



Overall Morningstar Rating



(Investor)

Among 571 Small Growth Funds
(as of 12/31/19)

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

\$451M
(as of 12/31/19)

Top 10 Holdings

(as of 12/31/19)

Company	Weight (%)
The Toro Co	3.32
Chemed Corp	3.12
Woodward Inc	2.68
RLI Corp	2.64
Teledyne Technologies Inc	2.56
Exponent Inc	2.51
J&J Snack Foods Corp	2.45
Churchill Downs Inc	2.32
US Physical Therapy Inc	1.98
RBC Bearings Inc	1.85

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please discuss the Fund's performance relative to the Morningstar Small Cap Growth Funds category and the Russell 2000 Index for the year?

The Fund rose 25.14% for the year ended December 31, 2019, slightly lagging the Morningstar Small Cap Growth category average return of 27.68% and the Russell 2000 Index return of 25.52%. However, over longer time periods, we are pleased that the Fund outperformed its Morningstar peers for the 5- and 10-year periods, and outperformed the Index for the 3-, 5- and 10-year periods ended December 31, 2019.

However, due to the Fund's lower risk profile, interestingly, in each of the past 10 calendar years, when the small-cap growth market, as measured by the Russell 2000 Growth Index, rose 20% or more, the Fund lagged in performance relative to its Morningstar peer group. However, when the small-cap growth market advanced less than 20% or produced negative returns for the year, the Fund outperformed the peer group each year by an average of over 400 basis points.

Q2: Why should investors consider the Fund for their small-capitalization allocation?

Smaller companies are attractive to many investors because they can provide outsized growth. However, smaller companies can be more volatile than larger, more mature companies. We approach small-cap investing differently than many of our peers. Because we emphasize long-term, consistent growth in both stock price and earnings, we are less likely to own headline-grabbing, higher risk companies. Rather, we evaluate bottom-up fundamentals, favoring businesses that have strong core products and services, experienced management and more predictable operating results in a variety of economic climates.

Using this approach, the Fund has been awarded Morningstar's "Low" risk rating for the 3-, 5- and 10-year periods ended December 31, 2019, and has produced less volatility as measured by standard deviation relative to the Morningstar Small-Cap Growth Funds category average for the same time periods.

Value Line Small Cap Opportunities Fund (VLEOX)	3 Year	5 Year	10 Year
Morningstar Risk Rating	Low	Low	Low
Fund Standard Deviation	13.38	12.91	13.43
Morningstar Small-Cap Growth Funds Category Avg. Standard Deviation	16.68	16.54	17.05
Percent Less Risk	-20%	-22%	-21%

Source: Morningstar as of 12/31/19

Q3: Would you please provide an example of a company that contributed to or detracted from the Fund's performance in 4Q 2019?

One of the biggest contributors to Fund performance was Tech Data (TECD), a wholesale distributor of technology products, which rose approximately 41% in the fourth quarter after signing an acquisition agreement. On the negative side, U.S. Physical Therapy (USPH), which develops, owns, and operates outpatient physical therapy clinics, declined approximately 15% in the quarter.

In the fourth quarter, we purchased one company: Lithium Motors (LAD), an automotive retailer, and sold several companies that no longer satisfied our stringent investment criteria of consistent growth.

Value Line Small Cap Opportunities Fund Performance (as of 12/31/19)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	25.14%	11.93%	10.33%	13.68%
Institutional - VLEIX¹	25.43	12.21	10.57	13.80
Russell 2000 Index	25.52	8.59	8.23	11.83
Morningstar Small Growth Category Avg.	27.68	13.66	9.92	12.68
Percentile Rank in Morningstar Cat. - VLEOX	65	60	46	35
# of Funds in Category	640	571	505	379
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 12/31/19, among 571, 505 and 379 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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