

# Perritt Funds

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MicroCap Opportunities Fund

Ultra MicroCap Fund

Low Priced Stock Fund

Annual Report  
October 31, 2018

# Perritt Funds

The PERRITT MICROCAP OPPORTUNITIES FUND will, under normal circumstances, invest at least 80% of its net assets in a diversified portfolio of common stocks of United States companies that at the time of initial purchase have a market capitalization (equity market value) that is below \$500 million (referred to as “micro-cap” companies). The Fund seeks to invest in micro-cap companies that have demonstrated above-average growth in revenues and/or earnings, possess relatively low levels of long-term debt, have a high percentage of their shares owned by company management, and possess modest price-to-sales ratios and price-to-earnings ratios that are below their long-term annual growth rate. At times, the Fund may also invest in “special situations” such as companies that possess valuable patents, companies undergoing restructuring, and companies involved in large share repurchase programs. Investors should expect the Fund to contain a mix of both value-priced and growth stocks.

The PERRITT ULTRA MICROCAP FUND will, under normal circumstances, invest at least 80% of its net assets in a diversified portfolio of common stocks of United States companies that at the time of initial purchase have a market capitalization (equity market value) that is below \$300 million (referred to as “micro-cap” companies). The Fund seeks to invest in micro-cap companies that have a high percentage of their shares owned by company management, possess relatively low levels of long-term debt, have a potential for above average growth in revenues and/or earnings, and possess reasonable valuations based on the ratios of price-to-sales, price-to-earnings, and price-to-book values. The micro-cap companies in which the Fund may invest include “early stage” companies, which are companies that are in a relatively early stage of development with market capitalizations that are below \$50 million. At times, the Fund may also invest in unseasoned companies, companies that are undergoing corporate restructuring, initial public offerings, and companies believed to possess undervalued assets.

The PERRITT LOW PRICED STOCK FUND will, under normal circumstances, invest at least 80% of its net assets in a diversified portfolio of low priced common stocks of United States companies that at the time of initial purchase have a market capitalization (equity market value) that is below \$3 billion. Low priced stocks are those that are trading at or below \$15 per share at the time of initial purchase. Subsequent to the initial purchase, the Fund may purchase such securities at a price above \$15 per share. The Fund’s strategy is based on the premise that low priced stocks offer growth potential because these stocks have limited broker research coverage, the companies’ prospects are misunderstood by most investors, and some investors mistakenly believe stocks trading below \$15 per share are more “speculative” than those trading at higher levels and therefore avoid low priced stocks. The Fund will invest in “growth” stocks, “value” stocks, or a combination of both. Given the market capitalization restrictions, the Fund will normally invest in securities issued by small-cap companies, including some micro-cap companies. However, micro-cap companies will only make up a small portion of the Fund’s portfolio. Micro-cap companies represent the smallest sector of public companies based on market capitalization. At times, the Fund’s portfolio may contain the shares of unseasoned companies, companies that are undergoing corporate restructuring, initial public offerings, and companies believed to possess undervalued assets.

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**From the Desk of Michael Corbett, President and CIO**



*Michael Corbett,  
President and CIO*

**Dr. Gerald W. Perritt**

"We are sad to report the loss of our founder, friend, teacher and mentor. Dr. Perritt was a pioneer in the mutual fund industry. He was one of the first in the industry to track performance and industry dynamics, and to champion mutual funds as an investment option. He launched *The Mutual Fund Letter* in 1981, a monthly newsletter tracking the mutual fund industry. Dr. Perritt's flagship newsletter was *Investment Horizons* where he recommended micro-cap stocks. He also created the Perritt MicroCap Opportunities Fund, one of the first micro-cap mutual funds, in 1988," stated Michael Corbett, the current CEO of Perritt Capital Management.

Dr. Perritt was a prolific writer, sharing his insights and expertise through newsletters and several books, including *Small Stocks, Big Profits*, *Mutual Funds Made Easy*, and *Expanding Your Investment Horizons*. He was also a columnist for *Forbes Magazine*. Dr. Perritt was frequently quoted in such publications as the *Wall Street Journal* and *Barron's Magazine*. He was always generous to share his wisdom, knowledge and experience with his staff, grooming successful investors.

Teaching was a passion for Dr. Perritt. He taught and mentored many throughout his illustrious career. He served as a professor at several prestigious universities, including Ball State University, Babson College, University of Miami and DePaul University.

Michael Corbett added, "Our thoughts and prayers are with Dr. Perritt's family and loved ones."



## Portfolio Managers' Message



*Michael Corbett,  
Portfolio Manager*

The Perritt MicroCap Opportunities Fund posted a loss of 5.89% for the 12 months ended October 31, 2018, which compares to a 1.43% gain for the Russell Microcap® Index and 1.85% gain for the Russell 2000® Index. The Fund's

longer-term performance results, as well as the benchmark's performance, can be found later in this report. While recent performance is disappointing, we have not seen this level of opportunity in many years. In addition to the description of the top 10 holdings on the following pages, we have decided to include details of some unique holdings. We think these descriptions will give a better understanding of why we are excited about the current investment opportunities.

DLH Holdings Corp. (DLHC) provides healthcare and social services in the United States. It offers defense and veterans' health solutions, including case management, physical and behavioral health examinations, and medical administration and logistics services. In the past three years, DLHC has more than doubled their revenue and EBITDA is up nearly fourfold. Despite these impressive results, DLHC's stock has made a roundtrip back the same level it was three years ago. Our discussions with management give us confidence that growth will continue. Based on our estimates, DLHC's stock currently trades at less than 0.3 of future revenue and less than 3 times EBITDA. We compared DLHC to several other health care services companies, one of which is United Health (UNH). UNH is a health care service company that is worth nearly \$300 billion and has more than

\$200 billion in revenue. UNH trades at more than 12 times future EBITDA. While it is hard to believe DLHC should trade at such a rich valuation of UNH, we believe DLHC shares are incredibly attractive at these levels.

Infrastructure and Energy Alternatives (IEA) provides engineering, procurement, and construction services for the renewable energy, traditional power, and civil infrastructure industries in the United States. It offers design, site development, construction, installation, and restoration of infrastructure services. Recent results showed that IEA's backlog is in excess of \$1.8 billion. Given our 2019 estimates for revenue and cash flow, IEA is one of the most reasonable priced stocks in our portfolio. Revenue should grow by more than 70% next year to nearly \$1.5 billion and EBITDA should climb more than two-fold to more than \$140 million. With an estimated enterprise value of less than \$400 million, IEA shares trade at less than one-third of revenue and less than 3 times EBITDA.

Northern Technologies International Corporation (NTIC) develops leading corrosion inhibiting products and services, as well as bio-based and biodegradable polymer compounds. They recently invested \$3.5 million in developing new corrosion solutions and bioplastic products. ZERUIST is sprayed on metal components to prevent damage to the appearance and the mechanical performance often realizing a savings of 15-35% of the cost. Nature-Tec produces bioplastic solutions such as plastic bags for shipping and resin for straws to reduce carbon dioxide emissions and provide sustainable products. NTIC has grown sales by more than 15% per year from 2010 – 2017 and sales year-to-date in 2018 are up 30% to a record level. NTIC China and

## *Perritt MicroCap Opportunities Fund*

Nature-Tec recorded sales growth of 73.1% and 48.2% respectively. They are expected to be key contributors to fiscal 2019 and beyond. The company has no debt, and recently started paying a dividend, which we expect several increases in the future.

Miller Industries, Inc. (MLR) is the industry leader in the manufacturing and sale of towing and recovery equipment. Plant expansion and consolidation in North America is complete and growth is steady in the single digits. The true revenue generator is overseas with MLR's French subsidiary. Growth in the first half of the year was 80%. MLR is contemplating adding more capacity there and has a strong balance sheet to do so with virtually no debt. Over the last 4 years they have grown revenues 50% and doubled earnings. The valuation is very reasonable at less 0.4 times revenue, 6.2 times EBITDA, a price earnings ratio under 10 and a 2.6% dividend yield.

Silvercrest Asset Management Group (SAMG) a wealth management firm, provides financial advisory and related family office services in the United States. The company serves ultra-high net worth individuals and families, as well as their trusts; endowments; foundations; and other institutional investors. It also manages funds of funds and other investment funds. We believe SAMG is one of the most attractively priced asset management stocks in the public market today. The company has more than \$21 billion in assets under management and its shares trade for less than \$100 million enterprise value. Revenues have been growing at a 10% clip and shares trade for less than 4 times EV/EBITDA. We compare this company to several other asset managers, but the closest comparison is Focus Financial (FOCS). We

believe FOCS is a high-quality company, but its shares trade at nearly three times the valuation of SAMG. In other words, SAMG's stock would have to triple its stock price to be valued at the same level as FOCS.

We are encouraged by the current composition of the portfolio. The Fund's companies trade at a median price to revenue 0.9, which is about half that of the Russell Microcap® Index. We estimate that earnings will grow by more than 20% next year and the portfolio's forward price earnings ratio is a little above 13 times. We can't quote a price earnings ratio for the Russell Microcap® Index because more than 900 of the 1550 companies in the Index are not profitable. The remaining 650 profitable companies in the Index have a median price earnings ratio of approximately 18, which is more expensive than our portfolio. The bottom line is that we believe our portfolio is higher quality than that of the Russell Microcap Index.

I want to thank my fellow shareholders for their continued support and confidence in the Perritt Capital Management team. We remain dedicated to investing in high quality micro-cap companies at attractive valuations. If you have any questions or comments about this report or your investment in the Perritt MicroCap Opportunities Fund, please call us toll-free at (800) 331-8936 or visit our website at [www.perrittcap.com](http://www.perrittcap.com). Please refer to the prospectus for information about the Fund's investment objectives and strategies.



Michael Corbett  
Portfolio Manager

## *Perritt MicroCap Opportunities Fund*

Mutual fund investing involves risk. Principal loss is possible. The Funds invest in smaller companies, which involve additional risks, such as limited liquidity and greater volatility. The Funds invest in micro-cap companies which tend to perform poorly during times of economic stress.

**Past performance does not guarantee future results.**

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

**Russell Microcap® Index** is a capitalization weighted index of 2,000 small cap and micro cap stocks that captures the smallest 1,000 companies in the Russell 2000, plus 1,000 smaller U.S.-based listed stocks.

**Russell 2000® Index** is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

**EV/EBITDA** is the enterprise value to EBITDA or earnings before interest, taxes, depreciation, and amortization. The EV equals market capitalization + preferred shares + minority interest + debt - total cash divided by EBITDA.

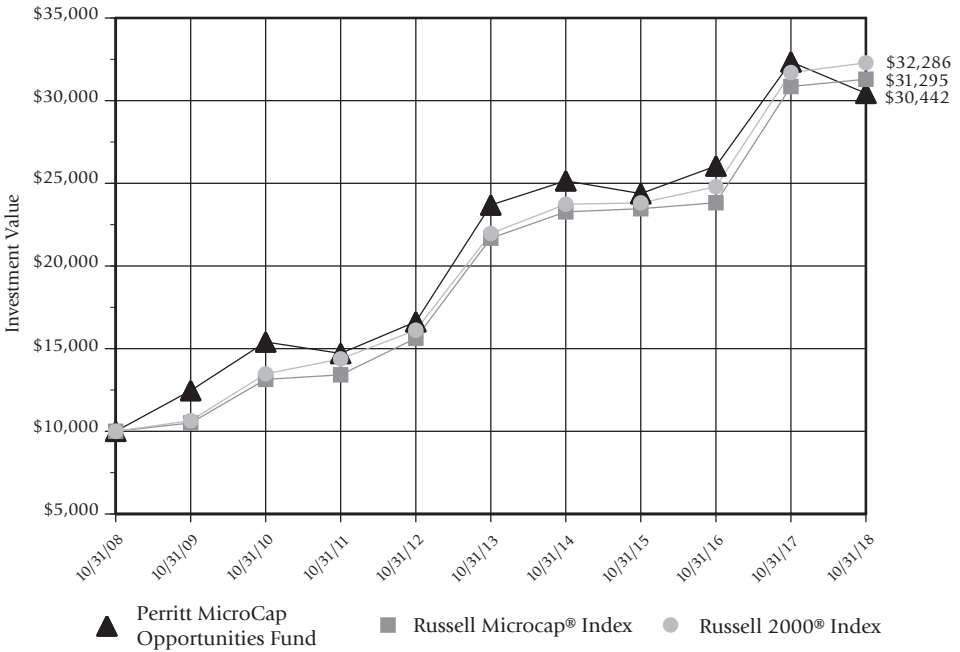
**Forward Price Earnings Ratio** (Forward P/E) is a quantification of the ratio of price-to-earnings using forecasted earnings for the P/E calculation.

# Perritt MicroCap Opportunities Fund

Performance\* (Unaudited)

October 31, 2018

## Perritt MicroCap Opportunities Fund versus Russell Microcap® Index and Russell 2000® Index



There are several ways to evaluate a fund's historical performance. You can look at the total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (or income) and capital gains (the profits the fund earns when it sells stocks that have grown in value).

Cumulative total returns reflect the Fund's actual performance over a set period. For example, if you invested \$1,000 in a fund that had a 5% return over one year, you would end up with \$1,050. You can compare the Fund's returns to the Russell 2000® Index, which reflects a popular measure of the stock performance of small companies, and the Russell Microcap® Index, which measures the performance of the micro-cap segment of the U.S. equity market.

Average annual total returns take the Fund's actual (or cumulative) return and show you what would have happened if the Fund had performed at a constant rate each year.

\* The graph illustrates the performance of a hypothetical \$10,000 investment made in the period presented. Assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees or the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of the Fund shares. The graph does not imply any future performance. It is not possible to invest directly in an index.



## Perritt MicroCap Opportunities Fund

### Performance (Unaudited) (Continued)

October 31, 2018

#### Average Annual Total Returns\*

*Periods ended October 31, 2018 (Unaudited)*

	<i>Past 1 Year</i>	<i>Past 5 Years</i>	<i>Past 10 Years</i>	<i>Past 25 Years</i>
Perritt MicroCap Opportunities Fund	(5.89)%	5.15%	11.78%	10.03%
Russell Microcap Index <i>(reflects no deduction for fees and expenses)</i>	1.43%	7.62%	12.08%	N/A
Russell 2000 index <i>(reflects no deduction for fees and expenses)</i>	1.85%	8.01%	12.44%	8.76%

*Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling 800-331-8936.*

*\* The tables do not reflect the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares.*

## Perritt MicroCap Opportunities Fund

### Ten Largest Common Stock Holdings (Unaudited)

*Northern Technology International Corp. (NTIC)* develops and markets rust and corrosion inhibiting products and services to automotive, electronics, electrical mechanical, military, retail consumer, and oil and gas markets.

*Ooma, Inc. (OOMA)* provides communications solutions and other connected services to small business, home, and mobile users in the United States and Canadian markets.

*BlueLinx Holdings, Inc. (BXC)*, together with its subsidiaries, distributes building and industrial products in the United States. It distributes products in two principal categories, structural products and specialty products.

*Photronics, Inc. (PLAB)*, together with its subsidiaries, manufactures and sells photomasks in the United States, Taiwan, Korea, Europe, and internationally. The company offers photomasks, which are high precision photographic quartz plates containing microscopic images of electronic circuits for use in the manufacture of semiconductors and flat panel displays.

*Miller Industries, Inc. (MLR)* engages in the manufacture and sale of towing and recovery equipment. It offers wreckers, such as conventional tow trucks and recovery vehicles. The company also provides transport trailers for moving multiple vehicles, auto auctions, car dealerships, leasing companies, and other similar applications.

*Silvercrest Asset Management Group, Inc. – Class A (SAMG)* is a wealth management firm that provides financial advisory and related family office services in the United States. The company serves ultra-high net worth individuals and families, as well as their trusts; endowments; foundations; and other institutional investors. It also manages funds of funds and other investment funds.

*Bankwell Financial Group, Inc. (BWFG)* operates as the bank holding company for Bankwell Bank, it provides a range of banking services to commercial and consumer customers in Connecticut.

*Primo Water Corp. (PRMW)*, together with its subsidiaries, provides multi-gallon purified bottled water, self-service refill water, and water dispensers in the United States and Canada. It operates in three segments: Refill, Exchange, and Dispensers.

*Radiant Logistics, Inc. (RLGT)* operates as a third-party logistics and multi-modal transportation services company primarily in the United States and Canada. The company offers domestic and international air and ocean freight forwarding services; and freight brokerage services, including truckload, less than truckload, and intermodal services.

