



**Overall  Rating**



(VLEOX)

Among 580 Small Growth Funds  
(as of 12/31/21)

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**

\$520M  
(as of 12/31/21)

**Top 10 Holdings**

(as of 12/31/21)

Company	Weight (%)
Exponent Inc	3.67
Churchill Downs Inc	3.53
SPS Commerce Inc	2.86
RLI Corp	2.84
Stifel Financial Corp	2.54
ExiService Holdings Inc	2.40
Five9 Inc	2.22
Woodward Inc	2.15
J&J Snack Foods Corp	2.12
RBC Bearings Inc	2.04

**Portfolio Manager Q&A**

**Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)**

**Q1: Would you please comment on the Fund's performance in the fourth quarter and for the year ended December 31, 2021?**

We are pleased the Fund's return of 4.26% outperformed the Morningstar Small Growth Funds category average return by over 250 basis points for the quarter ended December 31, 2021. In addition, for the one-year period ended December 31, 2021, the Fund produced a solid return of 15.21%, outperforming the category average return of 11.89% for the same period. We believe the Fund's outperformance is primarily due to our investment approach of owning stocks with a track record of generally 10+ years of consistent growth in both stock price and earnings.

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

**Q2: How does the Fund manage for volatility?**

Our investment approach emphasizes companies with 10 or more years of consistent growth in both stock price and earnings. We believe companies that have been successful over a period of years, through a variety of market conditions, are better equipped to grow even in periods of economic stress and market volatility.

The results of this approach can be best illustrated in the Fund's Sharpe Ratio, a measure of risk-adjusted return. The Fund's Sharpe Ratio is higher relative to the Morningstar Small Growth Funds category average for the 3, 5 and 10-year periods ended December 31, 2021. In fact, the Fund's Sharpe Ratio ranks in the top 2% of funds in the category for the 10-year period ended December 31, 2021. Additionally, the Fund has been awarded Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods ended December 31, 2021.

	3 Year	5 Year	10 Year
<b>Small Cap Opportunities Fund (VLEOX) Sharpe Ratio</b>	<b>1.18</b>	<b>0.91</b>	<b>1.04</b>
Morningstar Small Growth Funds Category Avg. Sharpe Ratio	1.07	0.85	0.85
<b>Morningstar Risk Rating</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>

Source: Morningstar as of 12/31/21

**Q3: Would you please provide some examples of the types of companies that meet your investment criteria?**

Small-cap companies are often associated with higher risk factors that come with start-ups or immature business models. However, we take a different approach. Within the small-cap universe, we seek companies that already have established track records of consistent growth over a period of years. As a result, the companies we own tend to have more predictable operating results through a variety of market conditions.

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**Value Line Funds**

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For example, we own Exponent, Inc. (EXPO), which provides engineering and scientific consulting services to a wide array of industries. Another holding, AAON Inc. (AAON), manufactures air conditioning and heating equipment for commercial and industrial markets. Chemed Corp. (CHE) is another example, which primarily provides hospice, nursing, and home health care services

#### Q4: What changes were made to the Fund in Q4?

In the final quarter of 2021, we added two companies to the portfolio. The Fund's long-time holding, J2 Global Inc., a technology company providing internet services, changed its name to Ziff Davis (ZD) when it spun off Consensus Cloud Solutions (CCSI). We retained both stocks in the portfolio. We also added New Relic Inc. (NEWR), which develops cloud-based software. We exited our positions in American Woodmark Corp. (AMWD), a kitchen and bath cabinet manufacturer, and Stamps.com after its takeover by Thoma Bravo was completed. As of December 31, 2021, the Fund held 103 companies.

### 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 3 stars for the 3- and 5-year periods and 4 stars for the 10-year period ended 12/31/21, among 580, 513 and 385 Small Growth funds, respectively.

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