

Paradigm Funds

Paradigm Value Fund

Paradigm Select Fund

Paradigm Micro-Cap Fund

For Investors Seeking Long-Term Capital Appreciation

ANNUAL REPORT

December 31, 2020

IMPORTANT NOTE: Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Funds' shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Funds or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Funds or your financial intermediary electronically by calling or sending an email request. You may elect to receive all future reports in paper free of charge. You can inform the Funds or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by calling or sending an email request. Your election to receive reports in paper will apply to all funds held with the fund complex/your financial intermediary.

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PARADIGM FUNDS

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Letter to Shareholders

Dear Fellow Shareholders:

It seems safe to say that a year ago we could never have predicted the past twelve months. It was clearly both a volatile, and surprisingly positive, year in the equity markets. From the dramatic downturn in the first quarter of the year (down 30.61%, using the Russell 2000 as a small-cap equity proxy), to the almost immediate second quarter rebound (up 25.42%), and further incremental improvement in the third quarter (up 4.93%), which led to a cumulative third-quarter result of being back in nominally positive territory for the year-to-date period. That recovery alone seemed fortuitous, given a still evolving landscape in terms of the macro and COVID-19 dynamics at play. The Russell 2000 in the fourth quarter then added a surge of 31.37% in the quarter alone, leading to the full year performance of 19.96%.

While we have described the recurring themes of large-cap equities outperforming small-cap and Growth outperforming Value, 2020 was a bit different. In 2019, large-cap outperformed small-cap, with the Russell 3000 returning 31.02% compared to the Russell Microcap index return of 22.43% for the full year. In contrast in 2020, it was striking to note the convergence of returns across market capitalizations. The Russell 3000, 1000, 2500, 2000, and Microcap indices all performed within 100 basis points of each other (returning 20.89%, 20.96%, 19.99%, 19.96% and 20.96%, respectively). However, the gulf between Value and Growth was greater than ever, despite Value's rebound in the fourth quarter. On a full year basis, when comparing performance for the Russell indices, Growth outperformed Value across market capitalizations. The disparity ranged from 30 to 36 percentage points. Historically, we had found it striking to see a 10 percentage point differential, so this is an entirely new realm. It is not yet clear if the rebound of Value in the fourth quarter will prove a sustained turn over the balance of 2021.

From a macroeconomic perspective, the initial employment recovery the US experienced over the summer and fall has paused. Recent data showed US unemployment steady at 6.7%, yet losing 140,000 jobs in December as COVID-19 cases increased sharply across the country. Unemployment applications were four times higher than this time a year ago. While US GDP rebounded strongly in the third quarter following its steep second-quarter decline, the pace of that recovery certainly slowed in late 2020. Even with that improvement, overall GDP was still over three points lower than the prior year. Both the ISM Manufacturing and Services indices showed improvement in December, to 60.7 and 57.2, respectively. These robust data marked the seventh sequential month of expansion, albeit off of a low baseline.

Despite these largely improving data points, there are still multiple uncertainties facing the US. COVID-19 remains a very active threat to both lives and livelihoods. We also are in the midst of a Presidential administration transition, as well as the aftermath of recent disruptive events and violence in Washington DC. As we have written in prior letters this year, large corporations have managed through this pandemic incredibly well. We are not sure, however, that small- and mid-size businesses are out of the woods yet. They say markets are forward-looking, but it is unclear how that immeasurable damage is currently being factored into the equity markets. The government fiscal stimulus and relief actions thus far have clearly helped to support the unemployed and those directly impacted by COVID-19. While this stimulus has alleviated some concerns that what was an initial supply shock does not become a demand shock, current US unemployment remains problematic. The potential of another round of government relief packages could help to tide a large swath of the population through an inevitably difficult winter.

We say it often, and the past several years have proven that maintaining a long-term investment horizon is critical. We are convinced of this now more than ever. We have never attempted to be market timers, and 2020 was an object lesson in how poorly that could have turned out, from the markets' nadir of March to astounding rallies in the second and

fourth quarters. Thus whatever 2021 may bring, we believe that our consistent investment process and discipline remain paramount to Paradigm's long-term vision and outperformance. We believe that owning quality companies with excellent management teams is what allows us to invest with conviction. Having confidence in our due diligence and ongoing research process means that in the inevitable rocky market periods, we can sit tight and not capitulate amidst uncertainty and panic. It may not feel easy at the time—as little of 2020 did—but it does enable us to prevail and hold our investment vision intact.

Paradigm Value Fund

The Paradigm Value Fund increased 17.78% for the calendar year 2020, compared to a 4.63% gain for its benchmark, the Russell 2000 Value Index. Since inception (January 1, 2003) on an average annual basis, the Fund has returned 12.91%, compared to 9.47% for the benchmark.

Information Technology stocks were the largest contributor for the year, due to both an overweight position and stock selection. A sudden transition to remote working and remote learning drove increased demand for IT consumer hardware. Communications and networking equipment demand also increased to support changes in network usage.

The Consumer Discretionary sector proved to be one of the most challenging in 2020 as the global pandemic adversely impacted retailers. Brick and mortar businesses relying upon foot traffic faced significant headwinds through the year, while apparel companies faced headwinds from decreased consumer mobility.

Paradigm Select Fund

The Paradigm Select Fund increased 26.05% for the calendar year 2020, compared to an increase of 19.99% for its benchmark, the Russell 2500 Index. Since inception (January 1, 2005) on an average annual basis, the Fund has returned 10.55% compared to 9.46% for the benchmark.

The Information Technology sector was the top contributor to performance for the year due to a larger allocation relative to its benchmark. Software and Services companies benefitted from an increased need for programs and cloud storage to enable the remote working and learning ecosystem. The Healthcare sector also performed well as many Equipment & Supplies companies contributed to enabling pandemic response efforts.

The Materials sector underperformed in 2020 primarily due to exposure to Metals & Mining. Specialty Materials companies with exposure to commercial aerospace underperformed as air travel declined 65% in 2020 year-over-year.

Paradigm Micro-Cap Fund

The Paradigm Micro-Cap Fund gained 46.85% for the calendar year 2020, compared to an increase of 20.96% for its benchmark, the Russell Microcap Index. Since inception (January 1, 2008) on an average annual basis, the Fund has returned 10.37%, compared to 7.93% for the benchmark.

Strong stock selection and overweight positions made the Information Technology and Health Care sectors the top contributors to performance in 2020. Smaller software providers were flexible enough to address the changing needs of customers in a remote

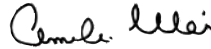
work environment. Communications and networking equipment demand also increased to support changes in network usage. The Healthcare sector also performed well as many Equipment & Supplies companies contributed to enabling pandemic response efforts.

The Consumer Discretionary sector proved to be one of the most challenging in 2020 as the global pandemic adversely impacted retailers. Brick and mortar businesses relying upon foot traffic faced significant headwinds through the year, while apparel companies faced headwinds from decreased consumer mobility.

