

Paradigm Funds

Paradigm Value Fund

Paradigm Select Fund

Paradigm Opportunity Fund

Paradigm Micro-Cap Fund

For Investors Seeking Long-Term Capital Appreciation

SEMI-ANNUAL REPORT

June 30, 2018

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PARADIGM FUNDS

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Letter to Shareholders

Dear Fellow Shareholders:

After what we had described as a deceptively neutral first quarter in the US equity markets, the second quarter reflected a re-acceleration in investor optimism. What remained consistent however, were the increased levels of volatility. While Growth outperformed Value across the board in the first quarter, Value and Growth were more evenly matched in the mid-cap and small-cap indices in the second quarter. Strong sector performance in Health Care and Information Technology drove returns for the Russell 2000 again in the second quarter, once again an ongoing theme. Within the Technology sector, however, benchmark performance was driven by strength in Services and Software industries, versus a pullback in the Semiconductor Equipment group where the funds have been more heavily weighted. The Semiconductor weakness reflects both trade tariff and industry cycle concerns.

As we speak with the management teams of our holdings, their tone remains sanguine. Tax cuts have benefited corporate America significantly, and as a result companies have more free cash flow to deploy toward both capital investments as well as share buybacks. For example, a recent UBS report identified a 21% increase in capex spending year over year for the S&P 500, the largest increase since 2011, and a 52% increase in net buybacks. While we have not seen massive capital improvements in our portfolio universe thus far, the overall corporate outlook remains buoyant.

From a macro perspective, the US economy remains in a stable trajectory, with a few nuances at the margin. The most recent unemployment rate as of June 30, 2018 actually increased slightly, to 4.0% from 3.8%, in part reflecting increased participation from new entrants to the workforce. While current consumer confidence remains at very high levels, the most recent confidence data suggest that Americans have decreased confidence in the future of the US economy.

Several concerns remain at the forefront for the economy. With increasing inflationary pressures looming on the horizon, the Fed has implemented seven rate hikes since 2015. As an early indication of a pickup in inflation, the most recent CPI reading of 2.9 percent was the highest since February 2012. Regarding the well documented US labor scarcity, while we have yet to see it manifest in any significant way, wage inflation also seems to be a “when, not if” question. Lastly, and most immediately preoccupying, recent headlines surrounding global tariff threats and trade wars are a massive overhang for the US economy. Not only is it concerning for corporations from a strategic planning and supply chain perspective, but also for the general US consumer confidence and household outlook. As we all know, the fear of the unknown can often be a debilitating headwind to economic growth and investment.

As we enter the back half of the year, we certainly feel more cautious in our market outlook given the aforementioned items. Moreover, from a sector-specific perspective, we have increased concerns in certain industry areas. For example, we said a year ago in our second-quarter letter that we thought Specialty Retail names had been oversold. Since then, the group as a whole has rebounded sharply. Over the past 12 months, the Specialty Retail industry in the Russell 2000 has appreciated 27%, and the question at this point is how long the party can last. Furthermore, retail sales comparisons will become more challenging for many companies by the fourth quarter of 2018. Lastly, in the first half of 2018, smaller-capitalization names have outperformed large-cap, which could be unsustainable as a trend should equity markets become rockier in the back half of 2018.

We also firmly believe that despite a more cautious stance, it is imperative to remain fully invested. Given our value-oriented, bottom-up investment standpoint we retain comfort with our portfolio holdings despite the market and headlines fear factors. We believe that our holdings' relatively discounted valuations and strong free cash flow profiles should protect on the downside. We continue to believe that the small-cap equity market provides the greatest source of investment inefficiency, and thus opportunity. In these more volatile markets, we consistently scour our investable universe for valuation disconnects, pricing dislocations and overreactions to the downside, as well as underfollowed names as sources of new ideas. While investing in volatile markets never feels easy, we maintain conviction in our disciplined investment process and believe that it will prevail both in these markets and over time.

Paradigm Value Fund

The Paradigm Value Fund appreciated 10.42% in the first half of 2018, compared to a 5.44% gain for its benchmark, the Russell 2000 Value Index. Since inception (January 1, 2003) on an annualized basis, the Fund has returned 13.35%, compared to 10.68% for the benchmark.

The Health Care and Information Technology sectors contributed most to the portfolio's out-performance in the first half, with stock selection strongly positive in both sectors. Portfolio Health Care holdings appreciated 34.06%, well ahead of the benchmark sector's 16.85% gain. Our overweight to the Health Care sector further supported relative performance. Similarly, the portfolio's Information Technology holdings gained 8.43%, compared to 3.75% for the benchmark sector.

Energy holdings proved most challenging on a relative basis due to Equipment and Service Provider holdings.

Paradigm Select Fund

The Paradigm Select Fund appreciated 4.94% in the first half of 2018, compared to a gain of 5.46% for its benchmark, the Russell 2500 Index. Since inception (January 1, 2005) on an annualized basis, the Fund has returned 9.30% compared to 9.11% for the benchmark.

The Materials sector was the top relative performer in the first half of 2018 due to stock selection. The portfolio sector's 11.17% gain compared favorably to the benchmark sector's 3.74% loss, led by holdings in the Paper & Forest Products sector.

Health Care holdings proved most challenging due to stock-specific setbacks with Service Provider and Technology holdings.

Paradigm Opportunity Fund

The Paradigm Opportunity Fund appreciated 12.48% in the first half of 2018, compared to the benchmark Russell 2000's 7.66% return. Since inception (January 1, 2005) on an annualized basis, the Fund has returned 7.90%, compared to 8.55% for the benchmark.

The Health Care sector was the top performer in the first half of 2018. Portfolio holdings appreciated 43.09%, compared to a gain of 17.09% for the benchmark sector, due to strong

stock selection. Our Consumer Discretionary holdings gained 22.05%, compared to 4.92% for the benchmark sector.

The Industrials sector was the most challenging on a relative basis due to Professional Services holdings.

Paradigm Micro-Cap Fund

The Paradigm Micro-Cap Fund gained 13.95% in the first half of 2018, compared to a gain of 10.71% for its benchmark, the Russell Microcap Index. Since inception (January 1, 2008) on an annualized basis, the Fund has returned 9.39%, compared to 8.35% for the benchmark.

Strong stock selection made the Consumer Discretionary sector the top performer in the first half of 2018. The portfolio sector's 24.21% gain far outpaced the benchmark sector's 0.87% return, driven by holdings in the Retailing and Specialty Retail sectors.

The Information Technology sector was the most challenging on a relative basis due to stock-specific setbacks.

Sincerely,



Candace King Weir
President and Chief Investment Officer
Paradigm Funds Advisor LLC

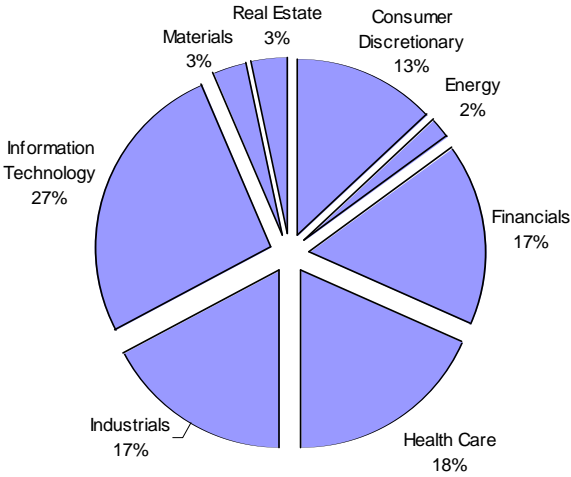


Amelia F. Weir
Senior Vice President
Paradigm Funds Advisor LLC

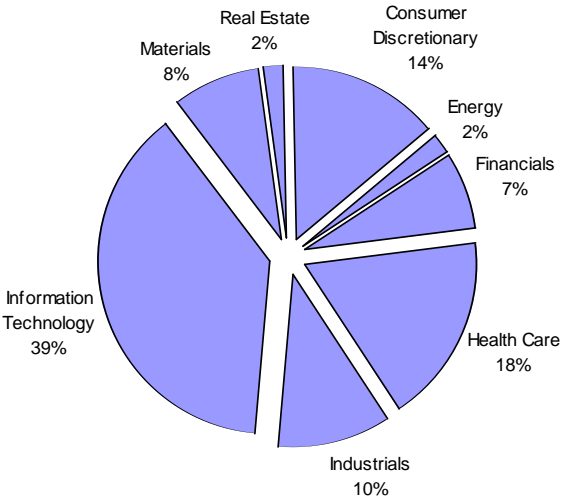
Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month end, please call 1-800-239-0732 or visit our website at www.paradigm-funds.com.

