

Paradigm Funds

Paradigm Value Fund

Paradigm Select Fund

Paradigm Opportunity Fund

Paradigm Micro-Cap Fund

For Investors Seeking Long-Term Capital Appreciation

SEMI-ANNUAL REPORT

June 30, 2017

Table of Contents

PARADIGM FUNDS

Letter to Shareholders	2
Sector Allocation	5
Performance Information	7
Schedules of Investments	11
Statements of Assets and Liabilities	21
Statements of Operations	21
Statements of Changes in Net Assets	23
Financial Highlights	25
NOTES TO FINANCIAL STATEMENTS	27
DISCLOSURE OF EXPENSES	33
ADDITIONAL INFORMATION	35

Letter to Shareholders

Dear Fellow Shareholders:

As the US economy continues to chug along in what is now the ninth year of its recovery, the overall macro environment remained stable in the first half of 2017. Employment data continue to improve, albeit slowly, with the most recent report demonstrating strong absolute jobs growth. While the unemployment rate ticked up nominally, to 4.4% from 4.3% over the first half of 2017, this in part reflects a greater participation rate.

Housing continues its “lower for longer” trajectory, and we believe that the industry is still in relatively early innings. The industry is not yet close to the historical level of two million housing starts per year, suggesting sustainable demand for the foreseeable future. While a year ago, we and the markets were grappling with the surprise and potential fallout from the Brexit vote, today Europe appears to be stabilizing, which we hear echoed from our conversations with corporate managements.

Some areas of caution in our view include the auto industry, given recent sequential weakness in auto sales. There are several potential ripple effects from this softness, including employment impact as the auto industry is one of the major drivers of US manufacturing jobs. Moreover, as auto makers have strived to prolong elevated sales levels, loan and financing packages have become increasingly aggressive, meaning that these expanded financial obligations could curtail consumer spending in other areas. Separately, the prolonged weakness in energy prices, while a boon for the consumer, also has a potentially detrimental impact on the employment landscape.

Amidst the many gives and takes of the US economy, we continue to scour our universe for areas of opportunity. While it is not an easy space to invest in amidst the current Amazon retail domination frenzy, we believe that the Consumer Discretionary sector—Specialty Retail in particular—has been oversold in some cases. Many names in the group appear to be bottoming out, and so we believe there should be some upside potential among those companies with good management teams, strong balance sheets, solid free cash flow and true differentiation in their strategy. We do not accept the premise that the bricks-and-mortar retail landscape is going away entirely and so it will remain an area of focus for us.

We believe that while overall volatility remains at low levels, the short-term swings in share prices of small-cap stocks remain extreme. For those names that are less liquid, or less well known or covered by the sellside, there can be massive pricing dislocations within short time periods. We continue to see such opportunities in names we know well, which allows us to bring incremental value to the portfolio beyond our fundamental “buy and hold” long-term investment approach. Our cumulative knowledge of our universe helps us navigate through a variety of market environments, and we are optimistic that this consistent discipline should benefit us over the balance of 2017 and beyond.

Paradigm Value Fund

The Paradigm Value Fund appreciated 4.84% in the first half of 2017, compared to a 0.54% gain for its benchmark, the Russell 2000 Value Index. Since inception (January 1, 2003) on an annualized basis, the Fund has returned 12.89%, compared to 10.51% for the benchmark.

The Information Technology and Health Care sectors contributed most to the portfolio's out-performance in the first half, with stock selection strongly positive in both sectors. Portfolio Information Technology holdings appreciated 19.47%, well ahead of the benchmark sector's 7.20% gain. Similarly, the portfolio's Health Care holdings gained 25.02%, compared to 14.70% for the benchmark sector. Our overweight sector allocation further supported relative performance.

Consumer Discretionary holdings, particularly Specialty Retailers, proved most challenging in the first half but we continue to maintain that many retailers have been oversold.

Paradigm Select Fund

The Paradigm Select Fund appreciated 5.91% in the first half of 2017, compared to a gain of 5.97% for its benchmark, the Russell 2500 Index. Since inception (January 1, 2005) on an annualized basis, the Fund has returned 8.86% compared to 8.56% for the benchmark.

The Health Care sector was the top relative performer in the first half of 2017 due to a combination of stock selection and the portfolio's traditional overweight allocation to the top performing sector.

Consumer Discretionary holdings, particularly Specialty Retailers, proved most challenging in the first half but we continue to maintain that many retailers have been oversold.

Paradigm Opportunity Fund

The Paradigm Opportunity Fund appreciated 0.78% in the first half of 2017, compared to the benchmark Russell 2000's 4.99% return. Since inception (January 1, 2005) on an annualized basis, the Fund has returned 6.45%, compared to 7.85% for the benchmark.

The Financials sector was the top performer in the first half of 2017. Portfolio holdings in that sector appreciated 13.94%, compared to a gain of 0.55% for the benchmark sector.

The Consumer Discretionary sector was most challenging on a relative basis due to retail holdings.

Paradigm Micro-Cap Fund

The Paradigm Micro-Cap Fund gained 15.16% in the first half of 2017, more than triple the benchmark Russell Microcap Index's 4.23% gain. Since inception (January 1, 2008) on an annualized basis, the Fund has returned 8.86%, compared to 7.17% for the benchmark.

Strong stock selection made the Health Care sector the top performer in the first half of 2017. The portfolio sector's 48.69% gain far outpaced the benchmark sector's 13.59% return, driven by holdings in the Health Care Equipment and Technology sectors.

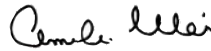
The Information Technology sector also contributed to outperformance due to a combination of stock selection and sector allocation.

The Consumer Discretionary sector was most challenging on a relative basis due to retail holdings.

Sincerely,



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

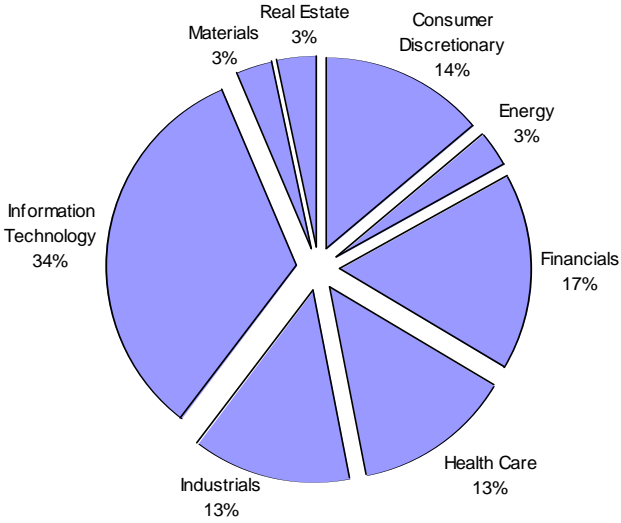


Amelia F. Weir
Senior Vice President
Paradigm Funds Advisor LLC

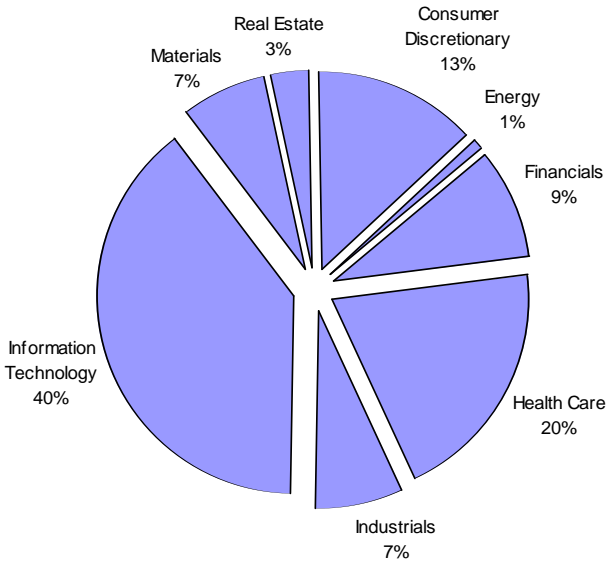
Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption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

Paradigm Funds (Unaudited)

PARADIGM VALUE FUND
Sector Allocation as of June 30, 2017
(As a Percentage of Equity Securities Held)

