



**Overall  Rating**



(VLEOX)

Among 576 Small Growth Funds  
(as of 3/31/23)

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**

\$404M  
(as of 3/31/23)

**Top 10 Holdings**

(as of 3/31/23)

Company	Weight (%)
RLI Corp	4.34
Exponent Inc	4.04
SPS Commerce Inc	3.94
Churchill Downs Inc	3.25
ExlService Holdings Inc	3.18
RBC Bearings Inc	3.02
AAON Inc	2.96
J&J Snack Foods Corp	2.56
Chemed Corp	2.53
Silgan Holdings Inc	2.29

**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 outperformance relative to the Morningstar Small Growth Funds category average in 1Q and over longer time periods?**

For the quarter ended March 31, 2023, the Fund's return of 9.12% outperformed the Morningstar Small Growth Funds category average return of 6.10% by over 300 basis points. Also, the Fund has outperformed the category average over longer time periods. We are pleased the Fund's performance ranked in the top 5% for the 1-year, and top quartile (25% or better) for the 5 and 10-year periods ended March 31, 2023.

In our view, the Fund's relative outperformance is primarily due to our disciplined investment approach of owning companies with a long-term track record of consistent growth in both stock price and earnings.

	1 Year	3 Year	5 Year	10 Year
<b>Percentile Rank in Morningstar Cat. – VLEOX</b>	<b>4</b>	<b>41</b>	<b>22</b>	<b>24</b>
# of Funds in Category	607	576	534	401

Source: Morningstar as of 3/31/2023

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

**Q2: What is your approach to risk management for the Fund?**

Small-cap companies are typically associated with higher risk compared to larger companies, because they are often at earlier stages of their business models and may have a more limited market share than bigger companies. However, our investment approach is highly disciplined, whereby we own companies that have a long-term track record of consistent growth in both stock price and earnings. Only a limited number of companies in the small cap universe fit these selective criteria.

As a result of this disciplined approach, the Fund historically has a lower risk profile compared to its category peers. In fact, the Fund has been awarded Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods ended March 31, 2023. In addition, the Fund's risk-adjusted return, as measured by Sharpe Ratio, is higher relative to the Morningstar Small Growth Funds' category average for the same time periods.

	3 Year	5 Year	10 Year
Fund (VLEOX) Sharpe Ratio	0.86	0.46	0.67
Morningstar Small Growth Category Avg Sharpe Ratio	0.70	0.35	0.52
Morningstar Risk Rating	<b>Low</b>	<b>Low</b>	<b>Low</b>

Source: Morningstar as of 3/31/2023

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### Q3: Would you please describe the types of companies you own in the Fund?

Our investment process leads us to consistently performing companies within the small-cap universe. We do not own companies with a speculative outlook; rather, we own companies that have demonstrated consistent growth over a period of multiple years and through a variety of market conditions. Often the types of companies we own are seen as “boring,” providing essential products or services.

For example, the Fund owns Cavco Industries (CVCO), a residential construction company that produces factory-built homes. Another Fund holding, TopBuild Corp. (BLD), installs and distributes insulation products for residential and industrial markets.

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

During the first quarter, the Fund added two new companies to the portfolio and exited two companies. As of March 31, 2023, the Fund held 83 companies.

- **New additions:** Federal Signal Corp. (FSS), a company that operates environmental solutions such as street sweepers and sewer cleaners, and safety systems such as first responder and emergency vehicles; EMCOR Group Inc. (EME), which provides electrical, mechanical and construction services.
- **Positions we have exited:** John Bean Technologies Corp. (JBT), which has two business segments, including specialized processing and packaging for the food services industry, as well as equipment and services for the airline industry; and Dycom Industries Inc. (DY), which provides services to a range of telecommunications and utilities companies.

## 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 4 stars for the 3-year period and 5 stars for the 5- and 10-year periods ended 3/31/23, among 576, 534 and 401 Small Growth funds, respectively.

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