



Overall Morningstar Rating



(Investor)

Among 576 Small Growth Funds
(as of 12/31/20)

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

\$481M
(as of 12/31/20)

Top 10 Holdings

(as of 12/31/20)

Company	Weight (%)
Churchill Downs Inc	3.09
Exponent Inc	3.06
Five9 Inc	3.04
RLI Corp	2.86
Woodward Inc	2.58
SPS Commerce Inc	2.36
J&J Snack Foods Corp	2.26
Chemed Corp	2.10
Stifel Financial Corp	1.97
RBC Bearings Inc	1.95

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 category average for the quarter and the year?

The Fund produced a solid return of 23.00% for the quarter ending December 31, 2020 but lagged the Morningstar Small Growth Category average return of 27.28%. For the year, the Fund rose 26.60%, but underperformed the peer group return of 36.92%. While we lagged the category returns during these periods, we believe it is important to keep in mind that our investment process is designed with the goal of producing steady performance over time and doing so with less risk.

By investing in companies with a history of 10+ years of consistent growth in both stock price and earnings, and avoiding headline-grabbing, more volatile stocks, we typically have lagged the peer group's performance when there is a sharp rally. In fact, 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 an investor consider investing in a small-cap fund amidst the market volatility of recent months?

2020 was marked by extreme volatility throughout the year, starting with a deep dive in the first quarter, followed by a rally in the stock markets later in the year. Interestingly, since the market low on March 23, 2020, small-cap companies, as measured by the Russell 2000 Index, have outperformed their larger cap brethren. As vaccines become available to more of the population, we expect the economy to improve. Smaller companies tend to be more sensitive to economic conditions and are poised to benefit from an improving economy.

Small-Cap vs Large-Cap Returns Since Market Low*	
Small Cap: Russell 2000 Index	96.8%
Large Cap: Russell 1000 Index	70.4%
Large Cap: S&P 500 Index	65.2%

*Source: Morningstar; 3/23/20-12/31/20.

We also believe it is important to invest in companies that have a lower risk profile. The Fund's investment approach is to own companies with a track record of 10 or more years of consistent growth in both stock price and earnings. Companies with such a track record tend to produce more predictable operating results in a variety of economic conditions. As a result, **the Fund has been awarded Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods** as of December 31, 2020. In addition, **the Fund's Sharpe Ratio ranks in the top 2% for risk adjusted return in the category over the 10-year period** as of December 31, 2020.

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Q3: What changes have you made to the Fund in Q4?

The Fund added one new company during the fourth quarter: Concentrix Corp. (CNXC). Concentrix is a technology company specializing in customer engagement and customer management, which spun off of former parent company SYNEX. We exited six positions in the fourth quarter as they no longer met our stringent criteria. As a result of our long-term oriented investment process, we tend to hold our companies over a period of years as we monitor their stock price and earnings growth each year. As of December 31, 2020, the Fund held 107 companies.

Value Line Small Cap Opportunities Fund Performance (as of 12/31/20)					
	Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	23.00%	26.60%	14.71%	15.22%	14.18%
Institutional - VLEIX¹	23.08	26.94	14.99	15.51	14.33
Russell 2000 Index	31.37	19.96	10.25	13.26	11.20
Morningstar Small Growth Category Avg.	27.28	36.92	18.02	17.31	13.06
Percentile Rank in Morningstar Cat. - VLEOX		74	69	70	46
# of Funds in Category		616	576	505	381
Morningstar Risk			Low	Low	Low
VLEOX Gross / Net Expense Ratio: 1.19%, VLEIX Gross/Net Expense Ratio*: 1.00% / 0.94%					

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- and 5-year periods and 4 stars for the 10-year period ended 12/31/20, among 576, 505 and 381 Small Growth funds, respectively.

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