

# Paradigm Funds

Paradigm Value Fund (PVFAX)

Paradigm Select Fund (PFSLX)

Paradigm Micro-Cap Fund (PVIVX)

For Investors Seeking Long-Term Capital Appreciation

## **Prospectus**

May 1, 2023

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As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved of these securities, nor has the Commission determined that this Prospectus is complete or accurate. Any representation to the contrary is a criminal offense.

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## Summary Section - Paradigm Value Fund

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### Investment Objective

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- The Paradigm Value Fund (the "Value Fund" or the "Fund") seeks long-term capital appreciation.

### Fees and Expenses of the Fund

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The following table describes the expenses and fees that you may pay if you buy and hold shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and examples below.**

#### Shareholder Fees (fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	0.00%
Deferred Sales Charge (Load)	0.00%
Sales Charge (Load) Imposed on Reinvested Dividends	0.00%

REDEMPTION FEES (as a percentage of the amount redeemed) On shares sold after holding them for 90 days or less.	2.00%
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#### Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	1.50%
Distribution 12b-1 Fees	0.00%
Other Expenses	<u>0.00%</u>
Total Annual Fund Operating Expenses	1.50%

#### Expense Example

The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% annual return each year and that the Fund's operating expenses remain the same each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Your costs:	One Year	Three Years	Five Years	Ten Years
Value Fund	\$153	\$474	\$818	\$1,791

## **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 1.87% of the average value of its portfolio.

## **The Principal Investment Strategy of the Fund**

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The Value Fund invests primarily in the common stocks of small capitalization companies (\$2.5 billion or less at the time of purchase) that the Paradigm Funds Advisor LLC (the “Advisor”) believes have the potential for capital appreciation. The Value Fund primarily invests in companies that exhibit attractive valuations on several metrics, such as price to earnings, price to cash flow, price to book and price to revenue. The Fund may be overweight in certain sectors at various times. Securities are sold when they have realized their anticipated value or if new investment opportunities with higher expected returns are acquired. The Fund may continue to hold securities of companies whose capitalization has, since the time of purchase, grown to exceed \$2.5 billion.

## **The Principal Risks of Investing in the Fund**

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### **Risks of Small Capitalization Companies**

The Fund invests in the stocks of small capitalization companies, which may subject the Fund to additional risks. The earnings and prospects of these companies are generally more volatile than larger companies. Small capitalization companies may experience higher failure rates than do larger companies. The trading volume of securities of small capitalization companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

### **Risks in General**

Domestic economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets in which the Fund invests. There is the risk that these and other factors may adversely affect the Fund’s performance. You could lose money by investing in the Fund.

Additionally, 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 (such as COVID-19); and recessions and depressions could have a significant impact on the Fund and its 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.

### **Risks of Investing in Common Stocks**

Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the Fund’s investments goes down, your investment in the Fund decreases in value and you could lose money.

### **Value Investing Risk**

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company’s intrinsic value may never be fully realized by the market or that a company judged by the advisor to be undervalued may actually be appropriately priced.

## Sector Risk

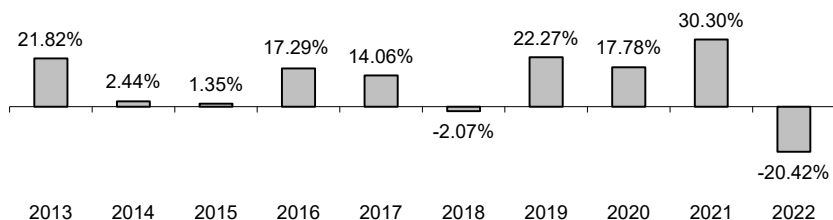
Sector risk is the possibility that all stocks within the same group of industries will decline in price due to sector-specific market or economic developments. The Fund may be overweight in certain sectors at various times.

## Investment Management Risk

The Advisor's strategy may fail to produce the intended results.

## Performance

The information below provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1 year, 5 years, and 10 years compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at [www.paradigm-funds.com](http://www.paradigm-funds.com) or by calling 1-800-595-3044. The bar chart shows calendar year total returns for the Fund for each of the last 10 years.



Best Quarter (December 31, 2020) +33.41% Worst Quarter (March 31, 2020) -32.30%

### AVERAGE ANNUAL TOTAL RETURN FOR THE PERIODS ENDED 12/31/22

	1 Year	5 Years	10 Years
VALUE FUND			
Return Before Taxes	-20.42%	7.90%	9.48%
Return After Taxes on Distributions	-21.93%	6.29%	6.96%
Return After Taxes on Distributions and Sale of Fund Shares	-11.00%	5.98%	6.98%
Russell 2000 Value Index (does not reflect deductions for fees, expenses or taxes)	-14.48%	4.13%	8.48%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

## Management

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### Investment Advisor

Paradigm Funds Advisor LLC

### Portfolio Managers

Candace King Weir and Amelia Weir have served as co-portfolio managers since February 2013. Candace King Weir is the Chief Executive Officer and Chief Investment Officer of the Advisor. Amelia Weir is the Senior Vice President of the Advisor. Scott M. Bruce, CFA, a Portfolio Manager with the Advisor, has served as a co-portfolio manager since October 2013.

## Purchase and Sale of Fund Shares

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The minimum initial and subsequent investment amounts for various types of accounts offered by the Fund are shown below.

	<u>Initial</u>	<u>Additional</u>
Regular Account	\$2,500	\$100
Automatic Investment Plan	\$1,000	\$100
IRA Account	\$1,000	\$100

Investors may purchase or redeem Fund shares on any business day through a financial intermediary, by mail (Paradigm Funds, c/o Mutual Shareholder Services, 8000 Town Centre Drive, Suite 400, Broadview Heights, Ohio 44147), by wire, or by telephone at 1-800-595-3044. Purchases and redemptions by telephone are only permitted if you previously established this option on your account.

## Tax Information

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The Fund's distributions are taxable, and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

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If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## Summary Section - Paradigm Select Fund

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### Investment Objective

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- The Paradigm Select Fund (the "Select Fund" or the "Fund") seeks long-term capital appreciation.

### Fees and Expenses of the Fund

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The following table describes the expenses and fees that you may pay if you buy and hold shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and examples below.**

#### Shareholder Fees (fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	0.00%
Deferred Sales Charge (Load)	0.00%
Sales Charge (Load) Imposed on Reinvested Dividends	0.00%

REDEMPTION FEES (as a percentage of the amount redeemed)	2.00%
On shares sold after holding them for 90 days or less.	

#### Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	1.50%
Distribution 12b-1 Fees	0.00%
Other Expenses	<u>0.00%</u>
Total Annual Fund Operating Expenses	<u>1.50%</u>
Fee Waiver/Expense Reimbursement <sup>(1)</sup>	<u>(0.35%)</u>
Total Annual Fund Operating Expenses After Fee Waiver	1.15%

<sup>(1)</sup> 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, 2024. The fee waiver will automatically terminate on April 30, 2024 unless it is renewed by the Advisor. The Advisor may not terminate the fee waiver before April 30, 2024.

#### Expense Example

The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% annual return each year and that the Fund's operating expenses remain the same each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Your costs:	One Year	Three Years	Five Years	Ten Years
Select Fund	\$117	\$440	\$785	\$1,761



## **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 29.45% of the average value of its portfolio.

## **The Principal Investment Strategy of the Fund**

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The Select Fund invests primarily in the common stocks of companies with market capitalizations between \$500 million and \$10 billion at the time of purchase that the Advisor believes have the potential for capital appreciation. The Fund may be overweight in certain sectors at various times. Securities are sold when they have realized their anticipated value or if new investment opportunities with higher expected returns are acquired.

