



Overall **MORNINGSTAR** Rating



(Investor)

Among 599 Small Growth Funds
(as of 3/31/17)

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 20 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

\$495M
(as of 3/31/17)

Top 10 Holdings

(as of 3/31/17)

Company	Weight (%)
Lennox Intl, Inc.	2.7
Toro, Co.	2.5
Middleby Corp.	2.2
Waste Connections, Inc.	2.1
Heico Corp.	2.1
Teledyne Technologies, Inc.	2.0
Tyler Technologies, Inc.	2.0
Pool Corp.	1.8
Healthcare Svcs Group, Inc.	1.6
RLI Corp.	1.6

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: Would you please discuss the strong small-cap market over the past year?

As of March 31, 2017, small-cap stock performance was strong over the one-year period, with the Russell 2000 Index rising over 26% and the Morningstar Small Growth Funds category increasing more than 22%. In comparison, the Fund rose 19% over the one-year period ended March 31, 2017.

The Fund focuses on high-quality companies that have a history of solid, consistent growth in earnings and stock price, typically avoiding high-flying, cyclical growth stocks. In strong market rallies, generally with returns of 20% or more, the Fund may lag its small growth peers. However, over the long term, we are pleased that the Fund's risk/return profile remains strong. In comparison with its peers in the Morningstar Small Growth category, the Fund is the only fund (out of 386 funds) with an "Above Average" performance and a "Low" Morningstar risk rating for the 3, 5, and 10 year periods ended March 31, 2017.

Q2: What areas of the market does the Fund typically avoid?

The Fund often avoids stocks with a heavy exposure to economic cycles such as commodity, chemical or metals companies, homebuilders and airlines. In addition, the Fund generally holds an underweight position in the volatile biotech industry. As of March 31, 2017, the Fund had a 9% weighting in Healthcare stocks; the Morningstar Small Growth Fund category average was nearly 16%. The stocks that meet our criteria of a long-term track record of consistent growth tend to be companies possessing desirable, proprietary products and services with competitive advantages that give them greater control over their own destinies.

Historically the Fund's small-cap holdings have attracted interest. For example, in January 2017, Mars Inc. purchased Fund holding VCA Inc. in a move to boost its pet-care division. VCA has a network of nearly 800 animal hospitals and veterinary diagnostic labs that serve 17,000 clinics and day care centers for dogs. The acquisition plays on the growing trend of increased consumer spending on gourmet pet food and medical care. As a result of the acquisition, VCA was a top performance contributor for the Fund in the first quarter.

"The Fund focuses on high-quality companies that have a history of solid, consistent growth in earnings and stock price, typically avoiding high-flying, cyclical growth stocks."

Q3: Would you please discuss a sector that the Fund generally favors?

The Fund tends to hold a higher percentage of companies in Industrials sector compared to peers. As of March 31, 2017, the Fund held a 33% weighting in Industrials compared to less than 17% for the Morningstar Small Growth Funds category. In the Industrials sector, we seek high-quality companies that not only have solid consistent growth but also operate in markets that tend to be less sensitive to business conditions. Examples include companies that focus on waste disposal or pest control and maintenance.

Q4: What factors should investors consider when selecting small-cap funds for their portfolio?

In rising markets, many investors tend to focus on absolute performance without much regard for risk. We believe it is important that investors account for the amount of risk being assumed to generate those returns. The Fund was built to play both offense and defense, placing emphasis on risk-adjusted returns over time. We believe the Fund's strategy helps moderate the volatility inherent in the small-cap market while also potentially benefiting from appreciation.

Value Line Small Cap Opportunities Fund Performance (as of 3/31/17)					
	Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	3.90%	19.09%	8.62%	13.17%	8.25%
Institutional - VLEIX¹	3.96	19.38	8.75	13.25	8.29
Russell 2000 Index	2.47	26.22	7.22	12.35	7.12
Morningstar Small Growth Category Avg.	5.56	22.41	5.34	10.73	7.31
Morningstar Category Rank (%) - VLEOX		80	15	9	26
# of Funds in Category		670	599	527	386
Morningstar Return			Above Avg.	Above Avg.	Above Avg.
Morningstar Risk			Low	Low	Low
VLEOX Gross Expense Ratio: 1.25%, VLEIX Gross/Net Expense Ratio*: 3.47% / 1.00%					

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.

¹Indicates 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 November 1, 2015.

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 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) during the period March 17, 2016 through July 31, 2017 (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 after the fiscal year end in which the waiver/reimbursement occurred) to the extent that the Institutional Class's expense ratio is less than the Expense Limitation. The Expense Limitation can be terminated or modified before July 31, 2017 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 4 stars for the 3-year period, 5 stars for the 5-year period and 4 stars for the 10-year period ended 3/31/17 among 599, 527 and 386 Small Growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 2016. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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