

Perritt Funds

MicroCap Opportunities Fund

Ultra MicroCap Fund

Low Priced Stock Fund

Semi-Annual Report
April 30, 2017
(Unaudited)

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*

One of the most quoted, and often misunderstood quotes about investing comes from Sir John Templeton, an influential American-born British stock investor, who said: "The four most expensive words in the English language are, This time it's different."

Investors thought the stock market weakness in early 2016 signaled a recession. Some worried that fear of a recession could cause a recession. Recessions are part of the economic cycle. While a stock market correction does create an opportunity to rebalance one's investment portfolio, it is generally not a reason to suddenly panic and sell stocks. Stocks do tend to move in anticipation of changes in the economy, so you would think that if there is going to be a recession,

you should sell some of your stocks. Yet stocks have performed well throughout recorded stock market history, which includes many recessions.

The question is, how does the current investor interpret and put the words of the pioneer of the mutual fund to good use? Let's examine the words "time" and "different."

Today, Sir John Templeton's quote has at times taken on a reverse meaning, but the result is no less "expensive."

The late 1980s and the 1990s were a "time" investors considered "different." That difference could be summed up in four letters: TECH. Inventions no one could even have imagined a decade earlier created a means for global communication that we could carry in our pockets. This phenomenon was so different it even had its own version of a stock exchange called NASDAQ. Investors poured their money into this void. Then it collapsed, taking with it the fortunes of those who changed their portfolios to reflect the "times" by switching most of their investments into tech stocks only to see the NASDAQ drop 75 percent by 2002.

In the 2000s, another "time" when what was "different" could be summed up in seven letters: HOUSING, the investment that would always make you money. For some reason, housing caught fire and started creating millionaires faster than you could say "subprime mortgage." Then it collapsed, taking with it the fortunes of those who, keeping pace with the "times," had switched most of their investments into housing.

When investors become convinced a "time" is so different that long-standing investment principles—such as discipline and diversification—no longer apply, the result can be very expensive.

The big point is that things change; different forces are at work in any given time. For example, the current excitement is with F.A.N.G. stocks, which is an abbreviation for Facebook, Apple, Netflix and Google. Without these four stocks, the S&P 500 Index and NASDAQ gains in the past few years would be significantly lower. I am not predicting that these stocks will soon collapse, but to warn investors to not only bet on these investments because it is "different" this "time."

Obviously, I would recommend that you don't read too much into anyone's quotes, but they can be great talking pieces. The next page has more of my favorite quotes related to money. Enjoy!

Perritt Funds, Inc.

Politics are crazy, the stock market is boring, How about some words about money?

"An investment in knowledge always pays the best interest." – Ben Franklin

"We make a living by what we get, but we make a life by what we give." – Winston Churchill

"In the short run, the market is a voting machine, but in the long run it is a weighing machine." – Benjamin Graham,

"The art is not in making money, but in keeping it." – Proverb

"In the long run, it's not just how much money you make that will determine your future prosperity. It's how much of that money you put to work by saving it and investing it." – Peter Lynch

"I will tell you how to become rich. Be fearful when others are greedy. Be greedy when others are fearful." – Warren Buffett

"Money is better than poverty, if only for financial reasons." – Woody Allen

"A nickel ain't worth a dime anymore." – Yogi Berra

"If you want to have a better performance than the crowd, you must do things different from the crowd." – Sir John Templeton

"In America, anyone can become president. That's the problem." – George Carlin

"The most powerful force in the universe is compound interest." – Albert Einstein

"October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February." – Mark Twain

Past performance does not guarantee future results.

S&P 500 Index is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

NASDAQ is a stock market index of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market.

Portfolio Managers' Message



*Michael Corbett,
Portfolio Manager*



*George Metrou,
Portfolio Manager*

The Perritt MicroCap Opportunities Fund posted a gain of 15.54% during the six-month period ended April 30, 2017, compared to the 18.36% gain for the Russell Microcap Index and +18.37% 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.

The performance of small company stocks during the period neatly fits into two opposing chapters. First, a massively enthusiastic rally, with nearly unprecedented positive price action, where investors boldly speculated on a brighter future. Nearly immediately followed by a painfully slow, range bound, conviction-less market, in which investors began questioning the outcome of their speculations.

The common element driving both the manic and doubtful emotions of the market: Trump. Without doubt, the U.S. presidential election had a greater impact on markets than any other political or macro event of the past few years. Within hours of the final votes being tallied, the market realized that then President-elect Trump's desire for corporate tax reform, fiscal stimulus, and regulatory relief could shape a potent pro-growth plan. Markets quickly began to discount this prospect by sending equities higher and bonds lower. In our view, this was a reasonable response. If all of the pro-growth agenda were enacted

exactly as hoped for, we believe corporate earnings for small companies could be 30-50% higher within a couple years.

Within the market, cyclical industries, domestically-oriented businesses, or many companies perceived as benefitting from Trump's pro-growth plan saw substantial increases in their stock price. This was a perfect recipe for microcap stocks. The market responded by sending the Russell Microcap Index up 18% in the first 30 days post-election.

However, even before the new administration was sworn in, investors started to doubt the ease of passing the complex legislation that the market gains assumed. "Trump trades," as they came to be known, began to reverse. After the massive one month rally, markets spent nearly the next 5 months trading in a narrow range of approximately 2.5%.

Fortunately, we now see that other pillars have emerged to support higher stock prices. Global GDP growth is slowly increasing, U.S. economic indicators have remained firm, and corporate profit growth has resumed. Bullish investors now point to this underlying fundamental improvement, rather than Trump based speculation. This state of affairs, based on fundamentals, is far more welcome than one based purely on legislative speculation.

During the period, we maintained a fully invested posture. We found opportunities to take profits during the large rally at the end of the calendar year, and redeploy the capital into new ideas where relative valuation was attractive and the business was well positioned to benefit from the current environment. We began the period with 86 positions in the Fund, and ended the period with 85 positions.

Six new positions were added to the Fund during the period. We added Aspen

Perritt MicroCap Opportunities Fund

Aerogels Inc. (ASPN), a provider of specialty materials to the energy and power generation sectors. ASPN was relatively inexpensive, as it was trading below tangible book value, and has the potential to have good growth as their end markets recover. Limbach Holdings, Inc. (LMB) was added through participating in a secondary offering. Limbach is in the same HVAC service sector as a previously successful investment in Comfort Systems (FIX), and its valuation is much more attractive. Northeast Bancorp (NBN) is a niche community bank which was trading at roughly tangible book value at time of purchase, far more attractive than its peer group, and has a business model that should deliver above average return on equity. Ooma Inc. (OOMA) is a VOIP service provider we added to the Fund after observing a substantial discount between the company and peers. We believe Ooma has a substantial runway to leverage their financial performance as they continue to grow. We added PFSweb, Inc., (PFSW) a service and consulting firm tied to the secular growth in e-commerce. PFSW has traded at rich multiples for the past few years, but a short-term dislocation in their business allowed us the opportunity to acquire the stock at below market multiples. Lastly, we added Primo Water Corp. (PRMW), the largest retail provider of purified water for the residential market. We acquired Primo after a pullback in the stock which provided us with a market multiple for a company with enormous tailwinds.

During the period, we liquidated seven positions. One position, Datalink Corp. (DTLK) was sold after receiving a valid buyout offer. Three companies were sold after reaching our price targets: Flexsteel Industries, Inc. (FLXS), John B. Sanfilippo & Sons, Inc. (JBSS), and UMH Properties, Inc. (UMH). The remaining three positions removed from the portfolio were sold after a downgrade in our view of the price

appreciation potential of the security or to rotate capital to higher conviction ideas.

As of April 30, 2017, the Fund's portfolio was comprised of 85 common stocks. The Fund's 10 largest holdings and detailed descriptions can be found later in this report. Based on our earnings estimates, the Fund's portfolio is trading at approximately 23.8 times 2017 earnings. Stocks in the portfolio are priced at a median 1.1 times revenue and the median price to book value is 1.9x. Lastly, the median market capitalization is approximately \$295 million.

We are encouraged by the current composition of the portfolio. The Fund's companies have a median revenue growth rate of 4%, return on invested capital of 11%, free cash flow margin of 5%, and trade at 1.1x revenue. This compares to revenue growth of 2%, return on invested capital of 4%, free cash flow margins of 3%, and a valuation of 1.9x revenue for the Russell Microcap Index. The bottom line is that our portfolio has grown faster, is more profitable, has generated more cash, and is cheaper than the broader microcap market. This should serve the Fund's shareholders well in the future.

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. Please refer to the prospectus for information about the Fund's investment objectives and strategies.



George Metrou
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.

Return on Equity is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.

Return on Invested Capital is a fundamental method of determining a company's financial performance. It is used to measure how well a company is investing its capital.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

Price to Book is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Tangible Book Value is the total net asset value of a company (book value) minus intangible assets and goodwill.

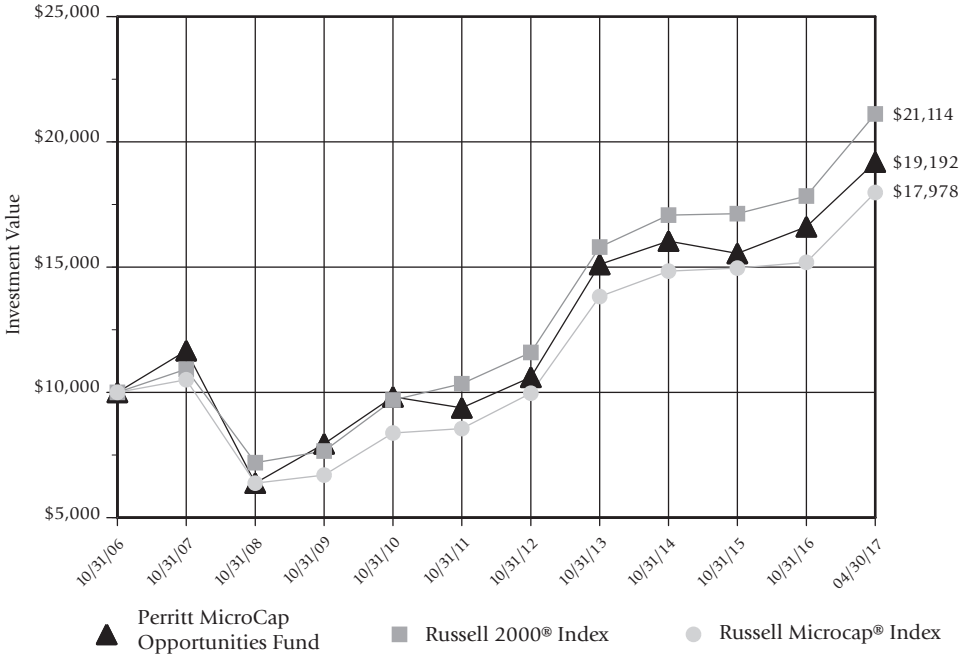
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Perritt MicroCap Opportunities Fund

Performance* (Unaudited)

April 30, 2017

Perritt MicroCap Opportunities 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 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.

Perritt MicroCap Opportunities Fund

Performance (Unaudited) (Continued)

April 30, 2017

Cumulative Total Returns*

Periods ended April 30, 2017 (Unaudited)

	Past 6 Months	Past 1 Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years	Past 25 Years
Perritt MicroCap Opportunities Fund	15.54%	26.13%	19.69%	75.68%	70.21%	296.03%	1071.86%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	18.37%	25.63%	29.63%	83.84%	97.58%	235.06%	907.36%
Russell Microcap® Index <i>(reflects no deduction for fees and expenses)</i>	18.36%	25.02%	23.73%	84.13%	68.75%	210.80%	N/A

Average Annual Total Returns*

Periods ended April 30, 2017 (Unaudited)

	Past 1 Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years	Past 25 Years
Perritt MicroCap Opportunities Fund	26.13%	6.18%	11.93%	5.46%	9.61%	10.35%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	25.63%	9.03%	12.95%	7.05%	8.39%	9.68%
Russell Microcap® Index <i>(reflects no deduction for fees and expenses)</i>	25.02%	7.36%	12.99%	5.37%	7.85%	N/A

The Perritt MicroCap Opportunities Fund's annualized expense ratio for the year ended October 31, 2016, as stated in the statutory prospectus, was 1.23%. The Fund imposes a 2% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

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.

Ten Largest Common Stock Holdings (Unaudited)

Hudson Technologies Inc. (HDSN) provides innovative services to the recurring problems within the refrigeration industry. Its products and services include refrigerant sales, refrigerant management services, reclamation of refrigerants and system decontamination to remove moisture, oils and other pollutants.

Century Casinos, Inc. (CNTY) operates as a casino entertainment company worldwide. The company develops and operates gaming establishments, as well as related lodging, restaurant, horse racing, and entertainment facilities.

Atlas Financial Holdings, Inc. (AFH) engages in the underwriting of commercial automobile insurance policies, focusing on the 'light' commercial automobile sector. This sector includes taxi cabs, nonemergency para-transit, limousine, livery, and business autos.

Systemax Inc. (SYX) operates as a direct marketer of brand name and private label products. Its Industrial Products Group segment sells a range of maintenance, repair, and operation products. Its EMEA Technology Products Group segment sells information and communication technology products and consumer electronics.

Addus HomeCare Corporation (ADUS) is a provider of home and community-based personal care services, which are provided primarily in the home, and is focused on the dual eligible (Medicare/Medicaid) population. Addus provides these services on a long-term, continuous basis, with an average duration of over 20 months per consumer.

