VLF*Alert*

ValueLine*funds*

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Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals.

We hope you enjoy this edition of the **VLF*Alert*** and thank you for your continued support of Value Line Funds.

Boring is Often Best: Selecting Consistent Performers

When it comes to the assets in your investment portfolio, chasing the latest trend or making decisions on headlines is *not* the best way to invest. Rather, building a portfolio of "steady-eddy" holdings using a time-tested investment approach is a better way to go.

Here are five reasons why:

1.) Boring Has Historically Performed Better.

The best performing U.S. equity sector during the past 50 years was consumer staples, which includes companies that sell simple, plain vanilla, boring products that rarely change. Indeed, from 1963 to 2014, the consumer staples sector had an annualized return of more than 13%. Compare that to information technology, often thought of as more exciting, which had an annualized return during the same time period of 9.75%. And contrary to popular opinion, earning those higher returns would not have required taking on more risk. The annual volatility of the consumer staples sector during this 50-year time span was 14.5% versus 28.4% for the information technology sector.[1] Let us all remember that less than half of the dot-com companies survived when that tech bubble burst about 15 years ago. Warren Buffet, widely acknowledged as the most successful investor of modern time, has said, "We look for mundane products that everyone needs."[2]

Another study showed that from 1990 through 2012, a portfolio consisting of the 10% of stocks with the lowest historical volatility earned 19 percentage points more per year than the 10% of stocks with the highest volatility. The most volatile stocks actually lost ground at an average rate of more than 11% per year, a gap which also persisted across most shorter time periods.[3]

2.) Boring May Generate More Income.

Companies on the cutting edge tend to spend more on research and development, as they need to keep ahead of their competition, staying on the forefront of technology. But capital investments reduce profits. Boring companies in well-established businesses spend less on research and thus tend to return more cash to their shareholders through dividend payments. In fact, approximately 84% of companies in the S&P 500 Index, a measure of U.S. large-cap companies, paid dividends in 2014.[4] This compares to just 54% of companies that paid dividends in the S&P SmallCap 600 Index, a measure of U.S. small-cap companies.[5]

3.) Boring May Help Investors Stay the Course.

Many investors buy when times are good and sell when times get cloudy or scary, making decisions on the ebb and flow of the market and/or of the economy. Some may be too fearful to invest at all and simply sit on the sidelines.

At the Value Line Funds, we have long held an approach of investing in comparatively consistent, "steady-eddy," long-term growth companies. In our view, steady-eddy stocks are those of companies that have established strongholds in their market or market niche through proprietary products or services, which, in our view, gives them greater control of their own destiny and makes them less subject to ups and downs of the economy. These tend to be companies that have established a strong track record of consistent earnings growth and stock appreciation over the past 10 to 20 years. These

Purchase the Value Line Mid Cap Focused Fund and Value Line Larger Companies Focused Fund through the Value Line Funds' Automatic Investing Plan

Looking for an easy and convenient way to invest with Value Line Funds? Consider enrolling in the Value-Matic Investing Plan. For as little as $25 per month you can purchase shares of any Value Line Fund and the money is automatically deducted from your checking account. Please call 800.243.2729 for more information.

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are companies that have proven in the past that they have what it takes. And we believe that this puts the odds in our favor in investing in them for the future. Of course, these growth stocks are not immune from market dips and will temporarily fall in sympathy with the market. But what we call these "steady-eddy" growth stocks tend to be resilient, and their stock prices have reflected the potential to grow regardless of the economic scenario. Controlling risk through investment in high-quality companies is key to our strategy.

4.) Boring May Be Less Expensive—on Two Counts.

First, historically, investors have paid a premium for exciting stocks—that is, buying stocks at higher valuations than those valuations of more mundane, less novel, even duller companies' stocks. Second, trading less often may not be as thrilling, but it usually leads to lower trading costs and less tax consequences, and therefore the potential for higher long-term returns.

5.) Boring May Help You Sleep at Night.

Volatility may well heighten in the months ahead, as the U.S. Federal Reserve begins to increase interest rates, geopolitical tensions in many parts of the world remain on the front page, and as the U.S. and global economies still struggle to find a path toward sustained growth. A well-diversified portfolio composed of "steady-eddy" stocks and core bond holdings, invested in well-respected, actively managed mutual funds may not provide an adrenaline rush or even water-cooler chatter, but the greater peace of mind consistent performers provide has a value all its own.

When it comes to investing, boring has a completely different connotation than in other areas of our life. Boring historically means lower volatility and greater gains over time. Boring means simple, understandable, transparent, long-term and disciplined. And that's why when it comes to investing, boring is often best.

VALUE LINE FUNDS' CONCENTRATED PORTFOLIOS

In 2014, the **Value Line Larger Companies Focused Fund (VALLX),** formerly known as the Value Line Larger Companies Fund, transitioned to fewer holdings representing a streamlined approach to accomplish the Fund's objective of capital growth. By owning fewer securities, more capital can be allocated to the "best ideas" in the large-cap growth universe. Investing in a more concentrated portfolio of approximately 30 to 50 stocks enables the manager to focus on a select number of high quality growth companies that appear to have the most attractive growth prospects commensurate with risk. The result is a diversified, high conviction portfolio with the potential to deliver attractive returns over time relative to the S&P 500 Index, the Fund's benchmark.

Likewise, the **Value Line Mid Cap Focused Fund (VLIFX),** formerly known as the Value Line Fund reduced the number of holdings. The investment objective of providing long-term growth of capital in primarily mid-cap stocks has not changed. With fewer holdings, portfolio diversification is maintained and there is little-to-no dilution from stocks with less potential growth.

Visit www.VLFunds.com to read our latest white paper,

"Concentrated Funds: Benefits of a Focused Approach"

Value Line Funds Include:	
Equity Funds	
Premier Growth Fund (VALSX)	**Value Line Mid Cap Focused Fund** (VLIFX)
Larger Companies Focused Fund (VALLX)	**Small Cap Opportunities Fund** (VLEOX)
Introducing Our Newest Fund: **Worthington Value Line Equity Advantage Fund** (WVLEX)	
Hybrid Funds	
Asset Allocation Fund (VLAAX)	**Income and Growth Fund** (VALIX)
Fixed Income Funds	
Tax Exempt Fund (VLHYX)	**Core Bond Fund** (VAGIX)

For more information, call 800.243.2729 or visit www.vlfunds.com.

[1]Source: The Investors Field Guide, June 18, 2014.

[2]Source: Warren Buffet Responds to Questions from 85 Wharton Students on November 12, 2004.

[3]Source: Nardin Baker of Guggenheim Partners Asset Management.

[4]Source: FactSet Dividend Quarterly, March 2015.

[5]Source: "Why Small-Caps and Dividends Go Together," Aaron Levitt, April 15, 2015.

The Value Line Larger Companies Focused Fund was formerly named the Value Line Larger Companies Fund. The Value Line Mid Cap Focused Fund was formerly named the Value Line Fund.

Past performance is no guarantee of future results. 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, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

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