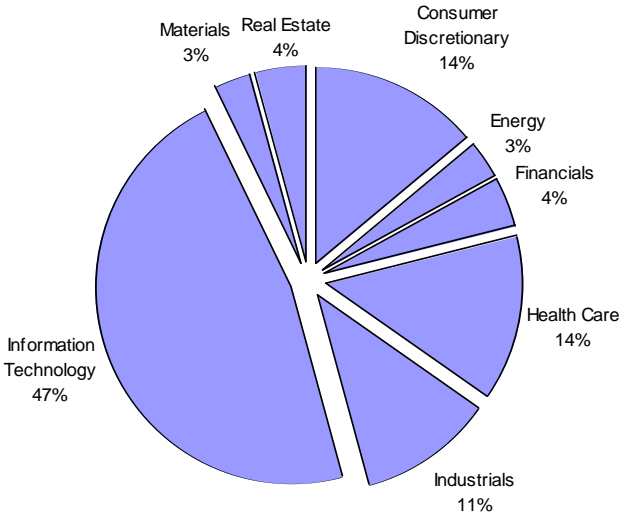


PARADIGM SELECT FUND
Sector Allocation as of June 30, 2017
(As a Percentage of Equity Securities Held)

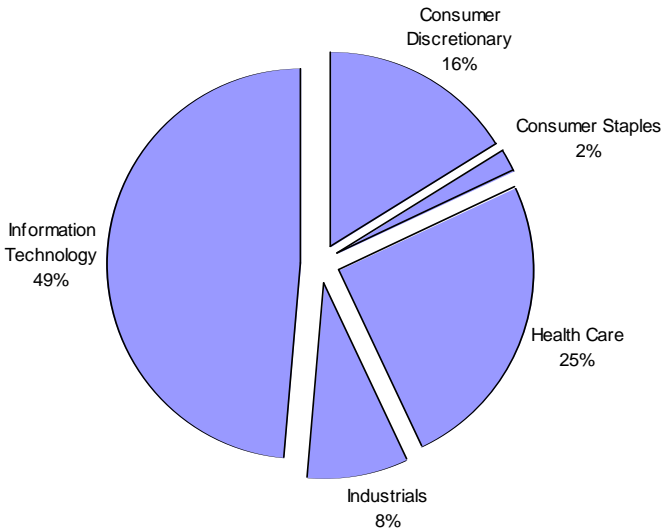


Paradigm Funds (Unaudited)

PARADIGM OPPORTUNITY FUND
Sector Allocation as of June 30, 2017
(As a Percentage of Equity Securities Held)



PARADIGM MICRO-CAP FUND
Sector Allocation as of June 30, 2017
(As a Percentage of Equity Securities Held)



Paradigm Value Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2017.

June 30, 2017 NAV \$50.43

	<u>1 Year</u> ^(A)	<u>3 Year</u> ^(A)	<u>5 Year</u> ^(A)	<u>10 Year</u> ^(A)
Paradigm Value Fund	26.68%	5.71%	10.22%	5.74%
Russell 2000® Value Index ^(B)	24.86%	7.02%	13.39%	5.92%

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

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

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

Per the Fund's most recent prospectus, the Fund's total annual operating expense ratio is 1.50%.

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

Paradigm Select Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2017.

June 30, 2017 NAV \$35.47

	<u>1 Year^(A)</u>	<u>3 Year^(A)</u>	<u>5 Year^(A)</u>	<u>10 Year^(A)</u>
Paradigm Select Fund	23.90%	6.97%	12.13%	6.83%
Russell 2500® Index ^(B)	19.84%	6.93%	14.04%	7.42%

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

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

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

Per the Fund's most recent prospectus, the Fund's total annual operating expense ratio (before any fee waiver) is 1.53%, and 1.18% post waiver. The Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in Acquired Funds) at 1.15% of its average daily net assets through April 30, 2018. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

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

Paradigm Opportunity Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2017.

June 30, 2017 NAV \$35.96

	<u>1 Year</u> ^(A)	<u>3 Year</u> ^(A)	<u>5 Year</u> ^(A)	<u>10 Year</u> ^(A)
Paradigm Opportunity Fund	17.02%	2.97%	9.40%	4.79%
Russell 2000® Index ^(B)	24.60%	7.36%	13.70%	6.92%

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

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

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

Per the Fund's most recent prospectus, the Fund's total annual operating expense ratio (before any fee waiver) is 1.51%, and 1.26% post waiver. The Advisor has contractually agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in Acquired Funds) at 1.25% of its average daily net assets through April 30, 2018. The Total Annual Operating Expense Ratio may not correlate to the expense ratio in the Fund's financial highlights because the financial highlights only include the direct operating expenses incurred by the Fund, not the indirect costs of investing in acquired funds.

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Paradigm Micro-Cap Fund (Unaudited)

PERFORMANCE INFORMATION

Average Annualized Rate of Return (%) for the Periods Ended June 30, 2017.

June 30, 2017 NAV \$34.42

	<u>1 Year^(A)</u>	<u>3 Year^(A)</u>	<u>5 Year^(A)</u>	<u>Since Inception^(A)</u>
Paradigm Micro-Cap Fund	47.48%	13.16%	15.22%	8.86%
Russell Microcap® Index ^(B)	27.61%	6.69%	13.73%	7.17%

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

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

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

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

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Paradigm Value Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Air Courier Services		
80,000 Air Transport Services Group, Inc. *	\$ 1,742,400	2.91%
Cable & Other Pay Television Services		
33,700 TiVo Solutions Inc.	628,505	1.05%
Computer Communications Equipment		
98,200 A10 Networks, Inc. *	828,808	
40,000 Black Box Corporation *	342,000	
120,000 Extreme Networks, Inc. *	1,106,400	
	2,277,208	3.80%
Computer Peripheral Equipment, NEC		
50,000 RadiSys Corporation *	188,000	0.31%
Construction - Special Trade Contractors		
76,800 Matrix Service Co. *	718,080	1.20%
Deep Sea Foreign Transportation of Freight		
127,100 Ardmore Shipping Corporation * (Ireland)	1,035,865	1.73%
Electrical Work		
24,800 EMCOR Group Inc.	1,621,424	2.71%
Electronic Computers		
10,000 Omnicell, Inc. *	431,000	0.72%
Heavy Construction Other Than Building Construction - Contractors		
25,000 Granite Construction Incorporated	1,206,000	2.01%
Industrial Organic Chemicals		
19,500 Sensient Technologies Corp.	1,570,335	2.62%
Laboratory Analytical Instruments		
25,100 PerkinElmer Inc.	1,710,314	2.86%
Millwood, Veneer, Plywood, & Structural Wood Members		
15,000 Ply Gem Holdings, Inc. *	269,250	0.45%
Motor Vehicle Parts & Accessories		
40,000 Meritor, Inc. *	664,400	
61,100 Tower International, Inc.	1,371,695	
	2,036,095	3.40%
National Commercial Banks		
38,700 First Merchants Corporation	1,553,418	
21,436 National Bank Holdings Corporation - Class A	709,746	
	2,263,164	3.78%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
140,000 RTI Surgical, Inc. *	819,000	1.37%
Paper Mills		
20,000 KapStone Paper and Packaging Corporation	412,600	0.69%
Printed Circuit Boards		
10,000 Jabil Circuit, Inc.	291,900	0.49%
Radio & TV Broadcasting & Communications Equipment		
20,000 ARRIS International plc *	560,400	
240,000 Mitel Networks Corporation * (Canada)	1,764,000	
	2,324,400	3.89%
Retail - Apparel & Accessory Stores		
30,000 Citi Trends, Inc.	636,600	
85,400 Express Inc. *	576,450	
33,400 Tailored Brands, Inc.	372,744	
	1,585,794	2.65%
Retail - Catalog & Mail-Order Houses		
30,000 PCM, Inc. *	562,500	0.94%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Retail - Family Clothing Stores		
80,400 American Eagle Outfitters, Inc.	\$ 968,820	1.62%
Retail - Miscellaneous Shopping Goods Stores		
50,000 Barnes & Noble, Inc.	380,000	0.63%
Retail - Retail Stores, NEC		
15,300 IAC/InterActiveCorp. *	1,579,572	
50,000 Kirkland's, Inc. *	514,000	
	2,093,572	3.50%
Retail - Shoe Stores		
23,600 Foot Locker, Inc.	1,163,008	1.94%
Savings Institution, Federally Chartered		
40,300 LegacyTexas Financial Group, Inc.	1,536,639	2.57%
Semiconductors & Related Devices		
3,488 Cavium, Inc. *	216,709	
50,000 EMCORE Corporation *	532,500	
22,000 Finisar Corporation *	571,560	
5,000 Ichor Holdings, Ltd. *	100,800	
53,000 Kulicke & Soffa Industries Inc. * (Singapore)	1,008,060	
48,400 Lattice Semiconductor Corporation *	322,344	
31,900 Microsemi Corporation *	1,492,920	
60,000 Oclaro, Inc. *	560,400	
21,600 Qorvo, Inc. *	1,367,712	
	6,173,005	10.32%
Services - Business Services, NEC		
33,500 Rightside Group, Ltd. *	355,770	
32,956 Tabula Rasa HealthCare, Inc. *	495,988	
	851,758	1.42%
Services - Computer Integrated Systems Design		
54,100 Convergys Corp.	1,286,498	
30,000 Quality Systems, Inc. *	516,300	
	1,802,798	3.01%
Services - Help Supply Services		
66,100 Kforce Inc.	1,295,560	2.16%
Services - Hospitals		
22,400 Magellan Health Services Inc. *	1,632,960	
22,150 MEDNAX, Inc. *	1,337,196	
	2,970,156	4.97%
Services - Management Services		
160,700 R1 RCM Inc. *	602,625	1.01%
Services - Motion Picture Theaters		
65,300 Regal Entertainment Group Class A	1,336,038	2.23%
Services - Skilled Nursing Care Facilities		
10,000 The Ensign Group, Inc.	217,700	0.36%
Special Industry Machinery, NEC		
60,300 Brooks Automation, Inc.	1,307,907	2.19%
State Commercial Banks		
30,000 Banner Corporation	1,695,300	
31,000 Renasant Corporation	1,355,940	
	3,051,240	5.11%
Telegraph & Other Message Communications		
18,500 j2 Global, Inc.	1,574,165	2.63%
Telephone & Telegraph Apparatus		
50,000 ShoreTel, Inc. *	290,000	0.48%
Transportation Services		
19,500 GATX Corp.	1,253,265	2.09%