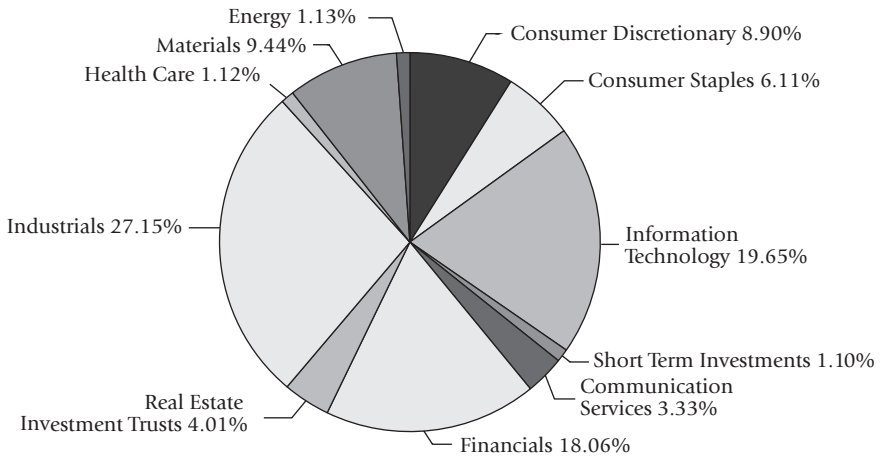
*PCM, Inc. (PCMI)* through its subsidiaries, operates as a multi-vendor provider of technology products and solutions in the United States and Europe. It primarily sells device products, servers, storage products, network products, printers, and related accessories and devices.

*Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

*Please refer to the Schedule of Investments in this report for a complete list of Fund holdings.*

## Perritt MicroCap Opportunities Fund

### Allocation of Portfolio Investments (Unaudited) October 31, 2018



*The sector classifications represented in the graph above and industry classifications represented in the Schedule of Investments are in accordance with Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC. Percentages are based on total investments, at value.*

*Note: For presentation purposes, the Fund has grouped some of the industry categories. For purposes of categorizing securities for compliance with section 8(b)(1) of the Investment Company Act of 1940, the Fund uses more specific industry classifications.*

**Portfolio Managers' Message**



*Michael Corbett,  
Portfolio Manager*



*Matthew Brackmann,  
Portfolio Manager*

The Perritt Ultra MicroCap posted a 5.22% loss for the second half of the 2018 fiscal year as of October 31, compared to a loss of 2.44% for the Russell Microcap® Index during the same period. For the entire fiscal year the Perritt Ultra MicroCap had a loss of 5.73% compared to a gain of 1.43% for the Russell Microcap® Index. The Fund's longer-term performance, as well as that of its index, can be found on page 14. As shareholders ourselves, we share in the disappointment over the years results. However, we are also excited for the future as we see value opportunities in names that have quite frankly been ignored by the marketplace. To illustrate this point, we have selected a handful of names to highlight and demonstrate our outlook going forward.

Cynergistek, Inc. (CTEK) is a provider of managed print and cybersecurity services to hospital chains and healthcare providers across much of the U.S. The company came to be through the merging of two firms that served the same healthcare space independently in managed print and cybersecurity but shared very little in terms of their customer base. We have always viewed this as a good opportunity for them to cross sell their services across their current customer portfolio as well as to continue to grow organically. As one would expect given the number of high-profile

data breaches that have been in the news the last few years, cybersecurity is a growing area of demand within the healthcare space. This is made even more important by hospitals need to secure any digital data regarding their patients to abide by HIPAA laws. CTEK currently trades at an Enterprise Value to Revenue (EV/Rev) of .9x. Other names in the cybersecurity and cloud space usually trade at multiples of revenue. FireEye, a cybersecurity software provider trades at 4.5x EV/REV and loses money every quarter. CTEK on the other hand has been profitable six out of their last eight quarters. Due to this disconnect in value, our outlook going forward for CTEK remains very positive.

Galaxy Gaming, Inc. (GLXZ) is a gaming company that designs, develops, manufactures, markets, and licenses proprietary casino gaming tables both in the United States and overseas. Over the past couple of years, there have been several positive developments that have led to some success for the company including the appointment of a new professional management team, a renegotiation of their debt lowering their interest rate by several percentage points and approval to sell their products into the Nevada gaming market. These developments coupled with our discussion with management have led us to believe that they're trading at forward EV/EBITDA of (EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization) of about 9x and an EV/REV of about 3x. The last two companies acquired in this space were purchased at multiples in the range of 4-5x revenue and 12-16x EBITDA. When we look at these historical metrics versus Galaxy's current metrics we remain confident that the stock continues to have significant upside despite having traded sideways this year.

## *Perritt Ultra MicroCap Fund*

First Internet Bancorp (INBK) is a bank holding company that operates and internet based bank offering commercial and retail banking services via their website, [www.firstib.com](http://www.firstib.com). By operating under an asset light internet banking model INBK is able to offer their customer more attractive rates on their accounts than a conventional brick and mortar bank due to the savings that come with business model. The company consistently posts double digit revenue growth rates each year and as they scale up should be able to leverage their existing infrastructure to growth rates of return at a higher pace than traditional banks as they do not need to open new branches. They are currently trading at only .9x their price to tangible book value.

A larger player in the space, Axos Financial, currently trades at a multiple of 2.0x. While they have better rates of return due to their size, we believe that as INBK scales up they will be able to grow their multiples and get to the level of the larger players in the space. Due to this we view INBK as an attractive investment at these levels.

As of October 31, 2018, the Fund holds the common stock of 84 companies which is the same number of companies we reported in our semi-annual report. We still intend to keep the number of names in the portfolio around this number and continue with our strategy of concentrating on high quality and higher conviction names. Based on our earnings estimates, the Fund's portfolio is trading at a 17.0x forward price to earnings. The median

price to sales ratio is 0.97x, the median price to book is 1.54x, and price to trailing twelve month's earnings of 19.43x. The median market cap for the fund is at \$85.7 million. The compares to the Russell Microcap metrics of a price to earnings of 1.97x, a price to book of 1.68x and a trailing P/E of 17.93x. It is interesting to note that the P/E number for the Index only includes profitable companies, and of the 1550 names that constitute the index only 616 of those are profitable.

We want to genuinely thank our fellow shareholders for their continued support and confidence in the Perritt Capital Management team. Each member of our investment committee, as well as many other employees have made continued investment in this Fund for over 10 years and remain shareholders alongside all of you. If you have any questions or comments about this report or your investment in the Perritt Ultra MicroCap Fund, please call us toll-free at (800) 331-8936 or visit our web site at [www.perrittcap.com](http://www.perrittcap.com). Please refer to the prospectus for information about the Fund's investment objectives and strategies.



Matthew Brackmann  
Portfolio Manager

## *Perritt Ultra MicroCap Fund*

**Mutual fund investing involves risk. Principal loss is possible. The Funds invest in smaller companies, which involve additional risks, such as limited liquidity and greater volatility. The Funds invest in micro-cap companies which tend to perform poorly during times of economic stress.**

**Past performance does not guarantee future results.**

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

**Russell Microcap® Index** is a capitalization weighted index of 2,000 small cap and micro cap stocks that captures the smallest 1,000 companies in the Russell 2000, plus 1,000 smaller U.S.-based listed stocks.

**Russell 2000® Index** is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

**Enterprise Value to Revenue (EV/Rev)** multiple is a valuation metric used to value a business by dividing its enterprise value (equity plus debt minus cash) by its annual revenue.

**EV/EBITDA** is the enterprise value to EBITDA or earnings before interest, taxes, depreciation, and amortization. The EV equals market capitalization + preferred shares + minority interest + debt - total cash divided by EBITDA.

**Forward Price Earnings Ratio (Forward P/E)** is a quantification of the ratio of price-to-earnings using forecasted earnings for the P/E calculation.

**Trailing P/E** is calculated by dividing the current market value, or share price, by the earnings per share over the previous 12 months.

**Price to Book Ratio (P/B)** is a financial ratio used to compare a company's current market price to its book value.

**Price to Sales Ratio (P/S)** is a valuation metric for stocks. It is calculated by dividing the company's market cap by the revenue in the most recent year; or, equivalently, divide the per-share stock price by the per-share revenue.

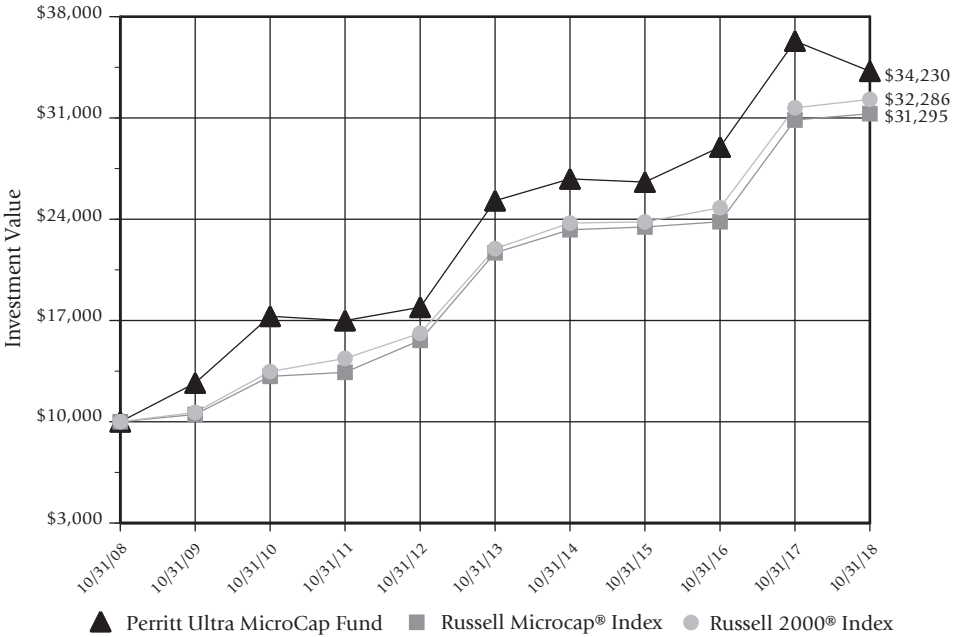
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## Perritt Ultra MicroCap Fund

Performance\* (Unaudited)

October 31, 2018

### Perritt Ultra MicroCap Fund versus Russell Microcap® Index and Russell 2000® Index



There are several ways to evaluate a fund's historical performance. You can look at the total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (or income) and capital gains (the profits the fund earns when it sells stocks that have grown in value).

Cumulative total returns reflect the Fund's actual performance over a set period. For example, if you invested \$1,000 in a fund that had a 5% return over one year, you would end up with \$1,050. You can compare the Fund's returns to the Russell 2000® Index, which reflects a popular measure of the stock performance of small companies, and the Russell Microcap® Index, which measures the performance of the micro-cap segment of the U.S. equity market.

Average annual total returns take the Fund's actual (or cumulative) return and show you what would have happened if the Fund had performed at a constant rate each year.

\* The graph illustrates the performance of a hypothetical \$10,000 investment made in the period presented. Assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees or the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares. The graph does not imply any future performance. It is not possible to invest directly in an index.



## Perritt Ultra MicroCap Fund

### Performance (Unaudited) (Continued)

October 31, 2018

#### Average Annual Total Returns\*

*Periods ended October 31, 2018 (Unaudited)*

	<i>Past 1 Year</i>	<i>Past 5 Years</i>	<i>Past 10 Years</i>
Perritt Ultra MicroCap Fund	(5.73)%	6.25%	13.09%
Russell Microcap Index <i>(reflects no deduction for fees and expenses)</i>	1.43%	7.62%	12.08%
Russell 2000 Index <i>(reflects no deduction for fees and expenses)</i>	1.85%	8.01%	12.44%

*Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling 800-331-8936.*

*\* The tables do not reflect the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares.*

## Perritt Ultra MicroCap Fund

### Ten Largest Common Stock Holdings (Unaudited)

*Galaxy Gaming, Inc. (GLXZ)* is a gaming company that designs, develops, manufactures, markets, acquires, and licenses proprietary casino table games and associated technology, platforms, and systems for the gaming industry.

*CynergisTek, Inc. (CTEK)* provides outsourced document solutions, IT consulting data security, and managed print services primarily to the healthcare industry in the United States. The company offers Incident Response, Vendor Security Management, and Patient Privacy Monitoring Service, as well as Compliance Assist Partner Program.

*DLH Holdings Corp. (DLHC)* provides healthcare, logistics, and technical services and solutions to Federal Government agencies including the Department of Veteran Affairs, the Department of Defense, and other government clients.

*PCM, Inc. (PCMI)* through its subsidiaries, operates as a multi-vendor provider of technology products and solutions in the United States and Europe. It primarily sells device products, servers, storage products, network products, printers, and related accessories and devices.

*Sensus Healthcare, Inc. (STRS)* manufactures and markets superficial radiation therapy devices to healthcare providers worldwide. It offers SRT-100, a photon X-ray low energy superficial radiotherapy system that provides patients an alternative to surgery for treating non-melanoma skin cancers; and SRT-100 Vision, which provides the user with a superficial radiation therapy-tailored treatment planning application that integrates the embedded high frequency ultrasound imaging module, volumetric tumor analysis, beam margins planning, and dosimetry parameters.

*ImmuCell Corp. (ICCC)*, an animal health company, develops, acquires, manufactures, and sells products that enhance the health and productivity of dairy and beef cattle in the United States and internationally. The company primarily offers First Defense, an orally delivered scours preventive product for newborn calves.

*Northern Technology International Corp. (NTIC)* develops and markets rust and corrosion inhibiting products and services to automotive, electronics, electrical mechanical, military, retail consumer, and oil and gas markets.

*Information Services Group, Inc. (III)* operates as a technology research and advisory company in the Americas, Europe, and the Asia Pacific. The company offers digital transformation services, including automation, cloud, and data analytics; sourcing advisory; managed governance and risk; network carrier; technology strategy and operations design; change management; and market intelligence and technology research and analysis services.

*Sachem Capital Corp. (SACH)* operates as a real estate finance company and engages in originating, underwriting, funding, servicing, and managing a portfolio of short-term loans secured by first mortgage liens on real property located primarily in Connecticut.

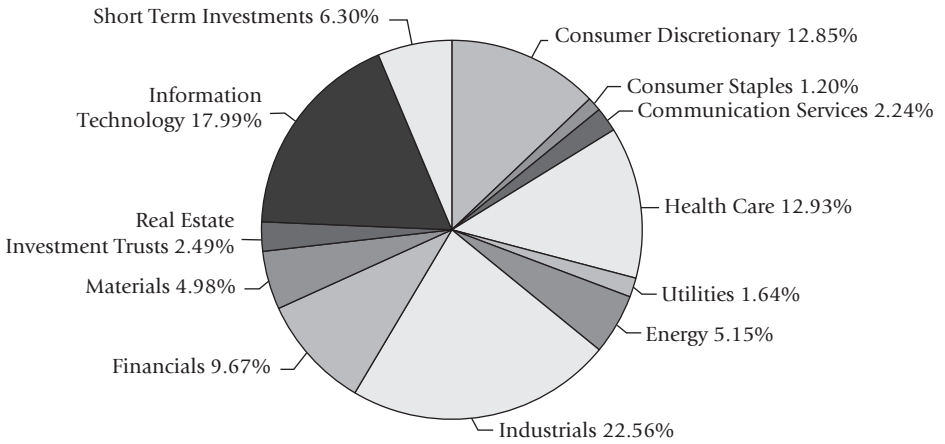
*Global Water Resources, Inc. (GWRS)*, a water resource management company, owns, operates, and manages regulated water, waste water, and recycled water utilities primarily in metropolitan Phoenix, Arizona.

*Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

*Please refer to the Schedule of Investments in this report for a complete list of Fund holdings.*

## Perritt Ultra MicroCap Fund

### Allocation of Portfolio Investments (Unaudited) October 31, 2018



*Note: For presentation purposes, the Fund has grouped some of the industry categories. For purposes of categorizing securities for compliance with section 8(b)(1) of the Investment Company Act of 1940, the Fund uses more specific industry classifications.*

**Portfolio Manager's Message**



*Michael Corbett,  
Portfolio Manager*

We are certainly disappointed with the absolute and relative performance for the Perritt Low Priced Stock Fund this past year. We remain extremely excited about the prospects for the Fund's holdings. That is why we have decided to

provide an expanded detail of some of the most interesting and largest holdings in this report. The Fund's performance results and historic performance can be found on the pages later in this report.

Callaway Golf (ELY) together with its subsidiaries, designs, manufactures, and sells golf clubs, golf balls, golf bags, and other golf-related accessories in the United States and internationally. The company operates through three segments: Golf Clubs; Golf Balls; and Gear and Accessories. It offers drivers, fairway woods, hybrids, irons, wedges, and putters. The company has a number one or two market shares in most categories. The hidden gem in Callaway's bag is their 15% ownership of Topgolf. Topgolf is a private company that offers one of the fastest growing retail concepts in the world. There are more than 60 locations worldwide that offer competitive golf games and an impressive food and drink menu. We expect Topgolf to double its footprint in the next couple of years and take the company public.

Glu Mobile Inc. (GLUU) develops, publishes, and markets a portfolio of free-to-play mobile games for the users of smartphones and tablet devices. The company publishes titles in four genres, including home décor, sports and action, fashion and celebrity, and time management. Online games have become

the new big sports for younger people. There were more than 60 million people watching the 2017 League of World Video Game Final, which is half the amount of people watching the Super Bowl each year. This is a huge growth industry, and GLUU is well positioned to participate in that growth. We expect revenue and profits to grow well in the double digits in the next several years.