## **The Principal Risks of Investing in the Fund**

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### **Risks of Small and Mid Capitalization Companies**

The Fund invests in the stocks of small and mid capitalization companies, which may subject the Fund to additional risks. The earnings and prospects of these companies are generally more volatile than larger companies. Small and mid capitalization companies may experience higher failure rates than do larger companies. The trading volume of securities of small and mid capitalization companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

### **Risks in General**

Domestic economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets in which the Fund invests. There is the risk that these and other factors may adversely affect the Fund’s performance. You could lose money by investing in the Fund.

Additionally, 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 (such as COVID-19); and recessions and depressions could have a significant impact on the Fund and its 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.

### **Risks of Investing in Common Stocks**

Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the Fund’s investments goes down, your investment in the Fund decreases in value and you could lose money.

### **Sector Risk**

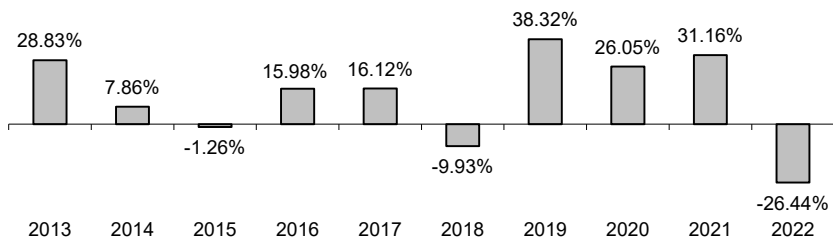
Sector risk is the possibility that all stocks within the same group of industries will decline in price due to sector-specific market or economic developments. The Fund may be overweight in certain sectors at various times.

### **Investment Management Risk**

The Advisor’s strategy may fail to produce the intended results.

## Performance

The information below provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1 year, 5 years, and 10 years compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at [www.paradigm-funds.com](http://www.paradigm-funds.com) or by calling 1-800-595-3044. The bar chart shows calendar year total returns for the Fund for each of the last 10 years.



Best Quarter (June 30, 2020) +30.35%

Worst Quarter (March 31, 2020) -28.82%

### AVERAGE ANNUAL TOTAL RETURN FOR THE PERIODS ENDED 12/31/22

SELECT FUND	1 Year	5 Years	10 Years
Return Before Taxes	-26.44%	8.66%	10.84%
Return After Taxes on Distributions	-26.45%	8.45%	9.37%
Return After Taxes on Distributions and Sale of Fund Shares	-15.65%	6.77%	8.29%
Russell 2500 Index (does not reflect deductions for fees, expenses or taxes)	-18.37%	5.89%	10.03%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

## Management

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### Investment Advisor

Paradigm Funds Advisor LLC

### Portfolio Managers

Candace King Weir and Amelia Weir have served as co-portfolio managers since February 2013. Candace King Weir is the Chief Executive Officer and Chief Investment Officer of the Advisor. Amelia Weir is the Senior Vice President of the Advisor.

## Purchase and Sale of Fund Shares

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The minimum initial and subsequent investment amounts for various types of accounts offered by the Fund are shown below.

	<u>Initial</u>	<u>Additional</u>
Regular Account	\$2,500	\$100
Automatic Investment Plan	\$1,000	\$100
IRA Account	\$1,000	\$100

Investors may purchase or redeem Fund shares on any business day through a financial intermediary, by mail (Paradigm Funds, c/o Mutual Shareholder Services, 8000 Town Centre Drive, Suite 400, Broadview Heights, Ohio 44147), by wire, or by telephone at 1-800-595-3044. Purchases and redemptions by telephone are only permitted if you previously established this option on your account.

## Tax Information

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The Fund's distributions are taxable, and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

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If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## Summary Section - Paradigm Micro-Cap Fund

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### Investment Objective

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- The Paradigm Micro-Cap Fund (the "Micro-Cap Fund" or the "Fund") seeks long-term capital appreciation.

### Fees and Expenses of the Fund

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The following table describes the expenses and fees that you may pay if you buy and hold shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and examples below.**

#### Shareholder Fees (fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	0.00%
Deferred Sales Charge (Load)	0.00%
Sales Charge (Load) Imposed on Reinvested Dividends	0.00%

REDEMPTION FEES (as a percentage of the amount redeemed)	2.00%
On shares sold after holding them for 90 days or less.	

#### Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	1.25%
Distribution 12b-1 Fees	0.00%
Other Expenses	<u>0.00%</u>
Total Annual Fund Operating Expenses	1.25%

### Expense Example

The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% annual return each year and that the Fund's operating expenses remain the same each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Your costs:	One Year	Three Years	Five Years	Ten Years
Micro-Cap Fund	\$127	\$397	\$686	\$1,511

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 34.91% of the average value of its portfolio.

### The Principal Investment Strategy of the Fund

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Under normal circumstances, the Micro-Cap Fund invests at least 80% of its net assets in the common stocks of U.S. micro-cap companies. The Fund generally considers a company to be a micro-cap company if, at the time of purchase, its market capitalization is within the range of capitalizations of companies in the Russell Microcap® Index as of the most recent reconstitution date. As of March

31, 2023, the range of market capitalizations for the Russell Microcap® Index was \$1 million to \$4.989 billion. The capitalizations of companies within the Russell Microcap® Index may increase or decrease due to market conditions. The Fund may be overweight in certain sectors at various times. Stocks are sold when they have realized the value anticipated by the Advisor or if new investment opportunities with higher expected returns are acquired. The Fund may continue to hold stocks of companies whose capitalization has, since the time of purchase, grown to exceed the capitalization limits. Additional purchases of a company's stock will not qualify, however, as a micro-cap stock, unless at the time of purchase, the company is able to satisfy the definition of a micro-cap. The Advisor primarily searches for companies within the market capitalization range of the Russell Microcap® Index that exhibit attractive valuations and solid growth prospects.

## **The Principal Risks of Investing in the Fund**

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### **Risks of Micro Capitalization Companies**

The prices of micro-cap stocks are generally more volatile and their markets are less liquid relative to larger-cap securities. Therefore, the Fund may involve considerably more risk of loss and its returns may differ significantly from funds investing in larger-cap companies or other asset classes.

### **Risks of Small and Mid Capitalization Companies**

The Fund may also invest up to 20% of its net assets in the common stocks of small and mid capitalization companies, which may subject the Fund to additional risks. The earnings and prospects of these companies are generally more volatile than larger companies. Small and mid capitalization companies may experience higher failure rates than do larger companies. The trading volume of stocks of small and mid capitalization companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

### **Risks in General**

Domestic economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets in which the Fund invests. There is the risk that these and other factors may adversely affect the Fund's performance. You could lose money by investing in the Fund.

Additionally, 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 (such as COVID-19); and recessions and depressions could have a significant impact on the Fund and its 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.

### **Risks of Investing in Common Stocks**

Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

### **Value Investing Risk**

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by the Advisor to be undervalued may actually be appropriately priced.

### **Growth Risk**

Growth companies are those that the Advisor believes will have revenue and earnings that grow faster than the economy as a whole, offering above-average prospects for capital appreciation and little or no emphasis on dividend income. If the Advisor's perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing the Fund's return.