* Non-Income Producing Securities.

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

Paradigm Value Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Wholesale - Lumber & Other Construction Materials		
60,000 Huttig Building Products, Inc. *	\$ 420,600	0.70%
Total for Common Stocks (Cost \$32,898,449)	\$ 52,982,690	88.52%
REAL ESTATE INVESTMENT TRUSTS		
58,000 Blackstone Mortgage Trust, Inc. - Class A	\$ 1,832,800	
37,309 Gramercy Property Trust Inc.	1,108,450	
14,650 Mid-America Apartment Communities Inc.	1,543,817	
Total for Real Estate Investment Trusts (Cost \$2,743,367)	4,485,067	7.49%
MONEY MARKET FUNDS		
2,428,796 SEI Daily Income Trust Government Fund CL F 0.76% ** (Cost \$2,428,796)	2,428,796	4.06%
Total Investment Securities (Cost \$38,070,612) ***	59,896,553	100.07%
Liabilities in Excess of Other Assets	(41,317)	-0.07%
Net Assets	\$ 59,855,236	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2017.

*** At June 30, 2017, tax basis cost of the Fund's investments was \$38,070,612 and the unrealized appreciation and depreciation were \$23,863,198 and (\$2,037,257), respectively, with a net unrealized appreciation of \$21,825,941.

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

Paradigm Select Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft & Parts		
7,800 Triumph Group, Inc.	\$ 246,480	1.07%
Cable & Other Pay Television Services		
33,600 TiVo Solutions Inc.	626,640	2.71%
Chemical & Allied Products		
575 Innospec Inc.	37,691	
1,625 Olin Corp.	49,205	
	86,896	0.38%
Construction - Special Trade Contractors		
26,100 Matrix Service Co. *	244,035	1.06%
Electrical Work		
5,700 EMCOR Group Inc.	372,666	1.61%
Electromedical & Electrotherapeutic Apparatus		
11,400 Masimo Corporation *	1,039,452	4.50%
Electronic Computers		
5,300 Omnicell, Inc. *	228,430	0.99%
Fire, Marine & Casualty Insurance		
300 Alleghany Corporation *	178,440	
2,850 American Financial Group Inc.	283,205	
4,350 Aspen Insurance Holdings Limited (Bermuda)	216,847	
	678,492	2.94%
Footwear (No Rubber)		
10,700 Caleres, Inc.	297,246	1.29%
Industrial Organic Chemicals		
4,100 Sensient Technologies Corporation	330,173	
3,850 Westlake Chemical Corp.	254,909	
	585,082	2.53%
Instruments For Measurement & Testing of Electricity & Electric Signals		
18,675 Teradyne, Inc.	560,810	2.43%
Laboratory Analytical Instruments		
9,600 PerkinElmer Inc.	654,144	2.83%
Miscellaneous Manufacturing Industries		
6,200 Hillenbrand, Inc.	223,820	0.97%
Motor Vehicle Parts & Accessories		
9,100 Meritor, Inc. *	151,151	
1,500 Visteon Corporation	153,090	
	304,241	1.32%
Paper Mills		
10,700 KapStone Paper and Packaging Corporation	220,741	0.96%
Pharmaceutical Preparations		
2,000 Mallinckrodt public limited company * (United Kingdom)	89,620	0.39%
Plastics Products		
10,000 Entegris, Inc. *	219,500	0.95%
Printed Circuit Boards		
17,200 Jabil Circuit, Inc.	502,068	
16,000 TTM Technologies, Inc. *	277,760	
	779,828	3.38%
Radio & TV Broadcasting & Communications Equipment		
8,900 ARRIS International plc *	249,378	
48,000 Mitel Networks Corporation * (Canada)	352,800	
	602,178	2.61%

* Non-Income Producing Securities.

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

Paradigm Select Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Retail - Apparel & Accessory Stores		
17,300 Express Inc. *	\$ 116,775	
8,950 Tailored Brands, Inc.	<u>99,882</u>	
	216,657	0.94%
Retail - Catalog & Mail-Order Houses		
5,300 Insight Enterprises, Inc. *	<u>211,947</u>	0.92%
Retail - Family Clothing Stores		
22,800 American Eagle Outfitters, Inc.	<u>274,740</u>	1.19%
Retail - Lumber & Other Building Materials Dealers		
33,600 BMC Stock Holdings, Inc. *	<u>734,160</u>	3.18%
Retail - Radio, TV & Consumer Electronics Stores		
12,100 Best Buy Co., Inc.	<u>693,693</u>	3.00%
Retail - Retail Stores, NEC		
7,600 IAC/InterActiveCorp. *	<u>784,624</u>	3.40%
Retail - Shoe Stores		
9,100 Foot Locker, Inc.	<u>448,448</u>	1.94%
Savings Institution, Federally Chartered		
7,800 Capitol Federal Financial, Inc.	<u>110,838</u>	0.48%
Search, Detection, Navigation, Guidance, Aeronautical Systems		
6,100 Garmin Ltd. (Switzerland)	<u>311,283</u>	1.35%
Semiconductors & Related Devices		
14,200 Finisar Corporation *	368,916	
10,000 Ichor Holdings, Ltd. *	201,600	
14,400 Kulicke & Soffa Industries Inc. * (Singapore)	273,888	
17,825 Marvell Technology Group Ltd. (Bermuda)	294,469	
16,200 Microsemi Corporation *	758,160	
28,400 Oclaro, Inc. *	265,256	
10,500 Qorvo, Inc. *	664,860	
5,500 Skyworks Solutions, Inc.	<u>527,725</u>	
	3,354,874	14.52%
Services - Computer Integrated Systems Design		
19,500 Allscripts Healthcare Solutions, Inc. *	248,820	
19,800 Convergys Corp.	<u>470,844</u>	
	719,664	3.11%
Services - Help Supply Services		
12,525 Kelly Services, Inc. - Class A	281,186	
9,750 Kforce Inc.	<u>191,100</u>	
	472,286	2.04%
Services - Hospitals		
8,800 Magellan Health Services Inc. *	641,520	
8,800 MEDNAX, Inc. *	<u>531,256</u>	
	1,172,776	5.07%
Services - Motion Picture Theaters		
17,000 Regal Entertainment Group Class A	<u>347,820</u>	1.51%
Steel Pipe & Tubes		
10,550 Allegheny Technologies Incorporated *	<u>179,456</u>	0.78%
Steel Works, Blast Furnaces & Rolling Mills (Coke Ovens)		
2,500 Carpenter Technology Corporation	<u>93,575</u>	0.40%
Surgical & Medical Instruments & Apparatus		
24,800 Globus Medical, Inc. - Class A *	822,120	
2,800 NuVasive, Inc. *	<u>215,376</u>	
	1,037,496	4.48%
Telegraph & Other Message Communications		
7,000 j2 Global, Inc.	<u>595,630</u>	2.57%

* Non-Income Producing Securities.