Immersion Corporation (IMMR) develops and licenses haptic technologies, with 3000+ issued and pending patents, which allow people to use their sense of touch when they engage with various digital products. This is used with mobile devices, gaming, auto and other sectors. Their haptics are in approximately 7% of all automobiles, but after signing a recent series of deals, they will have 50% coverage with \$1 to \$6 of content per car. Recent license agreements have included Apple, Fitbit, and Sony and pending litigation against Samsung and Motorola looks very favorable. Earnings can be lumpy due to less fixed fees and more license sales. There is anticipation of a \$50 million settlement with Samsung which would be about 17% of IMMR's enterprise value. IMMR trades at 3.1x EBITDA, has a 13% free cash flow yield, and zero debt. This company could have explosive growth as more devices migrate to "touch".

KEMET Corporation (KEM) manufactures and sells passive electronic components under the KEMET brand worldwide. The company operates in three segments: Solid Capacitors, Film and Electrolytic; and Electro-Magnetic, Sensors, and Actuators. The company recently completed an agreement with 2 customers where 27 billion pieces or 37% of all KEMET annual MLCC capacity are sold through fiscal 2021. This recurring revenue stream has been unattainable in their industry thus far and

## *Perritt Low Priced Stock Fund*

requires a high level of confidence and trust between the parties. Despite the fact that the company has grown revenue in excess of 20% annualized in the past three years and future growth looks promising, the company's stock trades at less than 1 times revenue and less than 6 times earnings.

McEwen Mining (MUX) engages in the exploration, development, production, and sale of gold and silver. The company owns 100% interests in the El Gallo 1 mine and El Gallo 2 project in the state of Sinaloa, Mexico; and the Black Fox Complex, Buffalo Ankerite, Fuller, Davidson Tisdale, and Black Fox North properties in Canada. McEwen Mining was founded by Robert McEwen who was also founder and former Chairman and CEO of Goldcorp, which is one of the largest gold producers in the world. Under McEwen leadership, he consolidated five companies to form Goldcorp in the 1990s. During his leadership from 1993 to 2005, Goldcorp's stock rose by nearly 20-fold. Mr. McEwen receives \$1 in salary, no bonus and no options, but owns 24% of MUX. We are excited to be a fellow shareholder with Mr. McEwen!

Tecnoglass (TGLS) through its subsidiaries, manufactures and sells architectural glass, windows, and associated aluminum products for the global commercial and residential construction industries in North, Central, and South America. It offers soft coat, laminated/thermo-laminated, thermo-acoustic, tempered, silk-screened, curved, and digital print glass. In the past five years, the company has grown revenue by more than 13% annually and EBITDA has grown by nearly 20% in that same period. The company's shares trade at a reasonable 1.4 times revenue and a little more than 6 times EBITDA. The company pays an above average dividend with a current yield in excess of 6%. Given the fact that

management recently raised guidance, we believe the dividend is solid and future increases in the dividend are likely.

While there is not enough room to discuss all the Fund's holdings in this report, we are equally excited about all the holdings in this portfolio. Here are some summary statistics for the entire portfolio. Based on our earnings estimate, the Fund's portfolio trades at less than 11 times 2019 earnings. The median price to revenue is slightly less than 0.9 times. These valuations compare to the Russell 2000® Index's median price earnings ratio of 14.2 and a median price to revenue of 2.1 times. In addition, there are nearly one-third of the companies in the Index that are not profitable. More than 90% of the companies in the Perritt Low Priced Stock Fund are profitable.

Thank you for entrusting your investment with us. The Perritt Capital Management team continues to show their commitment to the Fund's success with their own personal investment. As a fellow shareholder and the largest shareholder, I am committed to the success of this fund. If you have any questions or comments about this report or your investment in the Perritt Low Priced Stock Fund, please call us toll-free at (800) 331-8936 or visit our website at [www.perrittcap.com](http://www.perrittcap.com). Please refer to the prospectus for information about the Fund's investment objectives and strategies.



Michael Corbett  
Portfolio Manager

## *Perritt Low Priced Stock Fund*

Past performance does not guarantee future results.

**Earnings Growth is not a measure of the Fund's future performance.**

Opinions expressed are subject to change at any time, are not guaranteed, and should not be considered investment advice.

The **Russell 2000® Index** consists of the smallest 2000 companies in a group of 3000 companies in the Russell 3000 as ranked by market cap.

**Free Cash Flow** is the cash a company produces through its operation, less the cost of expenditures on assets. It is the cash left over after a company pays for its operating expenses and capital expenditures.

**Median Price to Revenue Ratio** is a valuation that compares a company's stock price to its revenue. It is an indicator of the value placed on each dollar of a company's sales or revenues.

It is not possible to invest directly in an index.

Please refer to the Schedule of Investments in the report for more complete information regarding Fund holdings. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

**Mutual fund investing involves risk. Principal loss is possible. The Funds invest in smaller companies, which involve additional risks, such as limited liquidity and greater volatility. The Funds invest in micro-cap companies which tend to perform poorly during times of economic stress. The Low Priced Stock Fund may invest in early stage companies which tend to be more volatile and somewhat more speculative than investments in more established companies. Low Priced stocks are generally more volatile than higher priced securities.**

The annual report must be preceded or accompanied by a prospectus. One cannot invest directly in an index.

The Perritt Funds are distributed by Quasar Distributors, LLC.

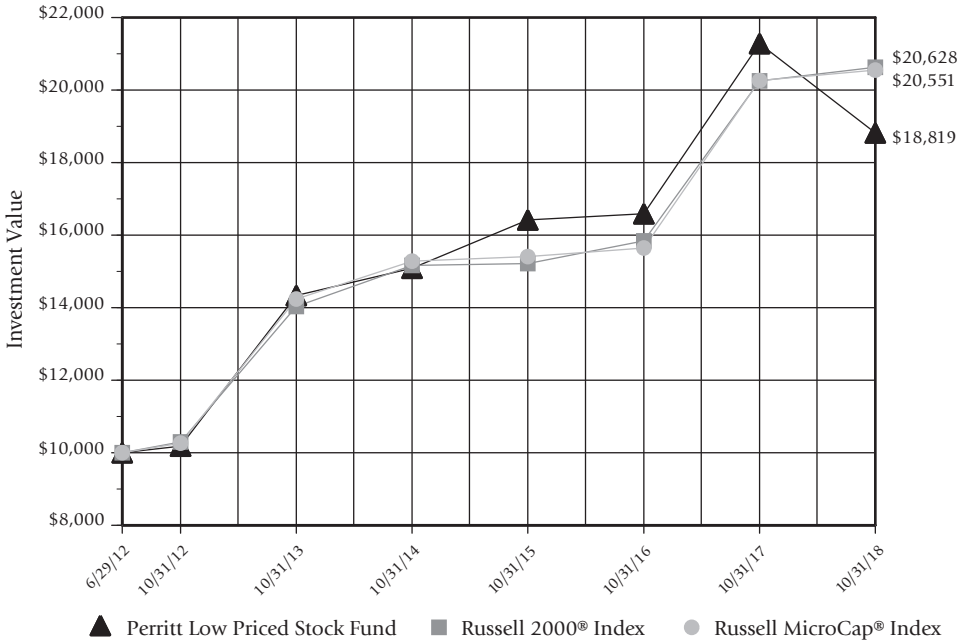
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## Perritt Low Priced Stock Fund

Performance\* (Unaudited)

October 31, 2018

### *Perritt Low Priced Stock Fund\*\* versus Russell 2000® Index and Russell Microcap® Index*



There are several ways to evaluate a fund's historical performance. You can look at the total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (or income) and capital gains (the profits the fund earns when it sells stocks that have grown in value).

Cumulative total returns reflect the Fund's actual performance over a set period. For example, if you invested \$1,000 in a fund that had a 5% return over one year, you would end up with \$1,050. You can compare the Fund's returns to the Russell 2000® Index, which reflects a popular measure of the stock performance of small companies, and the Russell Microcap® Index, which measures the performance of the micro-cap segment of the U.S. equity market.

Average annual total returns take the Fund's actual (or cumulative) return and show you what would have happened if the Fund had performed at a constant rate each year.

\* The graph illustrates the performance of a hypothetical \$10,000 investment made in the Fund at inception (June 29, 2012) of the Fund's predecessor account through October 31, 2018. Assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees or the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares. The graph does not imply any future performance. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total returns would be reduced. It is not possible to invest directly in an index.

\*\* June 29, 2012 is the inception date of the Fund's predecessor account. The Fund commenced operations on February 28, 2014. The investment policies, objectives, guidelines and restrictions of the Fund are in all material respects equivalent to those of the predecessor account.



## Perritt Low Priced Stock Fund

### Performance (Unaudited) (Continued)

October 31, 2018

#### Average Annual Total Returns\*\*

*Periods ended October 31, 2018 (Unaudited)*

	Past 1 Year	Past 5 Years	Since Inception*
Perritt Low Priced Stock Fund	(11.57)%	5.59%	10.49%
Russell 2000 index <i>(reflects no deduction for fees and expenses)</i>	1.85%	8.01%	12.10%
Russell Microcap Index <i>(reflects no deduction for fees and expenses)</i>	1.43%	7.62%	12.04%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling 800-331-8936.

\* The Fund is the successor to a separately managed account. Immediately prior to the Fund commencing operations on February 28, 2014, the predecessor account transferred its assets to the Fund in exchange for the Fund's shares. The investment policies, objectives, guidelines and restrictions of the Fund are in all material respects equivalent to those of the predecessor. In addition, the predecessor's portfolio managers are the current portfolio managers of the Fund. As a mutual fund registered under the Investment Company Act of 1940 (the "1940 Act"), the Fund is subject to certain restrictions under the 1940 Act and the Internal Revenue Code to which the predecessor was not subject. Had the predecessor been registered under the 1940 Act and been subject to the provisions of the 1940 Act and the Internal Revenue Code, its investment performance may have been adversely affected. The performance was achieved by the predecessor when Fund assets were relatively small; the same strategies may not be available, and similar performance may not be achieved, when the Fund's assets are larger. The performance shown includes an annual management fee of 1.00% and does not include any expenses paid by the predecessor's investment advisor.

The since inception date is June 29, 2012, the date of inception of the Fund's predecessor account. The past performance of the Fund and its predecessor account (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

\*\* The tables do not reflect the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares.

## Perritt Low Priced Stock Fund

### Ten Largest Common Stock Holdings (Unaudited)

*Infrastructure & Energy Alternatives, Inc. (IEA)* provides engineering, procurement, and construction services for the renewable energy, traditional power, and civil infrastructure industries in the United States. It offers design, site development, construction, installation, and restoration of infrastructure services.

*Photronics, Inc. (PLAB)*, together with its subsidiaries, manufactures and sells photomasks in the United States, Taiwan, Korea, Europe, and internationally. The company offers photomasks, which are high precision photographic quartz plates containing microscopic images of electronic circuits for use in the manufacture of semiconductors and flat panel displays.

*AMC Entertainment Holdings, Inc. (AMC)*, through its subsidiaries, operates in the theatrical exhibition business. The company owns, operates, or has interests in theatres.

*Electro Scientific Industries, Inc. (ESIO)*, together with its subsidiaries, supplies laser-based microfabrication solutions for the microtechnology industry worldwide. The company provides printed circuit board laser drilling products, including laser via drilling systems for electrical interconnect applications, semiconductor manufacturing products, component test products, and industrial machining products.

*Primo Water Corp. (PRMW)*, together with its subsidiaries, provides multi-gallon purified bottled water, self-service refill water, and water dispensers in the United States and Canada. It operates in three segments: Refill, Exchange, and Dispensers.

*Carrizo Oil & Gas, Inc. (CRZO)*, together with its subsidiaries, engages in the exploration, development, and production of crude oil, natural gas liquids, and gas from resource plays primarily in the United States.

*Mercer International, Inc. (MERC)*, together with its subsidiaries, manufactures and sells northern bleached softwood Kraft (NBSK) pulp in the United States, Europe, Asia, and internationally. The company operates in two segments, Pulp and Wood Products.

*Information Services Group, Inc. (III)* operates as a technology research and advisory company in the Americas, Europe, and the Asia Pacific. The company offers digital transformation services, including automation, cloud, and data analytics; sourcing advisory; managed governance and risk; network carrier; technology strategy and operations design; change management; and market intelligence and technology research and analysis services.

*CNO Financial Group, Inc. (CMO)* develops, markets and administers health insurance, annuity, individual life insurance and other insurance products. The Company's segments include Bankers Life, Washington National and Colonial Penn.

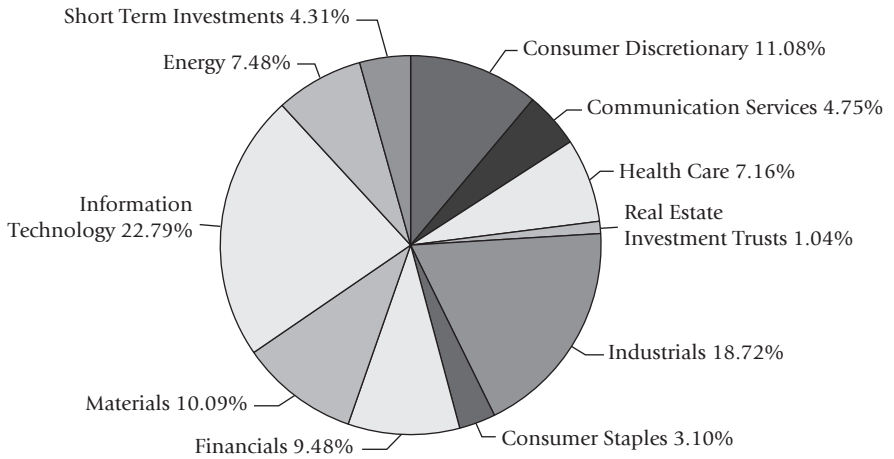
*Tower International, Inc. (TWRS)* manufactures and sells engineered automotive structural metal components and assemblies primarily for original equipment manufacturers. It operates in two segments, North America and Europe.

*Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

*Please refer to the Schedule of Investments in this report for a complete list of Fund holdings.*

## Perritt Low Priced Stock Fund

### Allocation of Portfolio Investments (Unaudited) October 31, 2018



*Note: For presentation purposes, the Fund has grouped some of the industry categories. For purposes of categorizing securities for compliance with section 8(b)(1) of the Investment Company Act of 1940, the Fund uses more specific industry classifications.*

# Perritt MicroCap Opportunities Fund

## Schedule of Investments

October 31, 2018

<u>Shares</u>	<u>COMMON STOCKS – 99.36%</u>	<u>Value</u>	<u>Shares</u>		<u>Value</u>
<i>Aerospace &amp; Defense – 1.68%</i>			<i>Commercial Banks – 7.23%</i>		
397,172	CPI Aerostructures, Inc. <sup>(a)</sup>	\$ 2,700,770	125,900	Bankwell Financial Group, Inc.	\$ 3,817,288
		<u>2,700,770</u>	87,691	Berkshire Hills Bancorp, Inc.	2,926,249
<i>Auto Parts &amp; Equipment – 5.02%</i>			25,000	Bridgewater Bancshares, Inc. <sup>(a)</sup>	277,500
162,271	Miller Industries, Inc.	3,922,090	50,000	Esquire Financial Holdings, Inc. <sup>(a)</sup>	1,199,000
125,000	Motorcar Parts of America, Inc. <sup>(a)(b)</sup>	2,647,500	54,185	Triumph Bancorp, Inc. <sup>(a)</sup>	1,943,074
10,500	Motorcar Parts of America, Inc. <sup>(a)</sup>	222,390	61,240	Veritex Holdings, Inc. <sup>(a)</sup>	1,442,815
50,000	Stoneridge, Inc. <sup>(a)</sup>	1,270,500			<u>11,605,926</u>
		<u>8,062,480</u>	<i>Commercial Services – 1.02%</i>		
<i>Automotive Retail – 0.73%</i>			65,000	TriState Capital Holdings, Inc. <sup>(a)</sup>	1,639,300
193,651	Lazydays Holdings, Inc. <sup>(a)</sup>	1,175,462			<u>1,639,300</u>
		<u>1,175,462</u>	<i>Construction &amp; Engineering – 5.30%</i>		
<i>Building Materials – 7.07%</i>			30,000	Comfort Systems USA, Inc.	1,604,400
180,000	BlueLinx Holdings, Inc. <sup>(a)</sup>	4,239,000	739,500	Hill International, Inc. <sup>(a)</sup>	2,085,390
94,452	Global Brass & Copper Holdings, Inc.	2,986,572	132,776	IES Holdings, Inc. <sup>(a)</sup>	2,355,446
471,677	Huttig Building Products, Inc. <sup>(a)</sup>	1,759,355	260,700	Limbach Holdings, Inc. <sup>(a)</sup>	2,474,043
23,454	Insteel Industries, Inc.	612,619			<u>8,519,279</u>
87,400	PGT Innovations, Inc. <sup>(a)</sup>	1,770,724	<i>Consumer Products –</i>		
		<u>11,368,270</u>	<i>Manufacturing – 2.02%</i>		
<i>Business Services – 5.78%</i>			114,000	Delta Apparel, Inc. <sup>(a)</sup>	2,173,980
125,200	CynergisTek, Inc. <sup>(a)</sup>	500,800	62,041	Superior Group of Cos., Inc.	1,078,893
144,261	DLH Holdings Corp. <sup>(a)</sup>	771,075			<u>3,252,873</u>
115,000	GP Strategies Corp. <sup>(a)</sup>	1,680,150	<i>Consumer Services – 2.95%</i>		
120,175	Information Services Group, Inc. <sup>(a)</sup>	493,919	207,583	Primo Water Corp. <sup>(a)</sup>	3,460,409
171,383	PCM, Inc. <sup>(a)</sup>	3,233,997	105,869	ZAGG, Inc. <sup>(a)</sup>	1,282,073
368,969	PFSweb, Inc. <sup>(a)</sup>	2,615,990			<u>4,742,482</u>
		<u>9,295,931</u>	<i>Data Processing, Hosting and Related Services – 4.48%</i>		
<i>Chemical &amp; Related Products – 8.70%</i>			450,175	Limelight Networks, Inc. <sup>(a)</sup>	1,814,205
20,000	KMG Chemicals, Inc.	1,500,400	357,663	Ooma, Inc. <sup>(a)</sup>	5,379,252
204,165	Northern Technologies International Corp.	6,604,738			<u>7,193,457</u>
375,652	OMNOVA Solutions, Inc. <sup>(a)</sup>	2,776,068			
287,266	Trecora Resources <sup>(a)</sup>	3,102,473			
		<u>13,983,679</u>			

The accompanying notes to financial statements are an integral part of this schedule.