Global Brass and Copper Holdings, Inc. (BRSS) converts, fabricates, processes, and distributes specialized copper and brass; and rerolls and forms other alloys. Its products are used in the building and housing, automotive, electronics/electrical components, munitions, coinage, and industrial machinery and equipment markets.

Ooma Inc. (OOMA) offers a multi-user communications system and a service to generate new customer leads for small businesses. It also provides a communications solution designed to serve as the primary phone line in the home, and provides a wireless handset that supports various Ooma features.

Photronics, Inc. (PLAB) offers services across the full spectrum of integrated chip (IC) production and flat panel display (FPD) technologies by manufacturing photomasks using electron beam or optical (laser-based) systems. The company primarily sells its products to prominent semiconductor and FPD manufacturers.

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.

Perritt MicroCap Opportunities Fund

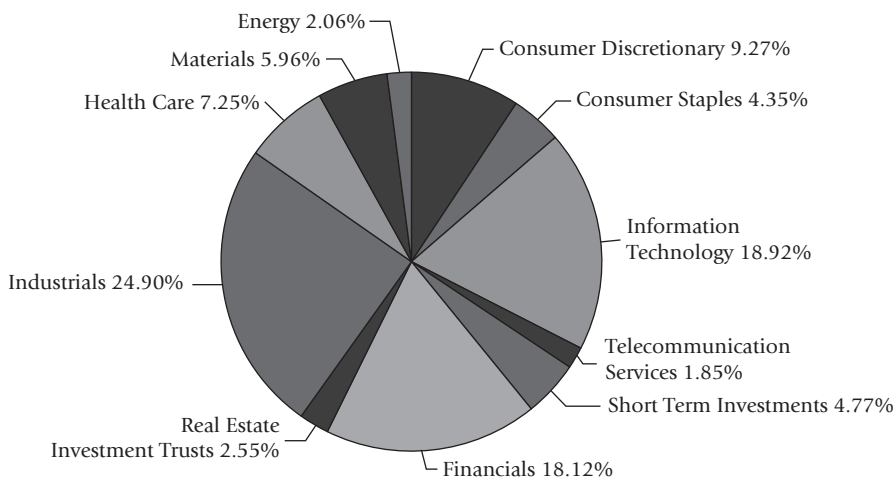
Ten Largest Common Stock Holdings (Unaudited) (Continued)

Zix Corporation (ZIXI) provides email encryption, data loss prevention, and Bring-Your-Own-Device security solutions to the healthcare, financial services, insurance, and government sectors. Zix offers programs that allow an enterprise to use policy-driven rules to determine email messages; a solution designed to deliver email based on preferences; a program that automatically encrypts and decrypts messages; an email-specific data loss prevention solution; and an email app, which provides access to corporate email while never allowing data to be stored.

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.

Allocation of Portfolio Investments (Unaudited) April 30, 2017



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 Fund had a return of positive 11.51% for the first six months of fiscal year 2017. This compares unfavorably to the positive 18.37% return for the Russell 2000 and the positive 18.36% return for the Russell Microcap Index. The complete performance for the fund and its benchmarks can be found later in this report.

During the fiscal year the fund has seen its strongest performance from its investments in the healthcare & information technology spaces. Some of the top performers from the healthcare sector include Auxilio, Inc., a provider of managed print services and cyber security to hospitals that was up 126% during the first six months and Cutera, Inc., a provider of various dermatological medical devices for treating skin ailments and tattoo removals. We also saw strong performance from our holdings in Ultra Clean Technologies which returned 126% over the course of the first six months of the fiscal year. Ultra Clean is a manufacturer of capital equipment for the semi-conductor chip manufacturing space. Another strong performer in the information technology space was Asure Software. Asure is a provider of cloud based software services to medium to large companies throughout the U.S. and Europe. Asure was up 56% for the quarter and due to heavy weighting contributed a

positive 1.1% to the Fund's performance. This company remains a high conviction investment and one of our largest holdings.

Since our annual report for the period ending October 31, 2016, the fund has sold out of 15 investments. One of these, Empire Resources (ERS) was sold as a result of the company receiving a valid buyout offer. Seven companies, John B. Sanfilippo & Son (JBSS), Pacific Premier Bank (PPBI), Intest Corp. (INTT), Nevada Gold & Casino (UWN), Ceragon Networks (CRNT), Crown Crafts Inc. (CRWS) and Ultralife Corp. (ULBI) were sold due to the companies reaching our valuation targets. The remaining seven companies were eliminated due to weak results or material downgrades in the outlook for the company, as well as for tax efficiency purposes. These companies were replaced with new additions that we believe will help contribute to the future performance of the Fund. These include; Polar Power (POLA), a contractor that installs backup power systems for cell tower sites, PAR Technologies (PAR), a provider of subscription based point of sales systems and food safety systems to the food service industry, and the Meet Group (MEET) which is a social networking company.

As of April 30, 2017, the Fund holds the common stock of 85 companies which is lower than the 91 names we held at the time of our annual report, from October 31, 2016. We intend to keep the number of names in the portfolio around this number and continue with our strategy of concentrating on higher quality and higher conviction names. Based on our earnings estimates, the Fund's portfolio is trading at 14.7x forward earnings. The median price to sales ratio is 1.18x, the median price to book ratio is 2.02x, the trailing 12 month P/E is 20.36x & the median market cap is

Perritt Ultra MicroCap Fund

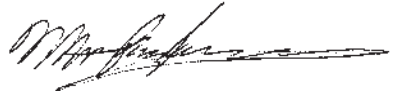
approximately \$90mm. The Fund's largest holdings and detailed descriptions can be found later in this report.

The Fund's largest allocation mismatch to its benchmark is in the financial sector with the Fund maintaining an active weight of 8.5% versus 26.9% for the Russell Microcap Index. This mismatch is largely in small-cap banks many of which are thinly traded and closely held community banks. These institutions are purely exposed to the regional economy in which they operate. We occasionally will own these firms if we think they are in a healthy geography. However, many small banks are in geographies we don't necessarily want exposure. At this time, we will remain underweight in this segment going forward due to our continued reliance on the valuation and stock picking criteria we have relied on for the past 28 years. We also remain underweight in the healthcare sector as mentioned in past letters, but have closed that gap considerably in the past six months. We continue to be overweight in both industrial and information technology names.

The Ultra MicroCap Fund tends to have investments that fly under the radar screen of most investors. The microcap universe, particularly those stocks with market capitalizations below \$100 million, are often ignored by investors for an extended period of time. Therefore, the potential rewards can take longer to achieve, but can be swift. As fellow shareholders, we are pleased with our performance relative to our index and remain focused on the long-

term picture, both for the individual companies within the portfolio, as well as the portfolio as whole. We remain confident that looking out at the long-term potential for our holdings based on sound fundamentals, rather than focusing on short-term fluctuations in the market is in the best interest of our shareholders.

We want to 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 other employees have made continued investments 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 at (800) 331-8936 or visit our web site at 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

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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.

Price-to-Book (P/B) is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price-to-Sales (P/S) is a valuation ratio that compares a company's stock price to its revenues. The price-to-sales ratio is an indicator of the value placed on each dollar of a company's sales or revenues.

Trailing Price-to Earnings (P/E) is calculated by taking the current stock price and dividing it by the trailing earnings per share (EPS) for the past 12 months.

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.

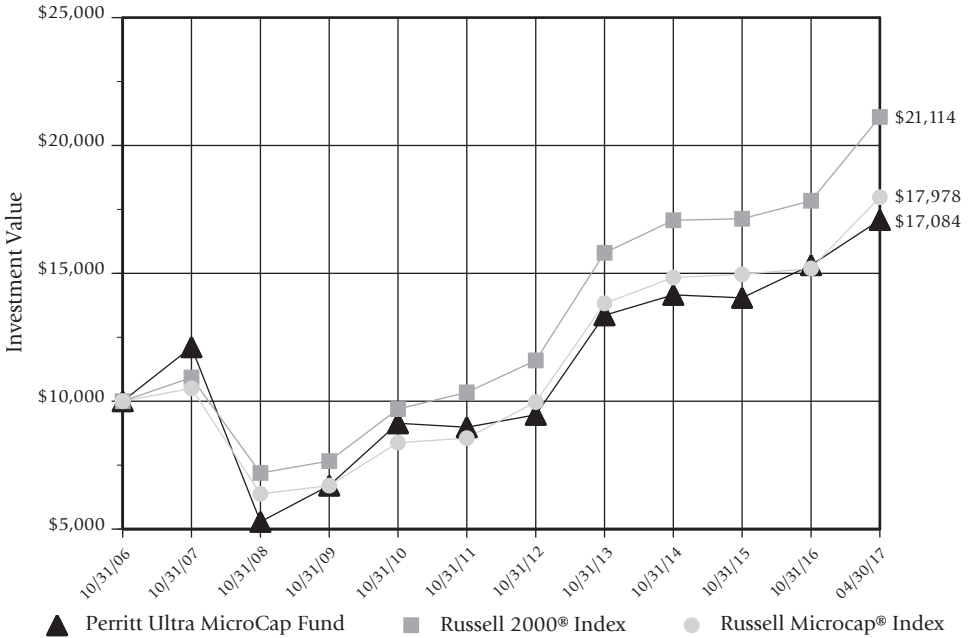
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Perritt Ultra MicroCap Fund

Performance* (Unaudited)

April 30, 2017

Perritt Ultra MicroCap 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 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.

Perritt Ultra MicroCap Fund

Performance* (Unaudited) (Continued)

April 30, 2017

Cumulative Total Returns**

Periods ended April 30, 2017 (Unaudited)

	<i>Past 6 Months</i>	<i>Past 1 Year</i>	<i>Past 3 Years</i>	<i>Past 5 Years</i>	<i>Past 10 Years</i>	<i>Since Inception</i>
Perritt Ultra MicroCap Fund	11.51%	21.41%	13.95%	72.36%	47.59%	150.14%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	18.37%	25.63%	29.63%	83.84%	97.58%	204.98%
Russell Microcap® Index <i>(reflects no deduction for fees and expenses)</i>	18.36%	25.02%	23.73%	84.13%	68.75%	150.31%

Average Annual Total Returns**

Periods ended April 30, 2017 (Unaudited)

	<i>Past 1 Year</i>	<i>Past 3 Years</i>	<i>Past 5 Years</i>	<i>Past 10 Years</i>	<i>Since Inception</i>
Perritt Ultra MicroCap Fund	21.41%	4.45%	11.50%	3.97%	7.51%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	25.63%	9.03%	12.95%	7.05%	9.20%
Russell Microcap Index <i>(reflects no deduction for fees and expenses)</i>	25.02%	7.36%	12.99%	5.37%	7.51%

The Perritt Ultra MicroCap Fund's annualized expense ratio for the year ended October 31, 2016, as stated in the statutory prospectus, was 1.78%. The Fund imposes a 2% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

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 since inception date is August 30, 2004.

** 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.

Ten Largest Common Stock Holdings (Unaudited)

Gencor Industries, Inc. (GENC) designs, manufactures, and sells machinery and related equipment used for the production of asphalt and highway construction materials. The company's products include asphalt plants, combustion systems, and fluid heat transfer systems, which are manufactured in two facilities in the United States.

Hudson Technologies Inc. (HDSN) provides innovative services to the recurring problems within the refrigeration industry. Its products and services include refrigerant sales, refrigerant management services, reclamation of refrigerants and system decontamination to remove moisture, oils, and other pollutants.

Asure Software, Inc. (ASUR) offers solutions to help clients optimize and manage their mobile workforces and global workspaces. This includes asset management, room scheduling options, mobile time tracking, space utilization solutions, tablet-based and traditional time clocks, time and labor management software, and workplace business intelligence analytics.

Auxilio, Inc. (AUXO) provides outsourced document management and IT security consulting services primarily to the healthcare industry. It offers workflow solutions; and creates print management programs by managing the back-office processes of hospital clients. Auxilio also provides technical risk and penetration testing, process and procedure development, and risk management services.

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.

Iteris, Inc. (ITI) is a provider of information solutions for both the traffic management and global agribusiness markets. The company operates through three segments: Roadway Sensors, Transportation Systems and Performance Analytics. Iteris provides various vehicle detection and information systems, products for traffic intersection control, incident detection, and roadway traffic data collection.

Rockwell Medical, Inc. (RMTI) offers products and services for the treatment of end-stage renal disease, chronic kidney disease, iron deficiency, secondary hyperparathyroidism, and hemodialysis. The company operates through the hemodialysis market segment, which involves the manufacture, sale and distribution of hemodialysis products to hemodialysis clinics, including pharmaceutical, dialysis concentrates, dialysis kits and other ancillary products used in the dialysis process.

AXT, Inc. (AXTI) is a developer and producer of compound and single element semiconductor substrates known as wafers, which are made from gallium and arsenic (GaAs). AXT manufactures its semiconductor substrates using its proprietary vertical gradient freeze technology.

MCBC Holdings, Inc. (MCFT) designs, manufactures, and markets recreational performance sport boats. Its boats are used for water skiing, wakeboarding, and wake surfing, as well as general recreational boating. It also offers various accessories, such as trailers and aftermarket parts.