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

Paradigm Select Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Telephone & Telegraph Apparatus		
8,900 Fabrinet * (Thailand)	\$ 379,674	1.63%
Title Insurance		
5,900 Fidelity National Financial, Inc.	264,497	
6,700 Fidelity National Financial Ventures *	105,860	
	<u>370,357</u>	1.59%
Wholesale - Computers & Peripheral Equipment & Software		
1,900 SYNEX Corporation	227,924	0.99%
Wholesale - Electrical Apparatus & Equipment, Wiring Supplies		
3,600 EnerSys	260,820	1.13%
Wholesale - Lumber & Other Construction Materials		
8,400 Boise Cascade Company *	255,360	1.11%
Total for Common Stocks (Cost \$17,828,014)	\$ 21,314,403	92.25%
REAL ESTATE INVESTMENT TRUSTS		
5,200 Mid-America Apartment Communities Inc.	547,976	2.37%
Total for Real Estate Investment Trusts (Cost \$433,746)		
MONEY MARKET FUNDS		
1,407,354 SEI Daily Income Trust Government Fund CL F 0.76% ** (Cost \$1,407,354)	1,407,354	6.09%
Total Investment Securities (Cost \$19,669,114) ***	23,269,733	100.71%
Liabilities in Excess of Other Assets	(163,961)	-0.71%
Net Assets	\$ 23,105,772	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2017.

*** At June 30, 2017, tax basis cost of the Fund's investments was \$19,669,114 and the unrealized appreciation and depreciation were \$4,594,922 and (\$994,303), respectively, with a net unrealized appreciation of \$3,600,619.

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

Paradigm Opportunity Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Cable & Other Pay Television Services		
14,600 TiVo Solutions Inc.	\$ 272,290	3.72%
Computer Communications Equipment		
23,200 A10 Networks, Inc. *	195,808	2.67%
Construction - Special Trade Contractors		
11,300 Matrix Service Co. *	105,655	1.44%
Crude Petroleum & Natural Gas		
44,900 PetroQuest Energy, Inc. *	88,902	1.21%
Electrical Work		
3,025 EMCOR Group Inc.	197,775	2.70%
Industrial Organic Chemicals		
2,550 Sensient Technologies Corporation	205,351	2.80%
Instruments For Measurement & Testing of Electricity & Electric Signals		
7,075 Teradyne, Inc.	212,462	2.90%
Laboratory Analytical Instruments		
2,850 PerkinElmer Inc.	194,199	2.65%
Miscellaneous Manufacturing Industries		
5,500 Hillenbrand, Inc.	198,550	2.71%
Retail - Apparel & Accessory Stores		
11,875 Express Inc. *	80,156	
4,900 Tailored Brands, Inc.	54,684	
	134,840	1.84%
Retail - Department Stores		
2,500 Dillard's, Inc. - Class A	144,225	1.97%
Retail - Family Clothing Stores		
13,300 American Eagle Outfitters, Inc.	160,265	2.19%
Retail - Lumber & Other Building Materials Dealers		
14,500 BMC Stock Holdings, Inc. *	316,825	4.33%
Retail - Miscellaneous Shopping Goods Stores		
8,200 Barnes & Noble, Inc.	62,320	0.85%
Retail - Retail Stores, NEC		
3,350 IAC/InterActiveCorp. *	345,854	4.72%
Retail - Shoe Stores		
2,200 DSW Inc. - Class A	38,940	
4,600 Foot Locker, Inc.	226,688	
	265,628	3.63%
Semiconductors & Related Devices		
8,600 Kulicke & Soffa Industries Inc. * (Singapore)	163,572	
6,300 Microsemi Corporation *	294,840	
4,700 Qorvo, Inc. *	297,604	
3,400 Skyworks Solutions, Inc.	326,230	
	1,082,246	14.77%
Services - Business Services, NEC		
13,400 Tabula Rasa HealthCare, Inc. *	201,670	2.75%
Services - Computer Integrated Systems Design		
9,800 Convergys Corp.	233,044	3.18%
Services - Help Supply Services		
7,600 Kelly Services, Inc. - Class A	170,620	2.33%
Services - Home Health Care Services		
2,400 Addus Homecare Corporation *	89,280	1.22%
Services - Hospitals		
3,650 Magellan Health Services Inc. *	266,085	
2,600 MEDNAX, Inc. *	156,962	
	423,047	5.78%

* Non-Income Producing Securities.

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

Paradigm Opportunity Fund

Shares	Schedule of Investments	
	Fair Value	% of Net Assets
COMMON STOCKS		
Services - Motion Picture Theaters		
11,475 Regal Entertainment Group Class A	\$ 234,779	3.21%
Services - Prepackaged Software		
6,700 Progress Software Corporation	206,963	2.83%
Special Industry Machinery (No Metalworking Machinery)		
2,500 Kadant Inc.	188,000	2.57%
Special Industry Machinery, NEC		
13,200 Brooks Automation, Inc.	286,308	3.91%
Surgical & Medical Instruments & Apparatus		
10,925 AtriCure, Inc. *	264,931	3.62%
Telegraph & Other Message Communications		
3,775 j2 Global, Inc.	321,215	4.39%
Total for Common Stocks (Cost \$4,263,077)	\$ 6,803,052	92.89%
REAL ESTATE INVESTMENT TRUSTS		
2,825 Mid-America Apartment Communities Inc.	297,699	
Total for Real Estate Investment Trusts (Cost \$121,247)	297,699	4.07%
MONEY MARKET FUNDS		
241,433 SEI Daily Income Trust Government Fund CL F 0.76% ** (Cost \$241,433)	241,433	3.30%
Total Investment Securities (Cost \$4,625,757) ***	7,342,184	100.26%
Liabilities in Excess of Other Assets	(18,766)	-0.26%
Net Assets	\$ 7,323,418	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2017.

*** At June 30, 2017, tax basis cost of the Fund's investments was \$4,625,757 and the unrealized appreciation and depreciation were \$3,017,508 and (\$301,081), respectively, with a net unrealized appreciation of \$2,716,427.

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

Paradigm Micro-Cap Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Aircraft Parts & Auxiliary Equipment, NEC		
20,000 Ducommun Incorporated *	\$ 631,600	1.34%
Communications Equipment, NEC		
40,000 Vocera Communications, Inc. *	1,056,800	2.24%
Computer Communications Equipment		
120,000 Black Box Corporation *	1,026,000	
290,000 Extreme Networks, Inc. *	2,673,800	
	3,699,800	7.83%
Computer Peripheral Equipment, NEC		
356,645 RadiSys Corporation *	1,340,985	2.84%
Electronic Computers		
22,000 Omnicell, Inc. *	948,200	2.01%
Footwear (No Rubber)		
40,000 Caleres, Inc.	1,111,200	2.35%
Instruments For Measurement & Testing of Electricity & Electric Signals		
150,000 Xcerra Corporation *	1,465,500	3.10%
Millwood, Veneer, Plywood, & Structural Wood Members		
35,081 Ply Gem Holdings, Inc. *	629,704	1.33%
Motor Vehicle Parts & Accessories		
70,000 Meritor, Inc. *	1,162,700	2.46%
Orthopedic, Prosthetic & Surgical Appliances & Supplies		
300,000 RTI Surgical, Inc. *	1,755,000	3.71%
Pharmaceutical Preparations		
50,000 Nature's Sunshine Products	662,500	1.40%
Printed Circuit Boards		
70,000 TTM Technologies, Inc. *	1,215,200	2.57%
Radio & TV Broadcasting & Communications Equipment		
200,000 Mitel Networks Corporation * (Canada)	1,470,000	3.11%
Retail - Apparel & Accessory Stores		
60,000 Citi Trends, Inc.	1,273,200	
84,800 Francesca's Holdings Corporation *	927,712	
160,000 Tilly's, Inc. *	1,624,000	
	3,824,912	8.09%
Retail - Catalog & Mail-Order Houses		
120,000 PCM, Inc. *	2,250,000	4.76%
Retail - Shoe Stores		
40,000 Boot Barn Holdings, Inc. *	283,200	0.60%
Retail - Women's Clothing Stores		
439,100 New York & Company, Inc. *	605,958	1.28%
Semiconductors & Related Devices		
120,000 EMCORE Corporation *	1,278,000	
80,000 Finisar Corporation *	2,078,400	
100,000 Ichor Holdings, Ltd. *	2,016,000	
50,000 MaxLinear, Inc. - Class A *	1,394,500	
200,000 Oclaro, Inc. *	1,868,000	
	8,634,900	18.28%
Services - Computer Integrated Systems Design		
120,000 Allscripts Healthcare Solutions, Inc. *	1,531,200	
80,000 Quality Systems, Inc. *	1,376,800	
	2,908,000	6.15%

* Non-Income Producing Securities.

