

**Perimeter Capital Management**  
**MONTHLY CASH FLOW REPORT &**  
**PERFORMANCE REPORT**  
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND**  
**From 11-30-13 to 12-31-13**

Portfolio Value on 11-30-13	\$	1,599,174.53
Contributions	\$	-
Withdrawals	\$	-
Realized Gains	\$	(7,666.41)
Unrealized Gains	\$	43,539.19
Interest	\$	(1.14)
Dividends	\$	1,244.73
Portfolio Value on 12-31-13	\$	1,636,290.90
Average Capital	\$	1,599,174.53
Total Gain before Fees	\$	37,116.37

**Performance for Periods Ending: 12/31/2013**

	Month To Date	Quarter To Date	One Year	Three Year	Inception To Date
GROSS Portfolio Performance	2.32%	10.17%	39.56%	16.88%	22.08%
NET Portfolio Performance	2.26%	9.96%	38.52%	16.01%	21.17%
Russell 2500 Growth Index	2.68%	8.49%	40.65%	17.15%	23.86%
Russell 2000 Growth Index	2.05%	8.17%	43.30%	16.82%	23.35%

**Inception Date:** 4/30/2009

*Returns are annualized for periods greater than one year.*



**Perimeter Capital Management**  
**QUARTERLY CASH FLOW REPORT**  
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND**  
**From 09-30-13 to 12-31-13**

Portfolio Value on 09-30-13	\$	1,488,065.32
Contributions	\$	-
Withdrawals	\$	(2,772.68)
Realized Gains	\$	(7,161.79)
Unrealized Gains	\$	155,893.55
Interest	\$	(114.26)
Dividends	\$	2,380.76
Portfolio Value on 12-31-13	\$	1,636,290.90
Average Capital	\$	1,486,317.32
Total Gain before Fees	\$	150,998.27

**Perimeter Capital Management**  
**PORTFOLIO APPRAISAL**  
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND**  
**12/31/2013**

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
<b>CASH AND EQUIVALENTS</b>						
	Accrual Cash for Dividends		809.60		\$809.60	0.00
	CASH EQUIVALENTS		8,678.19		\$8,678.19	0.50
			<u>9,487.79</u>		<u>\$9,487.79</u>	<u>0.60</u>
<b>COMMON STOCK</b>						
<b>ENERGY</b>						
356	CARRIZO OIL & GAS INC	34.70	12,354.25	\$44.77	\$15,938.12	1.00
335	HOLLYFRONTIER CORP	45.99	15,405.95	\$49.69	\$16,646.15	1.00
306	OASIS PETROLEUM INC	34.31	10,499.07	\$46.97	\$14,372.82	0.90
183	OCEANEERING INTERNATIONAL INC	49.56	9,070.17	\$78.88	\$14,435.04	0.90
533	REX ENERGY CORP	19.72	10,508.41	\$19.71	\$10,505.43	0.60
			<u>57,837.85</u>		<u>\$71,897.56</u>	<u>4.40</u>
<b>MATERIALS</b>						
280	BALCHEM CORP	49.55	13,874.46	\$58.70	\$16,436.00	1.00
729	BERRY PLASTICS GROUP INC	21.66	15,792.06	\$23.79	\$17,342.91	1.10
2,730	GRAPHIC PACKAGING HOLDING CO	8.20	22,380.26	\$9.60	\$26,208.00	1.60
1,711	PGT INC	8.56	14,648.75	\$10.12	\$17,315.32	1.10
117	ROCK-TENN COMPANY -CL A	100.10	11,711.54	\$105.01	\$12,286.17	0.80
			<u>78,407.06</u>		<u>\$89,588.40</u>	<u>5.50</u>
<b>INDUSTRIALS</b>						
100	AMERCO INC	161.89	16,188.79	\$237.84	\$23,784.00	1.50
237	BE AEROSPACE INC	70.46	16,699.05	\$87.03	\$20,626.11	1.30
671	COPART INC COM	33.33	22,365.16	\$36.65	\$24,592.15	1.50
336	CORPORATE EXECUTIVE BOARD CO	66.36	22,296.17	\$77.43	\$26,016.48	1.60
96	COSTAR GROUP INC	75.94	7,290.72	\$184.58	\$17,719.68	1.10

