



**Overall  Rating**



(VLEOX)

Among 580 Small Growth Funds  
(as of 3/31/22)

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**

\$455M  
(as of 3/31/22)

**Top 10 Holdings**

(as of 3/31/22)

Company	Weight (%)
Exponent Inc	3.89
Churchill Downs Inc	3.71
RLI Corp	3.21
SPS Commerce Inc	3.01
Stifel Financial Corp	2.80
Woodward Inc	2.80
ExlService Holdings Inc	2.71
J&J Snack Foods Corp	2.38
ePlus Inc	2.31
RBC Bearings Inc	2.24

**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 in the first quarter of 2022 as well as longer-term periods?**

While the Fund declined 11.38% in the three months ended March 31, 2022, we are pleased to have outperformed the Morningstar Small Growth Funds category average which declined 12.78%. We believe the relative outperformance is primarily due to our investment process of owning companies with 10+ years of consistent growth in both stock price and earnings. **Notably, over the past decade, the Fund outperformed the Morningstar Small Growth Category in 10 out of 10 quarters when the category average return was negative.**

Similarly, the Fund outperformed the category average for the 1-year period ended March 31, 2022 by over 500 basis points, as the Fund returned -3.34% versus -9.02% for the category.

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

**Q2: Would you please discuss your approach to risk management in the relatively higher-risk small-cap growth category?**

Smaller companies are generally more prone to experience higher levels of volatility as they may be in early stages of their development and business cycle. However, we strive to invest in companies with more predictable operating results. By investing in companies with many years of consistent growth in both stock price and earnings, we can leverage the experience of these businesses that have already demonstrated success through various market conditions. As a result, although we may give up some return in strong market periods, these companies tend to outperform in highly volatile periods and negative markets.

We believe this more conservative approach to small-cap growth investing has led the Fund to be awarded Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods ended March 31, 2022. In addition, the Fund's Sharpe ratio, a measure of risk-adjusted return, is higher relative to the Morningstar Small Growth Funds Category average for the 3, 5 and 10-year periods ended March 31, 2022.

	3 Year	5 Year	10 Year
<b>Small Cap Opportunities Fund (VLEOX) Sharpe Ratio</b>	<b>0.69</b>	<b>0.68</b>	<b>0.86</b>
Morningstar Small Growth Funds Category Avg. Sharpe Ratio	0.63	0.65	0.69
<b>Morningstar Risk Rating</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>

Source: Morningstar as of 3/31/22

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### Q3: How does the Fund's sector composition compare to the Morningstar category?

The Fund owns companies that have a long-term track record of consistent growth in both stock price and earnings. Our sector weightings are a byproduct of this investment process, and they often differ meaningfully from the Morningstar Small Growth Funds category average. As of March 31, 2022, the Fund's three largest sector weightings were Industrials (29%), Information Technology (22%) and Health Care (15%). By comparison, the category average weightings in these three sectors were 17%, 25% and 22%, respectively.

### Q4: What changes were made to the Fund in the first quarter?

We added one company to the portfolio in the first quarter, AMN Healthcare Services Inc. (AMN), the largest healthcare staffing provider in the U.S. We also exited several positions including Rogers Corporation (ROG) which is due to be acquired by DuPont later this year. As of March 31, 2022, the Fund held 97 stocks.

## Portfolio Manager



### Stephen E. Grant

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](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.*

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 3/31/22, among 580, 521 and 391 Small Growth funds, respectively.

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.** Although the information provided in this document has been obtained from sources which EULAV Securities LLC believes to be reliable, it does not guarantee accuracy or completeness of such information.

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