



Overall  Rating



(VLEOX)

Among 582 Small Growth Funds
(as of 9/30/22)

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

\$344M
(as of 9/30/22)

Top 10 Holdings

(as of 9/30/22)

Company	Weight (%)
Exponent Inc	4.17
RLI Corp	3.93
Churchill Downs Inc	3.84
SPS Commerce Inc	3.77
ExlService Holdings Inc	3.69
RBC Bearings Inc	3.17
J&J Snack Foods Corp	2.63
First Financial Bankshares Inc	2.51
Chemed Corp	2.41
ePlus Inc	2.25

Value Line Funds

443.279.2015

www.vlfunds.com

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 quarter and the 1-year period ended September 30, 2022?

For the three months ended September 30, 2022, the Fund returned -5.09%, underperforming the Morningstar Small Growth Funds category average return of -1.35%. While we are never satisfied with negative returns or relative underperformance, we believe that longer-term periods are more important to investors. In fact, the Fund's 1-year return of -23.33% outperformed the Morningstar category average return of -29.71%.

The equity markets experienced elevated volatility during the third quarter, due to factors including inflation, rising interest rates, and other macroeconomic concerns. Importantly, during such market volatility, we remain committed to our investment process of owning companies with long-term track records of consistent growth in both stock price and earnings. We believe this consistent approach provides the best prospects for steady growth over time.

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

Q2: Would you please describe the Fund's approach to risk and reward?

Smaller companies are often associated with a higher level of risk relative to larger, more established companies. However, the long-term growth potential of smaller companies provides a compelling reason to invest in them. When selecting smaller companies for investment, we look for those with a long-term, multi-year track record of consistent growth in both stock price and earnings.

We believe this combination—smaller companies that have demonstrated consistent growth in a variety of economic conditions—provides a compelling case for growth with less relative risk over the long term.

In fact, the Fund's risk-adjusted returns, as measured by Sharpe ratio, has outperformed the Morningstar Small Growth Funds category average for the 5 and 10-year periods ended September 30, 2022. In addition, the Fund has been awarded with **Morningstar's "Low" Risk Ratings** for the 3, 5 and 10-year periods as of the same date.

	3 Year	5 Year	10 Year
Fund (VLEOX) Sharpe Ratio	0.26	0.36	0.68
Morningstar Small Growth Category Avg Sharpe Ratio	0.30	0.33	0.54
Morningstar Risk Rating	Low	Low	Low

Source: Morningstar as of 9/30/2022

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Q3: What changes were made to the Fund in the third quarter?

The market volatility during the quarter provided the opportunity to buy companies at attractive prices. Accordingly, we made several opportunistic changes to the portfolio during the quarter, as we exited positions in companies that no longer met our investment criteria and added several new companies with the type of consistent, long-term growth we seek. As of September 30, 2022, the Fund held 89 companies.

- **New Additions:** Penumbra Inc. (PEN), which creates medical devices for neurovascular markets; Insight Enterprises Inc. (NSIT), an IT provider to large-scale enterprises; Franklin Electric Co. Inc. (FELE), which provides water systems and other industrial machinery; Comfort Systems USA Inc. (FIX), a heating and air conditioning services and components company; and American States Water Co. (AWR), a water utility provider.
- **Positions Exited:** ICU Medical Inc. (ICUI), Lending Tree Inc. (TREE), and ACI Worldwide Inc. (ACIW).

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-, 5- and 10-year periods ended 9/30/22, among 582, 535 and 401 Small Growth funds, respectively.

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