



Overall Rating



(Investor)

Among 592 Small Growth Funds
(as of 3/31/18)

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.



Stephen E. Grant

Portfolio Manager

Mr. Grant has been Portfolio Manager of the Value Line Small Cap Opportunities Fund since 1998 and has over 25 years of investment experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

Fund Facts

Symbol

Investor VLEOX
Institutional VLEIX

Inception Date

Investor 6/23/93
Institutional 11/1/15

Total Assets

\$489M
(as of 3/31/18)

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: With 2017 being one of the quietest years in decades, volatility returned to the stock market in the first quarter of 2018. How did the recent volatility affect small-cap stocks?

In the first quarter of 2018, the Russell 2000 Index of small-cap stocks was nearly flat with a return of -0.08% as compared to the Fund posting a positive return of 0.42% over the same period.

We believe investors should be focused on long-term periods rather than quarterly stock moves. We're pleased that over the 3-, 5- and 10-year periods, the Fund outperformed the Russell 2000 Index with less risk as measured by standard deviation. In addition, the Fund was awarded Morningstar's lowest risk rating over the 3-, 5- and 10-year periods as of the end of the first quarter.

"We believe investors should be focused on long-term periods rather than quarterly stock moves."

The Fund seeks high-quality companies that have had long-term consistent growth in both stock price and earnings, preferably over a 10+ year period. We believe this selection process helps uncover companies that can perform well whether markets are calm or volatile.

Q2: With renewed market volatility, what portfolio changes were made?

The first quarter volatility gave us the opportunity to make several changes to the Fund holdings. When the small- and mid-cap market rallied in January, we sold several companies that no longer met our criteria of long-term, consistent growth in stock price and earnings.

In the small-cap segment of the market, it's challenging to find mature, high-quality companies that meet this strict criteria. When holdings start to disappoint, we closely monitor earnings over several quarters to watch for further deterioration and will exit a position, if necessary. In fact, we sold 27 stocks this quarter, reducing the total number of holdings in the Fund to 136, with the top 20 stocks in the portfolio accounting for approximately 40% of assets, as of March 31, 2018.

Conversely, in February when the Russell 2000 Index fell nearly 4%, we added to a few smaller portfolio positions that had been consistent performers since our initial purchase.

Q3: Smaller stocks tend to be more volatile than mid and large-cap stocks. How does the Fund help mitigate this risk?

With our strict criteria to find smaller companies with a demonstrated history of growth in both earnings and stock price, many micro-cap stocks and more volatile, high-flying growth companies are eliminated. The resulting portfolio often includes small companies that possess enviable products and services, strong market share positions and a potentially lower risk profile.

Value Line Small Cap Opportunities Fund Performance (as of 3/31/18)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	13.70%	9.50%	12.23%	10.06%
Institutional - VLEIX¹	14.01	9.73	12.37	10.13
Russell 2000 Index	11.79	8.39	11.47	9.84
Morningstar Small Growth Category Avg.	18.07	8.77	11.88	10.28
Percentile Rank in Morningstar Cat. - VLEOX	70	37	45	54
# of Funds in Category	684	592	531	402
Morningstar Return		Avg.	Avg.	Avg.
Morningstar Risk		Low	Low	Low
VLEOX Gross Expense Ratio: 1.21%, VLEIX Gross/Net Expense Ratio*: 1.22% / 0.96%				

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.

¹Italics indicates Morningstar Extended Performance. Extended performance is an estimate based on the performance of the fund's oldest share class, adjusted for fees. The Inception Date of VLEIX is November 1, 2015.

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.

*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to waive certain class-specific fees and/or pay certain class-specific expenses incurred by the Institutional Class so that the Institutional Class bears its class-specific fees and expenses at the same percentage of its average daily net assets as the Investor Class's class-specific fees and expenses (excluding 12b-1 fees and any extraordinary expenses incurred in different amounts by the classes) (the "Expense Limitation"). The Adviser and the Distributor may subsequently recover from assets attributable to the Institutional Class the reimbursed expenses and/or waived fees (within 3 years after the fiscal year end in which the waiver/reimbursement occurred) to the extent that the Institutional Class's expense ratio is less than the Expense Limitation or, if lower, the expense limitation in effect when the waiver/reimbursement occurred. The Expense Limitation can be terminated or modified before June 30, 2019 only with the agreement of the Fund's board. The Fund's performance would be lower in the absence of such waivers.

The Morningstar Rating™ for funds, or "star rating" is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Value Line Small Cap Opportunities Fund (Investor) received 4 stars for the 3-, 5- and 10-year periods ended 3/31/18 among 592, 531 and 402 Small Growth funds, respectively.

Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.

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