



Overall **MORNINGSTAR** Rating



(Investor)

Among 1,258 Large Growth Funds  
(as of 9/30/18)

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**

\$318M

(as of 9/30/18)

**Top 10 Holdings** (as of 9/30/18)

Company	Weight
Amazon.com Inc	7.55%
Activision Blizzard, Inc.	5.35%
Facebook, Inc. A	4.80%
Visa, Inc. Class A	4.71%
Alibaba Group Holding ADR	4.19%
Alexion Pharmaceuticals, Inc.	4.06%
Alphabet, Inc. A	3.87%
Netflix, Inc.	3.76%
Celgene Corp.	3.65%
PayPal Holdings, Inc.	3.06%

**Portfolio Manager Q&A**

**Value Line Larger Companies Focused Fund (VALLX/VLLIX)**

**Q1: Would you please comment on the Fund's performance relative to the S&P 500 Index during the third quarter of 2018?**

For the quarter ended September 30, 2018, the Fund increased 6.85% trailing the S&P 500 Index's 7.71% gain. Despite a strong absolute performance, the Fund underperformed this period due to some weakness in our holdings in the Information Technology and Communications Services sectors. As a focused large-cap growth fund, we expect we will experience short-term periods of underperformance in addition to outperformance. On a year-to-date basis, the Fund is performing well at 1188 basis points ahead of the S&P 500 Index.

**"We believe it is more important that we focus our attention on providing investors with meaningful outperformance over longer time frames."**

We believe it is more important that we focus our attention on providing investors with meaningful outperformance relative to the Index over longer time frames. We do this by owning fundamentally solid companies that we believe will successfully grow their sales and earnings over a multiple year period. We are pleased that the Fund has significantly outperformed the S&P 500 Index over the 1-, 3- and 5-year periods.

	1 Year	3 Year	5 Year
Fund Average Annual Outperformance over the S&P 500 Index (basis points)	<b>667+</b>	<b>445+</b>	<b>359+</b>

Source: Morningstar

**Q2: What do you think is driving the Fund's outperformance versus the S&P 500 Index over the last 3- and 5-year time frames?**

During the latter half of 2014, the Fund was transitioned to a focused or "best ideas" portfolio in the large cap growth space. By significantly reducing the number of positions in the Fund and by allocating more capital into our highest conviction growth stock ideas, we felt the Fund would be better positioned to outperform the Index and our peers over time.

The Fund typically holds between 25 and 50 companies and as of September 30, 2018, the Fund held 43 stocks. In addition to having fewer holdings, the Fund tends to have a significant weighting in its top 10 holdings, which was 45% at the end of the quarter. We believe the Fund's high conviction approach and its focus on owning leading growth companies has been driving this outperformance over the past few years.

### Q3: How do the sales and earnings growth rates for the Fund's holdings compare with those in the S&P 500?

The companies in the Fund continue to have much higher growth rates than the Index. As of September 30, 2018, the Fund's holdings had an estimated average 3-year sales growth of 21.7%, nearly three times greater than the S&P 500's 7.6%. The Fund also had a 3- to 5-year estimated average earnings per share growth rate of 25.6% versus 13.6% for the Index. We believe that earnings growth is the primary driver of share prices over the longer term and the Fund's faster growth rates should enable us to outperform the market over longer time periods.

Value Line Larger Companies Focused Fund Performance (as of 9/30/18)					
		Average Annual Returns			
	QTD	1 Year	3 Year	5 Year	10 Year
<b>Investor - VALLX</b>	<b>6.85%</b>	<b>24.58%</b>	<b>21.76%</b>	<b>17.54%</b>	<b>12.26%</b>
<b>Institutional - VLLIX<sup>1</sup></b>	<b>6.91</b>	<b>24.79</b>	<b>21.84</b>	<b>17.58</b>	<b>12.28</b>
S&P 500 Index	7.71	17.91	17.31	13.95	11.97
Morningstar Large Growth Category Average	7.54	23.18	17.68	14.02	12.60
<b>Percentile Rank in Morningstar Cat. - VALLX</b>		<b>41</b>	<b>8</b>	<b>7</b>	<b>59</b>
# of Funds in Category		<b>1,430</b>	<b>1,258</b>	<b>1,129</b>	<b>818</b>
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.*

<sup>1</sup>*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](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.**

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 4 stars for the 3-year period, 5 stars for the 5-year period, and 3 stars for the 10-year period ended 9/30/18 among 1,258, 1,129 and 818 large growth funds, respectively.

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.**

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