



Overall Rating



(VLIFX)
Among 560 Mid-Cap
Growth Funds
(as of 3/31/21)

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.

Fund Facts

Symbol

Investor VLIFX
Institutional VLMIX

Inception Date

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

Total Assets

\$450M
(as of 3/31/21)

Top 10 Holdings

(as of 3/31/21)

Company	Weight (%)
Teledyne Technologies Inc	6.57
Cadence Design Systems Inc	4.97
Pool Corp	4.81
Ansys Inc	4.52
Fair Isaac Corp	4.31
Lennox International Inc	4.28
Tyler Technologies Inc	4.27
Church & Dwight Co Inc	4.24
Jack Henry & Associates Inc	4.06
American Financial Group Inc	3.93

Value Line Funds

443.279.2015
www.vlfunds.com

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Would you please comment on the Fund's performance relative to the Morningstar Mid-Cap Growth Funds category in the first quarter of 2021?

In Q1, the Fund had a modest gain of 1.03%, lagging the Morningstar category's average return of 3.89%. The Fund's performance was primarily impacted by the stock market's shift in favor of lower-quality stocks in the first quarter. While we are never satisfied with relative underperformance, we recognize that the Fund will experience short-term periods of underperformance. We believe longer-term performance is more important and are pleased that the Fund has impressively achieved 10 consecutive calendar years of positive total return.

"The Fund has achieved 10 consecutive calendar years of positive total return."

Please [click here](#) to visit the Fund's performance page for complete performance information.

Q2: How has the market's shift to low-quality over high-quality stocks affected the Fund?

In the first quarter of 2021, the stock market was influenced by investors willing to take on risk, and we saw increased activity in more volatile areas of the market, such as initial public offerings (IPOs), Special Purpose Acquisition Companies (SPACs), and cryptocurrency including Bitcoin. This increased appetite for risk resulted in a run-up in low-quality areas of the market contrary to our investment approach which remains focused on high-quality stocks.

When considering companies for the portfolio, we look for businesses that have a track record of consistent growth in both earnings and stock price over 10 years or more. This disciplined approach of favoring high-quality companies typically does not necessarily coincide with popular short-term investor sentiment. However, we believe our unwavering commitment to owning high-quality companies has served our investors well over time from a performance perspective and has done so with less volatility.

In fact, when considering Sharpe Ratio, a measure of risk-adjusted return, the Fund has achieved higher results relative to the Morningstar Mid-Cap Growth Funds category for the 3, 5 and 10-year periods ended March 31, 2021. As such, the Fund also earned Morningstar's "Low" Risk rating for the same time periods.

	3 Year	5 Year	10 Year
VLIFX Morningstar Risk Rating	Low	Low	Low
VLIFX Sharpe Ratio	0.99	1.11	1.02
Morningstar Category Avg. Sharpe Ratio	0.85	0.98	0.80

Source: Morningstar as of 3/31/21

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Q3: Have any changes been made to the portfolio in Q1?

As a concentrated portfolio, we did not add any new companies to the portfolio and exited one position in the first quarter of 2021. With our investment criteria, we favor companies with 10+ years of consistent growth in stock price and earnings. Due to this long-term perspective, we tend to keep companies that have met our criteria even if they have shorter-term periods of underperformance. For example, some of the companies

we have held in the Fund over a period of several years include Teledyne Technologies, Inc. (TDY), which sells technologies for industrial markets, including U.S. Government contracts; Ansys Inc. (ANSS), which creates engineering simulation software; and Heico (HEI), an aerospace and electronics company.

During the quarter, we capitalized on some stock price fluctuations by trimming our positions in some names and adding to our positions in other names. As of March 31, 2021, the Fund held 29 stocks.

Portfolio Manager**Stephen E. Grant***Co-Portfolio Manager*

Stephen E. Grant has been a portfolio manager with the Value Line Funds since 1991. Over the past 30 years, Mr. Grant's unique quantitative/behavioral methodology has driven the success of several equity and hybrid funds. Mr. Grant has a B.A. in Economics from Stanford University and an MBA in Finance from the Wharton School of the University of Pennsylvania.

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.

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.

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 (VLIFX) received 3 stars for the 3- and 5-year periods and 4 stars for the 10-year period ended 3/31/21, among 560, 500 and 379 mid-cap growth funds, respectively.

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