



**Overall Morningstar Rating**



(Investor)

Among 606 Small Growth Funds  
(as of 9/30/18)

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**

\$502M  
(as of 9/30/18)

**Top 10 Holdings (as of 9/30/18)**

Company	Weight
Heico Corp.	3.86%
Teledyne Technologies, Inc.	3.68%
Lennox International, Inc.	3.39%
Tyler Technologies, Inc.	3.04%
Pool Corp.	2.56%
The Toro Co.	2.33%
RLI Corp.	2.08%
AptarGroup, Inc.	2.05%
Chmed Corp.	2.05%
WEX, Inc.	1.87%

**Portfolio Manager Q&A**

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

**Q1: The Fund significantly outperformed the Russell 2000 Index for the quarter ended September 30, 2018. What drove this outperformance?**

We are pleased the Fund outperformed its benchmark Russell 2000 Index by 437 basis points for the most recent quarter, as the Fund rose by 7.95% whereas the Index increased 3.58%. The Fund also outperformed the Morningstar Small Growth Fund category average return of 7.00% for the quarter ended September 30, 2018.

Solid stock selection drove the outperformance relative to the Index and Morningstar peers. When evaluating stocks for the Fund, we utilize the proprietary Value Line Timeliness and Safety Ranking System to identify smaller companies with a long-term history of consistent growth in both stock price and earnings over many years. This approach has led us to a significant overweight in the Industrials sector, which was an important contribution to the Fund's outperformance during the quarter.

Two companies of note for the quarter were Heico Corp (HEI, +27%), an aerospace and electronics company, and Teledyne Technologies, Inc. (TDY, +24%), which provides technology for several industries. Heico and Teledyne are among the Fund's top holdings and have been in the portfolio for 12 and seven years, respectively, due to their consistent, historical growth.

**Q2: How does the Fund's level of risk compare to other small-cap funds?**

Smaller companies tend to be more naturally volatile than their larger counterparts as they generally offer more growth potential. To meet our goal of outperformance over time while being mindful of risk, the Fund seeks high-quality companies on the higher capitalization end of the small-cap range. These companies must have a history of long-term consistent growth in both stock price and earnings.

As a result of this risk conscious approach, we are pleased that the Fund was awarded a "Low" risk rating from Morningstar for the 3, 5 and 10 year periods as of September 30, 2018. In addition, the Fund's Sharpe Ratio, a measure of risk-adjusted return, ranks among the top quartile (25%) of funds in the Morningstar Small Growth category out of 160 funds for the 3, 5 and 10 year periods ended September 30, 2018.

Sharpe Ratio	3 Year	5 Year	10 Year
Value Line Small Cap Opportunities Fund (VLEOX)	1.46	1.06	0.80
Morningstar Small Growth Category	1.30	0.85	0.72
<b>VLEOX vs Funds in Category</b>	<b>Top 23%</b>	<b>Top 13%</b>	<b>Top 17%</b>

Source: Morningstar

### Q3: How have Fund holdings changed over the last quarter?

Due to the recent appreciation of many companies, we have had the opportunity to sell or reduce our percentage of some positions in the Fund that have grown since we first invested in them, freeing up the capital to add new companies to the portfolio. Consistent with our view of providing exceptional risk adjusted returns, we sold 15 companies and added 11 new small-cap stocks in the third quarter.

Value Line Small Cap Opportunities Fund Performance (as of 9/30/18)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLEOX</b>	<b>18.55%</b>	<b>16.38%</b>	<b>11.92%</b>	<b>12.15%</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>18.87</b>	<b>16.67</b>	<b>12.09</b>	<b>12.23</b>
Russell 2000 Index	15.24	17.12	11.07	11.11
Morningstar Small Growth Category Avg.	24.44	18.39	11.75	12.57
<b>Percentile Rank in Morningstar Cat. - VLEOX</b>	<b>74</b>	<b>72</b>	<b>48</b>	<b>59</b>
# of Funds in Category	702	606	532	404
Morningstar Return		<b>Below Avg.</b>	<b>Avg.</b>	<b>Avg.</b>
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%				
<i>Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.</i>				
<i><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.</i>				

**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 (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-year period, 4 stars for the 5-year period and 3 stars for the 10-year period ended 9/30/18 among 606, 532, and 404 Small Growth funds, respectively.

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

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