Paradigm Funds (Unaudited)

PARADIGM VALUE FUND
Sector Allocation as of June 30, 2018
(As a Percentage of Equity Securities Held)

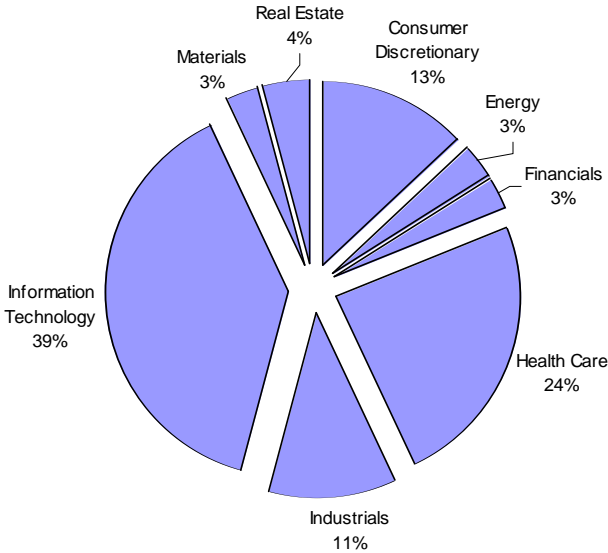


PARADIGM SELECT FUND
Sector Allocation as of June 30, 2018
(As a Percentage of Equity Securities Held)

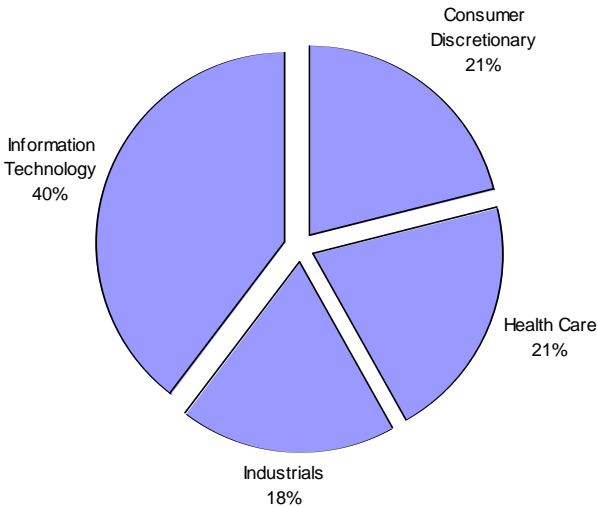


Paradigm Funds (Unaudited)

PARADIGM OPPORTUNITY FUND
Sector Allocation as of June 30, 2018
(As a Percentage of Equity Securities Held)



PARADIGM MICRO-CAP FUND
Sector Allocation as of June 30, 2018
(As a Percentage of Equity Securities Held)



Paradigm Value Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2018.

June 30, 2018 NAV \$54.06

	<u>1 Year</u> ^(A)	<u>3 Year</u> ^(A)	<u>5 Year</u> ^(A)	<u>10 Year</u> ^(A)
Paradigm Value Fund	20.13%	12.45%	11.40%	9.21%
Russell 2000® Value Index ^(B)	13.10%	11.22%	11.18%	9.88%

^(A) 1 Year, 3 Year, 5 Year and 10 Year returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Paradigm Value Fund was January 1, 2003.

^(B) The Russell 2000® Value Index (whose composition is different from the Fund) is an unmanaged index of small-capitalization stocks with lower price-to-book ratios and lower forecasted growth values than the total population of small-capitalization stocks.

Per the Fund's most recent prospectus, the Fund's Total Annual Operating Expense Ratio is 1.51%. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. RETURNS DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. TO OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH END, PLEASE CALL 1-800-239-0732 OR VISIT OUR WEBSITE AT www.paradigm-funds.com.

Paradigm Select Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2018.

June 30, 2018 NAV \$39.29

	<u>1 Year</u> ^(A)	<u>3 Year</u> ^(A)	<u>5 Year</u> ^(A)	<u>10 Year</u> ^(A)
Paradigm Select Fund	15.05%	9.69%	11.84%	9.87%
Russell 2500® Index ^(B)	16.24%	10.30%	12.29%	10.74%

^(A) 1 Year, 3 Year, 5 Year and 10 Year returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Paradigm Select Fund was January 1, 2005.

^(B) The Russell 2500® Index (whose composition is different from the Fund) measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "mid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership.

Per the Fund's most recent prospectus, the Fund's Total Annual Operating Expense Ratio (before any fee waiver) is 1.51%, and 1.16% post waiver. The Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in Acquired Funds) at 1.15% of its average daily net assets through April 30, 2019. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

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Paradigm Opportunity Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2018.

June 30, 2018 NAV \$45.53

	<u>1 Year^(A)</u>	<u>3 Year^(A)</u>	<u>5 Year^(A)</u>	<u>10 Year^(A)</u>
Paradigm Opportunity Fund	27.76%	9.48%	11.83%	10.17%
Russell 2000® Index ^(B)	17.57%	10.96%	12.46%	10.60%

^(A) 1 Year, 3 Year, 5 Year and 10 Year returns include change in share prices and in each case includes reinvestment of any dividends, capital gain distributions and return of capital. The inception date of the Paradigm Opportunity Fund was January 1, 2005.

^(B) The Russell 2000® Index (whose composition is different from the Fund) consists of the smallest 2,000 companies in the Russell 3000 Index (which represents approximately 98% of the investable U.S. equity market). The Index is an unmanaged index generally considered as the premier of small capitalization stocks.

Per the Fund's most recent prospectus, the Fund's Total Annual Operating Expense Ratio (before any fee waiver) is 1.51%, and 1.26% post waiver. The Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in Acquired Funds) at 1.25% of its average daily net assets through April 30, 2019. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

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Paradigm Micro-Cap Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2018.

June 30, 2018 NAV \$36.92

	<u>1 Year</u> ^(A)	<u>3 Year</u> ^(A)	<u>5 Year</u> ^(A)	<u>10 Year</u> ^(A)
Paradigm Micro-Cap Fund	14.58%	14.45%	12.49%	10.46%
Russell Microcap® Index ^(B)	20.21%	10.49%	12.78%	10.63%

^(A) 1 Year, 3 Year, 5 Year and 10 Year returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Paradigm Micro-Cap Fund was January 1, 2008. Effective December 27, 2011, the name of the Paradigm Intrinsic Value Fund was changed to the Paradigm Micro-Cap Fund.

^(B) The Russell Microcap® Index measures the performance of the microcap segment of the U.S. equity market. Microcap stocks make up less than 3% of the U.S. equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next smallest eligible securities by market cap. The Russell Microcap is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the true microcap opportunity set. Effective December 27, 2011 the Fund changed its investment strategy. Under normal circumstances, the Micro-Cap Fund invests at least 80% of its net assets in common stocks of U.S. micro-cap companies. Therefore, the primary comparative index was changed from the S&P 500® Index to the Russell Microcap® Index.

Per the Fund's most recent prospectus, the Fund's Total Annual Operating Expense Ratio is 1.26%. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

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Paradigm Value Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Air Courier Services		
72,000 Air Transport Services Group, Inc. *	\$ 1,626,480	2.64%
Aircraft Parts & Auxiliary Equipment, NEC		
10,000 Ducommun Incorporated *	330,900	0.54%
Cable & Other Pay Television Services		
33,700 TiVo Solutions Inc.	453,265	0.73%
Communications Equipment, NEC		
20,000 Vocera Communications, Inc. *	597,800	0.97%
Computer Communications Equipment		
110,300 A10 Networks, Inc. *	687,169	
90,000 Extreme Networks, Inc. *	716,400	
	1,403,569	2.28%
Construction - Special Trade Contractors		
76,800 Matrix Service Co. *	1,409,280	2.28%
Electrical Work		
18,500 EMCOR Group Inc.	1,409,330	2.28%
Electronic Computers		
10,000 Omnicell, Inc. *	524,500	0.85%
Glass Products, Made of Purchased Glass		
15,000 Apogee Enterprises, Inc.	722,550	1.17%
Guided Missiles & Space Vehicles & Parts		
30,000 Kratos Defense & Security Solutions, Inc. *	345,300	0.56%
Heavy Construction Other Than Building Construction - Contractors		
23,000 Granite Construction Incorporated	1,280,180	2.08%
Industrial Organic Chemicals		
20,400 Sensient Technologies Corporation	1,459,620	2.37%
Laboratory Analytical Instruments		
19,900 PerkinElmer Inc.	1,457,277	2.36%
Millwood, Veneer, Plywood, & Structural Wood Members		
5,000 American Woodmark Corporation *	457,750	0.74%
Miscellaneous Electrical Machinery, Equipment & Supplies		
31,200 Electro Scientific Industries, Inc. *	492,024	0.80%
Motor Vehicle Parts & Accessories		
24,500 Modine Manufacturing Company *	447,125	
51,000 Tower International, Inc.	1,621,800	
	2,068,925	3.35%
National Commercial Banks		
38,700 First Merchants Corporation	1,795,680	
18,936 National Bank Holdings Corporation - Class A	730,740	
	2,526,420	4.10%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
140,000 RTI Surgical, Inc. *	644,000	1.04%
Printed Circuit Boards		
15,000 Jabil Circuit, Inc.	414,900	0.67%
Retail - Apparel & Accessory Stores		
20,000 Citi Trends, Inc.	548,800	
85,400 Express Inc. *	781,410	
33,400 Tailored Brands, Inc.	852,368	
	2,182,578	3.54%
Retail - Catalog & Mail-Order Houses		
10,000 Insight Enterprises, Inc. *	489,300	0.79%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Retail - Family Clothing Stores		
72,800 American Eagle Outfitters, Inc.	\$ 1,692,600	2.74%
Retail - Miscellaneous Shopping Goods Stores		
50,000 Barnes & Noble, Inc.	317,500	0.51%
Retail - Retail Stores, NEC		
10,100 IAC/InterActiveCorp. *	1,540,149	2.50%
Retail - Shoe Stores		
24,300 Foot Locker, Inc.	1,279,395	2.07%
Retail - Women's Clothing Stores		
4,200 New York & Company, Inc. *	21,504	0.03%
Savings Institution, Federally Chartered		
40,300 LegacyTexas Financial Group, Inc.	1,572,506	2.55%
Semiconductors & Related Devices		
3,488 Cavium, Inc. *	301,712	
50,300 EMCORE Corporation *	254,015	
40,000 FormFactor, Inc. *	532,000	
20,000 Ichor Holdings, Ltd. *	424,400	
58,800 Kulicke & Soffa Industries Inc. * (Singapore)	1,400,616	
20,000 MaxLinear, Inc. - Class A *	311,800	
60,000 Oclaro, Inc. *	535,800	
20,400 Qorvo, Inc. *	1,635,468	
	5,395,811	8.76%
Services - Business Services, NEC		
30,200 Tabula Rasa HealthCare, Inc. *	1,927,666	3.13%
Services - Computer Integrated Systems Design		
54,100 Convergys Corp.	1,322,204	
19,800 Ribbon Communications Inc. *	140,976	
	1,463,180	2.37%
Services - Help Supply Services		
51,400 Kforce Inc.	1,763,020	2.86%
Services - Home Health Care Services		
25,200 Addus HomeCare Corporation *	1,442,700	2.34%
Services - Hospitals		
15,300 Magellan Health Services Inc. *	1,468,035	
20,150 MEDNAX, Inc. *	872,092	
	2,340,127	3.79%
Services - Management Services		
140,000 R1 RCM Inc. *	1,215,200	1.97%
Services - Skilled Nursing Care Facilities		
10,000 The Ensign Group, Inc.	358,200	0.58%
Special Industry Machinery, NEC		
48,000 Brooks Automation, Inc.	1,565,760	2.54%
State Commercial Banks		
27,000 Banner Corporation	1,623,510	
30,000 Renasant Corporation	1,365,600	
	2,989,110	4.85%
Telegraph & Other Message Communications		
18,100 j2 Global, Inc.	1,567,641	2.54%
Telephone & Telegraph Apparatus		
10,000 Fabrinet (Thailand) *	368,900	0.60%
Transportation Services		
15,400 GATX Corp.	1,143,142	1.85%
Wholesale - Computers & Peripheral Equipment & Software		
7,000 SYNnex Corporation	675,570	1.10%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Wholesale - Lumber & Other Construction Materials		
20,000 Foundation Building Materials, Inc. *	\$ 307,600	
60,000 Huttig Building Products, Inc. *	285,000	
	<u>592,600</u>	0.96%
Women's, Misses', and Juniors Outerwear		
30,000 J.Jill, Inc. *	280,200	0.45%
Wood Household Furniture, (No Upholstered)		
18,000 Ethan Allen Interiors Inc.	441,000	0.72%
Total for Common Stocks (Cost \$29,405,733)	<u>54,249,429</u>	87.95%
REAL ESTATE INVESTMENT TRUSTS		
58,000 Blackstone Mortgage Trust, Inc. - Class A	1,822,940	
37,309 Gramercy Property Trust Inc.	1,019,282	
14,750 Mid-America Apartment Communities Inc.	1,484,883	
Total for Real Estate Investment Trusts (Cost \$2,788,810)	<u>4,327,105</u>	7.02%
MONEY MARKET FUNDS		
3,077,135 SEI Daily Income Trust Government Fund CL F 1.64% **	3,077,135	4.99%
(Cost \$3,077,135)		
Total Investment Securities	61,653,669	99.96%
(Cost \$35,271,678)		
Other Assets in Excess of Liabilities	24,128	0.04%
Net Assets	<u>\$ 61,677,797</u>	<u>100.00%</u>