## Portfolio Turnover Risk

A higher portfolio turnover may result in higher transactional and brokerage costs.

## Sector Risk

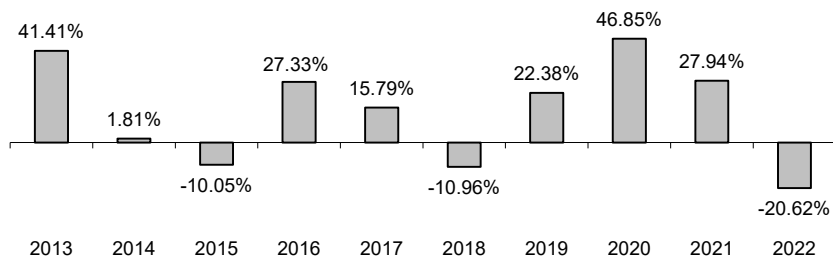
Sector risk is the possibility that all stocks within the same group of industries will decline in price due to sector-specific market or economic developments. The Fund may be overweight in certain sectors at various times.

## Investment Management Risk

The Advisor's strategy may fail to produce the intended results.

## Performance

The information below provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1 year, 5 years and since inception compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at [www.paradigm-funds.com](http://www.paradigm-funds.com) or by calling 1-800-595-3044. The bar chart shows calendar year total returns for the Fund for each full year since its inception.



Best Quarter (December 31, 2020) +40.18% Worst Quarter (March 31, 2020) -29.21%

### AVERAGE ANNUAL TOTAL RETURN FOR THE PERIODS ENDED 12/31/22

#### MICRO-CAP FUND (formerly the Paradigm Intrinsic Value Fund)

	1 Year	5 Years	10 Years
Return Before Taxes	-20.62%	10.20%	11.99%
Return After Taxes on Distributions	-20.62%	9.03%	10.41%
Return After Taxes on Distributions and Sale of Fund Shares	-12.20%	7.66%	9.27%
Russell Microcap Index (does not reflect deductions for fees, expenses or taxes)	-21.96%	3.69%	8.86%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

## Management

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### Investment Advisor

Paradigm Funds Advisor LLC

### Portfolio Manager

Candace King Weir and Amelia Weir, of the Advisor, have served as co-portfolio managers since December 2011. Candace King Weir is the Chief Executive Officer and Chief Investment Officer of the Advisor. Amelia Weir is the Senior Vice President of the Advisor.

## Purchase and Sale of Fund Shares

---

The minimum initial and subsequent investment amounts for various types of accounts offered by the Fund are shown below.

	<u>Initial</u>	<u>Additional</u>
Regular Account	\$2,500	\$100
Automatic Investment Plan	\$1,000	\$100
IRA Account	\$1,000	\$100

Investors may purchase or redeem Fund shares on any business day through a financial intermediary, by mail (Paradigm Funds, c/o Mutual Shareholder Services, 8000 Town Centre Drive, Suite 400, Broadview Heights, Ohio 44147), by wire, or by telephone at 1-800-595-3044.

## Tax Information

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The Fund's distributions are taxable, and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

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If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## Investment Objectives, Principal Investment Strategies, Related Risks, and Disclosure of Portfolio Holdings

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### Investment Objectives

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- Each of the Value Fund, Select Fund and Micro-Cap Fund seek long-term capital appreciation.

### The Principal Investment Strategy of the Value Fund

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The Value Fund invests primarily in the common stocks of small capitalization companies (\$2.5 billion or less at the time of purchase) that the Advisor believes have the potential for capital appreciation. The Fund may be overweight in certain sectors at various times. Securities are sold when they have realized their anticipated value or if new investment opportunities with higher expected returns are acquired.

The Advisor primarily searches for value stocks with market capitalizations of \$2.5 billion or less that exhibit attractive valuations on several metrics, such as price to earnings, price to cash flow, price to book and price to revenue. The Advisor identifies potential investments using a proprietary valuation model to pinpoint companies that are trading at a discount to peers and/or historical valuations. Once investment ideas meet screening criteria, the Advisor studies public filings and trade journals, and generally interviews company management. The Advisor continues research by contacting vendors, competitors and customers to determine why the stock is trading at a discount and to identify catalysts that the Advisor believes will result in capital appreciation.

The Advisor frequently contacts company management and also uses these communications to determine whether management's goals are aligned with those of shareholders. Final investment decisions are based on the Advisor's confidence in management's ability to execute its strategy and the attractiveness of the stock's price based on internally prepared models and valuation metrics. The Advisor generally sells a Fund position if the company no longer meets these criteria.

### **The Principal Investment Strategy of the Select Fund**

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The Select Fund invests primarily in the common stocks of companies with market capitalizations between \$500 million and \$10 billion at the time of purchase that the Advisor believes have the potential for capital appreciation. The Fund may be overweight in certain sectors at various times. Securities are sold when they have realized their anticipated value or if new investment opportunities with higher expected returns are acquired.

The Advisor concentrates the Select Fund's portfolio in established companies with a market capitalization between \$500 million to \$10 billion. These companies generally have experienced management teams with a proven record of developing the business in a steady and profitable manner. The Advisor has found that conservatively managed companies, if purchased at a good price, can provide a more consistent return to investors than the more high potential / high risk alternatives. The Advisor identifies potential investments using a proprietary valuation model to pinpoint companies that the Advisor believes are trading at a discount to peers and/or historical valuations. The selection process includes an evaluation of near term and long term outlook for the industry and an evaluation of management and their incentive compensation agreements and stock ownership. After this research has been completed the Advisor selects what it believes to be the most promising investments.

The Advisor seeks a portfolio which is distributed among a variety of industries with holdings that are concentrated in companies it believes have solid long-term growth prospects. The Advisor believes this process provides long-term capital appreciation potential in a manner consistent with the preservation of capital. The Advisor regularly reviews each of the companies in the portfolio to confirm that each company is achieving the objectives which the Advisor believes are reasonable, and that each continues to hold promise of future appreciation. The Advisor generally sells a Fund position if the company no longer meets these criteria.

### **The Principal Investment Strategy of the Micro-Cap Fund**

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Under normal circumstances, the Micro-Cap Fund invests at least 80% of its net assets in the common stocks of U.S. micro-cap companies. The Fund generally considers a company to be a micro-cap company if, at the time of purchase, its market capitalization is within the range of capitalizations of companies in the Russell Microcap® Index as of the most recent reconstitution date. As of March 31, 2023, the range of market capitalizations for the Russell Microcap® Index was \$1 million to \$4.989 billion. The capitalizations of companies within the Russell Microcap® Index may increase or decrease due to market conditions. The Fund may be overweight in certain sectors at various times. Stocks are sold when they have realized the value anticipated by the Advisor or if new investment opportunities with higher expected returns are acquired. The Fund may continue to hold stocks of companies whose capitalization has, since the time of purchase, grown to exceed the capitalization



limits. Additional purchases of a company's stock do not qualify, however, as a micro-cap stock, unless at the time of purchase, the company is able to satisfy the definition of a micro-cap.

The Advisor primarily searches for companies within the market capitalization range of the Russell Microcap® Index that exhibit attractive valuations and solid growth prospects. The valuation metrics include price to earnings, price to cash flow, price to book and price to revenue. The Advisor identifies potential investments using a proprietary valuation model to pinpoint companies that are trading at a discount to peers and/or historical valuations. Once a potential investment meets these valuation criteria, the Advisor studies public filings and trade journals, and generally interviews company management. The Advisor continues research by contacting vendors, competitors and/or customers to determine why the stock is trading at a discount and to identify catalysts that the Advisor believes will result in capital appreciation.