# Perritt MicroCap Opportunities Fund

## Schedule of Investments (Continued)

October 31, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
<b>Electronic Equipment &amp; Instruments – 1.69%</b>		<b>Insurance (Continued)</b>	
123,728 Bel Fuse, Inc. – Class B . . .	\$ 2,722,016	83,049 United Insurance	
	<u>2,722,016</u>	Holdings Corp. . . . .	\$ 1,637,726
			<u>3,944,126</u>
<b>Energy &amp; Related Services – 1.14%</b>		<b>Leisure – 0.78%</b>	
90,000 Matrix Service Co.(a) . . . . .	<u>1,829,700</u>	200,000 Century Casinos,	
	<u>1,829,700</u>	Inc.(a) . . . . .	1,248,000
			<u>1,248,000</u>
<b>Engineering &amp; Construction – 0.84%</b>		<b>Machinery Manufacturing – 1.51%</b>	
135,200 Infrastructure & Energy		98,700 Graham Corp. . . . .	2,429,007
Alternatives, Inc.(a) . . . . .	1,352,000		<u>2,429,007</u>
	<u>1,352,000</u>		
<b>Financial Services – 6.92%</b>		<b>Medical Supplies &amp; Services – 0.81%</b>	
123,800 First Internet Bancorp . . .	3,190,326	20,000 Addus HomeCare	
145,092 Hennessy Advisors, Inc. . .	1,797,690	Corp.(a) . . . . .	1,310,000
53,009 Northeast Bancorp . . . . .	997,099		<u>1,310,000</u>
40,950 Oppenheimer Holdings,		<b>Private Equity &amp; Venture Capital – 0.26%</b>	
Inc. – Class A . . . . .	1,259,622	73,206 BBX Capital Corp. –	
270,006 Silvercrest Asset		Class A . . . . .	428,255
Management Group,			<u>428,255</u>
Inc. – Class A . . . . .	3,882,686		
	<u>11,127,423</u>	<b>Real Estate Investment Trusts – 4.56%</b>	
		169,799 City Office Real Estate	
<b>Food – 3.99%</b>		Investment Trust, Inc. . .	1,871,185
101,533 Crimson Wine		90,000 Community Healthcare	
Group Ltd.(a) . . . . .	868,107	Trust, Inc. . . . .	2,674,800
116,981 Farmer Brothers Co.(a) . .	2,820,412	75,000 Exantas Capital Corp. . .	850,500
198,500 Landec Corp.(a) . . . . .	<u>2,717,465</u>	210,000 Global Medical	
	<u>6,405,984</u>	REIT, Inc. . . . .	1,923,600
			<u>7,320,085</u>
<b>Gold – 0.20%</b>		<b>Retail – 1.20%</b>	
75,000 Gold Resource Corp. . . . .	324,750	150,000 Kirkland’s, Inc.(a) . . . . .	1,516,500
	<u>324,750</u>	250,100 Pier 1 Imports, Inc. . . . .	397,659
			<u>1,914,159</u>
<b>Home Builder – 0.59%</b>		<b>Semiconductor Related Products – 5.39%</b>	
100,000 Green Brick		286,367 AXI, Inc.(a) . . . . .	1,887,159
Partners, Inc.(a) . . . . .	940,000	138,327 DSP Group, Inc.(a) . . . . .	1,691,739
	<u>940,000</u>	415,000 Photronics, Inc.(a) . . . . .	4,042,100
		50,000 Rudolph Technologies,	
<b>Industrial Goods – 0.97%</b>		Inc.(a) . . . . .	1,039,500
736,740 Hudson Technologies,			<u>8,660,498</u>
Inc.(a) . . . . .	610,537	<b>Software – 4.50%</b>	
35,000 Schnitzer Steel Industries,		190,700 American Software,	
Inc. – Class A . . . . .	941,500	Inc. – Class A . . . . .	2,194,957
	<u>1,552,037</u>	200,000 Asure Software, Inc.(a) . . .	2,228,000
<b>Insurance – 2.45%</b>			
240,000 Atlas Financial			
Holdings, Inc.(a) . . . . .	2,306,400		

The accompanying notes to financial statements are an integral part of this schedule.

# Perritt MicroCap Opportunities Fund

## Schedule of Investments (Continued)

October 31, 2018

Shares	Value
<b>Software (Continued)</b>	
418,000 Zix Corp. <sup>(a)</sup> .....	\$ 2,817,320
	7,240,277
<b>Specialty Manufacturing – 4.39%</b>	
82,500 Federal Signal Corp. ....	1,814,175
386,196 LSI Industries, Inc. ....	1,668,367
188,733 Manitex International, Inc. <sup>(a)</sup> .....	1,611,780
86,001 Sparton Corp. <sup>(a)</sup> .....	1,064,692
46,900 Twin Disc, Inc. <sup>(a)</sup> .....	897,197
	7,056,211
<b>Telecommunications – 3.09%</b>	
740,000 Ceragon Networks Ltd. <sup>(a)(e)</sup> .....	2,464,200
79,652 Digi International, Inc. <sup>(a)</sup> .....	923,963
355,000 PC-Tel, Inc. ....	1,569,100
	4,957,263
<b>Transportation – 2.10%</b>	
620,000 Radiant Logistics, Inc. <sup>(a)</sup> .....	3,372,800
	3,372,800
<b>TOTAL COMMON STOCKS</b>	
(Cost \$118,039,235) ..	\$159,674,500
<b>Contracts WARRANTS – 0.05%</b>	
<b>Engineering &amp; Construction – 0.05%</b>	
46,400 Infrastructure & Energy Alternatives, Inc. Warrant; Expiration: 05/20/2021, <sup>(a)</sup> .....	\$ 72,384
<b>Insurance – 0.00%</b>	
38,106 Emergent Capital, Inc. Warrant; Expiration: 10/06/2019, Exercise Price \$10.75 <sup>(a)(c)</sup> .....	—
<b>TOTAL WARRANTS</b>	
(Cost \$65,747) .....	\$ 72,384

Shares	Value
<b>SHORT-TERM INVESTMENTS – 1.11%</b>	
<b>Money Market Funds – 1.11%</b>	
1,786,501 First American Government Obligations Fund Class X 2.09% <sup>(d)</sup> .....	\$ 1,786,501
<b>TOTAL SHORT-TERM INVESTMENTS</b>	
(Cost \$1,786,501) ....	\$ 1,786,501
<b>Total Investments</b>	
(Cost \$119,891,483) –	
100.52% .....	\$161,533,385
<b>Liabilities in Excess of Other Assets – (0.52)% .....</b>	
	(835,425)
<b>TOTAL NET ASSETS –</b>	
100.00% .....	\$160,697,960

Percentages are stated as a percent of net assets.

- <sup>(a)</sup> Non-income producing security.
- <sup>(b)</sup> Security was purchased in a transaction exempt from registration in the U.S. under the Securities Act of 1933 (the "Act") and, unless registered under the Act, may only be sold pursuant to exemption from registration and, in the case of a Rule 144A offering under the Act, may only be sold to "qualified institutional buyers." The value of this security is \$2,647,500 or 1.65% of the Fund's net assets. This security is deemed to be liquid.
- <sup>(c)</sup> The price for this security was derived from an estimate of fair value using methods approved by the Fund's Board of Directors. This security represents \$0 or 0.00% of the Fund's net assets. This security is classified as Level 2 and is deemed to be illiquid.
- <sup>(d)</sup> Variable rate security; the rate shown is the seven-day yield rate as of October 31, 2018.
- <sup>(e)</sup> Foreign issued security.

The accompanying notes to financial statements are an integral part of this schedule.

# Perritt Ultra MicroCap Fund

## Schedule of Investments

## October 31, 2018

<u>Shares</u>	<u>COMMON STOCKS – 93.84%</u>	<u>Value</u>	<u>Shares</u>		<u>Value</u>
<i>Aerospace &amp; Defense – 0.95%</i>			<i>Construction &amp; Engineering (Continued)</i>		
85,000	CPI Aerostructures, Inc. <sup>(a)</sup> .....	\$ 578,000	150,000	Hill International, Inc. <sup>(a)</sup> .....	\$ 423,000
		578,000	9,000	NV5 Global, Inc. <sup>(a)</sup> .....	702,630
					1,869,347
<i>Air Transport – 1.29%</i>			<i>Consumer Goods – 0.97%</i>		
54,886	AeroCentury Corp. <sup>(a)</sup> ...	789,810	20,000	MCBC Holdings, Inc. <sup>(a)</sup> .....	593,600
		789,810			593,600
<i>Auto Parts &amp; Equipment – 1.05%</i>			<i>Consumer Products – Distributing – 0.78%</i>		
90,000	Unique Fabricating, Inc. ....	639,000	400,000	US Auto Parts Network, Inc. <sup>(a)</sup> .....	476,000
		639,000			476,000
<i>Business Services – 12.91%</i>			<i>Consumer Services – 0.99%</i>		
35,000	BG Staffing, Inc. ....	904,400	50,000	ZAGG, Inc. <sup>(a)</sup> .....	605,500
350,000	CynergisTek, Inc. <sup>(a)</sup> ....	1,399,999			605,500
244,300	DLH Holdings Corp. <sup>(a)</sup> ..	1,305,783	<i>Diversified Financials – 1.40%</i>		
275,000	Information Services Group, Inc. <sup>(a)</sup> .....	1,130,250	100,000	Safeguard Scientifics, Inc. <sup>(a)</sup> .....	855,000
65,000	PCM, Inc. <sup>(a)</sup> .....	1,226,550			855,000
45,475	Transcat, Inc. <sup>(a)</sup> .....	941,787	<i>Electronic Equipment &amp; Instruments – 1.06%</i>		
105,000	USA Technologies, Inc. <sup>(a)</sup> .....	609,000	150,000	Iteris, Inc. <sup>(a)</sup> .....	648,000
701,005	WidePoint Corp. <sup>(a)</sup> .....	364,523			648,000
		7,882,292	<i>Energy &amp; Related Services – 3.24%</i>		
<i>Chemical &amp; Related Products – 1.91%</i>			145,000	DHT Holdings, Inc. <sup>(e)</sup> ...	729,350
36,000	Northern Technologies International Corp. ...	1,164,600	30,000	Matrix Service Co. <sup>(a)</sup> ....	609,900
		1,164,600	160,000	Mitcham Industries, Inc. <sup>(a)</sup> .....	640,000
<i>Chemical Manufacturing – 1.29%</i>					1,979,250
200,000	Intrepid Potash, Inc. <sup>(a)</sup> ..	790,000	<i>Engineering &amp; Construction – 1.72%</i>		
		790,000	62,500	Infrastructure & Energy Alternatives, Inc. <sup>(a)</sup> ....	625,000
<i>Computer &amp; Electronic Product Manufacturing – 2.78%</i>			100,000	SG Blocks, Inc. <sup>(a)</sup> .....	422,000
200,000	Dynatronics Corp. <sup>(a)</sup> ....	530,000			1,047,000
250,000	Luna Innovations, Inc. <sup>(a)</sup> .	815,000	<i>Environmental Services – 1.90%</i>		
1,000,000	Singing Machine Co., Inc. <sup>(a)</sup> .....	350,000	250,000	Fuel Tech, Inc. <sup>(a)</sup> .....	300,000
		1,695,000	377,500	Quest Resource Holding Corp. <sup>(a)</sup> .....	860,700
<i>Computers &amp; Electronics – 0.81%</i>					1,160,700
35,000	Napco Security Technologies, Inc. <sup>(a)</sup> ...	492,450	<i>Financial Holding Company – 0.63%</i>		
		492,450	100,000	CCUR Holdings, Inc. ...	383,000
<i>Construction &amp; Engineering – 3.06%</i>					383,000
65,353	Gencor Industries, Inc. <sup>(a)</sup> .....	743,717			

The accompanying notes to financial statements are an integral part of this schedule.

**Perritt Ultra MicroCap Fund**

**Schedule of Investments (Continued)**

**October 31, 2018**

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
<b>Financial Services – 5.42%</b>		<b>Merchant Wholesalers,</b>	
65,000 AMREP Corp. <sup>(a)</sup> . . . . .	\$ 432,900	<b>Nondurable Goods – 0.72%</b>	
35,000 First Internet Bancorp . . . . .	901,950	688,450 Innovative Food	
36,000 Hennessy Advisors, Inc. . . . .	446,040	Holdings, Inc. <sup>(a)</sup> . . . . .	\$ 441,296
50,000 HopFed Bancorp, Inc. . . . .	767,500		<u>441,296</u>
52,500 Silvercrest Asset Management		<b>Motion Pictures – 0.66%</b>	
Group, Inc. – Class A . . . . .	754,950	100,000 Ballantyne	
	<u>3,303,340</u>	Strong, Inc. <sup>(a)</sup> . . . . .	404,000
			<u>404,000</u>
<b>Food – 0.49%</b>		<b>Oil &amp; Gas Services – 0.75%</b>	
40,000 Willamette Valley		200,000 Profire Energy, Inc. <sup>(a)</sup> . . . . .	456,000
Vineyards, Inc. <sup>(a)</sup> . . . . .	296,000		<u>456,000</u>
	<u>296,000</u>	<b>Pharmaceuticals – 1.91%</b>	
<b>Health Care – 0.75%</b>		154,300 ImmuCell Corp. <sup>(a)</sup> . . . . .	1,166,508
113,250 Rockwell Medical			<u>1,166,508</u>
Technologies, Inc. <sup>(a)</sup> . . . . .	462,060	<b>Professional, Scientific,</b>	
	<u>462,060</u>	<b>and Technical Services – 1.95%</b>	
<b>Insurance – 1.92%</b>		350,000 CUI Global, Inc. <sup>(a)</sup> . . . . .	595,000
50,000 Atlas Financial		300,000 Sigma Labs, Inc. <sup>(a)</sup> . . . . .	591,000
Holdings, Inc. <sup>(a)</sup> . . . . .	480,500		<u>1,186,000</u>
35,000 United Insurance		<b>Real Estate Investment Trusts – 2.50%</b>	
Holdings Corp. . . . .	690,200	170,000 Global Self	
	<u>1,170,700</u>	Storage, Inc. . . . .	686,800
<b>Leisure – 3.97%</b>		60,000 Plymouth Industrial	
97,322 Century Casinos, Inc. <sup>(a)</sup> . . . . .	607,289	REIT, Inc. . . . .	840,000
1,534,599 Galaxy Gaming, Inc. <sup>(a)</sup> . . . . .	1,810,827		<u>1,526,800</u>
	<u>2,418,116</u>	<b>Retail – 2.56%</b>	
<b>Machinery Manufacturing – 0.90%</b>		80,000 Build-A-Bear	
170,000 ASV Holdings, Inc. <sup>(a)</sup> . . . . .	547,400	Workshop, Inc. <sup>(a)</sup> . . . . .	684,800
	<u>547,400</u>	240,000 OurPet's Co. <sup>(a)</sup> . . . . .	176,520
<b>Medical Supplies &amp; Services – 8.01%</b>		150,000 TravelCenters of	
6,000 Addus HomeCare		America, LLC <sup>(a)</sup> . . . . .	699,000
Corp. <sup>(a)</sup> . . . . .	393,000		<u>1,560,320</u>
51,549 Birner Dental Management		<b>Semiconductor Related Products – 2.52%</b>	
Services, Inc. <sup>(a)</sup> . . . . .	515,490	82,181 AXT, Inc. <sup>(a)</sup> . . . . .	541,573
659,000 First Choice Healthcare		50,000 DSP Group, Inc. <sup>(a)</sup> . . . . .	611,500
Solutions, Inc. <sup>(a)</sup> . . . . .	652,410	65,457 GSI Technology, Inc. <sup>(a)</sup> . . . . .	386,851
66,000 Lakeland			<u>1,539,924</u>
Industries, Inc. <sup>(a)</sup> . . . . .	867,240	<b>Software – 4.28%</b>	
400,000 Nobilis Health Corp. <sup>(a)</sup> . . . . .	286,960	80,000 Asure Software, Inc. <sup>(a)</sup> . . . . .	891,200
200,000 Sensus Healthcare,		264,175 Evolving Systems, Inc. <sup>(a)</sup> . . . . .	494,007
Inc. <sup>(a)</sup> . . . . .	1,195,000	117,500 Finjan Holdings, Inc. <sup>(a)</sup> . . . . .	427,700
41,665 Taylor Devices, Inc. <sup>(a)</sup> . . . . .	487,480	200,000 GlobalSCAPE, Inc. . . . .	802,000
250,000 Titan Medical, Inc. <sup>(a)(e)</sup> . . . . .	492,500		<u>2,614,907</u>
	<u>4,890,080</u>		

The accompanying notes to financial statements are an integral part of this schedule.



