



**Overall  Rating**



(Investor)

Among 599 Small Growth Funds  
(as of 6/30/17)

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**

\$501M  
(as of 6/30/17)

**Top 10 Holdings**

(as of 6/30/17)

Company	Weight (%)
Lennox Intl, Inc.	3.0
Toro, Co.	2.8
Tyler Technologies, Inc.	2.2
Heico Corp.	2.1
Teledyne Technologies, Inc.	2.0
Waste Connections, Inc.	2.0
Middleby Corp.	2.0
Healthcare Svcs Group, Inc.	1.8
Pool Corp.	1.8
AptarGroup, Inc.	1.7

**Portfolio Manager Q&A**

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

**Q1: How has the Fund performed against its peers over the past year as well as longer time frames?**

For the one-year period ended June 30, 2017, the Fund rose 17.9% while the Morningstar Small Growth Funds Category average increased 23.1%. However, the Fund has fared favorably against the same peer group over longer time frames. For example, the Fund has outperformed the Category average for the past 3, 5, 10 and 15 year periods ended June 30, 2017. The Fund has accomplished this impressive record by focusing on high-quality companies with a track record of consistent growth in both earnings and stock price generally over a 10-year period or more.

Even more impressive, in addition to providing long-term oriented investors with outperformance relative to the Morningstar Category average, the Fund has garnered Morningstar's lowest risk rating for the 3, 5, and 10 year periods ended June 30, 2017. Lastly, for the five year period ended June 30, 2017, the Fund's Sharpe Ratio placed it among the top 2% of Funds in the Morningstar Small Growth category out of 533 funds.

**Q2: With the Fund's focus on consistent long-term growth in both earnings and stock price, how do sector weightings differ from the typical small growth fund?**

The Fund typically holds a significant overweight to the Industrials sector compared to the Morningstar Small Growth category average. Many companies in this sector, such as holdings in Toro (TTC), Lennox International (LII) and Healthcare Services Group (HCSG), tend to have solid and consistent growth and operate in markets that are generally less sensitive to business conditions.

Given our stringent growth criteria, the Fund generally lacks companies in the Energy or Biotechnology sectors as these stocks generally have more volatile stock prices and inconsistent earnings. As of June 30, 2017, the Fund had a weighting of only 9% in the Health Care sector compared to a nearly 16% weighting for the Morningstar category average. Long-term fund holdings in Health Care include Parexel International (PRXL), a life sciences consulting firm that conducts clinical trials for pharmaceutical companies, and Chemed (CHE), a company with two subsidiaries that provide hospice care and plumbing and drain cleaning services.

**Q3: Would you please discuss your strategy for buying and selling small-cap stocks in the portfolio?**

The small-cap market is generally more inefficient than their larger counterparts, which provides more opportunity to purchase companies at attractive prices. New purchases that have had a consistent and fairly strong track record of growth in earnings and stock price generally have experienced a

**"In addition to providing outperformance, the Fund has garnered Morningstar's lowest risk rating for the 3, 5, and 10 year periods ended June 30, 2017."**

**(Q3 continued)**

recent strong quarter and have positive momentum. In many of these cases, we buy a small position (less than 1%), which we add to if the stock continues to meet our growth criteria.

With regard to our sell strategy, we aim to hold positions for a long-term period. In fact, the turnover for the Fund was 21% as of the fiscal year ended March 31, 2017 compared to the Morningstar Small Growth Funds category turnover average of 73%. Because each holding must maintain consistency of growth, we continually monitor companies' quarterly earnings and stock price. If earnings and/or stock price become weaker, we often trim the positions to make these holdings a smaller part of the portfolio, and sell the position completely if the company no longer satisfies our fundamental growth analysis.

**Value Line Small Cap Opportunities Fund Performance (as of 6/30/17)**

	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VLEOX</b>	<b>17.89%</b>	<b>8.98%</b>	<b>14.43%</b>	<b>7.73%</b>	<b>9.47%</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>18.19</b>	<b>9.15</b>	<b>14.53</b>	<b>7.78</b>	<b>9.51</b>
Russell 2000 Index	24.60	7.36	13.70	6.92	9.19
Morningstar Small Growth Category Avg.	23.12	6.67	12.81	7.05	9.02
<b>Morningstar Category Rank (%) - VLEOX</b>	<b>89</b>	<b>22</b>	<b>21</b>	<b>34</b>	<b>--</b>
# of Funds in Category	678	599	533	398	--
Morningstar Return		<b>Above Avg.</b>	<b>Above Avg.</b>	<b>Average</b>	--
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>	--
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.*

*<sup>1</sup>Italics 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 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](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.*

\*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-, 5- and 10-year periods ended 6/30/17 among 599, 533 and 398 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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