The Advisor frequently contacts company management and also uses these communications to determine whether, in the Advisor's opinion, management's goals are aligned with those of shareholders. Final investment decisions are based on the Advisor's confidence in management's ability to execute its strategy and the attractiveness of the stock's price based on internally prepared models and valuation metrics. The Advisor generally sells a Fund position if the company no longer meets these criteria.

## **The Principal Risks of Investing in all Funds**

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### **Risks of Small and/or Mid Capitalization Companies**

Each Fund invests in the stocks of small and/or mid capitalization companies, which may subject the Funds to additional risks. The earnings and prospects of these companies are generally more volatile than larger companies. Small and mid capitalization companies may experience higher failure rates than do larger companies. The trading volume of securities of small and mid capitalization companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Small and mid capitalization companies may have limited markets, product lines or financial resources and may lack management experience. The Value Fund and the Micro-Cap Fund will generally invest in smaller companies than the Select Fund, and therefore may be subject to more risks.

### **Risks in General**

Domestic economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets of each Fund's investments. There is the risk that these and other factors may adversely affect each Fund's performance. You could lose money investing in the Funds. You should consider your own investment goals, time horizon, and risk tolerance before investing in the Funds. An investment in a Fund may not be appropriate for all investors and is not intended to be a complete investment program.

Additionally, unexpected local, regional or global events, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; climate change or climate related events; the spread of infectious illnesses or other public health issues; and recessions and depressions could have a significant impact on each Fund and its 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. The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies worldwide. As a result, local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions or other events could have a significant negative impact on global economic and market conditions. The COVID-19 global pandemic

and the aggressive responses taken by many governments or voluntarily imposed by private parties, including closing borders, restricting international and domestic travel, and imposing prolonged quarantines or similar restrictions, as well as the closure of, or operational changes to, many retail and other businesses, has had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how long such impacts, or any future impacts of other significant events described above, will or would last, but there could be a prolonged period of global economic slowdown, which may be expected to impact each Fund and its investments.

### **Risks of Investing in Common Stocks**

Each Fund invests primarily in common stocks, which subjects each Fund and its shareholders to the risks associated with common stock investing. These risks include the financial risk of selecting individual companies that do not perform as anticipated, the risk that the stock markets in which the Funds invest may experience periods of turbulence and instability, and the general risk that domestic and global economies may go through periods of decline and cyclical change. Many factors affect the performance of companies that each Fund invests in, including the strength of its management or the demand for its product or services. You should be aware that the value of a company's share price may decline as a result of poor decisions made by management or lower demand for the company's products or services. In addition, a company's share price may also decline if its earnings or revenues fall short of expectations.

There are overall stock market risks that may also affect the value of the Funds. Over time, the stock market tends to move in cycles, with periods when stock prices rise generally and periods when stock prices decline generally. In general, the value of a Fund's investments may increase or decrease more than the stock market.

### **Sector Risk**

Sector risk is the possibility that stocks within the same group of industries will decline in price due to sector-specific market or economic developments. If the Advisor invests a significant portion of its assets in a particular sector, the Funds are subject to the risk that companies in the same sector are likely to react similarly to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that market segment. The sectors in which a Fund may be over-weighted will vary.

### **Investment Management Risk**

The Advisor's strategy may fail to produce the intended results.

### **Additional Risks of Investing in the Value Fund**

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#### **Value Investing Risk**

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by the Advisor to be undervalued may actually be appropriately priced.

### **Additional Risks of Investing in the Micro-Cap Fund**

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#### **Risks of Micro Capitalization Companies**

Micro-cap companies have additional risks not associated with large capitalization companies. These companies may not be well known to the investing public, may not be significantly owned by institutional investors and may not have steady earnings growth. In addition, the securities of such companies may be more volatile in price, have wider spreads between their bid and ask prices and have significantly lower trading volumes than the securities of larger capitalization companies. The purchase or sale of more than a limited number of shares of the securities of a micro-cap company may affect its market price. Micro-cap companies are generally followed by few, if any, securities analysts, and there tends to be less publicly available information about them. Their securities generally have even more limited trading volumes and are subject to even more abrupt or erratic market price

movements than small and mid capitalization companies. Such companies may also have limited markets, financial resources or product lines, may lack management depth and may be more vulnerable to adverse business or market developments.

### **Value Investing Risk**

Value investing attempts to identify companies selling at a discount to their intrinsic value. Value investing is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by the Advisor to be undervalued may actually be appropriately priced.

### **Growth Risk**

Growth companies are those that the advisor believes will have revenue and earnings that grow faster than the economy as a whole, offering above-average prospects for capital appreciation and little or no emphasis on dividend income. If the Advisor's perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing the Fund's return.

### **Portfolio Turnover Risk**

A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce the Fund's return, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase the Fund's realized capital gains or losses, which may affect the taxes you pay as a Fund shareholder.

### **Portfolio Holdings Disclosure**

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A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' Statement of Additional Information ("SAI").

## **Management**

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### **The Investment Advisor**

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Paradigm Funds Advisor LLC (the "Advisor") is the investment advisor of the Funds and has responsibility for the management of the Funds' affairs, under the supervision of the Funds' Board of Trustees. On December 16, 2005, the Advisor was organized to assume the obligations of Paradigm Capital Management, Inc.'s mutual fund management business. The Advisor has been managing mutual funds since that time. Paradigm Capital Management, Inc. was organized in 1994 and has been managing investment accounts and money since that time. Paradigm Capital Management, Inc. serves as investment advisor to individuals, trusts, retirement plans, non-profit organizations, and limited partnerships. Paradigm Capital Management, Inc. was formed to assume the investment advisory business of C.L. King & Associates, Inc., a registered broker/dealer. C.L. King & Associates was founded in 1972 and became a registered investment advisor in 1984. The Advisor, Paradigm Capital Management, Inc. and C.L. King & Associates, Inc. are affiliated companies through common ownership and shared resources. The address of the Advisor is Nine Elk Street, Albany, NY 12207.

The Advisor manages the investment portfolios of the Funds pursuant to management agreements with the Trust on behalf of each Fund (the "Management Agreements") and subject to policies adopted by the Funds' Board of Trustees. Under the Management Agreements, the Advisor pays all operating expenses of the Funds, with the exception of taxes, borrowing expenses (such as (a) interest and (b) dividend expenses on securities sold short), brokerage commissions, extraordinary expenses and any indirect expenses, such as expenses incurred by other investment companies in which the Funds invest. For the fiscal year ended December 31, 2022, the Advisor received an investment management fee net of applicable waivers equal to 1.50% of the average daily net assets of the Value Fund, 1.15% of the average daily net assets of the Select Fund, and 1.25% of the average daily net assets of the Micro-Cap Fund. In addition the Advisor has agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses (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 the Select Fund's average daily net assets through April 30, 2024.

A discussion regarding the basis for the Board of Trustees' continuance and approval of the Management Agreements between the Trust on behalf of the Value Fund, Select Fund and Micro-Cap Fund and the Advisor is available in the Funds' semi-annual report to shareholders dated June 30, 2022 and an updated discussion will be available in the Funds' semi-annual report to shareholders dated June 30, 2023.