Perimeter Capital Management  
**PORTFOLIO APPRAISAL**  
**CITY OF ORMOND BEACH POLICE OFFICERS' PENSION TRUST FUND**  
**12/31/2013**

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
349	EQUIFAX INC	54.81	19,129.65	\$69.09	\$24,112.41	1.50
255	GENESEE & WYOMING INC	88.78	22,637.78	\$96.05	\$24,492.75	1.50
521	HEXCEL CORP	30.00	15,629.42	\$44.69	\$23,283.49	1.40
942	KAR AUCTION SERVICES INC	20.88	19,671.00	\$29.55	\$27,836.10	1.70
102	LINCOLN ELECTRIC HOLDINGS INC	34.58	3,527.34	\$71.34	\$7,276.68	0.40
198	MRC GLOBAL INC	28.00	5,543.68	\$32.26	\$6,387.48	0.40
277	ROLLINS INC	24.30	6,731.63	\$30.29	\$8,390.33	0.50
-	SAIA INC	24.05	12.02	\$32.05	\$16.02	0.00
222	SPIRIT AIRLINES INC	24.30	5,394.00	\$45.41	\$10,081.02	0.60
363	TENNECO INC	41.90	15,209.35	\$56.57	\$20,534.91	1.30
427	TEREX CORP	30.23	12,908.75	\$41.99	\$17,929.73	1.10
283	TORO CO COM	46.72	13,221.86	\$63.60	\$17,998.80	1.10
125	WABCO HOLDINGS INC.	87.35	10,919.16	\$93.41	\$11,676.25	0.70
258	WABTEC CORP	53.19	13,723.13	\$74.27	\$19,161.66	1.20
371	WASTE CONNECTIONS INC	42.14	15,633.20	\$43.63	\$16,186.73	1.00
			<u>264,731.87</u>		<u>\$348,102.78</u>	<u>21.30</u>
<b>CONSUMER DISCRETIONARY</b>						
367	BLOOMIN BRANDS INC	23.92	8,780.10	\$24.01	\$8,811.67	0.50
246	CAPELLA EDUCATION CO	41.17	10,126.87	\$66.44	\$16,344.24	1.00
251	CORE-MARK HOLDING CO INC	63.29	15,886.72	\$75.93	\$19,058.43	1.20
280	G-III APPAREL GROUP LTD	53.26	14,913.37	\$73.96	\$20,707.68	1.30
647	GAMESTOP CORP	50.79	32,861.88	\$49.26	\$31,871.22	1.90
316	GRAND CANYON EDUCATION INC.	20.40	6,445.40	\$43.60	\$13,777.60	0.80
232	ICONIX BRAND GROUP INC	32.01	7,427.41	\$39.70	\$9,210.40	0.60
300	ITT EDUCATIONAL SERVICES INC	39.65	11,895.81	\$33.58	\$10,074.00	0.60
428	JARDEN CORP	31.34	13,428.74	\$61.35	\$26,288.47	1.60
267	LEAR CORP	52.22	13,943.13	\$80.97	\$21,618.99	1.30
465	LKQ CORP	19.80	9,208.19	\$32.90	\$15,298.50	0.90
191	MICHAEL KORS HOLDINGS LTD	84.40	16,120.55	\$81.19	\$15,507.29	0.90