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2018.

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

Paradigm Select Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft & Parts		
7,800 Triumph Group, Inc.	\$ 152,880	0.58%
Cable & Other Pay Television Services		
33,600 TiVo Solutions Inc.	451,920	1.72%
Chemical & Allied Products		
1,775 Innospec Inc.	135,876	
4,725 Olin Corp.	135,702	
	271,578	1.03%
Construction - Special Trade Contractors		
26,100 Matrix Service Co. *	478,935	1.82%
Electrical Work		
5,700 EMCOR Group Inc.	434,226	1.65%
Electromedical & Electrotherapeutic Apparatus		
11,500 Masimo Corporation *	1,122,975	4.28%
Fire, Marine & Casualty Insurance		
2,850 American Financial Group Inc.	305,890	
4,350 Aspen Insurance Holdings Limited (Bermuda)	177,045	
	482,935	1.84%
Footwear (No Rubber)		
12,000 Caleres, Inc.	412,680	1.57%
General Industrial Machinery & Equipment		
11,500 Rexnord Corporation *	334,190	1.27%
Industrial Instruments For Measurement, Display, and Control		
4,700 MKS Instruments, Inc.	449,790	1.71%
Industrial Organic Chemicals		
5,600 Sensient Technologies Corporation	400,680	
3,850 Westlake Chemical Corp.	414,376	
	815,056	3.10%
Instruments For Measurement & Testing of Electricity & Electric Signals		
18,675 Teradyne, Inc.	710,957	2.70%
Laboratory Analytical Instruments		
9,600 PerkinElmer Inc.	703,008	2.67%
Millwood, Veneer, Plywood, & Structural Wood Members		
4,000 American Woodmark Corporation *	366,200	1.39%
Miscellaneous Manufacturing Industries		
6,200 Hillenbrand, Inc.	292,330	1.11%
Plastics Products		
12,000 Entegris, Inc.	406,800	1.55%
Printed Circuit Boards		
20,300 Jabil Circuit, Inc.	561,498	
16,000 TTM Technologies, Inc. *	282,080	
	843,578	3.21%
Radio & TV Broadcasting & Communications Equipment		
40,000 Mitel Networks Corporation * (Canada)	438,800	1.67%
Retail - Apparel & Accessory Stores		
17,300 Express Inc. *	158,295	
8,950 Tailored Brands, Inc.	228,404	
	386,699	1.47%
Retail - Catalog & Mail-Order Houses		
9,000 Insight Enterprises, Inc. *	440,370	1.67%
Retail - Eating & Drinking Places		
6,700 Cannae Holdings, Inc. *	124,285	0.47%

* Non-Income Producing Securities.

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

Paradigm Select Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Retail - Family Clothing Stores		
22,900 American Eagle Outfitters, Inc.	\$ 532,425	2.02%
Retail - Lumber & Other Building Materials Dealers		
33,600 BMC Stock Holdings, Inc. *	700,560	2.66%
Retail - Radio, TV & Consumer Electronics Stores		
12,400 Best Buy Co., Inc.	924,792	3.52%
Retail - Retail Stores, NEC		
7,000 IAC/InterActiveCorp. *	1,067,430	4.06%
Retail - Shoe Stores		
10,500 Foot Locker, Inc.	552,825	2.10%
Savings Institution, Federally Chartered		
7,800 Capitol Federal Financial, Inc.	102,648	0.39%
Search, Detection, Navigation, Guidance, Aeronautical Systems		
6,400 Garmin Ltd. (Switzerland)	390,400	1.48%
Semiconductors & Related Devices		
10,000 Ichor Holdings, Ltd. *	212,200	
19,900 Kulicke & Soffa Industries Inc. * (Singapore)	474,018	
24,725 Marvell Technology Group Ltd. (Bermuda)	530,104	
8,500 MaxLinear, Inc. - Class A *	132,515	
11,360 Oclaro, Inc. *	101,445	
10,800 Qorvo, Inc. *	865,836	
5,500 Skyworks Solutions, Inc.	531,575	
	2,847,693	10.84%
Services - Computer Integrated Systems Design		
22,000 Allscripts Healthcare Solutions, Inc. *	264,000	
19,800 Convergys Corp.	483,912	
	747,912	2.84%
Services - Help Supply Services		
16,325 Kelly Services, Inc. - Class A	366,496	
9,750 Kforce Inc.	334,425	
	700,921	2.67%
Services - Hospitals		
8,800 Magellan Health Services Inc. *	844,360	
7,800 MEDNAX, Inc. *	337,584	
	1,181,944	4.50%
Services - Prepackaged Software		
1,809 Black Knight, Inc. *	96,872	0.37%
Steel Pipe & Tubes		
11,550 Allegheny Technologies Incorporated *	290,136	1.10%
Steel Works, Blast Furnaces & Rolling Mills (Coke Ovens)		
4,200 Carpenter Technology Corporation	220,794	0.84%
Surgical & Medical Instruments & Apparatus		
17,700 Globus Medical, Inc. - Class A *	893,142	
5,000 NuVasive, Inc. *	260,600	
	1,153,742	4.39%
Telegraph & Other Message Communications		
7,300 j2 Global, Inc.	632,253	2.40%
Telephone & Telegraph Apparatus		
12,000 Fabrinet * (Thailand)	442,680	1.68%
Title Insurance		
5,900 Fidelity National Financial, Inc.	221,958	0.84%
Wholesale - Computers & Peripheral Equipment & Software		
6,000 SYNnex Corporation	579,060	2.21%

* Non-Income Producing Securities.

