



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 642
Mid-Cap Growth Funds
(as of 9/30/14)

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	\$334 M
Inception date:	6/23/93

Portfolio Manager Q&A
Value Line Small Cap Opportunities Fund (VLEOX)

Q1: The current market seems to favor larger company stocks. Have the near-term prospects for smaller company investing dimmed?

No, we don't believe so, as there will always be shifting leadership among value and growth stocks and market capitalizations. Our job is to build a high-quality smaller company portfolio regardless of the economic climate or investor sentiment. We focus on the factors we can control and believe the universe of smaller company investing always contains a multitude of opportunities.

As a basic building block in an asset allocation strategy, the relative attractiveness of smaller company investing should be viewed over a period of years or decades rather than over any short-term timeframe. That same thought process guides our performance assessment. We believe it is more important for the Fund to outperform its benchmark and peer group over a multi-year period rather than to focus on shorter timeframes. With that in mind, we are pleased the Fund has outperformed both the Russell 2000 Index and the Lipper Small Cap Core Funds average for the past 3, 5 and 10 year periods ended September 30, 2014 and did so with a relative low risk profile.

Q2: The Fund seeks to build a portfolio with a lower risk profile. Would you please discuss how the Fund curbs volatility?

Our goal is to deliver above-average performance over time and do so with lower-than-average risk compared to our small-cap peers. While investing in smaller companies can inherently add volatility, we believe a portfolio of companies with demonstrated longer-term results can moderate volatility and provide a smoother ride for investors.

Our "steady-eddy" investment approach is derived from our rigorous stock selection process that results in owning growth-oriented companies that have consistently increased both their earnings and stock price over a long timeframe, preferably 10 years or more. We use this timeframe to gauge how individual companies fare in both positive and negative periods during a full market cycle.

As a stock selection tool, the Fund utilizes the venerable Value Line Timeliness™ and Safety™ Ranking System to identify and monitor companies that have an attractive growth runway commensurate with risk. This time-tested research tool is instrumental in our thought process and has been used by Value Line Funds for decades.

Q3: As a smaller company fund, the Value Line Small Cap Opportunities Fund includes several mid-cap stocks. What is the Fund's purchase criteria and the reason for holding these mid-caps?

While the Fund holds select companies generally considered to be mid-cap stocks, we prefer to purchase stocks in the \$1-4 billion market capitalization range. Our investment process generally excludes micro-cap and less seasoned companies, as we look to purchase smaller companies that have a proven and consistent track record of 10 years or more of

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Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX)

earnings and stock price growth. Therefore, companies that satisfy these stringent results-based criteria are usually on the larger size of the small-cap universe.

With the strong market appreciation over the past several years, we realize some of our small-cap stocks have grown into mid-cap companies. While we are pleased they have grown in value, our sell discipline isn't dictated upon the fact that the stock has grown beyond a certain capitalization range.

From a portfolio construction standpoint, we evaluate the future opportunity of that company relative to new or existing stocks that are smaller. If we determine the current holding is relatively more attractive, we will keep the position. If another stock holds more relative promise, we will reallocate the proceeds to that new company.

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Performance (as of 9/30/14)	Average Annual Return			
	1 Year	3 Year	5 Year	10 Year
Small Cap Opportunities Fund (VLEOX)	5.12%	21.26%	16.22%	9.04%
Russell 2000 Index	3.93	21.24	14.28	8.18
Lipper Small Cap Core Funds	5.72	20.51	13.91	8.23
Lipper Ranking/# of Funds as of 6/30/14	447/778	301/704	77/620	102/379
Percentile	58	43	13	27
Morningstar Risk		Below Avg	Below Avg	Below Avg
Gross Expense ratio: 1.26%				

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 and 5 year periods and 3 stars for the 10 year period ended 9/30/14 among 642, 582 and 425 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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