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

Paradigm Micro-Cap Fund

Schedule of Investments June 30, 2017 (Unaudited)

Shares	Fair Value	% of Net Assets
COMMON STOCKS		
Services - Management Services		
600,000 R1 RCM Inc. *	\$ 2,250,000	4.76%
Services - Skilled Nursing Care Facilities		
41,000 The Ensign Group, Inc.	892,570	1.89%
Special Industry Machinery (No Metalworking Machinery)		
10,800 Kadant Inc.	812,160	1.72%
Surgical & Medical Instruments & Apparatus		
50,000 MiMedx Group, Inc. *	748,500	1.58%
Telephone & Telegraph Apparatus		
200,000 Shoretel, Inc. *	1,160,000	2.45%
Wholesale - Lumber & Other Construction Materials		
200,000 Huttig Building Products, Inc. *	1,402,000	2.97%
Total for Common Stocks (Cost \$34,264,596)	\$ 42,921,389	90.82%
CONTINGENT VALUE RIGHTS		
50,000 Synergetics USA, Inc. * + (Cost \$0)	-	0.00%
MONEY MARKET FUNDS		
4,617,823 SEI Daily Income Trust Government Fund CL F 0.76% ** (Cost \$4,617,823)	4,617,823	9.77%
Total Investment Securities (Cost \$38,882,419) ***	47,539,212	100.59%
Liabilities in Excess of Other Assets	(278,251)	-0.59%
Net Assets	\$ 47,260,961	100.00%

* Non-Income Producing Securities.

** The Yield Rate shown represents the 7-day yield at June 30, 2017.

*** At June 30, 2017, tax basis cost of the Fund's investments was \$38,882,419 and the unrealized appreciation and depreciation were \$10,101,957 and (\$1,445,164), respectively, with a net unrealized appreciation of \$8,656,793.

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

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

2017 Semi-Annual Report 20

Paradigm Funds

Statements of Assets and Liabilities (Unaudited)

June 30, 2017

	Value Fund	Select Fund
Assets:		
Investment Securities at Fair Value*	\$ 59,896,553	\$ 23,269,733
Cash	130	7,060
Receivable for Fund Shares Sold	31,962	-
Dividends Receivable	65,836	8,982
Interest Receivable	1,575	810
Total Assets	<u>59,996,056</u>	<u>23,286,585</u>
Liabilities:		
Payable for Fund Shares Redeemed	5,693	-
Payable for Securities Purchased	60,851	158,786
Payable to Advisor	74,276	22,027
Total Liabilities	<u>140,820</u>	<u>180,813</u>
Net Assets	<u>\$ 59,855,236</u>	<u>\$ 23,105,772</u>
Net Assets Consist of:		
Paid In Capital	\$ 32,787,731	\$ 18,779,961
Accumulated Net Investment Loss	(59,558)	(18,582)
Accumulated Undistributed Realized Gain on Investments - Net	5,301,122	743,774
Unrealized Appreciation in Value of Investment Securities - Net	21,825,941	3,600,619
Net Assets	<u>\$ 59,855,236</u>	<u>\$ 23,105,772</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 50.43</u>	<u>\$ 35.47</u>
* Investments at Identified Cost	<u>\$ 38,070,612</u>	<u>\$ 19,669,114</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>1,186,954</u>	<u>651,372</u>

Statements of Operations (Unaudited)

For the six month period ended June 30, 2017

Investment Income:		
Dividends (Net of foreign withholding taxes** of \$0 and \$0, respectively)	\$ 386,518	\$ 113,665
Interest	6,761	4,738
Total Investment Income	<u>393,279</u>	<u>118,403</u>
Expenses:		
Investment Advisor Fees	551,798	178,676
Total Expenses	551,798	178,676
Less: Expenses Waived	(98,961)	(41,691)
Net Expenses	<u>452,837</u>	<u>136,985</u>
Net Investment Loss	<u>(59,558)</u>	<u>(18,582)</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	5,348,036	790,591
Net Change in Unrealized Appreciation on Investments	(2,423,431)	572,871
Net Realized and Unrealized Gain on Investments	<u>2,924,605</u>	<u>1,363,462</u>
Net Increase in Net Assets from Operations	<u>\$ 2,865,047</u>	<u>\$ 1,344,880</u>

** Foreign withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and rates.

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

Paradigm Funds

Statements of Assets and Liabilities (Unaudited)

June 30, 2017

	Opportunity Fund	Micro-Cap Fund
Assets:		
Investment Securities at Fair Value*	\$ 7,342,184	\$ 47,539,212
Cash	-	21,122
Receivable for Fund Shares Sold	-	48,749
Receivable for Securities Sold	-	2,030,989
Dividends Receivable	1,155	18,943
Interest Receivable	163	1,205
Total Assets	<u>7,343,502</u>	<u>49,660,220</u>
Liabilities:		
Payable for Securities Purchased	12,462	2,352,463
Payable to Advisor	7,622	46,796
Total Liabilities	<u>20,084</u>	<u>2,399,259</u>
Net Assets	<u>\$ 7,323,418</u>	<u>\$ 47,260,961</u>
Net Assets Consist of:		
Paid In Capital	\$ 4,723,466	\$ 32,832,366
Accumulated Net Investment Loss	(1,444)	(207,767)
Accumulated Undistributed Realized Gain (Loss) on Investments - Net	(115,031)	5,979,569
Unrealized Appreciation in Value of Investment Securities - Net	<u>2,716,427</u>	<u>8,656,793</u>
Net Assets	<u>\$ 7,323,418</u>	<u>\$ 47,260,961</u>
Net Asset Value, Offering and Redemption Price (Note 2)	<u>\$ 35.96</u>	<u>\$ 34.42</u>
* Investments at Identified Cost	<u>\$ 4,625,757</u>	<u>\$ 38,882,419</u>
Shares Outstanding (Unlimited number of shares authorized without par value)	<u>203,675</u>	<u>1,372,924</u>

Statements of Operations (Unaudited)

For the six month period ended June 30, 2017

Investment Income:		
Dividends (Net of foreign withholding taxes** of \$0 and \$0, respectively)	\$ 42,295	\$ 56,174
Interest	1,021	5,737
Total Investment Income	43,316	61,911
Expenses:		
Investment Advisor Fees	65,149	269,678
Total Expenses	65,149	269,678
Less: Expenses Waived	(20,389)	-
Net Expenses	<u>44,760</u>	<u>269,678</u>
Net Investment Loss	<u>(1,444)</u>	<u>(207,767)</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	73,440	5,978,727
Net Change in Unrealized Appreciation on Investments	<u>(29,399)</u>	<u>108,435</u>
Net Realized and Unrealized Gain on Investments	<u>44,041</u>	<u>6,087,162</u>
Net Increase in Net Assets from Operations	<u>\$ 42,597</u>	<u>\$ 5,879,395</u>

** Foreign withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and rates.

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

Paradigm Funds

Statements of Changes in Net Assets

	Value Fund		Select Fund	
	(Unaudited)		(Unaudited)	
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016
From Operations:				
Net Investment Loss	\$ (59,558)	\$ (34,217)	\$ (18,582)	\$ (11,491)
Net Realized Gain on Investments	5,348,036	3,302,080	790,591	167,631
Change in Net Unrealized Appreciation	(2,423,431)	5,946,334	572,871	1,605,144
Increase in Net Assets from Operations	2,865,047	9,214,197	1,344,880	1,761,284
From Distributions to Shareholders:				
Net Investment Income	-	-	-	(3,424)
Net Realized Gain from Security Transactions	-	(2,927,866)	-	(165,344)
Total Distributions to Shareholders	-	(2,927,866)	-	(168,768)
From Capital Share Transactions:				
Proceeds From Sale of Shares	1,413,567	3,997,611	5,507,705	16,625,834
Proceeds from Redemption Fees (Note 2)	7,108	212	24,685	211
Shares Issued on Reinvestment of Dividends	-	2,812,610	-	166,931
Cost of Shares Redeemed	(6,526,515)	(17,931,904)	(6,640,575)	(915,039)
Net Increase (Decrease) from Shareholder Activity	(5,105,840)	(11,121,471)	(1,108,185)	15,877,937
Net Increase (Decrease) in Net Assets	(2,240,793)	(4,835,140)	236,695	17,470,453
Net Assets at Beginning of Period	62,096,029	66,931,169	22,869,077	5,398,624
Net Assets at End of Period	\$ 59,855,236	\$ 62,096,029	\$ 23,105,772	\$ 22,869,077
Accumulated Net Investment Loss	\$ (59,558)	\$ -	\$ (18,582)	\$ -
Share Transactions:				
Issued	28,657	90,447	157,741	523,164
Reinvested	-	58,293	-	4,958
Redeemed	(132,632)	(413,801)	(189,320)	(30,738)
Net Increase (Decrease) in Shares	(103,975)	(265,061)	(31,579)	497,384
Shares Outstanding Beginning of Period	1,290,929	1,555,990	682,951	185,567
Shares Outstanding End of Period	1,186,954	1,290,929	651,372	682,951