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Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
304	POOL CORP	40.46	12,298.63	\$58.14	\$17,674.56	1.10
121	PVH CORP	91.75	11,101.97	\$136.02	\$16,458.42	1.00
204	VISTEON CORP	77.00	15,707.14	\$81.89	\$16,705.56	1.00
271	WYNDHAM WORLDWIDE CORP	31.23	8,462.73	\$73.69	\$19,969.99	1.20
			<u>208,608.64</u>		<u>\$279,377.02</u>	<u>17.10</u>
<b>CONSUMER STAPLES</b>						
293	CHURCH & DWIGHT CO INC	47.25	13,845.40	\$66.28	\$19,420.04	1.20
553	FLOWERS FOODS INC	21.35	11,818.72	\$21.47	\$11,883.64	0.70
273	FORTUNE BRANDS HOME SECURITY	44.86	12,245.66	\$45.70	\$12,476.10	0.80
304	HERBALIFE LTD	63.67	19,356.50	\$78.70	\$23,924.80	1.50
423	PRESTIGE BRANDS HOLDINGS INC	30.10	12,731.72	\$35.80	\$15,143.40	0.90
			<u>69,998.00</u>		<u>\$82,847.98</u>	<u>5.10</u>
<b>HEALTH CARE</b>						
243	BIOMARIN PHARMACEUTICALS INC	59.77	14,525.16	\$70.35	\$17,095.05	1.00
308	CHARLES RIVER LABORATORIES	39.98	12,312.54	\$53.04	\$16,336.32	1.00
282	CUBIST PHARMACEUTICALS INC	49.98	14,094.39	\$68.87	\$19,421.34	1.20
600	HEALTHCARE SERVICES GROUP	22.45	13,470.59	\$28.37	\$17,022.00	1.00
523	HEALTHSOUTH CORP	26.83	14,030.11	\$33.32	\$17,426.36	1.10
326	ICON PLC	23.15	7,545.33	\$40.42	\$13,175.62	0.80
231	JAZZ PHARMACEUTICALS INC	51.54	11,905.66	\$126.56	\$29,235.36	1.80
186	MEDIDATA SOLUTIONS INC	47.83	8,896.26	\$60.50	\$11,253.37	0.70
600	MEDNAX INC.	45.13	27,077.33	\$53.38	\$32,028.00	2.00
48	PHARMACYCLICS INC	126.75	6,084.04	\$105.78	\$5,077.44	0.30
807	SAGENT PHARMACEUTICALS	22.05	17,792.99	\$25.38	\$20,481.66	1.30
419	THERAVANCE INC	38.93	16,311.62	\$35.65	\$14,937.35	0.90
175	UNIVERSAL HEALTH SERVICES-B	77.24	13,517.26	\$81.26	\$14,220.50	0.90
			<u>177,563.28</u>		<u>\$227,710.37</u>	<u>13.90</u>

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**12/31/2013**

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
<b>FINANCIALS</b>						
197	ALLIED WORLD ASSURANCE HOLD	99.02	19,507.30	\$112.81	\$22,223.57	1.40
788	APOLLO GLOBAL MANAGEMENT	26.11	20,574.88	\$31.61	\$24,908.68	1.50
268	ARCH CAPITAL GROUP LTD	44.52	11,930.27	\$59.69	\$15,996.92	1.00
466	CARDTRONICS INC	39.76	18,529.61	\$43.45	\$20,247.70	1.20
429	OCWEN FINANCIAL CORP	53.33	22,876.45	\$55.45	\$23,788.05	1.50
306	PROASSURANCE CORP	38.86	11,891.15	\$48.48	\$14,834.88	0.90
590	SWIFT TRANSPORTATION CO INC	14.18	8,368.74	\$22.21	\$13,103.90	0.80
3,572	SYNOVUS FINANCIAL CORP	2.80	9,983.82	\$3.60	\$12,859.20	0.80
107	TOWERS WATSON CO	104.72	11,205.05	\$127.61	\$13,654.27	0.80
393	WAGeworks INC	34.93	13,727.49	\$59.44	\$23,359.92	1.40
357	WINTRUST FINANCIAL CORP	41.04	14,653.06	\$46.12	\$16,464.84	1.00
795	WISDOMTREE INVESTMENTS INC	16.89	13,430.16	\$17.71	\$14,079.45	0.90
			<u>176,677.98</u>		<u>\$215,521.38</u>	<u>13.20</u>
<b>INFORMATION TECHNOLOGY</b>						
83	ALLIANCE DATA SYSTEMS CORP	188.41	15,638.05	\$262.93	\$21,823.19	1.30
1,213	ALLOT COMMUNICATIONS	13.23	16,045.17	\$15.13	\$18,352.69	1.10
165	AMPHENOL CORP-CL A	85.62	14,128.10	\$89.18	\$14,714.70	0.90
562	ASPEN TECHNOLOGY INC	30.68	17,242.75	\$41.80	\$23,491.60	1.40
462	DIGITALGLOBE INC	32.62	15,070.92	\$41.15	\$19,011.30	1.20
140	FLEETCOR TECHNOLOGIES INC	105.82	14,815.04	\$117.17	\$16,403.80	1.00
260	GEOSPACE TECHNOLOGIES CORP	84.63	22,005.02	\$94.64	\$24,605.36	1.50
1,764	INTRALINKS HOLDINGS INC	9.05	15,972.40	\$12.11	\$21,362.04	1.30
353	JACK HENRY & ASSOCIATES INC	42.82	15,115.22	\$59.21	\$20,901.13	1.30
821	K12 INC.	26.18	21,489.95	\$21.75	\$17,856.75	1.10
200	OPEN TEXT CORP	68.60	13,720.89	\$91.96	\$18,392.00	1.10
846	SS&C TECHNOLOGIES HOLDINGS	29.45	24,911.04	\$44.26	\$37,443.96	2.30
1,001	TIBCO SOFTWARE INC	24.02	24,039.55	\$22.48	\$22,502.48	1.40

