



### Overall Rating



(Investor)

Among 597 Small Growth Funds  
(as of 9/30/17)

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 20 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

\$494M  
(as of 9/30/17)

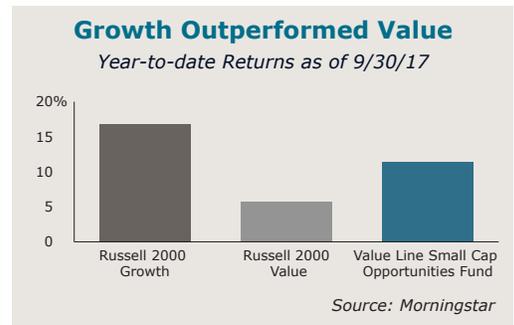
## Portfolio Manager Q&A

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

#### Q1: Would you please discuss small growth companies' dominance over small value stocks on a year-to-date basis in 2017? How has the Fund fared?

Following 2016 when the one-year return of the Russell 2000 Value Index was more than double that of the Russell 2000 Growth Index, growth stocks have taken the lead again in 2017. On a year-to-date basis as of September 30, 2017, the Russell 2000 Growth has significantly outperformed the Russell 2000 Value by over 1,100 basis points.

Over the same period, the Fund rose 11.40%, outperforming its benchmark Russell 2000 Index by approximately 50 basis points. At Value Line Funds, we invest in high-quality small companies that have exhibited a consistent long-term record of growth in stock price and earnings. Our time-tested process based on over 60 years of Value Line research often avoids aggressive growth-oriented stocks and helps the Fund maintain a lower risk profile.



We believe holding steadily growing companies over a longer time period will result in outperformance with lower risk versus other small-cap growth funds. In fact, the Fund has outperformed the Morningstar Small Growth Fund Category over the 3-, 5- and 10-years as of September 30, 2017 and has impressively done so with Morningstar's Overall "Low" Risk rating.

#### Q2: What attributed to or detracted from the Fund's performance on a year-to-date basis compared to the Russell 2000 Index?

The Fund's stock selection in Financials and Industrials helped boost the return compared to the benchmark Russell 2000 Index. With regard to Financials, despite the underweight in the sector, the Fund experienced strong performance compared to the Russell 2000. Much of this performance was due to long-term holding LendingTree, which rose nearly 150% on a year-to-date basis in 2017.

Based on our investment strategy of focusing on consistently growing companies, the Fund often holds a significant overweight in the Industrials sector as compared to the Russell 2000 Index. As of September 30, 2017, the Fund's Industrials weighting was more than twice that of the Index. On a year-to-date basis, these Industrials companies performed well relative to the Index.

Conversely, in the Index, Health Care stocks experienced strong performance while the Fund's stocks in the sector lagged. The Fund holds very few biotechnology companies, which was an area of the market that performed well over the first nine months of 2017.

### Q3: Why emphasize the importance of the Fund's Overall "Low" Risk rating for small-cap investors?

Stocks with smaller market capitalizations tend to be more volatile than their larger counterparts. Our process of finding smaller companies with 10 years of consistent earnings and stock price growth tends to eliminate high-flying, headline companies. As a result, the Fund's focus on high-quality companies has historically mitigated this risk to provide smoother returns over a long-term horizon. We believe incorporating higher-quality stocks and a focus on reducing risk improves the likelihood of consistent long-term outperformance in small-cap investing.

Value Line Small Cap Opportunities Fund Performance (as of 9/30/17)				
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLEOX</b>	<b>17.74%</b>	<b>12.11%</b>	<b>14.30%</b>	<b>7.94%</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>18.04</b>	<b>12.30</b>	<b>14.41</b>	<b>7.99</b>
Russell 2000 Index	20.74	12.18	13.79	7.85
Morningstar Small Growth Category Avg.	20.40	11.15	13.02	7.57
<b>Morningstar Category Rank (%) - VLEOX</b>	<b>76</b>	<b>38</b>	<b>29</b>	<b>42</b>
# of Funds in Category	674	597	532	399
Morningstar Return		<b>Average</b>	<b>Above Ave.</b>	<b>Average</b>
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>
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.*

<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) during the period March 17, 2016 through July 31, 2018 (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. The Expense Limitation can be terminated or modified before July 31, 2018 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 4 stars for the 3-, 5- and 10-year periods ended 9/30/17 among 597, 532 and 399 Small Growth funds, respectively.

As of 9/30/17, LendingTree comprised 1.34% of the Fund's net assets. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security.

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