Perritt Ultra MicroCap Fund

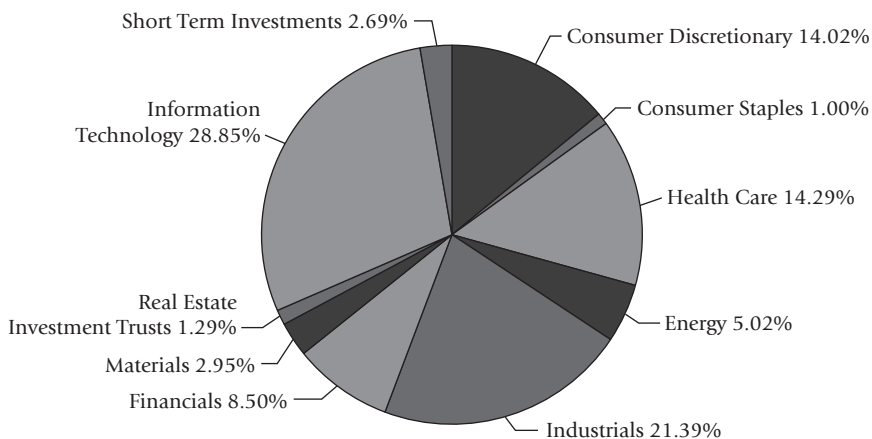
Ten Largest Common Stock Holdings (Unaudited) (Continued)

Cutera, Inc. (CUTR) designs, develops, manufactures, markets, and services laser and other energy based aesthetics systems. It offers a laser system for tattoo removal, and treatment of benign pigmented lesions; hair removal solutions for various skin types; and a high-powered radio frequency platform for deep tissue heating.

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.

Allocation of Portfolio Investments (Unaudited) April 30, 2017



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*

For the first six months of fiscal 2017, the Perritt Low Priced Stock Fund produced another solid performance relative to the benchmark Russell 2000 Index. The Fund gained 19.02% for the six-month period ended April 30, 2017 versus the 18.37% gain for the Russell 2000 Index. The Low Priced Stock Fund has now officially been around for more than three years. More detailed performance results for the Fund for the past year and three years, as well as the results for the Russell 2000 Index can be viewed on page 23.

Most of our investments rose nicely during the past six months. Of the 62 names owned, only 9 stocks declined in the past six months. We sold 3 of those 9 stocks that declined in the past six months due to reporting poor operating results. There were 7 stocks that climbed more than 50% each. Some of those strong performers were Wabash National (WNC), which rose nearly 102%, and Kulicke and Soffa Industries (KLIC), which rose more than 68% during the past six months. The interesting difference of these two investments is that WNC reported declining revenue and profits, but well above expectations, and KLIC reported impressive gains in revenue and profits, as well as above expectations. While we are always looking for quality companies that are growing their businesses, we also put a

great deal of value in how management teams communicate and manage investor expectations.

In terms of industry performance, the industrial segment was a big contributor to performance, up nearly 29%. Information technology and healthcare were also strong contributors, up 23% and 29% respectively. Our financial services industry exposure performed well, but underperformed the benchmark performance. The financial services industry within the Russell 2000 Index was up more than 22% versus the Low Price's financial service group of stocks was up a little more than 11%.

During the past six months, we sold 12 companies in the portfolio. We sold 7 companies because they reached our price targets, and we believe valuations were too rich. Another 3 companies were sold due to reporting disappointing operating results. To increase the Fund's average market capitalization, we also sold two companies because their market size was too small for the Fund. With the proceeds of these sales, we purchased 14 new companies. We added one energy company, 4 consumer discretionary companies, 3 industrial companies, 4 healthcare companies and two technology companies. The net result of these changes is that our exposure to consumer discretionary and healthcare weights increased while our technology weight declined. In addition, the Fund's median market capitalization increased from \$685 million to slightly above \$1 billion.

As of April 30, 2017, the Fund's portfolio contained the common stocks of 64 companies. The Fund's 10 largest holdings and detailed descriptions can be found on page 24. Based on our earnings estimate, the Fund's portfolio is trading at just above

Perritt Low Priced Stock Fund

18 times 2018 earnings. The median price/revenues for the portfolio is roughly 1.6 times. We are currently projecting that earnings growth for both 2017 and 2018 for our portfolio companies could be in the high teens.

The past six months have produced great rewards, but we have also had some challenges. We are confident with our investment approach and discipline, which we believe will produce solid results in the future. We are proud to maintain our relatively low expense ratio, keeping fees competitive relative to the market. The Board of Directors and management have, once again, renewed the agreement to waive certain fees. As a result, the Perritt Low Price Stock Fund expense ratio is still capped at 1.39%.

Thank you for entrusting your investment with us. The Perritt Capital Management team continue to show their commitment to the Fund's success with their own personal investment. As a fellow shareholder, and the largest shareholder, it is my goal and commitment 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. Please refer to the prospectus for information about the Fund's investment objectives and strategies.



Michael Corbett
Portfolio Manager

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.

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

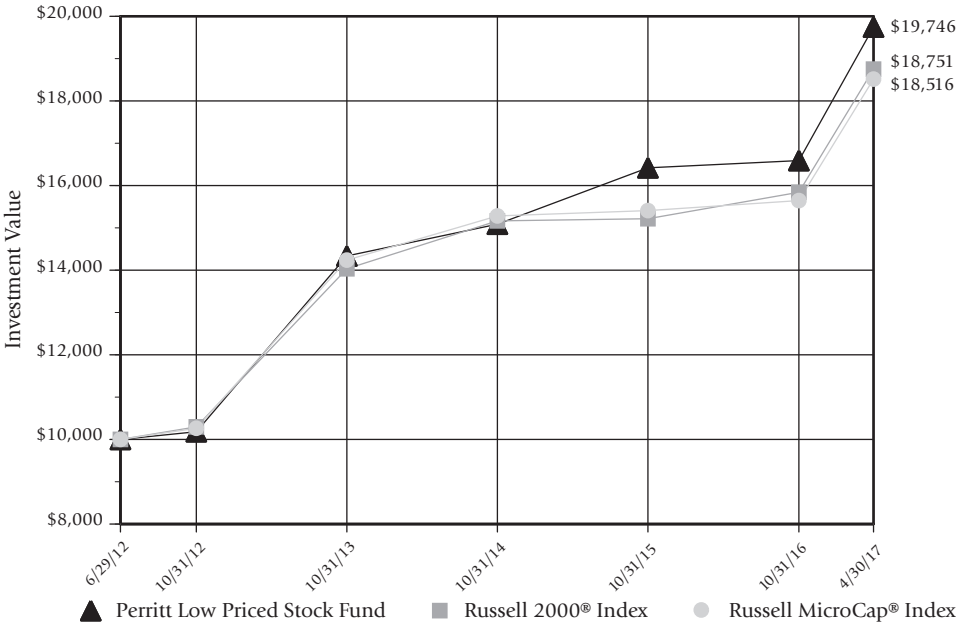
The Perritt Funds are distributed by Quasar Distributors, LLC.

Perritt Low Priced Stock Fund

Performance* (Unaudited)

April 30, 2017

*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 April 30, 2017. 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.

** 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)

April 30, 2017

Cumulative Total Returns**

Periods ended April 30, 2017 (Unaudited)

	<i>Past 6 Months</i>	<i>Past 1 Year</i>	<i>Past 3 Years*</i>	<i>Since Inception</i>
Perritt Low Priced Stock Fund	19.02%	21.52%	28.97%	97.46%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	18.37%	25.63%	29.63%	87.51%
Russell Microcap® Index <i>(reflects no deduction for fees and expenses)</i>	18.36%	25.02%	23.73%	85.16%

Average Annual Total Returns**

Periods ended April 30, 2017 (Unaudited)

	<i>Past 1 Year</i>	<i>Past 3 Years*</i>	<i>Since Inception</i>
Perritt Low Priced Stock Fund	21.52%	8.85%	15.12%
Russell 2000® Index <i>(reflects no deduction for fees and expenses)</i>	25.63%	9.03%	13.89%
Russell Microcap® Index <i>(reflects no deduction for fees and expenses)</i>	25.02%	7.36%	13.59%

The Perritt Low Priced Stock Fund's annualized net expense ratio, as stated in the statutory prospectus, dated October 31, 2016, was 1.40%. The Fund imposes a 2% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

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.

Ten Largest Common Stock Holdings (Unaudited)

Orbotech LTD (ORBK) provides yield-enhancing and process-enabling solutions for printed circuit boards (PCBs), liquid crystal displays (LCDs), and semiconductor devices in North America and internationally. It operates through three segments: Product Solutions for the Electronics Industry, Recognition Software, and Solar Energy.

Globus Medical, Inc. (GMED) is focused on developing products for patients with musculoskeletal disorders. Globus operates in two categories; the Innovative Fusion category products include fusion products to treat spinal disorders for the entire spine. The Disruptive Technologies category provides material improvements to fusion procedures, such as minimally invasive surgical techniques and motion preservation technologies.

Nova Measuring Instruments Ltd. (NVMI) designs, develops, produces, and sells process control systems used in the manufacture of semiconductors in Israel. The company offers in-line and x-ray stand-alone metrology systems, as well as integrated optical metrology systems that attach directly to wafer fabrication process equipment.

Gencor Industries, Inc. (GENC) designs, manufactures, and sells machinery and related equipment used for the production of asphalt and highway construction materials. The company's products include asphalt plants, combustion systems, and fluid heat transfer systems, which are manufactured in two facilities in the United States.

Investors Bancorp, Inc. (ISBC) operates as a holding company that provides various banking products and services for businesses and individuals in the United States. It offers deposit products, such as savings, checking, and money market accounts, as well as certificates of deposit.

Ferro Corporation (FOE) produces specialty materials in the United States and internationally. It offers frits, porcelain, and other glass enamels, glazes, stains, decorating colors, pigments, inks, polishing materials, dielectrics, electronic glasses, and other specialty coatings. Its products are used in appliances, automobiles, building and renovation, electronics, household furnishings, industrial products, and packaging.

Nautilus, Inc. (NLS) is a consumer fitness products company that operates through two segments: The Direct segment offers products directly to consumers through television advertising, catalogs, and the Internet. The Retail segment offers its products through a network of independent retail companies with stores and websites located in the United States and internationally.

Photronics, Inc. (PLAB) offers services across the full spectrum of integrated chip (IC) production and flat panel display (FPD) technologies by manufacturing photomasks using electron beam or optical (laser-based) systems. The company primarily sells its products to prominent semiconductor and FPD manufacturers.

Perritt Low Priced Stock Fund

Ten Largest Common Stock Holdings (Unaudited) (Continued)

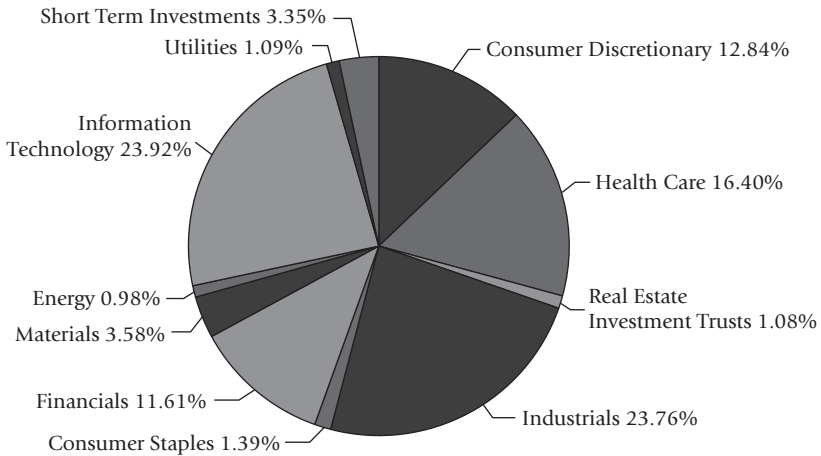
Builders FirstSource, Inc. (BLDR) manufactures and supplies building materials, manufactured components, and construction services to professional contractors, sub-contractors, and consumers in the United States. Its products include lumber and lumber sheet goods; windows, interior and exterior door units, as well as interior trims and custom products.

Kforce Inc. (KFRC) provides professional and technical specialty staffing services and solutions through three segments: Technology (Tech), Finance and Accounting (FA), and Government Solutions (GS). They serve clients in industries primarily in financial services, communications, insurance services, government sectors, and healthcare.

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.

Allocation of Portfolio Investments (Unaudited) April 30, 2017



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.