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**12/31/2013**

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
172	TYLER TECHNOLOGIES INC	40.00	6,880.22	\$102.13	\$17,566.36	1.10
175	WEX INC	60.47	10,582.73	\$99.03	\$17,330.25	1.10
			<u>247,657.05</u>		<u>\$311,757.61</u>	<u>19.10</u>
	COMMON STOCK Total		<u>1,281,481.74</u>		<u>\$1,626,803.11</u>	<u>99.40</u>
	TOTAL PORTFOLIO		<u>1,290,969.53</u>		<u>\$1,636,290.90</u>	<u>100.00</u>



# PERIMETER

CAPITAL MANAGEMENT

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## Fourth Quarter 2013

## U.S. Extended Small Cap Growth Update

### Firm Overview:

100% Employee-Owned Investment Boutique

Established June 2006 in Atlanta, Georgia

### Strategies Managed:

- U.S. Small Cap Growth Equity
- U.S. Extended Small Cap Growth Equity
- U.S. Small Cap Value Equity
- 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 Small and Mid Cap Stocks
- 80 - 100 stocks
- Portfolio Managers: Patrick W. Kirksey, CFA & Brian Crawford, CFA
- Strategy Inception: January 2008

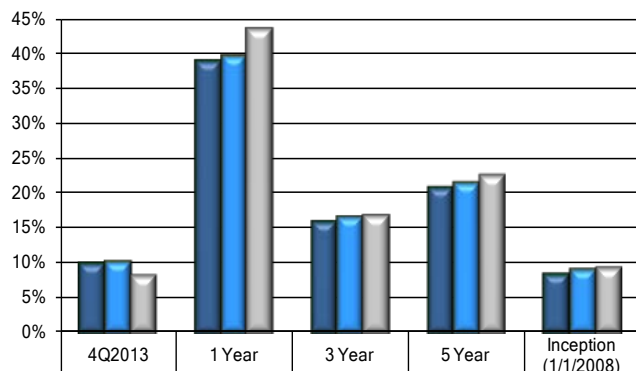
The Perimeter U.S. Extended Small Cap Growth Equity composite posted a return of **10.1%** gross of fees during the quarter, outperforming the Russell 2500 Growth Index return of 8.5%. Despite trailing slightly for the year, performance was solid, with the strategy up 39.4% versus the Russell Growth Index of 40.7%. Small and mid cap growth stocks reached new highs in the fourth quarter, despite a pullback in early December from worries surrounding the Federal Reserve tapering activities (i.e. a less aggressive monetary policy). Overall, the market finished the year on a strong note from the positive backdrop of economic recovery (albeit slow), low inflation, positive equity inflows, and improving consumer confidence.

While constructive on the outlook for small and mid cap growth performance in 2014, we recognize the market has come off a very strong year, and in fact small and mid cap indices have generated almost 25% annualized growth over the last five years. The initiation of Fed Tapering and potential modest rate increases represents a shift from the past 4 years. Such a shift could bring a bit more volatility to the markets and make higher quality companies relatively more attractive. Within the small and mid cap spectrum, small cap P/E ratios have climbed to levels above historical averages versus large caps, which in the past has often led to outperformance among larger companies within our universe. Additionally, stock returns are likely to become increasingly reliant on earnings growth versus multiple expansion. This backdrop should provide for solid relative performance from high quality small and mid cap companies that have better products or business models and can sustain strong above market growth.

