



**Overall  Rating**



(Investor)

Among 653 Small Growth Funds  
(as of 9/30/15)

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. He has over 20 years experience and currently manages funds containing nearly \$1.6B in net assets. 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**

\$324M  
(as of 9/30/15)

**Top 10 Holdings** (as of 9/30/15)

Company	Weight (%)
Tyler Technologies, Inc.	2.78
Middleby Corp. (The)	2.73
Lennox International, Inc.	2.72
Toro Co. (The)	2.10
Casey's General Stores, Inc.	2.04
Waste Connections, Inc.	2.02
AptarGroup, Inc.	1.87
Flowers Foods, Inc.	1.84
Acuity Brands, Inc.	1.83
RLI Corp.	1.82

**Portfolio Manager Q&A**

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

**Q1: With volatility returning to the markets in 2015, how does your investment process help to mitigate risk inherent in small companies?**

We believe consistency is key to achieving investment success. Our investment process is focused on buying smaller companies that have demonstrated their success by consistently growing their earnings and stock price over the past decade or longer. Requiring such a long track record tends to eliminate more volatile smaller companies. As a result, the portfolio generally has few, if any, micro-cap stocks as these companies tend to have limited liquidity and short track records as public companies.

However, our selection process isn't dependent upon only a long history of operations. We also prefer to invest in smaller companies that provide proprietary goods and services, resulting in strong market positions. These features often make them less vulnerable to weaker economic scenarios.

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**Q2: How has the Fund benefited from the record volume of merger and acquisition (M&A) transactions occurring in 2015?**

With significant M&A activity taking place in the market, a few of our smaller holdings have benefited. One of the Fund's top performers in the past six months was Cytec Industries, a specialty chemicals company that announced it would be acquired by Belgian chemical company, Solvay. Another holding, Advent Software, was acquired by software company SS&C Technologies. Over the past year, two of the Fund's top contributors to performance were Concur Technologies, purchased by SAP, and Sigma-Aldrich, acquired by Germany's Merck.

**Q3: Value Line Funds' most recent white paper argues that investors should focus on risk-adjusted returns rather than absolute performance when investing in small cap stocks. Why?**

Small-cap stocks have historically been known to provide outsized returns compared to their larger counterparts, but do so with a higher risk profile. In rising markets, many

investors have been willing to accept these higher risks. However, as markets become more volatile, the concept of risk-adjusted returns in small-caps should again be appreciated.

At Value Line Funds, we believe investors have the opportunity to outperform the market over full market cycles while also maintaining lower risk. We're pleased that the Value Line Small Cap Opportunities Fund has achieved impressive risk-adjusted results: For the five year period ended September 30, 2015, the Fund was ranked #2 for the highest Sharpe ratio in the Morningstar Small Growth category, out of 187 funds. Sharpe Ratio measures the risk-adjusted return of an asset—or in other words, how much return has been received for the level of risk assumed. In addition, the Fund maintains Morningstar's Overall "Low" risk rating as of September 30, 2015.

<b>Value Line Small Cap Opportunities Fund Performance (as of 9/30/15)</b>				
	<b>Average Annual Returns</b>			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLEOX</b>	<b>6.00%</b>	<b>13.63%</b>	<b>14.76%</b>	<b>7.86%</b>
<b>Institutional - VLEIX<sup>1</sup></b>	<b>6.00%</b>	<b>13.63%</b>	<b>14.76%</b>	<b>7.86%</b>
Russell 2000 Index	1.25	11.02	11.73	6.54
Morningstar Small Growth Category Avg.	2.39	11.17	12.11	7.02
<b>Morningstar Category Rank (%) - VLEOX</b>	<b>18</b>	<b>16</b>	<b>11</b>	<b>26</b>
# of Funds in Category	722	653	579	408
Morningstar Return		<b>Above Avg.</b>	<b>Above Avg.</b>	<b>Above Avg.</b>
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>
Sharpe Ratio		1.24	1.19	0.47
Sharpe Ratio Ranking/# of Funds in Category		3/201	2/187	19/158
Gross Expense Ratio: 1.27% (VLEOX), 1.02% (VLEIX)				

*Morningstar Ratings and Categories based on risk adjusted returns of Investor class shares.*

<sup>1</sup>Represents the performance of the Institutional Class shares after November 1, 2015 (inception of the share class) and Investor Class for periods prior to that date.

**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 methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads, or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 5 stars for top 10%; 4 stars next 22.5%; 3 stars next 35%; 2 stars next 22.5%; 1 star for bottom 10%. Funds are rated for up to three periods: the trailing three-, five-, and 10-years. For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights: At least 3 years, but less than 5 years uses 100% three-year rating. At least 5 years but less than 10 years uses 60% five-year rating/ 40% three-year rating. At least 10 years uses 50% ten-year rating / 30% five-year rating / 20% three-year rating. The Fund received 4 stars for the 3 year period, 5 stars for the 5 year period and 4 stars for the 10 year period ended 9/30/15 among 653, 579 and 408 small growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 2015. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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