Perritt MicroCap Opportunities Fund

Schedule of Investments

April 30, 2017 (Unaudited)

<u>Shares</u>	<u>COMMON STOCKS – 95.43%</u>	<u>Value</u>		<u>Shares</u>		<u>Value</u>
<i>Aerospace & Defense – 0.93%</i>				<i>Commercial Banks (Continued)</i>		
390,187	CPI Aerostructures, Inc. ^(a)	\$ 2,419,160		172,837	Triumph Bancorp, Inc. ^(a)	\$ 3,871,549
		<u>2,419,160</u>		61,240	Veritex Holdings, Inc. ^(a)	1,649,806
						<u>17,010,381</u>
<i>Auto Parts & Equipment – 4.28%</i>				<i>Commercial Services & Supplies – 0.91%</i>		
186,705	Miller Industries, Inc.	4,742,307		223,309	InnerWorkings, Inc. ^(a)	2,364,842
125,000	Motorcar Parts of America, Inc. (Acquired 9/10/12 through 8/27/14, Cost \$1,052,127) ^{(a)(b)}	3,790,000				<u>2,364,842</u>
10,500	Motorcar Parts of America, Inc. ^(a)	318,360		<i>Construction & Engineering – 4.51%</i>		
115,000	Stoneridge, Inc. ^(a)	2,255,150		58,000	Comfort Systems USA, Inc.	2,128,600
		<u>11,105,817</u>		889,832	Hill International, Inc. ^(a)	3,603,820
<i>Building Materials – 4.46%</i>				281,700	Limbach Holdings, Inc. ^(a)	3,566,322
135,000	Global Brass & Copper Holdings, Inc.	4,812,750		90,000	Team, Inc. ^(a)	2,421,000
396,934	Huttig Building Products, Inc. ^(a)	3,493,019				<u>11,719,742</u>
300,000	PGT Innovations, Inc. ^(a)	3,270,000		<i>Consumer Products – Manufacturing – 3.67%</i>		
		<u>11,575,769</u>		296,623	Cherokee, Inc. ^(a)	2,550,958
<i>Business Services – 5.76%</i>				114,000	Delta Apparel, Inc. ^(a)	1,998,420
134,567	GP Strategies Corp. ^(a)	3,646,766		96,326	Orchids Paper Products Co.	2,345,538
661,000	Innodata Isogen, Inc. ^(a)	1,388,100		144,764	Superior Uniform Group, Inc.	2,640,495
83,492	PCM, Inc. ^(a)	2,103,998				<u>9,535,411</u>
365,813	PFSweb, Inc. ^(a)	2,677,751		<i>Consumer Services – 0.45%</i>		
388,314	Systemax, Inc.	5,141,277		98,370	Primo Water Corp. ^(a)	1,177,489
		<u>14,957,892</u>				<u>1,177,489</u>
<i>Chemical & Related Products – 5.01%</i>				<i>Data Processing, Hosting and Related Services – 1.84%</i>		
104,644	Aceto Corp.	1,658,607		400,000	Ooma, Inc. ^(a)	4,780,000
27,413	KMG Chemicals, Inc.	1,440,553				<u>4,780,000</u>
204,165	Northern Technologies International Corp. ^(a)	3,174,766		<i>Electronic Equipment & Instruments – 0.91%</i>		
417,238	OMNOVA Solutions, Inc. ^(a)	3,963,761		97,063	Bel Fuse, Inc. – Class B	2,348,925
250,354	Trecora Resources ^(a)	2,766,412				<u>2,348,925</u>
		<u>13,004,099</u>		<i>Energy & Related Services – 1.64%</i>		
<i>Commercial Banks – 6.56%</i>				229,654	Matrix Service Co. ^(a)	2,698,434
125,900	Bankwell Financial Group, Inc.	4,550,026		133,744	PHI, Inc. ^(a)	1,568,817
112,000	Berkshire Hills Bancorp, Inc.	4,200,000				<u>4,267,251</u>
110,000	TriState Capital Holdings, Inc. ^(a)	2,739,000				

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

Perritt MicroCap Opportunities Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Financial Services – 6.82%		Medical Supplies & Services – 5.66%	
111,000 Cowen Group, Inc. ^(a) . . .	\$ 1,764,900	145,383 Addus HomeCare	
160,155 FBR & Co.	2,898,806	Corp. ^(a)	\$ 4,935,753
135,000 First Internet Bancorp . . .	3,989,250	35,820 Birner Dental Management	
145,092 Hennessy Advisors, Inc. . .	2,468,015	Services, Inc. ^(a)	429,840
53,124 Northeast Bancorp	889,827	24,834 CryoLife, Inc. ^(a)	450,737
115,821 Oppenheimer Holdings,		100,000 Exactech, Inc. ^(a)	2,965,000
Inc. – Class A	2,003,703	374,000 Syneron Medical Ltd. ^(a) . .	4,095,300
270,606 Silvercrest Asset		96,771 Tactile Systems	
Management Group,		Technology, Inc. ^(a)	1,824,134
Inc. – Class A	3,693,772		<u>14,700,764</u>
	<u>17,708,273</u>	Real Estate Investment Trust – 2.55%	
Food – 3.02%		250,000 City Office Real Estate	
190,000 Crimson Wine		Investment Trust, Inc.	3,137,500
Group Ltd. ^(a)	1,957,000	115,000 Community Healthcare	
70,000 Farmer Brothers Co. ^(a) . . .	2,485,000	Trust, Inc.	2,842,800
245,000 Landec Corp. ^(a)	3,368,750	50,000 Whitestone Real Estate	
	<u>7,810,750</u>	Investment Trust	627,000
			<u>6,607,300</u>
Health Care Providers & Services – 0.97%		Retail – 1.76%	
140,000 The Ensign Group, Inc. . .	2,513,000	175,000 Kirkland's, Inc. ^(a)	2,058,000
	<u>2,513,000</u>	89,360 Weyco Group, Inc.	2,498,506
Industrial Goods – 4.85%			<u>4,556,506</u>
1,400,000 Hudson		Semiconductor Related Products – 6.35%	
Technologies, Inc. ^(a)	9,940,000	590,167 AXI, Inc. ^(a)	3,983,627
140,000 Schnitzer Steel Industries,		215,347 DSP Group, Inc. ^(a)	2,681,070
Inc. – Class A	2,646,000	161,111 PDF Solutions, Inc. ^(a)	3,064,331
	<u>12,586,000</u>	415,000 Photronics, Inc. ^(a)	4,772,500
Insurance – 4.78%		80,000 Rudolph	
418,397 Atlas Financial		Technologies, Inc. ^(a)	1,960,000
Holdings, Inc. ^(a)	5,418,241		<u>16,461,528</u>
90,000 EMC Insurance		Software – 4.28%	
Group, Inc.	2,581,200	369,900 American Software,	
289,648 United Insurance		Inc. – Class A	4,057,803
Holdings Corp.	4,420,028	2,006,629 iPass, Inc. ^(a)	2,488,220
	<u>12,419,469</u>	842,493 Zix Corp. ^(a)	4,574,737
Leisure – 2.31%			<u>11,120,760</u>
728,641 Century Casinos, Inc. ^(a) . .	5,996,715	Specialty Manufacturing – 5.64%	
	<u>5,996,715</u>	268,663 Aspen Aerogels, Inc. ^(a) . .	1,090,772
Machinery Manufacturing – 1.64%		224,947 CECO	
102,600 Graham Corp.	2,264,382	Environmental Corp.	2,539,652
32,110 Kadant, Inc.	1,995,637	77,268 Core Molding	
	<u>4,260,019</u>	Technologies, Inc. ^(a)	1,528,361
		99,500 Federal Signal Corp.	1,553,195
		169,691 KVH Industries, Inc. ^(a) . .	1,357,528

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

Perritt MicroCap Opportunities Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Specialty Manufacturing (Continued)			
297,969 LSI Industries, Inc.	\$ 2,702,579	12,410,068	INVESTMENTS – 4.78%
217,830 Manitex			Invesco Short Term
International, Inc. ^(a)	1,611,942		Investments Government
101,953 Sparton Corp. ^(a)	2,270,493		& Agency Portfolio –
	<u>14,654,522</u>		Class I, 0.67% ^(d)
			\$ 12,410,068
			TOTAL SHORT-TERM
			INVESTMENTS
			(Cost \$12,410,068)
			\$ 12,410,068
Telecommunications – 2.55%			Total Investments
700,000 Ceragon			(Cost \$182,006,295) –
Networks Ltd. ^(a)	2,331,000		100.21%
552,000 PC-Tel, Inc.	4,272,480		\$260,089,277
	<u>6,603,480</u>		Liabilities in
			Excess of Other
Transportation – 1.32%			Assets – (0.21)%
568,891 Radiant Logistics, Inc. ^(a)	3,413,345		<u>(552,006)</u>
	<u>3,413,345</u>		TOTAL NET ASSETS –
			100.00%
			<u>\$259,537,271</u>
TOTAL COMMON			
STOCKS			
(Cost \$169,596,227)	<u>\$247,679,209</u>		
Contracts	WARRANTS – 0.00%		
	Value		
Insurance – 0.00%			
Emergent Capital,			
Inc. Warrant;			
38,106 Expiration: 10/06/2019,			
Exercise Price			
\$10.75 ^{(a)(c)}	\$ —		
TOTAL WARRANTS			
(Cost \$0)	\$ —		

Percentages are stated as a percent of net assets.

- ^(a) Non-income producing security.
- ^(b) 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 \$3,790,000 or 1.46% of the Fund’s net assets. This security is deemed to be liquid.
- ^(c) 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.
- ^(d) Variable rate security; the rate shown is the effective rate as of April 30, 2017.

The industry classifications listed above 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 (“S&P”).

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

Perritt Ultra MicroCap Fund

Schedule of Investments

April 30, 2017 (Unaudited)

<u>Shares</u> COMMON STOCKS – 96.66% <u>Value</u>	<u>Shares</u> <u>Value</u>
<i>Aerospace & Defense – 0.53%</i>	
53,077 CPI Aerostructures, Inc. ^(a)	\$ 310,000
	310,000
<i>Air Transport – 0.90%</i>	
53,077 AeroCentury Corp. ^(a) ...	522,808
	522,808
<i>Auto Parts & Equipment – 1.89%</i>	
20,000 Supreme Industries, Inc. – Class A	400,800
60,000 Unique Fabricating, Inc. .	696,600
	1,097,400
<i>Business Services – 12.49%</i>	
250,001 Auxilio, Inc. ^(a)	1,375,004
50,000 BG Staffing, Inc.	780,000
244,300 DLH Holdings Corp. ^(a) ..	1,221,500
275,000 Information Services Group, Inc. ^(a)	866,250
205,500 Innodata Isogen, Inc. ^(a) .	431,550
19,500 PCM, Inc. ^(a)	491,400
200,000 SITO Mobile Ltd. ^(a)	520,000
54,000 Transcat, Inc. ^(a)	658,800
125,000 USA Technologies, Inc. ^(a) .	612,500
701,005 WidePoint Corp. ^(a)	308,442
	7,265,446
<i>Chemical & Related Products – 1.82%</i>	
320,000 Flexible Solutions International, Inc. ^(a) ...	499,200
36,000 Northern Technologies International Corp. ^(a) ..	559,800
	1,059,000
<i>Computer & Electronic</i>	
<i>Product Manufacturing – 3.66%</i>	
170,000 Dynatronics Corp. ^(a)	501,500
347,600 Luna Innovations, Inc. ^(a) .	535,304
83,348 PAR Technology Corp. ^(a) .	712,626
803,521 Singing Machine Co., Inc. ^(a)	385,690
	2,135,120
<i>Computers & Electronics – 1.56%</i>	
77,000 Concurrent Computer Corp.	381,150
<i>Computers & Electronics (Continued)</i>	
50,000 Napco Security Technologies, Inc. ^(a) ...	\$ 530,000
	911,150
<i>Construction & Engineering – 5.05%</i>	
93,500 Gencor Industries, Inc. ^(a) .	1,552,100
150,000 Hill International, Inc. ^(a) .	607,500
20,000 NV5 Global, Inc. ^(a)	774,000
	2,933,600
<i>Consumer Goods – 1.73%</i>	
60,000 MCBC Holdings, Inc. . .	1,005,000
	1,005,000
<i>Consumer Products – Distributing – 2.03%</i>	
400,000 FitLife Brands, Inc. ^(a)	241,000
260,000 US Auto Parts Network, Inc. ^(a)	943,800
	1,184,800
<i>Consumer Products – Manufacturing – 1.50%</i>	
47,070 Cherokee, Inc. ^(a)	404,802
45,000 Hardinge, Inc.	472,500
	877,302
<i>Consumer Services – 3.67%</i>	
150,000 Meet Group, Inc. ^(a)	894,000
150,000 Xcel Brands, Inc. ^(a)	352,500
125,000 ZAGG, Inc. ^(a)	887,500
	2,134,000
<i>Diversified Financials – 0.58%</i>	
26,440 Safeguard Scientifics, Inc. ^(a)	335,788
	335,788
<i>Electronic Equipment & Instruments – 1.82%</i>	
200,000 Iteris, Inc. ^(a)	1,058,000
	1,058,000
<i>Energy & Related Services – 3.07%</i>	
145,000 DHT Holdings, Inc.	694,550
119,206 Mitcham Industries, Inc. ^(a)	566,229
45,099 PHI, Inc. ^(a)	529,011
	1,789,790