For the quarter, outperformance was driven by strong stock selection across most of the portfolio, particularly within the Industrials, Technology and Consumer Discretionary sectors. Selection within Technology was bolstered by top contributors **IntraLinks** (IL), **Alliance Data Systems** (ADS) and **Open Text Corporation** (OTEX). The Industrials sector has been the top contributor to performance for the entire year, and the fourth quarter was no exception, as low cost airline carrier **Spirit Airlines** (SAVE) reported strong metrics, and **Digital Globe** (DGI) continued to successfully integrate an acquisition that will drive accretion ahead. In Consumer Discretionary, positive contributors were **G-III Apparel** (GIII) and **Jarden** (JAH). Healthcare was the single largest detractor from performance, primarily due to weakness out of several biotech companies, despite many reporting positive clinical trial information at a large medical cancer conference in early December.

## Performance Results

As of 12/31/2013



Periods greater than 1 year are annualized.

## Performance by Sector

	Perimeter Extended SmCap Growth	Russell 2500 Growth Index
Consumer Discretionary	9.61%	7.70%
Consumer Staples	7.27%	9.30%
Energy	3.33%	5.27%
Financials	9.48%	6.35%
Health Care	4.88%	6.76%
Industrials	14.58%	12.69%
Information Technology	11.06%	7.98%
Materials	16.92%	10.37%
Telco Services	--	8.17%
Utilities	--	0.61%

GICS: Global Industry Classification System

\* Supplemental Information

See Important Disclosures provided on last page.



*Contributors to Performance\**

Company	Total Return (Quarter)
<b>Jazz Pharmaceuticals (JAZZ)</b>	<b>+38%</b>
Specialty pharma company with lead drug Xyrem, being the only FDA approved drug to treat cataplexy and excessive daytime sleepiness in patients with narcolepsy. Jazz used their strong balance sheet in the quarter to announce a couple of accretive acquisition that help boost growth and diversify the revenue stream.	
<b>Alliance Data Systems (ADS)</b>	<b>+24%</b>
Alliance Data manages airline loyalty programs and is an issuer and manager of private label credit cards for several specialty retailers. Growth continues to exceed expectations as ADS has added more customers to the private label segment, together with credit quality stats remaining favorable. The company will also see accelerated growth in 2014 due to the repurchase of convertible debt.	
<b>G- III Apparel Group (GIII)</b>	<b>+35%</b>
Designs, manufactures and markets women's and men's apparel in the outerwear, dresses, sportswear, women's suits, and accessories. G-III reported very strong earnings growth and a positive outlook as they roll out Calvin Klein shops within most major department stores. With a more normal seasonal winter weather pattern, the company's on-trend outerwear has been flying off the shelves.	
<b>SS&amp;C Technologies (SSNC)</b>	<b>+16%</b>
Leading enterprise software company with a product set of back office, accounting and risk management software sold to bond and equity managers and alternative asset investment firms. Past acquisitions have been integrated and SSNC now has a full suite of products that are being cross sold into the installed base, and driving new customer interest.	
<b>Amerco (UHAL)</b>	<b>+29%</b>
a.k.a U-Haul, operates do-it-yourself moving and storage products like truck rentals, portable storage boxes and accessories. After a long period of dormant housing activity, people are on the move again either to new rental or housing units. This has driven the need for increased rentals for their equipment. With a market essentially to itself and an expanded network of rental locations, earnings growth should remain robust in the near future.	

*Detractors from Performance\**

Company	Total Return (Quarter)
<b>Pharmacyclics (PCYC)</b>	<b>-23%</b>
Biotech company with lead drug candidate showing very strong safety and efficacy in treating mantle cell lymphoma (MCL) and chronic lymphocytic leukemia (CLL) and other rare blood cancers. Despite receiving FDA approval for MCL in November along with presenting additional solid clinical trial data at a large medical conference in December, shares suffered during the quarter. With no new negative data driving the pull-back, we have maintained the holding.	
<b>K12, Inc (LRN)</b>	<b>-30%</b>
On-line learning company that offers proprietary curriculum, software systems, and educational services to students primary to the kindergarten through 12th grade. Most students served are either home-schooled or at-risk students removed from the traditional school system. Management recently missed expectations for new student enrollments due to weak execution on signing students up despite high interest levels. The stock sell-off was overdone and presented a compelling valuation angle, prompting us to add to the position, given our conviction that enrollment trends would improve over the next year.	
<b>Tibco Software (TIBX)</b>	<b>-12%</b>
Tibco provides business process management and big data analytics software to large enterprise customers. After a year of seeing lackluster license growth, a restructured sales team is executing on a turnaround, along with emerging improvement in IT spending trends. TIBX reported a strong 3Q but sub-par guidance for the fourth quarter sent the shares down. Given the track record of conservative guidance and a more favorable outlook for growth in 2014, we added to the position.	
<b>Tangoe Inc (TNGO)</b>	<b>-18%</b>
Tangoe provides communication expense management software to enterprises. Their software enables large organizations to keep track of all spending on internet connectivity, mobile and fixed telephones enterprise wide, enabling cost save initiatives. After several years of +20% growth (both organic and acquisition driven), concerns began to emerge that forward growth was set to slow. Even though the shares were down, we exited the position prior to TNGO reporting the third quarter on these concerns, which were then realized when TNGO missed	
<b>Array BioPharma, Inc (ARRY)</b>	<b>-16%</b>
Earlier stage biotech company with multiple platforms under development to treat relapsed/refractory cancer. The company reported positive Phase II data for its drug ARRY-520 in combination with another cancer drug, Kyprolis. However, evidence began to emerge that there may be safety issues with Kyprolis, potentially limiting the addressable market for ARRY's drug. We exited the position on fears that the odds for approval were decreased and/or that it may take longer to bring the drug to market	