Sincerely,



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

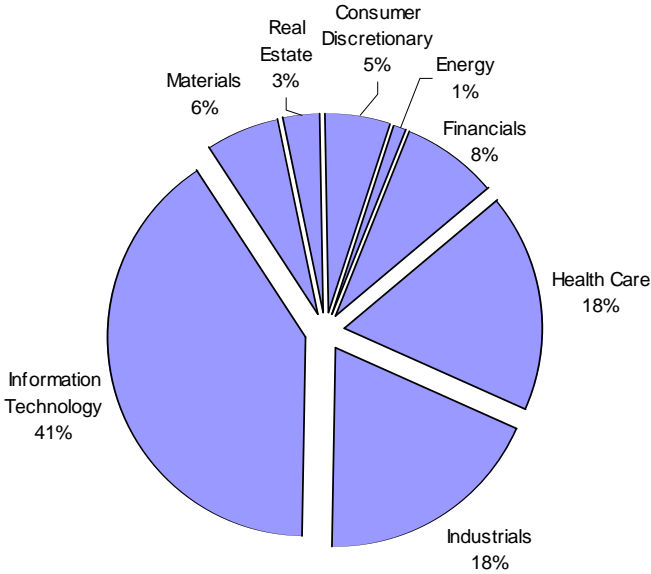


Amelia F. Weir
Senior Vice President
Paradigm Funds Advisor LLC

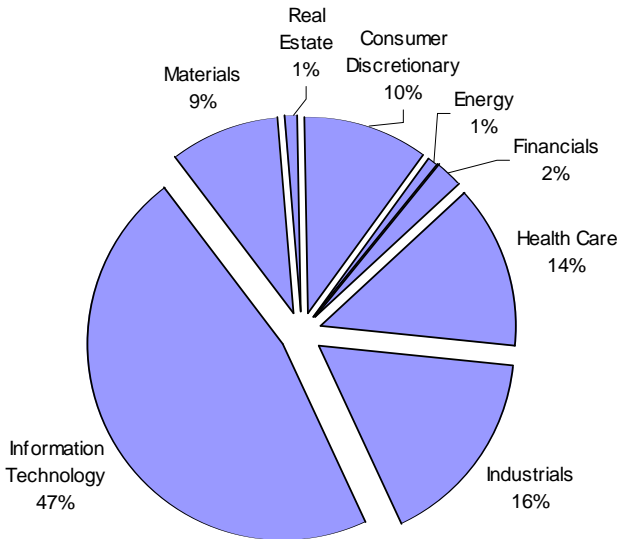
Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Returns assume that all dividends and distributions were reinvested and do not reflect the deduction of taxes that 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. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Any statements of opinion constitute only current opinions of Paradigm Funds Advisor LLC which are subject to change. Investment in the Funds involve a risk of loss. The Russell 2000 Value Index, Russell 2500 Index and Russell Microcap Index are U.S. equity indices. Investors cannot invest directly in an index. These indices are included for informational purposes only and may not be representative of the type of investments made by the Funds. References made to these indices are for comparative purposes only. 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. The prospectus should be read carefully before investing.

Paradigm Funds (Unaudited)

PARADIGM VALUE FUND
Sector Allocation as of December 31, 2020
 (As a Percentage of Equity Securities Held)

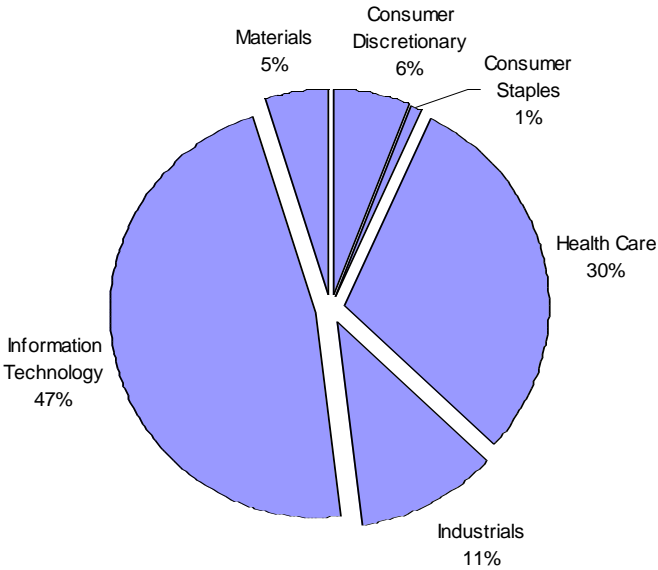


PARADIGM SELECT FUND
Sector Allocation as of December 31, 2020
 (As a Percentage of Equity Securities Held)



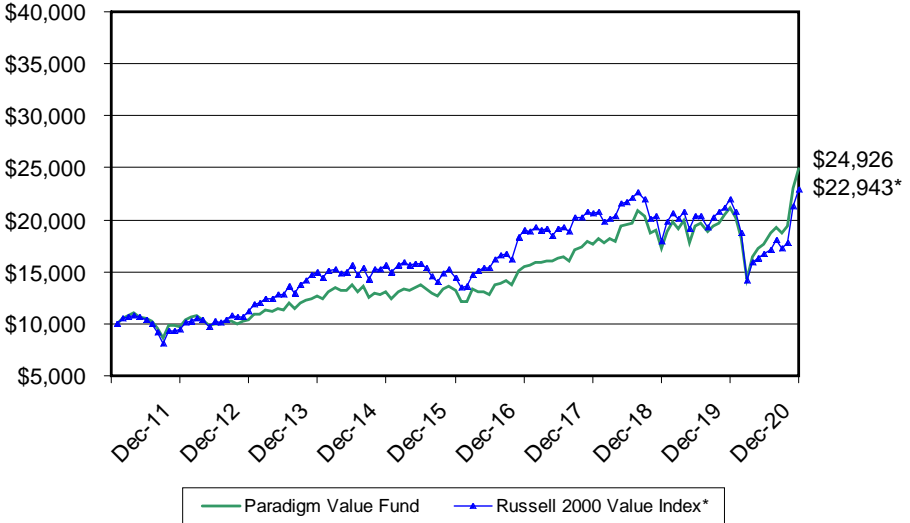
Paradigm Funds (Unaudited)

PARADIGM MICRO-CAP FUND Sector Allocation as of December 31, 2020 (As a Percentage of Equity Securities Held)



Paradigm Value Fund (Unaudited)

The Value of a \$10,000 Investment in Paradigm Value Fund
from January 1, 2011 to December 31, 2020
as Compared to the Russell 2000 Value Index



PERFORMANCE INFORMATION

Average Annual Rate of Return (%) for the Periods Ended December 31, 2020.

December 31, 2020 NAV \$56.29

	1 Year ^(A)	3 Year ^(A)	5 Year ^(A)	10 Year ^(A)
Paradigm Value Fund	17.78%	12.14%	13.54%	9.56%
Russell 2000® Value Index ^(B)	4.63%	3.72%	9.65%	8.66%

^(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. Investors cannot invest directly in an index.

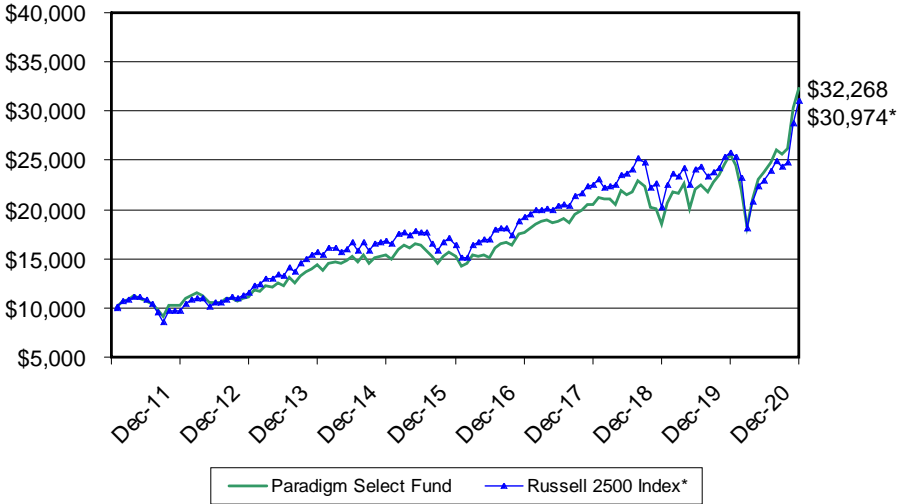
For purposes of the graph and the accompanying table, it is assumed that all dividends and distributions were reinvested.

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. Shares redeemed within 90 days of purchase are subject to a 2.00% redemption fee.

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)

The Value of a \$10,000 Investment in Paradigm Select Fund
from January 1, 2011 to December 31, 2020
as Compared to the Russell 2500 Index



PERFORMANCE INFORMATION

Average Annual Rate of Return (%) for the Periods Ended December 31, 2020.

December 31, 2020 NAV \$56.71

	1 Year ^(A)	3 Year ^(A)	5 Year ^(A)	10 Year ^(A)
Paradigm Select Fund	26.05%	16.23%	16.16%	12.43%
Russell 2500® Index ^(B)	19.99%	11.33%	13.64%	11.97%

(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. Investors cannot invest directly in an index.

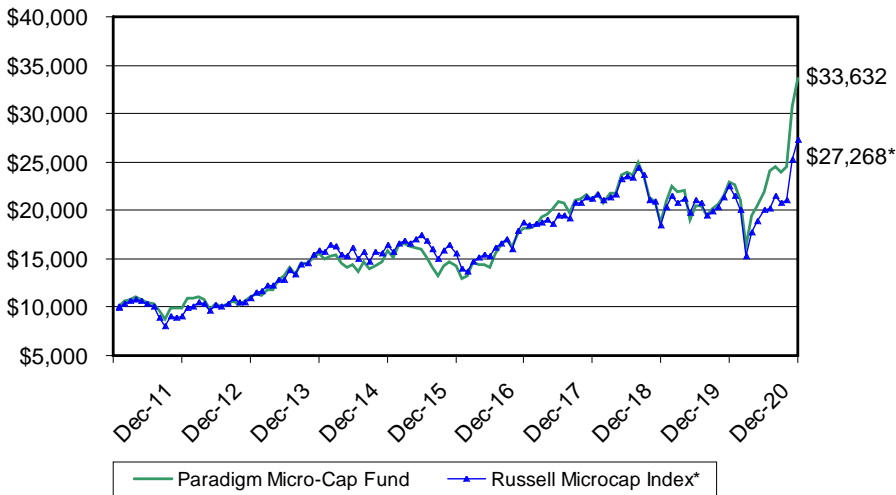
For purposes of the graph and the accompanying table, it is assumed that all dividends and distributions were reinvested.

