Perritt
CAPITAL MANAGEMENT

June 30, 2019
2Q19

MicroCap Opportunities Fund

Symbol:	Inception:	AUM:	Annual Turnover:	Sales Charge:	Initial Investment:
PRCGX	April 11, 1988	$126M	14.00%	No Load	$1000, $250 IRA

Michael Corbett

Chief Investment Officer & Portfolio Manager

- Portfolio Manager since 1999, co-manager beginning in 1996
- Named as Barron's/Value Line Top 100 Mutual Fund Manager from 2003–2007
- Joined Perritt Capital Management as a research analyst in 1990

FUND STRATEGY

Investment criteria The fund invests in companies that have a market capitalization below $3 billion and a price below $15 at the time of initial purchase.

Bottom up approach The portfolio is built from the bottom up focusing on niche businesses with innovative products and services and the potential to build franchises and brands.

Nine-point evaluation Financial strength of companies is confirmed using a nine-point evaluation based on balance sheets, cash flow, and income statement.

Fundamental Research We meet with 3-5 company executives each week to analyze the skills, experience, and motivation of company executives to ensure that company management is working for the best interests of shareholders.

Valuation Assessment Companies are considered for purchase based on valuation determinations ranging from GARP to Deep Value.

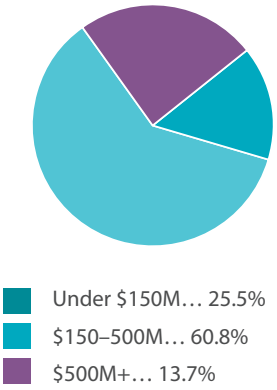
PORTFOLIO CHARACTERISTICS

	Perritt MicroCap	Russell MicroCap
Median Market Cap	232.2	235.4
Median P/E (TTM**)	20.0	19.3
Forward P/E	14.2	—
Median Price to Book	1.5	1.6
Median Price to Sales	1.0	1.9
Number of Holdings	95	1468
Beta[1]	1.01	1.10
R-Squared[1]	0.50	0.59
Standard Deviation	18.03	17.30

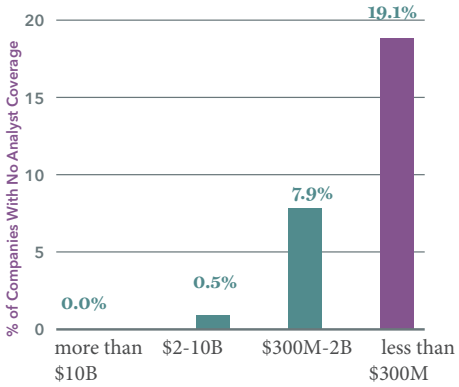
** TMM= Trailing 12 Months

[1] (vs. S&P 500)

HOLDINGS BY MEDIAN MARKET CAPITALIZATION



NO ANALYST COVERAGE: MICRO-CAPS REMAIN LAST INEFFICIENT MARKET CAP CLASS



Analysts that cover Micro-cap stocks are typically from boutique research/brokerage

PRCGX Fund Facts

Number of Stocks… 95
Zero Analyst Coverage… 16
One Analyst Coverage… 15
Average Number of Analysts[2]… 2.6

[2] Typically 0–1 analysts at initial purchase.

MERGER & ACQUISITION ACTIVITY % OF PORTFOLIO HOLDINGS BOUGHT OUT[4]

2018	1 of 81 (1.2%)	2015	6 of 98 (5.5%)
2017	3 of 77 (3.9%)	2014	4 of 121 (3.3%)
2016	4 of 92 (4.3%)	2013	9 of 114 (8.0%)

[4] Based on the average number of portfolio holdings during the calendar year.

300 S. Wacker, Suite 600, Chicago, IL 60606
(800) 331-8936 perrittcap • com

Small is passionate.