**PERIMETER**  
— CAPITAL MANAGEMENT —

Fourth Quarter 2013

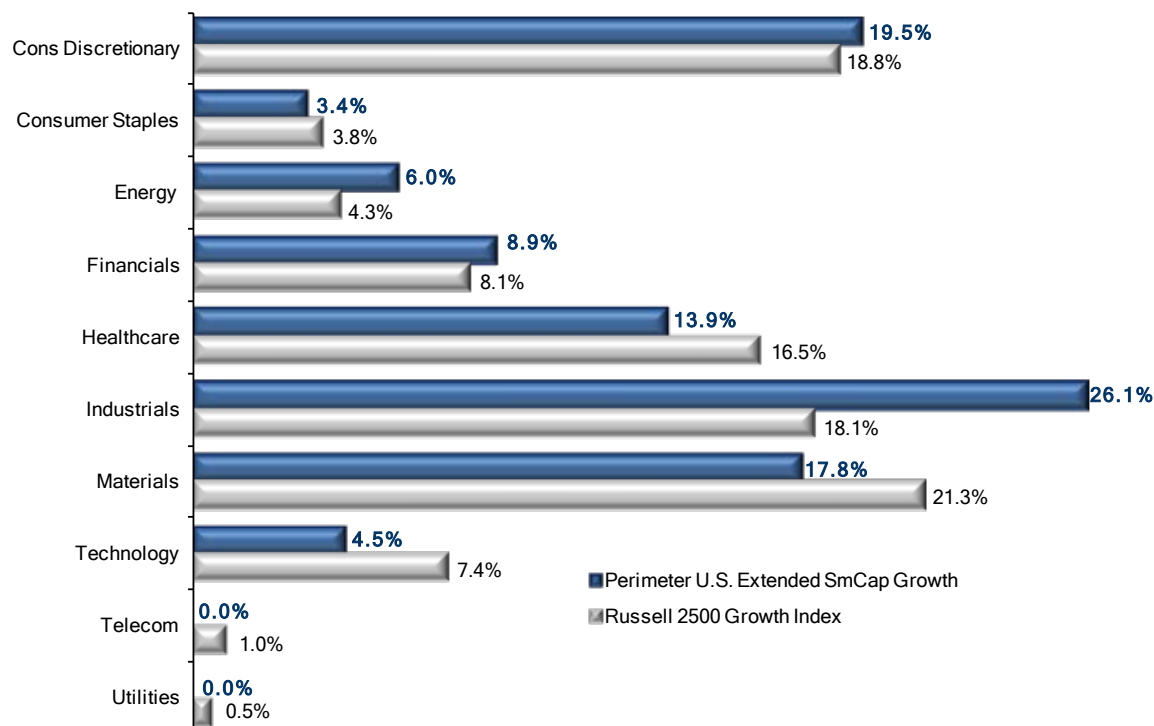
*U.S. Extended Small Cap Growth Update*

*Performance Characteristics\**

	Perimeter Extended SCG	Russell 2500 Growth Index
Price/ Earnings	25.1x	25.7x
Estimated EPS Growth	17.10%	16.33%
Return on Equity	17.16%	10.68%
Free Cash Flow to Enterprise Value Yield	3.6%	1.7%
LT Debt/ Capital	33.20%	38.74%
Market Capitalization (in \$M)	\$4,890.50	\$4,027.70