Per the Fund's most recent prospectus, the Fund's Total Annual Operating Expense Ratio (before any fee waiver) is 1.52%, and 1.17% 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, 2021. 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. Shares redeemed within 90 days of purchase are subject to a 2.00% redemption fee.

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Paradigm Micro-Cap Fund (Unaudited)

The Value of a \$10,000 Investment in Paradigm Micro-Cap Fund from January 1, 2011 to December 31, 2020 as Compared to the Russell Microcap Index



PERFORMANCE INFORMATION

Average Annual Rate of Return (%) for the Period Ended December 31, 2020.

December 31, 2020 NAV \$43.13

	<u>1 Year^(A)</u>	<u>3 Year^(A)</u>	<u>5 Year^(A)</u>	<u>10 Year^(A)</u>
Paradigm Micro-Cap Fund	46.85%	16.96%	18.73%	12.90%
Russell Microcap® Index ^(B)	20.96%	8.78%	11.89%	10.55%

(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.

(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. Investors cannot invest directly in an index. Under normal circumstances, the Micro-Cap Fund invests at least 80% of its net assets in common stocks of U.S. microcap companies.

For purposes of the graph and the accompanying table, it is assumed that all dividends and distributions were reinvested.

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. Shares redeemed within 90 days of purchase are subject to a 2.00% redemption fee.

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 Value Fund

Schedule of Investments December 31, 2020

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Air Courier Services		
55,000 Air Transport Services Group, Inc. *	\$ 1,723,700	2.99%
Aircraft Parts & Auxiliary Equipment, NEC		
10,000 Ducommun Incorporated *	537,000	0.93%
Communications Equipment, NEC		
6,000 Lumentum Holdings Inc. *	568,800	
15,000 Vocera Communications, Inc. *	622,950	
	1,191,750	2.07%
Communications Services, NEC		
30,000 Calix, Inc. *	892,800	1.55%
Computer Communications Equipment		
124,300 A10 Networks, Inc. *	1,225,598	
150,000 Extreme Networks, Inc. *	1,033,500	
	2,259,098	3.92%
Construction - Special Trade Contractors		
76,800 Matrix Service Co. *	846,336	1.47%
Electrical Work		
19,700 EMCOR Group Inc.	1,801,762	3.12%
Electronic Computers		
6,000 Omnicell, Inc. *	720,120	1.25%
Industrial Organic Chemicals		
21,700 Sensient Technologies Corporation	1,600,809	2.77%
Laboratory Analytical Instruments		
40,000 Fluidigm Corporation *	240,000	
13,500 PerkinElmer Inc.	1,937,250	
	2,177,250	3.77%
Measuring & Controlling Devices, NEC		
10,000 Onto Innovation Inc. *	475,500	0.82%
Millwood, Veneer, Plywood, & Structural Wood Members		
5,000 American Woodmark Corporation *	469,250	
30,000 JELD-WEN Holding, Inc. *	760,800	
	1,230,050	2.13%
Mining & Quarrying of Nonmetallic Minerals (No Fuels)		
75,000 Summit Materials, Inc. - Class A *	1,506,000	2.61%
National Commercial Banks		
34,000 First Merchants Corporation	1,271,940	
14,936 National Bank Holdings Corporation - Class A	489,303	
	1,761,243	3.05%
Office Machines, NEC		
80,000 Pitney Bowes Inc.	492,800	0.85%
Optical Instruments & Lenses		
10,000 II-VI Incorporated *	759,600	1.32%
Pharmaceutical Preparations		
80,000 OptiNose, Inc. *	331,200	0.57%
Printed Circuit Boards		
15,000 Jabil Circuit, Inc.	637,950	1.11%
Radio & TV Broadcasting & Communications Equipment		
20,000 CalAmp Corp. *	198,400	
20,000 Comtech Telecommunications Corp.	413,800	
	612,200	1.06%
Retail - Apparel & Accessory Stores		
40,000 Tilly's, Inc. - Class A	326,400	0.57%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments December 31, 2020

Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Retail - Catalog & Mail-Order Houses			
7,000	Insight Enterprises, Inc. *	\$ 532,630	0.92%
Retail - Family Clothing Stores			
67,600	American Eagle Outfitters, Inc.	1,356,732	2.35%
Retail - Retail Stores, NEC			
6,000	IAC/InterActiveCorp. *	1,136,100	1.97%
Retail - Shoe Stores			
19,500	Designer Brands Inc. - Class A	149,175	
24,800	Foot Locker, Inc.	1,002,912	
		1,152,087	2.00%
Semiconductors & Related Devices			
61,600	Kulicke & Soffa Industries Inc. (Singapore)	1,959,496	
7,588	Marvell Technology Group Ltd. (Bermuda)	360,734	
20,000	MaxLinear, Inc. - Class A *	763,800	
40,000	NeoPhotonics Corporation *	363,600	
12,700	Qorvo, Inc. *	2,111,629	
		5,559,259	9.64%
Services - Business Services, NEC			
10,832	Concentrix Corporation *	1,069,118	
130,000	Conduent Incorporated *	624,000	
21,400	Tabula Rasa HealthCare, Inc. *	916,776	
		2,609,894	4.52%
Services - Computer Integrated Systems Design			
100,000	Ribbon Communications Inc. *	656,000	1.14%
Services - Help Supply Services			
44,400	Kforce Inc.	1,868,796	3.24%
Services - Home Health Care Services			
17,100	Addus HomeCare Corporation *	2,002,239	3.47%
Services - Hospitals			
13,100	Magellan Health Services Inc. *	1,085,204	1.88%
Services - Management Services			
30,000	R1 RCM Inc. *	720,600	1.25%
Services - Personal Services			
10,750	Match Group, Inc.	1,625,293	2.82%
Services - Skilled Nursing Care Facilities			
10,000	The Ensign Group, Inc.	729,200	1.26%
Special Industry Machinery (No Metalworking Machinery)			
3,500	Kadant Inc.	493,430	0.85%
Special Industry Machinery, NEC			
30,300	Brooks Automation, Inc.	2,055,855	
30,000	Veeco Instruments Inc. *	520,800	
		2,576,655	4.47%
State Commercial Banks			
21,000	Banner Corporation	978,390	
8,448	Prosperity Bancshares, Inc.	585,953	
35,000	Renasant Corporation	1,178,800	
		2,743,143	4.75%
Surgical & Medical Instruments & Apparatus			
50,000	GenMark Diagnostics, Inc. *	730,000	1.26%
Telegraph & Other Message Communications			
18,400	j2 Global, Inc.	1,797,496	3.12%
Telephone & Telegraph Apparatus			
6,000	Fabrinet (Thailand) *	465,540	0.81%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments December 31, 2020

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Transportation Services		
15,400 GATX Corp.	\$ 1,280,972	2.22%
Water, Sewer, Pipeline, Comm & Power Line Construction		
25,000 Primoris Services Corporation	690,250	1.20%
Wholesale - Computers & Peripheral Equipment & Software		
10,832 SYNEX Corporation	882,158	1.53%
Total for Common Stocks (Cost \$23,950,122)	54,577,246	94.60%
REAL ESTATE INVESTMENT TRUSTS		
11,650 Mid-America Apartment Communities Inc.	1,475,939	
Total for Real Estate Investment Trusts (Cost \$326,869)	1,475,939	2.56%
MONEY MARKET FUNDS		
1,703,165 SEI Daily Income Trust Government Fund CL F 0.01% **	1,703,165	2.95%
Total for Money Market Funds (Cost \$1,703,165)		
Total Investment Securities	57,756,350	100.11%
(Cost \$25,980,156)		
Liabilities in Excess of Other Assets	(63,467)	-0.11%
Net Assets	\$ 57,692,883	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at December 31, 2020.

