



Overall  Rating



(VLEOX)

Among 582 Small Growth Funds
(as of 6/30/22)

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

\$368M
(as of 6/30/22)

Top 10 Holdings

(as of 6/30/22)

Company	Weight (%)
RLI Corp	4.18
Exponent Inc	4.07
Churchill Downs Inc	3.96
ExlService Holdings Inc	3.45
SPS Commerce Inc	3.21
ePlus Inc	2.69
J&J Snack Foods Corp	2.65
RBC Bearings Inc	2.64
Chemed Corp	2.42
Woodward Inc	2.34

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 Funds category for the latest quarter and the 1-year period ended June 30, 2022?

Although the second quarter of this year was characterized by negative pressure on the stock market, we are pleased the Fund outperformed relative to its Morningstar peers. For the three months ended June 30, 2022, the Fund declined 12.57% compared to a decline of 19.80% for the Morningstar Small Growth Funds category average. For the 1-year period ended June 30, 2022, the Fund outperformed the category average by over 1200 basis points with a return of -17.81%, compared to a return of -30.57%.

Notably, the Fund has a history of relative outperformance during negative periods. **In fact, the Fund has outperformed the Morningstar Small Cap Funds category average in 10 of 10 negative quarters over the past 10 years through June 30, 2022.**

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

Q2: What kind of companies meet your investment criteria?

The types of companies we look for have a long-term history of consistent growth in both stock price and earnings. These companies generally have a strong position within their market niche and have successfully operated in a variety of economic conditions. We believe the Fund's relative outperformance during the second quarter was primarily due to this time-tested investment process.

Companies that meet our criteria come from all sectors, and the Fund is well diversified across sectors. As of June 30, 2022, the Fund's largest sectors were Industrials, Technology and Healthcare, with weightings of approximately 32%, 20% and 16%, respectively. Some examples of the Fund's holdings include Medifast, Inc. (MED), a nutrition and weight loss company, and RLI Corp. (RLI), a property and casualty insurance provider.

Q3: What is your approach to managing risk, particularly during volatile periods like the recent quarter?

Our risk management approach is one of consistency, regardless the level of volatility in the stock market. In fact, we find that macroeconomic factors such as inflation and interest rates often do not provide a true indication of companies' financial health and do not reflect the power of their current and future earnings potential. We seek to look through the noise in the market to examine each company's success in growing their earnings and stock price.

As a result of our criteria of consistent growth, the Fund has relatively lower risk compared to its small-cap peers. We are pleased that Morningstar continues to award a **"Low" Risk Rating** to the Fund for the 3, 5 and 10-year periods ended June 30, 2022.

Value Line Funds

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

We made several strategic trades during the second quarter supporting our emphasis on small-cap companies with a long-term, consistent track record of growth in stock price and earnings. We added to current positions, for example, Planet Fitness, Inc. (PLNT), a franchisor and operator of fitness centers, and Texas Roadhouse,

Inc. (TXRH), the restaurant company. We also sold several companies that no longer fit our stringent criteria. For example, we exited Select Medical Holdings Corp. (SEM), which operates medical care facilities, and Asbury Automotive Group, Inc. (ABG), a regional collection of automobile dealerships. The Fund continues to be well diversified across sectors and industries and held 87 companies as of June 30, 2022.

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 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 4 stars for the 3- and 5-year periods and 5 stars for the 10-year period ended 6/30/22, among 582, 531 and 395 Small Growth funds, respectively.

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