



Overall Morningstar Rating



(Investor)

Among 584 Small Growth Funds
(as of 9/30/19)

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

\$453M
(as of 9/30/19)

Top 10 Holdings

(as of 9/30/19)

Company	Weight (%)
The Toro Co.	3.03
Chemed Corp.	2.94
RLI Corp.	2.70
Exponent, Inc.	2.52
Woodward, Inc.	2.42
Teledyne Technologies, Inc.	2.36
J&J Snack Foods Corp.	2.36
U.S. Physical Therapy, Inc.	2.21
Churchill Downs, Inc.	2.07
RBC Bearings, Inc.	1.92

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please comment on the Fund's outperformance compared to its primary benchmark Russell 2000 Index and the Morningstar Small Growth Funds category over the third quarter and one-year periods as of September 30, 2019?

While we are never satisfied with negative returns, we are pleased that for the quarter ended September 30, 2019, the Fund's -0.82% return outperformed its primary benchmark, the Russell 2000 Index, by 158 basis points. The Fund also outperformed the Morningstar Small Growth Funds category average return of -4.17% by an impressive 335 basis points.

For the year ended September 30, 2019, the Fund outperformed the Index by over 1000 basis points, returning 1.40% compared to the Index's return of -8.89%. The Fund outperformed the Morningstar category average by nearly 900 basis points for the same time period.

Q2: How does the Fund evaluate the risk/reward profile when investing in smaller capitalization companies?

We understand the importance of generating consistent returns, but in a framework that closely monitors risk. Smaller companies, often with a higher degree of focus on their core business, can provide faster growth than their larger counterparts. However, this faster growth can be accompanied by a higher degree of volatility. We aim to mitigate this volatility by utilizing our time-tested investment approach of owning high-quality companies with a proven track record of 10+ years of consistent growth in both earnings and stock price. We believe these companies can deliver predictable operating results while reducing the Fund's overall risk profile.

The Fund's disciplined investment process has produced strong risk-adjusted results over time. As evidenced by the Sharpe Ratio, which is a measure of the excess return per unit of risk and one of the most common metrics of risk-adjusted returns, the Fund is ranked favorably in the top 10% of funds in the Morningstar Small Growth category for the 5- and 10-year periods ended September 30, 2019. We believe these results help investors benefit from relative outperformance but with a smoother ride along the way to achieve those results.

Sharpe Ratio	3 Year	5 Year	10 Year
Small Cap Opportunities Fund (VLEOX)	0.79	0.81	0.98
Morningstar Small Growth Category	0.62	0.58	0.73
VLEOX vs Funds in Category	Top 29%	Top 9%	Top 3%

Source: Morningstar as of 9/30/19

Q3: Would you please provide examples of the types of companies the Fund owns?

The Fund owns smaller companies that have demonstrated a long-term history of consistent growth in both stock price and earnings. Therefore, the Fund's sector weightings often differ from the Morningstar category average sector weightings. For instance, the Fund held 28.6% in Industrials, compared to the Morningstar Small Growth Funds category average weighting of 16.5% as of September 30, 2019.

Within the Industrials sector, Exponent (EXPO), which operates as a science and engineering consulting firm, rose approximately 20% during the quarter. In addition, the Fund added LivePerson (LPSN), which provides technology that facilitates real-time sales and customer service for companies conducting business on the Internet. We believe these types of holdings, with their more predictable operating results, present opportunity for consistent return for our shareholders.

Value Line Small Cap Opportunities Fund Performance (as of 9/30/19)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	1.40	12.28	11.12	13.65
Institutional - VLEIX¹	1.66	12.57	11.34	13.76
Russell 2000 Index	-8.89	8.23	8.19	11.19
Morningstar Small Growth Category Avg.	-7.52	11.52	9.63	12.29
Percentile Rank in Morningstar Cat. - VLEOX	8	44	28	27
# of Funds in Category	664	584	519	399
Morningstar Risk		Low	Low	Low
VLEOX Gross / Net Expense Ratio: 1.21%, VLEIX Gross/Net Expense Ratio*: 1.02% / 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 11/1/15.

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 permanently 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 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 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 and 5 stars for the 10-year period ended 9/30/19, among 584, 519 and 399 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.