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

Paradigm Select Fund

Schedule of Investments December 31, 2020

Shares	Fair Value	% of Net Assets	
COMMON STOCKS			
Aircraft Parts & Auxiliary Equipment, NEC 12,600 Ducommun Incorporated *	\$ 676,620	1.04%	
Chemical & Allied Products 1,775 Innospec Inc.	161,046	0.25%	
Communications Equipment, NEC 15,000 Lumentum Holdings Inc. *	1,422,000	2.19%	
Construction - Special Trade Contractors 59,000 Matrix Service Co. *	650,180	1.00%	
Electrical Work 15,400 EMCOR Group Inc.	1,408,484	2.17%	
Electromedical & Electrotherapeutic Apparatus 8,800 Masimo Corporation *	2,361,744	3.64%	
Fire, Marine & Casualty Insurance 6,450 American Financial Group Inc.	565,149	0.87%	
General Industrial Machinery & Equipment 45,300 Rexnord Corporation *	1,788,897	2.75%	
Industrial Instruments For Measurement, Display, and Control 13,300 MKS Instruments, Inc.	2,000,985	3.08%	
Industrial Organic Chemicals 13,300 Sensient Technologies Corporation 4,350 Westlake Chemical Corp.	981,141 354,960	1,336,101	2.06%
Instruments For Measurement & Testing of Electricity & Electric Signals 21,300 Teradyne, Inc.	2,553,657	3.93%	
Laboratory Analytical Instruments 14,000 PerkinElmer Inc.	2,009,000	3.09%	
Measuring & Controlling Devices, NEC 14,000 Onto Innovation Inc. *	665,700	1.02%	
Millwood, Veneer, Plywood, & Structural Wood Members 8,000 American Woodmark Corporation *	750,800	1.16%	
Mining & Quarrying of Nonmetallic Minerals (No Fuels) 49,600 Summit Materials, Inc. - Class A *	995,968	1.53%	
Miscellaneous Manufacturing Industries 35,200 Hillenbrand, Inc.	1,400,960	2.16%	
Optical Instruments & Lenses 16,800 II-VI Incorporated *	1,276,128	1.96%	
Plastics Products 8,400 Entegris, Inc.	807,240	1.24%	
Printed Circuit Boards 22,100 Jabil Circuit, Inc. 42,800 TTM Technologies, Inc. *	939,913 590,426	1,530,339	2.35%
Retail - Catalog & Mail-Order Houses 7,800 Insight Enterprises, Inc. *	593,502	0.91%	
Retail - Department Stores 30,000 Macy's, Inc.	337,500	0.52%	
Retail - Eating & Drinking Places 6,700 Cannae Holdings, Inc. *	296,609	0.46%	
Retail - Family Clothing Stores 49,600 American Eagle Outfitters, Inc.	995,472	1.53%	
Retail - Lumber & Other Building Materials Dealers 33,600 BMC Stock Holdings, Inc. *	1,803,648	2.78%	

* Non-Income Producing Securities.

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

Paradigm Select Fund

Schedule of Investments December 31, 2020

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Retail - Radio, TV & Consumer Electronics Stores		
16,800 Best Buy Co., Inc.	\$ 1,676,472	2.58%
Retail - Retail Stores, NEC		
9,000 IAC/InterActiveCorp. *	1,704,150	2.62%
Retail - Shoe Stores		
24,800 Foot Locker, Inc.	1,002,912	1.54%
Savings Institution, Federally Chartered		
7,800 Capitol Federal Financial, Inc.	97,500	0.15%
Search, Detection, Navigation, Guidance, Aeronautical Systems		
15,700 Garmin Ltd. (Switzerland)	1,878,662	2.89%
Semiconductors & Related Devices		
57,500 Kulicke & Soffa Industries Inc. (Singapore)	1,829,075	
51,725 Marvell Technology Group Ltd. (Bermuda)	2,459,006	
21,200 MaxLinear, Inc. - Class A *	809,628	
12,800 Qorvo, Inc. *	2,128,256	
13,500 Skyworks Solutions, Inc.	2,063,880	
	9,289,845	14.30%
Services - Business Services, NEC		
5,500 Concentrix Corporation *	542,850	0.84%
Services - Computer Integrated Systems Design		
65,700 Allscripts Healthcare Solutions, Inc. *	948,708	1.46%
Services - Help Supply Services		
52,625 Kelly Services, Inc. - Class A	1,082,496	
31,450 Kforce Inc.	1,323,731	
	2,406,227	3.70%
Services - Hospitals		
10,200 Magellan Health Services Inc. *	844,968	1.30%
Services - Personal Services		
13,382 Match Group, Inc.	2,023,225	3.11%
Services - Prepackaged Software		
1,809 Black Knight, Inc. *	159,825	
16,700 Progress Software Corporation	754,673	
	914,498	1.41%
Steel Pipe & Tubes		
15,750 Allegheny Technologies Incorporated *	264,127	0.41%
Steel Works, Blast Furnaces & Rolling Mills (Coke Ovens)		
13,800 Carpenter Technology Corporation	401,856	0.62%
Surgical & Medical Instruments & Apparatus		
36,900 Globus Medical, Inc. - Class A *	2,406,618	3.70%
Telegraph & Other Message Communications		
20,000 j2 Global, Inc.	1,953,800	3.01%
Telephone & Telegraph Apparatus		
6,000 Fabrinet * (Thailand)	465,540	0.72%
Title Insurance		
5,900 Fidelity National Financial, Inc.	230,631	0.35%
Wholesale - Computers & Peripheral Equipment & Software		
5,500 SYNnex Corporation	447,920	0.69%
Wholesale - Electrical Apparatus & Equipment, Wiring Supplies		
12,100 EnerSys	1,005,026	1.55%
Wholesale - Lumber & Other Construction Materials		
8,400 Boise Cascade Company	401,520	0.62%
Total for Common Stocks (Cost \$35,909,625)	59,294,784	91.26%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at December 31, 2020.

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

Paradigm Select Fund

Shares	Schedule of Investments December 31, 2020	
	Fair Value	% of Net Assets
REAL ESTATE INVESTMENT TRUSTS		
5,900 Mid-America Apartment Communities Inc.	\$ 747,471	1.15%
Total for Real Estate Investment Trusts (Cost \$500,280)		
MONEY MARKET FUNDS		
4,889,125 SEI Daily Income Trust Government Fund CL F 0.01% **	4,889,125	7.53%
Total for Money Market Funds (Cost \$4,889,125)		
Total Investment Securities	64,931,380	99.94%
(Cost \$41,299,030)		
Other Assets in Excess of Liabilities	39,119	0.06%
Net Assets	\$ 64,970,499	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at December 31, 2020.

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

Paradigm Micro-Cap Fund

Schedule of Investments December 31, 2020

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft Parts & Auxiliary Equipment, NEC		
50,000 Ducommun Incorporated *	\$ 2,685,000	2.73%
Ball & Roller Bearings		
200,000 NN, Inc.	1,314,000	1.34%
Communications Services, NEC		
60,000 Calix, Inc. *	1,785,600	1.81%
Computer Communications Equipment		
320,000 Extreme Networks, Inc. *	2,204,800	2.24%
Concrete Products, Except Block & Brick		
120,000 Forterra, Inc. *	2,063,400	2.10%
Construction - Special Trade Contractors		
17,500 Matrix Service Co. *	192,850	0.20%
Electronic Computers		
20,000 Omnicell, Inc. *	2,400,400	2.44%
Footwear (No Rubber)		
120,000 Caleres, Inc.	1,878,000	1.91%
Guided Missiles & Space Vehicles & Parts		
40,000 Kratos Defense & Security Solutions, Inc. *	1,097,200	1.11%
Industrial Organic Chemicals		
5,950 Sensient Technologies Corporation	438,931	0.45%
Instruments For Measurement & Testing of Electricity & Electric Signals		
42,650 Cohu, Inc.	1,628,377	1.65%
Laboratory Analytical Instruments		
330,000 Fluidigm Corporation *	1,980,000	2.01%
Measuring & Controlling Devices, NEC		
60,000 Onto Innovation Inc. *	2,853,000	2.90%
Mining & Quarrying of Nonmetallic Minerals (No Fuels)		
100,000 Summit Materials, Inc. - Class A *	2,008,000	2.04%
Miscellaneous Manufacturing Industries		
5,200 Hillenbrand, Inc.	206,960	0.21%
Office Machines, NEC		
400,000 Pitney Bowes Inc.	2,464,000	2.50%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
340,000 Invacare Corporation	3,043,000	3.09%
Pharmaceutical Preparations		
80,000 Nature's Sunshine Products, Inc. *	1,196,000	
120,000 OptiNose, Inc. *	496,800	
	1,692,800	1.72%
Radio & TV Broadcasting & Communications Equipment		
140,000 Comtech Telecommunications Corp.	2,896,600	2.94%
Retail - Apparel & Accessory Stores		
20,000 Citi Trends, Inc.	993,600	
100,000 Tilly's, Inc. - Class A	816,000	
19,200 Zumiez Inc. *	706,176	
	2,515,776	2.56%
Retail - Catalog & Mail-Order Houses		
40,000 Insight Enterprises, Inc. *	3,043,600	3.09%
Retail - Family Clothing Stores		
13,300 American Eagle Outfitters, Inc.	266,931	0.27%
Retail - Retail Stores, NEC		
20,000 Kirkland's, Inc. *	357,600	0.36%
Retail - Shoe Stores		
6,700 Foot Locker, Inc.	270,948	0.28%

* Non-Income Producing Securities.

