information Technology</b>	12.76%	16.80%
<b>Materials</b>	14.87%	15.95%
<b>Telco Services</b>	7.34%	10.70%
<b>Utilities</b>	--	1.60%

\* Supplemental Information  
See Important Disclosures provided on last page.

**Contributors to Performance\***

Company	Total Return (Quarter)
<b>Deckers Outdoor (DECK)</b>	<b>+60%</b>
Footwear manufacturer with a portfolio of dominant brands such as UGG boots and Teva, has been posting extremely strong results all year that exceeded expectations as the increased popularity of the UGG boot over the last 12 months is creating actual shortages of product in the store.	
<b>Sykes Enterprises (SYKE)</b>	<b>+49%</b>
Provider of outsourced customer service management solutions to global clients across financial services, telecommunications, retail and health care clients. Sykes is seeing a recovery in industry call volumes given the global economy is in recovery mode and profit levels also should improve due to a recent accretive acquisition.	
<b>Atmel Corp. (ATML)</b>	<b>+55%</b>
Semiconductor company providing solutions allowing larger touch-screen interface on consumer/computing electronic devices, has benefited from a design win on the highly successful iPad as well as other recently launched tablet devices, driving strong growth in sales and earnings.	
<b>EXCO Resources (XCO)</b>	<b>+31%</b>
Natural gas E&P company primarily in on-shore North American natural gas, with acreage in 2 of the more promising shale plays, the Marcellus and Haynesville, benefited in the quarter from a "take private" offer by the CEO and other private equity investors. We maintain our position for now as the board explores other options that could yield a higher offer.	
<b>Onyx Pharmaceuticals (ONXX)</b>	<b>+40%</b>
Biotech company specializing in treatments for liver/kidney cancer, has benefited from strong international sales expansion of lead drug Nexavar. Even more promising is positive Phase II trial data on their lead candidate for treating multiple myeloma, which would expand their target addressable market considerably.	

**Detractors from Performance\***

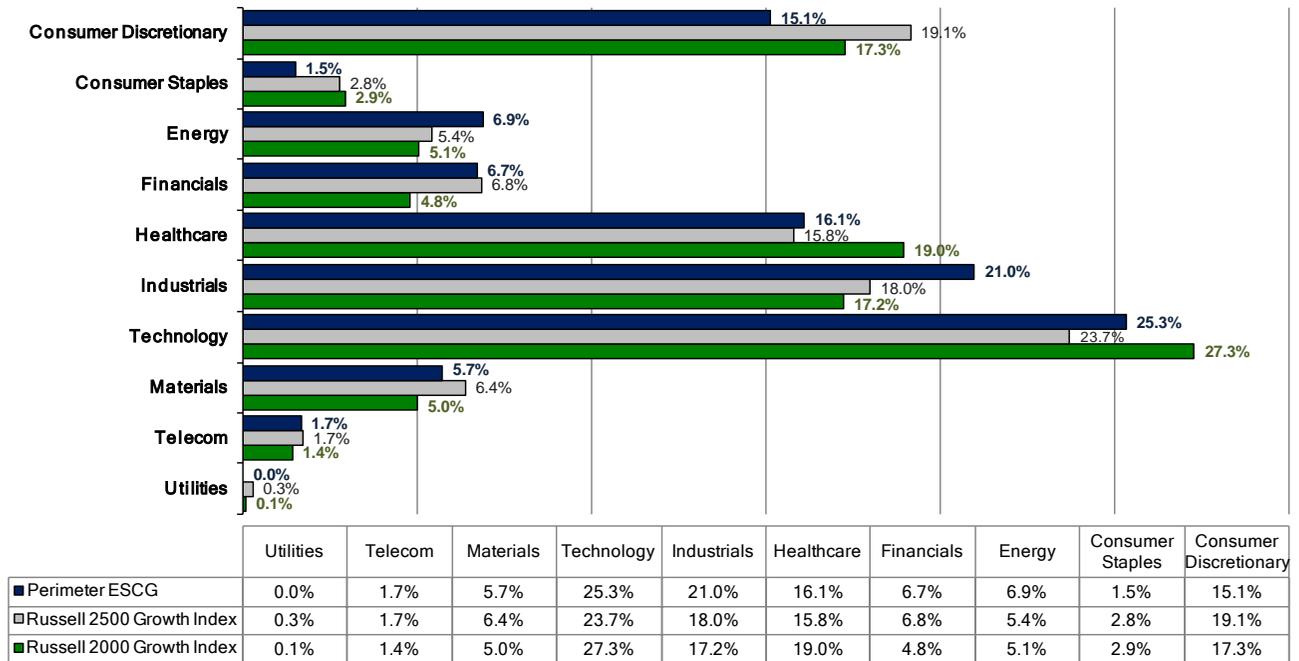
Company	Total Return (Quarter)
<b>Lexmark International (LXK)</b>	<b>-15%</b>
Manufacturer of enterprise/consumer printing devices, had been posting strong turnaround in operations as demand for printer hardware and cartridges recovered earlier in the year, reported a decent quarter but guidance was less than inspiring. Given prospects of a pause in demand and elevated inventories, we promptly sold our position.	
<b>Rubicon Technology (RBCN)</b>	<b>-10%</b>
Provider of synthetic sapphire ingots used in the manufacture of LED products seeing strong adoption in the marketplace given its tremendous energy efficiencies. Despite co's pricing power due to supply shortages in sapphires, stock struggled on fears of slower growth in 2011. We are holding as valuation is attractive and expectations remain too low.	
<b>Itron Inc. (ITRI)</b>	<b>-9%</b>
Provider of energy/water meter products worldwide with a particular focus on automated "smart grid" meters, allowing wireless connection & monitoring. Co posted strong 2010 growth. Stock was pressured on competitive fears & prospects of slower 2011 growth, but recently announced partnership with Cisco expected to enhance product lineup. We maintain our position on our expectation 2011 growth will remain strong.	
<b>Nektar Therapeutics (NKTR)</b>	<b>-7%</b>
Biotech company focused on pain and cancer treatments, where co's proprietary molecular restructuring of compounds reduces toxicity & improves efficacy. Co reported solid Phase II results for new breast cancer treatment but management announced that instead of seeking a partner by year-end, company would further development alone. This increases risk/reward prospects, pressuring the stock & prompting us to sell for now.	
<b>Jos. A. Bank Clothiers (JOSB)</b>	<b>-5%</b>
Leading retailer offering men's business & casual clothing at attractive prices with an impressive track record for growth & profitability gains. Co suffered in 4Q on slightly disappointing sales & concerns over sourcing inflation in 2011. Recent sales data are more encouraging & we maintain our position given promising 2011 growth & valuation prospects.	