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

Perritt Ultra MicroCap Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Financial Services – 5.49%		Medical Supplies & Services (Continued)	
65,000 AMREP Corp. ^(a)	\$ 390,650	70,000 MGC Diagnostics Corp.	\$ 602,000
25,000 First Internet Bancorp	738,750	110,100 Sensus Healthcare, Inc. ^(a)	453,612
36,000 Hennessy Advisors, Inc.	612,360		4,737,865
50,000 HopFed Bancorp, Inc.	737,500	Motion Pictures – 1.41%	
52,500 Silvercrest Asset Management Group, Inc. – Class A	716,625	130,400 Ballantyne Strong, Inc. ^(a)	821,520
	3,195,885		821,520
Food – 0.58%		Oil & Gas Services – 0.87%	
42,400 Willamette Valley Vineyards, Inc. ^(a)	339,200	400,000 Profire Energy, Inc. ^(a)	504,000
	339,200		504,000
Health Care – 1.82%		Pharmaceuticals – 1.15%	
122,917 Rockwell Medical Technologies, Inc. ^(a)	1,057,086	123,514 ImmuCell Corp. ^(a)	668,211
	1,057,086		668,211
Industrial Goods – 2.69%		Professional, Scientific, and Technical Services – 0.72%	
219,900 Hudson Technologies, Inc. ^(a)	1,561,290	140,000 Sigma Labs, Inc. ^(a)	418,600
	1,561,290		418,600
Insurance – 3.06%		Real Estate Investment Trusts – 1.28%	
50,000 Atlas Financial Holdings, Inc. ^(a)	647,500	150,000 Global Self Storage, Inc.	744,000
40,000 Kingstone Companies, Inc.	598,000		744,000
35,000 United Insurance Holdings Corp.	534,100	Retail – 0.53%	
	1,779,600	250,000 Christopher & Banks Corp. ^(a)	307,500
Leisure – 3.02%			307,500
97,322 Century Casinos, Inc. ^(a)	800,960	Semiconductor Related Products – 3.64%	
1,550,000 Galaxy Gaming, Inc. ^(a)	953,250	154,000 AXT, Inc. ^(a)	1,039,500
	1,754,210	40,000 DSP Group, Inc. ^(a)	498,000
Medical Supplies & Services – 8.15%		30,000 Ultra Clean Holdings, Inc. ^(a)	577,200
25,000 Addus HomeCare Corp. ^(a)	848,750		2,114,700
3,500 Birner Dental Management Services, Inc. ^(a)	42,000	Software – 7.98%	
50,000 Cutera, Inc. ^(a)	977,500	128,800 ARI Network Services, Inc. ^(a)	674,912
400,000 First Choice Healthcare Solutions, Inc. ^(a)	640,000	150,000 Asure Software, Inc. ^(a)	1,549,500
498,001 Hooper Holmes, Inc. ^(a)	373,003	80,878 BSQUARE Corp. ^(a)	424,609
90,000 IntriCon Corp. ^(a)	801,000	111,841 Evolving Systems, Inc.	559,205
		200,000 GlobalSCAPE, Inc.	810,000
		500,000 iPass, Inc. ^(a)	620,000
			4,638,226

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

Perritt Ultra MicroCap Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Specialty Manufacturing – 11.17%		SHORT-TERM INVESTMENTS – 2.68%	
150,000 Aspen Aerogels, Inc. ^(a) ..	\$ 609,000	1,555,883 Invesco Short Term	
93,500 CTI Industries Corp. ^(a) ..	556,325	Investments Government	
187,835 Data I/O Corp. ^(a)	901,608	& Agency Portfolio –	
25,000 Hurco Companies, Inc. ..	725,000	Class I, 0.67% ^(d)	\$ 1,555,883
30,149 Kewaunee		TOTAL SHORT-TERM	
Scientific Corp.	700,964	INVESTMENTS	
55,000 KVH Industries, Inc. ^(a) ..	440,000	(Cost \$1,555,883)	\$ 1,555,883
100,000 Orbit International		Total Investments	
Corp. ^(a)	420,000	(Cost \$45,845,703) –	
135,000 Pioneer Power		99.53%	\$57,876,150
Solutions, Inc. ^(a)	958,500	Other Assets in Excess	
98,494 Polar Power, Inc. ^(a)	524,973	of Liabilities – 0.47% ..	<u>274,697</u>
60,000 Tecnoglass, Inc.	649,800	TOTAL NET ASSETS –	
	<u>6,486,170</u>	100.00%	<u>\$58,150,847</u>
Telecommunications – 0.80%		Percentages are stated as a percent of net assets.	
660,000 Mobivity Holdings Corp.		^(a) Non-income producing security.	
(Acquired 03/11/2014,		^(b) Security was purchased in a transaction exempt from	
Cost \$660,000) ^{(a)(b)(c)} ..	462,000	registration in the U.S. under the Securities Act of	
	<u>462,000</u>	1933 (the “Act”) or was acquired in a private	
TOTAL COMMON		placement and, unless registered under the Act, may	
STOCKS		only be sold pursuant to exemption from registration	
(Cost \$44,265,544) ...	\$56,209,267	and, in the case of a Rule 144A offering under the	
		Act, may only be sold to “qualified institutional	
Contracts	<u>Value</u>	buyers.” The values of these securities totals \$462,000	
WARRANTS – 0.19%		or 0.80% of the Fund’s net assets. These securities	
Medical Supplies & Services – 0.05%		were classified as Level 2 and considered to be illiquid.	
Sensus Healthcare, Inc.		^(c) The price for this security was derived from an	
50,000 Expiration: 07/25/2019,		estimate of fair market value using methods approved	
Exercise Price \$6.75 ^(a) ..	\$ 31,000	by the Fund’s Board of Directors. This security	
		represents \$0 or 0.00% of the Fund’s Net Assets. This	
Professional, Scientific,		security was classified as Level 2 and is considered to	
and Technical Services – 0.14%		be illiquid.	
Sigma Labs, Inc.		^(d) Variable rate security; the rate shown is the effective	
80,000 Expiration: 02/15/2022,		rate as of April 30, 2017.	
Exercise Price \$4.00 ^(a) ..	80,000	The industry classifications listed above are in accordance	
		with Global Industry Classification Standard (GICS®),	
Telecommunications – 0.00%		which was developed by and/or is the exclusive property of	
Mobivity Holdings Corp.		MSCI, Inc. and Standard & Poor Financial Services LLC	
165,000 Expiration: 03/11/2019,		(“S&P”).	
Exercise Price \$1.20			
(Acquired 03/11/2014,			
Cost \$0) ^{(a)(b)(c)}	0		
TOTAL WARRANTS			
(Cost \$24,276)	\$ 111,000		

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

Perritt Low Priced Stock Fund

Schedule of Investments

April 30, 2017 (Unaudited)

<u>Shares</u> COMMON STOCKS – 95.49% <u>Value</u>	<u>Shares</u> Value
<i>Administrative and Support Services – 2.38%</i>	
7,100 Kforce, Inc.	\$ 161,170
	161,170
<i>Air Transportation – 3.71%</i>	
2,000 Hawaiian Holdings, Inc. ^(a)	108,600
6,500 JetBlue Airways Corp. ^(a)	141,895
	250,495
<i>Auto Parts & Equipment – 2.73%</i>	
2,500 Miller Industries, Inc. ..	63,500
10,000 Modine Manufacturing Co. ^(a) ..	121,000
	184,500
<i>Automobile Manufacturers – 1.40%</i>	
3,300 Winnebago Industries, Inc.	94,710
	94,710
<i>Biotechnology – 2.19%</i>	
5,000 Innoviva, Inc. ^(a)	58,925
7,000 MiMedx Group, Inc. ^(a) ..	88,830
	147,755
<i>Building Products – 4.41%</i>	
10,700 Builders FirstSource, Inc. ^(a)	171,307
4,200 USG Corp. ^(a)	127,260
	298,567
<i>Business Services – 3.98%</i>	
2,200 Darling Ingredients, Inc. ^(a)	33,286
4,300 Graphic Packaging Holding Co.	58,394
23,000 Information Services Group, Inc. ^(a)	72,450
4,000 New Media Investment Group, Inc.	52,640
3,100 Steelcase, Inc.	52,855
	269,625
<i>Chemical & Related Products – 1.64%</i>	
7,000 Aceto Corp.	110,950
	110,950
<i>Commercial Banks – 2.53%</i>	
8,800 Hallmark Financial Services, Inc. ^(a)	\$ 92,488
2,900 Veritex Holdings, Inc. ^(a) .	78,126
	170,614
<i>Commercial Services & Supplies – 1.79%</i>	
3,100 ACCO Brands Corp. ^(a) ..	44,175
6,000 RPX Corp. ^(a)	77,040
	121,215
<i>Communications Equipment – 1.07%</i>	
7,100 ClearOne, Inc.	72,420
	72,420
<i>Computer and Electronic Product Manufacturing – 1.70%</i>	
24,500 Digirad Corp.	115,150
	115,150
<i>Computers & Electronics – 1.86%</i>	
10,000 Brocade Communications Systems, Inc.	125,700
	125,700
<i>Construction & Engineering – 3.84%</i>	
11,900 Gencor Industries, Inc. ^(a)	197,540
3,100 IES Holdings, Inc. ^(a)	62,000
	259,540
<i>Consumer Services – 2.13%</i>	
14,000 Meet Group, Inc. ^(a)	83,440
5,000 Primo Water Corp. ^(a) ...	59,850
	143,290
<i>Credit Intermediation and Related Activities – 6.57%</i>	
11,200 FNB Corp.	159,488
13,800 Investors Bancorp, Inc. .	191,130
11,000 United Community Financial Corp.	93,940
	444,558
<i>Electronic Equipment & Instruments – 4.93%</i>	
7,100 Orbotech Ltd. ^(a)	233,803
6,000 TTM Technologies, Inc. ^(a) ...	100,380
	334,183

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

Perritt Low Priced Stock Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Energy & Related Services – 0.97%		Leisure – 4.57%	
10,000 McDermott International, Inc. ^(a)	\$ 65,400	5,800 Marine Products Corp.	\$ 69,368
	65,400	9,700 Nautilus, Inc. ^(a)	176,540
	<u>65,400</u>	4,000 Reading International, Inc. ^(a)	<u>62,920</u>
Fabricated Metal Product Manufacturing – 2.28%			<u>308,828</u>
8,800 NCI Building Systems, Inc. ^(a)	154,000	Machinery Manufacturing – 2.97%	
	<u>154,000</u>	10,000 Nova Measuring Instruments Ltd. ^(a)	<u>200,700</u>
Financial Services – 0.81%			<u>200,700</u>
4,000 Janus Capital Group, Inc.	54,640	Medical Supplies & Services – 3.14%	
	<u>54,640</u>	3,600 AMN Healthcare Services, Inc. ^(a)	147,060
Health Care – 1.27%		6,000 Syneron Medical Ltd. ^(a)	<u>65,700</u>
10,000 Rockwell Medical, Inc. ^(a)	86,000		<u>212,760</u>
	<u>86,000</u>	Pharmaceuticals – 1.67%	
Health Care Equipment – 3.37%		1,900 Cambrex Corp. ^(a)	<u>112,765</u>
7,500 Globus Medical, Inc. ^(a)	227,475		<u>112,765</u>
	<u>227,475</u>	Real Estate Investment Trusts – 1.06%	
Health Care Providers & Services – 1.22%		5,500 Medical Properties Trust, Inc.	<u>71,885</u>
6,000 Select Medical Holdings Corp. ^(a)	82,500		<u>71,885</u>
	<u>82,500</u>	Retail – 1.63%	
Household Durables – 1.14%		5,000 1-800-Flowers.com, Inc. ^(a)	53,750
4,000 Lifetime Brands, Inc.	76,800	4,000 American Eagle Outfitters, Inc.	<u>56,360</u>
	<u>76,800</u>		<u>110,110</u>
Industrial Goods – 1.58%		Semiconductor Related Products – 6.25%	
15,000 Hudson Technologies, Inc. ^(a)	106,500	3,000 Entegris, Inc. ^(a)	74,400
	<u>106,500</u>	3,600 Kulicke & Soffa Industries, Inc. ^(a)	80,352
Insurance – 1.56%		12,000 Oclaro, Inc. ^(a)	96,120
5,000 CNO Financial Group, Inc.	105,350	14,900 Photonics, Inc. ^(a)	<u>171,350</u>
	<u>105,350</u>		<u>422,222</u>
IT Consulting – 1.03%		Software – 2.68%	
4,000 Perficient, Inc. ^(a)	69,680	11,700 American Software, Inc.	128,349
	<u>69,680</u>	9,700 Zix Corp. ^(a)	<u>52,671</u>
			<u>181,020</u>
		Specialty Chemicals – 2.68%	
		10,100 Ferro Corp. ^(a)	180,992
			<u>180,992</u>

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

Perritt Low Priced Stock Fund

Schedule of Investments (Continued) April 30, 2017 (Unaudited)

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>SHORT-TERM INVESTMENTS – 3.31%</u>	<u>Value</u>
<i>Specialty Manufacturing – 3.14%</i>				
3,100 Fox Factory Holding Corp. ^(a)	\$ 93,155	223,455	Invesco Short Term Investments Government & Agency Portfolio – Class I, 0.67% ^(b)	\$ 223,455
4,500 Mueller Water Products, Inc.	50,625			
3,000 Wabash National Corp.	68,341		TOTAL SHORT-TERM INVESTMENTS	
	<u>212,121</u>		(Cost \$223,455)	<u>\$ 223,455</u>
<i>Telecommunications – 0.53%</i>			Total Investments	
2,000 CalAmp Corp. ^(a)	35,880		(Cost \$5,423,475) – 98.80%	\$6,678,611
	<u>35,880</u>		Other Assets in Excess of Liabilities – 1.20%	<u>81,214</u>
<i>Utilities – 1.08%</i>			TOTAL NET ASSETS – 100.00%	<u>\$6,759,825</u>
7,800 Star Gas Partners L.P.	73,086			
	<u>73,086</u>			
TOTAL COMMON STOCKS				
(Cost \$5,200,020)	<u>\$6,455,156</u>			

Percentages are stated as a percent of net assets.

ADR American Depositary Receipt

^(a) Non-income producing security.

^(b) Variable rate security; the rate shown is the effective rate as of April 30, 2017.

The industry classifications listed above 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 ("S&P").

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

Perritt Funds, Inc.

