



**Stephen E. Grant**  
*Portfolio Manager*

Mr. Grant has been Portfolio Manager of the Value Line Small Cap Opportunities Fund since 1998. He has over 20 years experience and currently manages funds containing nearly \$1.6B in net assets. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

**Value Line Small Cap Opportunities Fund**

Overall  Rating



*Among 645  
Mid-Cap Growth Funds  
(as of 12/31/14)*

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.

**Fund Facts**

Symbol:	VLEOX
Total assets:	\$353M
Inception date:	6/23/93

**Portfolio Manager Q&A**

**Value Line Small Cap Opportunities Fund (VLEOX)**

**Q1: Historically, small-cap companies have had a higher risk profile compared to larger companies. How does the Value Line Small Cap Opportunities Fund help mitigate the inherent volatility of smaller company investing?**

As a basic building block in many asset allocation strategies, small-cap investing has historically provided outperformance compared with larger company investing over time, albeit with generally higher volatility. The Fund attempts to reduce the inherent volatility in small company investing by selecting companies often sourced by the time-tested venerable Value Line Timeliness™ and Safety™ Ranking System. By using this proprietary ranking system, we identify companies with a proven and consistent track record of 10 years or more of earnings and stock price growth.

Essentially, we are looking for steadily growing companies with demonstrated operating results that we can hold for long periods of time. In fact, the Fund's portfolio turnover rate is much lower than that of its peers. As of the Fund's fiscal year ended March 31, 2014, the turnover rate for the Fund was 15%, whereas the Lipper Small Cap Growth Funds Category had an average turnover rate of 85%. We believe this long holding period illustrates our long-term view of a company's prospects.

**"With our overall strategy focused on holding companies with proven growth, we believe we can deliver outperformance with lower risk over the long term."**

**Q2: Does a criterion that includes only owning proven companies with a 10+ year track record of growth in earnings and stock price eliminate newer small companies?**

Yes, newly listed small-cap companies are not considered in our selection process. We recognize a track record of 10+ years is a long time frame for many smaller companies; however, this criteria allows us to measure how companies have performed over full market cycles. With our overall strategy focused on holding companies with proven growth, we believe we can deliver outperformance with lower risk over the long term.

We are pleased that our highly disciplined investment strategy has resulted in the Fund outperforming both the Russell 2000 Index and the Lipper Small Cap Growth Funds average for the past 1, 5 and 10 year periods ended December 31, 2014 and did so with a relatively low risk profile.

## Portfolio Manager Q&A

### Value Line Small Cap Opportunities Fund (VLEOX)

#### **Q3: The S&P 500 Index significantly outperformed the Russell 2000 Index throughout 2014. Do you anticipate a rebound in small cap stocks in 2015?**

While we recognize market capitalization leadership will rotate, we don't focus on short-term market drivers. Instead, we focus our attention on building a high-quality smaller growth company portfolio regardless the economic landscape or market capitalization leadership.

However, what is notable about recent market activity is that the market continues to be strong with few significant pullbacks. During the few periods when the market did retreat, we took advantage of the pullbacks to purchase additional shares of current portfolio holdings.

<b>Value Line Small Cap Opportunities Fund Performance (as of 12/31/14)</b>				
	<b>Average Annual Returns</b>			
	1 Year	3 Year	5 Year	10 Year
<b>Small Cap Opportunities Fund (VLEOX)</b>	<b>6.37%</b>	<b>19.16%</b>	<b>17.11%</b>	<b>8.71%</b>
Russell 2000 Index	4.89%	19.19%	15.54%	7.76%
Lipper Small Cap Growth Funds Cat. Avg.	2.23%	18.18%	15.74%	7.90%
Lipper Ranking/# of Funds in Category	89/530	158/464	119/408	90/286
<b>Percentile</b>	<b>17</b>	<b>34</b>	<b>30</b>	<b>32</b>
Morningstar Risk		<b>Below Avg.</b>	<b>Below Avg.</b>	<b>Below Avg.</b>
Expense ratio: 1.26%				

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.*

**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 3 stars for the 10 year period ended 12/31/14 among 645, 584 and 429 mid-cap growth funds, respectively.

**The inception dates of Value Line Mutual Funds range from 1950 to 1993. Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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