Source: FACTSET

*Sector Weightings\**



*Current Top Holdings\**

As of 12/31/2013

Company	Ticker	Portfolio	Company Description
SS&C Technologies, Inc.	SSNC	2.31%	Financial Services Software
GameStop Corp. Class A	GME	1.97%	Specialty Retail : Gaming and Software
MEDNAX, Inc.	MD	1.94%	Healthcare Service Provider
KAR Auction Services, Inc.	KAR	1.82%	Commercial Service and Supplies
Jazz Pharmaceuticals Plc	JAZZ	1.81%	Specialty Pharmaceuticals
Graphic Packaging Holding Company	GPK	1.61%	Specialty Packaging
Jarden Corporation	JAH	1.58%	Household Products
The Corporate Executive Board Co	CEB	1.57%	Enterprise Consulting
Apollo Global Management, LLC Cl A	APO	1.53%	Private Equity Manager
Copart, Inc.	CPRT	1.52%	Salvage Vehicle Auction Services

## Manager Outlook & Positioning

As we enter 2014, we feel the financial markets and economy have been in a transition period, behaving differently than over the last 3 post-financial crisis years (2010 - 2012). While the Fed stimulus will abate somewhat with the onset of tapering, we expect overall policy will still remain accommodative. The economy should continue to show gradual improvement, leading to longer term interest rates that drift modestly higher. As a result, stocks should remain attractive relative to bonds, and investors should continue shifting money from fixed income into equities, a trend that started in 2013.

There were only minor shifts in the portfolio's sector positioning since last quarter. The Staples weight came down a tad on profit taking in strong performing **Rite-Aid Stores** (RAD). Energy increased slightly with the addition of a mid-continent refiner, which should benefit from the lower input costs given the strong oil production in the region. The Healthcare weight has been steadily declining all year, given some of the uncertainty around the adoption of the Affordable Care Act. The weight in Industrials continues to rise and is now our biggest overweight relative to the index, as we continue to find companies that should benefit from the improving global economic outlook. Technology saw a modest decline in weight but this is expected to reverse as Tech is an area of focus for new idea generation. Another shift in the portfolio has been a modest rise in the weighted average market cap, due to finding more favorable risk/reward profiles in mid-cap companies. This is consistent with many of the smaller companies within our investible universe trading at excessive premiums. Even so, we remain diligent in maintaining our "SMID" focus, albeit at the higher end of the market cap range.

Notwithstanding our generally positive outlook on the equity markets, we would expect that there could be some sharper corrections in the market in the near future, given the low volatility levels we have experienced, potentially higher interest rates, and higher stock valuations. The small and mid cap market has been led by momentum, beta and lower quality attributes in general. As this cycle matures, we expect that earnings growth, stability, valuation, and quality will play catch-up at some point. While Perimeter's performance held up well in 2013, we would expect such a transition to the aforementioned factors to really benefit our portfolio of companies with higher quality characteristics in the year ahead.

## 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 2000 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 12/31/2013 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 <sup>1</sup> Assets (millions)	Composite Assets		Performance Results			
		USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell 2500 Growth	Composite Dispersion
2013	375	40	Five or fewer	39.37%	38.70%	40.65%	N/A
2012	970	29	Five or fewer	14.98%	14.42%	16.13%	N/A
2011	1,511	25	Five or fewer	(1.19%)	(1.67%)	(1.57%)	N/A
2010	1,786	31	Five or fewer	26.95%	26.22%	28.86%	N/A
2009	1,207	3	Five or fewer	31.29%	30.23%	41.66%	N/A
2008	746	0.2	Five or fewer	(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.

<sup>1</sup>Total firm assets include Perimeter and affiliate, Concourse Capital Partners.

**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 with compelling earnings and growth characteristics. For comparison purposes the composite is measured against the Russell 2500 Growth Index.

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 March 31, 2012.

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 Extended Small Cap Growth Equity Composite has been examined for the periods January 1, 2008 through March 31, 2012. 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 of composite descriptions, 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 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.

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.

The U.S. Extended Small Cap Growth Equity Composite was created January 1, 2008. As of December 31, 2013, the three-year annualized ex-post standard deviation of the composite and the benchmark are 20.83% and 20.31% respectively.