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

Paradigm Select Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Wholesale - Electrical Apparatus & Equipment, Wiring Supplies		
4,300 EnerSys	\$ 320,952	1.22%
Wholesale - Lumber & Other Construction Materials		
8,400 Boise Cascade Company	375,480	1.43%
Wood Household Furniture, (No Upholstered)		
10,000 Ethan Allen Interiors Inc.	245,000	0.93%
Total for Common Stocks (Cost \$18,459,282)	24,448,669	92.97%
REAL ESTATE INVESTMENT TRUSTS		
5,800 Mid-America Apartment Communities Inc.	583,886	2.22%
Total for Real Estate Investment Trusts (Cost \$490,137)		
MONEY MARKET FUNDS		
1,273,970 SEI Daily Income Trust Government Fund CL F 1.64% **	1,273,970	4.84%
(Cost \$1,273,970)		
Total Investment Securities	26,306,525	100.03%
(Cost \$20,223,389)		
Liabilities in Excess of Other Assets	(8,576)	-0.03%
Net Assets	\$ 26,297,949	100.00%

** The Yield Rate shown represents the 7-day yield at June 30, 2018.

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

Paradigm Opportunity Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Cable & Other Pay Television Services		
13,300 TiVo Solutions Inc.	\$ 178,885	1.89%
Communications Equipment, NEC		
1,600 Lumentum Holdings Inc. *	92,640	0.98%
Computer Communications Equipment		
26,200 A10 Networks, Inc. *	163,226	1.73%
Construction - Special Trade Contractors		
12,500 Matrix Service Co. *	229,375	2.43%
Electrical Work		
3,200 EMCOR Group Inc.	243,776	2.58%
Industrial Instruments For Measurement, Display, and Control		
1,100 MKS Instruments, Inc.	105,270	1.12%
Industrial Organic Chemicals		
3,150 Sensient Technologies Corporation	225,383	2.39%
Instruments For Measurement & Testing of Electricity & Electric Signals		
7,075 Teradyne, Inc.	269,345	2.85%
Laboratory Analytical Instruments		
3,400 PerkinElmer Inc.	248,982	2.64%
Miscellaneous Manufacturing Industries		
4,400 Hillenbrand, Inc.	207,460	2.20%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
2,100 Avanos Medical, Inc. *	120,225	1.27%
Retail - Apparel & Accessory Stores		
11,875 Express Inc. *	108,656	
4,900 Tailored Brands, Inc.	125,048	
	233,704	2.48%
Retail - Department Stores		
2,500 Dillard's, Inc. - Class A	236,250	2.50%
Retail - Family Clothing Stores		
13,300 American Eagle Outfitters, Inc.	309,225	3.28%
Retail - Lumber & Other Building Materials Dealers		
14,900 BMC Stock Holdings, Inc. *	310,665	3.29%
Retail - Retail Stores, NEC		
2,500 IAC/InterActiveCorp. *	381,225	4.04%
Retail - Shoe Stores		
3,500 DSW Inc. - Class A	90,370	
5,400 Foot Locker, Inc.	284,310	
	374,680	3.97%
Semiconductors & Related Devices		
13,100 Kulicke & Soffa Industries Inc. * (Singapore)	312,042	
4,900 Qorvo, Inc. *	392,833	
3,300 Skyworks Solutions, Inc.	318,945	
	1,023,820	10.84%
Services - Business Services, NEC		
7,300 Tabula Rasa HealthCare, Inc. *	465,959	4.93%
Services - Computer Integrated Systems Design		
7,800 Allscripts Healthcare Solutions, Inc. *	93,600	
9,900 Convergys Corp.	241,956	
	335,556	3.55%
Services - Help Supply Services		
8,600 Kelly Services, Inc. - Class A	193,070	2.05%
Services - Home Health Care Services		
4,700 Addus HomeCare Corporation *	269,075	2.85%

* Non-Income Producing Securities.

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

Paradigm Opportunity Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Services - Hospitals		
3,800 Magellan Health Services Inc. *	\$ 364,610	
2,800 MEDNAX, Inc. *	121,184	
	<u>485,794</u>	5.14%
Services - Prepackaged Software		
5,900 Progress Software Corporation	229,038	2.43%
Special Industry Machinery (No Metalworking Machinery)		
3,100 Kadant Inc.	298,065	3.16%
Special Industry Machinery, NEC		
13,700 Brooks Automation, Inc.	446,894	4.73%
Surgical & Medical Instruments & Apparatus		
10,400 AtriCure, Inc. *	281,320	
14,900 GenMark Diagnostics, Inc. *	95,062	
4,500 OrthoPediatrics Corp. *	119,880	
	<u>496,262</u>	5.26%
Telegraph & Other Message Communications		
4,100 j2 Global, Inc.	355,101	3.76%
Total for Common Stocks (Cost \$4,825,505)	<u>8,528,950</u>	90.34%
REAL ESTATE INVESTMENT TRUSTS		
3,700 Mid-America Apartment Communities Inc.	372,479	3.95%
Total for Real Estate Investment Trusts (Cost \$200,380)		
MONEY MARKET FUNDS		
932,515 SEI Daily Income Trust Government Fund CL F 1.64% **	932,515	9.88%
(Cost \$932,515)		
Total Investment Securities	9,833,944	104.17%
(Cost \$5,958,400)		
Liabilities in Excess of Other Assets	<u>(393,775)</u>	-4.17%
Net Assets	<u>\$ 9,440,169</u>	<u>100.00%</u>

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2018.

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

Paradigm Micro-Cap Fund

Schedule of Investments June 30, 2018 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft Parts & Auxiliary Equipment, NEC		
40,000 Ducommun Incorporated *	\$ 1,323,600	2.28%
Communications Equipment, NEC		
80,000 Vocera Communications, Inc. *	2,391,200	4.12%
Computer Communications Equipment		
310,000 Black Box Corporation *	627,750	
260,000 Extreme Networks, Inc. *	2,069,600	
	2,697,350	4.64%
Computer Peripheral Equipment, NEC		
140,000 Mitek Systems, Inc. *	1,246,000	2.14%
Electronic Computers		
32,000 Omnicell, Inc. *	1,678,400	2.89%
Engines & Turbines		
240,000 Westport Fuel Systems Inc. *	607,200	1.05%
Footwear (No Rubber)		
50,000 Caleres, Inc.	1,719,500	2.96%
Guided Missiles & Space Vehicles & Parts		
120,000 Kratos Defense & Security Solutions, Inc. *	1,381,200	2.38%
Household Furniture		
30,000 Hooker Furniture Corporation	1,407,000	2.42%
Instruments For Measurement & Testing of Electricity & Electric Signals		
150,000 Xcerra Corporation *	2,095,500	3.61%
Millwood, Veneer, Plywood, & Structural Wood Members		
25,000 American Woodmark Corporation *	2,288,750	3.94%
Motor Vehicle Parts & Accessories		
100,000 Modine Manufacturing Company *	1,825,000	3.14%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
397,547 RTI Surgical, Inc. *	1,828,716	3.15%
Printed Circuit Boards		
80,000 TTM Technologies, Inc. *	1,410,400	2.43%
Radio & TV Broadcasting & Communications Equipment		
100,000 Mitel Networks Corporation * (Canada)	1,097,000	1.89%
Retail - Apparel & Accessory Stores		
60,000 Citi Trends, Inc.	1,646,400	
80,000 Francesca's Holdings Corporation *	604,000	
153,700 Tilly's, Inc. - Class A *	2,328,555	
	4,578,955	7.88%
Retail - Catalog & Mail-Order Houses		
40,000 Insight Enterprises, Inc. *	1,957,200	3.37%
Retail - Family Clothing Stores		
200,000 Stage Stores, Inc.	482,000	0.83%
Retail - Women's Clothing Stores		
400,000 New York & Company, Inc. *	2,048,000	3.53%
Semiconductors & Related Devices		
180,000 FormFactor, Inc. *	2,394,000	
80,000 Ichor Holdings, Ltd. *	1,697,600	
170,000 Oclaro, Inc. *	1,518,100	
120,000 Ultra Clean Holdings, Inc. *	1,992,000	
	7,601,700	13.08%
Services - Computer Integrated Systems Design		
220,000 Aerohive Networks, Inc. *	873,400	
200,000 Allscripts Healthcare Solutions, Inc. *	2,400,000	
160,000 Ribbon Communications Inc. *	1,139,200	
	4,412,600	7.60%

* Non-Income Producing Securities.

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

Paradigm Micro-Cap Fund

		Schedule of Investments	
		June 30, 2018 (Unaudited)	
Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Services - Management Services			
300,000	R1 RCM Inc. *	\$ 2,604,000	4.48%
Special Industry Machinery, NEC			
10,000	Axcelis Technologies, Inc. *	198,000	0.34%
Special Industry Machinery (No Metalworking Machinery)			
10,800	Kadant Inc.	1,038,420	1.79%
Surgical & Medical Instruments & Apparatus			
30,000	SeaSpine Holdings Corporation *	378,600	
20,000	Sensus Healthcare, Inc. *	145,200	
		523,800	0.90%
Wholesale - Computers & Peripheral Equipment & Software			
40,000	ScanSource, Inc. *	1,612,000	
17,249	Wayside Technology Group, Inc.	242,348	
		1,854,348	3.19%
Wholesale - Lumber & Other Construction Materials			
79,600	Foundation Building Materials, Inc. *	1,224,248	
164,569	Huttig Building Products, Inc. *	781,703	
		2,005,951	3.45%
Women's, Misses', and Juniors Outerwear			
40,000	J.Jill, Inc. *	373,600	0.64%
Wood Household Furniture, (No Upholstered)			
20,000	Ethan Allen Interiors Inc.	490,000	0.84%
Total for Common Stocks (Cost \$42,687,520)		55,165,390	94.96%
CONTINGENT VALUE RIGHTS			
50,000	Synergetics USA, Inc. * + (Cost \$0)	-	0.00%
MONEY MARKET FUNDS			
2,510,949	SEI Daily Income Trust Government Fund CL F 1.64% ** (Cost \$2,510,949)	2,510,949	4.32%
Total Investment Securities (Cost \$45,198,469)		57,676,339	99.28%
Other Assets in Excess of Liabilities		416,163	0.72%
Net Assets		\$ 58,092,502	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2018.

+ Under the terms of the Contingent Value Rights ("CVR"), the holder has the right to receive cash payments of between \$0.50 and \$1.00 if Synergetics' ophthalmology business achieves certain revenue performance milestones.