*Performance Characteristics\**

	Perimeter Extended SCG	Russell 2500 Growth Index	Russell 2000 Growth Index
Price/Earnings	23.5x	22.4x	22.8x
Estimated EPS Growth	20.7%	10.5%	6.3%
Return on Equity	13.7%	14.1%	10.1%
LT Debt/Capital	21.6%	23.2%	26.5%
Market Capitalization (in \$M)	\$2,380.1	\$2,786.9	\$1,374.5

*Sector Weightings\**



*Current Top Holdings\**

As of 12/31/2010

Company	Ticker	Perimeter ESCG	Description
Hub Group Inc. (CI A)	HUBG	1.16%	Intermodal Transport
Emergency Medical Services Corp. (CI A)	EMS	1.15%	Healthcare Service Provider
EXCO Resources Inc.	XCO	1.15%	Exploration & Production
Wright Express Corp.	WXS	1.13%	Transaction Processor
Sykes Enterprises Inc.	SYKE	1.12%	Call Center Solutions
EnerSys Inc.	ENS	1.11%	Industrial Batteries
RehabCare Group Inc.	RHB	1.09%	Rehab / Long Term Care
PMC-Sierra Inc.	PMCS	1.08%	Communications Semiconductors
Alexion Pharmaceuticals Inc.	ALXN	1.07%	Pharmaceuticals
Bio-Reference Laboratories Inc.	BRLI	1.06%	Clinical Laboratory

## Manager Outlook & Positioning

The majority of 2010 was dominated by macro forces influencing the market as fear, hope and optimism battled. The fears of European sovereign debt issues, fiscal tightening in China and continued weak housing and job markets in the U.S. were offset by hope and optimism from rising manufacturing and factory utilization data, fiscal stimulus and QE2 by the Fed. Further, the mid-term election results brought about the perception of a more business-friendly U.S. government, beginning with the extension of Bush-era tax cuts. This drove record high correlations among stock returns and resulted in an environment where individual company fundamental characteristics had less impact on stock performance versus macro perceptions. Looking ahead, after back to back years of very strong small and mid cap performance, we would not be surprised to see some type of market correction by mid-year, although we remain positively biased for the full year. Also, we expect the trend in declining stock correlations that began toward the latter part of 4Q10 to continue. This should lead to quality, company-specific fundamentals returning as a driver to stock performance. As always, our bottom-up, company specific fundamental process is designed to lead us to companies that can generate strong fundamental momentum and accelerating growth in any market environment.

The Extended Cap Portfolio is currently underweight the Consumer Discretionary sector weight due to a combination of profit taking on some of our larger winner. In addition, we have also reduced our exposure to select Consumer Discretionary companies facing tougher comparisons and rising sourcing costs that could impair growth and margins in 2011. During the quarter, we also increased the portfolio's Technology position to a slight overweight. Tech has been a focus as we have added several compelling new ideas to the portfolio benefiting from the increasing network requirements driven by strong growth in smart phones and other mobile devices, as well rising spending by enterprises to upgrade their IT infrastructure. Our overweight in Energy and Industrials should persist as we see many attractive growth prospects given the global economic recovery, rising oil prices and increasing factory utilization. Across the portfolio, we continue to employ our bottom-up, company-specific, fundamental process designed to lead us to companies we feel can generate strong fundamental momentum and accelerating growth in any market environment.

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

- **Patrick W. Kirksey, CFA, Co-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. 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 9/30/2010, 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
2010	1,787	31.0	4	26.95%	26.22%	28.86%	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.

**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 December 31, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the U.S. Extended Small Cap Growth Equity Composite beginning January 1, 2008. A copy of the verification report is available upon request.

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