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

Paradigm Funds

Statements of Changes in Net Assets

	Opportunity Fund		Micro-Cap Fund	
	(Unaudited)		(Unaudited)	
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016
From Operations:				
Net Investment Loss	\$ (1,444)	\$ (4,664)	\$ (207,767)	\$ (300,246)
Net Realized Gain on Investments	73,440	53,024	5,978,727	2,286,331
Change in Net Unrealized Appreciation	(29,399)	807,613	108,435	9,440,597
Increase in Net Assets from Operations	42,597	855,973	5,879,395	11,426,682
From Distributions to Shareholders:				
Net Investment Income	-	-	-	-
Net Realized Gain from Security Transactions	-	-	-	(1,798,512)
Total Distributions to Shareholders	-	-	-	(1,798,512)
From Capital Share Transactions:				
Proceeds From Sale of Shares	627,486	5,171	6,300,732	3,577,443
Proceeds from Redemption Fees (Note 2)	-	-	2,471	253
Shares Issued on Reinvestment of Dividends	-	-	-	1,796,975
Cost of Shares Redeemed	(45,395)	(181,798)	(16,591,536)	(5,727,837)
Net Increase (Decrease) from Shareholder Activity	582,091	(176,627)	(10,288,333)	(353,166)
Net Increase (Decrease) in Net Assets	624,688	679,346	(4,408,938)	9,275,004
Net Assets at Beginning of Period	6,698,730	6,019,384	51,669,899	42,394,895
Net Assets at End of Period	\$ 7,323,418	\$ 6,698,730	\$ 47,260,961	\$ 51,669,899
Accumulated Net Investment Loss	\$ (1,444)	\$ -	\$ (207,767)	\$ -
Share Transactions:				
Issued	17,194	170	199,130	135,485
Reinvested	-	-	-	60,059
Redeemed	(1,256)	(5,747)	(554,944)	(209,844)
Net Increase (Decrease) in Shares	15,938	(5,577)	(355,814)	(14,300)
Shares Outstanding Beginning of Period	187,737	193,314	1,728,738	1,743,038
Shares Outstanding End of Period	203,675	187,737	1,372,924	1,728,738

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

Paradigm Value Fund

Financial Highlights - Paradigm Value Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
	Net Asset Value - Beginning of Period	\$ 48.10	\$ 43.02	\$ 48.33	\$ 56.37	\$ 56.47
Net Investment Income (Loss) (a)	(0.05)	(0.02)	(0.02)	(0.05)	(0.19)	0.15
Net Gain on Securities (Realized and Unrealized)	2.37	7.46	0.74	1.50	12.45	4.01
Total from Investment Operations	2.32	7.44	0.72	1.45	12.26	4.16
Distributions (From Net Investment Income)	-	-	-	-	-	(0.16)
Distributions (From Capital Gains)	-	(2.36)	(6.03)	(9.49)	(12.37)	-
Distributions (From Return of Capital)	-	-	-	-	-	(0.07)
Total Distributions	-	(2.36)	(6.03)	(9.49)	(12.37)	(0.23)
Proceeds from Redemption Fee (Note 2)	0.01	-	-	-	0.01	-
Net Asset Value - End of Period	\$ 50.43	\$ 48.10	\$ 43.02	\$ 48.33	\$ 56.37	\$ 56.47
Total Return (b)	4.84% *	17.29%	1.35%	2.44%	21.82%	7.93%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 59,855	\$ 62,096	\$ 66,931	\$ 96,162	\$ 133,113	\$ 244,606
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.83% **	2.00%	2.00%	1.97%	1.91%	1.84%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.50% **	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of Net Investment Income (Loss) to Average Net Assets (c)	(0.20)% **	(0.06)%	(0.05)%	(0.09)%	(0.31)%	0.26%
Portfolio Turnover Rate	15.79% *	12.68%	14.35%	31.47%	48.01%	62.22%

Paradigm Select Fund

Financial Highlights - Paradigm Select Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
	Net Asset Value - Beginning of Period	\$ 33.49	\$ 29.09	\$ 32.20	\$ 37.05	\$ 32.50
Net Investment Income (Loss) (a)	(0.03)	(0.04)	0.07	-	0.06	0.24
Net Gain (Loss) on Securities (Realized and Unrealized)	1.97	4.69	(0.45)	2.98	9.29	2.49
Total from Investment Operations	1.94	4.65	(0.38)	2.98	9.35	2.73
Distributions (From Net Investment Income)	-	(0.01)	(0.05)	-	(0.05)	(0.28)
Distributions (From Capital Gains)	-	(0.24)	(2.68)	(7.83)	(4.75)	(0.19)
Total Distributions	-	(0.25)	(2.73)	(7.83)	(4.80)	(0.47)
Proceeds from Redemption Fee (Note 2)	0.04	-	-	-	-	-
Net Asset Value - End of Period	\$ 35.47	\$ 33.49	\$ 29.09	\$ 32.20	\$ 37.05	\$ 32.50
Total Return (b)	5.91% *	15.98%	(1.26)%	7.86%	28.83%	9.07%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 23,106	\$ 22,869	\$ 5,399	\$ 6,537	\$ 8,181	\$ 9,462
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.50% **	1.50%	1.50%	1.50%	1.50%	1.50%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.15% **	1.15%	1.15%	1.15%	1.15%	1.15%
Ratio of Net Investment Income (Loss) to Average Net Assets (c)	(0.16)% **	(0.14)%	0.21%	0.00% +	0.16%	0.73%
Portfolio Turnover Rate	16.62% *	31.47%	19.57%	36.25%	46.80%	86.71%

* Not Annualized.

** Annualized.

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

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

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

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

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

Paradigm Opportunity Fund

Financial Highlights - Paradigm Opportunity Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
	Net Asset Value - Beginning of Period	\$ 35.68	\$ 31.14	\$ 32.70	\$ 31.25	\$ 26.44
Net Investment Loss (a)	(0.01)	(0.02)	(0.06)	(0.05)	(0.08)	(0.03)
Net Gain (Loss) on Securities (Realized and Unrealized)	0.29	4.56	(1.50)	3.27	6.82	1.71
Total from Investment Operations	0.28	4.54	(1.56)	3.22	6.74	1.68
Distributions (From Net Investment Income)	-	-	-	-	-	-
Distributions (From Capital Gains)	-	-	-	(1.77)	(1.93)	(0.28)
Distributions (From Return of Capital)	-	-	-	-	-	-
Total Distributions	-	-	-	(1.77)	(1.93)	(0.28)
Proceeds from Redemption Fee (Note 2)	-	-	-	-	-	-
Net Asset Value - End of Period	\$ 35.96	\$ 35.68	\$ 31.14	\$ 32.70	\$ 31.25	\$ 26.44
Total Return (b)	0.78% *	14.58%	(4.76)%	10.28%	25.54%	6.72%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 7,323	\$ 6,699	\$ 6,019	\$ 6,694	\$ 6,036	\$ 4,807
Before Reimbursement						
Ratio of Expenses to Average Net Assets	1.82% **	2.00%	2.00%	2.00%	2.00%	2.00%
After Reimbursement						
Ratio of Expenses to Average Net Assets (c)	1.25% **	1.25%	1.25%	1.25%	1.25%	1.33%
Ratio of Net Investment Loss to Average Net Assets (c)	(0.04)% **	(0.08)%	(0.19)%	(0.15)%	(0.28)%	(0.10)%
Portfolio Turnover Rate	4.65% *	10.65%	16.21%	7.59%	44.00%	61.11%

Paradigm Micro-Cap Fund

Financial Highlights - Paradigm Micro-Cap Fund

Selected data for a share outstanding throughout the period:	(Unaudited)					
	1/1/2017 to 6/30/2017	1/1/2016 to 12/31/2016	1/1/2015 to 12/31/2015	1/1/2014 to 12/31/2014	1/1/2013 to 12/31/2013	1/1/2012 to 12/31/2012
	Net Asset Value - Beginning of Period	\$ 29.89	\$ 24.32	\$ 27.39	\$ 30.35	\$ 23.24
Net Investment Income (Loss) (a)	(0.15)	(0.18)	(0.11)	(0.17)	(0.06)	0.09
Net Gain (Loss) on Securities (Realized and Unrealized)	4.68	6.83	(2.64)	0.74	9.69	2.23
Total from Investment Operations	4.53	6.65	(2.75)	0.57	9.63	2.32
Distributions (From Net Investment Income)	-	-	-	-	-	(0.09)
Distributions (From Capital Gains)	-	(1.08)	(0.32)	(3.53)	(2.52)	-
Total Distributions	-	(1.08)	(0.32)	(3.53)	(2.52)	(0.09)
Proceeds from Redemption Fee (Note 2)	-	-	-	-	-	-
Net Asset Value - End of Period	\$ 34.42	\$ 29.89	\$ 24.32	\$ 27.39	\$ 30.35	\$ 23.24
Total Return (b)	15.16% *	27.33%	(10.05)%	1.81%	41.41%	11.06%
Ratios/Supplemental Data						
Net Assets - End of Period (Thousands)	\$ 47,261	\$ 51,670	\$ 42,395	\$ 26,100	\$ 27,210	\$ 17,598
Ratio of Expenses to Average Net Assets	1.25% **	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.96)% **	(0.67)%	(0.41)%	(0.58)%	(0.21)%	0.38%
Portfolio Turnover Rate	70.70% *	88.88%	70.95%	101.19%	70.07%	60.47%

* Not Annualized.

