



## Small Cap Opportunities Fund

Overall **MORNINGSTAR** Rating



Among 655  
Mid-Cap Growth Funds  
(as of 3/31/15)

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: VLEOX  
Inception date: 6/23/93  
Total assets: \$363M  
(as of 3/31/15)

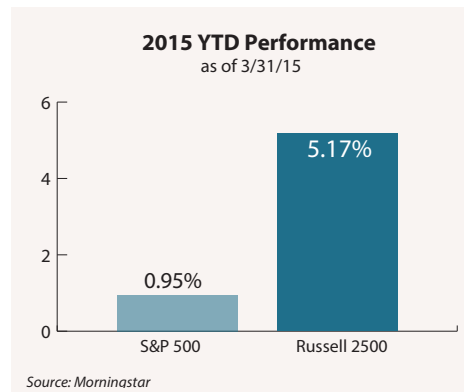
## Portfolio Manager Q&A

### Value Line Small Cap Opportunities Fund (VLEOX)

**Q1: Large-cap stocks outpaced their smaller counterparts in 2014. Would you please discuss your thoughts on a potential shift in market cap leadership over 2015?**

In 2014, large-cap stocks, as measured by the S&P 500 Index, easily outpaced its smaller counterparts. In fact, the performance difference between the S&P 500 and the Russell 2500 Index was approximately 660 basis points – the widest spread in the past 10 calendar years.

We believe investors may begin to favor smaller companies over larger stocks in 2015, in part, due to the negative currency impact of a stronger dollar on international revenue. In fact, there may be a shift in market cap leadership: As of March 31, 2015, smaller companies had outperformed large-cap stocks by over 400 basis points on a year-to-date basis.



**Q2: How might the Value Line Small Cap Opportunities Fund benefit from this shift?**

The renewed interest in small company investing tends to draw more attention to time-tested portfolios such as the Value Line Small Cap Opportunities Fund. The Fund is conservatively managed and uses the Value Line Timeliness™ and Safety™ Ranking Systems to identify stocks that have a proven and consistent track record of 10 years or more of earnings and stock price growth.

**“The renewed interest in small company investing tends to draw more attention to time-tested portfolios.”**

This long track record allows us to measure companies’ performance over full market cycles and gives us confidence that the business can continue to operate successfully regardless the economic cycle. Taking a longer view also enables us to hold proven performers and reduce overall volatility.

**Q3: Smaller stocks generally have a higher risk profile. With the Fund’s criteria that favors proven track records, how is risk mitigated?**

Generally, companies that satisfy our strict criteria are usually on the larger size of the small-cap universe. Micro-cap and newer public stocks that do not have a public



## Portfolio Manager Q&A

### Value Line Small Cap Opportunities Fund (VLEOX)

*(Q3: continued)*

company track record of 10+ years of earnings and stock price growth are generally excluded. In this way, the Fund attempts to reduce the inherent volatility in small company investing.

In addition, purchasing companies with a long historical track record allows us to be more long-term oriented. As a result, the Fund's turnover ratio, which is typically less than 25%, tends to be lower than that of its peers.

We believe this long-term focus has rewarded shareholders with outperformance and lower risk over time. As of March 31, 2015, the Fund outperformed the Lipper Small Cap Growth Funds Index over the past 1, 3, 5 and 10 years and did so with an Overall "Below Average" Morningstar risk rating.

Value Line Small Cap Opportunities Fund Performance (as of 3/31/15)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Small Cap Opportunities Fund (VLEOX)</b>	<b>10.96%</b>	<b>17.13%</b>	<b>16.95%</b>	<b>9.47%</b>
Russell 2000 Index	8.21	16.27	14.56	8.81
Lipper Small Cap Growth Funds Cat. Avg.	8.09	15.33	15.34	9.09
Morningstar Mid-Cap Growth Category Avg.	11.20	14.95	14.47	9.17
Morningstar Small Cap Growth Category Avg.	8.06	15.21	15.12	9.20
Morningstar Return		<b>Above Avg.</b>	<b>High</b>	<b>Average</b>
Morningstar Risk		<b>Below Avg.</b>	<b>Below Avg.</b>	<b>Below Avg.</b>
Expense ratio: 1.26%				

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.*

**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 3 stars for the 10 year period ended 3/31/15 among 655, 586 and 436 mid-cap growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 1993. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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