

Paradigm Funds

Proxy Voting Policy

When Paradigm's accounts hold stock which Paradigm will vote in a fiduciary capacity, its voting obligations must be exercised in accordance with (1) the direction and guidance, if any, provided by the document establishing the account relationship, and (2) the principles of fiduciary duty which require the fiduciary to act in the best interests of the account. Thus, in voting such stock, Paradigm will exercise the care, skill, prudence, and diligence under the circumstances that a prudent person would use considering the aims, objectives, and guidance provided by the client.

In general, this will call for the voting of stock consistent with the best interests of the account, including long-term and short-term economic interests. In considering the best interests of the account, Paradigm will take into account, among other things, the effect of the proposal on the underlying value of the securities. All conflicts of interest will be resolved in the interest of the client.

Where Paradigm has an obligation to vote, (1) all stock by proxy will be voted, (2) a written record of such voting will be kept by Operations. To assist it in analyzing proxies, Paradigm has subscribed to an unaffiliated third-party corporate governance research service ("Proxy Service Provider") that provides in-depth analyses of shareholder meeting agendas, vote recommendations, recordkeeping and vote disclosure services. Please contact the Chief Compliance Officer if you would like a record of how proxies for your shares were voted.

Proxy Voting Procedure

The Portfolio Managers determine how proxies are to be voted. Operations, through the Proxy Service Provider, will maintain a record of proxy voting determinations, together with all proxy proposals, including shareholder proposals and proposals included in dissident proxy materials. Decisions will be made exclusively in accordance with the economic interests, both long-and short-term, of the account. Except where required by the client, social interests shall not be among the criteria employed by the Portfolio Managers.

Unless notified otherwise by the Portfolio Manager, Operations through the Proxy Service Provider will vote proxies approving the following proposals:

1. Election of management's nominees for Directors.
2. Appointment of Auditors.
3. Change in the date or location of annual meetings.
4. For investment companies, continuation of company management, investment adviser or distribution contracts.
5. Transaction of such other business as may properly come before the meeting.
6. Receiving and/or approving financial reports.
7. Indemnification of Directors.
8. Stock splits and stock dividends.
9. Authority to issue additional debt.

10. Change in the number of authorized common shares.
11. Corporate name change.
12. Change in investment company agreements with advisers.
13. Stock option plans, unless exercise price is less than the market price at the time of the grant or dilution under the plan would exceed 10%.
14. Removal of a Director only for cause.
15. Waiver of preemptive rights.
16. Fair pricing amendments unless accompanied by a super-majority provision in excess of two-thirds.
17. Equal access proposals.
18. Technical amendments to by-laws or charters.
19. Share repurchases.
20. Spin-offs.

Unless notified otherwise by the Portfolio Manager, Operations through the Proxy Service Provider will vote proxies opposing the following proposals:

1. Creation of a second class of stock with unequal voting rights.
2. Fair pricing provisions when accompanied by a super-majority provisions in excess of two-thirds.
3. Amendment to bylaws by Board of Directors without shareholder approval.
4. Elimination of shareholder right to call a special meeting or requiring more than 25% of shareholders to call a special meeting.
5. Elimination of shareholder action by written consent.
6. "Stakeholder" proposals.
7. Loans or guarantees of loans to officers and Directors.
8. Super-majority provisions in excess of two-thirds.
9. A greater vote requirement to repeal a provision than to adopt it.
10. Change to cumulative voting.

There is no general policy with respect to the following proposals which shall be evaluated on a case-by-case basis by the Portfolio Manager:

1. Change in the state of incorporation.
2. Mergers or other combinations.

3. Authorization of “blank check” preferred stock.
4. Golden parachutes.
5. Proposals to opt out of state anti-takeover laws.
6. Prohibition of greenmail.
7. Change in the number of directors.
8. Approval of poison pill plan.
9. Confidential voting.
10. Shareholder proposal to de-classify Board of Directors.

When the Portfolio Managers decide to vote against a proposal, which is generally approved or to vote in favor of a proposal which is generally opposed, the reason for the exception will be recorded. When the Portfolio Managers do not provide voting instructions for the proposals which are evaluated on a case-by-case basis, the Proxy Service Provider will automatically vote those proposals consistent with the provider’s recommendation.