



Overall **MORNINGSTAR** Rating



(Investor)

Among 1,237 Large Growth Funds
(as of 6/30/20)

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

\$336M
(as of 6/30/20)

Top 10 Holdings

(as of 6/30/20)

| Company | Weight (%) |
|--|------------|
| Amazon.com Inc | 6.85 |
| Facebook Inc A | 3.80 |
| ServiceNow Inc | 3.76 |
| Biohaven Pharmaceutical Holding Co Ltd | 3.72 |
| Splunk Inc | 3.57 |
| PayPal Holdings Inc | 3.54 |
| Exelixis Inc | 3.41 |
| Alphabet Inc A | 3.05 |
| Netflix Inc | 3.00 |
| NVIDIA Corp | 2.96 |

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund (VALLX/VLLIX)

Q1: Would you please comment on the Fund's outperformance relative to both the S&P 500 Index and the Morningstar Large Growth Funds category for the quarter ended June 30, 2020?

We are pleased the Fund gained 39.25% in the second quarter of 2020, outperforming the S&P 500 Index by over 1800 basis points and the Morningstar category average by over 1200 basis points. The Index gained 20.54% and the category's average return was 27.22%. Notably, the Fund also outperformed the Morningstar category for the 1, 3, 5 and 10-year periods ended June 30, 2020.

We believe the Fund's outperformance was primarily due to our investment approach of owning a concentrated portfolio of leading large-cap growth companies that remain well positioned to grow their sales and earnings at a faster pace than the market and their peers over the longer term. The companies we favor tend to have unique products or services, market leading positions in industries with high barriers to entry and are supported by secular growth drivers.

Q2: What drove the Fund's outperformance this quarter?

The Fund's outperformance this quarter was driven mainly by good stock selection. The three largest contributing sectors to the Fund's performance were Information Technology (IT), Health Care and Communication Services.

- 1. Information Technology:** The Fund was overweight the IT sector with an average weight of 35% compared to the S&P 500's IT weighting of 26%. The Fund's IT stocks gained 51% on average in the second quarter, outperforming the S&P 500's IT gain of 31%. Our three top contributors in this sector were Twilio (+145%), Shopify (+128%) and PayPal (+82%).
- 2. Health Care:** The Fund had an average weighting of 25% in Health Care companies, compared to the S&P 500's average weight of 15% in the sector. Our Health Care companies increased 41% on average, compared to the Index's Health Care gain of 14%. The Fund's top three contributors in the sector were Biohaven Pharmaceutical (+115%), Amarin Corp. (+73%) and Exelixis (+38%).
- 3. Communication Services:** Our portfolio held an average weight of 17% in Communication Services companies, overweight the S&P 500 Communication Services' average 11% weighting. We also outperformed with our sector holdings gaining 26%, relative to the S&P's sector increase of 20%. Our top contributing companies were Facebook (+36%), Tencent (+31%) and Activision Blizzard (+28%).

Q3: How has the portfolio changed amidst the COVID-19 pandemic?

Despite this "new normal," our approach to owning faster growing companies supported by secular growth drivers in the Fund has remained steadfast. We did take advantage of the volatility in the markets as a chance to initiate new positions at what we felt were attractive valuations. One area of continued focus for us has been the technology sector due to select companies' strong business models and longer-term growth drivers.

As a result, the Fund's IT sector weightings have increased during the first half of 2020 as many of our companies performed well and we have added new technology names to the portfolio. For example, during the second quarter, we purchased Workday, a financial management and human capital management software vendor, and Qualcomm, a semiconductor and software company. As of June 30, 2020, the Fund held 38% in IT companies, compared to the Fund's weighting of 28% as of December 31, 2020.

Q4. How do the sales and earnings growth rates for the Fund's holdings compare with those in the S&P 500?

As a result of our emphasis on owning dominant and fast-growing companies, the Fund's companies have had higher projected rates of growth and earnings than those in the S&P 500. As of June 30, 2020, the Fund's 3-year projected sales growth rate was 28%, over four times the S&P 500's 6% projected sales growth. The Fund's 3- to 5-year estimated forward earnings growth rate was 23%, more than double the Index's estimated earnings growth rate of 10%.

Value Line Larger Companies Focused Fund Performance (as of 6/30/20)

| | Average Annual Returns | | | | | |
|--|------------------------|---------------|---------------|---------------|---------------|---------------|
| | QTD | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year |
| Investor - VALLX | 39.25% | 20.13% | 18.12% | 15.82% | 16.39% | 10.16% |
| Institutional - VLLIX¹ | 39.39 | 20.42 | 18.38 | 15.96 | 16.46 | 10.21 |
| S&P 500 Index | 20.54 | 7.51 | 10.73 | 10.73 | 13.99 | 8.83 |
| Morningstar Large Growth Category Average | 27.22 | 16.93 | 15.78 | 12.71 | 14.68 | 9.29 |
| Percentile Rank in Morningstar Cat. - VALLX | | 38 | 35 | 21 | 31 | 46 |
| # of Funds in Category | | 1,343 | 1,237 | 1,084 | 809 | 570 |
| VALLX Gross/Net Expense Ratio*: 1.16% / 1.15%, VLLIX Gross/Net Expense Ratio*: 2.75%/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") has contractually agreed to waive through June 30, 2021 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 (the "Fund-level Expense Limitation"). In addition, the Adviser and EULAV Securities LLC (the "Distributor") have contractually agreed to permanently 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 "Class Expense Limitation," together with the Fund-level Expense Limitation, the "Expense Limitations"). Each Expense Limitation can be terminated 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 from the month 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 3 stars for the 3-, 5- and 10-year periods ended 6/30/20 among 1,237, 1,084 and 809 large growth funds, respectively.

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