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

Paradigm Funds

Statements of Assets and Liabilities (Unaudited) June 30, 2018

	Value Fund	Select Fund
Assets:		
Investment Securities at Fair Value*	\$ 61,653,669	\$ 26,306,525
Cash	-	3,392
Receivable for Fund Shares Sold	14,243	-
Receivable for Securities Sold	71,834	-
Dividends Receivable	84,433	13,616
Total Assets	<u>61,824,179</u>	<u>26,323,533</u>
Liabilities:		
Payable for Fund Shares Redeemed	6,405	-
Payable for Securities Purchased	62,253	-
Payable to Advisor	77,724	25,584
Total Liabilities	<u>146,382</u>	<u>25,584</u>
Net Assets	<u>\$ 61,677,797</u>	<u>\$ 26,297,949</u>
Net Assets Consist of:		
Paid In Capital	\$ 30,708,128	\$ 19,449,662
Accumulated Net Investment Loss	(41,299)	(12,475)
Accumulated Undistributed Realized Gain on Investments - Net	4,628,977	777,626
Unrealized Appreciation in Value of Investment Securities - Net	26,381,991	6,083,136
Net Assets	<u>\$ 61,677,797</u>	<u>\$ 26,297,949</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 54.06</u>	<u>\$ 39.29</u>
* Investments at Identified Cost	<u>\$ 35,271,678</u>	<u>\$ 20,223,389</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>1,140,896</u>	<u>669,275</u>

Statements of Operations (Unaudited) For the six month period ended June 30, 2018

Investment Income:		
Dividends	\$ 405,746	\$ 136,963
Total Investment Income	405,746	136,963
Expenses:		
Investment Advisor Fees	447,045	194,911
Total Expenses	447,045	194,911
Less: Expenses Waived	-	(45,473)
Net Expenses	<u>447,045</u>	<u>149,438</u>
Net Investment Loss	<u>(41,299)</u>	<u>(12,475)</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	4,631,920	805,010
Net Change in Net Unrealized Appreciation on Investments	1,343,622	457,397
Net Realized and Unrealized Gain on Investments	<u>5,975,542</u>	<u>1,262,407</u>
Net Increase in Net Assets from Operations	<u>\$ 5,934,243</u>	<u>\$ 1,249,932</u>

Paradigm Funds

Statements of Assets and Liabilities (Unaudited) June 30, 2018	Opportunity Fund	Micro-Cap Fund
Assets:		
Investment Securities at Fair Value*	\$ 9,833,944	\$ 57,676,339
Receivable for Fund Shares Sold	15,012	35,054
Receivable for Securities Sold	51,175	723,759
Dividends Receivable	4,746	6,607
Total Assets	<u>9,904,877</u>	<u>58,441,759</u>
Liabilities:		
Payable for Securities Purchased	455,169	289,224
Payable to Advisor	9,539	60,033
Total Liabilities	<u>464,708</u>	<u>349,257</u>
Net Assets	<u>\$ 9,440,169</u>	<u>\$ 58,092,502</u>
Net Assets Consist of:		
Paid In Capital	\$ 4,931,454	\$ 39,735,140
Accumulated Net Investment Loss	(5,921)	(82,072)
Accumulated Undistributed Realized Gain on Investments - Net	639,092	5,961,564
Unrealized Appreciation in Value of Investment Securities - Net	3,875,544	12,477,870
Net Assets	<u>\$ 9,440,169</u>	<u>\$ 58,092,502</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 45.53</u>	<u>\$ 36.92</u>
* Investments at Identified Cost	<u>\$ 5,958,400</u>	<u>\$ 45,198,469</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>207,344</u>	<u>1,573,343</u>
Statements of Operations (Unaudited)		
For the six month period ended June 30, 2018		
Investment Income:		
Dividends	\$ 45,952	\$ 242,619
Total Investment Income	45,952	242,619
Expenses:		
Investment Advisor Fees	62,243	324,691
Total Expenses	62,243	324,691
Less: Expenses Waived	(10,370)	-
Net Expenses	<u>51,873</u>	<u>324,691</u>
Net Investment Loss	<u>(5,921)</u>	<u>(82,072)</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	660,325	6,127,749
Net Change in Net Unrealized Appreciation on Investments	327,832	798,928
Net Realized and Unrealized Gain on Investments	<u>988,157</u>	<u>6,926,677</u>
Net Increase in Net Assets from Operations	<u>\$ 982,236</u>	<u>\$ 6,844,605</u>

Paradigm Funds

Statements of Changes in Net Assets

	Value Fund		Select Fund	
	(Unaudited)		(Unaudited)	
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017
From Operations:				
Net Investment Loss	\$ (41,299)	\$ (91,298)	\$ (12,475)	\$ (31,071)
Net Realized Gain on Investments	4,631,920	7,234,920	805,010	996,627
Net Change in Unrealized Appreciation on Investments	1,343,622	788,997	457,397	2,597,991
Net Increase in Net Assets from Operations	5,934,243	7,932,619	1,249,932	3,563,547
From Distributions to Shareholders:				
Net Investment Income	-	-	-	-
Net Realized Gain on Investment Transactions	-	(6,505,753)	-	(946,144)
Total Distributions to Shareholders	-	(6,505,753)	-	(946,144)
From Capital Share Transactions:				
Proceeds From Sale of Shares	1,289,113	2,344,188	162,796	5,880,698
Proceeds from Redemption Fees (Note 2)	1,112	15,648	-	24,685
Shares Issued on Reinvestment of Dividends	-	6,211,305	-	934,694
Cost of Shares Redeemed	(4,720,034)	(12,920,673)	(376,286)	(7,065,050)
Net Decrease from Shareholder Activity	(3,429,809)	(4,349,532)	(213,490)	(224,973)
Net Increase (Decrease) in Net Assets	2,504,434	(2,922,666)	1,036,442	2,392,430
Net Assets at Beginning of Period	59,173,363	62,096,029	25,261,507	22,869,077
Net Assets at End of Period	\$61,677,797	\$59,173,363	\$26,297,949	\$25,261,507
Accumulated Net Investment Loss	\$ (41,299)	\$ -	\$ (12,475)	\$ -
Share Transactions:				
Issued	24,447	46,479	4,134	167,749
Reinvested	-	125,760	-	24,839
Redeemed	(92,199)	(254,520)	(9,652)	(200,746)
Net Decrease in Shares	(67,752)	(82,281)	(5,518)	(8,158)
Shares Outstanding Beginning of Period	1,208,648	1,290,929	674,793	682,951
Shares Outstanding End of Period	1,140,896	1,208,648	669,275	674,793

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

Paradigm Funds

Statements of Changes in Net Assets

	Opportunity Fund		Micro-Cap Fund	
	(Unaudited)		(Unaudited)	
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017
From Operations:				
Net Investment Loss	\$ (5,921)	\$ (2,243)	\$ (82,072)	\$ (437,969)
Net Realized Gain on Investments	660,325	237,640	6,127,749	3,447,873
Net Change in Unrealized Appreciation on Investments	327,832	801,886	798,928	3,130,584
Net Increase in Net Assets from Operations	982,236	1,037,283	6,844,605	6,140,488
From Distributions to Shareholders:				
Net Investment Income	-	-	-	-
Net Realized Gain on Investment Transactions	-	(70,402)	-	(3,176,931)
Total Distributions to Shareholders	-	(70,402)	-	(3,176,931)
From Capital Share Transactions:				
Proceeds From Sale of Shares	876,064	667,051	2,738,786	11,699,509
Proceeds from Redemption Fees (Note 2)	-	-	-	3,202
Shares Issued on Reinvestment of Dividends	-	70,402	-	3,138,877
Cost of Shares Redeemed	(207,217)	(613,978)	(914,757)	(20,051,176)
Net Increase (Decrease) from Shareholder Activity	668,847	123,475	1,824,029	(5,209,588)
Net Increase (Decrease) in Net Assets	1,651,083	1,090,356	8,668,634	(2,246,031)
Net Assets at Beginning of Period	7,789,086	6,698,730	49,423,868	51,669,899
Net Assets at End of Period	\$ 9,440,169	\$ 7,789,086	\$58,092,502	\$49,423,868
Accumulated Net Investment Loss	\$ (5,921)	\$ -	\$ (82,072)	\$ -
Share Transactions:				
Issued	19,850	18,158	75,215	356,499
Reinvested	-	1,729	-	96,108
Redeemed	(4,938)	(15,192)	(27,392)	(655,825)
Net Increase (Decrease) in Shares	14,912	4,695	47,823	(203,218)
Shares Outstanding Beginning of Period	192,432	187,737	1,525,520	1,728,738
Shares Outstanding End of Period	207,344	192,432	1,573,343	1,525,520

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

Paradigm Value Fund

Financial Highlights - Paradigm Value Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013
Net Asset Value - Beginning of Period	\$ 48.96	\$ 48.10	\$ 43.02	\$ 48.33	\$ 56.37	\$ 56.47
Net Investment Loss (a)	(0.04)	(0.08)	(0.02)	(0.02)	(0.05)	(0.19)
Net Gain on Investments (Realized and Unrealized)	5.14	6.89	7.46	0.74	1.50	12.45
Total from Investment Operations	5.10	6.81	7.44	0.72	1.45	12.26
Distributions (From Net Investment Income)	-	-	-	-	-	-
Distributions (From Capital Gains)	-	(5.96)	(2.36)	(6.03)	(9.49)	(12.37)
Total Distributions	-	(5.96)	(2.36)	(6.03)	(9.49)	(12.37)
Proceeds from Redemption Fee (Note 2)	-	+ 0.01	-	+ -	-	+ 0.01
Net Asset Value - End of Period	\$ 54.06	\$ 48.96	\$ 48.10	\$ 43.02	\$ 48.33	\$ 56.37
Total Return (b)	10.42% *	14.06%	17.29%	1.35%	2.44%	21.82%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 61,678	\$ 59,173	\$ 62,096	\$ 66,931	\$ 96,162	\$ 133,113
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.50% **	1.66%	2.00%	2.00%	1.97%	1.91%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.50% **	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of Net Investment Loss to Average Net Assets (c)	(0.14)% **	(0.15)%	(0.06)%	(0.05)%	(0.09)%	(0.31)%
Portfolio Turnover Rate	9.77% *	24.12%	12.68%	14.35%	31.47%	48.01%

