



Overall  Rating



(Investor)

Among 1,218 Large Growth Funds
(as of 12/31/19)

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

\$293M
(as of 12/31/19)

Top 10 Holdings

(as of 12/31/19)

Company	Weight (%)
Amazon.com Inc	6.68
Amarin Corp PLC ADR	6.39
Facebook Inc A	4.20
Visa Inc Class A	3.65
Activision Blizzard Inc	3.54
Splunk Inc	3.47
ServiceNow Inc	3.46
PayPal Holdings Inc	3.43
Alibaba Group Holding Ltd ADR	3.40
Netflix Inc	3.31

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund (VALLX/VLLIX)

Q1: Would you please comment on the Fund's outperformance relative to its Morningstar peers and the S&P 500 Index in Q4 2019?

The Fund rose 13.70% for the quarter ended December 31, 2019, outperforming both the Morningstar Large Growth Funds category average and the S&P 500 Index return of 9.36% and 9.07%, respectively.

In the fourth quarter, the Fund benefited from both sector allocation and stock selection relative to the S&P 500. Healthcare and Communication Services were the two sectors primarily responsible for the Fund's outperformance this period:

- » **Healthcare** - This sector was the biggest driver to Fund's outperformance this quarter aided by strong stock selection and the Fund's overweight allocation. The Fund's Healthcare stocks rose 26% on average, while the Index's Healthcare companies rose 14% on average. Our top performing companies included biopharmaceutical companies Intercept Pharmaceuticals (ICPT, +87%) and Amarin Corporation (AMRN, +41%), and Dexcom (DXCM, +47%), a medical device company focused on the diabetes market. In addition, having an overweight allocation to one of the stronger performing sectors in the Index this quarter was helpful. The Fund held an average weighting of 29% in Healthcare companies, more than double the S&P 500's 14% allocation.
- » **Communication Services** - The second-best contributing sector was Communication Services, where the Fund held an average overweight allocation of 18% compared to the S&P's 10% weighting. The Fund's Communication Services companies gained an average of 15% compared to the S&P 500's Communication Services companies which rose an average of 9%. The Fund's top performing companies in the sector included the media-services provider Netflix (NFLX, +21%), Tencent (TCEHY, +15%), the Chinese multinational conglomerate company, and Activision Blizzard (ATVI, +12%), the video game holding company.

Q2: How is the Fund positioned in the current economic environment?

We remain committed to owning a focused portfolio of leading large cap growth companies. We believe the current economic backdrop remains favorable for equities and even more so for large-cap growth equities. With consumer confidence at high levels, low unemployment, low interest rates and no apparent signs of inflation, we believe the stock market will likely continue to be supportive of growth stocks.

The Fund generally owns market leading companies that we believe are well-positioned for continued success as they tend to benefit from secular growth drivers, have unique products or services, and compete in industries with high barriers to entry. With our emphasis on longer term growth, the Fund's holdings are generally growing at a substantially faster pace in terms of revenue and earnings growth when compared to the companies in the S&P 500 Index. For example, the Fund's equity holdings had an estimated average 3-year revenue forward growth rate of 29%, which was over 4x the S&P 500's revenue growth rate of 7%, as of December 31, 2019. Also, the Fund's 3- to 5-year estimated forward earnings per share (EPS) growth rate was 21%, almost 2x the S&P's 11% EPS growth rate at year end.

Q3: Would you please discuss any changes to the Fund's portfolio in the fourth quarter?

In the fourth quarter, we repurchased a former Fund holding, Biogen (BIIB), a biotechnology company that specializes in neurological diseases. We reinitiated a small position in the company, after Biogen announced surprising news that they are now moving forward with seeking an FDA approval for its potential Alzheimer's treatment, Aducanumab. If approved, this could be an important therapy for millions of patients with Alzheimer's disease and it would likely be a major revenue driver for Biogen.

Value Line Larger Companies Focused Fund Performance (as of 12/31/19)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALLX	13.70%	25.67%	19.43%	13.41%	13.61%	9.10%
Institutional - VLLIX¹	13.78	25.92	19.65	13.52	13.66	9.13
S&P 500 Index	9.07	31.49	15.27	11.70	13.56	9.00
Morningstar Large Growth Category Average	9.36	31.90	18.09	12.10	13.40	9.30
Percentile Rank in Morningstar Cat. - VALLX		93	38	33	49	58
# of Funds in Category		1,360	1,218	1,086	811	552
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.

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, 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 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 12/31/19 among 1,218, 1,086 and 811 large growth funds, respectively.

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