



Overall Morningstar Rating



(Investor)

Among 606 Small Growth Funds
(as of 6/30/18)

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 6/30/18)

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please discuss the disparity between growth and value small-cap stocks over the past year and how the Fund compared against its Morningstar Small Growth peers?

For the one-year period ended June 30, 2018, the Fund rose 14.25% while the Morningstar Small Growth Funds category averaged 22.70%. Led by aggressive growth companies, the performance of growth stocks has been particularly strong over the past year compared to the returns of their value counterparts: The Russell 2000 Growth Index rose 21.86% while the Russell 2000 Value Index increased 13.10%.

Due to our approach of seeking companies that have experienced a steady long-term growth trajectory, the Fund has historically underperformed in very strong markets, i.e., moves over 20%. Conversely, the Fund has outperformed in years when the Index returned 20% or less.

Outperformance in Normalized Markets

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fund (%)	-38.2	24.6	21.2	7.5	16.9	36.1	6.4	1.9	14.4	17.6
Russell 2000 Growth (%)	-38.5	34.5	29.1	-2.9	14.6	43.3	5.6	-1.4	11.3	22.2

When it comes to investing in small-cap companies, we believe investors should embrace risk control measures. Historically, the Fund has helped mitigate the volatility inherent in smaller companies: As of June 30, 2018, the Fund has received Morningstar's "Low" risk rating over 3, 5 and 10 years.

Q2: With a focus on mitigating risk, does the Fund avoid certain sectors?

No, we neither avoid nor favor sectors. Rather, we seek high-quality businesses with a long-term history of growth in price and earnings—preferably 10 years or more. While we don't target specific sectors, historically we have found more companies that fit our criteria in the Industrials sector and fewer companies in the Health Care sector.

As of June 30, 2018, the Fund had a weighting of nearly 34% in Industrials while the Morningstar Small Growth Funds category averaged 18%. In Health Care, the Fund had half the weighting of the Morningstar category, which had an average weight of 21% at the end of the second quarter of 2018.

Q3: Where is the Fund finding opportunities in the smaller company universe?

Finding small companies that meet our criteria of having a long-term track record of consistent growth in earnings and stock price can be challenging. Often micro-cap companies do not have the history to meet our criteria. Thus, the Fund tends to hold companies at the larger end of the small-cap range. However, over the past quarter, we added approximately a dozen new companies to the portfolio, including several smaller capitalization companies.

Value Line Small Cap Opportunities Fund Performance (as of 6/30/18)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	14.25%	11.18%	12.41%	10.15%
Institutional - VLEIX¹	14.54	11.44	12.57	10.23
Russell 2000 Index	17.57	10.96	12.46	10.60
Morningstar Small Growth Category Avg.	22.70	11.04	12.76	10.85
Percentile Rank in Morningstar Cat. - VLEOX	92	47	58	64
# of Funds in Category	701	606	534	404
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 3 stars for the 3-, 5- and 10-year periods ended 6/30/18 among 606, 534, and 404 Small Growth funds, respectively.

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