



Value Line Small Cap Opportunities Fund

Overall Morningstar Rating



(Investor)

Among 655 Small Growth Funds (as of 6/30/16)

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

\$391M (as of 6/30/16)

Portfolio Manager Q&A

Value Line Small Cap Opportunities Fund (VLEOX/VLEIX)

Q1: The market has been relatively flat from a performance standpoint in 2016. How did the Value Line Small Cap Opportunities Fund fare?

Although best analyzed over full market cycles, we are pleased that the Fund was not only able to deliver positive performance over the YTD and 1-year time frames, but also outperformed the Morningstar Small Growth category average by more than 450 and 1100 bps, respectively, as of June 30, 2016. Staying the course with our disciplined investment strategy—selecting companies with a proven history of growth in earnings and stock price—has helped contribute to the Fund's strong performance during periods where many of the Fund's peers experienced losses.

Q2: Historically, small-cap companies have had a higher risk profile than their larger counterparts. How does the Fund aim to reduce the risk of smaller company investing?

The Fund typically avoids headline-grabbing, aggressive growth stocks, as these companies often don't meet our criteria of growth in both earnings and stock price for 10+ years. We favor companies that exhibit consistency in their operating results. As such, we believe our time-tested approach to small growth investing enables the Fund to participate on the upside while curbing downside volatility. As a result of this longer-term stance, the Fund's turnover ratio, which is typically less than 25%, also tends to be lower than that of its peers.

"The Fund typically avoids headline-grabbing, aggressive growth stocks, as these companies typically don't meet our criteria of consistent growth in both earnings and stock price for 10+ years."

This portfolio of proven performers has provided investors with more downside protection, as measured by a lower downside capture percentage, than the average of the Morningstar Small Growth category for the past 1, 3, 5, and 10-year periods ended June 30, 2016. In addition, we are pleased that the Fund received Morningstar's Overall "Low" Risk rating as of the same time frame.

Q3: How do you expect small-cap stocks to perform during the second half of 2016?

While we recognize that market capitalization leadership does rotate, we don't attempt to time the market or make long-term investment decisions based on short-term information. Instead, we focus on building a portfolio of high-quality, smaller growth companies that will exhibit consistency regardless of the economic landscape and current market conditions.

(Q3 continued)

That being said, the market always presents opportunities for investment in select companies. Although the Russell 2000 Index, a smaller company index, has lagged the large-cap oriented S&P 500 Index in 2016 thus far, the U.S. dollar has strengthened and has the potential to negatively impact the performance of many larger, multi-national companies with exposure to international revenue streams. Small-cap companies, however, generally tend to have domestically-derived revenue and are not as exposed to the negative impacts of a strong U.S. dollar. But regardless of market conditions, we believe investing in proven companies with long track records will help preserve capital during periods of volatility and provide outperformance over full market cycles.

Value Line Small Cap Opportunities Fund Performance (as of 6/30/16)					
	Average Annual Returns				
	YTD	1 Year	3 Year	5 Year	10 Year
Investor - VLEOX	3.88%	2.02%	10.05%	11.65%	7.58%
Institutional - VLEIX¹	4.05	2.23	10.12	11.70	7.60
Russell 2000 Index	2.22	-6.73	7.08	8.35	6.20
Morningstar Small Growth Category Avg.	-0.66	-9.86	6.46	7.26	6.55
Morningstar Category Rank (%) - VLEOX		5	9	3	25
# of Funds in Category		729	655	591	431
Morningstar Return			High	High	Above Avg.
Morningstar Risk			Low	Low	Low
Gross Expense Ratio: 1.27% (VLEOX), 1.02% (VLEIX)					

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.

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 5 stars for the 3 and 5-year periods and 4 stars for the 10-year period ended 6/30/16 among 655, 591 and 431 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.**

Value Line, Value Line Logo, Timeliness, Safety are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.