MicroCap Opportunities Fund

As of June 30, 2019

TOP 10 HOLDINGS

NORTHERN TECHNOLOGIES INTL CORP. (NTIC)	3.9%
MILLER INDUSTRIES, INC. (MLR)	3.7
SILVERCREST ASSET MANAGEMENT (SAMG)	3.0
RADIANT LOGISTICS, INC. (RLGT)	2.8
CPI AEROSTRUCTURES, INC. (CVU)	2.5
BLUELINX HOLDINGS, INC. (BXC)	2.4
MOTORCAR PARTS OF AMERICA, INC. (MPAA)	2.1
IES HOLDINGS, INC. (IESC)	2.1
FIRST INTERNET BANCORP (INBK)	2.0
OOMA, INC. (OOMA)	1.9

ANNUALIZED TOTAL RETURNS AS OF JUNE 30, 2019

	YTD	1-YR	3-YR	5-YR	10-YR	20-YR
PRCGX	3.95%	-19.67%	5.09%	1.45%	9.36%	9.59%
Russell 2000	16.98	-3.31	12.30	7.06	13.45	7.77
Russell Microcap	14.14	-10.38	11.18	5.52	12.54	-

Expense Ratio 1.24%

Performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance data quoted. Performance data to the most recent month end may be obtained by calling (800) 331-8936. The fund imposes a 2% redemption fee on shares held for less than 90 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced. The inception date for the Russell Microcap Index was 9/30/2000, therefore no average annual return figures for the 20 year period available.

FUND STRATEGY

Investment criteria The fund invests in companies that have a market capitalization between $50 and $500 million at the time of initial investment.

Bottom up approach The portfolio is built from the bottom up focusing on niche businesses with innovative products and services and the potential to build franchises and brands.

Nine-point evaluation Financial strength of companies is confirmed using a nine-point evaluation based on balance sheets, cash flow, and income statement.

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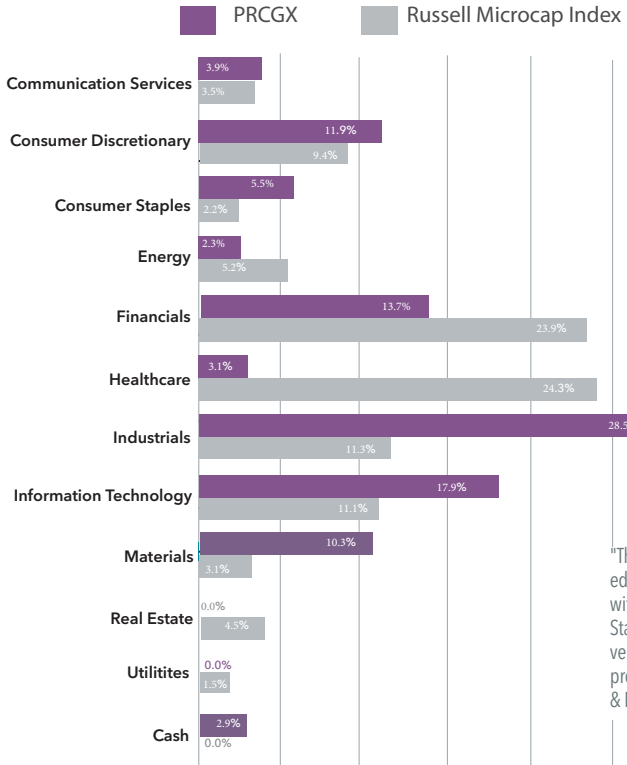
SECTOR ALLOCATION



"The sector classifications represented in the graph 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."

While the fund is no load, management and distribution fees apply. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. 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. The S&P 500 is an unmanaged broad based universe of 500 stocks which is widely recognized as the US equity market. The Russell Microcap Index consists of the smallest 1000 companies in the Russell 2000 Index, in addition to the next smallest 1,000 stocks in the Russell indexing universe, as ranked by market cap. One cannot invest directly in an index. The Price to Book (P/B) Ratio compares a stock's market value to the value of total assets less total liabilities and is calculated by dividing the current price of the stock by the company's book value per share. Price to earnings ratio is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share. Price to Cash Flow is calculated by dividing the current price of the stock by the company's cash flow per share. Beta measures the sensitivity of rates of return on a fund to general market movements. A beta above 1 is generally more volatile than the overall market, while a beta below 1 is generally less volatile. R-Squared is a statistical measure that represents the percentage of a fund's or security's movements that are explained by movements in a benchmark index. Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns. Growth at a reasonable price (GARP) is an investment strategy that combines tenets of both growth and value investing by finding companies that show consistent earnings growth but don't sell at overly high valuations. Deep value investing seeks to purchase stocks at an even greater discount to their intrinsic value.

The fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company and may be obtained by calling (800) 331-8936. Read carefully before investing.

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

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