



Overall **MORNINGSTAR** Rating



(Investor)

Among 1,265 Large Growth Allocation Funds (as of 6/30/18)

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.



Cindy Starke
Portfolio Manager

Ms. Starke has over 20 years of investment experience. She earned a BS and an MBA from Fordham University.

Fund Facts

Symbol

Investor VALLX
Institutional VLLIX

Inception Dates

Investor 3/20/72
Institutional 11/1/15

Total Assets \$301M

(as of 6/30/18)

Top 10 Holdings (as of 6/30/18)

Company	Weight
Amazon.com Inc	7.00%
Facebook Inc A	5.75%
Alexion Pharmaceuticals Inc	5.57%
Activision Blizzard Inc	5.33%
Visa Inc Class A	4.58%
Alibaba Group Holding ADR	4.50%
Netflix Inc	4.29%
Alphabet Inc A	3.83%
Celgene Corp	3.27%
Tesaro Inc	3.25%

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund (VALLX/VLLIX)

Q1: The Fund outperformed the S&P 500 Index and the Morningstar Large Growth Funds category average over the second quarter. Would you please discuss the Fund's relative outperformance?

The Fund increased 8.60%, well ahead of its Morningstar Large Growth peers and the S&P 500 Index, which rose 5.13% and 3.43%, respectively. Relative to the Index, the biggest drivers of the Fund's outperformance this period were its portfolio allocation and strong stock selection in the following two sectors:

- 1. Information Technology.** IT was the largest contributor to the Fund's performance and our overweighted stance proved helpful, with an average weighting of nearly 39% in Technology stocks, compared to 26% in the Index. The Fund's Technology holdings outperformed and appreciated approximately 10% compared to 7% for the Index's IT holdings. Several Technology stocks that were strong performers for the Fund included Facebook (+22%), Activision Blizzard (+13%) and Zendesk (+14%).
- 2. Consumer Discretionary.** In the S&P 500's best-performing sector for the quarter, the Fund had an overweight position of 19% compared to 13% for the Index. The Fund's Consumer companies rose 16%, double that of the Index's Consumer Discretionary positions. Some of the Fund's market-leading businesses in this sector that contributed to this gain included Netflix (+33%), Amazon.com (+17%) and Tesla (+29%).

We are pleased that the continued strong performance this quarter has helped the Fund rank in the top quintile (20%) or better in its Morningstar category for the 1-, 3- and 5-year periods ended June 30, 2018.

Q2: Would you please comment on the continued leadership of growth companies over value stocks?

Over the past year, growth stocks have been favored over their value counterparts. In fact, over the one-year period as of June 30, 2018, the Russell 1000 Growth Index has outperformed the Russell 1000 Value Index by 1500 basis points. Even as many growth stocks have been reaching new highs, we believe there is no shortage of good ideas in today's market. In addition, we believe the companies in the portfolio remain attractive due to their faster growth rates, their strong business fundamentals, and their visionary leaders who find ways to increase market opportunities on a global scale. As of June 30, 2018, the Fund's average three-year sales growth rate of 21% was nearly three times that of the S&P 500's rate of 7.6%. The longer-term earnings per share (EPS) growth rate for the Fund is 25.4%, almost twice the Index's 13.4%.

Q3: With imports and exports likely affected by tariffs, how might the Fund's growth stocks be impacted?

While we believe that tariffs are generally negative for both businesses and end consumers, we are confident that the Fund's equity holdings are well positioned to continue growing at a fast pace due to their healthy growth fundamentals, leadership positions in their industries and the strong demand for their products and services. While the markets may be volatile in the short term because of trade policies, we remain focused on finding solid, growing companies that fit our investment criteria.

Value Line Larger Companies Focused Fund Performance (as of 6/30/18)

	QTD	Average Annual Returns			
		1 Year	3 Year	5 Year	10 Year
Investor - VALLX	8.60%	26.03%	16.80%	17.74%	9.54%
Institutional - VLLIX¹	8.70	26.27	16.86	17.77	9.56
S&P 500 Index	3.43	14.37	11.93	13.42	10.17
Morningstar Large Growth Category Average	5.13	20.58	12.21	14.37	10.23
Percentile Rank in Morningstar Cat. - VALLX		19	6	10	67
# of Funds in Category		1,454	1,265	1,141	825
VALLX Gross/Net Expense Ratio*: 1.19% / 1.15%, VLLIX Gross/Net Expense Ratio*: 2.73%/0.90%					

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

¹*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 VLLIX is November 1, 2015.*

*EULAV Asset Management (the "Adviser") Adviser has contractually agreed to waive certain Fund-wide fees and further assume certain Fund-wide expenses to the extent necessary to limit such expenses (excluding brokerage commissions, interest, taxes, and certain non-routine Fund-wide expenses) to 0.90% of the average daily net assets of each class. In addition, the Adviser and EULAV Securities LLC (the "Distributor") have contractually agreed to waive certain class-specific fees and assume certain class-specific expenses 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 certain non-routine class-specific expenses). The information in the table has been restated to reflect the applicable expense limitation for a class ("Expense Limitation"), each of which can be terminated or modified before June 30, 2019 only with the agreement of the Fund's board. The Adviser and the Distributor may subsequently recover from a class any fees waived and expenses assumed within three years after the fiscal year end in which the waiver or assumption occurred for such class, to the extent its expense ratio is less than the applicable Expense Limitation or, if lower, the expense limitation in effect when the waiver or assumption occurred. The Fund's performance would be lower in the absence of such waivers.

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.

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 Fund received 5 stars for the 3-year period, 4 stars for the 5-year period, and 3 stars for the 10-year period ended 6/30/18 among 1,265, 1,141 and 825 large growth funds, respectively.

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