



Who Needs Micro-Caps?

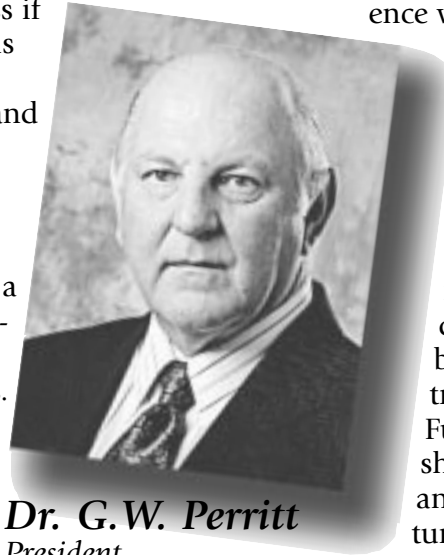
It seems as though every time I turn on a financial news program or read a financial magazine, someone is telling me to dump my micro- and small-cap stocks and pack my portfolio with mega-cap stocks instead. I guess if everyone followed this advice, the micro-cap sector of the market and micro-caps stocks in general would all but disappear.

That would surely be a shame because micro-cap firms touch our lives in so many ways. These firms employ millions of American workers and provide products and services that many of us use in our daily lives. Here are but a small handful of such companies contained in the portfolios of the Perritt MicroCap Opportunities and Emerging Opportunities Funds.

Although winter is just upon us and summer is more than six months away, you may be dreaming about next year's summer vacation. If so, you might stop by a nearby RV dealership and check out Aurora Class A motor homes with a full wall slide-out manufactured by Coachman Industries (COA). While you are out, why not check out the recreational boats like Boston Whaler or Hatteras displayed in one of Marine Max's (HZO) 88 retail locations. While waiting for summer, why not take the family to the 70mm movie experience in a nearby IMAX Corp (IMAX) theater.

Are you looking forward to a college football bowl game or the NFL play-offs? Why not relax in front of the TV in a new recliner built by La Z Boy (LZB)? You may also want to enhance your audio/video experi-

ence with a new home entertainment center built by Stanley Furniture (STLY). Or perhaps you have been thinking of changing the décor in your living room, dining room, or bedroom. Take a trip to a Haverty Furniture (HVT) showroom or stop by an independent furniture dealer to check out the latest Hooker (HOFT) brand residential wood, metal, or upholstered leather furniture.



Dr. G.W. Perritt
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Do you have a budding musician at home? You may want to consider an investment in a Steinway (LVB) upright or grand piano. Perhaps your child or grandchild is a member of the marching band or school orchestra. Chances are that their musical instrument was manufactured by Steinway that counts Selmer, Conn and Ludwig among its many popular brands of musical instruments.

Thinking about a new outfit or two? Check out men's tailored clothing (including shirts and ties) or women's career apparel and designer knitwear manufactured by Hartmarx (HMX) or Perry Ellis (PERY). Compliment your new wardrobe with Tandy Brands

(TBAC) fashion accessories such as belts, handbags, hats, or even a new wallet. You'll find these items and other sporting goods merchandise offered under the company's licensed brand names such as Dockers, Levis, Jones New York, and Haggar. If you are headed for the golf course instead of the office, arrive at the first tee with the latest men's and women's golf attire manufactured by Ashworth (ASHW) and sold in the club's pro shop. Complete your wardrobe with casual footwear manufactured by the Phoenix Footwear Group (PGX) and sold under the Trotter's, H.S. Trask, Soft Walk and Tommy Bahama brand names.

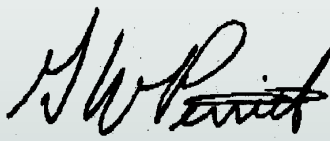
With winter weather fast approaching, don't forget about your automobile. The Midas Group (MDS) will replace your worn out exhaust system, brakes, shocks and struts in any one of its 1,751 shops located in all 50 states. If you need an oil change, engine tune-up, wheel alignment or a new set of tires, Monro Muffler (MNRO) can more than adequately meet your needs.

Keep your family safe with a Napco (NSSC) home security alarm system. Remodel your kitchen or perhaps add a new outdoor deck to entertain family and friends with products from Home Depot installed professionally by US Home Systems (USHS). Don't forget to change your heating and/or air conditioning filters this year. Flanders' (FLDR) line of residential air filters are sold at your nearby hardware outlet. Do you need a few kitchen gadgets to assist with the prepara-

tion of your holiday feasts? Most likely you'll find that those needed items are manufactured by Lifetime Brands (LCUT) and sold under the Farberware and other brand names.

Perhaps you just want to relax in front of the fireplace on a cold winter evening with a glass of wine. May we suggest a fine Pinot Noir, a Pinot Gris, or Chardonnay produced in Oregon's Willamette valley by Willamette Valley Vinyard (WVVI). You may want to complement that beverage by nibbling on a few Fisher brand nuts processed and sold by John B. Sanfilippo and Son (JBSS).

I think you are getting my drift by now. The American economy is composed of thousands of public companies, both large and small. To ignore either when assembling your overall investment portfolio would be a large mistake. In fact, both professional and corporate investors have not overlooked this market sector as witnessed by the record number of buyouts (a total of 19) experienced by the Perritt MicroCap Opportunities Fund this year.



Gerald W. Perritt

Past performance is not a guarantee of future results.

Opinions expressed are those of Dr. Perritt and are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Dr. Perritt received a doctorate in finance and economics from the University of Kentucky in 1974. He has taught courses in investments and finance at a number of colleges and universities and has authored several books on investing. Dr. Gerald W. Perritt shares the portfolio management duties of both the MicroCap and Emerging Opportunities Funds with Michael Corbett.

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