The Advisor (not the Funds) may pay certain financial institutions (which may include banks, brokers, securities dealers and other industry professionals) a fee for providing distribution related services and/or for performing certain administrative servicing functions for Fund shareholders to the extent these institutions are allowed to do so by applicable statute, rule or regulation.

## **The Portfolio Managers**

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Candace King Weir, Chief Executive Officer and Chief Investment Officer of the Advisor, and Amelia Weir, Senior Vice President of the Advisor, serve as Co-Portfolio Managers of each of the Paradigm Funds. Scott M. Bruce, CFA, a Portfolio Manager with the Advisor, also serves as a Co-Portfolio Manager of the Value Fund. Candace King Weir has been Chairperson of the Board of Trustees of Paradigm Funds since the Trust's inception in 2002; President, Chief Investment Officer, and a Portfolio Manager of Paradigm Capital Management, Inc. since 1994; and President and Director of C.L. King & Associates, Inc. since 1972. Amelia Weir has served as the Secretary to the Trust since 2009. Additionally, since 2008 she served as the Senior Vice President for Paradigm Capital Management, Inc., where she has also been a portfolio manager since 2009. From 2006 to 2008, she was a portfolio manager at William D. Witter. Mr. Bruce joined the Advisor in September 2013 as a Portfolio Manager. He previously served as the Vice President and Portfolio Manager with Senvest International LLC (1996 - April 2013). The Funds' SAI provides information about each portfolio manager's compensation, other accounts managed by the portfolio manager and the manager's ownership of Fund shares.

## **Shareholder Information**

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### **Pricing of Fund Shares**

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The price you pay for a share of a Fund, and the price you receive upon selling or redeeming a share of a Fund, is called a Fund's net asset value ("NAV"). The NAV 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:  $NAV = \frac{\text{Total Assets} - \text{Liabilities}}{\text{Number of Shares Outstanding}}$

The NAV is generally calculated as of the close of trading on the New York Stock Exchange (normally 4:00 p.m. Eastern time) every day the Exchange is open. The New York Stock Exchange is generally open every day other than weekends and holidays. All purchases, redemptions or reinvestments of Fund shares will be priced at the next NAV calculated after your order is received in proper form by the Funds' Transfer Agent, Mutual Shareholder Services. If you purchase shares directly from the Funds, your order must be placed with the Transfer Agent prior to the close of the trading of the New York Stock Exchange in order to be confirmed for that day's NAV. Each Fund's assets generally are valued at their market quotations. Equity securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Valuation Committee believes such prices accurately reflect the fair value of such securities. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. When market quotations are not readily available, when the Valuation Committee determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted securities are being valued, such securities are valued as determined in good faith by the Valuation Committee, subject to review of the Board. For example, if trading in a portfolio security is halted and does not resume before a Fund calculates its NAV, the Trust's Valuation Committee

may need to price the security using the fair value pricing guidelines. Without a fair value price, short term traders could take advantage of the arbitrage opportunity and dilute the NAV of long term investors. Fair valuation of a Fund's portfolio securities can serve to reduce arbitrage opportunities available to short term traders, but there is no assurance that fair value pricing policies will prevent dilution of the Fund's NAV by short term traders. The Funds may use pricing services to determine market value.

## Customer Identification Program

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### IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

*To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. This means that, when you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for identifying documents, and may take additional steps to verify your identity. We may not be able to open an account or complete a transaction for you until we are able to verify your identity.*

## Investing in the Funds

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You may purchase shares directly through the Funds' transfer agent or through a brokerage firm or other financial institution that has agreed to sell the Funds' shares. If you are investing directly in a Fund for the first time, you will need to establish an account by completing a Shareholder Account Application (To establish an IRA, complete an IRA Application). To request an application, call toll-free 1-800-595-3044. The Funds reserve the right to change the amount of these minimums from time to time or to waive them in whole or in part for certain accounts. Investment minimums may be higher or lower to investors purchasing shares through a brokerage firm or other financial institution.

## Investments Made Through Brokerage Firms or Other Financial Institutions

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If you invest through a brokerage firm or other financial institution, the policies and fees may be different than those described here. Financial advisors, financial supermarkets, brokerage firms, and other financial institutions may charge transaction and other fees and may set different minimum investments or limitations on buying or selling shares. Consult a representative of your financial institution if you have any questions. A Fund is deemed to have received your order when the brokerage firm or financial institution receives the order, and your purchase will be priced at the next calculated NAV. Your financial institution is responsible for transmitting your order to a Fund in a timely manner.

## Minimum Investments

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	<u>Initial</u>	<u>Additional</u>
Regular Account	\$2,500	\$100
Automatic Investment Plan	\$1,000	\$100
IRA Account	\$1,000	\$100

All purchases must be made in U.S. dollars and checks must be drawn on U.S. banks. No cash, money orders, travelers checks, credit cards, credit card checks, third party checks or other checks deemed to be high-risk checks will be accepted. A \$20 fee will be charged against your account for any payment check returned to the Transfer Agent or for any incomplete electronic fund transfer, or for insufficient funds, stop payment, closed account or other reasons. If a check does not clear your bank or the Funds are unable to debit your predesignated bank account on the day of purchase, the Funds reserve the right to cancel the purchase. If your purchase is canceled, you will be responsible for any losses or fees imposed by your bank and losses that may be incurred as a result of a decline in the value of the canceled purchase. The Funds (or Funds' agent) have the authority to redeem

shares in your account(s) to cover any losses due to fluctuations in share price. Any profit on such cancellation will accrue to the Funds. Your investment in the Funds should be intended to serve as a long-term investment vehicle. The Funds are not designed to provide you with a means of speculating on the short-term fluctuations in the stock market. The Funds reserve the right to reject any purchase request that they regard as disruptive to the efficient management of the Funds, which includes investors with a history of excessive trading. The Funds also reserve the right to stop offering shares at any time.

## Market Timing

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The Funds discourage market timing. Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short term market movements. Market timing may result in dilution of the value of the Funds' shares held by long-term shareholders, disrupt portfolio management and increase the Funds' expenses for all shareholders. For example, the Funds invest in smaller capitalization companies. Because the securities of these companies may be infrequently traded, investors may seek to trade shares of the Funds in an effort to benefit from their understanding of the value of these securities (referred to as price arbitrage). Such frequent trading may interfere with efficient management of the Funds' portfolios to a greater degree than it would with funds that invest in highly liquid securities. This is because the Funds may have difficulty selling these portfolio securities at advantageous times or prices to satisfy large and/or frequent redemption requests. To discourage large and frequent short-term trades by investors, and to compensate the Funds for costs that may be incurred by such trades, the Funds impose a redemption fee of 2.00% of the total redemption amount (calculated at market value) if you sell or exchange your shares after holding them for 90 days or less. The redemption fee is paid directly to the Funds and is designed to offset brokerage commissions, market impact, or other costs that may be associated with short-term trading.

