



**Overall Morningstar Rating**



(Investor)

Among 577 Small Growth Funds  
(as of 3/31/20)

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**

\$340M  
(as of 3/31/20)

**Top 10 Holdings**

(as of 3/31/20)

Company	Weight (%)
Chemed Corp	4.10
Exponent Inc	3.48
RLI Corp	3.43
The Toro Co	3.22
J&J Snack Foods Corp	2.50
Teledyne Technologies Inc	2.49
Churchill Downs Inc	2.32
Pool Corp	2.08
Five9 Inc	1.90
Woodward Inc	1.79

**Portfolio Manager Q&A**

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

**Q1: Despite the recent market volatility, the Small Cap Opportunities Fund has outperformed both its peers and the Russell 2000 Index for the quarter ended March 31, 2020. To what do you attribute the portfolio's relative outperformance during this challenging time frame?**

While we are pleased with the portfolio's relative performance during this unprecedented time of economic uncertainty, we are never satisfied with delivering negative absolute results. For the quarter, the Fund posted a negative return of 19.40% which outperformed the Morningstar Small Growth Funds category by over 500 basis points, and the Russell 2000 Index by over 1,100 basis points. The Fund benefitted from owning quality-oriented stocks in the Industrials, Technology and Materials sectors while having no Energy sector exposure. Longer-term, the Fund has outperformed both the Morningstar category and the Index over the 1, 3, 5- and 10-year periods ended March 31, 2020.

Our outperformance can be attributed to owning high-quality growth-oriented companies with a lower risk profile. Instead of trying to time market movements or making large macroeconomic bets, we apply our rigorous research criteria to find companies with 10+ years of consistent growth in both stock price and earnings. The result is a high-quality portfolio comprised of companies that we believe can deliver outperformance in normal markets and be resilient in market downturns. We are pleased that Morningstar continues to award the Fund a "Low" risk rating for the 3, 5 and 10-year periods ended March 31, 2020.

**Q2: Would you comment on any portfolio changes made during Q1?**

During the quarter, the number of stocks in the Fund was reduced from 131 to 119. While we added a handful of new names and eliminated others, the Fund's primary composition was not materially impacted by the coronavirus crisis. Our investment approach continues to be focused on finding companies with attractive growth prospects and a well-established history of 10 or more years of consistent growth in both stock price and earnings.

As bottom-up investors, this approach leads us to find high-quality companies with solid capital structures and more predictable operating results. By taking a long-term approach to a company's performance and growth, we believe that one or two poor quarters of operating results will not materially change our view of their future potential. Instead, market turbulence may even provide an opportunity for many of our high-quality companies to highlight their resiliency.

**Q3: Would you provide examples of holdings that performed well during this period of volatility?**

There were a number of companies in the portfolio that we believe have used recent events to highlight their competitive advantages including two of our holdings, Everbridge and Stamps.com:

- » **Everbridge (EVBG):** As a leader in the critical event management space, the company provides communication software that allows for rapid dissemination of information and responses. The increase in demand by large companies to expand their telework options has provided a boost in demand for the company's services.
- » **Stamps.com (STMP):** Providing internet-based mailing and shipping services, Stamps.com has benefitted from the social distancing and shelter-in-place measures that have been implemented during the coronavirus crisis.

**Value Line Small Cap Opportunities Fund Performance (as of 3/31/20)**

	Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLEOX</b>	<b>-19.40%</b>	<b>-11.25%</b>	<b>2.85%</b>	<b>4.67%</b>	<b>10.64%</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>-19.34</b>	<b>-11.03</b>	<b>3.11</b>	<b>4.91</b>	<b>10.77</b>
Russell 2000 Index	-30.61	-23.99	-4.64	-0.25	6.90
Morningstar Small Growth Category Avg.	-24.59	-17.66	1.69	2.77	8.81
Percentile Rank in Morningstar Cat. - VLEOX		17	40	24	19
# of Funds in Category		635	577	502	381
Morningstar Risk			<b>Low</b>	<b>Low</b>	<b>Low</b>
VLEOX Gross / Net Expense Ratio: 1.21%, VLEIX Gross/Net Expense Ratio*: 1.02% / 0.96%					

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

<sup>1</sup>*Italics 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 11/1/15.*

**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, by 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.*

\*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to permanently 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 from the month 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 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- and 5-year periods and 5 stars for the 10-year period ended 3/31/20, among 577, 502 and 381 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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