



PERIMETER
— CAPITAL MANAGEMENT —

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First Quarter 2010 - *Extended Small Cap Growth Update*

The Perimeter U.S. Extended Small Cap Growth Equity composite posted a return of 6.55% gross of fees for the first Quarter of 2010, trailing the Russell 2500 Growth Index's return of 8.81%. In the first quarter, the market maintained its upward momentum following last year's impressive recovery from the March 2009 lows, with all 9 economic sectors posting gains. The economy continued its road to recovery as real GDP growth for the fourth quarter 2009 came in at 5.6%, the largest gain since 2003, which provided yet another boost to the market. Within the Russell 2500 Growth Index, Consumer Discretionary led the pack in the first quarter, gaining 15.3%, as the sector benefitted from a recovery in retail sales and overall consumer confidence from last year. Healthcare also was strong, up 12.1%, with the passage of healthcare reform removing much of the uncertainty surrounding the sector over the past 18 months. Materials also posted gains of 10.7% as emerging market infrastructure growth drove commodity prices higher, particularly in the metals and chemicals arena.

Consumer Discretionary was Perimeter's most overweight sector, and combined with successful stock selection, was our greatest contributor to performance this quarter. Selection was also strong in Staples and Telco Services. These areas of strength were not enough to offset the disappointing results in Healthcare, Technology and Energy areas. Technology holdings were negatively impacted by disappointing earnings releases from select companies, such as Compellent Technologies (see below). Our Healthcare selection struggled due to our typical underweight in the biotech space, along with unexpectedly muted earnings guidance from Phase Forward (see below). Lastly, our overweight in the Exploration & Production area in Energy hurt results as many of these stocks declined given a drop in natural gas prices in the quarter.

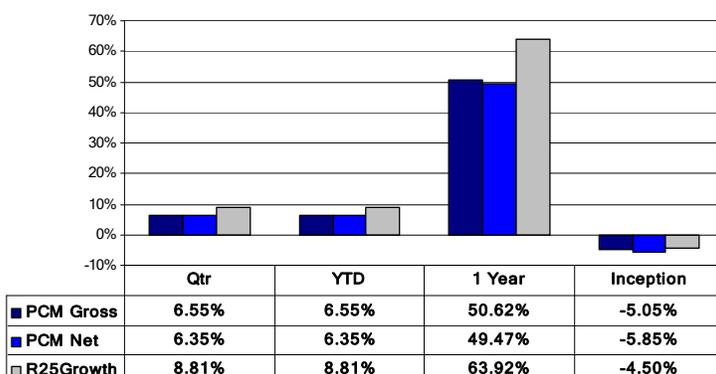
Manager Outlook & Portfolio Positioning

There continues to be a multitude of economic data, which suggests the economic recovery is progressing, including signs of a bottom in housing and indications that the unemployment rate has peaked, as well as an improvement in the ISM survey (Institute for Supply Management), industrial production and factory capacity utilization. Further, while inventory replenishment has been a large component of GDP growth, inventories as a percentage of GDP still remain very lean by historical standards, which could translate to more economic strength in the intermediate term. However, there remain many lingering concerns regarding the direction of our economy beyond 2010, including the stressed balance sheets of the consumer, the burgeoning deficit of our Federal government, high unemployment and sovereign debt issues among others. Given the strong first quarter performance, the market does not seem to be factoring in or paying much attention to these potential headwinds.

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*Performance Results**

For Periods Ending 3/31/2010



*Performance by Sector**

Economic Sector	Perimeter Portfolio	Russell 2500 Growth Index
Consumer Discretionary	16.32%	15.28%
Consumer Staples	11.37%	8.63%
Energy	-5.18%	4.81%
Financials	9.60%	9.76%
Health Care	6.60%	12.12%
Industrials	4.54%	6.30%
Information Technology	1.23%	4.37%
Materials	10.73%	10.67%
Telco Services	8.80%	0.68%
Utilities	--	0.80%