The following types of redemptions and exchanges are exempt from the redemption fee:

- Redemption of shares purchased through Plan participant payroll or employer contributions
- Redemption of shares purchased through reinvestment of dividends or capital gain distributions
- Exchanges or re-registrations within the Paradigm Funds
- Individual retirement account (IRA) conversions, rollovers and re-characterizations
- Redemptions constituting a distribution from a traditional, Roth, SEP, SIMPLE, rollover, or inherited IRA for a client at least 70-1/2 years old
- Redemptions to pay Fund or account fees
- Redemptions to pay distributions, loans, and in-service withdrawals from retirement plans
- Redemptions or exchanges of shares as a result of a retirement plan termination
- Redemptions or exchanges of shares at the direction of a retirement plan sponsor
- Redemptions in connection with an automatic rebalancing of the Plan participant's account
- Redemptions in connection with asset allocation programs that offer automatic re-balancing; wrap-fee accounts and similar types of accounts or programs; and certain types of 401(k) or other retirement accounts that provide default investment options.

The Board of Trustees has adopted a policy directing the Funds to reject any purchase order with respect to one investor, a related group of investors or their agent(s), where it detects a pattern of purchases and sales of the Funds that indicates market timing or trading that it determines is abusive. This policy generally applies to all the Funds' shareholders. While the Funds attempt to deter market timing, there is no assurance that the Funds will be able to identify and eliminate all market timers. For example, certain accounts called "omnibus accounts" include multiple shareholders. Omnibus accounts typically provide the Funds with a net purchase or redemption request on any given day where purchasers of the Funds' shares and redeemers of the Funds' shares are netted against one another and the identity of individual purchasers and redeemers whose orders are aggregated are not known by the Funds. The netting effect often makes it more difficult for the Funds to detect market timing, and there can be no assurance that the Funds will be able to do so. The Funds have entered into agreements with brokers that maintain omnibus accounts with the Funds pursuant to which the brokers have agreed to provide shareholder transaction information, to the extent known to the broker, to the Funds upon request.

## Types of Account Ownership

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You can establish the following types of accounts by completing a Shareholder Account Application:

- **Individual or Joint Ownership**  
Individual accounts are owned by one person. Joint accounts have two or more owners.
- **A Gift or Transfer to Minor** (UGMA or UTMA) A UGMA/UTMA account is a custodial account managed for the benefit of a minor. To open an UGMA or UTMA account, you must include the minor's social security number on the application.
- **Trust**  
An established trust can open an account. The names of each trustee, the name of the trust and the date of the trust agreement must be included on the application.
- **Business Accounts**  
Corporation and partnerships may also open an account. The application must be signed by an authorized officer of the corporation or a general partner of a partnership.
- **IRA Accounts**  
See "Tax-Deferred Plans" on page 21.

## Instructions For Opening and Adding to an Account

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### TO OPEN AN ACCOUNT

#### By Mail

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Complete and sign the Shareholder Application or an IRA Application.

Make your check payable to  
Paradigm Funds

- For IRA accounts, please specify the year for which the contribution is made.

#### Mail the application and check to:

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Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

#### By overnight courier, send to:

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Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

### TO OPEN AN ACCOUNT

#### By Wire

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Call 1-800-595-3044 for instructions prior to wiring funds.

### TO ADD TO AN ACCOUNT

#### By Mail

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Complete the investment slip that is included with your account statement, and write your account number on your check. If you no longer have your investment slip, please reference your name, account number, and address on your check.

#### Mail the slip and the check to:

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Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

### TO ADD TO AN ACCOUNT

#### By Wire

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Send your investment to US Bank, N.A. Call 1-800-595-3044 for instructions prior to wiring funds.

## Telephone and Wire Transactions

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With respect to all transactions made by telephone, the Funds and the Transfer Agent will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. Such procedures may include, among others, requiring some form of personal identification prior to acting upon telephone instructions, providing written confirmation of all such transactions, and/or tape recording all telephone instructions. If reasonable procedures are followed, then neither the Funds nor the Transfer Agent will be liable for any loss, cost, or expense for acting upon an investor's telephone instructions or for any unauthorized telephone redemption. In any instance where the Funds' Transfer Agent is not reasonably satisfied that instructions received by telephone are genuine, neither the Funds nor the Transfer Agent shall be liable for any losses which may occur because of delay in implementing a transaction.

If you purchase your initial shares by wire, the Transfer Agent first must have received a completed account application and issued an account number to you. The account number must be included in the wiring instructions. The Transfer Agent must receive your account application to establish shareholder privileges and to verify your account information. Payment of redemption proceeds may be delayed and taxes may be withheld unless the Funds receive a properly completed and executed account application.

Shares purchased by wire will be purchased at the NAV next determined after the Transfer Agent receives your wired funds and all required information is provided in the wire instructions. If wired funds are received by the Transfer Agent no later than 4:00 p.m. Eastern time, then the shares purchased will be priced at the NAV determined on that business day. If the wire is not received by 4:00 p.m. Eastern time, the purchase will be effective at the NAV next calculated after receipt of the wire.

## Tax-Deferred Plans

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If you are eligible, you may set up one or more tax-deferred accounts. A tax-deferred account allows you to defer your investment income and capital gains from current income taxes. A contribution to certain of these plans may also be tax deductible. Tax-deferred accounts include retirement plans described below. Distributions from these plans are generally subject to an additional tax if withdrawn prior to age 59 1/2 or used for a nonqualifying purpose. Investors should consult their tax advisor or legal counsel before selecting a tax-deferred account.

**US Bank, N.A.**, serves as the custodian for the tax-deferred accounts offered by the Funds. You will be charged an annual account maintenance fee of \$8 for each tax-deferred account you have with the Funds. You may pay the fee by check or have it automatically deducted from your account (usually in December). The custodian reserves the right to change the amount of the fee or to waive it in whole or part for certain types of accounts.

## Types of Tax-Deferred Accounts

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- **Traditional IRA**  
In an individual retirement account, your contribution may or may not be deductible depending on your circumstances. Assets can grow tax-deferred and distributions are taxable as income.
- **Roth IRA**  
An IRA with non-deductible contributions, tax-free growth of assets, and tax-free distributions for qualified distributions.
- **Spousal IRA**  
An IRA funded by a working spouse in the name of a non-earning spouse.



- **SEP-IRA**

An individual retirement account funded by employer contributions. Your assets grow tax-deferred and distributions are taxable as income.

- **Keogh or Profit Sharing Plans**

These plans allow corporations, partnerships and individuals who are self-employed to make tax-deductible contributions.

- **403(b) Plans**

An arrangement that allows employers of charitable or educational organizations to make voluntary salary reduction contributions to a tax-deferred account.

- **401(k) Plans**

Allows employees of corporations of all sizes to contribute a percentage of their wages on a tax-deferred basis. These accounts need to be established by the trustee of the plan.

## **Automatic Investment Plans**

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By completing the Automatic Investment Plan section of the account application, you may make automatic monthly or quarterly investments (\$100 minimum per purchase) in the Funds from your bank or savings account. Your initial investment minimum is \$1,000 if you select this option. Shares of the Funds may also be purchased through direct deposit plans offered by certain employers and government agencies. These plans enable a shareholder to have all or a portion of their payroll or Social Security checks transferred automatically to purchase shares of the Funds.

## **FOR INVESTING**

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### **Automatic Investment Plan**

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For making automatic investments from a designated bank account.

### **Payroll Direct Deposit Plan**

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For making automatic investments from your payroll check.

## **Dividend Reinvestment**

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All income dividends and capital gains distributions will be automatically reinvested in shares of the applicable Fund unless you indicate otherwise on the account application or in writing.