Paradigm Select Fund

Financial Highlights - Paradigm Select Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013
Net Asset Value - Beginning of Period	\$ 37.44	\$ 33.49	\$ 29.09	\$ 32.20	\$ 37.05	\$ 32.50
Net Investment Income (Loss) (a)	(0.02)	(0.05)	(0.04)	0.07	-	+ 0.06
Net Gain (Loss) on Investments (Realized and Unrealized)	1.87	5.42	4.69	(0.45)	2.98	9.29
Total from Investment Operations	1.85	5.37	4.65	(0.38)	2.98	9.35
Distributions (From Net Investment Income)	-	-	(0.01)	(0.05)	-	(0.05)
Distributions (From Capital Gains)	-	(1.46)	(0.24)	(2.68)	(7.83)	(4.75)
Total Distributions	-	(1.46)	(0.25)	(2.73)	(7.83)	(4.80)
Proceeds from Redemption Fee (Note 2)	-	+ 0.04	-	+ -	-	+ -
Net Asset Value - End of Period	\$ 39.29	\$ 37.44	\$ 33.49	\$ 29.09	\$ 32.20	\$ 37.05
Total Return (b)	4.94% *	16.12%	15.98%	(1.26)%	7.86%	28.83%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 26,298	\$ 25,262	\$ 22,869	\$ 5,399	\$ 6,537	\$ 8,181
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.50% **	1.50%	1.50%	1.50%	1.50%	1.50%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.15% **	1.15%	1.15%	1.15%	1.15%	1.15%
Ratio of Net Investment Income (Loss) to Average Net Assets (c)	(0.10)% **	(0.13)%	(0.14)%	0.21%	0.00% +	0.16%
Portfolio Turnover Rate	11.59% *	21.49%	31.47%	19.57%	36.25%	46.80%

* Not Annualized.

** Annualized.

(a) Per share amount calculated using the average shares method.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends. Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or redemption of Fund shares.

(c) Such percentages reflect an expense waiver by the Advisor. See Note 4.

+ Amount calculated is less than \$0.005/0.005%.

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

Paradigm Opportunity Fund

Financial Highlights - Paradigm Opportunity Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013
Net Asset Value - Beginning of Period	\$ 40.48	\$ 35.68	\$ 31.14	\$ 32.70	\$ 31.25	\$ 26.44
Net Investment Loss (a)	(0.03)	(0.01)	(0.02)	(0.06)	(0.05)	(0.08)
Net Gain (Loss) on Investments (Realized and Unrealized)	5.08	5.18	4.56	(1.50)	3.27	6.82
Total from Investment Operations	5.05	5.17	4.54	(1.56)	3.22	6.74
Distributions (From Net Investment Income)	-	-	-	-	-	-
Distributions (From Capital Gains)	-	(0.37)	-	-	(1.77)	(1.93)
Total Distributions	-	(0.37)	-	-	(1.77)	(1.93)
Proceeds from Redemption Fee (Note 2)	-	-	-	-	-	-
Net Asset Value - End of Period	\$ 45.53	\$ 40.48	\$ 35.68	\$ 31.14	\$ 32.70	\$ 31.25
Total Return (b)	12.48% *	14.48%	14.58%	(4.76)%	10.28%	25.54%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 9,440	\$ 7,789	\$ 6,699	\$ 6,019	\$ 6,694	\$ 6,036
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.50% **	1.65%	2.00%	2.00%	2.00%	2.00%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.25% **	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of Net Investment Loss to Average Net Assets (c)	(0.14)% **	(0.03)%	(0.08)%	(0.19)%	(0.15)%	(0.28)%
Portfolio Turnover Rate	12.20% *	14.29%	10.65%	16.21%	7.59%	44.00%

Paradigm Micro-Cap Fund

Financial Highlights - Paradigm Micro-Cap Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2018 to 6/30/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013
Net Asset Value - Beginning of Period	\$ 32.40	\$ 29.89	\$ 24.32	\$ 27.39	\$ 30.35	\$ 23.24
Net Investment Loss (a)	(0.05)	(0.31)	(0.18)	(0.11)	(0.17)	(0.06)
Net Gain (Loss) on Investments (Realized and Unrealized)	4.57	5.05	6.83	(2.64)	0.74	9.69
Total from Investment Operations	4.52	4.74	6.65	(2.75)	0.57	9.63
Distributions (From Net Investment Income)	-	-	-	-	-	-
Distributions (From Capital Gains)	-	(2.23)	(1.08)	(0.32)	(3.53)	(2.52)
Total Distributions	-	(2.23)	(1.08)	(0.32)	(3.53)	(2.52)
Proceeds from Redemption Fee (Note 2)	-	-	-	-	-	-
Net Asset Value - End of Period	\$ 36.92	\$ 32.40	\$ 29.89	\$ 24.32	\$ 27.39	\$ 30.35
Total Return (b)	13.95% *	15.79%	27.33%	(10.05)%	1.81%	41.41%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 58,093	\$ 49,424	\$ 51,670	\$ 42,395	\$ 26,100	\$ 27,210
Ratio of Expenses to Average Net Assets	1.25% **	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of Net Investment Loss to Average Net Assets	(0.32)% **	(0.96)%	(0.67)%	(0.41)%	(0.58)%	(0.21)%
Portfolio Turnover Rate	51.32% *	125.90%	88.88%	70.95%	101.19%	70.07%

* Not Annualized.

** Annualized.

(a) Per share amount calculated using the average shares method.

(b) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends. Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or redemption of Fund shares.

(c) Such percentages reflect an expense waiver by the Advisor. See Note 4.

+ Amount calculated is less than \$0.005.

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

NOTES TO FINANCIAL STATEMENTS
PARADIGM FUNDS
June 30, 2018
(UNAUDITED)

1.) ORGANIZATION

Paradigm Funds (the "Trust") is an open-end management investment company that was organized in Ohio as a business trust on September 13, 2002 that offers shares of beneficial interest in a number of separate series, each series representing a distinct fund with its own investment objectives and policies. The Paradigm Value Fund ("Value") commenced operations on January 1, 2003. Value's investment objective is long-term capital appreciation. The Paradigm Select Fund ("Select") and Paradigm Opportunity Fund ("Opportunity") both commenced operations on January 1, 2005 with long-term capital appreciation as their objective. The Paradigm Micro-Cap Fund ("Micro-Cap") commenced operations on January 1, 2008. Micro-Cap's investment objective is long-term capital appreciation. Under normal circumstances, Micro-Cap invests at least 80% of its net assets in the common stocks of U.S. micro-cap companies. Prior to December 27, 2011, the principal investment strategy of Micro-Cap was to invest primarily in the common stocks of small, mid or large capitalization companies that the Advisor (defined below) believed had the potential for capital appreciation. Value, Select, Opportunity and Micro-Cap are all diversified funds. The advisor to Value, Select, Opportunity and Micro-Cap (each a "Fund" and collectively the "Funds") is Paradigm Funds Advisor LLC (the "Advisor").

2.) SIGNIFICANT ACCOUNTING POLICIES

The Funds are investment companies 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*. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Funds follows the significant accounting policies described in this section.

SECURITY VALUATION: All investments in securities are recorded at their estimated fair value, as described in Note 3.

SECURITY TRANSACTIONS AND OTHER: Security transactions are recorded based on a trade date for financial statement reporting purposes. Dividend income is recognized on the ex-dividend date. Interest income, if any, is recognized on an accrual basis. The Funds use the highest cost basis which is a form of specific identification in computing gain or loss on sale of investment securities. Withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and rates. The Funds may invest in real estate investment trusts ("REITs") that pay distributions to their shareholders based on available funds from operations. It is common for these distributions to exceed the REITs' taxable earnings and profits resulting in the excess portion of such distribution to be designated as return of capital. Distributions received from REITs are generally recorded as dividend income and, if necessary, are reclassified annually in accordance with tax information provided by the underlying REITs.

The Funds may hold investments in master limited partnerships ("MLPs"). It is common for distributions from MLPs to exceed taxable earnings and profits resulting in the excess portion of such dividend to be designated as return of capital. Annually, income or loss from MLPs is reclassified upon receipt of the MLPs' tax reporting document. For financial reporting purpose management does not estimate the tax character of MLP distributions for which actual information has not been reported.

SHARE VALUATION: Each Fund's net asset value (the "NAV") is calculated as of the close of trading on the New York Stock Exchange (the "Exchange") (normally 4:00 p.m. Eastern time) every day the Exchange is open. The NAV for each Fund is calculated by taking the total value of the Fund's assets, subtracting its liabilities, and then dividing by the total number of shares outstanding, rounded to the nearest cent. The offering price and redemption price per share is equal to the net asset value per share, except that shares of each Fund are subject to a redemption fee of 2% if redeemed within 90 days of purchase. During the six month period ended June 30, 2018 proceeds from redemption fees were \$1,112, \$0, \$0 and \$0 for Value, Select, Opportunity and Micro-Cap, respectively.

INCOME TAXES: The Funds' policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all of their taxable income to shareholders. Therefore, no federal income tax provision is required. It is the Funds' policy to distribute annually, prior to the end of the calendar year, dividends sufficient to satisfy excise tax requirements of the

Notes to Financial Statements (Unaudited) - continued

Internal Revenue Code. This Internal Revenue Code requirement may cause an excess of distributions over the book year-end accumulated income. In addition, it is the Funds' policy to distribute annually, after the end of the fiscal year, any remaining net investment income and net realized capital gains.