First Quarter 2010 Extended Small Cap Growth Update - continued

Contributors to Performance*

Company	Total Return (Quarter)
Cleveland Cliffs (CLF)	+54%
A mid sized mining and natural resources company focused on iron ore and metallurgical coal, benefited from rising commodity prices as robust international demand for infrastructure raw materials outstrips current global supply.	
Salix Pharmaceuticals (SLXP)	+43%
A drug company focused on gastrointestinal disorders, received FDA approval for XIFAXAN in the treatment of hepatic encephalopathy, that could lead to a doubling of sales over the next few years given an expanded addressable market.	
Grand Canyon Education (LOPE)	+36%
A for profit accredited learning institution offering both online and campus degree programs, is seeing robust revenue growth due to a greatly expanded online program offering, as high unemployment rates are driving many individuals to seek out add'l skills training.	
Deckers Outdoor (DECK)	+36%
A shoe company with a portfolio of dominant brands such as UGG and Teva; posted extremely strong results recently that exceeded expectations as the increased popularity of the UGG boot over the holiday season was bolstered by a cold and wet winter.	
Whole Foods Market (WFMI)	+32%
A market leader in the natural and organic food supermarket area, is benefiting from a modest recovery in sales as consumer sentiment has rebounded from extremely low levels. This coupled with a reduction in the cost structure is driving strong earnings growth.	

Detractors from Performance*

Company	Total Return (Quarter)
Phase Forward (PFWD)	-22%
A technology company that supplies electronic data capture (EDC) and monitoring services to large scale clinical drug trials. After posting strong +25% growth from increased penetration over the last few years, PFWD recently surprised with significantly lowered forward growth projections of 10%, due to their technology reaching full penetration among trials, prompting us to sell out position.	
STEC Inc (STEC)	-30%
A provider of high tech controllers for solid state drives used in enterprise class storage systems, and is a market leader with first to market technology that is ahead of the competition. STEC was a new position initiated early in the quarter on an expectations of solid 2010 growth on a rebound in corporate IT spending. The stock was weak, and then evidence from channel checks suggested that sales were coming in below expectations, prompting us to reverse course and sell out of the position.	
Compellent Technologies (CML)	-23%
A low cost provider of storage solutions to the small and mid size enterprise market, reported a disappointing quarter as gross margins were pressured because the company lowered price to land a couple of large, new reference accounts. We had maintained our position to this point on an expectation that robust earnings growth would resume, but CML subsequently negatively pre-announced the 1Q10 quarter, hence we have revisited our thesis and now are looking to move away on strength.	
Comstock Resources (CRK)	-23%
An exploration and production company focused on natural gas in the prolific Haynesville share in East Texas and North Louisiana. While nothing has fundamentally changed at the company, the stock retreated as natural gas prices have pulled back on fears of excess supply. We have maintained our position and will be looking to add on this weakness.	
CyberSource (CYBS)	-12%
A gateway provider of eCommerce transaction processing software and services, has been benefiting from strong growth in online shopping as many consumers now have broadband access and are increasingly shopping for bargains on the internet. CYBS pulled back in the quarter on no news, likely due to some profit taking after a very strong run up in price in 4Q09. We have taken some profits as well and trimmed our position, but maintain a full position.	

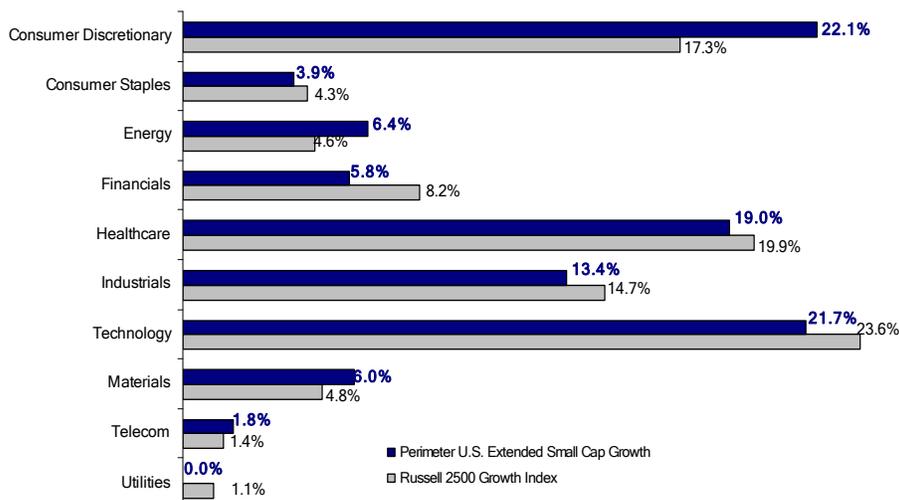
Current Top Holdings* (as of 3/31/2010)