## **Instructions For Selling Fund Shares**

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You may sell all or part of your shares on any day that the New York Stock Exchange is open for trading. Your shares will be sold at the next NAV per share calculated after your order is received in proper form by the Transfer Agent. The proceeds of your sale may be more or less than the purchase price of your shares, depending on the market value of a Fund's securities at the time of your sale. The Funds will not mail any proceeds unless your investment check has cleared the bank, which may take up to fifteen calendar days. This procedure is intended to protect each Fund and its shareholders from loss. If the dollar or share amount requested is greater than the current value of your account, your entire account balance will be redeemed. If you choose to redeem your account in full, any automatic services currently in effect for the account will be terminated unless you indicate otherwise in writing. You will be charged \$20 if you request payment by wire. The Funds typically expect that it will take up to seven days following the receipt of your redemption request to pay out redemption proceeds by check or electronic transfer. The Funds typically expect to pay redemptions from cash, cash equivalents, proceeds from the sale of fund shares, from the sale of portfolio securities, and then from borrowing from a bank line of credit. These the redemption payment methods will be used in regular and stressed market conditions.

## TO SELL SHARES

### By Mail

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Write a letter of instruction that includes:

- The names(s) and signature(s) of all account owners.
- Your account number.
- The dollar or share amount you want to sell.
- Where to send the proceeds.
- If redeeming from your IRA, please note applicable withholding requirements.
- Obtain a signature guarantee or other documentation, if required.

### Mail your request to:

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Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

### By overnight courier, send to:

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Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

### By Telephone

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- You will automatically be granted telephone redemption privileges unless you decline them in writing or indicate on the appropriate section of the account application that you decline this option. Otherwise, you may redeem Fund shares by calling 1-800-595-3044. Redemption proceeds will only be mailed to your address of record.
- You may only redeem a maximum of \$25,000 per day by telephone.
- You will not be able to redeem by telephone and have a check sent to your address of record for a period of 15 days following an address change.
- Unless you decline telephone privileges in writing or on your account application, as long as the Fund takes reasonable measures to verify the order, you may be responsible for any fraudulent telephone order.

For specific information on how to redeem your account, and to determine if a signature guarantee or other documentation is required, please call toll-free in the U.S. **1-800-595-3044**.

### Additional Redemption Information

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#### Signature Guarantees

Signature guarantees are designed to protect both you and the Funds from fraud. A signature guarantee of each owner is required to redeem shares in the following situations:

- If you change ownership on your account.
- If you request the redemption proceeds to be sent to a different address than that registered on the account.
- If a change of address request has been received by the Transfer Agent within the last 15 days.
- If you wish to redeem \$25,000 or more from any shareholder account.

Signature guarantees can be obtained from most banks, savings and loan associations, trust companies, credit unions, broker/dealers, and member firms of a national securities exchange. Call your financial institution to see if it has the ability to guarantee a signature. **A notary public cannot pro-**

**vide signature guarantees.** The Funds will not make redemption checks payable to anyone other than (1) the shareholder(s) of record, or (2) a financial intermediary for the benefit of the shareholder(s) of record.

The Funds reserve the right to require a signature guarantee under other circumstances or to delay a redemption when permitted by Federal Law. For more information pertaining to signature guarantees, please call 1-800-595-3044.

### **Corporate, Trust and Other Accounts**

Redemption requests from corporate, trust, and other accounts may require documents in addition to those described above, evidencing the authority of the officers, trustees or others. In order to avoid delays in processing redemption requests for these accounts, you should call the Transfer Agent at 1-800-595-3044 to determine what additional documents are required.

### **Address Changes**

To change the address on your account, call the Transfer Agent at 1-800-595-3044 or send a written request signed by all account owners. Include the account number(s) and name(s) on the account and both the old and new addresses. Certain options may be suspended for a period of 15 days following an address change.

### **Transfer of Ownership**

In order to change the account registration or transfer ownership of an account, additional documents will be required. In order to avoid delays in processing these requests, you should call the Transfer Agent at 1-800-595-3044 to determine what additional documents are required.

### **Redemption Initiated by the Funds**

Because there are certain fixed costs involved with maintaining your account, the Funds may require you to redeem all of your shares if your account balance in a Fund falls below \$1,000. After your account balance falls below the minimum balance, you will receive a notification from the Funds indicating its intent to close your account along with instructions on how to increase the value of your account to the minimum amount within 60 days. If your account balance is still below \$1,000 after 60 days, the Funds may close your account and send you the proceeds. This minimum balance requirement does not apply to IRAs and other tax-sheltered investment accounts. The right of redemption by the Funds will not apply if the value of your account balance falls below \$1,000 because of market performance. All shares of a Fund are also subject to involuntary redemption if the Board of Trustees determines to liquidate the Fund. Any involuntary redemption will create a capital gain or loss, which may have tax consequences about which you should consult your tax advisor.

### **Shareholder Communications**

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#### **Account Statements**

Every quarter, shareholders of the Funds will automatically receive account statements. You will also be sent a yearly statement detailing the tax characteristics of any dividends and distributions you have received.

#### **Confirmations**

Confirmation statements will be sent after each transaction that affects your account balance or account registration.

#### **Regulatory Reports**

Financial reports will be published semi-annually. The Funds have discontinued mailing paper copies of the Funds' financial reports as permitted by new regulations adopted by the SEC, unless you specifically request paper copies. The reports will remain available to you on the Funds' website ([www.paradigm-funds.com](http://www.paradigm-funds.com)) and you will be notified by mail each time a report is posted and provided with a link to access the report. Annual reports will include audited financial statements.

## Dividends and Distributions

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Each Fund intends to pay income and capital gains distributions at least once a year and expects that distributions will consist primarily of capital gains. You may elect to reinvest income dividends and capital gain distributions in the form of additional shares of the Funds or receive these distributions in cash. Dividends and distributions from each Fund are automatically reinvested in the Fund, unless you elect to have dividends paid in cash. Reinvested dividends and distributions receive the same tax treatment as those paid in cash. If you are interested in changing your election, you may call the Transfer Agent at 1-800-595-3044 or send a written notification to:

Paradigm Funds  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

## Taxes

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Fund dividends and distributions are taxable to most investors (unless your investment is in an IRA or other tax-deferred account). Dividends paid by a Fund out of net ordinary income and distributions of net short-term capital gains are taxable to the shareholders as ordinary income. Distributions by a Fund of net long-term capital gains to shareholders are generally taxable to the shareholders at the applicable long-term capital gains rate, regardless of how long the shareholder has held shares of the Fund.

Redemptions of shares of a Fund are taxable events which you may realize as a gain or loss. The amount of the gain or loss and the rate of tax will depend mainly upon the amount paid for the shares, the amount received from the sale, and how long the shares were held. A Fund's distributions may be subject to federal income tax whether received in cash or reinvested in additional shares. In addition to federal taxes, you may be subject to state and local taxes on distributions. Because everyone's tax situation is unique, always consult your tax professional about federal, state, and local tax consequences of an investment in the Funds.

## Cybersecurity Risk

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The computer systems, networks and devices used by the Funds and their service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized by the Funds and their service providers, systems, networks, or devices potentially can be breached. The Funds and their shareholders could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact the Funds' business operations, potentially resulting in financial losses; interference with the Funds' ability to calculate their NAVs; impediments to trading; the inability of the Funds, the Advisor, and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which the Funds invests; counterparties with which the Funds engage in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions (including financial intermediaries and service providers for the Fund's shareholders); and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

# PRIVACY POLICY

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The following is a description of the Funds' policies regarding disclosure of nonpublic personal information that you provide to the Funds or that the Funds collect from other sources. In the event that you hold shares of the Funds through a broker-dealer or other financial intermediary, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with unaffiliated third parties.