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

Paradigm Micro-Cap Fund

Schedule of Investments December 31, 2020

Shares		Fair Value	% of Net Assets
COMMON STOCKS			
Semiconductors & Related Devices			
40,000	Ichor Holdings, Ltd. *	\$ 1,205,800	
33,700	Kulicke & Soffa Industries Inc. (Singapore)	1,071,997	
120,000	MaxLinear, Inc. - Class A *	4,582,800	
200,000	NeoPhotonics Corporation *	1,818,000	
100,000	Ultra Clean Holdings, Inc. *	<u>3,115,000</u>	
		11,793,597	11.99%
Services - Business Services, NEC			
8,400	Tabula Rasa HealthCare, Inc. *	<u>359,856</u>	0.37%
Services - Computer Integrated Systems Design			
120,000	Allscripts Healthcare Solutions, Inc. *	1,732,800	
600,000	Ribbon Communications Inc. *	<u>3,936,000</u>	
		5,668,800	5.76%
Services - Computer Processing & Data Preparation			
17,900	Inovalon Holdings, Inc. *	<u>325,243</u>	0.33%
Services - Help Supply Services			
34,500	Kelly Services, Inc. - Class A	<u>709,665</u>	0.72%
Services - Home Health Care Services			
4,700	Addus HomeCare Corporation *	<u>550,323</u>	0.56%
Services - Hospitals			
5,900	Magellan Health Services Inc. *	<u>488,756</u>	0.50%
Services - Prepackaged Software			
100,000	Absolute Software Corporation (Canada)	1,191,000	
40,000	Cerence Inc. *	4,019,200	
10,900	Progress Software Corporation	<u>492,571</u>	
		5,702,771	5.80%
Services - Management Services			
160,000	R1 RCM Inc. *	<u>3,843,200</u>	3.91%
Services - Skilled Nursing Care Facilities			
40,000	The Ensign Group, Inc.	<u>2,916,800</u>	2.96%
Special Industry Machinery (No Metalworking Machinery)			
15,100	Kadant Inc.	<u>2,128,798</u>	2.16%
Special Industry Machinery, NEC			
9,800	Brooks Automation, Inc.	664,930	
200,000	Veeco Instruments Inc. *	<u>3,472,000</u>	
		4,136,930	4.20%
Surgical & Medical Instruments & Apparatus			
20,000	AngioDynamics, Inc. *	306,600	
53,700	AtriCure, Inc. *	2,989,479	
300,000	Cerus Corporation *	2,076,000	
114,200	GenMark Diagnostics, Inc. *	1,667,320	
6,600	OrthoPediatrics Corp. *	272,250	
140,000	SeaSpine Holdings Corporation. *	<u>2,443,000</u>	
		9,754,649	9.91%
Telephone & Telegraph Apparatus			
300,000	Infinera Corporation *	<u>3,144,000</u>	3.19%
Total for Common Stocks (Cost \$52,559,999)		<u>92,811,161</u>	94.31%
MONEY MARKET FUNDS			
3,608,424	SEI Daily Income Trust Government Fund CL F 0.01% **	<u>3,608,424</u>	3.67%
Total for Money Market Funds (Cost \$3,608,424)			
Total Investment Securities		96,419,585	97.98%
(Cost \$56,168,423)			
Other Assets in Excess of Liabilities			
		<u>1,985,754</u>	2.02%
Net Assets		<u>\$ 98,405,339</u>	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at December 31, 2020.

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

Paradigm Funds

Statements of Assets and Liabilities

December 31, 2020

	Value Fund	Select Fund
Assets:		
Investment Securities at Fair Value*	\$ 57,756,350	\$ 64,931,380
Cash	-	9,577
Receivable for Fund Shares Sold	66	70,061
Dividends Receivable	22,959	20,436
Total Assets	<u>57,779,375</u>	<u>65,031,454</u>
Liabilities:		
Payable for Fund Shares Redeemed	8,075	-
Payable for Distribution to Shareholders	6,665	-
Payable to Advisor	71,752	60,955
Total Liabilities	<u>86,492</u>	<u>60,955</u>
Net Assets	<u>\$ 57,692,883</u>	<u>\$ 64,970,499</u>
Net Assets Consist of:		
Paid In Capital	\$ 25,937,774	\$ 41,388,782
Total Distributable Earnings	31,755,109	23,581,717
Net Assets	<u>\$ 57,692,883</u>	<u>\$ 64,970,499</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 56.29</u>	<u>\$ 56.71</u>
* Investments at Identified Cost	<u>\$ 25,980,156</u>	<u>\$ 41,299,030</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>1,024,989</u>	<u>1,145,631</u>

Statements of Operations

For the fiscal year ended December 31, 2020

Investment Income:		
Dividends	\$ 545,257	\$ 354,438
Total Investment Income	545,257	354,438
Expenses:		
Investment Advisor Fees	691,914	595,104
Total Expenses	691,914	595,104
Less: Expenses Waived	-	(138,858)
Net Expenses	<u>691,914</u>	<u>456,246</u>
Net Investment Loss	<u>(146,657)</u>	<u>(101,808)</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	1,435,884	113,469
Net Change in Net Unrealized Appreciation on Investments	6,522,803	12,411,484
Net Realized and Unrealized Gain on Investments	<u>7,958,687</u>	<u>12,524,953</u>
Net Increase in Net Assets from Operations	<u>\$ 7,812,030</u>	<u>\$ 12,423,145</u>

Paradigm Funds

Statement of Assets and Liabilities	Micro-Cap
December 31, 2020	Fund
Assets:	
Investment Securities at Fair Value*	\$ 96,419,585
Receivable for Fund Shares Sold	2,078,853
Dividends Receivable	<u>15,250</u>
Total Assets	<u>98,513,688</u>
Liabilities:	
Payable for Fund Shares Redeemed	10,114
Payable to Advisor	<u>98,235</u>
Total Liabilities	<u>108,349</u>
Net Assets	<u>\$ 98,405,339</u>
Net Assets Consist of:	
Paid In Capital	\$ 58,215,739
Total Distributable Earnings	<u>40,189,600</u>
Net Assets	<u>\$ 98,405,339</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 43.13</u>
* Investments at Identified Cost	<u>\$ 56,168,423</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>2,281,611</u>
 Statement of Operations	
For the fiscal year ended December 31, 2020	
Investment Income:	
Dividends	\$ 496,967
Total Investment Income	<u>496,967</u>
Expenses:	
Investment Advisor Fees	<u>808,775</u>
Total Expenses	<u>808,775</u>
Net Investment Loss	<u>(311,808)</u>
Realized and Unrealized Gain on Investments:	
Net Realized Gain on Investments	5,453,981
Net Change in Net Unrealized Appreciation on Investments	<u>24,734,136</u>
Net Realized and Unrealized Gain on Investments	<u>30,188,117</u>
Net Increase in Net Assets from Operations	<u>\$ 29,876,309</u>

Paradigm Funds

Statements of Changes in Net Assets

	Value Fund		Select Fund	
	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019
From Operations:				
Net Investment Income (Loss)	\$ (146,657)	\$ 62,034	\$ (101,808)	\$ 7,403
Net Realized Gain on Investments	1,435,884	2,720,157	113,469	176,985
Net Change in Unrealized Appreciation on Investments	6,522,803	7,968,653	12,411,484	8,912,762
Net Increase in Net Assets from Operations	7,812,030	10,750,844	12,423,145	9,097,150
From Distributions to Shareholders:	(1,228,695)	(2,630,133)	(69,691)	(210,205)
From Capital Share Transactions:				
Proceeds From Sale of Shares	2,859,071	3,419,053	23,201,635	5,919,404
Proceeds from Redemption Fees (Note 2)	9,154	662	14,670	1,324
Shares Issued on Reinvestment of Dividends	1,209,967	2,591,031	68,550	204,471
Cost of Shares Redeemed	(7,857,656)	(10,673,835)	(7,411,368)	(1,591,296)
Net Increase (Decrease) from Shareholder Activity	(3,779,464)	(4,663,089)	15,873,487	4,533,903
Net Increase in Net Assets	2,803,871	3,457,622	28,226,941	13,420,848
Net Assets at Beginning of Period	54,889,012	51,431,390	36,743,558	23,322,710
Net Assets at End of Period	\$ 57,692,883	\$ 54,889,012	\$ 64,970,499	\$ 36,743,558
Share Transactions:				
Issued	67,428	72,697	500,794	140,889
Reinvested	21,469	53,138	1,207	4,539
Redeemed	(187,888)	(228,156)	(172,257)	(41,678)
Net Increase (Decrease) in Shares	(98,991)	(102,321)	329,744	103,750
Shares Outstanding Beginning of Period	1,123,980	1,226,301	815,887	712,137
Shares Outstanding End of Period	1,024,989	1,123,980	1,145,631	815,887