The Funds recognize the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Funds' tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years. The Funds identify their major tax jurisdictions as U.S. Federal and New York State tax authorities; the Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statements of Operations. During the six month period ended June 30, 2018, the Funds did not incur any interest or penalties.

ESTIMATES: The financial statements are prepared in accordance with GAAP, which 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 the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

DISTRIBUTIONS TO SHAREHOLDERS: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The Funds may utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassification will have no effect on net assets, results of operations or net asset values per share of any Fund.

3.) SECURITIES VALUATIONS

The Funds utilize various methods to measure the fair value of their investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Funds' best information about the assumptions a market participant would use in valuing the assets or liabilities.

The availability of inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

FAIR VALUE MEASUREMENTS

A description of the valuation techniques applied to the Funds' major categories of assets measured at fair value on a recurring basis follows.

Equity securities (common stocks, real estate investment trusts and contingent value rights) Equity securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted

Notes to Financial Statements (Unaudited) - continued

sale price. Lacking a last sale price, a long security is valued at its last bid price except when, in the Advisor's opinion, the last bid price does not accurately reflect the fair value of the long security. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified in level 1 of the fair value hierarchy. When market quotations are not readily available, when the Advisor determines the last bid price does not accurately reflect the fair value or when restricted securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Trust's Board of Trustees (the "Trustees" or the "Board") and are categorized in level 2 or level 3, when appropriate.

Money market funds. Money market funds are valued at net asset value and are classified in level 1 of the fair value hierarchy.

In accordance with the Trust's good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. There is no single standard for determining fair value, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

The following tables summarize the inputs used to value each Fund's assets measured at fair value as of June 30, 2018:

Value:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$54,249,429	\$ -	\$ -	\$54,249,429
Real Estate Investment Trusts	4,327,105	-	-	4,327,105
Money Market Funds	<u>3,077,135</u>	-	-	<u>3,077,135</u>
Total	\$61,653,669	\$ -	\$ -	\$61,653,669

Select:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$24,448,669	\$ -	\$ -	\$24,448,669
Real Estate Investment Trusts	583,886	-	-	583,886
Money Market Funds	<u>1,273,970</u>	-	-	<u>1,273,970</u>
Total	\$26,306,525	\$ -	\$ -	\$26,306,525

Opportunity:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$8,528,950	\$ -	\$ -	\$8,528,950
Real Estate Investment Trusts	372,479	-	-	372,479
Money Market Funds	<u>932,515</u>	-	-	<u>932,515</u>
Total	\$9,833,944	\$ -	\$ -	\$9,833,944

Micro-Cap:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$55,165,390	\$ -	\$ -	\$55,165,390
Contingent Value Rights	-	-	-	-
Money Market Funds	<u>2,510,949</u>	-	-	<u>2,510,949</u>
Total	\$57,676,339	\$ -	\$ -	\$57,676,339

Refer to each Fund's Schedule of Investments for a listing of securities by industry. The Funds did not hold any level 3 assets during the six month period ended June 30, 2018. There were no transfers into or out of the levels during the six month period ended June 30, 2018. It is the Funds' policy to consider transfers into or out of the levels as of the end of the reporting period.

The Funds did not invest in derivative instruments during the six month period ended June 30, 2018.

Notes to Financial Statements (Unaudited) - continued

4.) INVESTMENT ADVISORY AGREEMENTS

The Trust, with respect to each of the Funds, has an investment advisory agreement (collectively the "Management Agreements") with the Advisor. Under the terms of the Management Agreements, the Advisor manages the investment portfolios of the Funds, subject to policies adopted by the Trustees. Under the Management Agreements, the Advisor, at its own expense and without reimbursement from the Trust, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing the assets of the Funds. The Advisor pays all operating expenses of the Funds with the exception of taxes, brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short) and such extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trustees and Trust officers with respect thereto. The Funds will also pay expenses that they are authorized to pay pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (none are currently authorized). The Advisor also pays the salaries and fees of all of its officers and employees that serve as officers and trustees of the Trust. For its services and payment of certain Fund expenses as described below, the Advisor receives an annual investment management fee of 1.50%, 1.50%, 1.50%, and 1.25% of the average daily net assets from Value, Select, Opportunity and Micro-Cap, respectively. Prior to May 1, 2017, Value paid the Advisor an annual investment management fee of 2.00% of the average daily net assets on assets up to and including \$100 million and 1.75% of the average daily net assets over \$100 million. Additionally, prior to May 1, 2017, Opportunity's management fee was 2.00% of the average daily net assets. As a result of the above calculations, for the six month period ended June 30, 2018, the Advisor earned management fees (before the waivers described below) totaling \$447,045, \$194,911, \$62,243 and \$324,691 for Value, Select, Opportunity, and Micro-Cap, respectively. At June 30, 2018, \$77,724, \$25,584, \$9,539 and \$60,033 was due to the Advisor from Value, Select, Opportunity and Micro-Cap, respectively. The Advisor has contractually agreed to waive management fees and/or reimburse Select and Opportunity to the extent necessary to maintain total annual operating expenses of the Funds (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and indirect costs of investing in acquired funds) at 1.15% and 1.25%, respectively, of daily net assets through April 30, 2019. The Advisor waived \$45,473 and \$10,370 for the six month period ended June 30, 2018 for Select and Opportunity, respectively, pursuant to their contractual agreements. There is no recapture provision to these waivers.

5.) RELATED PARTY TRANSACTIONS

Certain officers and shareholders of the Advisor are also officers and/or a Trustee of the Trust. These individuals may receive benefits from the Advisor resulting from management fees paid to the Advisor from the Funds.

The Trustees who are not interested persons of the Funds were each paid \$4,000, for a total of \$20,000, in Trustees fees for the six month period ended June 30, 2018 for the Trust. Under the Management Agreements, the Advisor pays these fees.

6.) INVESTMENTS

For the six month period ended June 30, 2018, purchases and sales of investment securities other than U.S. Government obligations and short-term investments were as follows:

	<u>Value</u>	<u>Select</u>	<u>Opportunity</u>	<u>Micro-Cap</u>
Purchases	\$5,542,959	\$2,834,248	\$1,330,137	\$27,477,377
Sales	\$10,503,820	\$3,008,091	\$961,994	\$25,710,923

There were no purchases or sales of U.S. Government obligations.

7.) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting shares of a fund creates a presumption of control of the fund, under section 2(a)(9) of the Investment Company Act of 1940, as amended. At June 30, 2018, National Financial Services, LLC, located at 200 Liberty Street, New York, New York, for the benefit of its customers, held, in aggregate, 36.70% of Value, and therefore also may be deemed to control Value. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 84.34%, of Select, and therefore may be deemed to control Select. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 86.30%, of Opportunity, and therefore may be deemed to control Opportunity. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 81.92% of Micro-Cap, and therefore may be deemed to control Micro-Cap.

8.) TAX MATTERS

For federal income tax purposes, at June 30, 2018 the cost of securities on a tax basis and the composition of gross unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) were as follows:

Notes to Financial Statements (Unaudited) - continued

	Value	Select	Opportunity	Micro-Cap
Cost of Investments	\$35,271,678	\$20,223,389	\$5,958,400	\$45,198,469
Gross Unrealized Appreciation	\$27,565,617	\$7,017,325	\$4,047,440	\$13,677,419
Gross Unrealized Depreciation	(\$1,183,626)	(\$934,189)	(\$171,896)	(\$1,199,549)
Net Unrealized Appreciation (Depreciation) on Investments	\$26,381,991	\$6,083,136	\$3,875,544	\$12,477,870

The tax character of distributions paid during the six month period ended June 30, 2018 and the fiscal year ended December 31, 2017 were as follows:

	Six Months Ended June 30, 2018	Fiscal Year Ended December 31, 2017
PARADIGM VALUE FUND		
Ordinary Income	\$ -	\$ 607,252
Long-term Capital Gain	-	5,898,501
	\$ -	\$ 6,505,753
PARADIGM SELECT FUND		
Ordinary Income	\$ -	\$ 684,217
Long-term Capital Gain	-	261,927
	\$ -	\$ 946,144
PARADIGM OPPORTUNITY FUND		
Ordinary Income	\$ -	\$ -
Long-term Capital Gain	-	70,402
	\$ -	\$ 70,402
PARADIGM MICRO-CAP FUND		
Ordinary Income	\$ -	\$ 107,926
Long-term Capital Gain	-	3,069,005
	\$ -	\$ 3,176,931

9.) SUBSEQUENT EVENTS

Subsequent events after the date of the Statements of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment to or disclosure in the financial statements.

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DISCLOSURE OF EXPENSES (Unaudited)

The ongoing costs to shareholders associated with the Paradigm Value Fund, Paradigm Select Fund, Paradigm Opportunity Fund and Paradigm Micro-Cap Fund consist solely of management fees. Although the Funds charge no sales loads or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Mutual Shareholder Services, LLC, the Funds' transfer agent. IRA accounts will be charged an \$8.00 annual maintenance fee. If shares are redeemed within 90 days of purchase from the Funds, the shares are subject to a 2% redemption fee. The following example is intended to help you understand your ongoing costs of investing in the Funds and to compare these costs with similar costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested in the Funds on January 1, 2018 and held through June 30, 2018.

The first line of each table below provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6) and then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period."

The second line of each table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses paid by a shareholder for the period. Shareholders may use this information to compare the ongoing costs of investing in the Funds and other funds. In order to do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in other funds' shareholder reports.

Please note that the expenses shown in each table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as the annual maintenance fee charged to IRA accounts, 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.