**Categories of Information the Funds Collect.** The Funds collect the following nonpublic personal information about you:

- Information the Funds receive from you on or in applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, assets, income and date of birth); and
- Information about your transactions with the Fund company, its affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

**Categories of Information the Funds Disclose.** The Funds do not disclose any nonpublic personal information about their current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Funds are permitted by law to disclose all of the information they collect, as described above, to their service providers (such as the Funds' custodian, administrator and transfer agent) to process your transactions and otherwise provide services to you.

**Confidentiality and Security.** The Funds restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Funds maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

## Financial Highlights

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The financial highlight tables on the following pages are intended to help you understand each Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate you would have earned (or lost) on an investment in each Fund (assuming reinvestment of all dividends and distributions). The financial information has been audited by Cohen & Company, Ltd., the Funds' independent registered public accounting firm, whose report, along with each Fund's financial statements, is included in the Funds' annual report, which is available upon request.

# Paradigm Value Fund

## Financial Highlights

Selected data for a share outstanding throughout the period:	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018
	to 12/31/2022	to 12/31/2021	to 12/31/2020	to 12/31/2019	to 12/31/2018
Net Asset Value - Beginning of Year	\$ 71.43	\$ 56.29	\$ 48.83	\$ 41.94	\$ 48.96
Net Investment Income (Loss) (a)	(0.29)	(0.53)	(0.14)	0.05	(0.10)
Net Gain (Loss) on Investments (Realized and Unrealized)	(14.28)	17.56	8.81	9.29	(0.98)
Total from Investment Operations	(14.57)	17.03	8.67	9.34	(1.08)
Distributions (From Net Investment Income)	-	-	(0.04)	(0.02)	-
Distributions (From Capital Gains)	(4.55)	(1.91)	(1.18)	(2.43)	(5.95)
Total Distributions	(4.55)	(1.91)	(1.22)	(2.45)	(5.95)
Proceeds from Redemption Fees	0.01	0.02	0.01	-	0.01
Net Asset Value - End of Year	\$ 52.32	\$ 71.43	\$ 56.29	\$ 48.83	\$ 41.94
Total Return (b)	(20.42)%	30.30%	17.78%	22.27%	(2.07)%
<b>Ratios/Supplemental Data</b>					
Net Assets - End of Year (Thousands)	\$ 48,520	\$ 76,200	\$ 57,693	\$ 54,889	\$ 51,431
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	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.50)%	(0.78)%	(0.32)%	0.12%	(0.18)%
Portfolio Turnover Rate	1.87%	10.61%	11.64%	12.31%	20.54%

# Paradigm Select Fund

## Financial Highlights

Selected data for a share outstanding throughout the period:	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018
	to 12/31/2022	to 12/31/2021	to 12/31/2020	to 12/31/2019	to 12/31/2018
Net Asset Value - Beginning of Year	\$ 74.25	\$ 56.71	\$ 45.04	\$ 32.75	\$ 37.44
Net Investment Income (Loss) (a)	(0.02)	(0.19)	(0.11)	0.01	0.01
Net Gain (Loss) on Investments (Realized and Unrealized)	(19.64)	17.78	11.83	12.54	(3.74)
Total from Investment Operations	(19.66)	17.59	11.72	12.55	(3.73)
Distributions (From Net Investment Income)	-	-	-	(0.01)	-
Distributions (From Capital Gains)	(0.01)	(0.13)	(0.06)	(0.25)	(0.96)
Total Distributions	(0.01)	(0.13)	(0.06)	(0.26)	(0.96)
Proceeds from Redemption Fees	0.03	0.08	0.01	-	-
Net Asset Value - End of Year	\$ 54.61	\$ 74.25	\$ 56.71	\$ 45.04	\$ 32.75
Total Return (b)	(26.44)%	31.16%	26.05%	38.32%	(9.93)%
<b>Ratios/Supplemental Data</b>					
Net Assets - End of Year (Thousands)	\$ 93,491	\$ 148,527	\$ 64,970	\$ 36,744	\$ 23,323
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)	(0.04)%	(0.28)%	(0.26)%	0.03%	0.03%
Portfolio Turnover Rate	29.45%	8.64%	11.10%	15.27%	20.28%

(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.

+ Amount calculated is less than \$0.005.

# Paradigm Micro-Cap Fund

## Financial Highlights

Selected data for a share outstanding throughout the period:	1/1/2022 to 12/31/2022	1/1/2021 to 12/31/2021	1/1/2020 to 12/31/2020	1/1/2019 to 12/31/2019	1/1/2018 to 12/31/2018
Net Asset Value - Beginning of Year	\$ 54.57	\$ 43.13	\$ 30.91	\$ 25.26	\$ 32.40
Net Investment Loss (a)	(0.41)	(0.47)	(0.15)	(0.02)	(0.23)
Net Gain (Loss) on Investments (Realized and Unrealized)	(10.85)	12.51	14.63	5.67	(3.35)
Total from Investment Operations	(11.26)	12.04	14.48	5.65	(3.58)
Distributions (From Net Investment Income)	-	-	-	-	-
Distributions (From Capital Gains)	-	(0.61)	(2.26)	-	(3.56)
Total Distributions	-	(0.61)	(2.26)	-	(3.56)
Proceeds from Redemption Fees	0.01	0.01	-	-	-
Net Asset Value - End of Year	\$ 43.32	\$ 54.57	\$ 43.13	\$ 30.91	\$ 25.26
Total Return (b)	(20.62)%	27.94%	46.85%	22.38%	(10.96)%

## Ratios/Supplemental Data

Net Assets - End of Year (Thousands)	\$ 113,330	\$ 160,046	\$ 98,405	\$ 63,506	\$ 44,346
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	(0.92)%	(0.91)%	(0.48)%	(0.06)%	(0.67)%
Portfolio Turnover Rate	34.91%	46.02%	81.04%	86.09%	111.47%

(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.

+ Amount calculated is less than \$0.005.

## Fund Service Providers

### Custodian

US Bank, N.A.

### Fund Administrator

Premier Fund Solutions, Inc.

### Independent Registered Public Accounting Firm

Cohen & Company, Ltd.

### Investment Advisor

Paradigm Funds Advisor LLC

### Legal Counsel

Thompson Hine LLP

### Transfer Agent

Mutual Shareholder Services, LLC

## Where to go for Information

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For shareholder inquiries, please call toll-free in the U.S. at 1-800-239-0732. You will also find more information about the Funds at [www.paradigm-funds.com](http://www.paradigm-funds.com) and in the following documents:

### Statement of Additional Information

The Statement of Additional Information is on file with the Securities and Exchange Commission ("SEC"), contains additional and more detailed information about the Funds and is incorporated into this Prospectus by reference. The Company publishes Shareholder Reports (annual and semiannual reports) that contain additional information about the Funds' investments. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during its last fiscal year.

You may obtain the SAI and Shareholder Reports without charge by contacting the Funds at 1-800-239-0732 or on our Internet site at: [www.paradigm-funds.com](http://www.paradigm-funds.com). If you purchased shares through a Financial Intermediary, you may also obtain these documents, without charge, by contacting your Financial Intermediary.

Shareholder Reports and other information about the Funds are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

PARADIGM FUNDS SEC file number 811-21233

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## Paradigm Funds

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