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

Paradigm Funds

Statements of Changes in Net Assets

	Micro-Cap Fund	
	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019
From Operations:		
Net Investment Loss	\$ (311,808)	\$ (27,699)
Net Realized Gain (Loss) on Investments	5,453,981	(176,959)
Net Change in Unrealized Appreciation on Investments	<u>24,734,136</u>	<u>10,842,621</u>
Net Increase in Net Assets from Operations	29,876,309	10,637,963
From Distributions to Shareholders:	(4,809,017)	(5,884)
From Capital Share Transactions:		
Proceeds From Sale of Shares	6,051,874	740,498
Proceeds From Merger	-	9,389,723 (a)
Proceeds from Redemption Fees (Note 2)	422	-
Shares Issued on Reinvestment of Dividends	4,769,164	5,836
Cost of Shares Redeemed	<u>(989,129)</u>	<u>(1,608,168)</u>
Net Increase from Shareholder Activity	9,832,331	8,527,889
Net Increase in Net Assets	34,899,623	19,159,968
Net Assets at Beginning of Period	<u>63,505,716</u>	<u>44,345,748</u>
Net Assets at End of Period	<u>\$ 98,405,339</u>	<u>\$ 63,505,716</u>
Share Transactions:		
Issued	149,576	25,965
From Merger	-	329,811 (a)
Reinvested	110,500	189
Redeemed	<u>(33,142)</u>	<u>(57,004)</u>
Net Increase in Shares	226,934	298,961
Shares Outstanding Beginning of Period	<u>2,054,677</u>	<u>1,755,716</u>
Shares Outstanding End of Period	<u>2,281,611</u>	<u>2,054,677</u>

(a) See Note 8.

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:	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019	1/1/2018 to 12/31/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016
Net Asset Value - Beginning of Year	\$ 48.83	\$ 41.94	\$ 48.96	\$ 48.10	\$ 43.02
Net Investment Income (Loss) (a)	(0.14)	0.05	(0.10)	(0.08)	(0.02)
Net Gain (Loss) on Investments (Realized and Unrealized)	8.81	9.29	(0.98)	6.89	7.46
Total from Investment Operations	8.67	9.34	(1.08)	6.81	7.44
Distributions (From Net Investment Income)	(0.04)	(0.02)	-	-	-
Distributions (From Capital Gains)	(1.18)	(2.43)	(5.95)	(5.96)	(2.36)
Total Distributions	(1.22)	(2.45)	(5.95)	(5.96)	(2.36)
Proceeds from Redemption Fee (Note 2)	0.01	-	0.01	0.01	-
Net Asset Value - End of Period	\$ 56.29	\$ 48.83	\$ 41.94	\$ 48.96	\$ 48.10
Total Return (b)	17.78%	22.27%	(2.07)%	14.06%	17.29%
Ratios/Supplemental Data					
Net Assets - End of Year (Thousands)	\$ 57,693	\$ 54,889	\$ 51,431	\$ 59,173	\$ 62,096
Before Reimbursement					
Ratio of Expenses to Average Net Assets	1.50%	1.50%	1.50%	1.66%	2.00%
After Reimbursement					
Ratio of Expenses to Average Net Assets (c)	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of Net Investment Income (Loss) to Average Net Assets (c)	(0.32)%	0.12%	(0.18)%	(0.15)%	(0.06)%
Portfolio Turnover Rate	11.64%	12.31%	20.54%	24.12%	12.68%

Paradigm Select Fund

Financial Highlights - Paradigm Select Fund

Selected data for a share outstanding throughout the period:	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019	1/1/2018 to 12/31/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016
Net Asset Value - Beginning of Year	\$ 45.04	\$ 32.75	\$ 37.44	\$ 33.49	\$ 29.09
Net Investment Income (Loss) (a)	(0.11)	0.01	0.01	(0.05)	(0.04)
Net Gain (Loss) on Investments (Realized and Unrealized)	11.83	12.54	(3.74)	5.42	4.69
Total from Investment Operations	11.72	12.55	(3.73)	5.37	4.65
Distributions (From Net Investment Income)	-	(0.01)	-	-	(0.01)
Distributions (From Capital Gains)	(0.06)	(0.25)	(0.96)	(1.46)	(0.24)
Total Distributions	(0.06)	(0.26)	(0.96)	(1.46)	(0.25)
Proceeds from Redemption Fee (Note 2)	0.01	-	-	0.04	-
Net Asset Value - End of Period	\$ 56.71	\$ 45.04	\$ 32.75	\$ 37.44	\$ 33.49
Total Return (b)	26.05%	38.32%	(9.93)%	16.12%	15.98%
Ratios/Supplemental Data					
Net Assets - End of Year (Thousands)	\$ 64,970	\$ 36,744	\$ 23,323	\$ 25,262	\$ 22,869
Before Reimbursement					
Ratio of Expenses to Average Net Assets	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%
Ratio of Net Investment Income (Loss) to Average Net Assets (c)	(0.26)%	0.03%	0.03%	(0.13)%	(0.14)%
Portfolio Turnover Rate	11.10%	15.27%	20.28%	21.49%	31.47%

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

(b) Total return 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 Micro-Cap Fund

Financial Highlights - Paradigm Micro-Cap Fund

Selected data for a share outstanding throughout the period:	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019	1/1/2018 to 12/31/2018	1/1/2017 to 12/31/2017	1/1/2016 to 12/31/2016
Net Asset Value - Beginning of Year	\$ 30.91	\$ 25.26	\$ 32.40	\$ 29.89	\$ 24.32
Net Investment Loss (a)	(0.15)	(0.02)	(0.23)	(0.31)	(0.18)
Net Gain (Loss) on Investments (Realized and Unrealized)	14.63	5.67	(3.35)	5.05	6.83
Total from Investment Operations	14.48	5.65	(3.58)	4.74	6.65
Distributions (From Net Investment Income)	-	-	-	-	-
Distributions (From Capital Gains)	(2.26)	- +	(3.56)	(2.23)	(1.08)
Total Distributions	(2.26)	-	(3.56)	(2.23)	(1.08)
Proceeds from Redemption Fee (Note 2)	- +	-	- +	- +	- +
Net Asset Value - End of Period	\$ 43.13	\$ 30.91	\$ 25.26	\$ 32.40	\$ 29.89
Total Return (b)	46.85%	22.38%	(10.96)%	15.79%	27.33%
Ratios/Supplemental Data					
Net Assets - End of Year (Thousands)	\$ 98,405	\$ 63,506	\$ 44,346	\$ 49,424	\$ 51,670
Ratio of Expenses to Average Net Assets	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of Net Investment Loss to Average Net Assets	(0.48)%	(0.06)%	(0.67)%	(0.96)%	(0.67)%
Portfolio Turnover Rate	81.04%	86.09%	111.47%	125.90%	88.88%

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

(b) Total return 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.

+ Amount calculated is less than \$0.005.

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

NOTES TO FINANCIAL STATEMENTS

PARADIGM FUNDS

December 31, 2020

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") commenced operations on January 1, 2005. Select's investment objective is long-term capital appreciation. 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. Value, Select and Micro-Cap are all diversified funds. The advisor to Value, Select 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 follow 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 the 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.

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 or less of purchase. During the fiscal year ended December 31, 2020 proceeds from redemption fees were \$9,154, \$14,670 and \$422 for Value, Select and Micro-Cap, respectively.

INCOME TAXES: The Funds' policy is 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 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

Notes to Financial Statements - continued

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 fiscal year ended December 31, 2020, 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. These adjustments were primarily attributed to the reclassification of net operating loss and the use of equalization for tax purposes.

Value

Paid In Capital	\$85,065
Total Distributable Earnings	(\$85,065)

Select

Paid In Capital	(\$52,339)
Total Distributable Earnings	\$52,339

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.

