



Overall Rating



(Investor)

Among 660 Small Growth Funds
(as of 12/31/15)

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the Fund's 3, 5, and 10-year (if applicable) Morningstar metrics.



Stephen E. Grant

Portfolio Manager

Mr. Grant has been Portfolio Manager of the Value Line Small Cap Opportunities Fund since 1998 and has over 20 years of investment experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

Fund Facts

Symbol

Investor VLEOX
Institutional VLEIX

Inception Date

Investor 6/23/93
Institutional 11/1/15

Total Assets

\$378M
(as of 12/31/15)

Top 10 Holdings (as of 12/31/15)

Company	Weight (%)
iShares Russell 2000 ETF	4.28
Tyler Technologies, Inc.	2.88
Lennox International, Inc.	2.67
Middleby Corp. (The)	2.38
Acuity Brands, Inc.	2.17
Casey's General Stores, Inc.	2.13
Waste Connections, Inc.	2.08
Toro Co. (The)	1.93
RLI Corp.	1.87
AptarGroup, Inc.	1.83

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please discuss the Fund's attractiveness especially in light of the underperformance of small companies in 2015?

In 2015, small-cap stocks, in general, underperformed their larger counterparts. For the year ended December 31, 2015, the Russell 2000 Index declined 4.4% while the S&P 500 Index rose 1.4%. However, the Value Line Small Cap Opportunities Fund fared better than both with a total return of 1.9%. This result was significantly better than the Morningstar Small Growth category average of -2.4% for the same time period.

While smaller company investing has the reputation for providing higher volatility as compared to larger company investing, we believe small-cap portfolios do not need to be exposed to undue risk. For the Fund, we leverage the expertise of Value Line Research to find smaller companies that fit our stringent criteria of having a successful track record of consistently increasing earnings and stock price over a period of generally 10 years or more.

We believe holding these time-tested companies will result in a portfolio that provides long-term outperformance with a lower risk profile compared to other small-cap funds. In fact, the Fund's risk-adjusted results have caught investors' attention. Over the five-year period ended December 31, 2015, the Fund had the #2 highest Sharpe ratio (out of 185 funds) in the Morningstar Small Growth category. Sharpe ratio measures how much return the investor received for every unit of risk assumed.

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Q2: As a small-cap fund manager, how does your criteria limit your micro-cap exposure?

We hold micro-cap stocks on a very select basis. Most micro-cap companies have not achieved a long-term record of consistently growing both their earnings and stock price. Also, many smaller companies have not been publicly traded for a period of 10 years or more. As such, we favor companies with demonstrated results which tend to be on the larger end of the small-cap category.

Q3: With nearly \$4 trillion of merger and acquisition (M&A) transactions in 2015, how did the Fund benefit?

By owning companies with attractive long-term growth records, we recognize that many of our holdings could be considered takeout candidates. In 2015, three of the Fund's holdings were purchased at a premium to their previous day's closing price: Cytec Industries (CYT), Advent Software (ADVS) and MWI Veterinary Supply (MWIV). Based on the cash levels on many larger companies' balance sheets, we anticipate that an elevated level of M&A activity could continue throughout 2016, which could bode well for the Fund's holdings.

Value Line Small Cap Opportunities Fund Performance (as of 12/31/15)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	1.94%	13.85%	13.14%	8.08%
Institutional - VLEIX¹	1.98%	13.87%	13.16%	8.09%
Russell 2000 Index	-4.41	11.65	9.18	6.80
S&P 500 Index	1.38	15.13	12.56	7.30
Morningstar Small Growth Category Avg.	-2.41	12.20	9.40	7.14
Morningstar Category Rank (%) - VLEOX	14	26	4	23
# of Funds in Category	730	660	588	423
Morningstar Return		Above Avg.	High	Above Avg.
Morningstar Risk		Low	Low	Low
Sharpe Ratio		1.24	1.19	0.47
Sharpe Ratio Ranking/# of Funds in Category		12/199	2/185	18/160
Gross Expense Ratio: 1.27% (VLEOX), 1.02% (VLEIX)				

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.

¹*Indicates Morningstar Extended Performance. Extended performance is an estimate based on the performance of the fund's oldest share class, adjusted for fees. The Inception Date of (VLEIX) is November 1, 2015.*

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Past performance data through the most recent month end is available at vlfunds.com or by calling 800.243.2729. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus and summary prospectus, which can be obtained free of charge from your investment representative, by calling 800.243.2729, or by clicking on the applicable fund at www.vlfunds.com. Please read it carefully before you invest or send money.

The average annual returns shown above are historical and reflect changes in share price, reinvested dividends and are net of expenses. Investment results and the principal value of an investment will vary.

There are risks associated with investing in small and mid cap stocks, which tend to be more volatile and less liquid than stocks of large companies, including the risk of price fluctuations.

The Morningstar Rating™ for funds methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads, or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 5 stars for top 10%; 4 stars next 22.5%; 3 stars next 35%; 2 stars next 22.5%; 1 star for bottom 10%. Funds are rated for up to three periods: the trailing three-, five-, and 10-years. For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights: At least 3 years, but less than 5 years uses 100% three-year rating. At least 5 years but less than 10 years uses 60% five-year rating/ 40% three-year rating. At least 10 years uses 50% ten-year rating / 30% five-year rating / 20% three-year rating. The Fund received 4 stars for the 3 year period, 5 stars for the 5 year period and 4 stars for the 10 year period ended 12/31/15 among 660, 588 and 423 small growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 2015. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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