



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 approximately \$1.3B 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 641
Mid-Cap Growth Funds
(as of 3/31/14)

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	\$357.7M
Inception date:	6/23/93

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX)

Q1: The smaller company equity market, as measured by the Russell 2000 Index, was slightly positive for the past three months. With the market enjoying a long run of positive returns over the past few years, where are you finding opportunities in small-caps?

For the Small Cap Opportunities Fund, our selective investment criteria yields a smaller universe of qualifying small companies, with many of these stocks on the larger end of the small-capitalization range.

Specifically, we are looking to buy companies that have a demonstrated ability to increase their earnings and stock price consistently over the past 10 years or more. Because we insist that companies prove their consistency over full market cycles, we believe the Fund is able to avoid many smaller companies that exhibit excessive volatility. For example, the Fund would not purchase a company with a shorter-term record as a public company or micro-cap companies with a market cap of less than \$1 billion.

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Q2: The Fund has a significant weighting to the Industrials sector while having minimal exposure to Healthcare. Can you discuss your philosophy toward stocks in these sectors?

As of March 31, about 40% of the Fund is allocated to the Industrials sector compared to the approximate 16% weighting in the Russell 2000 Index. We find that these Industrials companies have operating characteristics consistent with our investment criteria. Specifically, many of the small-cap Industrials companies in the Fund possess strong portfolios of proprietary products and services, which in turn gives these companies enviable control over their destinies in good and bad economic environments. They also demonstrate the ability to boost growth with new proprietary products and services.

Conversely, only about 4% of the Fund is allocated to the Healthcare sector compared to the 12% weighting in the benchmark Index. We find that few small-cap Healthcare companies meet our high standards of consistent, long-term growth. Generally, by the time Healthcare businesses generate a long-term track record of success, the enterprise has grown and is considered to be mid-cap in size or larger.

On the other end of the capitalization spectrum in the Healthcare sector, many emerging biotech companies, for example, that have much smaller market capitalizations tend to be extremely volatile and have not exhibited consistent growth over long periods of time.



Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX)

Q3: With the recent volatility in high-profile growth companies, do you foresee a shift to value stock leadership?

We do not concern ourselves with short-term oriented growth versus value leadership discussions. We believe that growth stocks are a basic building block for asset allocation and that smaller company investing is an important component for many diversified portfolios. With respect to smaller company investing, investors must remember that there are different types of growth companies—some exhibiting aggressive growth qualities and others with defensive growth characteristics.

For investors who want to own smaller company stocks but prefer less volatility, we believe the “steady-eddy” approach of Value Line Small Cap Opportunities Fund may be an appropriate component to a diversified investment allocation.

Performance (as of 3/31/14)	Average Annual Return			
	1 Year	3 Year	5 Year	10 Year
Small Cap Opportunities Fund (VLEOX)	22.21%	16.31%	23.66%	9.19%
Russell 2000 Index	24.90	13.17	24.30	8.53
Lipper Small Cap Growth Funds	26.80	12.75	24.67	8.50
Lipper Ranking/# of Funds as of 12/31/13	424/520	35/462	272/408	92/275
Percentile	82	8	67	34
Morningstar Risk		Low	Below Avg	Below Avg
Gross Expense ratio: 1.28%				

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, 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 5 stars for the 3 year period, 4 stars for the 5 year period, and 3 stars for the 10 year period out of 641, 556 and 420 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. The Fund received 5 stars for the 3 year and 10 year periods and 4 stars for the 5 year period out of 328, 154 and 298 aggressive allocation funds, respectively.

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