# Perritt Ultra MicroCap Fund

## Schedule of Investments (Continued)

October 31, 2018

<u>Shares</u>	<u>Value</u>	
<i>Specialty Finance – 1.68%</i>		
250,000 SACHEM CAPITAL CORP.	\$ 1,025,000	
	1,025,000	
<i>Specialty Manufacturing – 11.04%</i>		
200,000 ASPEN AEROGELS, INC. <sup>(a)</sup>	716,000	
40,064 CONTINENTAL MATERIALS CORP. <sup>(a)</sup>	621,192	
93,500 CTI INDUSTRIES CORP. <sup>(a)</sup>	359,040	
120,000 DATA I/O CORP. <sup>(a)</sup>	598,800	
12,500 HURCO COMPANIES, INC.	509,250	
28,863 KEWAUNEE SCIENTIFIC CORP.	825,482	
88,467 PIONEER POWER SOLUTIONS, INC. <sup>(a)</sup>	442,335	
170,000 POLAR POWER, INC. <sup>(a)</sup>	967,300	
50,000 SPARTON CORP. <sup>(a)</sup>	619,000	
80,000 TECNOLASS, INC. <sup>(c)</sup>	632,800	
13,336 UFP TECHNOLOGIES, INC. <sup>(a)</sup>	460,359	
	6,751,558	
<i>Telecommunications – 1.43%</i>		
500,000 MOBIVITY HOLDINGS CORP. <sup>(a)</sup>	875,000	
	875,000	
<i>Utilities – 1.64%</i>		
90,000 GLOBAL WATER RESOURCES, INC.	1,002,600	
	1,002,600	
<b>TOTAL COMMON STOCKS</b>		
(Cost \$50,655,181)	\$57,286,158	
<b>Contracts WARRANTS – 0.15%</b>		
<u>Value</u>		
<i>Medical Supplies &amp; Services – 0.00%</i>		
Titan Medical, Inc., Warrant:		
250,000 Expiration: 08/10/2023, Exercise Price \$3.20 <sup>(a)(c)</sup>	\$	—
<i>Telecommunications – 0.15%</i>		
Mobivity Holdings Corp. Warrant:		
165,000 Expiration: 03/11/2019, Exercise Price \$1.20 <sup>(a)(b)(c)</sup>	90,750	
<b>TOTAL WARRANTS</b>		
(Cost \$85,000)	\$ 90,750	

<u>Shares</u>	<u>Value</u>	
<b>SHORT-TERM INVESTMENTS – 6.32%</b>		
<i>Money Market Funds – 6.32%</i>		
3,857,014		First American Government Obligations Fund Class X 2.09% <sup>(d)</sup>
	\$ 3,857,014	
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
(Cost \$3,857,014)	\$ 3,857,014	
<b>Total Investments</b>		
(Cost \$54,597,195) –		100.31%
		\$ 61,233,922
<b>Liabilities in Excess of Other Assets – (0.31)%</b>		
	(191,569)	
<b>TOTAL NET ASSETS –</b>		
100.00%	\$ 61,042,353	

Percentages are stated as a percent of net assets.

- <sup>(a)</sup> Non-income producing security.
- <sup>(b)</sup> Security was purchased in a transaction exempt from registration in the U.S. under the Securities Act of 1933 (the "Act") and, unless registered under the Act, may only be sold to "qualified institutional buyers." The value of this security is \$90,750 or 0.15% of the Fund's Net Assets.
- <sup>(c)</sup> The price for this security was derived from an estimate of fair value using methods approved by the Fund's Board of Directors. This security represents \$90,750 or 0.15% of the Fund's net assets. This security was classified as Level 2 and is considered to be illiquid.
- <sup>(d)</sup> Variable rate security; the rate shown is the seven-day yield rate as of October 31, 2018.
- <sup>(e)</sup> Foreign issued security.

The accompanying notes to financial statements are an integral part of this schedule.

## Perritt Low Priced Stock Fund

### Schedule of Investments

October 31, 2018

<u>Shares</u> <b>COMMON STOCKS – 95.40%</b> <u>Value</u>	<u>Shares</u> <u>Value</u>
<b>Administrative &amp; Support Services – 0.86%</b>	
2,000 Kforce, Inc. . . . .	\$ 61,640
	61,640
<b>Air Transportation – 0.96%</b>	
2,000 Hawaiian Holdings, Inc. . . . .	69,220
	69,220
<b>Auto Parts &amp; Equipment – 6.01%</b>	
8,000 Commercial Vehicle Group, Inc. <sup>(a)</sup> . . . . .	53,520
4,000 Miller Industries, Inc. . . . .	96,680
8,000 Modine Manufacturing Co. <sup>(a)</sup> . . . . .	104,080
6,000 Superior Industries International, Inc. . . . .	58,980
4,000 Tower International, Inc. . . . .	118,760
	432,020
<b>Automobile Manufacturers – 0.77%</b>	
2,000 Winnebago Industries, Inc. . . . .	55,120
	55,120
<b>Biotechnology – 1.91%</b>	
7,000 Innoviva, Inc. <sup>(a)</sup> . . . . .	97,720
4,000 Osiris Therapeutics, Inc. <sup>(a)</sup> . . . . .	39,120
	136,840
<b>Building Material, Garden Equipment &amp; Supplies Dealers – 0.93%</b>	
4,000 BMC Stock Holdings, Inc. <sup>(a)</sup> . . . . .	66,960
	66,960
<b>Building Products – 1.21%</b>	
7,000 Builders FirstSource, Inc. <sup>(a)</sup> . . . . .	86,660
	86,660
<b>Business Services – 6.31%</b>	
2,000 Cardlytics, Inc. <sup>(a)</sup> . . . . .	42,320
3,000 Cision Ltd. <sup>(a)</sup> . . . . .	44,370
2,000 Darling Ingredients, Inc. <sup>(a)</sup> . . . . .	41,320
29,515 Information Services Group, Inc. <sup>(a)</sup> . . . . .	121,307
19,000 MobileIron, Inc. <sup>(a)</sup> . . . . .	91,865
8,000 New Media Investment Group, Inc. . . . .	112,400
	453,582
<b>Chemical &amp; Related Products – 1.44%</b>	
14,000 OMNOVA Solutions, Inc. <sup>(a)</sup> . . . . .	\$ 103,460
	103,460
<b>Commercial Banks – 0.95%</b>	
2,900 Veritex Holdings, Inc. <sup>(a)</sup> . . . . .	68,324
	68,324
<b>Commercial Services &amp; Supplies – 1.82%</b>	
8,100 ACCO Brands Corp. . . . .	65,367
20,000 Groupon, Inc. <sup>(a)</sup> . . . . .	65,400
	130,767
<b>Computer &amp; Electronic Product Manufacturing – 2.02%</b>	
5,000 Electro Scientific Industries, Inc. <sup>(a)</sup> . . . . .	145,000
	145,000
<b>Construction &amp; Engineering – 5.72%</b>	
9,000 Gencor Industries, Inc. <sup>(a)</sup> . . . . .	102,420
20,000 Hill International, Inc. <sup>(a)</sup> . . . . .	56,400
5,000 IES Holdings, Inc. <sup>(a)</sup> . . . . .	88,700
9,000 Sterling Construction Co, Inc. <sup>(a)</sup> . . . . .	102,240
4,000 Tutor Perini Corp. <sup>(a)</sup> . . . . .	62,000
	411,760
<b>Consumer Services – 3.03%</b>	
8,000 Primo Water Corp. <sup>(a)</sup> . . . . .	133,360
7,000 ZAGG, Inc. <sup>(a)</sup> . . . . .	84,770
	218,130
<b>Credit Intermediation &amp; Related Activities – 2.43%</b>	
7,000 FNB Corp. . . . .	82,810
10,000 United Community Financial Corp. . . . .	91,500
	174,310
<b>Data Processing, Hosting and Related Services – 1.12%</b>	
20,000 Limelight Networks, Inc. <sup>(a)</sup> . . . . .	80,600
	80,600
<b>Electronic Equipment &amp; Instruments – 1.30%</b>	
8,000 TTM Technologies, Inc. <sup>(a)</sup> . . . . .	93,600
	93,600

The accompanying notes to financial statements are an integral part of this schedule.

## Perritt Low Priced Stock Fund

### Schedule of Investments (Continued)

October 31, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
<b>Electronic Manufacturing Services – 0.91%</b>			
3,000 KEMET Corp. <sup>(a)</sup> . . . . .	\$ 65,340		
	65,340		
<b>Energy &amp; Related Services – 0.91%</b>			
8,000 Newpark Resources, Inc. <sup>(a)</sup> . . . . .	65,680		
	65,680		
<b>Engineering &amp; Construction – 2.23%</b>			
16,000 Infrastructure & Energy Alternatives, Inc. <sup>(a)</sup> . . . . .	160,000		
	160,000		
<b>Engines &amp; Turbines – 1.05%</b>			
3,000 TPI Composites, Inc. <sup>(a)</sup> . . . . .	75,780		
	75,780		
<b>Financial Services – 1.93%</b>			
2,000 Axos Financial, Inc. <sup>(a)</sup> . . . . .	60,720		
4,000 EZCORP, Inc. – Class A <sup>(a)</sup> . . . . .	39,760		
5,000 Victory Capital Holdings, Inc. – Class A <sup>(a)</sup> . . . . .	39,000		
	139,480		
<b>Gold – 2.28%</b>			
5,400 Kirkland Lake Gold Ltd. <sup>(c)</sup> . . . . .	105,624		
30,000 McEwen Mining, Inc. <sup>(c)</sup> . . . . .	58,800		
	164,424		
<b>Health Care – 0.57%</b>			
10,000 Rockwell Medical, Inc. <sup>(a)</sup> . . . . .	40,800		
	40,800		
<b>Health Care Providers &amp; Services – 1.38%</b>			
6,000 Select Medical Holdings Corp. <sup>(a)</sup> . . . . .	99,480		
	99,480		
<b>Health Care Services – 1.44%</b>			
7,000 RadNet, Inc. <sup>(a)</sup> . . . . .	103,600		
	103,600		
<b>Home Builder – 1.11%</b>			
8,500 Green Brick Partners, Inc. <sup>(a)</sup> . . . . .	79,900		
	79,900		
<b>Insurance – 1.66%</b>			
6,300 CNO Financial Group, Inc. . . . .	\$ 119,070		
	119,070		
<b>Integrated Mining &amp; Precious Metals – 0.82%</b>			
15,000 Hudbay Minerals, Inc. <sup>(c)</sup> . . . . .	58,650		
	58,650		
<b>Internet Software &amp; Services – 1.43%</b>			
3,000 Carbonite, Inc. <sup>(a)</sup> . . . . .	102,630		
	102,630		
<b>Investment Banking &amp; Brokerage – 1.35%</b>			
35,000 Ladenburg Thalmann Financial Services, Inc. . . . .	96,950		
	96,950		
<b>Leisure – 1.58%</b>			
2,000 Callaway Golf Co. . . . .	42,800		
10,000 Glu Mobile, Inc. <sup>(a)</sup> . . . . .	70,500		
	113,300		
<b>Machinery Manufacturing – 0.94%</b>			
3,000 Nova Measuring Instruments Ltd. <sup>(a)(c)</sup> . . . . .	67,680		
	67,680		
<b>Medical Supplies &amp; Services – 0.70%</b>			
1,000 AMN Healthcare Services, Inc. <sup>(a)</sup> . . . . .	50,620		
	50,620		
<b>Movies &amp; Entertainment – 1.61%</b>			
6,000 AMC Entertainment Holdings, Inc. – Class A . . . . .	115,560		
	115,560		
<b>Oil &amp; Gas – 3.43%</b>			
7,500 Callon Petroleum Co. <sup>(a)</sup> . . . . .	74,775		
10,000 Denbury Resources, Inc. <sup>(a)</sup> . . . . .	34,500		
5,358 Goodrich Petroleum Corp. <sup>(a)</sup> . . . . .	80,745		
8,000 SRC Energy, Inc. <sup>(a)</sup> . . . . .	56,640		
	246,660		

The accompanying notes to financial statements are an integral part of this schedule.

**Perritt Low Priced Stock Fund**

**Schedule of Investments (Continued)**

**October 31, 2018**

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
<b>Oil &amp; Gas – Exploration &amp; Production – 1.78%</b>		<b>Software – 0.91%</b>	
7,000 Carrizo Oil & Gas, Inc. <sup>(a)</sup> . . . . .	\$ 127,470	9,700 Zix Corp. <sup>(a)</sup> . . . . .	\$ 65,378
	127,470		65,378
<b>Paper Products – 1.69%</b>		<b>Specialty Chemicals – 1.18%</b>	
8,000 Mercer International, Inc. <sup>(c)</sup> . . . . .	121,680	5,000 Ferro Corp. <sup>(a)</sup> . . . . .	84,700
	121,680		84,700
<b>Pharmaceuticals – 1.14%</b>		<b>Specialty Manufacturing – 6.95%</b>	
7,000 Corcept Therapeutics, Inc. <sup>(a)</sup> . . . . .	82,250	4,000 Control4 Corp. <sup>(a)</sup> . . . . .	111,680
	82,250	5,000 Immersion Corp. <sup>(a)</sup> . . . . .	50,050
		5,029 McDermott International, Inc. <sup>(a)</sup> . . . . .	38,874
<b>Real Estate Investment Trusts – 1.03%</b>		5,000 Natural Alternatives International, Inc. <sup>(a)</sup> . . . . .	47,400
5,000 Medical Properties Trust, Inc. . . . .	74,300	6,000 Select Energy Services, Inc. – Class A <sup>(a)</sup> . . . . .	57,360
	74,300	15,000 Tecnoglass, Inc. <sup>(c)</sup> . . . . .	118,650
<b>Regional Banks – 1.13%</b>		5,000 Wabash National Corp. . . . .	75,500
5,000 First Foundation, Inc. <sup>(a)</sup> . . . . .	81,050		499,514
	81,050	<b>Specialty Stores – 1.27%</b>	
<b>Retail – 1.29%</b>		4,000 MarineMax, Inc. <sup>(a)</sup> . . . . .	91,040
20,000 TravelCenters of America, LLC <sup>(a)</sup> . . . . .	93,200		91,040
	93,200	<b>Trucking – 0.59%</b>	
<b>Semiconductor Equipment – 2.67%</b>		7,000 Daseke, Inc. <sup>(a)</sup> . . . . .	42,560
5,000 Cohu, Inc. . . . .	104,000		42,560
5,000 Ichor Holdings Ltd. <sup>(a)</sup> . . . . .	88,750	<b>Water Transportation – 1.06%</b>	
	192,750	10,000 Golden Ocean Group Ltd. <sup>(c)</sup> . . . . .	76,100
<b>Semiconductor Related Products – 4.23%</b>			76,100
1,500 Entegris, Inc. . . . .	39,810	<b>TOTAL COMMON STOCKS</b>	
4,000 Kulicke & Soffa Industries, Inc. <sup>(c)</sup> . . . . .	81,320	(Cost \$6,893,932) . . . . .	
16,000 Photronics, Inc. <sup>(a)</sup> . . . . .	155,840	\$6,858,594	
2,500 Ultra Clean Holdings, Inc. <sup>(a)</sup> . . . . .	26,300		
	303,270		
<b>Semiconductors – 1.36%</b>			
3,500 SMART Global Holdings, Inc. <sup>(a)</sup> . . . . .	98,035		
	98,035		
<b>Silver – 1.00%</b>			
15,000 Coeur Mining, Inc. <sup>(a)</sup> . . . . .	71,700		
	71,700		

The accompanying notes to financial statements are an integral part of this schedule.