** Annualized.

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

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

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

+ Amount calculated is less than \$0.005.

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

NOTES TO FINANCIAL STATEMENTS
PARADIGM FUNDS
June 30, 2017
(UNAUDITED)

1.) ORGANIZATION

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

2.) SIGNIFICANT ACCOUNTING POLICIES

The Funds are investment companies and accordingly follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 Financial Services - Investment Companies. The financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The Funds follows the significant accounting policies described in this section.

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

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

The Funds may hold investments in master limited partnerships ("MLPs"). It is common for distributions from MLPs to exceed taxable earnings and profits resulting in the excess portion of such dividend to be designated as return of capital. Annually, income or loss from MLPs is reclassified upon receipt of the MLPs K-1. For financial reporting purpose management does not estimate the tax character of MLP distributions for which actual information has not been reported.

SHARE VALUATION: Each Fund's net asset value (the "NAV") is calculated as of the close of trading on the New York Stock Exchange (the "Exchange") (normally 4:00 p.m. Eastern time) every day the Exchange is open. The NAV for each Fund is calculated by taking the total value of the Fund's assets, subtracting its liabilities, and then dividing by the total number of shares outstanding, rounded to the nearest cent. The offering price and redemption price per share is equal to the net asset value per share, except that shares of each Fund are subject to a redemption fee of 2% if redeemed within 90 days of purchase. During the six month period ended June 30, 2017 proceeds from redemption fees were \$7,108, \$24,685, \$0 and \$2,471 for Value, Select, Opportunity and Micro-Cap, respectively.

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

Notes to Financial Statements (Unaudited) - continued

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

The Funds recognize the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Funds' tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years. The Funds identify their major tax jurisdictions as U.S. Federal and New York State tax authorities; the Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statements of Operations. During the the six month period ended June 30, 2017, the Funds did not incur any interest or penalties.

ESTIMATES: The financial statements are prepared in accordance with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

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

3.) SECURITIES VALUATIONS

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

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

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

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

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

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

FAIR VALUE MEASUREMENTS

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

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

Notes to Financial Statements (Unaudited) - continued

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

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

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

The following tables summarize the inputs used to value the Funds' assets measured at fair value as of June 30, 2017:

Value:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$52,982,690	\$ -	\$ -	\$52,982,690
Real Estate Investment Trusts	4,485,067	-	-	4,485,067
Money Market Funds	<u>2,428,796</u>	-	-	<u>2,428,796</u>
Total	\$59,896,553	\$ -	\$ -	\$59,896,553

Select:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$21,314,403	\$ -	\$ -	\$21,314,403
Real Estate Investment Trusts	547,976	-	-	547,976
Money Market Funds	<u>1,407,354</u>	-	-	<u>1,407,354</u>
Total	\$23,269,733	\$ -	\$ -	\$23,269,733

Opportunity:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$6,803,052	\$ -	\$ -	\$6,803,052
Real Estate Investment Trusts	297,699	-	-	297,699
Money Market Funds	<u>241,433</u>	-	-	<u>241,433</u>
Total	\$7,342,184	\$ -	\$ -	\$7,342,184

Micro-Cap:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$42,921,389	\$ -	\$ -	\$42,921,389
Contingent Value Rights	-	-	-	-
Money Market Funds	<u>4,617,823</u>	-	-	<u>4,617,823</u>
Total	\$47,539,212	\$ -	\$ -	\$47,539,212

Refer to each Fund's Schedule of Investments for a listing of securities by industry. The Funds did not hold any level 3 assets during the six month period ended June 30, 2017. There were no transfers into or out of the levels during the six month period ended June 30, 2017. It is the Funds' policy to consider transfers into or out of the levels as of the end of the reporting period.

The Funds did not invest in derivative instruments during the six month period ended June 30, 2017.

4.) INVESTMENT ADVISORY AGREEMENTS

The Trust, with respect to each of the Funds, has an investment advisory agreement (collectively the "Management Agreements") with the Advisor. Under the terms of the Management Agreements, the Advisor

Notes to Financial Statements (Unaudited) - continued

manages the investment portfolios of the Funds, subject to policies adopted by the Trustees. Under the Management Agreements, the Advisor, at its own expense and without reimbursement from the Trust, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing the assets of the Funds. The Advisor pays all operating expenses of the Funds with the exception of taxes, brokerage fees and commissions, borrowing costs (such as interest and dividend expenses on securities sold short) and such extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trust's Trustees and officers with respect thereto. The Funds will also pay expenses that they are authorized to pay pursuant to Rule 12b-1 under the Investment Company Act of 1940 (none are currently authorized). The Advisor also pays the salaries and fees of all of its officers and employees that serve as officers and trustees of the Trust. For its services and payment of certain Fund expenses as described below, the Advisor receives an annual investment management fee of 1.50% of the average daily net assets from Select and 1.25% of the average daily net assets from Micro-Cap. Effective May 1, 2017 the Advisor contractually reduced the management fee for Opportunity to 1.50% of the average daily net assets. Prior to May 1, 2017, Opportunity's management fee was 2.00% of the average daily net assets. Effective May 1, 2017 the Advisor contractually reduced Value's management fee to 1.50%. Prior to May 1, 2017, Value paid the Advisor an annual investment management fee of 2.00% of the average daily net assets on assets up to and including \$100 million and 1.75% of the average daily net assets over \$100 million. As a result of the above calculations, for the six month period ended June 30, 2017, the Advisor earned management fees (before the waivers described below) totaling \$551,798, \$178,676, \$65,149 and \$269,678 for Value, Select, Opportunity, and Micro-Cap, respectively. At June 30, 2017, \$74,276, \$22,027, \$7,622 and \$46,796 was due to the Advisor from Value, Select, Opportunity and Micro-Cap, respectively. The Advisor has contractually agreed to waive management fees and/or reimburse Select and Opportunity to the extent necessary to maintain total annual operating expenses of the Funds (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and indirect costs of investing in acquired funds) at 1.15% and 1.25%, respectively, of daily net assets through April 30, 2018. The Advisor had contractually agreed to waive management fees and/or reimburse Value to the extent necessary to maintain total annual operating expenses of the Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and indirect costs of investing in acquired funds) at 1.50% of daily net assets through April 30, 2017. The Advisor waived \$98,961, \$41,691 and \$20,389 for the six month period ended June 30, 2017 for Value, Select and Opportunity, respectively. There is no recapture provision to these waivers.

5.) RELATED PARTY TRANSACTIONS

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

The Trustees who are not interested persons of the Funds were each paid \$4,000, for a total of \$20,000, in Trustees fees for the six month period ended June 30, 2017 for the Trust. Under the Management Agreements, the Advisor pays these fees.

6.) INVESTMENTS

For the six month period ended June 30, 2017, purchases and sales of investment securities other than U.S. Government obligations and short-term investments were as follows:

	Value	Select	Opportunity	Micro-Cap
Purchases	\$9,235,596	\$3,708,891	\$1,028,628	\$29,349,974
Sales	\$14,354,993	\$4,375,668	\$317,566	\$42,284,526

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

7.) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting shares of a fund creates a presumption of control of the fund, under section 2(a)(9) of the Investment Company Act of 1940. At June 30, 2017, National Financial Services, LLC, located at 200 Liberty Street, New York, New York, for the benefit of its customers, held, in aggregate, 37.55% of Value, and therefore also may be deemed to control Value. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 83.43%, of Select, and therefore may be deemed to control Select. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 87.07%, of Opportunity, and therefore may be deemed to control Opportunity. Candace King Weir, beneficial owner located at 9 Elk Street, Albany, New York 12207, held, in aggregate, 83.76% of Micro-Cap, and therefore may be deemed to control Micro-Cap.

