



Overall  Rating



(VLEOX)  
Among 562 Small Growth Funds  
(as of 9/30/23)

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

<b>Symbol</b>	
Investor	VLEOX
Institutional	VLEIX
<b>Inception Date</b>	
Investor	6/23/93
Institutional	11/1/15
<b>Total Assets</b>	\$459M
	(as of 9/30/23)

Top 10 Holdings

(as of 9/30/23)

Company	Weight (%)
RLI Corp	3.90
SPS Commerce Inc	3.88
Exponent Inc	3.05
RBC Bearings Inc	2.67
Churchill Downs Inc	2.58
AAON Inc	2.58
Woodward Inc	2.51
J&J Snack Foods Corp	2.49
ePlus Inc	2.45
ExlService Holdings Inc	2.42

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please comment on the Fund's outperformance relative to the Morningstar Small Growth Funds category in the third quarter as well as longer-term periods?

The Morningstar Small Growth Funds category declined 6.52% on average, falling in sympathy with broader market declines in the third quarter. However, during this period, we are pleased the Fund outperformed on a relative basis, with a decline of 5.34%. We believe this relative outperformance is primarily due to our investment approach of owning companies with a long-term track record of consistent growth in both stock price and earnings. Interestingly, the Fund has a history of outperformance during negative periods. **Over the past 10 years, in quarters when the Morningstar Small Growth category average return has been negative, the Fund has outperformed the category 10 out of 11 times.**

In addition, the Fund has outperformed over longer periods. In fact, the Fund's performance ranked in the **top 5% for the 1-year period** and ranked in the **top 20% or better for the 3, 5 and 10-year periods** ended September 30, 2023.

	1 Year	3 Year	5 Year	10 Year
<b>Percentile Rank in Morningstar Cat. - VLEOX</b>	<b>5</b>	<b>16</b>	<b>16</b>	<b>19</b>
# of Funds in Category	592	562	527	397

Source: Morningstar as of 9/30/2023

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

Q2: How does economic uncertainty and stock market volatility impact the way that you manage the Fund's risk profile?

We believe it is important to maintain a consistent investment approach, and our process does not change due to economic conditions or market volatility. Our approach emphasizes companies that we believe will grow over a long-term period. We look for companies that have a long-term history of consistent growth in both stock price and earnings that we can hold over a period of years. Companies with such a consistent track record typically have performed well in a variety of market cycles and economic environments.

Following this investment approach, the Fund has maintained a lower risk profile relative to our peers. In fact, the Fund has earned Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods ended September 30, 2023. When looking at Sharpe Ratio, a measure of risk-adjusted return, the Fund has also outperformed the Morningstar Small Growth category average for the same time periods.

Value Line Funds

443.279.2015  
www.vlfunds.com

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We believe investors appreciate the Fund’s risk-return profile, and we are pleased that the Fund is **one of only 2 funds** among 125 unique Morningstar Small Growth category funds that has achieved **top 20% performance for the 1, 3, 5 and 10-year periods**, along with **Morningstar’s “Low” Risk Rating for the 3, 5 and 10-year periods**, as of September 30, 2023.

	3 Year	5 Year	10 Year
Fund (VLEOX) Sharpe Ratio	0.38	0.32	0.56
Morningstar Small Growth Category Avg Sharpe Ratio	0.12	0.20	0.42
Morningstar Risk Rating	<b>Low</b>	<b>Low</b>	<b>Low</b>

Source: Morningstar as of 9/30/2023

### Q3: What portfolio changes did you make to the Fund in the third quarter?

During the third quarter, the Fund added two companies to the portfolio and exited two companies. As of September 30, 2023, the Fund held 79 companies.

**New additions:** Crane NXT Co. (CXT), an industrial technology company that offers a micro-optic technology used to protect against counterfeit and fraud, and connectivity solutions; and MSA Safety Inc. (MSA), which makes safety equipment for workers in the oil and gas and mining industries.

**Positions we have exited:** Concentrix Corp. (CNXC), an information technology company that provides communication systems between companies and clients, analytics, and back-office processing; and Mercury Systems (MRCY), which makes technologies for the aerospace and defense industries.

## 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](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.*

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-year period and 5 stars for the 5- and 10-year periods ended 9/30/23, among 562, 527 and 397 Small Growth funds, respectively.

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