*Perritt Low Priced Stock Fund*

**Schedule of Investments (Continued)**

**October 31, 2018**

<u>Shares</u>	<u>SHORT-TERM INVESTMENTS – 4.30%</u>	<u>Value</u>
<i>Money Market Funds – 4.30%</i>		
309,453	First American Government Obligations Fund 2.09% <sup>(b)</sup> . . . . .	\$ 309,453
	<b>TOTAL SHORT-TERM INVESTMENTS</b>	
	(Cost \$309,453) . . . . .	\$ 309,453
	<b>Total Investments</b>	
	(Cost \$7,203,385) –	
	99.70% . . . . .	\$7,168,047
	<b>Other Assets in Excess of Liabilities – 0.30%</b> . . .	<u>21,919</u>
	<b>TOTAL NET ASSETS –</b>	
	100.00% . . . . .	<u>\$7,189,966</u>

*Percentages are stated as a percent of net assets.*

- <sup>(a)</sup> *Non-income producing security.*
- <sup>(b)</sup> *Variable rate security; the rate shown is the seven-day yield rate as of October 31, 2018.*
- <sup>(c)</sup> *Foreign Issued Security.*

The accompanying notes to financial statements are an integral part of this schedule.

*Perritt Funds, Inc.*

**Statements of Assets and Liabilities**

*October 31, 2018*

	<b>Perritt MicroCap Opportunities Fund</b>	<b>Perritt Ultra MicroCap Fund</b>	<b>Perritt Low Priced Stock Fund</b>
<i>Assets:</i>			
Investments at value .....	\$ 161,533,385	\$ 61,233,922	\$ 7,168,047
Receivable for investments sold .....	—	215,780	39,026
Dividends and interest receivable .....	11,740	51,767	3,193
Prepaid expenses .....	15,509	12,340	6,587
Receivable for fund shares issued .....	42,981	17,630	110
Total Assets .....	161,603,615	61,531,439	7,216,963
<i>Liabilities:</i>			
Payable for investments purchased .....	334,905	298,367	—
Payable for fund shares purchased .....	320,235	47,177	201
Payable to Officer & directors .....	23,346	28,790	—
Payable to Advisor .....	142,936	67,155	876
Payable to Custodian .....	2,150	1,199	227
Accrued expenses & other liabilities .....	82,083	46,398	25,693
Total Liabilities .....	905,655	489,086	26,997
<i>Net Assets</i> .....	<u>\$ 160,697,960</u>	<u>\$ 61,042,353</u>	<u>\$ 7,189,966</u>
<i>Net Assets Consist of:</i>			
Capital Stock .....	\$ 100,964,556	\$ 50,179,303	\$ 6,870,977
Total Distributable Earnings .....	59,733,404	10,863,050	318,989
Total Net Assets .....	<u>\$ 160,697,960</u>	<u>\$ 61,042,353</u>	<u>\$ 7,189,966</u>
Capital Stock, \$0.0001 par value			
Authorized .....	100,000,000	100,000,000	100,000,000
Outstanding .....	5,705,136	3,908,565	430,474
Net Assets .....	\$ 160,697,960	\$ 61,042,353	\$ 7,189,966
Net asset value and offering price per share .....	<u>\$ 28.17</u>	<u>\$ 15.62</u>	<u>\$ 16.70</u>
Cost of Investments .....	<u>\$ 119,891,483</u>	<u>\$ 54,597,195</u>	<u>\$ 7,203,385</u>

The accompanying notes to financial statements are an integral part of these statements.

*Perritt Funds, Inc.*

**Statements of Operations**

*For the Year Ended October 31, 2018*

	Perritt MicroCap Opportunities Fund	Perritt Ultra MicroCap Fund	Perritt Low Priced Stock Fund
<i>Investment Income:</i>			
Dividend income . . . . .	\$ 1,156,757	\$ 432,638	\$ 85,114
Less: Foreign taxes withheld and issuance fees . . . . .	—	—	(86)
Interest income . . . . .	61,860	52,603	3,383
Total investment income . . . . .	1,218,617	485,241	88,411
<i>Expenses:</i>			
Investment advisory fee . . . . .	1,878,610	841,042	82,898
Shareholder servicing . . . . .	170,419	86,699	28,296
Administration fee . . . . .	98,525	40,499	11,172
Fund accounting expenses . . . . .	77,297	31,939	7,679
Officer & directors' fees & expenses . . . . .	73,000	73,000	17,875
Professional fees . . . . .	29,417	28,803	25,742
Federal & state registration fees . . . . .	27,306	24,447	23,214
Printing & mailing fees . . . . .	22,027	11,863	5,576
Custodian fees . . . . .	13,471	7,425	1,362
Other expense . . . . .	15,985	5,342	2,801
Total expenses . . . . .	2,406,057	1,151,059	205,990
Less contractual waiver . . . . .	—	—	(73,512)
Less voluntary waiver . . . . .	—	—	(17,875)
Total expenses net of waivers . . . . .	2,406,057	1,151,059	115,228
Net investment loss . . . . .	(1,187,440)	(665,818)	(26,817)
 Realized and Unrealized			
Loss on Investments:			
Net realized gain on investments . . . . .	25,482,610	5,565,825	439,584
Change in unrealized depreciation on investments . . . . .	(34,849,446)	(8,601,323)	(1,387,312)
Net realized and unrealized loss on investments . . . . .	(9,366,836)	(3,035,498)	(947,728)
Net decrease in net assets resulting from operations . . . . .	\$(10,554,276)	\$ (3,701,316)	\$ (974,545)

The accompanying notes to financial statements are an integral part of these statements.

## Perritt MicroCap Opportunities Fund

### Statements of Changes in Net Assets

	<u>For the Year Ended October 31, 2018</u>	<u>For the Year Ended October 31, 2017</u>
<i>Operations:</i>		
Net investment loss	\$ (1,187,440)	\$ (1,062,704)
Net realized gain on investments	25,482,610	46,860,920
Net change in unrealized appreciation/(depreciation) on investments	<u>(34,849,446)</u>	<u>9,414,458</u>
Net increase/(decrease) in net assets resulting from operations	<u>(10,554,276)</u>	<u>55,212,674</u>
<i>Dividends and Distributions to Shareholders:</i>		
Distributable earnings	<u>(45,812,458)</u>	<u>(25,557,267)</u>
Total dividends and distributions	<u>(45,812,458)</u>	<u>(25,557,267)<sup>1</sup></u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	17,671,873	21,713,650
Reinvestment of distributions	43,395,030	24,470,175
Cost of shares redeemed	(69,454,780)	(112,669,167)
Redemption fees	<u>7,884</u>	<u>7,011</u>
Net decrease in net assets from capital share transactions	<u>(8,379,993)</u>	<u>(66,478,331)</u>
Total Decrease in Net Assets	<u>(64,746,727)</u>	<u>(36,822,924)</u>
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>225,444,687</u>	<u>262,267,611</u>
<i>End of the period</i>	<u>\$ 160,697,960</u>	<u>\$ 225,444,687<sup>2</sup></u>
<i>Capital Share Transactions:</i>		
Shares sold	575,324	609,471
Shares issued on reinvestment of distributions	1,480,953	720,748
Shares redeemed	<u>(2,192,697)</u>	<u>(3,160,870)</u>
Net decrease from capital share transactions	<u>(136,420)</u>	<u>(1,830,651)</u>

<sup>1</sup> Includes net investment income distributions of \$614,595 and net realized gain distributions of \$24,942,672.

<sup>2</sup> Includes accumulated undistributed net investment income of \$0.

The accompanying notes to financial statements are an integral part of this statement.



## Perritt Ultra MicroCap Fund

### Statements of Changes in Net Assets

	<u>For the Year Ended October 31, 2018</u>	<u>For the Year Ended October 31, 2017</u>
<i>Operations:</i>		
Net investment loss	\$ (665,818)	\$ (661,843)
Net realized gain on investments	5,565,825	7,563,499
Net change in unrealized appreciation/(depreciation) on investments	<u>(8,601,323)</u>	<u>6,729,600</u>
Net increase/(decrease) in net assets resulting from operations	<u>(3,701,316)</u>	<u>13,631,256</u>
<i>Dividends and Distributions to Shareholders:</i>		
Distributable earnings	<u>(7,255,839)</u>	<u>(2,587,145)</u>
Total dividends and distributions	<u>(7,255,839)</u>	<u>(2,587,145)<sup>1</sup></u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	6,142,650	15,342,310
Reinvestment of distributions	6,905,064	2,426,585
Cost of shares redeemed	(10,685,608)	(13,525,515)
Redemption fees	<u>1,418</u>	<u>12,098</u>
Net increase in net assets from capital share transactions	<u>2,363,524</u>	<u>4,255,478</u>
Total Increase/(Decrease) in Net Assets	<u>(8,593,631)</u>	<u>15,299,589</u>
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>69,635,984</u>	<u>54,336,395</u>
<i>End of the period</i>	<u>\$ 61,042,353</u>	<u>\$ 69,635,984<sup>2</sup></u>
<i>Capital Share Transactions:</i>		
Shares sold	364,474	912,976
Shares issued on reinvestment of distributions	415,217	157,163
Shares redeemed	<u>(636,397)</u>	<u>(819,460)</u>
Net increase from capital share transactions	<u>143,294</u>	<u>250,679</u>

<sup>1</sup> Includes net realized gain distributions of \$2,587,145.

<sup>2</sup> Includes accumulated undistributed net investment loss of \$(364,335).

The accompanying notes to financial statements are an integral part of this statement.

## Perritt Low Priced Stock Fund

### Statements of Changes in Net Assets

	<u>For the Year Ended October 31, 2018</u>	<u>For the Year Ended October 31, 2017</u>
<i>Operations:</i>		
Net investment loss	\$ (26,817)	\$ (40,126)
Net realized gain on investments	439,584	602,089
Net change in unrealized appreciation/(depreciation) on investments	<u>(1,387,312)</u>	<u>1,057,916</u>
Net increase/(decrease) in net assets resulting from operations	<u>(974,545)</u>	<u>1,619,879</u>
<i>Dividends and Distributions to Shareholders:</i>		
Distributable earnings	<u>(401,664)</u>	<u>—</u>
Total dividends and distributions	<u>(401,664)</u>	<u>—</u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	2,119,151	2,202,538
Reinvestment of distributions	400,458	—
Cost of shares redeemed	(1,109,561)	(2,367,256)
Redemption fees	<u>521</u>	<u>345</u>
Net increase/(decrease) in net assets from capital share transactions	<u>1,410,569</u>	<u>(164,373)</u>
Total Increase in Net Assets	34,360	1,455,506
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>7,155,606</u>	<u>5,700,100</u>
<i>End of the period</i>	<u>\$ 7,189,966</u>	<u>\$ 7,155,606<sup>1</sup></u>
<i>Capital Share Transactions:</i>		
Shares Sold	108,959	123,609
Shares issued on reinvestment of distributions	20,986	—
Shares redeemed	<u>(58,133)</u>	<u>(131,452)</u>
Net increase/(decrease) from capital share transactions	<u>71,812</u>	<u>(7,843)</u>

<sup>1</sup> Includes accumulated undistributed net investment income of \$0.

The accompanying notes to financial statements are an integral part of this statement.

# Perritt MicroCap Opportunities Fund

## Financial Highlights

For a Fund share outstanding throughout the year

	<i>For the Years Ended October 31,</i>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Net asset value, beginning of year</i> . . . . .	\$38.59	\$34.18	\$32.52	\$36.00	\$37.38
<b><i>Income/(loss) from investment operations:</i></b>					
Net investment income/(loss) <sup>2</sup> . . . . .	(0.20)	(0.15)	0.13	0.04	(0.18)
Net realized and unrealized gain/(loss) on investments . . . . .	(1.83)	7.94	2.06	(1.10)	2.29
Total from investment operations . . . . .	(2.03)	7.79	2.19	(1.06)	2.11
<b><i>Less dividends and distributions:</i></b>					
From net investment income . . . . .	—	(0.09)	—	—	—
From net realized gains . . . . .	(8.39)	(3.29)	(0.53)	(2.42)	(3.49)
Total dividends and distributions . . . . .	(8.39)	(3.38)	(0.53)	(2.42)	(3.49)
<b><i>Redemption fees</i></b> <sup>2,3</sup> . . . . .	—	—	—	—	—
<i>Net asset value, end of year</i> . . . . .	\$28.17	\$38.59	\$34.18	\$32.52	\$36.00
<b><i>Total return</i></b> <sup>1</sup> . . . . .	(5.89%)	24.20%	6.85%	(3.07%)	6.17%
<b><i>Supplemental data and ratios:</i></b>					
Net assets, end of year (in thousands) . . . . .	\$160,698	\$225,445	\$262,268	\$372,768	\$462,716
Ratio of net expenses to average net assets . . . . .	1.28%	1.23%	1.23%	1.21%	1.19%
Ratio of net investment income/(loss) to average net assets . . . . .	(0.63%)	(0.41%)	0.41%	0.12%	(0.51%)
Portfolio turnover rate . . . . .	14.0%	18.0%	6.2%	20.7%	29.1%

<sup>1</sup> Total return reflects reinvested dividends but does not reflect the impact of taxes.

<sup>2</sup> Net investment income (loss) and redemption fees per share has been calculated based on average shares outstanding during the period.

<sup>3</sup> Amount is less than \$0.01 per share.

The accompanying notes to financial statements are an integral part of this schedule.

# Perritt Ultra MicroCap Fund

## Financial Highlights

For a Fund share outstanding throughout the year

	<i>For the Years Ended October 31,</i>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Net asset value, beginning of year</i> . . . . .	\$18.49	\$15.46	\$14.39	\$16.79	\$16.23
<b><i>Income/(loss) from investment operations:</i></b>					
Net investment income/(loss) <sup>2</sup> . . . . .	(0.17)	(0.18)	0.07	(0.06)	(0.19)
Net realized and unrealized gain/(loss) on investments . . . . .	(0.77)	3.94	1.22	(0.06)	1.12
Total from investment operations . . . . .	(0.94)	3.76	1.29	(0.12)	0.93
<b><i>Less dividends and distributions:</i></b>					
From net realized gains . . . . .	(1.93)	(0.73)	(0.22)	(2.29)	(0.39)
Total dividends and distributions . . . . .	(1.93)	(0.73)	(0.22)	(2.29)	(0.39)
<i>Redemption fees</i> <sup>2</sup> . . . . .	— <sup>3</sup>	— <sup>3</sup>	— <sup>3</sup>	0.01	0.02
<i>Net asset value, end of year</i> . . . . .	\$15.62	\$18.49	\$15.46	\$14.39	\$16.79
<b><i>Total return</i></b> <sup>1</sup> . . . . .	(5.73%)	25.27%	9.11%	(0.82%)	5.96%
<b><i>Supplemental data and ratios:</i></b>					
Net assets, end of year (in thousands) . . . . .	\$61,042	\$69,636	\$54,336	\$60,053	\$67,571
Ratio of net expenses to average net assets . . . . .	1.71%	1.70%	1.77%	1.75%	1.56%
Ratio of net investment income/(loss) to average net assets . . . . .	(0.99%)	(1.07%)	0.48%	(0.43%)	(1.06%)
Portfolio turnover rate . . . . .	28.4%	43.0%	18.1%	30.1%	64.2%

<sup>1</sup> Total return reflects reinvested dividends but does not reflect the impact of taxes.

<sup>2</sup> Net investment income (loss) and redemption fees per share has been calculated based on average shares outstanding during the period.

<sup>3</sup> Amount is less than \$0.01 per share.

The accompanying notes to financial statements are an integral part of this schedule.

## Perritt Low Priced Stock Fund

### Financial Highlights

For a Fund share outstanding throughout the year/period

	<i>For the Years Ended October 31,</i>				<i>For the Period From February 28, 2014<sup>4</sup> to October 31, 2014</i>
	2018	2017	2016	2015	
<i>Net asset value,</i>					
<i>beginning of year/period</i> . . . . .	\$19.95	\$15.55	\$15.39	\$14.15	\$15.00
<i>Income/(loss) from investment operations:</i>					
Net investment loss <sup>2</sup> . . . . .	(0.06)	(0.11)	(0.04)	(0.01)	(0.06)
Net realized and unrealized gain (loss) on investments . . . . .	(2.10)	4.51	0.20	1.25	(0.79)
Total from investment operations . . . . .	(2.16)	4.40	0.16	1.24	(0.85)
<i>Less dividends and distributions:</i>					
From net realized gains . . . . .	(1.09)	—	—	—	—
Total dividends and distributions . . . . .	(1.09)	—	—	—	—
<i>Redemption fees</i> <sup>2,3</sup> . . . . .	—	—	—	—	—
<i>Net asset value, end of year/period</i> . . . . .	<u>\$16.70</u>	<u>\$19.95</u>	<u>\$15.55</u>	<u>\$15.39</u>	<u>\$14.15</u>
<i>Total return</i> <sup>1,7</sup> . . . . .	(11.57%)	28.28%	1.04%	8.76%	(5.67%) <sup>6</sup>
<i>Supplemental data and ratios:</i>					
Net assets, end of year/period (in thousands) . . . . .	\$7,190	\$7,156	\$5,700	\$4,612	\$2,090
Ratio of net expenses to average net assets . . . . .	1.39%	1.39%	1.39%	1.49% <sup>7</sup>	1.50% <sup>5</sup>
Ratio of net investment loss to average net assets . . . . .	(0.32%)	(0.61%)	(0.28%)	(0.08%)	(0.67%) <sup>5</sup>
Ratio of expenses (prior to reimbursement) to average net assets . .	2.48%	2.65%	3.25%	4.90%	7.15% <sup>5</sup>
Ratio of net investment loss (prior to reimbursement) to average net assets . .	(1.42%)	(1.87%)	(2.14%)	(3.49%)	(6.32%) <sup>5</sup>
Portfolio turnover rate . . . . .	60.5%	75.0%	62.7%	76.6%	49.0% <sup>6</sup>

<sup>1</sup> Total return reflects reinvested dividends but does not reflect the impact of taxes.

