



**Overall Morningstar Rating**



(Investor)  
Among 583 Small Growth Funds  
(as of 6/30/19)

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**

\$465M  
(as of 6/30/19)

**Top 10 Holdings**

(as of 6/30/19)

Company	Weight (%)
Pool Corp.	3.11
The Toro Co.	2.79
Teledyne Technologies, Inc.	2.67
Chemed Corp.	2.48
Woodward, Inc.	2.48
RLI Corp.	2.43
Exponent, Inc.	2.05
J&J Snack Foods Corp.	1.92
U.S. Physical Therapy, Inc.	1.89
Churchill Downs, Inc.	1.89

**Portfolio Manager Q&A**

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

**Q1: What has been driving the Fund's outperformance compared to its benchmark Russell 2000 Index for the second quarter and the past year?**

For the quarter ended June 30, 2019, the Fund increased 6.02%, outperforming its benchmark, the Russell 2000 Index, by 392 basis points. Over the same time period, the Morningstar Small Growth Funds category average return was just 4.13%. Looking at the one-year period ended June 30, 2019, the Fund gained 10.37%; however, the Index lost 3.31%, resulting in an outperformance of over 1,300 basis points. The Morningstar category rose just 3.22% for the same time period.

We believe a significant factor driving relative outperformance has been our time-tested approach of seeking high-quality companies with a long-term history of consistent growth in both stock price and earnings. This selection process helps uncover companies that can perform well whether markets are calm or volatile.

As a result of this approach, the Fund's sector weightings have differed compared to its peers in the Morningstar Small Growth Funds category. For example, the Fund held 28% in the Industrials sector, compared to a Morningstar category average weight of only 9% in Industrials.

**Q2: Why should an investor consider the Small Cap Opportunities Fund for their portfolio?**

Smaller companies have historically outperformed their larger counterparts, but investors know that smaller companies can exhibit more volatility. We address these concerns by owning companies with more predictable results—namely, a long-term history of consistent growth in stock price and earnings.

As a result, compared to the Morningstar Small Growth Funds Category, the Fund has provided lower overall volatility based on standard deviation for the 3, 5 and 10 year periods ended June 30, 2019. In addition, the Fund has been awarded Morningstar's "Low" risk rating for these same time periods.

Standard Deviation	3 Year	5 Year	10 Year
<b>Fund</b>	<b>14.08</b>	<b>13.55</b>	<b>13.69</b>
Morningstar Small Growth Category	17.24	16.87	17.36
% Less Risk	18% Less	20% Less	21% Less
<b>Morningstar Risk Rating</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>

**Q3: Would you provide some examples of the companies that contributed to the Fund's performance?**

Several holdings that contributed positively to the Fund's performance in the second quarter were in the Healthcare sector. The Fund doesn't typically hold speculative companies such as biotechnology stocks—rather the Fund holds companies that have demonstrated a history of consistent growth. Some examples included Chemed (CHE), the home healthcare services company, and U.S. Physical Therapy (USPH) which operates outpatient physical therapy clinics. The Fund also benefited from its stake in Consumer Discretionary company Churchill Downs (CHDN) which operates several racetracks and casinos and is the home of the Kentucky Derby.

Value Line Small Cap Opportunities Fund Performance (as of 6/30/19)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLEOX</b>	<b>10.37</b>	<b>14.13</b>	<b>10.30</b>	<b>15.24</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>10.64</b>	<b>14.41</b>	<b>10.51</b>	<b>15.34</b>
Russell 2000 Index	-3.31	12.30	7.06	13.45
Morningstar Small Growth Category Avg.	3.22	16.12	9.18	14.47
Percentile Rank in Morningstar Cat. - VLEOX	17	65	37	38
# of Funds in Category	672	583	515	393
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>
VLEOX Gross / Net Expense Ratio: 1.21%, VLEIX Gross/Net Expense Ratio*: 1.01% / 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 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](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 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 (the recoupment period is 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 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-year period, 4 stars for the 5- and 10-year period ended 6/30/19, among 583, 515 and 393 Small Growth funds, respectively.

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.**

Value Line, Value Line Logo, Timeliness, Safety are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.