



Overall **MORNINGSTAR** Rating



(Investor)

Among 1,243 Large Growth Funds  
(as of 9/30/19)

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**

\$267M  
(as of 9/30/19)

**Top 10 Holdings**

(as of 9/30/19)

Company	Weight (%)
Amazon.com Inc	7.18
Amarin Corp PLC ADR	4.76
Facebook Inc A	4.69
Visa Inc Class A	4.40
Alphabet Inc A	3.90
Activision Blizzard Inc	3.78
PayPal Holdings Inc	3.74
ServiceNow Inc	3.53
Exelixis Inc	3.49
Alexion Pharmaceuticals Inc	3.31

**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 for the third quarter of 2019?**

For the quarter ended September 30, 2019, the Fund declined 10.22%, trailing the S&P's return of 1.70%. With our focused approach of holding 25-50 companies, we expect to have short-term periods of underperformance and outperformance against the Index. In the third quarter, many of our holdings were not rewarded for their solid business fundamentals and their above average growth characteristics.

Both sector allocation and stock selection negatively impacted the Fund's performance in the third quarter. The Health Care sector was the Fund's largest detractor, followed by the Information Technology (IT) sector. The Fund held an average weight of 27% in the Health Care sector, nearly double the S&P 500 Index's average weight of 14%. The Fund's Health Care holdings declined on average 16% compared to the S&P's Health Care companies' loss of 2%. The large decline in the Fund's Health Care holdings was due to our overweight allocation to biotechnology companies, which was one of the worst-performing industries in the Index this quarter. Despite the poor performance of some of our holdings, we remain bullish on their longer-term business prospects and we expect that share prices will recover over time.

The Fund's Information Technology holding were another weak spot this quarter. The Fund had overweight allocation to the Technology sector at 26%, compared to the Index's 22% allocation, however, the Fund's IT holdings declined on average 8% while the S&P's IT stocks gained 3% over the quarter.

We believe that a long-term perspective is important when it comes to investing in large, fast-growing companies. We are highly selective in our holdings, looking for well positioned companies that are driven by secular growth drivers, superior sales and earnings growth rates, and strong management.

**Q2: How do growth rates for the Fund's holdings compare to companies in the S&P 500 Index?**

As a result of our emphasis on owning companies with dominant market share and fast-growing businesses, the Fund's holdings have had higher projected rates of growth and earnings than those in the S&P 500. As of September 30, 2019, the Fund's 3-year projected sales growth rate was 22.7%, over 3 times the S&P 500's 6.4% projected sales growth. The Fund's 3- to 5-year estimated forward earnings growth rate was 23.5%, double the Index's estimated earnings growth rate of 11.4%. We believe that owning companies that can grow their sales and earnings at a faster pace than the market and their peers over a multiple-year period are generally better positioned for longer term growth of capital.

**Q3: Would you please discuss any portfolio changes in the third quarter?**

In the third quarter, we sold Jazz Pharmaceuticals (JAZZ), as its growth was slowing and no longer met our stringent criteria, and purchased faster-growing Biohaven Pharmaceutical (BHAVN). Biohaven is developing a migraine drug which we believe will be a significant catalyst in the coming year.

Value Line Larger Companies Focused Fund Performance (as of 9/30/19)						
		Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VALLX</b>	<b>-10.22</b>	<b>-8.55</b>	<b>12.46</b>	<b>11.52</b>	<b>12.83</b>	<b>8.86</b>
<b>Institutional - VLLIX<sup>1</sup></b>	<b>-10.22</b>	<b>-8.37</b>	<b>12.65</b>	<b>11.60</b>	<b>12.88</b>	<b>8.89</b>
S&P 500 Index	1.70	4.25	13.39	10.84	13.24	9.01
Morningstar Large Growth Category Average	-0.47	1.87	14.62	11.04	13.13	8.70
Percentile Rank in Morningstar Cat. - VALLX		97	81	47	61	65
# of Funds in Category		1,388	1,243	1,110	822	570
VALLX Gross/Net Expense Ratio*: 1.18% / 1.15%, VLLIX Gross/Net Expense Ratio*: 3.92%/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") has contractually agreed to waive through June 30, 2020 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](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- and 5-year periods and 3 stars for the 10-year period ended 9/30/19 among 1,243, 1,110 and 822 large growth funds, respectively.

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

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.