<sup>2</sup> Net investment income (loss) and redemption fees per share has been calculated based on average shares outstanding during the period.

<sup>3</sup> Amount is less than \$0.01 per share.

<sup>4</sup> Commencement of operations.

<sup>5</sup> Annualized for periods less than one year.

<sup>6</sup> Not annualized for periods less than one year.

<sup>7</sup> Effective October 1, 2015, the Advisor expense limit was reduced from 1.50% to 1.39%. See Note 4.

The accompanying notes to financial statements are an integral part of this schedule.

## Notes to Financial Statements

October 31, 2018

### 1. Organization

Perritt Funds, Inc. (the "Corporation") was organized on March 19, 2004 as a Maryland corporation and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end investment company, with each series below being a diversified fund. The Corporation currently consists of the following series: Perritt MicroCap Opportunities Fund ("MicroCap Fund"), Perritt Ultra MicroCap Fund ("Ultra MicroCap Fund") and Perritt Low Priced Stock Fund ("Low Priced Stock Fund") (each, a "Fund," and collectively, the "Funds"). Perritt MicroCap Opportunities Fund, Inc., the predecessor to the MicroCap Fund, commenced operations on April 11, 1988. As part of a plan of reorganization, on February 28, 2013, Perritt MicroCap Opportunities Fund, Inc. merged into the MicroCap Fund, a series within the Corporation. The Ultra MicroCap Fund commenced operations on August 30, 2004. The Low Priced Stock Fund commenced operations on February 28, 2014. The MicroCap Fund's investment objective is to invest in mainly common stocks of companies with market capitalizations that are below \$500 million at the time of the initial purchase. The Ultra MicroCap Fund's investment objective is to invest in mainly common stocks of companies with market capitalizations that are below \$300 million at the time of the initial purchase. The Low Priced Stock Fund's investment objective is to invest mainly in common stocks of companies with market capitalization that are below \$3 billion and traded at or below \$15 per share at the time of initial purchase. The Funds are each an investment company and accordingly follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 "Financial Services – Investment Companies."

### 2. Summary of Significant Accounting Policies

- a. Exchange-listed securities are generally valued at the last sales price reported by the principal security exchange on which the security is traded, or if no sale is reported, the mean between the latest bid and ask price unless the Funds' investment advisor believes that the mean does not represent a fair value, in which case the securities are fair valued as set forth below. Securities listed on NASDAQ are valued at the NASDAQ Official Closing Price. Demand notes, commercial paper, U.S. Treasury Bills and warrants are stated at fair value using market prices if available, or a pricing service when such prices are believed to reflect fair value. Money Market Funds are valued at net asset value. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the Funds' advisor under procedures established by and under the supervision of the Board of Directors of the Funds. The Funds' fair value procedures allow for the use of certain methods performed by the Funds' advisor to value those securities for which market quotations are not readily available, at a price that a Fund might reasonably expect to receive upon a sale of such securities. For example, these methods may be based on a multiple of earnings, or a discount from market of a similar freely traded security, or a yield to maturity with respect to debt issues, or a combination of these and other methods.
- b. Net realized gains and losses on securities are computed using the first-in, first-out method.

## Notes to Financial Statements (Continued)

- c. Dividend income is recognized on the ex-dividend date, and interest income is recognized on the accrual basis. Withholding taxes on foreign dividends and capital gains, which are included as a component of net investment income and realized gain (loss) on investments, respectively, have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and rates. Discounts and premiums on securities purchased are amortized over the life of the respective securities using the interest method. Distributions received from real estate investment trusts ("REITs") are classified as investment income or realized gains based on the U.S. income tax characteristics of the distribution. Return of capital distributions received from REIT securities and partnerships are recorded as an adjustment to the cost of the security and thus may impact unrealized or realized gains or losses on the security. Investment and shareholder transactions are recorded on the trade date.
- d. Each Fund is charged for those expenses that are directly attributable to it. Expenses that are not readily identifiable to a specific Fund are generally allocated among the Funds in proportion to the relative net assets of the Funds.
- e. Provision has not been made for federal income tax since the Funds have each elected to be taxed as a "regulated investment company" and intend to distribute substantially all income to their shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies.
- f. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In preparing these financial statements, the Funds have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.
- g. Dividends from net investment income and net realized capital gains, if any, are declared and paid annually. Distributions to shareholders are recorded on the ex-dividend date. The Funds may periodically make reclassifications among certain of their capital accounts as a result of the timing and characterization of certain income and realized gain distributions, including reclassifying net operating loss, as determined annually in accordance with federal tax regulations which may differ from GAAP. The MicroCap Fund has reclassified the components of its capital accounts for the year ended October 31, 2018 by increasing paid-in capital by \$6,156,976 and decreasing distributable earnings by \$6,156,976. The Ultra MicroCap Fund has reclassified the components of its capital accounts for the year ended October 31, 2018 by increasing paid-in capital by \$314,171 and decreasing distributable earnings by \$314,171. The Low Priced Stock Fund has reclassified the components of its capital accounts for the year ended October 31, 2018 by increasing paid-in capital by \$46,510 and decreasing distributable earnings by \$46,510. These adjustments were due to the use of equalization. Each Fund may utilize earnings and profit distributed to shareholders on redemption of shares as part of the dividends paid deduction.

## Notes to Financial Statements (Continued)

h. As of and during the year ended October 31, 2018, the Funds did not have a liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense on the Statements of Operations. During the year ended October 31, 2018, the Funds did not incur any interest or penalties. The Funds are not subject to examination by U.S. federal tax authorities for any tax years before 2015.

### 3. Security Valuation

GAAP establishes an authoritative definition of fair value and sets out a hierarchy for measuring fair value. GAAP also requires additional disclosures about the various inputs used to develop the measurements of fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities or the identical security on an inactive market, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – Significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Funds' net assets as of October 31, 2018:

#### MicroCap Opportunities Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments in Securities</b>				
<i>Common Stocks</i>				
Communication Services	\$ 5,379,252	\$ —	\$ —	\$ 5,379,252
Consumer Discretionary	14,381,212	—	—	14,381,212
Consumer Staples	9,866,393	—	—	9,866,393
Energy	1,829,700	—	—	1,829,700
Financial	29,167,275	—	—	29,167,275
Health Care	1,810,800	—	—	1,810,800
Industrials	43,782,188	—	—	43,782,188
Information Technology	31,738,166	—	—	31,738,166
Materials	15,249,929	—	—	15,249,929
Real Estate Investment Trusts	6,469,585	—	—	6,469,585
<b>Total Common Stocks</b>	<b>159,674,500</b>	<b>—</b>	<b>—</b>	<b>159,674,500</b>
<i>Warrants</i>				
Industrials	72,384	—	—	72,384
Financial	—	0	—	—
<b>Total Warrants</b>	<b>72,384</b>	<b>—</b>	<b>—</b>	<b>72,384</b>
<i>Short-Term Investments</i>	1,786,501	—	—	1,786,501
<b>Total Investments in Securities</b>	<b>\$161,533,385</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$161,533,385</b>



Notes to Financial Statements (Continued)

Ultra MicroCap Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments in Securities</b>				
<i>Common Stocks</i>				
Communication Services	\$ 1,279,000	\$ —	\$ —	\$ 1,279,000
Consumer Discretionary	7,868,816	—	—	7,868,816
Consumer Staples	737,296	—	—	737,296
Energy	3,151,250	—	—	3,151,250
Financial	5,921,140	—	—	5,921,140
Health Care	7,919,408	—	—	7,919,408
Industrials	13,193,493	621,192	—	13,814,685
Information Technology	10,634,404	383,000	—	11,017,404
Materials	3,047,759	—	—	3,047,759
Real Estate Investment Trusts	1,526,800	—	—	1,526,800
Utilities	1,002,600	—	—	1,002,600
<b>Total Common Stocks</b>	<b>56,281,966</b>	<b>1,004,192</b>	<b>—</b>	<b>57,286,158</b>
<i>Warrants</i>				
Communication Services	—	90,750	—	90,750
Health Care	—	0	—	—
<b>Total Warrants</b>	<b>—</b>	<b>90,750</b>	<b>—</b>	<b>90,750</b>
<i>Short-Term Investments</i>	<u>3,857,014</u>	<u>—</u>	<u>—</u>	<u>3,857,014</u>
<b>Total Investments in Securities</b>	<b><u>\$60,138,980</u></b>	<b><u>\$1,094,942</u></b>	<b><u>\$ —</u></b>	<b><u>\$61,233,922</u></b>

Low Priced Stock Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments in Securities</b>				
<i>Common Stocks</i>				
Communication Services	\$ 340,780	\$ —	\$ —	\$ 340,780
Consumer Discretionary	794,050	—	—	794,050
Consumer Staples	222,080	—	—	222,080
Energy	536,044	—	—	536,044
Financial	679,184	—	—	679,184
Health Care	513,590	—	—	513,590
Industrials	1,341,747	—	—	1,341,747
Information Technology	1,633,555	—	—	1,633,555
Materials	723,264	—	—	723,264
Real Estate Investment Trusts	74,300	—	—	74,300
<b>Total Common Stocks</b>	<b>6,858,594</b>	<b>—</b>	<b>—</b>	<b>6,858,594</b>
<i>Short-Term Investments</i>	<u>309,453</u>	<u>—</u>	<u>—</u>	<u>309,453</u>
<b>Total Investments in Securities</b>	<b><u>\$ 7,168,047</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 7,168,047</u></b>

Please refer to the Schedules of Investments for additional information regarding the composition of the amounts listed above.

## Notes to Financial Statements (Continued)

At the beginning and during the twelve months ended October 31, 2018, the MicroCap Fund, the Ultra MicroCap Fund, and the Low Priced Stock Fund did not hold any Level 3 securities.

#### 4. Investment Advisory Agreement

For each Fund, the Corporation entered into an investment advisory agreement (collectively, the "Agreements") with Perritt Capital Management, Inc. (the "Advisor"), with whom certain officers and directors of the Corporation are affiliated, to furnish investment advisory services to the Funds. Under the terms of the Agreements, the MicroCap Fund and the Low Priced Stock Fund pay the Advisor a monthly fee at the annual rate of 1% of each Fund's daily average net assets, and the Ultra MicroCap Fund pays the Advisor a monthly fee equal to 1.25% of its daily average net assets less than or equal to \$100 million; 1.00% with respect to daily average net assets in excess of \$100 million and less than or equal to \$200 million; and 0.50% with respect to daily average net assets in excess of \$200 million. At October 31, 2018, the MicroCap Fund, Ultra MicroCap Fund and Low Priced Stock Fund had fees due to the Advisor of \$142,936, \$67,155 and \$876, respectively. For the year ended October 31, 2018, the MicroCap Fund, Ultra MicroCap Fund and Low Priced Stock Fund had incurred advisory fees of \$1,878,610, \$841,042 and \$82,898, respectively.

With regards to the Low Priced Stock Fund, the Advisor has agreed to waive fees and/or reimburse operating expenses (other than interest, brokerage commissions, dividend expense on short sales, taxes, extraordinary expenses and acquired fund fees and expenses) so that total annual operating expenses are not expected to exceed 1.39% of the average daily net assets. This arrangement cannot be terminated prior to February 28, 2019 without the consent of the Board of Directors. The Advisor is permitted to recapture amounts waived and/or reimbursed within three years after the fiscal year in which the Advisor earned the fee or incurred the expense if the total annual operating expenses have fallen to a level below the limit described above. Additionally, the Advisor has voluntarily waived any salaries and fees of all officers and directors of the Low Priced Stock Fund during the year. The salaries and fees waived by the Advisor for the year ended October 31, 2018 were \$17,875 and are not eligible for recapture. Voluntary expense waivers may be discontinued at any time.

For the year ended October 31, 2018, the Advisor waived expenses and/or reimbursed the Low Priced Stock Fund \$73,512 which is eligible for recapture through October 31, 2021. \$66,290 is eligible for recapture through October 31, 2020. \$81,819 is eligible for recapture through October 31, 2019.

The Advisor manages the Funds' investments subject to the supervision of the Funds' Board of Directors. The Advisor is responsible for investment decisions and supplies investment research and portfolio management. Under the Agreements, the Advisor, at its own expense and without reimbursement from the Funds, will furnish office space and all necessary office facilities, equipment and personnel for making the investment decisions necessary for managing the Funds and maintaining their organization, will pay the salaries and fees of all officers and directors of the Funds (except the Chief Compliance Officer's salary and the fees paid to disinterested directors) and will bear all sales and promotional expenses of the Funds.

## Notes to Financial Statements (Continued)

The officers of the Funds are affiliated with the Advisor. Such officers, with the exception of the Chief Compliance Officer, receive no compensation from the Funds or the Advisor for serving their respective roles. The Funds pay the salary associated with the office of the Chief Compliance Officer. Such fees are included on the Statements of Operations within officer & directors' fees & expenses.

The Funds may reimburse the Advisor for fees paid to intermediaries such as banks, broker-dealers, financial advisors or other financial institutions for sub-transfer agency, sub-administration and other services provided to investors whose shares of record are held in omnibus, other group accounts, retirement plans or accounts traded through registered securities clearing agents. These fees are fees that the Funds are obligated to pay to such intermediaries, and the fees may vary based on, for example, the nature of services provided. The fees paid to such intermediaries by the Funds are only a portion of the full fee that is paid to the intermediaries, and the Advisor is obligated to pay the remaining amount. In determining the portion of the fees paid to the intermediaries that the Funds are obligated to pay, the Funds have used the "avoided cost" method, which is one of several permissible methods to determine the fees are reasonable. Based on this method, the Funds' Board of Directors determines a fee per sub-account that it believes approximates the transfer agency fee that would otherwise have been payable by the Funds if such intermediaries did not maintain the sub-account. These amounts are included within shareholder servicing fees on the Statements of Operations.

### 5. Investment Transactions

Purchases and sales of securities, excluding short-term investments, for the year ended October 31, 2018, were as follows:

	Purchases		Sales	
	U.S. Governments	Other	U.S. Governments	Other
MicroCap Fund	\$—	\$ 25,807,089	\$—	\$ 73,223,066
Ultra MicroCap Fund	\$—	\$ 18,088,164	\$—	\$ 25,380,913
Low Priced Stock Fund	\$—	\$ 5,745,804	\$—	\$ 4,804,301

### 6. Federal Income Tax Matters

As of October 31, 2018, the components of distributable earnings on a tax basis were as follows:

	MicroCap Fund	Ultra MicroCap Fund	Low Priced Stock Fund
Cost of investments for tax purposes	<u>\$ 119,938,074</u>	<u>\$ 54,624,465</u>	<u>\$ 7,213,179</u>
Gross tax unrealized appreciation	51,542,532	13,833,476	767,704
Gross tax unrealized depreciation	<u>(9,947,222)</u>	<u>(7,224,019)</u>	<u>(812,836)</u>
Net unrealized appreciation on investments	41,595,310	6,609,457	(45,132)
Distributable ordinary income	4,203,696	396,483	—
Distributable long-term capital gains	13,934,398	3,857,110	389,445
Other accumulated losses	—	—	<u>(25,324)</u>
Total distributable earnings	<u>\$ 59,733,404</u>	<u>\$ 10,863,050</u>	<u>\$ 318,989</u>

## Notes to Financial Statements (Continued)

The difference between book and tax basis distributable earnings is primarily related to the deferral of losses on wash sales.

At October 31, 2018, the Low Priced Stock Fund deferred, on a tax basis, late year ordinary losses of \$25,324. None of the Funds had post-October losses.

The tax composition of distributions paid during the years ended October 31, 2018 and 2017 were as follows:

	<u>Ordinary Income</u>		<u>Long-term Capital Gains</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
MicroCap Fund	\$2,046,810	\$770,079	\$43,765,648	\$24,787,188
Ultra MicroCap Fund	—	75,527	7,255,839	2,511,618
Low Priced Stock Fund	5,714	—	395,950	—

The Funds designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Funds related to net capital gain to zero for the tax year ended October 31, 2018.

On November 14, 2018, the MicroCap Fund paid long-term capital gains distributions of \$2.47662 per share, the Ultra MicroCap Fund paid long-term capital gains distributions of \$0.99088 per share and the Low Priced Stock Fund paid long-term capital gains distributions of \$0.95557 per share.