Notes to Financial Statements - continued

Equity securities (common stocks and real estate investment trusts) Equity securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted 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, and if an equity security is valued by the pricing service at its last bid, it is generally categorized in level 2 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 provided by the underlying funds 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 December 31, 2020:

Value:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$54,577,246	\$ -	\$ -	\$54,577,246
Real Estate Investment Trusts	1,475,939	-	-	1,475,939
Money Market Funds	<u>1,703,165</u>	<u>-</u>	<u>-</u>	<u>1,703,165</u>
Total	\$57,756,350	\$ -	\$ -	\$57,756,350

Select:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$59,294,784	\$ -	\$ -	\$59,294,784
Real Estate Investment Trusts	747,471	-	-	747,471
Money Market Funds	<u>4,889,125</u>	<u>-</u>	<u>-</u>	<u>4,889,125</u>
Total	\$64,931,380	\$ -	\$ -	\$64,931,380

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	\$92,811,161	\$ -	\$ -	\$92,811,161
Money Market Funds	<u>3,608,424</u>	<u>-</u>	<u>-</u>	<u>3,608,424</u>
Total	\$96,419,585	\$ -	\$ -	\$96,419,585

The Funds did not hold any level 3 assets during the fiscal year ended December 31, 2020. The Funds did not invest in derivative instruments during the fiscal year ended December 31, 2020.

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

Notes to Financial Statements - continued

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 Trustees and Trust Officers. 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% and 1.25% of the average daily net assets from Value, Select and Micro-Cap, respectively. The Advisor's investment management fee is accrued daily and is typically paid monthly. As a result of the above calculations, for the fiscal year ended December 31, 2020, the Advisor earned management fees (before the waivers described below) totaling \$691,914, \$595,104 and \$808,775 for Value, Select and Micro-Cap, respectively. At December 31, 2020, \$71,752, \$60,955 and \$98,235 was due to the Advisor from Value, Select and Micro-Cap, respectively. The Advisor has contractually agreed to waive management fees and/or reimburse Select 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 indirect costs of investing in acquired funds) at 1.15% of daily net assets through April 30, 2021. The Advisor waived \$138,858 for the fiscal year ended December 31, 2020 for Select, pursuant to its contractual agreement. There is no recapture provision to this waiver.

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 \$8,000, for a total of \$32,000, in Trustees fees for the fiscal year ended December 31, 2020 for the Trust. Under the Management Agreements, the Advisor pays these fees.

6.) INVESTMENTS

For the fiscal year ended December 31, 2020, purchases and sales of investment securities other than U.S. government obligations and short-term investments were as follows:

	Value	Select	Micro-Cap
Purchases	\$5,218,608	\$17,936,933	\$50,596,963
Sales	\$9,530,495	\$4,121,730	\$50,246,094

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 December 31, 2020, National Financial Services, LLC, located at 200 Liberty Street, New York, New York, for the benefit of its customers, held, in aggregate, 29.84% 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, 51.08% 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, 83.60% of Micro-Cap, and therefore may be deemed to control Micro-Cap.

8.) MERGER OF PARADIGM OPPORTUNITY FUND WITH PARADIGM MICRO-CAP FUND

Effective as of the close of business December 4, 2019, pursuant to a Plan of Reorganization, Micro-Cap received all the assets and liabilities (the "Reorganization") of the Paradigm Opportunity Fund (the "Target Fund"). Shares of the Target Fund were exchanged for shares of Micro-Cap. 210,241 shares of the Target Fund, valued at \$44.66 per share, were exchanged for 329,811 shares of Micro-Cap valued at \$28.47 per share. Each share of the Target Fund was exchanged for 1.569 shares of Micro-Cap. The Target Fund's net assets on the date of the Reorganization of \$9,389,723, including \$4,017,053 of unrealized appreciation, were combined with those of Micro-Cap. The combined net assets immediately after the Reorganization amounted to \$58,672,090 with 2,060,617 shares outstanding. The Reorganization was treated as a tax-free transaction for federal income tax purposes and, accordingly, the basis of the assets of Micro-Cap reflected the historical basis of the assets of the Target Fund as of the date of the Reorganization. After the Reorganization was completed, Micro-Cap was the accounting survivor and obtained and held the entire portfolio holdings previously held by the Target Fund.

Notes to Financial Statements - continued

Assuming the Reorganization had been completed on January 1, 2019, the beginning of the reporting period, the pro forma results of operations for the year ended December 31, 2019 would have been as follows:

Net Investment Loss	\$(47,869)
Net Realized Loss on Investments	(193,107)
Change in Net Unrealized Appreciation on Investments	<u>12,626,082</u>
Net Increase in Net Assets Resulting from Operations	\$12,385,106

Because Micro-Cap has been managed as a single integrated portfolio since the Reorganization was completed, it is not practicable to separate the amounts of revenue and earnings of the Target Fund and Micro-Cap that have been included in Micro-Cap's Statement of Operations since December 4, 2019.

9.) TAX MATTERS

For federal income tax purposes, at December 31, 2020 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:

	<u>Value</u>	<u>Select</u>	<u>Micro-Cap</u>
Cost of Investments	\$26,052,109	\$41,349,794	\$56,267,592
Gross Unrealized Appreciation	\$32,179,257	\$24,583,041	\$40,480,750
Gross Unrealized Depreciation	<u>(475,016)</u>	<u>(1,001,455)</u>	<u>(328,757)</u>
Net Unrealized Appreciation (Depreciation) on Investments	\$31,704,241	\$23,581,586	\$40,151,993

The tax character of distributions paid during the fiscal years ended December 31, 2020 and 2019 were as follows:

	<u>Fiscal Year Ended December 31, 2020</u>	<u>Fiscal Year Ended December 31, 2019</u>
<u>PARADIGM VALUE FUND</u>		
Ordinary Income	\$ 93,979	\$ 605,925
Long-term Capital Gain	<u>1,134,716</u>	<u>2,024,208</u>
	\$ 1,228,695	\$ 2,630,133
<u>PARADIGM SELECT FUND</u>		
Ordinary Income	\$ 3,872	\$ 91,999
Long-term Capital Gain	<u>65,819</u>	<u>118,206</u>
	\$ 69,691	\$ 210,205
<u>PARADIGM MICRO-CAP FUND</u>		
Ordinary Income	\$ 4,809,017	\$ -
Long-term Capital Gain	<u>-</u>	<u>5,884</u>
	\$ 4,809,017	\$ 5,884

As of December 31, 2020, the components of distributable earnings on a tax basis were as follows:

	<u>Value</u>	<u>Select</u>
Undistributed ordinary income	\$ 50,868	\$ -
Undistributed capital gain	-	131
Unrealized appreciation	<u>31,704,241</u>	<u>23,581,586</u>
	\$ 31,755,109	\$23,581,717
		<u>Micro-Cap</u>
Undistributed ordinary income	\$ 37,607	
Unrealized appreciation	<u>40,151,993</u>	
	\$ 40,189,600	

The difference between book basis and tax basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales and temporary tax basis adjustments resulting from underlying invest-

Notes to Financial Statements - continued

ment mergers. During the fiscal year ended December 31, 2020, Micro-Cap utilized available capital loss carryforward of \$243,595, of which \$5,104 was short-term and \$238,491 was long-term.

10.) CONCENTRATION OF SECTOR RISK

If a Fund has significant investments in the securities of issuers in industries within a particular sector, any development affecting that sector will have a greater impact on the value of the net assets of the Fund than would be the case if the Fund did not have significant investments in that sector. In addition, this may increase the risk of loss of an investment in the Fund and increase the volatility of the Fund's NAV per share. From time to time, circumstances may affect a particular sector and the companies within such sector. For instance, economic or market factors, regulation or deregulation, and technological or other developments may negatively impact all companies in a particular sector and therefore the value of a Fund's portfolio will be adversely affected. As of December 31, 2020, Value had 41% of its equity securities held invested in stocks within the Information Technology sector; Select had 47% of its equity securities held invested in stocks within the Information Technology sector; and Micro-Cap had 47% and 30% of its equity securities held invested in stocks within the Information Technology sector and the Health Care sector, respectively.

11.) COVID-19 RISK

Unexpected local, regional or global events, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; the spread of infectious illnesses or other public health issues; and recessions and depressions could have a significant impact on the Funds and their investments and may impair market liquidity. Such events can cause investor fear, which can adversely affect the economies of nations, regions and the market in general, in ways that cannot necessarily be foreseen. An outbreak of infectious respiratory illness known as COVID-19, which is caused by a novel coronavirus (SARS-CoV-2), was first detected in China in December 2019 and subsequently spread globally. This coronavirus has resulted in, among other things, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, significant disruptions to business operations, market closures, cancellations and restrictions, supply chain disruptions, lower consumer demand, and significant volatility and declines in global financial markets, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected, and other infectious illness outbreaks that may arise in the future could adversely affect, the economies of many nations and the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

12.) 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board Trustees of
Paradigm Funds

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Paradigm Funds, comprising Paradigm Value Fund, Paradigm Select Fund, and Paradigm Micro-Cap Fund (the "Funds") as of December 31, 2020, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the five years in the period then ended (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2020, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Funds' auditor since 2004.