Statements of Assets and Liabilities

April 30, 2017 (Unaudited)

	Perritt MicroCap Opportunities Fund	Perritt Ultra MicroCap Fund	Perritt Low Priced Stock Fund
<i>Assets:</i>			
Investments at value	\$260,089,277	\$ 57,876,150	\$ 6,678,611
Receivable for investments sold	537,898	401,146	220,453
Dividends and interest receivable	25,956	13,573	1,153
Prepaid expenses	19,844	11,950	13,541
Receivable for fund shares issued	67,988	41,176	3,442
Total Assets	260,740,963	58,343,995	6,917,200
<i>Liabilities:</i>			
Payable for investments purchased	—	31,356	143,600
Payable for fund shares purchased	898,963	49,713	—
Payable to Officers & directors	22,766	25,221	—
Payable to Advisor	211,336	60,995	640
Accrued expenses & other liabilities	70,627	25,863	13,135
Total Liabilities	1,203,692	193,148	157,375
<i>Net Assets</i>	\$259,537,271	\$ 58,150,847	\$ 6,759,825
<i>Net Assets Consist of:</i>			
Capital Stock	152,499,069	43,486,363	5,505,967
Accumulated net investment gain (loss)	196,827	(244,826)	(31,272)
Accumulated undistributed net realized income on investments sold	28,758,393	2,878,863	29,994
Net unrealized appreciation on investments	78,082,982	12,030,447	1,255,136
Total Net Assets	\$259,537,271	\$ 58,150,847	\$ 6,759,825
Capital Stock, \$0.0001 par value			
Authorized	100,000,000	100,000,000	100,000,000
Outstanding	7,209,642	3,532,799	364,943
Net Assets	\$259,537,271	\$ 58,150,847	\$ 6,759,825
Net asset value and offering price per share	\$ 36.00	\$ 16.46	\$ 18.52
Cost of Investments	\$182,006,295	\$ 45,845,703	\$ 5,423,475

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

Perritt Funds, Inc.

Statements of Operations

For the Six Months Ended April 30, 2017 (Unaudited)

	Perritt MicroCap Opportunities Fund	Perritt Ultra MicroCap Fund	Perritt Low Priced Stock Fund
<i>Investment Income:</i>			
Dividend Income	\$ 1,178,677	\$ 250,441	\$ 25,509
Interest income	27,710	6,126	744
Total investment income	1,206,387	256,567	26,253
<i>Expenses:</i>			
Investment advisory fee	1,353,820	368,192	32,055
Shareholder servicing	98,065	33,940	11,222
Administration fee	63,983	14,049	3,613
Fund accounting expenses	43,519	10,506	2,533
Officer & directors' fees & expenses	37,148	37,106	8,625
Professional fees	14,504	14,492	12,956
Federal & state registration fees	11,436	11,242	7,953
Printing & Mailing fees	14,905	5,547	2,637
Custodian fees	8,411	3,953	1,261
Other expense	11,785	2,366	3,147
Total expenses	1,657,576	501,393	86,002
Less contractual waiver	—	—	(32,820)
Less voluntary waiver	—	—	(8,625)
Total expenses net of waivers	1,657,576	501,393	44,557
Net investment loss	(451,189)	(244,826)	(18,304)
 Realized and Unrealized			
Gain on Investments:			
Net realized gain on investments	28,805,070	2,884,193	189,255
Change in unrealized appreciation on investments	11,006,092	3,521,997	961,078
Net realized and unrealized gain on investments	39,811,162	6,406,190	1,150,333
Net increase in net assets resulting from operations	\$ 39,359,973	\$6,161,364	\$1,132,029

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

Perritt MicroCap Opportunities Fund

Statements of Changes in Net Assets

	For the Six Months Ended April 30, 2017 (Unaudited)	For the Year Ended October 31, 2016
<i>Operations:</i>		
Net investment income/(loss)	\$ (451,189)	\$ 1,196,284
Net realized gain on investments	28,805,070	24,942,608
Net change in unrealized appreciation/(depreciation) on investments	<u>11,006,092</u>	<u>(13,260,520)</u>
Net increase in net assets resulting from operations	<u>39,359,973</u>	<u>12,878,372</u>
<i>Dividends and Distributions to Shareholders:</i>		
Net realized gains	<u>(24,942,672)</u>	<u>(6,027,092)</u>
Total dividends and distributions	<u>(24,942,672)</u>	<u>(6,027,092)</u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	14,137,419	17,649,843
Reinvestment of distributions	23,888,906	5,597,737
Cost of shares redeemed	(55,179,333)	(140,602,491)
Redemption fees	<u>5,367</u>	<u>3,662</u>
Net decrease in net assets from capital share transactions	<u>(17,147,641)</u>	<u>(117,351,249)</u>
Total Decrease in Net Assets	<u>(2,730,340)</u>	<u>(110,499,969)</u>
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>262,267,611</u>	<u>372,767,580</u>
<i>End of the period</i>	<u>\$259,537,271</u>	<u>\$ 262,267,611</u>
<i>Accumulated net investment income</i>	<u>\$ 196,827</u>	<u>\$ 648,016</u>
<i>Capital Share Transactions:</i>		
Shares sold	398,489	558,788
Shares issued on reinvestment of distributions	704,272	175,039
Shares redeemed	<u>(1,565,326)</u>	<u>(4,525,350)</u>
Net decrease from capital share transactions	<u>(462,565)</u>	<u>(3,791,523)</u>

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

Perritt Ultra MicroCap Fund

Statements of Changes in Net Assets

	For the Six Months Ended April 30, 2017 (Unaudited)	For the Year Ended October 31, 2016
<i>Operations:</i>		
Net investment income/(loss)	\$ (244,826)	\$ 252,619
Net realized gain on investments	2,884,193	2,738,172
Net change in unrealized appreciation/(depreciation) on investments	<u>3,521,997</u>	<u>1,533,943</u>
Net increase in net assets resulting from operations	<u>6,161,364</u>	<u>4,524,734</u>
<i>Dividends and Distributions to Shareholders:</i>		
Net realized gains	<u>(2,587,145)</u>	<u>(866,370)</u>
Total dividends and distributions	<u>(2,587,145)</u>	<u>(866,370)</u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	6,929,481	6,812,555
Reinvestment of distributions	2,426,586	816,702
Cost of shares redeemed	(9,126,022)	(17,008,387)
Redemption fees	<u>10,188</u>	<u>3,747</u>
Net increase/(decrease) in net assets from capital share transactions	<u>240,233</u>	<u>(9,375,383)</u>
Total Increase/(Decrease) in Net Assets	3,814,452	(5,717,019)
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>54,336,395</u>	<u>60,053,414</u>
<i>End of the period</i>	<u>\$58,150,847</u>	<u>\$ 54,336,395</u>
<i>Accumulated undistributed net investment loss</i>	<u>\$ (244,826)</u>	<u>\$ —</u>
<i>Capital Share Transactions:</i>		
Shares sold	426,109	474,399
Shares issued on reinvestment of distributions	157,162	58,336
Shares redeemed	<u>(565,064)</u>	<u>(1,192,850)</u>
Net increase/(decrease) from capital share transactions	<u>18,207</u>	<u>(660,115)</u>

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 Six Months Ended April 30, 2017 (Unaudited)</u>	<u>For the Year Ended October 31, 2016</u>
<i>Operations:</i>		
Net investment loss	\$ (18,304)	\$ (14,667)
Net realized gain/(loss) on investments	189,255	(2,687)
Net change in unrealized appreciation on investments	<u>961,078</u>	<u>85,475</u>
Net increase in net assets resulting from operations	<u>1,132,029</u>	<u>68,121</u>
<i>Capital Share Transactions:</i>		
Proceeds from shares issued	1,312,804	1,698,859
Cost of shares redeemed	(1,385,146)	(679,718)
Redemption fees	<u>38</u>	<u>541</u>
Net increase/(decrease) in net assets from capital share transactions	<u>(72,304)</u>	<u>1,019,682</u>
Total Increase in Net Assets	1,059,725	1,087,803
<i>Net Assets</i>		
<i>Beginning of the period</i>	<u>5,700,100</u>	<u>4,612,297</u>
<i>End of the period</i>	<u>\$ 6,759,825</u>	<u>\$ 5,700,100</u>
<i>Accumulated net investment loss</i>		
	<u>\$ (31,272)</u>	<u>\$ (12,968)</u>
<i>Capital Share Transactions:</i>		
Shares Sold	77,055	112,864
Shares redeemed	<u>(78,617)</u>	<u>(46,121)</u>
Net increase/(decrease) from capital share transactions	<u>(1,562)</u>	<u>66,743</u>

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 period

	For the Six Months Ended April 30, <u>2017</u> (Unaudited)	For the Years Ended October 31,				
		2016	2015	2014	2013	2012
<i>Net asset value, beginning of period</i>	\$34.18	\$32.52	\$36.00	\$37.38	\$26.47	\$23.43
<i>Income/(loss) from investment operations:</i>						
Net investment income/(loss) ²	(0.06)	0.13	0.04	(0.18)	(0.06)	0.10
Net realized and unrealized gain/(loss) on investments	<u>5.17</u>	<u>2.06</u>	<u>(1.10)</u>	<u>2.29</u>	<u>11.21</u>	<u>2.94</u>
Total from investment operations	<u>5.11</u>	<u>2.19</u>	<u>(1.06)</u>	<u>2.11</u>	<u>11.15</u>	<u>3.04</u>
<i>Less dividends and distributions:</i>						
From net investment income	—	—	—	—	(0.24)	—
Distributions from net realized gains	<u>(3.29)</u>	<u>(0.53)</u>	<u>(2.42)</u>	<u>(3.49)</u>	<u>—</u>	<u>—</u>
Total dividends and distributions	<u>(3.29)</u>	<u>(0.53)</u>	<u>(2.42)</u>	<u>(3.49)</u>	<u>(0.24)</u>	<u>—</u>
<i>Redemption fees</i> ^{2,3}	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Net asset value, end of period</i>	<u>\$36.00</u>	<u>\$34.18</u>	<u>\$32.52</u>	<u>\$36.00</u>	<u>\$37.38</u>	<u>\$26.47</u>
<i>Total return</i> ¹	15.54% ⁵	6.85%	(3.07)%	6.17%	42.46%	12.97%
<i>Supplemental data and ratios:</i>						
Net assets, end of period (in thousands)	\$259,537	\$262,268	\$372,768	\$462,716	\$463,469	\$308,241
Ratio of net expenses to average net assets	1.22% ⁴	1.23%	1.21%	1.19%	1.22%	1.26%
Ratio of net investment income/(loss) to average net assets	(0.33%) ⁴	0.41%	0.12%	(0.51%)	(0.20%)	0.38%
Portfolio turnover rate	7.3% ⁵	6.2%	20.7%	29.1%	41.4%	14.0%

¹ Total return reflects reinvested dividends but does not reflect the impact of taxes.

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

³ Amount is less than \$0.01 per share.

⁴ Annualized for periods less than one year.

⁵ Not annualized for periods less than one year.

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 period

	For the Six Months Ended April 30, 2017 (Unaudited)	For the Years Ended October 31,				
		2016	2015	2014	2013	2012
<i>Net asset value, beginning of period</i>	\$15.46	\$14.39	\$16.79	\$16.23	\$11.50	\$10.90
<i>Income/(loss) from investment operations:</i>						
Net investment income/(loss) ²	(0.07)	0.07	(0.06)	(0.19)	(0.15)	(0.06)
Net realized and unrealized gain/(loss) on investments	1.80	1.22	(0.06)	1.12	4.88	0.66
Total from investment operations	1.73	1.29	(0.12)	0.93	4.73	0.60
<i>Less dividends and distributions:</i>						
Distributions from net realized gains	(0.73)	(0.22)	(2.29)	(0.39)	—	—
Total dividends and distributions	(0.73)	(0.22)	(2.29)	(0.39)	—	—
<i>Redemption fees</i> ²	— ³	— ³	0.01	0.02	— ³	— ³
<i>Net asset value, end of period</i>	<u>\$16.46</u>	<u>\$15.46</u>	<u>\$14.39</u>	<u>\$16.79</u>	<u>\$16.23</u>	<u>\$11.50</u>
<i>Total return</i> ¹	11.51% ⁵	9.11%	(0.82%)	5.96%	41.13%	5.50%
<i>Supplemental data and ratios:</i>						
Net assets, end of period (in thousands)	\$58,151	\$54,336	\$60,053	\$67,571	\$82,000	\$48,577
Ratio of net expenses to average net assets	1.70% ⁴	1.77%	1.75%	1.56%	1.75%	1.85%
Ratio of net investment income/(loss) to average net assets	(0.83%) ⁴	0.48%	(0.43%)	(1.06%)	(1.14%)	(0.56%)
Portfolio turnover rate	20.3% ⁵	18.1%	30.1%	64.2%	33.9%	14.6%

¹ Total return reflects reinvested dividends but does not reflect the impact of taxes.

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

³ Amount is less than \$0.01 per share.

⁴ Annualized for periods less than one year.

⁵ Not annualized for periods less than one year.