PARADIGM VALUE FUND

	Beginning Account Value <u>January 1, 2018</u>	Ending Account Value <u>June 30, 2018</u>	Expenses Paid During the Period* January 1, 2018 to June 30, 2018
Actual	\$1,000.00	\$1,104.17	\$7.83
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,017.36	\$7.50

* Expenses are equal to the Fund's annualized expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PARADIGM SELECT FUND

	Beginning Account Value <u>January 1, 2018</u>	Ending Account Value <u>June 30, 2018</u>	Expenses Paid During the Period* January 1, 2018 to June 30, 2018
Actual	\$1,000.00	\$1,049.41	\$5.84
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.09	\$5.76

* Expenses are equal to the Fund's annualized expense ratio of 1.15%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

Disclosure of Expenses (Unaudited) - continued

PARADIGM OPPORTUNITY FUND

	Beginning Account Value <u>January 1, 2018</u>	Ending Account Value <u>June 30, 2018</u>	Expenses Paid During the Period* January 1, 2018 to June 30, 2018
Actual	\$1,000.00	\$1,124.75	\$6.59
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.60	\$6.26

* Expenses are equal to the Fund's annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

PARADIGM MICRO-CAP FUND

	Beginning Account Value <u>January 1, 2018</u>	Ending Account Value <u>June 30, 2018</u>	Expenses Paid During the Period* January 1, 2018 to June 30, 2018
Actual	\$1,000.00	\$1,139.51	\$6.63
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.60	\$6.26

* Expenses are equal to the Fund's annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

ADDITIONAL INFORMATION

June 30, 2018

(Unaudited)

APPROVAL AND RENEWAL OF INVESTMENT ADVISORY AGREEMENTS

At a meeting of the Board of Trustees held on February 28, 2018 (the "Meeting") the Board of Trustees (the "Trustees" or the "Board") considered the continuance of the Management Agreements (the "Agreements" or "Management Agreements") with Paradigm Funds Advisor LLC (the "Advisor") for the Paradigm Value Fund ("Value Fund"), the Paradigm Select Fund ("Select Fund"), the Paradigm Opportunity Fund ("Opportunity Fund"), and the Paradigm Micro-Cap Fund ("Micro-Cap Fund") (each a "Fund", or collectively, the "Funds"). Legal counsel reviewed a memorandum provided by Thompson Hine LLP outlining the duties of mutual fund trustees with respect to the renewal of investment advisory contracts, and explained that, in consideration of the continuance of the management agreements, the Board should review information reasonably necessary to evaluate the terms of the contracts and determine whether each was fair to each Fund and its shareholders. Legal counsel also explained that the Advisor had provided information to the Trustees for evaluation of the continuance of the Agreements.

In renewing the Agreements, the Board of Trustees received materials from the Advisor (the "Report") addressing the following factors: (i) the investment performance of the Funds and the Advisor; (ii) the nature, extent and quality of the services provided by the Advisor to the Funds; (iii) the cost of the services to be provided and the profits to be realized by the Advisor and its affiliates from the relationship with the Funds; (iv) the extent to which economies of scale will be realized as the Funds grow; and (v) whether the fee levels reflect these economies of scale for the benefit of shareholders.

As to the performance of the Funds, the Report included information regarding the performance of each Fund compared to a group of funds of similar size, style and objective (the "Peer Group"). All performance data was through the period ended December 31, 2017. The Report also included comparative performance information for comparable major indexes, each Fund's Morningstar category average, and other accounts managed by the Advisor.

The Trustees discussed the outperformance and underperformance in relation to the Peer Group average, the Morningstar category average and the comparative index for certain periods for each Fund, as detailed in the Report. The Trustees discussed with representatives of the Advisor the factors underlying the performance of the Funds over various time periods. The Trustees noted that when considering the performance of the Funds, they took into account the importance of the Advisor's sector allocations. The Trustees stated that they are confident with the Advisor's investment management process. The Trustees noted the Advisor's explanations for the performance of the Funds and concluded, after careful review of the investment process and further discussion with the portfolio managers, that each Fund's performance was either consistent with performance expectations, or that the Advisor was taking appropriate steps to address performance matters where necessary. The Trustees indicated that they would continue to monitor performance on a going forward basis.

As to the nature, extent and quality of the services provided by the Advisor, the Trustees analyzed the Advisor's experience and capabilities. They discussed the information provided regarding operational matters such as the Advisor's research and investment personnel. They also discussed the portfolio managers' backgrounds and investment management experience. They reviewed the Advisor's financial information and discussed the firm's ability to meet its obligations under the Agreements. The Board concluded that the nature and extent of the services provided by the Advisor were consistent with the Board's expectations, and that the quality of services, particularly those provided by the portfolio managers, was acceptable. The Trustees also concluded that the Advisor has the resources to provide quality advisory services to the Funds.

As to the costs of the services provided, the Board reviewed the fees received by the Advisor under the Agreements compared to the applicable Peer Group and category average. The Trustees noted that each Fund pays a unitary management fee under which the Advisor provides advisory services and certain administrative and governance functions and pays Fund expenses. The unitary management fee is 1.50% of average daily net assets for the Paradigm Value Fund, Paradigm Opportunity Fund and Paradigm Select Fund, and 1.25% of average daily net assets for the Paradigm Micro-Cap Fund. As a result, in addition to reviewing the management fees, the Trustees agreed that comparison of each Fund's expense ratio to the expense ratios of comparable funds was most relevant to the Board deliberations. The Report noted that the Value Fund's audited expense ratio of 1.50% was found to be higher than the category average of 1.20% and its Peer Group's average expense ratio of 1.22% but within the range of its Peer Group. The Report indicated that the Select Fund's audited expense ratio of 1.15% was

Additional Information (Unaudited) - continued

lower than its Morningstar category average of 1.20% and its Peer Group's average expense ratio of 1.32%. The Report noted that the Opportunity Fund's audited expense ratio of 1.25% was higher than the category average of 1.20% and lower than its Peer Group's average expense ratio of 1.55%. The Report indicated that the Micro-Cap Fund's audited expense ratio of 1.25% was lower than its Peer Group's average expense ratio of 1.53% and higher than its Morningstar category average of 1.20%. The Trustees noted that, while the fees may be higher, in some cases, than the peer group averages and/or the Morningstar category averages in each case, they appeared reasonable when compared to the benchmarks' range of fees. The Board noted that while the Advisor does not manage any other accounts, Paradigm Capital Management, Inc., an affiliate of the Advisor, provides services to hedge funds for which it receives an annual fee of between 0.75% and 1.00% plus a performance fee; institutional accounts for which it receives fees ranging from 0.55% to 1.00%; and separately managed accounts for high net-worth clients for which it receives fees ranging from 0.20% to 1.50%. The Trustees concluded that the management fees paid with respect to the Funds were reasonable. The Board noted that the Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Select Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in acquired funds) at 1.15% of its average daily net assets through April 30, 2019, thereby benefiting shareholders. The Board further noted that the Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Opportunity Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in acquired funds) at 1.25% of its average daily net assets through April 30, 2019, thereby benefiting shareholders.

As for the profits realized by the Advisor, the Trustees reviewed a profit and loss analysis prepared by the Advisor that disclosed the direct and indirect expenses paid by the Advisor on behalf of each Fund, the total revenue derived by the Advisor from each Fund and the pre-tax operating margin of each Fund for the calendar year ended December 31, 2017. The Trustees also reviewed a broad industry analysis of mutual fund profitability prepared by an independent third party, which showed the operating margins realized by the Advisor were well within the range reported in the analysis. The Trustees concluded that the Advisor was not excessively profitable from its relationship with any of the Funds.

As for economies of scale, the Trustees discussed and considered information regarding whether economies of scale have been realized with respect to the management of the Funds, whether the Funds have appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Board noted that the Advisor had contractually agreed to waive management fees and reimburse expenses for certain Funds at specific level, thereby benefiting shareholders. The Trustees agreed that, at current asset levels, further fee concessions were not justified.

In considering the continuance of the Management Agreements between the Trust and the Advisor, the disinterested Trustees did not identify any factor as all-important or all-controlling and instead considered these factors collectively in light of each Fund's surrounding circumstances. Additionally, as part of its deliberations, the Trustees also considered and relied upon the information about the Funds that had been provided to them throughout the year in connection with their regular Board meetings at which they engage in the ongoing oversight of the Funds and their operations. Next, the disinterested Trustees met in executive session to discuss the continuation of the Agreements. The officers of the Trust were excused during this discussion.

Upon the return of the other Meeting participants, the Trustees conveyed their consensus, including the disinterested Trustees, that renewal of the Management Agreements was in the best interests of each Fund and its shareholders.

AVAILABILITY OF QUARTERLY SCHEDULE OF INVESTMENTS (Unaudited)

The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Funds' Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Additional Information (Unaudited) - continued

PROXY VOTING GUIDELINES (Unaudited)

Paradigm Funds Advisor LLC, the Funds' Advisor, is responsible for exercising the voting rights associated with the securities held by the Funds. A description of the policies and procedures used by the Advisor in fulfilling this responsibility is available without charge on the Funds' web site at www.paradigm-funds.com. It is also included in the Funds' Statement of Additional Information, which is available on the SEC's web site at <http://www.sec.gov>.

Information regarding how the Funds voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling our toll free number(1-800-239-0732). This information is also available on the SEC's web site at <http://www.sec.gov>.

ADDITIONAL INFORMATION

You will find more information about the Funds at www.paradigm-funds.com. For shareholder inquiries, please call toll-free in the U.S. at 1-800-239-0732.

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This report is provided for the general information of the shareholders of the Paradigm Funds. This report is not intended for distribution to prospective investors in the Funds, unless preceded or accompanied by an effective prospectus.