Company	Ticker	Perimeter Portfolio	Company Description
Solera Holdings Inc.	SLH	1.07%	Insurance Software
Salix Pharmaceuticals Ltd.	SLXP	1.03%	Pharmaceutical
Affiliated Managers Group Inc.	AMG	1.02%	Investment Management
Whole Foods Market Inc.	WFMI	1.01%	Natural Foods Grocery
Open Text Corp.	OTEX	0.99%	Enterprise Software
Kansas City Southern	KSU	0.98%	Regional Railroad
Grand Canyon Education Inc.	LOPE	0.96%	Secondary Education
Cash America International Inc.	CSH	0.94%	Owner/Operator of Pawnshops
Steven Madden Ltd.	SHOO	0.93%	Brand Show Company
Syniverse Holdings Inc.	SVR	0.93%	Telecommunication Services

Portfolio Characteristics*

	Perimeter Portfolio	Russell 2500 Growth Index
Price/Earnings	21.8x	21.3x
Estimated EPS Growth	14.5%	9.1%
Return on Equity	10.8%	8.1%
LT Debt/Capital	21.2%	28.7%
Market Capitalization (in \$M)	\$2,549.1	\$2,591.5

Sector Weightings*





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

Manager Outlook & Portfolio Positioning (continued)

In the Consumer Discretionary sector, we benefitted greatly over the last couple of quarters from our overweight position. Our focus remains on companies that cater to the low- to middle-end consumer like Big Lots and other companies that will benefit from what we believe has been a paradigm shift in spending behavior by fundamentally weakened consumers. Nonetheless, we do anticipate that our overweight will moderate in the coming months, as we seek out companies with better growth prospects and more reasonable valuations. In Technology, our underweight position expanded in the quarter as we sold out of some weaker performing companies, however, we maintain an overweight within Software, the sector's largest sub-industry. We continue to have a favorable outlook on several companies within the group; we expect a strong recovery in license sales, as enterprises return to spending.

As the Russell 2500 Growth Index has reached new post recession highs (up nearly 100% from the March '09 lows as of this writing - 4/13/10), consumer, business and investor sentiment have had a dramatic reversal from a year ago. Sentiment can be characterized as overly optimistic, and valuation levels of stocks, in general, seem to be ahead of themselves. For the intermediate term, we are becoming a bit more cautious, though we maintain a positive bias for the full year. The business cycle is progressing as expected and we are confident our process will identify companies exhibiting accelerated and sustainable strong earnings momentum as the business cycle matures.

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

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

Important Disclosure

INVESTMENT PERFORMANCE

Past performance is not indicative of future results. Inherent in any investment is the possibility of loss of all or substantial amount of such investment. Performance data is presented for the Perimeter U.S. Extended Small Cap Growth Equity Composite. Perimeter makes no assurance that investment objectives will be achieved. Performance results presented off calendar month end are not reconciled and are subject to revision. This information should not be evaluated independent of or without reference to the investment advisory agreement that more specifically addresses applicable investment advisory fees. Advisory fees charged by Perimeter are described in Part II of Perimeter's Form ADV. For a free copy of Form ADV, please contact Perimeter Capital at (770) 350-8700.

Performance results include the reinvestment of dividends and other similar income. The Perimeter U.S. Extended Small Cap Growth Equity Composite primarily invests in U.S. small to mid cap stocks and is managed according to a growth objective. The returns of the Russell 2500 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. 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 the Russell 2500 Growth Index.

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 3/31/2010, 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.

Important Disclosure

Year End	Total Firm Assets (millions)	Composite Assets		Performance Results			
		USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell 2500 Growth	Composite Dispersion
YTD 2010	1,594	3.5	3	6.55%	6.35%	8.81%	N/A
2009	1,207	3.3	3	31.29%	30.23%	41.66%	N/A
2008	746	0.15	1	(36.37%)	(36.94%)	(41.50%)	N/A

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

**For purposes of this presentation, 2009 returns represents the period of January 1, 2010 through March 31, 2010.

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

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

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

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. For the period January 1, 2008 through March 31, 2009, non-fee-paying accounts represent 100% of composite assets. 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 March 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.