



Portfolio Manager Q&A



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 639
Mid-Cap Growth Funds
(as of 5/31/13)

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. The Fund received 5 stars for the 3-year period and 4 stars for the 5- and 10-year periods ended 5/31/13 among 639, 561 and 413 Mid-Cap Growth funds, respectively.

Fund Facts

Symbol: VLEOX
Total assets (4/30/13): \$308M
Inception date: 6/23/93

Value Line Funds

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The Value Line Small Cap Opportunities Fund

Q1: In 2013, the Value Line Emerging Opportunities Fund was renamed the Value Line Small Cap Opportunities Fund. What precipitated the change?

Throughout the years, the market caps of stocks that we had purchased continued to rise beyond the traditional metrics of small company stocks. Since we are looking at a long runway for our holdings, we tend to be patient investors and allowed our portfolio holdings to grow in value. As a result, many of our original small cap purchases grew into the mid- and large-cap range and thereby changed our Fund's classification.

To address our rising market cap issue, we subsequently reduced our overall median and average market cap over time and when appropriate. This allowed the Fund to be categorized once again as a small cap fund.

Q2: What is the market cap range of your newer holdings?

We prefer to purchase companies in the \$1-4 billion market cap range that have a history of solid earnings and stock price growth, and possess the opportunity for future growth, in our view. Trading volume and liquidity are important in our consideration and therefore smaller, micro cap names are excluded.

Q3: As a growth investor with a long holding period of approximately five years, what factors are most important in your stock selection?

We purchase our portfolio holdings based upon demonstrated, long-term results. Our portfolio is comprised of higher-quality small companies that have a history of consistently growing bottom line results and have seen their stock price consistently rewarded. These companies often have the advantage of proprietary products and services that allows them to expand margin and potentially buffer their stock price against market stress.

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We believe that it is more important to see a past history of ideally 10+ years of results rather than trying to predict a company's future over the next quarter or year. We have found that companies with consistent results over a long period of time generally continue to perform well going forward.

Q4: Would you purchase a fast growing company upon its initial public offering?

No. We need to see proof of results as a public company before we are willing to commit our shareholders' capital. Generally, we will wait for an IPO company to mature over the next 6-7 years before we will consider the company as a portfolio holding. We are not looking for short-term results and are attempting to provide investors with a more consistent return with less risk over time.



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Q5: The Fund maintains the highest rating by Lipper for capital preservation. What actions do you take to reduce the Fund's risk profile?

We believe that our favorable risk profile is a function of the type of high-quality companies that we purchase as well as our portfolio construction. We tend to have a diversified portfolio of 150-250 consistently growing companies. Our initial portfolio percentage upon entry is approximately 1/2 of 1% and a large position within the Fund rarely exceeds 2% of overall assets. With this portfolio construction, our selection process and discipline are more important than the individual performance of any particular stock.

OVERALL LIPPER RATINGS

AS OF 5/31/13^c

5

Preservation

Overall Lipper Leader designations reflect the Fund's rankings relative to its peer group as of 5/31/13. The Fund was a Lipper Leader among all funds (10,319) for Preservation in the small-cap growth funds category.

Value Line Small Cap Opportunities Fund (VLEOX)

Performance (as of 5/31/13) based on risk-adjusted returns	Average Annual Total Return			
	1 Year	3 Year	5 Year	10 Year
Small Cap Opportunities Fund	27.20%	19.70%	6.48%	10.06%
Russell 2000 Index	31.07	15.70	7.15	9.77
Lipper Small-Cap Growth Funds	26.36	16.28	6.84	9.31
Lipper Ranking as of 5/31/13	243/508	56/446	234/400	91/263
Percentile	48th	13th	59th	35th
Expense ratio: 1.31%				

The performance data quoted herein represents past performance and does not guarantee future results. 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 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.

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 1-800-243-2729. 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.

Lipper Leader Ratings are subject to change monthly and are based on an equal-weighted average of percentile ranks for the category's metrics over 3-year, 5-year, and 10- year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leaders, the next 20% receive a rating of 4, the middle 20% are rated 3, the next 20% are rated 2, and the lowest 20% are rated 1. A fund or class must be in existence three years to be rated. Both designations reflect the fund's ranking relative to its peer group as of 5/31/13, and do not take sales charges into account. Lipper ratings are not intended to predict future results, and Lipper does not guarantee the accuracy of this information. More information is available at www.lipperleaders.com. Lipper Leader ©2013, Reuters, All Rights Reserved. Performance for the Fund reflects fee waivers in effect; in their absence, returns would have been lower, which may have adversely affected the Fund's Lipper Rankings. The Value Line Small Cap Opportunities Fund, in Lipper's Small Cap Growth Funds category, received the following ratings for the 3-, 5- and 10-year periods, respectively: Preservation: 5 (10,319 funds), 4 (8,770 funds), 4 (5,069 funds).

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