



Overall  Rating



(VLEOX)

Among 576 Small Growth Funds
(as of 12/31/22)

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

\$369M
(as of 12/31/22)

Top 10 Holdings

(as of 12/31/22)

Company	Weight (%)
RLI Corp	4.70
Exponent Inc	4.40
Churchill Downs Inc	3.77
ExlService Holdings Inc	3.66
SPS Commerce Inc	3.64
RBC Bearings Inc	2.98
J&J Snack Foods Corp	2.84
Chemed Corp	2.63
AAON Inc	2.53
Woodward Inc	2.44

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, 2022 relative to the Morningstar Small Growth Funds category?

The Fund returned 9.99% for the quarter ended December 31, 2022, outperforming the Morningstar Small Growth Funds category average return of 4.18% by over 500 basis points. For the one-year period, the Fund returned -19.11%, but outperformed the Morningstar category's average return of -27.77% on a relative basis.

We believe the Fund's relative outperformance for both the quarter and the year 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.

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

Q2: How did the Fund manage risk during the volatile markets in 2022?

The stock market experienced high levels of volatility in 2022. In fact, the stock market, represented by the S&P 500 Index, experienced 46 days with daily price movements of +2%/-2% in 2022, compared to just 7 in 2021. However, during such periods of volatility our approach to risk management remains consistent. We seek to own companies that have demonstrated many years, often 10 or more, of consistent growth in both stock price and earnings. Generally, such companies have shown consistent operating results regardless of the economic environment.

As a result, the Fund's Sharpe Ratio, a measure of risk-adjusted return, is higher relative to the Morningstar Small Growth Funds' category average for the 3, 5 and 10-year periods ended December 31, 2022. The Fund's Sharpe Ratio ranks in the top 5% of funds in the category for the 10-year period ended December 31, 2022. In addition, the Fund has been consistently awarded Morningstar's "Low" Risk Rating for the 3, 5 and 10-year periods as of the same date.

	3 Year	5 Year	10 Year
Fund (VLEOX) Sharpe Ratio	0.33	0.38	0.69
Morningstar Small Growth Category Avg Sharpe Ratio	0.25	0.33	0.56
Morningstar Risk Rating	Low	Low	Low

Source: Morningstar as of 12/31/2022

Value Line Funds

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www.vlfunds.com

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

We added one company to the Fund during the fourth quarter, Sanmina Corp. (SANM). Sanmina designs and manufactures optical, electronic and mechanical products that are used in a variety of industries, including medical, defense and communications. This company has satisfied our stringent investment criteria, as it has demonstrated consistent long-term operations, with earnings results meeting or exceeding expectations for a multi-year period.

In addition, during the quarter we exited our positions in seven companies that no longer met our stringent criteria. We also added to several existing portfolio companies at opportunistic prices during the quarter. As of December 31, 2022, the Fund held 83 companies.

Q4: Why should an investor consider this Fund?

We believe that small-cap growth companies can be an important part of an investor's portfolio, as smaller companies have the potential for a longer growth runway compared to large companies. Smaller companies are also often associated with relatively high levels of risk. However, our investment approach is designed to provide for a "smoother ride" for an investor's portfolio. Rather than seeking headline-grabbing companies that can tend toward high volatility, we own companies with a long-term track record of consistent growth in both stock price and earnings. Such companies have provided greater consistency over time during various economic conditions.

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- and 5-year periods and 5 stars for the 10-year period ended 12/31/22, among 576, 530 and 399 Small Growth funds, respectively.

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