



Data on this page as of March 30, 2012 unless otherwise noted.

Manager Biography



Michael Corbett

CIO/Portfolio Manager
Perritt Capital Management

- Lead Portfolio Manager since inception
- Joined Perritt Capital Management as a research analyst in 1990

Fund Strategy

• **Investment Criteria** The Fund invests in companies that are listed in the bottom two deciles of the major stock exchanges as ranked by market capitalization. Today, the Fund invests in companies that at the time of initial investment have a market capitalization under \$300 million.

• **Bottom-Up Process** The management team uses a bottom up approach, with ideas provided by in-house research and an external network of small company research boutiques and regional brokerage firms that has been cultivated over twenty years.

• **Nine-Point Evaluation** Companies are subjected to a nine-point evaluation based on balance sheets, cash flow and income statements that the management team believes demonstrate whether a company is acting in the interests of its shareholders.

• **Fundamental Research** For companies whose fundamentals look favorable based on the nine-point evaluation, the next step is to assess its broader business prospects. The management team meets with 3-5 company executives each week to identify what in our opinion are growing, niche companies with innovative products and/or services and the potential to build franchises and brands.

• **Valuation Assessment** Stocks are assessed based on valuations, favoring companies with modest valuation multiples relative to long term growth prospects. Companies are considered for purchase if they fall under a range of valuation determinations, including GARP or Deep Value.

Portfolio Characteristics

	PREOX	Russell Microcap
Median Market Cap	\$61 Mil.	\$157 Mil.
Median P/E (TTM*)	16.2	17.0
Forward P/E	10.7	N/A
Median Price to Book	1.1	1.3
Number of Holdings	115	1540
Beta (vs. S&P 500)	0.98	1.26
R-Squared (vs. S&P 500)	0.69	0.84
Standard Deviation	19.75	23.89
Annual Turnover	17.9%	N/A

*TTM-Trailing 12 months

Symbol.....	PREOX	
Fund Assets.....	\$61 Million	U.S. Equities....87.7%
Inception Date.....	August 27, 2004	Intl. Equities.....8.8%
Benchmark.....	Russell MicroCap Index	Cash.....3.5%
Sales Charge.....	No Load	
Initial Investment.....	\$1000, \$250 IRA	

Micro-Cap Research and White Papers

Related research can be found on our website:
www.perrittmutualfunds.com

- **Small Cap As An Alternative to Private Equity** - A study by the Brandes Institute demonstrates how small cap equity can offer investors a viable alternative to private equity by Bruce Gratier, The Brandes Institute, April, 2009. <http://perrittmutualfunds.com/gotoBL.html>
- **The Micro-Cap Advantage:** How MicroCap Equities Help Enhance Return and Lower Correlation in Client Portfolios by Perritt Capital Management founder Dr. Gerald W. Perritt. http://perrittmutualfunds.com/media/Perritt_Funds_MicroCapAdvantage2.pdf
- **Ibbotson Study - Impact of Illiquid Securities:** Financial Advisor Magazine features a working paper by Roger Ibbotson and Zhiwu Chen demonstrating the positive historical impact of illiquid securities on investor returns. <http://perrittmutualfunds.com/gotoIbbotson.html>

Annualized Total Returns As of March 30, 2012

	YTD	1-YR	3-YR	5-YR	Since Inception (8/30/04)
PREOX	15.78%	-9.51%	33.32%	-2.12%	5.19%
Russell Microcap	15.29%	-2.06%	26.55%	-1.16%	4.33%
Russell 2000 Index	12.44%	-0.18%	26.90%	2.13%	9.14%

Expense Ratio 1.66%

Calendar Year Total Returns

Year	PREOX	Russell Microcap	Russell 2000
2011	-13.42%	-9.28%	-4.18%
2010	39.02%	28.89%	26.85%
2009	60.66%	27.48%	27.17%
2008	-58.76%	-39.78%	-39.79%
2007	4.96%	-8.00%	1.57%
2006	16.98%	16.54%	18.37%
2005	15.31%	2.57%	4.55%

Performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance data quoted. Performance data to the most recent month end may be obtained by calling 1-800-331-8936. The fund imposes a 2% redemption fee on shares held for less than 90 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

While the fund is no load, management and distribution fees apply. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The **Russell 2000 Index** consists of the smallest 2000 companies in a group of 3000 companies in the Russell 3000 as ranked by market cap. The **S&P 500** is an unmanaged broad based universe of 500 stocks which is widely recognized as the US equity market. The **Russell Microcap Index** consists of the smallest 1000 companies in the **Russell 2000 Index**, in addition to the next smallest 1,000 stocks in the Russell indexing universe, as ranked by market cap. One cannot invest directly in an index. The Price to Book (P/B) Ratio compares a stock's market value to the value of total assets less total liabilities and is calculated by dividing the current price of the stock by the company's book value per share. **Price to earnings ratio** is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share. **Price to sales ratio** is a tool for calculating a stock's valuation relative to other companies, calculated by dividing a stock's current price by its revenue per share. **Beta** measures the sensitivity of rates of return on a fund to general market movements. A beta above 1 is generally more volatile than the overall market, while a beta below 1 is generally less volatile. **R-Squared** is a statistical measure that represents the percentage of a fund's or security's movements that are explained by movements in a benchmark index. **Standard Deviation** is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns. **Cash flow** measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. **GARP** (Growth At A Reasonable Rate) is defined as an equity investment strategy that seeks to combine tenets of both growth investing and value investing to find individual stocks. **Deep value** investing seeks to purchase stocks at a significant discount to their intrinsic value. A **correlation coefficient** is a measure of the interdependence of two random variables that ranges in value from -1 to +1, indicating perfect negative correlation at -1, absence of correlation at zero and perfect positive correlation at +1.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company and may be obtained by calling 1-800-331-8936. Read carefully before investing.

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

Quasar Distributors, LLC

Top 10 Holdings

Acorn (ACFN)	1.9%
Napco Security Tech (NSSC)	1.7%
Innodata Isogen Inc. (INOD)	1.7%
Newtek Business Services (NEWT)	1.4%
Addus Homecare (ADUS)	1.4%
Pacific Premier Bancorp (PPBI)	1.4%
Sanfilippo John B & Son (JBSS)	1.4%
GBS Enterprises, Inc. (GBSX)	1.4%
Hopfed Bancorp Inc. (HFBC)	1.4%
Bioclinica Inc. (BIOC)	1.3%

Top 10 Sectors

Technology	32.0%
Industrials	22.1%
Consumer Discretionary	18.4%
Health Care	8.3%
Financial Services	8.3%
Materials	5.9%
C. Staples	3.2%
Energy	2.3%

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