



Overall **MORNINGSTAR** Rating



(Investor)

Among 1,229 Large Growth Funds
(as of 9/30/20)

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

\$360M
(as of 9/30/20)

Top 10 Holdings

(as of 9/30/20)

Company	Weight (%)
Amazon.com Inc	7.24
Facebook Inc A	4.07
PayPal Holdings Inc	3.71
ServiceNow Inc	3.70
NVIDIA Corp	3.60
Exelixis Inc	3.59
Biohaven Pharmaceutical Holding Co Ltd	3.23
Splunk Inc	3.08
Netflix Inc	3.05
Alphabet Inc A	2.93

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund (VALLX/VLLIX)

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

The Fund performed nearly in-line with the S&P 500 Index for the third quarter, returning 8.80% compared to the S&P 500's return of 8.93%. For this three-month period, the Fund trailed the Morningstar category average return of 11.51%. Over longer time periods, the Fund outperformed both the S&P 500 and the Morningstar peer group average over the 1, 3, 5 and 10-year periods ended September 30, 2020. In fact, the Fund's 1-year performance of 45.58% as of September 30, 2020, surpassed the category average return of 31.02% for the same period by over 1,400 basis points.

During the third quarter, the sector that was the primary contributor to the Fund's performance was Information Technology (IT). The Fund benefited from an overweight allocation to IT of 39% on average, relative to the S&P 500 Index's average weight of 28%. The Fund's IT holdings outperformed and gained 16%, while the Index's IT holdings rose about 12%. Two of the Fund's best-performing IT companies were Nvidia Corp. (NVDA +42.50%), a designer of graphics processing units, and CrowdStrike Holdings Inc. (CRWD +36.92%), a cybersecurity company.

On the other hand, the Health Care sector was the primary detractor to the Fund's quarterly performance. The Fund's Health Care companies declined an average of 5%, while the Index's Health Care companies gained almost 6%. BioMarin Pharmaceutical (BMRN -38.32%), which focuses on enzyme replacement therapies, and Amarin Corporation (AMRN -9.16%), which develops medicines for the treatment of cardiovascular disease, were two underperformers for the Fund.

Q2: The Federal Reserve has endorsed near zero percent interest rates for the next few years. How does this backdrop impact growth stocks?

As large-cap, growth-focused investors, we strongly believe that large-cap growth investing is a rewarding way to invest for the longer term. In addition, given the current economic environment, partly because the Federal Reserve has endorsed near zero percent interest rates for the next few years, we believe growth investors will likely benefit from these policies in the near and intermediate term. In this slow-growth world, many companies will struggle to produce any meaningful sales and earnings growth over the coming years. However, companies that are able to deliver sustainable sales and earnings growth over the next few years will likely be rewarded as they will have scarcity value. We believe the Fund's concentrated portfolio of fast-growing, industry-leading companies that are well positioned to deliver future sales and earnings growth regardless of the economic environment should continue to do well.

The Fund's portfolio companies have higher projected rates of sales and earnings than the S&P 500. As of September 30, 2020, the Fund's 3-year projected sales growth rate was 25.9%, over 3x the S&P 500's 7.3%. The Fund's 3- to 5-year estimated forward earnings growth rate was 23.5%, nearly double the S&P 500's rate of 12.1%.

Q3: What are some examples of Fund holdings that display the type of dominant and fast growth you find attractive?

We primarily own market leading companies that are well positioned to grow their sales and earnings over the next few years. Through our bottom-up investment process, we identify companies with strong projected future sales and earnings growth. We examine the strength and sustainability of their business models with a preference of owning companies that are leaders in their industries or are positioned to significantly grow their market share in the coming years and ones with innovative products and services.

A company we believe holds excellent growth prospects is long-time holding Netflix (NFLX). Netflix has transformed the media and entertainment industry over the past decade and has continued to enjoy an increase in subscribers because of quarantine measures. The company's continued expansion of proprietary content and global subscriber appeal provides compelling prospects for future growth.

Another example of a market leading and fast-growing company we purchased earlier this year is Shopify (SHOP). SHOP is best known for its cloud-based, multi-channel commerce platform used by small- and medium-sized businesses around the world. Shopify has benefited from a surge in customer demand due to the uptick in online retail sales in 2020 and a shift away from in-store purchases.

Value Line Larger Companies Focused Fund Performance (as of 9/30/20)					
		Average Annual Returns			
	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VALLX	8.80%	45.58%	18.37%	19.17%	16.12%
Institutional - VLLIX¹	8.85	46.00	18.63	19.33	16.19
S&P 500 Index	8.93	15.15	12.28	14.15	13.74
Morningstar Large Growth Category Average	11.51	31.02	17.99	16.80	14.56
Percentile Rank in Morningstar Cat. - VALLX		15	50	30	32
# of Funds in Category		1,328	1,229	1,095	813
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 9/30/20 among 1,229, 1,095 and 813 large growth funds, respectively.

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