### 7. Restricted Securities

The Funds may own investment securities which are unregistered and thus restricted as to resale. These securities are valued by each Fund after giving due consideration to pertinent factors including recent private sales, market conditions and the issuer's financial performance. Where future disposition of these securities requires registration under the Securities Act of 1933, each Fund has the right to include these securities in such registration, generally without cost to the Fund. The Funds have no right to require registration of the unregistered securities they hold. At October 31, 2018, the MicroCap Fund and Ultra MicroCap Fund held restricted securities with an aggregate value of \$2,647,500 and \$90,750, which accounted for 1.65% and 0.15%, respectively, of each Fund's net assets. These restricted securities are deemed to be liquid with the exception of Mobivity Holdings Corp. warrant in the Ultra MicroCap Fund. The Mobivity Holdings Corp. warrant is considered to be illiquid. During the year ended October 31, 2018, the Low Priced Stock Fund did not hold any restricted securities.

### 8. Guarantees and Indemnifications

Under the Funds' organizational documents, their officers and directors are indemnified by the Funds against certain liabilities arising out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. Currently, the Funds expect the risk of loss to be remote.

## Notes to Financial Statements (Continued)

### 9. Line of Credit Arrangement

The MicroCap Fund and Ultra MicroCap Fund are each party to uncommitted line of credit arrangements with U.S. Bank, N.A. with an expiration date of December 10, 2018, under which the MicroCap Fund may borrow up to \$10,000,000 and the Ultra MicroCap Fund may borrow up to \$6,000,000, subject to certain restrictions and covenants. Upon renewal, the MicroCap Fund may borrow up to \$8,000,000 and the Ultra MicroCap Fund may borrow up to \$6,000,000 with an expiration date of December 9, 2019. Interest is charged on borrowings at the prevailing Prime Rate which was 5.25% as of October 31, 2018. The Funds have borrowed under these arrangements from time to time to increase the efficiency of cash flow management. For the year ended October 31, 2018, the MicroCap Fund had average borrowings of \$700,000 and the weighted average interest rate on the line of credit borrowings was 4.47%. From December 29-31, 2017, the MicroCap Fund had borrowings of \$999,000, which represents the largest borrowing amount during the year ended October 31, 2018. As of October 31, 2018, the MicroCap Fund and Ultra MicroCap Fund had no outstanding borrowings on the lines of credit. As of October 31, 2018, the Low Priced Stock Fund does not have a line of credit arrangement. Interest charged on the borrowings is recorded as other expense in the Statements of Operations.

### 10. Redemption Fee

The Funds charge a 2% redemption fee to those who buy and sell shares within 90 calendar days or less. The redemption fee is retained for the benefit of long-term shareholders, and recorded as additional capital in the Statements of Changes in Net Assets.

### 11. Transactions with Affiliates

During the year ended October 31, 2018, Perritt Ultra MicroCap Fund held Sigma Lab, Inc. which was considered affiliated, as it held 5% or more at the outstanding voting securities of the issuer. As of October 31, 2018, this issuer was not affiliated.

The Funds are permitted to purchase or sell securities from or to each other under specified conditions outlined in procedures adopted by the Board of Directors. The procedures have been designed to ensure that any purchase or sale of securities by a Fund from or to another Fund complies with Rule 17a-7 of the 1940 Act. For the year ended October 31, 2018, the MicroCap Fund, Ultra MicroCap Fund and Low Priced Stock Fund engaged in two, one and one securities transactions pursuant to Rule 17a-7 of the 1940 Act, respectively.

### 12. Beneficial Ownership

The beneficial ownership, either directly or indirectly, of more than 25% of voting securities of a fund creates a presumption of control of that fund, under Section 2(a)(9) of the 1940 Act. As of October 31, 2018, the Funds had omnibus shareholder accounts (comprised of a group of individual shareholders), which amounted to more than 25% of the total shares outstanding of the respective Fund. There were no individual shareholders of record who owned more than 5% of the outstanding shares of beneficial interest of a Fund or Class of shares of a Fund. Shareholders with a controlling interest could affect the outcome of proxy voting or direction of management of a Fund.

## Notes to Financial Statements (Continued)

### 13. New Accounting Pronouncements

In August 2018, FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has evaluated ASU 2018-13 and has adopted the Framework.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of  
Perritt Funds, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Perritt Funds, Inc., comprising Perritt MicroCap Opportunities Fund, Perritt Ultra MicroCap Fund, and Perritt Low Priced Stock Fund (the "Funds") as of October 31, 2018, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, including the related notes, and the financial highlights for each of the periods presented in the period then ended (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of October 31, 2018, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2018, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Funds' auditor since 2009.

/s/ Cohen & Company, LTD.  
Milwaukee, Wisconsin  
December 19, 2018

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees (the Funds impose a 2.00% redemption fee on shares held for 90 calendar days or less after purchase); and exchange fees; and (2) ongoing costs, including management fees; distribution and/or service fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (May 1, 2018 – October 31, 2018).

**Actual Expenses**

The first line of the table below provides information about actual account values and actual expenses. Although the Funds charge no sales load or transaction fees (other than a 2.00% redemption fee for shares held for 90 calendar days or less after purchase), you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Funds transfer agent. You will be charged a transaction fee equal to 2.00% of the net amount of the redemption if you redeem your shares within 90 calendar days of purchase. IRA accounts will be charged a \$15.00 annual maintenance fee. There is a \$25 IRA distribution and transfer out fee, unless set up automatically. Please see IRA Account Agreement for additional fees related to IRA accounts. To the extent the Fund invests in shares of other investment companies as part of its investment strategy,

you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example below. The example below includes, but is not limited to, management fees, shareholder servicing fees, fund accounting, custody and transfer agent fees. However, the example below does not include portfolio trading commissions and related expenses, interest expense and other extraordinary expenses as determined under accounting principles generally accepted in the United States of America. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.



Expense Example (Unaudited) (Continued)

October 31, 2018

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the second line of the

table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 5/1/18	Ending Account Value 10/31/18	Expenses Paid During Period 5/1/18 – 10/31/18 <sup>1</sup>
<b>Actual</b>			
Perritt MicroCap Opportunities	\$1,000.00	\$ 921.50	\$6.11
Perritt Ultra MicroCap Fund	\$1,000.00	\$ 947.80	\$8.41
Perritt Low Priced Stock Fund	\$1,000.00	\$ 882.70	\$6.60
<b>Hypothetical</b>			
Perritt MicroCap Opportunities	\$1,000.00	\$1,018.85	\$6.42
Perritt Ultra MicroCap Fund	\$1,000.00	\$1,016.57	\$8.71
Perritt Low Priced Stock Fund	\$1,000.00	\$1,018.20	\$7.07

<sup>1</sup> Expenses (net of waiver, if applicable) are equal to the Fund's annualized expense ratio of 1.26% for the MicroCap Opportunities Fund, 1.71% for the Ultra MicroCap Fund and 1.39% for the Low Priced Stock Fund for the six-month period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

## Directors and Officers (Unaudited)

The Board is responsible for the overall management of the Funds. This includes establishing the Funds' policies, approval of all significant agreements between the Funds and persons or companies providing services to the Funds, and the general supervision and review of the Funds' investment activities. As a Maryland corporation, the day-to-day operations of the Funds are delegated to the officers of the Funds, subject to the investment objectives and policies of the Funds and to general supervision by the Board.

### Management Information

The name, age (as of the date of this SAI), address, principal occupations during the past five years, and other information with respect to each of the Directors are set forth in the following tables, along with information for the officers of the Funds. The information is provided as of the date of this SAI.

<u>Name, Address, and Age</u>	<u>Position(s) Held with Funds and Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) during Past 5 Years</u>	<u>Other Directorships Held by Director during the Past 5 Years</u>
<b>"Disinterested" Directors of the Funds</b>				
<b>Dianne C. Click</b> Age: 56 300 South Wacker Drive, Suite 600 Chicago, IL 60606	Director  Portfolios in Fund Complex Overseen: 3	Indefinite, until successor elected  Director since 2004	Ms. Click is a licensed Real Estate Broker in the State of Montana. She has been a partner and a principal owner of a real estate sales company, Bozeman Broker Group, since 2004. She has been licensed in the state of Montana since 1995.	Perritt MicroCap Opportunities Fund, Inc. (1994–2013)
<b>David S. Maglich</b> Age: 61 300 South Wacker Drive, Suite 600 Chicago, IL 60606	Director  Portfolios in Fund Complex Overseen: 3	Indefinite, until successor elected  Director since 2004	Mr. Maglich is a Shareholder with the law firm of Fergeson, Skipper et. al. in Sarasota, Florida and has been employed with such firm since 1989.	Perritt MicroCap Opportunities Fund, Inc. (1987–2013)

*Perritt Funds, Inc.*

**Directors and Officers (Unaudited) (Continued)**

<u>Name, Address, and Age</u>	<u>Position(s) Held with Funds and Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) during Past 5 Years</u>	<u>Other Directorships Held by Director during the Past 5 Years</u>
<i>"Interested" Director of the Funds</i>				
<b>Michael J. Corbett<sup>(1)</sup></b> Age: 53 300 South Wacker Drive, Suite 600 Chicago, IL 60606	President  Portfolios in Fund Complex Overseen: 3	One-year term as President  As Director, indefinite, until successor elected  Director since 2010  President since 2004	Mr. Corbett was President of the Perritt MicroCap Opportunities Fund, Inc. (1999–2013) and President of the Perritt Funds, Inc. since 2004. He has served as President of the Adviser since 2010, and previously served as Vice President of the Adviser from 1997 until 2010. Mr. Corbett began his tenure with Perritt Capital Management in 1990 as a research analyst. He assumed portfolio management responsibilities in 1996 and now serves as portfolio manager for the Funds.	Perritt MicroCap Opportunities Fund, Inc. (2010–2013)

<sup>(1)</sup> Mr. Corbett is an interested person of the Funds based upon his position with the Adviser.

**Directors and Officers (Unaudited) (Continued)**

<u>Name, Address, and Age</u>	<u>Position(s) Held with Funds and Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) during Past 5 Years</u>	<u>Other Directorships Held by Director during the Past 5 Years</u>
<b>Officers of the Funds Other Than Mr. Corbett</b>				
<b>Mark Buh</b> Age: 57 300 South Wacker Drive, Suite 600 Chicago, IL 60606	Vice President and Treasurer	One-year term Since 2012	Mr. Buh has been Vice President and Treasurer of the Funds and Chief Financial Officer of the Adviser since 2012. He has over 25 years of experience in corporate accounting, administration, planning and business development. His previous experience includes tenures at Ernst and Young and CenturyLink Communications.	N/A
<b>Lynn E. Burmeister</b> Age: 59 300 South Wacker Drive, Suite 600 Chicago, IL 60606	Vice President, Chief Compliance Officer and Secretary	One-year term Chief Compliance Officer Since 2010  Secretary Since 2015	Mrs. Burmeister has been the Chief Compliance Officer since May 1, 2010, and oversees all compliance matters for the Funds and the Adviser. She also coordinates the administration of the Funds and is a liaison with the firm's corporate counsel. Mrs. Burmeister has worked in the financial industry since 1980. Her previous experience includes work at Harris Associates, Gofen & Glossberg and Optimum Investments.	N/A

Qualification of Directors

Michael J. Corbett has been the President and a portfolio manager of the MicroCap Fund (including the Predecessor MicroCap Fund) since 1996, a portfolio manager of the Ultra MicroCap Fund since its inception in 2004, and a portfolio manager of the Low Priced Stock Fund since its inception in 2014. His experience and skills as a portfolio manager, as well as his familiarity with the investment strategies utilized by the Adviser and with the Funds' portfolios, led to the conclusion that he should serve as a director. Dianne C. Click's experience as a partner and principal owner of a real estate sales company has provided her

## **Directors and Officers (Unaudited) (Continued)**

with a firm understanding of financial statements and the issues that confront businesses, enabling her to provide the Board of Directors valuable input and oversight. As a partner in a law firm, David S. Maglich has extensive experience working with regulated industries, and a deep understanding of financial statements, making him a valuable source of information and insight. Each of Ms. Click and Mr. Maglich take a conservative and thoughtful approach to addressing issues facing the Funds. These combinations of skills and attributes led to the conclusion that each of Ms. Click and Mr. Maglich should serve as a director.

### Board Leadership Structure

The Board has general oversight responsibility with respect to the operation of the Funds. The Board has engaged the Adviser to manage the Funds and is responsible for overseeing the Adviser and other service providers to the Funds in accordance with the provisions of the 1940 Act and other applicable laws.

The Board does not have a Chairman of the Board. As President of the Funds, Mr. Corbett is the presiding officer at all meetings of the Board. The Board does not have a lead independent director. The Board has determined that its leadership structure is appropriate because it has been in place for many years and during that time the Funds have delivered positive returns for their investors.

## Perritt Funds

The Funds file their 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. The Funds' Forms N-Q are available on the Securities and Exchange Commission's website at <http://www.sec.gov>. The Funds' latest Forms N-Q are also available without charge upon request by calling 1-800-331-8936.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling the Advisor at 1-800-331-8936 and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-331-8936 and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Household Delivery of Shareholder Documents: To reduce expenses, the Funds may mail only one copy of the Funds' prospectus, SAI and each annual and semi-annual report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents, please call the Funds at 1-800-331-8936 or contact your financial institution. You will begin receiving individual copies thirty days after receiving your request.

Electronic Delivery of Shareholder Documents: You may choose to receive the Funds' prospectus and annual and semi-annual reports electronically. To sign up for electronic delivery, visit [www.icsdelivery.com](http://www.icsdelivery.com) and select the first letter of your brokerage firm's name. Then, select your brokerage institution from the list that follows, fill out the appropriate information and provide an e-mail address where you would like your information sent. If your brokerage firm is not listed, electronic delivery may not be available. Please contact your brokerage firm or financial advisor.

## Tax Notice

For the year end October 31, 2018, the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund and the Perritt Low Priced Stock Fund did not pay any interest related dividends under the Internal Revenue Code Section 87(k)(1)(c). Additionally, for the year ended October 31, 2018, 100.00%, 0.00% and 100.00% of the distributions paid by the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund and the Perritt Low Priced Stock Fund were designated as short-term capital gain distributions designated under the Internal Revenue Code Section 871(k)(2)(c).

The percentage of dividend income distributed for the year ended October 31, 2018, which is designated as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003, is 89.52%, 0.00% and 100.00% for the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund and the Perritt Low Priced Stock Fund, respectively. Of the dividends paid by the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund and the Perritt Low Priced Stock Fund, 89.52%, 0.00% and 100.00%, respectively, qualify for the corporate dividends received deduction.

## Privacy Policy

We collect the following nonpublic personal information about you:

- Information we receive from you on or in applications or other forms, including but not limited to, your name, address, phone number, and social security number; and
- Information about your transactions with us, our affiliates or others, including but not limited to, your account number and balance, parties to transactions, cost basis information and other financial information.

We do not disclose any nonpublic personal information about our current or former shareholders to nonaffiliated third parties, except as permitted by law. For example, we are permitted by law to disclose all the information we collect to our transfer agent to process your transactions. Furthermore, we restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards through our transfer agent, U.S. Bancorp Fund Services, LLC, that comply with federal standards to guard your nonpublic personal information.

In the event that you hold shares of the Funds through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

# Perritt Funds

## **Investment Advisor**

Perritt Capital Management, Inc.  
300 South Wacker Drive, Suite 600  
Chicago, IL 60606-6703  
800-331-8936

## **Independent Registered Public Accounting Firm**

Cohen & Company, Ltd.  
342 North Water Street, Suite 830  
Milwaukee, WI 53202

## **Legal Counsel**

Foley & Lardner LLP  
777 East Wisconsin Avenue  
Milwaukee, WI 53202

## **Custodian**

U.S. Bank, NA  
1555 North River Center Drive, Suite 302  
Milwaukee, WI 53212

## **Transfer Agent and Dividend Disbursing Agent**

U.S. Bancorp Fund Services, LLC,  
doing business as U.S. Bank Global Fund Services  
P.O. Box 701  
Milwaukee, WI 53201-0701

## **Distributor**

Quasar Distributors, LLC  
777 East Wisconsin Avenue  
Milwaukee, WI 53202

*For assistance with your existing account, call our  
Shareholder Service Center at 1-800-332-3133.*

The Funds' Statements of Additional Information contain information about the Funds' directors and are available without charge upon request by calling 1-800-332-3133.



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# Perritt Funds

**MicroCap Opportunities Fund – PRCGX**

**Ultra MicroCap Fund – PREOX**

**Low Priced Stock Fund – PLOWX**

Minimum Initial Investment \$1,000

IRA Minimum Initial Investment \$250

Dividend Reinvestment Plan

Systematic Withdrawal Plan

Automatic Investment Plan

Retirement Plans Including:

- IRA
- SEP-IRA
- Simple IRA
- Roth IRA
- Coverdell Education Savings Account

2% redemption fee imposed for shares held ninety (90) calendar days or less.

This report is authorized for distribution only to shareholders and others who have received a copy of the prospectus of the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund and/or the Perritt Low Priced Stock Fund.

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