



**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 638  
Mid-Cap Growth Funds  
(as of 12/31/13)

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	\$365.1M
Inception date:	6/23/93

**Portfolio Manager Q&A**

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

**Q1: With strong market appreciation in 2013, would you please comment upon the current opportunity set of potential new additions?**

Even with the market's run-up in 2013, the universe of attractive smaller companies that can potentially become portfolio additions is large. Opportunity in the smaller company marketplace is wide and deep regardless of overall market conditions. This market cap range is generally more inefficient and less followed than the larger company universe.

Wall Street research typically focuses on larger companies, and therefore more information is available on a smaller subset of the equity market. Smaller companies are often nominally covered by analysts and require more proprietary review. At Value Line Funds, we use the extensive resources at Value Line Research as a first step in uncovering companies. We are disciplined in our selection process and take a conservative approach in structuring a smaller company portfolio. We focus on companies with a demonstrated history of growing both earnings and stock price over long periods of time, generally 10 years or more. With this criterion as a guide, we are not focused on valuations and believe that strong market performance in any one year period does not limit our opportunity set.

**"We are disciplined in our selection process and take a conservative approach in structuring a smaller company portfolio."**

**Q2: Why do you focus on earnings and stock price growth as a primary driver?**

Our goal is to deliver above-average performance over time and do so with below-average risk. Smaller company investing can be volatile and subject to short-term market swings in both directions. We believe that a portfolio of companies with demonstrated results helps to mitigate downside volatility and provides a smoother ride for investors.

Although there are a number of metrics that we analyze, we have found that a growing earnings stream is critical to overall capital appreciation. One metric generally follows the other and in combination provides the comfort of more predictable growth with a lower risk profile. Also, we prefer a 10 year operating period because we want to examine how a stock performs over a full market cycle rather than shorter periods of positive or negative market performance. A longer time period provides us with more stock specific knowledge and allows us to structure a portfolio of proven steady-eddy companies rather than more volatile short-term high-flyers.



## Portfolio Manager Q&A

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

#### Q3: What are your thoughts regarding the smaller company universe in 2014?

As bottom-up, fundamental investors we believe that there is always opportunity in the market. Companies within market cap ranges do not move upwards or downwards in unison. There will always be companies that are performing well or below par. Our mission is to find opportunities regardless of the market environment and, therefore, we believe that the smaller company universe has constant appeal.

Performance (as of 12/31/13)	Average Annual Return			
	1 Year	3 Year	5 Year	10 Year
<b>Small Cap Opportunities Fund (VLEOX)</b>	<b>36.10%</b>	<b>19.57%</b>	<b>20.88%</b>	<b>9.71%</b>
Russell 2000 Index	38.82	15.66	20.07	9.06
Lipper Small Cap Growth Funds	42.30	16.15	22.39	8.94
Lipper Ranking/# of Funds as of 12/31/13	440/513	44/457	285/400	82/264
Percentile	86	10	72	31
Morningstar Risk		<b>Low</b>	<b>Below Avg</b>	<b>Below Avg</b>
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](http://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](http://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 638, 548 and 416 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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