Notes to Financial Statements (Unaudited) - continued

8.) TAX MATTERS

For federal income tax purposes, at June 30, 2017 the cost of securities on a tax basis and the composition of gross unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) were as follows:

	Value	Select	Opportunity	Micro-Cap
Cost of Investments	\$38,070,612	\$19,669,114	\$4,625,757	\$38,882,419
Gross Unrealized Appreciation	\$23,863,198	\$4,594,922	\$3,017,508	\$10,101,957
Gross Unrealized Depreciation	(\$2,037,257)	(\$994,303)	(\$301,081)	(\$1,445,164)
Net Unrealized Appreciation (Depreciation) on Investments	\$21,825,941	\$3,600,619	\$2,716,427	\$8,656,793

The tax character of distributions paid during the six month period ended June 30, 2017 and the fiscal year ended December 31, 2016 were as follows:

	Six Months Ended June 30, 2017	Fiscal Year Ended December 31, 2016
<u>PARADIGM VALUE FUND</u>		
Ordinary Income	\$ -	\$ 1,242,103
Long-term Capital Gain	-	<u>1,685,763</u>
	\$ -	\$ 2,927,866
<u>PARADIGM SELECT FUND</u>		
Ordinary Income	\$ -	\$ 138,692
Long-term Capital Gain	-	<u>30,076</u>
	\$ -	\$ 168,768
<u>PARADIGM OPPORTUNITY FUND</u>		
Ordinary Income	\$ -	\$ -
Long-term Capital Gain	-	-
	\$ -	\$ -
<u>PARADIGM MICRO-CAP FUND</u>		
Ordinary Income	\$ -	\$ 1,798,512
Long-term Capital Gain	-	-
	\$ -	\$ 1,798,512

9.) SUBSEQUENT EVENTS

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

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DISCLOSURE OF EXPENSES (Unaudited)

The ongoing costs to shareholders associated with the Paradigm Value Fund, Paradigm Select Fund, Paradigm Opportunity Fund and Paradigm Micro-Cap Fund consist solely of management fees. Although the Funds charge no sales loads or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Mutual Shareholder Services, LLC, the Funds' transfer agent. IRA accounts will be charged an \$8.00 annual maintenance fee. If shares are redeemed within 90 days of purchase from the Funds, the shares are subject to a 2% redemption fee. The following example is intended to help you understand your ongoing costs of investing in the Funds and to compare these costs with similar costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested in the Funds on January 1, 2017 and held through June 30, 2017.

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

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as the annual maintenance fee charged to IRA accounts, redemption fees, or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

PARADIGM VALUE FUND

	Beginning Account Value <u>January 1, 2017</u>	Ending Account Value <u>June 30, 2017</u>	Expenses Paid During the Period* January 1, 2017 to June 30, 2017
Actual	\$1,000.00	\$1,048.44	\$7.62
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,017.36	\$7.50

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

PARADIGM SELECT FUND

	Beginning Account Value <u>January 1, 2017</u>	Ending Account Value <u>June 30, 2017</u>	Expenses Paid During the Period* January 1, 2017 to June 30, 2017
Actual	\$1,000.00	\$1,059.12	\$5.87
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,019.09	\$5.76

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

Disclosure of Expenses (Unaudited) - continued

PARADIGM OPPORTUNITY FUND

	Beginning Account Value <u>January 1, 2017</u>	Ending Account Value <u>June 30, 2017</u>	Expenses Paid During the Period* January 1, 2017 to June 30, 2017
Actual	\$1,000.00	\$1,007.85	\$6.22
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.60	\$6.26

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

PARADIGM MICRO-CAP FUND

	Beginning Account Value <u>January 1, 2017</u>	Ending Account Value <u>June 30, 2017</u>	Expenses Paid During the Period* January 1, 2017 to June 30, 2017
Actual	\$1,000.00	\$1,151.56	\$6.67
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,018.60	\$6.26

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

ADDITIONAL INFORMATION

June 30, 2017

(Unaudited)

APPROVAL AND RENEWAL OF INVESTMENT ADVISORY AGREEMENTS

At a meeting of the Board of Trustees held on February 27, 2017 (the "Meeting") the Board of Trustees (the "Trustees" or the "Board") considered the continuance of the Management Agreements (the "Agreements" or "Management Agreements") with Paradigm Funds Advisor LLC (the "Advisor") for the Paradigm Value Fund ("Value Fund"), the Paradigm Select Fund ("Select Fund"), the Paradigm Opportunity Fund ("Opportunity Fund"), and the Paradigm Micro-Cap Fund ("Micro-Cap Fund") (each a "Fund", or collectively, the "Funds"). Legal counsel reviewed a memorandum provided by Thompson Hine LLP outlining the duties of mutual fund trustees with respect to the renewal of investment advisory contracts, and explained that, in consideration of the continuance of the management agreements, the Board should review as much information as is reasonably necessary to evaluate the terms of the contracts and determine whether each is fair to each Fund and its shareholders. Legal counsel also explained that the Advisor had provided information to the Trustees for evaluation of the continuance of the Agreements.

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

As to the performance of the Funds, the Report included information regarding the performance of each Fund compared to a group of funds of similar size, style and objective (the "Peer Group"). All performance data was through the period ended December 31, 2016. The Report also included comparative performance information for comparable major indexes, each Fund's Morningstar category average, and other accounts managed by the Advisor.

The Trustees discussed the outperformance and underperformance in relation to the Peer Group average, the Morningstar category average and the comparative index for certain periods for each Fund, as detailed in the Report. They focused their discussions and inquiries of the Advisor on periods during which a Fund materially underperformed any of the benchmarks.

The Trustees noted that when considering the performance of the Funds, they took into account the importance of the Advisor's sector allocations. The Trustees stated that they are confident with the Advisor's investment management process. The Trustees noted the Advisor's explanations for the performance of the Funds and concluded, after careful review of the investment process and further discussion with the portfolio managers, that each Fund's performance was either consistent with performance expectations, or that the Advisor was taking appropriate steps to address performance matters where necessary. The Trustees indicated that they would continue to monitor performance on a going forward basis.

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

As to the costs of the services provided, the Board reviewed the fees received by the Advisor under the Agreements compared to the applicable Peer Group and category average. The Trustees noted that each Fund pays a unitary management fee under which the Advisor provides advisory services and certain administrative and governance functions, and pays Fund expenses. As a result, in addition to reviewing the management fees, the Trustees agreed that comparison of each Fund's expense ratio to the total operating expense ratios of comparable funds was most relevant to the Board deliberations. The Trustees noted that, while the fees may be higher, in some cases, than the peer group averages and/or the Morningstar category averages in each case, they appeared reasonable when compared to

Additional Information (Unaudited) - continued

the benchmarks' range of fees. The Board noted that while the Advisor does not manage any other accounts, Paradigm Capital Management, Inc., an affiliate of the Advisor, provided services to hedge funds for which it receives an annual fee of between 0.75% and 1.00% plus a performance fee; institutional accounts for which it receives fees ranging from 0.55% - 1.00%; and separately managed accounts for high net-worth clients for which it receives fees ranging from 0.75% - 1.50%. The Trustees concluded that the management fees paid with respect to the Funds were reasonable. The Trustees discussed the management fees for the Value Fund and the Opportunity Fund and agreed with the representatives of the Advisor that, while currently reasonable, a fee reduction to an annual rate of 1.50% of the average value of each Fund's daily net assets would enhance the marketability of the Funds and benefit shareholders. The Board and the Advisor mutually agreed to reduce the fees effective May 1, 2017.

As for the profits realized by the Advisor, the Trustees reviewed a profit and loss analysis prepared by the Advisor that disclosed the direct and indirect expenses paid by the Advisor on behalf of each Fund, the total revenue derived by the Advisor from each Fund and the pre-tax operating margin of each Fund for the calendar year ended December 31, 2016, and they noted that the Advisor reported having realized a loss with respect to the Select Fund and Opportunity Fund. The Trustees also reviewed a broad industry analysis of mutual fund profitability prepared by an independent third party, which showed the operating margins realized by the Advisor were well within the range reported in the analysis. The Trustees concluded that the Advisor was not excessively profitable from its relationship with any of the Funds.

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

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

AVAILABILITY OF QUARTERLY SCHEDULE OF INVESTMENTS (Unaudited)

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

PROXY VOTING GUIDELINES (Unaudited)

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

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

Additional Information (Unaudited) - continued

ADDITIONAL INFORMATION

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

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