COHEN & COMPANY, LTD.
Cleveland, Ohio
February 19, 2021

DISCLOSURE OF EXPENSES (Unaudited)

The ongoing costs to shareholders associated with the Paradigm Value Fund, Paradigm Select 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 July 1, 2020 and held through December 31, 2020.

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 the 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>July 1, 2020</u>	Ending Account Value <u>December 31, 2020</u>	Expenses Paid During the Period* July 1, 2020 to <u>December 31, 2020</u>
Actual	\$1,000.00	\$1,409.93	\$9.09
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,017.60	\$7.61

* Expenses are equal to the Fund's annualized expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

PARADIGM SELECT FUND

	Beginning Account Value <u>July 1, 2020</u>	Ending Account Value <u>December 31, 2020</u>	Expenses Paid During the Period* July 1, 2020 to <u>December 31, 2020</u>
Actual	\$1,000.00	\$1,358.48	\$6.82
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.36	\$5.84

* Expenses are equal to the Fund's annualized expense ratio of 1.15%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

Disclosure of Expenses (Unaudited) - continued

PARADIGM MICRO-CAP FUND

	Beginning Account Value <u>July 1, 2020</u>	Ending Account Value <u>December 31, 2020</u>	Expenses Paid During the Period* July 1, 2020 to <u>December 31, 2020</u>
Actual	\$1,000.00	\$1,534.03	\$7.96
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.85	\$6.34

* Expenses are equal to the Fund's annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

ADDITIONAL INFORMATION

December 31, 2020

(Unaudited)

AVAILABILITY OF QUARTERLY SCHEDULE OF INVESTMENTS

The Funds publicly 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-PORT. The Funds' Forms N-PORT are available on the SEC's website at <http://www.sec.gov>.

PROXY VOTING GUIDELINES

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' website at www.paradigm-funds.com. It is also included in the Funds' Statement of Additional Information, which is available on the SEC's website 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 website 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.

LIQUIDITY RISK MANAGEMENT PROGRAM

The Funds have adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the "Liquidity Rule") under the Investment Company Act. The program is reasonably designed to assess and manage the Funds' liquidity risk, taking into consideration, among other factors, the Funds' investment strategies and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the fiscal year ended December 31, 2020, the Board and the Trust's Liquidity Program Administrator reviewed a report from the Liquidity Program Administrator and reviewed the Funds' investments and they determined that the Funds held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Board concluded that (i) the Funds' liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Funds' liquidity risk management program has been effectively implemented.

TRUSTEES AND OFFICERS (Unaudited)

The Board of Trustees supervises the business activities of the Trust. Each Trustee serves as a trustee until the termination of the Trust unless the Trustee dies, resigns, retires or is removed.

The following table provides information regarding each Trustee who is an "interested person" of the Trust, as defined in the Investment Company Act of 1940, and each officer of the Trust as of December 31, 2020.

Interested Trustees and Officers

Name, Address ¹ , and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen By Trustee	Other Directorships Held by Trustee During the Past 5 Years
Candace King Weir ² (1944)	President and Trustee	Indefinite Term, Since 2002	Co-Portfolio Manager of Paradigm Micro-Cap Fund since 2011, Paradigm Value Fund and Paradigm Select Fund since Feb. 2013; Co-Portfolio Manager of Paradigm Opportunity Fund from Feb. 2013 to Dec. 2019. Director, President, Chief Investment Officer, and Portfolio Manager of Paradigm Capital Management, Inc. since 1994; Director and President of C.L. King & Associates, Inc. since 1972; Managing Member of PCM Ventures, LLC since 1996. PCM Ventures International LLC since 2001, PCM Ventures II, LLC since 2003, and PCM Ventures III, LLC since 2010; Paradigm Funds Advisors LLC since 2005.	3	None
Amelia F. Weir (1975)	Secretary	Indefinite Term, Since 2009	Co-Portfolio Manager of Paradigm Micro-Cap Fund since 2011, Paradigm Value Fund and Paradigm Select Fund since Feb. 2013; Co-Portfolio Manager of Paradigm Opportunity Fund from Feb. 2013 to Dec. 2019. Portfolio Manager and Director of Research Paradigm Capital Management (2008 - current).	N/A	N/A
Carl A. Florio, CPA ³ (1948)	Trustee	Indefinite Term, Since 2005	Director and Vice Chairman of Paradigm Funds Advisor LLC and affiliated entities (2008 - current).	3	Director, American Bio Medical; Dir., First Niagara Financial Group
Robert A. Benton (1954)	Treasurer and Chief Financial Officer	Indefinite Term, Since 2002, Chief Compliance Officer (June 2016 - Oct. 2019)	SVP and CFO of Paradigm Funds Advisor LLC and affiliated advisors (May 2006 - current), SVP and CFO of C.L. King & Associates, a registered broker dealer (February 2001 - current); CCO of Paradigm Funds Advisor LLC an affiliated advisor (June 2016 - Oct. 2019).	N/A	N/A
Thomas H. Signor (1965)	Chief Compliance Officer	Indefinite Term, Since 2019	CCO of Paradigm Funds Advisor LLC (Oct. 2019 - current); Compliance Department of Paradigm Funds Advisor LLC (Aug. 2019-Oct. 2019); EVP and COO of Kinderhook Bank (2015 to July 2019).	N/A	N/A

Independent Trustees

Name, Address ¹ , and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen By Trustee	Other Directorships During the Past 5 Years
Gary Greenhouse ⁴ (1943)	Trustee	Indefinite Term, Since 2016	Founder and President, Dr. Woods Products (a consumer products company) (2006 - current); Founder and Managing Partner, Sylvia Woods Food Company (2000 - current).	3	None
Peter H. Heerwagen (1945)	Trustee	Indefinite Term, Since 2009	Peter H. Heerwagen, Attorney at Law (2009 - current).	3	None
William P. Phelan ⁵ , CPA (1956)	Trustee	Indefinite Term, Since 2007	Chief Executive Officer of Bright Hub, Inc. (2006 - current).	3	Director, MTI Micro
George M. Philip (1947)	Trustee	Indefinite Term, Since 2016	Retired (2013 - current); President, University of Albany, State University of New York (2007 - 2013).	3	Director, First Niagara Financial Group, iPic Entertainment Inc., US Airways

¹ The address of each trustee and officer is c/o Paradigm Funds, Nine Elk Street, Albany, NY 12207.

² Candace King Weir is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, by virtue of her affiliation with the Trust's investment advisor, Paradigm Funds Advisor LLC. Candace King Weir is a Director and the President of Paradigm Capital Management, Inc.; and an interested Trustee of the Trust; and CEO of the Trust's investment advisor, Paradigm Funds Advisor LLC.

³ Carl A. Florio is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, because he is an officer of the Trust's investment advisor, Paradigm Funds Advisor LLC. Carl A. Florio is a member of the Board of Directors of a non-profit foundation that retains Paradigm Capital Management, Inc. to manage a portion of the foundation's assets.

⁴ Gary Greenhouse is a limited partner in PCM Partners, LP II. As of December 31, 2020 he owned 0.31% of the PCM Partners, LP II partnership, the value of which was approximately \$1.23 million. Candace King Weir is the general partner of PCM Partners, LP II an interested Trustee of the Trust and CEO of the Trust's investment advisor, Paradigm Funds Advisor LLC.

⁵ William P. Phelan is a limited partner in PCM Partners, LP II. As of December 31, 2020 he owned 0.95% of the PCM Partners, LP II partnership, the value of which was \$3.74 million. Candace King Weir is the general partner of PCM Partners, LP II; an interested Trustee of the Trust; and CEO of the Trust's investment advisor, Paradigm Funds Advisor LLC.

The Statement of Additional Information includes additional information about the Funds' Trustees and may be obtained without charge by calling 1-800-239-0732.

Board of Trustees

Carl A. Florio
Gary Greenhouse
Peter H. Heerwagen
Candace King Weir
William P. Phelan
George M. Philip

Investment Advisor

Paradigm Funds Advisor LLC
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Counsel

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Custodian

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Shareholders' Servicing Agent,
Transfer Agent**

Mutual Shareholder Services
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Fund Administrator

Premier Fund Solutions, Inc.
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Independent Registered Public Accounting Firm

Cohen & Company, Ltd.
1350 Euclid Ave., Suite 800
Cleveland, OH 44115

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.