



Overall  Rating



(VLEOX)

Among 576 Small Growth Funds
(as of 3/31/21)

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

Investor VLEOX
Institutional VLEIX

Inception Date

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

Total Assets

\$506M
(as of 3/31/21)

Top 10 Holdings

(as of 3/31/21)

Company	Weight (%)
Churchill Downs Inc	3.42
Exponent Inc	3.15
RLI Corp	2.91
Five9 Inc	2.59
Woodward Inc	2.43
Stifel Financial Corp	2.37
J&J Snack Foods Corp	2.17
SPS Commerce Inc	2.05
RBC Bearings Inc	2.04
First Financial Bankshares Inc	1.91

Value Line Funds

443.279.2015

www.vlfunds.com

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please comment on the Fund's performance relative to the Morningstar Small Growth category average for the first quarter of 2021?

The Fund produced a solid return of 5.63% for the quarter ended March 31, 2021, although it lagged the Morningstar Small Growth category's average of 6.93%. The relatively strong recent performance of small-cap stocks since the announcement of vaccine progress in the Fall of 2020 resulted in profit-taking of many high-quality growth-oriented companies and a rotation into value-oriented stocks that were punished during the pandemic shutdown.

While we are never pleased with short-term underperformance, we would like to remind investors that our investment approach is designed to seek steady, attractive risk-adjusted returns over a long-term investment horizon.

Please [click here](#) to visit the Fund's performance page for complete performance information.

We have strong conviction in our investment philosophy of investing in companies with a proven track record of 10+ years of consistent growth in stock price and earnings. As a result of avoiding more volatile and speculative stocks in favor of high-quality, proven results, we have historically lagged the peer group's performance during sharp market rallies. However, over the past 10 calendar years, whenever the small-cap growth market rose by less than 20% or produced negative returns for the year, as measured by the Russell 2000 Growth Index, the Fund outperformed the peer group by an average of over 400 basis points annually.

Q2: Would you please share your thoughts on the first quarter's market rotation away from higher-quality stocks into lower-quality stocks?

The prospect of a post-COVID economic recovery has led investors to become more optimistic and less risk averse than we saw throughout 2020, and particularly when compared to one year ago at the depths of the March 2020 market decline. This has subsequently led to a rotation away from higher-quality investments and into more volatile, speculative investments including new initial public offerings (IPOs), Special Purpose Acquisition Companies (SPACs), and cryptocurrency assets such as Bitcoin.

This increased risk sentiment has weighed on the performance of higher-quality assets, including the holdings within our portfolio. However, the high-quality nature of the Fund's investments has helped to produce more predictable results over a longer-term period. This significantly lowers our investment risk profile and provides a level of stability and consistency for our investors in periods of elevated market volatility. In recognition of the Fund's long-term risk management, **the Fund has been awarded Morningstar's "Low" Risk Rating for the 3, 5, and 10-year periods** as of March 31, 2021.

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Q3: What changes were made to the Fund during the first quarter?

During the quarter, we took advantage of the rally in small-cap stocks to trim some of our positions, such as Stitch Fix (SFIX), the online personal styling service, and Penn National Gaming (PENN), which operates casinos and racetracks, to capture positive gains and

redeploy capital to other investments we believe provide compelling growth opportunities. Additionally, because of the discounted valuations in high-quality stocks, we seized the opportunity to add four new holdings to the Fund's diversified portfolio.

Portfolio Manager



Stephen E. Grant

Co-Portfolio Manager

Stephen E. Grant has been a portfolio manager with the Value Line Funds since 1991. Over the past 30 years, Mr. Grant's unique quantitative/behavioral methodology has driven the success of several equity and hybrid funds. Mr. Grant has a B.A. in Economics from Stanford University and an MBA in Finance from the Wharton School of the University of Pennsylvania.

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, 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 3 stars for the 3- and 5-year periods and 4 stars for the 10-year period ended 3/31/21, among 576, 503 and 379 Small Growth funds, respectively.

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