



**Overall Morningstar Rating**



Among 567 Mid-Cap Growth Funds (as of 3/31/20)

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.



**Stephen E. Grant**

*Portfolio Manager*

Mr. Grant has been Portfolio Manager of the Value Line Mid Cap Focused Fund since 2009. He has over 25 years of investment industry experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

**Fund Facts**

**Symbol**

Investor VLIFX  
Institutional VLMIX

**Inception Date**

Investor 3/1/50  
Institutional 8/11/17

**Total Assets**

\$355M  
(as of 3/31/20)

**Top 10 Holdings**

(as of 3/31/20)

Company	Weight (%)
Ansys Inc	6.12
Teledyne Technologies Inc	6.02
Jack Henry & Associates Inc	5.51
Chemed Corp	4.63
Mettler-Toledo International Inc	4.07
Church & Dwight Co Inc	3.98
Heico Corp	3.97
Tyler Technologies Inc	3.81
Fair Isaac Corp	3.64
Pool Corp	3.50

**Portfolio Manager Q&A**

**Value Line Mid Cap Focused Fund (VLIFX/VLMIX)**

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

The Fund declined 16.75% in the quarter ended March 31, 2020, outperforming the Morningstar Mid-Cap Growth Funds category average return of -20.64% and the S&P 500 Index which lost 19.60% for the same period. While we are never happy with negative returns, we are pleased with the portfolio's relative performance during this time of economic uncertainty.

We believe the Fund's performance highlights the advantages of our long-term investment approach of finding companies with 10+ years of consistent growth in both stock price and earnings. The result is a high-quality portfolio comprised of companies that we believe can outperform in positive markets and be resilient in market downturns. We believe the strength of this process is reflected in the Fund's **5-star rating by Morningstar for the 3, 5 and 10 year periods** as of March 31, 2020.

**Q2: Would you please describe the Fund's risk-reward relationship?**

As a concentrated, "best ideas" portfolio, we own companies with attractive growth prospects and a well-established history of 10 or more years of consistent growth. This allows us to identify companies we believe possess long-term earnings growth potential through market expansions and contractions and offers shareholders growth opportunities without excessive volatility.

We believe this approach has allowed the Fund to receive a "Low" risk rating from Morningstar for the 3, 5 and 10 year periods, while simultaneously receiving the "Above Average" or "High" return ratings, relative to the Morningstar Mid Cap Growth Funds category for the 3, 5 and 10 year periods ended March 31, 2020.

Mid Cap Focused Fund (VLIFX)	3 Year	5 Year	10 Year
<b>Morningstar Risk Rating</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>
<b>Morningstar Return Rating</b>	<b>Above Avg.</b>	<b>High</b>	<b>High</b>

Source: Morningstar as of 3/31/20

**Q3: What changes were made in the portfolio due to the coronavirus crisis?**

Because of our long-term approach of owning companies with 10+ years of consistent growth in both stock price and earnings, we believe that one or two poor quarters will not materially change our views with respect to our holdings. As such, we made few new additions or deletions to the portfolio. More specifically, we exited our position in Amphenol Corporation (APH), a fiber optic cable manufacturing company. The recent downturn in the market provided an exceptional opportunity to add to select high-quality growth companies in the Fund at relatively attractive prices. For example, we added to our position in Churchill Downs Incorporated (CHDN), which is the home of the Kentucky Derby. At the end of the first quarter, the Fund held 34 companies.

**Q4: Could you provide an example of a portfolio company that demonstrated resiliency during this period of volatility, and one that was negatively affected by the spread of COVID-19?**

One example of a company that performed well during the first quarter was Pool Corp (POOL). This company provides product delivery and servicing of outdoor swimming pool-maintenance products. We believe the company will continue to benefit from the stay-at-home and self-quarantine directives being issued by state and national governments.

On the other hand, J&J Snack Foods (JJSF), a snack foods and frozen beverage company, has faced short-term challenges due to the lost revenue in providing snack foods for entertainment venues, such as movie theaters, as they were subject to mandatory closure during the crisis. However, we believe J&J Snack Foods continues to be a long-term growth company.

**Value Line Mid Cap Focused Fund Performance (as of 3/31/20)**

	QTD	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLIFX</b>	<b>-16.75%</b>	<b>-4.21%</b>	<b>9.83%</b>	<b>9.30%</b>	<b>12.41%</b>
<b>Institutional - VLMIX<sup>1</sup></b>	<b>-16.69</b>	<b>-3.94</b>	<b>10.07</b>	<b>9.44</b>	<b>12.49</b>
S&P 500 Index	-19.60	-6.98	5.10	6.73	10.53
Morningstar Mid-Cap Growth Category Average	-20.64	-11.17	4.66	4.33	9.46
<b>Percentile Rank in Morningstar Cat. - VLIFX</b>		<b>14</b>	<b>13</b>	<b>6</b>	<b>5</b>
# of Funds in Category		611	567	498	386
<b>Morningstar Risk</b>			<b>Low</b>	<b>Low</b>	<b>Low</b>
VLIFX Gross/Net Expense Ratio: 1.18%, VLMIX Gross/Net Expense Ratio*: 3.97% / 0.93%					

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.*

<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 VLMIX is August 11, 2017.*

**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.**

*There are risks associated with investing in small and mid-cap stocks, which tend to be more volatile and less liquid than stocks of large companies, including the risk of price fluctuations.*

\*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to permanently waive certain class-specific fees and/or pay certain class-specific expenses incurred by the Institutional Class 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 any extraordinary expenses incurred in different amounts by the classes) (the "Expense Limitation"). The information regarding the Institutional Class in the table has been restated to reflect the Expense Limitation. The Adviser and the Distributor may subsequently recover from assets attributable to the Institutional Class the reimbursed expenses and/or waived fees (within 3 years from the month in which the waiver/reimbursement occurred) to the extent that the Institutional Class's expense ratio is less than the Expense Limitation or, if lower, the expense limitation in effect when the waiver/reimbursement occurred. The Expense Limitation can be terminated only with the agreement of the Fund's board. The Fund's performance would be lower in the absence of such waivers.

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 5 stars for the 3-, 5- and 10-year periods ended 3/31/20, among 567, 498 and 386 mid-cap 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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