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 period

	<i>For the Six Months Ended April 30, 2017 (Unaudited)</i>	<i>For the Years Ended October 31,</i>		<i>For the Period From February 28, 2014⁴ to October 31, 2014</i>
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
<i>Net asset value, beginning of period</i>	\$15.55	\$15.39	\$14.15	\$15.00
<i>Income/(loss) from investment operations:</i>				
Net investment loss ²	(0.05)	(0.04)	(0.01)	(0.06)
Net realized and unrealized gain (loss) on investments	<u>3.02</u>	<u>0.20</u>	<u>1.25</u>	<u>(0.79)</u>
Total from investment operations	<u>2.97</u>	<u>0.16</u>	<u>1.24</u>	<u>(0.85)</u>
<i>Redemption fees</i> ^{2,3}	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Net asset value, end of period</i>	<u>\$18.52</u>	<u>\$15.55</u>	<u>\$15.39</u>	<u>\$14.15</u>
<i>Total return</i> ¹	19.02% ⁷	1.04%	8.76%	(5.67%) ⁵
<i>Supplemental data and ratios:</i>				
Net assets, end of period (in thousands)	\$6,760	\$5,700	\$4,612	\$2,090
Ratio of net expenses to average net assets	1.39% ⁶	1.39%	1.49% ⁸	1.50% ⁶
Ratio of net investment loss to average net assets	(0.57%) ⁶	(0.28%)	(0.08%)	(0.67%) ⁶
Ratio of expenses (prior to reimbursement) to average net assets	2.68% ⁶	3.25%	4.90%	7.15% ⁶
Ratio of net investment loss (prior to reimbursement) to average net assets	(1.86%) ⁶	(2.14%)	(3.49%)	(6.32%) ⁶
Portfolio turnover rate	29.7% ⁷	62.7%	76.6%	49.0% ⁷

¹ Total return reflects reinvested dividends but does not reflect the impact of taxes.

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

³ Amount is less than \$0.01 per share.

⁴ Commencement of operations.

⁵ The total return figure is the since inception return for the Fund which commenced operations on February 28, 2014.

⁶ Annualized for periods less than one year.

⁷ Not annualized for periods less than one year.

⁸ 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 (Unaudited)

April 30, 2017

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 Perritt 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. 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 (Unaudited) (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. 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 determined annually in accordance with federal tax regulations which may differ from GAAP. The MicroCap Fund did not have any permanent book to tax adjustments for the year ended October 31, 2016. The Ultra MicroCap Fund has reclassified the components of its capital accounts for the year ended October 31, 2016 by increasing paid-in capital by \$5,846, decreasing accumulated net investment loss by \$139,038 and decreasing accumulated net realized gain by \$144,884. The Low Priced Stock Fund has reclassified the components of its capital accounts for the year ended October 31, 2016 by decreasing accumulated net investment loss by \$2,493 and increasing accumulated net realized loss by \$2,493.
- h. As of and during the six months ended April 30, 2017, 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

Notes to Financial Statements (Unaudited) (Continued)

Operations. During the six months ended April 30, 2017, 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 2013.

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 April 30, 2017:

Perritt MicroCap Opportunities Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities				
<i>Common Stocks</i>				
Consumer Discretionary	\$ 24,106,604	\$ —	\$ —	\$ 24,106,604
Consumer Staples	11,333,777	—	—	11,333,777
Energy	5,358,023	—	—	5,358,023
Financial	47,138,123	—	—	47,138,123
Health Care	18,872,371	—	—	18,872,371
Industrials	64,759,810	—	—	64,759,810
Information Technology	49,203,348	—	—	49,203,348
Materials	15,519,853	—	—	15,519,853
Real Estate Investment Trusts	6,607,300	—	—	6,607,300
Telecommunication Services	4,780,000	—	—	4,780,000
Total Common Stocks	247,679,209	—	—	247,679,209
<i>Warrants</i>				
Financial	—	—	0	—
Total Warrants	—	—	—	—
Short Term Investments	12,410,068	—	—	12,410,068
Total Investments in Securities	\$260,089,277	\$ —	\$ —	\$260,089,277

Perritt Funds, Inc.

Notes to Financial Statements (Unaudited) (Continued)

Perritt Ultra MicroCap Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities				
<i>Common Stocks</i>				
Consumer Discretionary	\$ 6,605,872	\$ 1,509,575	\$ —	\$ 8,115,447
Consumer Staples	339,200	241,000	—	580,200
Energy	2,902,790	—	—	2,902,790
Financial	4,920,623	—	—	4,920,623
Health Care	8,239,630	—	—	8,239,630
Industrials	11,776,213	522,808	—	12,299,021
Information Technology	16,698,756	—	—	16,698,756
Materials	1,708,800	—	—	1,708,800
Real Estate Investment Trusts	744,000	—	—	744,000
Total Common Stocks	<u>53,935,884</u>	<u>2,273,383</u>	<u>—</u>	<u>56,209,267</u>
<i>Warrants</i>				
Industrials	80,000	—	—	80,000
Information Technology	—	0	—	—
Health Care	31,000	—	—	31,000
Total Warrants	<u>111,000</u>	<u>—</u>	<u>—</u>	<u>111,000</u>
Short Term Investments	<u>1,555,883</u>	<u>—</u>	<u>—</u>	<u>1,555,883</u>
Total Investments in Securities	<u>\$55,602,767</u>	<u>\$2,273,383</u>	<u>\$ —</u>	<u>\$57,876,150</u>

Perritt Low Priced Stock Fund

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities				
<i>Common Stocks</i>				
Consumer Discretionary	\$ 857,244	\$ —	\$ —	\$ 857,244
Consumer Staples	93,136	—	—	93,136
Energy	65,400	—	—	65,400
Financial	775,162	—	—	775,162
Health Care	1,095,355	—	—	1,095,355
Industrials	1,586,807	—	—	1,586,807
Information Technology	1,597,695	—	—	1,597,695
Materials	239,386	—	—	239,386
Real Estate Investment Trusts	71,885	—	—	71,885
Utilities	73,086	—	—	73,086
Total Common Stocks	<u>6,455,156</u>	<u>—</u>	<u>—</u>	<u>6,455,156</u>
Short Term Investments	<u>223,455</u>	<u>—</u>	<u>—</u>	<u>223,455</u>
Total Investments in Securities	<u>\$ 6,678,611</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,678,611</u>

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

Notes to Financial Statements (Unaudited) (Continued)

Below are the transfers into or out of Levels 1 and 2 for the Funds using market values measured at the end of the reporting periods:

	<u>MicroCap Fund</u>	<u>Ultra MicroCap Fund</u>
Transfers into Level 1	\$ 2,849,000	\$ 1,298,612
Transfers out of Level 1	—	(1,750,575)
Net Transfers into/(out of) Level 1	<u>\$ 2,849,000</u>	<u>\$ (451,963)</u>
Transfers into Level 2	\$ —	\$ 1,750,575
Transfers out of Level 2	(2,849,000)	(1,298,612)
Net Transfers into/(out of) Level 2	<u>\$(2,849,000)</u>	<u>\$ 451,963</u>

There were no transfers into or out of Levels 1 or 2 during the six months ended April 30, 2017 for Low Priced Stock Fund.

The securities transferred from Level 1 to Level 2 were transferred due to those securities not trading on the last day of the reporting period.

The securities transferred from Level 2 to Level 1 were due to an increase of observable market data from an increase in market activity.

At the beginning and during the six months ended April 30, 2017, 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 April 30, 2017, the MicroCap Fund, Ultra MicroCap Fund and Low Priced Stock Fund had fees due to the Advisor of \$211,336, \$60,995 and \$640, respectively. For the six months ended April 30, 2017, the MicroCap Fund, Ultra MicroCap Fund and Low Priced Stock Fund had incurred advisory fees of \$1,353,820, \$368,192 and \$32,055, 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, 2018 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

Notes to Financial Statements (Unaudited) (Continued)

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 six months ended April 30, 2017 were \$8,625 and are not eligible for recapture. Voluntary expense waivers may be discontinued at any time.

For the six months ended April 30, 2017, the Advisor waived expenses and/or reimbursed the Low Priced Stock Fund \$32,820 which is eligible for recapture through October 31, 2020. \$81,819 is eligible for recapture through October 31, 2019. \$87,508 is eligible for recapture through October 31, 2018.

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.

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.

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.

Notes to Financial Statements (Unaudited) (Continued)

5. Investment Transactions

Purchases and sales of securities, excluding short-term investments, for the six months ended April 30, 2017, were as follows:

	Purchases		Sales	
	U.S. Governments	Other	U.S. Governments	Other
MicroCap Fund	\$—	\$18,737,582	\$—	\$60,767,317
Ultra MicroCap Fund	\$—	\$11,396,133	\$—	\$12,756,572
Low Priced Stock Fund	\$—	\$1,876,016	\$—	\$1,807,112

6. Federal Income Tax Matters

As of October 31, 2016, 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>\$ 195,611,218</u>	<u>\$ 45,655,023</u>	<u>\$ 5,477,879</u>
Gross tax unrealized appreciation	81,194,150	14,398,915	564,466
Gross tax unrealized depreciation	<u>(14,163,852)</u>	<u>(5,895,733)</u>	<u>(298,532)</u>
Net unrealized appreciation on investments	67,030,298	8,503,182	265,934
Distributable ordinary income	803,439	75,493	—
Distributable long-term capital gains	<u>24,787,164</u>	<u>2,511,590</u>	<u>—</u>
Total distributable earnings	<u>25,590,603</u>	<u>2,587,083</u>	<u>—</u>
Other accumulated losses	<u>—</u>	<u>—</u>	<u>(144,105)</u>
Total accumulated earnings	<u>\$ 92,620,901</u>	<u>\$ 11,090,265</u>	<u>\$ 121,829</u>

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

At October 31, 2016, the Low Priced Stock Fund deferred, on a tax basis, post-October and late year ordinary losses of \$12,968.

The tax composition of distributions paid during the periods ended October 31, 2016 and 2015 were as follows:

	Ordinary Income		Long-term Capital Gains	
	2016	2015	2016	2015
MicroCap Fund	\$—	\$—	\$6,027,092	\$31,028,153
Ultra MicroCap Fund	—	—	866,370	9,199,946
Low Priced Stock Fund	—	—	—	—

The Fund 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 Fund related to net capital gain to zero for the tax year ended October 31, 2016.

Notes to Financial Statements (Unaudited) (Continued)

On November 18, 2016, the MicroCap Fund paid short-term capital gains distributions of \$0.02051 per share, and the Ultra MicroCap paid short-term capital gains distributions of \$0.02136 per share. In addition, the MicroCap Fund paid long-term capital gains distributions of \$3.26969 per share, and the Ultra MicroCap Fund paid long-term capital gains distributions of \$0.71032 per share. The Low Priced Stock Fund did not have a distribution.

As of October 31, 2016, the Low Priced Stock Fund had short-term capital losses of \$131,137, which have no expiration date.

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 April 30, 2017, the MicroCap Fund and Ultra MicroCap Fund held restricted securities with an aggregate value of \$3,790,000 and \$462,000, which accounted for 1.46% and 0.79%, respectively, of each Fund's net assets. These restricted securities are deemed to be liquid with the exception of Mobivity Holdings Corp. warrants held by Ultra MicroCap Fund. The Mobivity Holdings Corp. warrants are considered to be illiquid. During the six months ended April 30, 2017, 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.

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 11, 2017, under which the MicroCap Fund may borrow up to \$18,000,000 and the Ultra MicroCap Fund may borrow up to \$6,000,000, subject to certain restrictions and covenants. Interest is charged on borrowings at the prevailing Prime Rate. The Funds have borrowed under these arrangements from time to time to increase the efficiency of cash flow management. During the six months ended April 30, 2017, the MicroCap Fund and Ultra MicroCap Fund had no outstanding borrowings on the lines of credit. As of April 30, 2017, the Low Priced Stock Fund does not have a line of credit arrangement.

Notes to Financial Statements (Unaudited) (Continued)

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

The following issuer was affiliated with the Funds, as the Funds held 5% or more of the outstanding voting securities of the issuer during the period from November 1, 2016 through April 30, 2017. No issuers were affiliated with the MicroCap Opportunities Fund and the Low Priced Stock Fund during the six months ended April 30, 2017. See Section (2)(a)(3) of the Investment Company Act of 1940.

Perritt Ultra MicroCap Fund

<i>Issuer Name</i>	<i>Share Balance At November 1, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Share Balance At April 30, 2017</i>	<i>Dividend Income</i>	<i>Value At April 30, 2017</i>
Dynatronics Corp.	68,356	101,644	—	170,000	\$ —	\$ 501,500
Hooper Holmes, Inc. ¹	213,334	284,667	—	498,001	\$ —	\$ 373,003
Sigma Labs, Inc. ¹	—	140,000	—	140,000	\$ —	\$ 418,600
					<u>\$ —</u>	<u>\$ 1,293,103</u>

¹ Issuer was not an affiliate as of April 30, 2017.

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 Investment Company Act of 1940. For the six months ended April 30, 2017, the MicroCap Fund and Ultra MicroCap Fund engaged in one purchase and sale of a security pursuant to Rule 17a-7 of the Investment Company Act of 1940. The Low Priced Stock Fund did not engage in any 17a-7 transactions.

12. Subsequent Events

Management has performed an evaluation of subsequent events through the date the financial statements were issued.

On June 21, 2017, Perritt MicroCap Opportunities Fund paid an ordinary income distribution in the amount of \$614,595 or \$0.089 per share.

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 (November 1, 2016 – April 30, 2017).

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)

April 30, 2017

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 11/1/16	Ending Account Value 4/30/17	Expenses Paid During Period 11/1/16 – 4/30/17¹
Actual			
Perritt MicroCap Opportunities	\$1,000.00	\$1,155.40	\$6.52
Perritt Ultra MicroCap Fund	\$1,000.00	\$1,115.10	\$8.92
Perritt Low Priced Stock Fund	\$1,000.00	\$1,190.20	\$7.55
Hypothetical			
Perritt MicroCap Opportunities	\$1,000.00	\$1,018.74	\$6.11
Perritt Ultra MicroCap Fund	\$1,000.00	\$1,016.36	\$8.50
Perritt Low Priced Stock Fund	\$1,000.00	\$1,017.90	\$6.95

¹ Expenses are equal to the Fund's annualized expense ratio of 1.22% for the MicroCap Opportunities Fund, 1.70% 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 181/365 (to reflect the one-half year period).

Advisory Agreement Renewal (Unaudited)

On December 2, 2016, the Board of Directors of Perritt Funds, Inc. (the "Directors") approved the continuation of the investment advisory agreements for the Perritt MicroCap Opportunities Fund, the Perritt Ultra MicroCap Fund, and the Perritt Low Priced Stock Fund (collectively the "Funds", or the, "Fund") with the investment advisor to the Funds, Perritt Capital Management, Inc. (the "Advisor"). As part of the process of approving the continuation of the advisory agreements, the Directors reviewed the fiduciary duties of the Directors with respect to approving the advisory agreements and the relevant factors for the Directors to consider, and the members of the Board of Directors who are not deemed "interested persons" (as that term is defined by the Investment Company Act of 1940) of the Funds (the "Independent Directors") met in executive session to discuss the approval of the advisory agreements.

In advance of the meeting, the Advisor sent detailed information to the Directors to assist them in their evaluation of the investment advisory agreements. This information included, but was not limited to, a memorandum from Fund counsel that summarized the legal standards applicable to the Directors' consideration of the advisory agreements; comparative information relating to the Funds' management fees and other expenses of the Funds; information regarding fees paid and other payments; information on the Advisor's profitability; information about brokerage commissions; comparative information relating to the Funds' performance; information about sales and redemptions of the Funds; information about the Funds' compliance program; and other information the Directors believed was useful in evaluating the approval of advisory agreements.

All of the factors discussed by the Directors were considered as a whole, and were considered separately by the Independent Directors, meeting in executive session. The factors were viewed in their totality by the Directors, with no single factor being the principal or determinative factor in the Directors' determination of whether to approve the continuation of the investment advisory agreements. The Directors recognized that the management and fee arrangements for the Funds are the result of years of review and discussion between the Independent Directors and the Advisor, that certain aspects of such arrangements may receive greater scrutiny in some years than in others and that the Directors' conclusions may be based, in part, on their consideration of these same arrangements and information received during the course of the year and in prior years.

Prior to approving the continuation of the investment advisory agreements, the Directors and the Independent Directors in executive session considered, among other items:

- The nature and quality of the investment advisory services provided by the Advisor.
- A comparison of the fees and expenses of the Funds to other similar funds.
- A comparison of the fee structures of other accounts managed by the Advisor.
- Whether economies of scale are recognized by the Funds.
- The costs and profitability of the Funds to the Advisor.
- The performance of the Funds.
- The other benefits to the Advisor from serving as investment advisor to the Funds (in addition to the advisory fee).

Advisory Agreement Renewal (Unaudited) (Continued)

The material considerations and determinations of the Board of Directors, including all of the Independent Directors, are as follows:

Nature and Quality of Investment Advisory Services

The Directors noted that the Advisor supervises the investment portfolios of the Funds, directing the day-to-day management of the Funds' portfolios, including the purchase and sale of investment securities. They then discussed with management the nature of the investment process employed by the portfolio managers of the Funds, which is research intensive, and discussed staffing at the Advisor. The Directors concluded that the Advisor is well staffed to conduct the research needed to meet the investment objectives of the Funds.

The Directors considered the background and experience of the Advisor's senior management and the expertise of, and the amount of attention given to the Funds by, investment personnel of the Advisor, concluding that the personnel have significant experience managing investment securities and devote the bulk of their time and attention to the Funds. In addition, the Directors considered the quality of the material service providers to the Funds, who provide administrative and distribution services on behalf of the Funds and are overseen by the Advisor, and the overall reputation and capabilities of the Advisor. They concluded that they are satisfied with the performance of the service providers, and with the Advisor's oversight of the service providers.

Overall, the Directors believe that the Advisor provides high quality services to the Funds, and they determined that their overall confidence in the Advisor is high.

The Directors also concluded that they were satisfied with the nature, extent and quality of the investment advisory services provided to the Funds by the Advisor, and that the nature and extent of the services provided by the Advisor are appropriate to assure that each Fund's operations are conducted in compliance with applicable laws, rules and regulations.

Comparative Fees and Expenses

The Directors then discussed with management the variables, in addition to the management fees, such as administrative and transaction fees, that impact costs to the shareholders of the Funds. Management reviewed with the Directors the comparison of the Funds' expense ratios to other similar funds. As part of the discussion with management, the Directors ensured that they understood and were comfortable with the criteria used by the Advisor to determine the mutual funds that make up the peer universes for purposes of the materials.

The Directors discussed the comparison of the Funds to the peer universes, and noted that the above median total expenses for the Perritt Ultra MicroCap Fund and the Perritt Low Priced Stock Fund are driven by those Funds' low level of assets under management, which caused certain non-management expenses to be above average for their peer groups.

The Directors discussed the Low Priced Stock Fund and the fee waiver arrangements related to the Fund. Specifically, they noted that the Advisor has contractually agreed, on a voluntary basis, to waive fees and/or reimburse operating expenses so that total annual operating expenses do not exceed 1.39%. This expense limitation cannot be terminated

Advisory Agreement Renewal (Unaudited) (Continued)

prior to February 28, 2018 without the Board of Directors' consent.

Following their review, the Directors concluded that the expense ratios of the Funds were within the range of comparable mutual funds, and that the Funds' fees are reasonable given the asset sizes of the Funds.

Comparison of Fee Structures of Other Accounts

The Directors then inquired of management regarding the distinction between the services performed by the Advisor for separate accounts and those performed by the Advisor for the Funds. The Advisor noted that the management of the Funds involves more comprehensive and substantive duties than the management of separate accounts.

The Directors concluded that the services performed by the Advisor for the Funds require a higher level of service and oversight than the services performed by the Advisor for separate accounts. Based on this determination, the Directors believe that the differential in advisory fees between the Funds and the separate accounts are reasonable, and concluded that the fee rates charged to the Funds in comparison to those charged to the Advisor's other clients are reasonable.

Performance

The Directors reviewed the Advisor's quality of investment management, and management history, concluding that the Advisor is taking the steps necessary to address Fund performance. They noted that the performance of the Funds equaled or exceeded the performance the peer group median, concluding that this is a favorable result, particularly in the existing market environment. The Directors

determined that it is their expectation that the Advisor's discipline will lead to more favorable results in the long-term and concluded that renewal of the existing advisory agreements was in the best interest of the Funds' shareholders.

The Directors noted that at each quarterly meeting, the Directors review reports regarding the investment performance of the Funds. Based on the information provided at this meeting and the information and quarterly discussions regarding the Funds' investment performance, the Directors believe that the Advisor manages the Funds in a manner that is materially consistent with their stated investment objective and style.

Costs and Profitability

The Directors considered the cost of services provided and the profits realized by the Advisor, by reviewing reports provided by the Funds' administrator that compared the Funds' investment advisory fees to those of other comparable mutual funds. The Directors also considered the Funds overall expense ratios compared to peer group funds, concluding that the Funds' expense ratios and investment advisory fees are fair and within the range of industry averages.

The Directors discussed in detail the profitability of the Advisor as it relates to the Funds, and they discussed the impact of the intermediary service fees on the profitability. The Directors also considered the resources and revenues that the Advisor has put into managing and distributing the Funds, and concluded that the level of profitability realized by the Advisor from its provision of services to the Funds is reasonable.

Advisory Agreement Renewal (Unaudited) (Continued)

Economies of Scale

The Directors then discussed with management whether economies of scale are recognized by the Funds. They noted that as Fund assets grow, certain fixed costs are spread over the larger asset base, which may lead to some economies of scale. On the other hand, the Directors noted that many of the Funds' expense are subject to diseconomies of scale. They also noted that the Advisor has entered into a fee waiver arrangement with the Low Priced Stock Fund, to help ensure that reasonable fee levels are maintained.

Given the size of the Funds, the Directors determined that the Funds have not recognized economies of scale, concluding that the current fees are appropriate at foreseeable asset levels.

Fall-Out Benefits

The Directors then considered other benefits to the Advisor from serving as Advisor to the Funds (in addition to the advisory fee). The Directors noted that the Advisor derives ancillary benefits from its association with the Funds in the form of proprietary and third party research products and services received from broker dealers that execute portfolio trades for the Funds. The Directors determined such products and services have been used for legitimate purposes relating to the Funds by providing assistance in the investment decision-making process. The Directors concluded that the other benefits realized by the Advisor from its relationship with the Funds were reasonable.

Conclusion

After reviewing the materials provided at the meeting, management's presentation, as well as other information regularly provided at the Board's quarterly meetings throughout the year regarding the quality of services provided by the Advisor, the performance of the Funds, expense information, regulatory compliance issues, trading information and related matters and other factors deemed relevant by the Board, the Directors, including all of the Independent Directors, approved the continuation of the investment advisory agreements.

Perritt Funds, Inc.

Directors and Officers (Unaudited)

The Funds are governed by a Board of Directors that meets regularly to review investments, performance, expenses, and other business matters, and is responsible for protecting the interests of shareholders. The majority of the Funds' directors are independent of Perritt Capital Management, Inc. The Board of Directors elects the Funds' officers. The name, address, age and principal occupations for the past five years of the directors and officers are listed below, along with the number of portfolios in the Fund complex overseen by each director. During the past five years none of the directors has served as a director of a public company or a mutual fund other than Perritt MicroCap Opportunities, Inc. and Perritt Funds, Inc. The business address of each director and officer is 300 South Wacker Drive, Suite 2880, Chicago, IL 60606. For additional information about the directors, please call 1-800-331-8936 and request a Statement of Additional Information (SAI) or visit www.perrittcap.com. One will be mailed to you free of charge.

<u>Name, Address, and Age</u>	<u>Position(s) Held with Fund 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>
Independent Directors of the Fund				
Dianne C. Click Age: 54	Director Portfolios in Fund Complex Overseen: 3	Indefinite, until successor elected; 20 years, Perritt MicroCap Opportunities Fund; 12 years, Perritt Ultra MicroCap Fund; and since inception, Perritt Low Priced Stock Fund	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 April 2004. She has been licensed in the state of Montana since 1995.	Perritt MicroCap Opportunities Fund, Inc.
David S. Maglich Age: 59	Director Portfolios in Fund Complex Overseen: 3	Indefinite, until successor elected; 27 years, Perritt MicroCap Opportunities Fund; 12 years, Perritt Ultra MicroCap Fund; and since inception, Perritt Low Priced Stock Fund	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 April 1989.	Perritt MicroCap Opportunities Fund, Inc.

Perritt Funds, Inc.

Directors and Officers (Unaudited) (Continued)

<u>Name, Address, and Age</u>	<u>Position(s) Held with Fund 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>
Inside Director of the Fund				
Michael J. Corbett ⁽¹⁾ Age: 51	President Portfolios in Fund Complex Overseen: 3	One-year term as President; As Director, indefinite until successor elected; Director since October 5, 2010; 16 years as President of Perritt MicroCap Opportunities Fund; 11 years as President of Perritt Ultra MicroCap Fund; and since inception, Perritt Low Priced Stock Fund	Mr. Corbett has been President of the Perritt MicroCap Opportunities Fund since November 1999 and President of the Perritt Ultra MicroCap Fund since August 2004. He has served as President of the Advisor since October 5, 2010, and previously served as Vice President of the Advisor from February 1997 until October 5, 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 both funds.	Perritt MicroCap Opportunities Fund, Inc.

Directors and Officers (Unaudited) (Continued)

Name, Address, and Age	Position(s) Held with Fund and Number of Portfolios in Fund Complex Overseen by Director	Term of Office and Length of Time Served	Principal Occupation(s) during Past 5 Years	Other Directorships Held by Director during the Past 5 Years
Officers of the Fund other than Mr. Corbett				
Mark Buh Age: 54	Vice President and Treasurer	One-year term 3 years	Mr. Buh has been Vice President and Treasurer of the Funds and Chief Financial Officer of the Advisor since February 2012. He has over 25 years experience in corporate accounting, finance, administration, planning and business development. His previous experience includes tenures at Ernst and Young and CenturyLink Communications.	N/A
Lynn E. Burmeister Age: 57	Vice President, Chief Compliance Officer and Secretary	One-year term 5 years	Mrs. Burmeister has been the Chief Compliance Officer since May 1, 2010, and oversees all compliance matters for the funds and the advisor. 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

⁽¹⁾ Mr. Corbett is an interested person of the Funds based upon his position with the Advisor.

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> and may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. 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 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.

Perritt Funds

Investment Advisor

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Chicago, IL 60606-6703
800-331-8936

Independent Registered Public Accounting Firm

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Legal Counsel

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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
P.O. Box 701
Milwaukee, WI 53201-0701

Distributor

Quasar Distributors, LLC
615 East Michigan Street
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.

Perritt Funds

MicroCap Opportunities Fund

Ultra MicroCap Fund

Low Priced Stock Fund

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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