



Overall Morningstar Rating



(VLIFX)
Among 529 Mid-Cap Growth Funds
(as of 3/31/23)

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

\$673M
(as of 3/31/23)

Top 10 Holdings

(as of 3/31/23)

Table with 2 columns: Company, Weight (%). Lists top 10 holdings like TransDigm Group Inc, Gartner Inc, Teledyne Technologies Inc, etc.

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 average in the first quarter?

For the quarter ended March 31, 2023, the Fund returned 6.89%, underperforming the Morningstar Mid-Cap Growth Funds category average of 7.65%. While we are never satisfied with relative underperformance, we believe that longer-term periods are more important to investors. In fact, the Fund's performance ranked in the top 5% or better for the 1, 5 and 10-year periods ended March 31, 2023.

We believe the Fund's investment approach, which emphasizes companies with a track record of consistent growth in both stock price and earnings over 10 years or longer, has contributed to our outperformance over longer-term periods.

In fact, the Fund is the only mid-growth style fund in the Morningstar Mid-Cap Growth Funds category (among 127 unique funds) that has a "Low" Risk Rating for the 3, 5 and 10-year periods, and top 5% performance for the 1, 5 and 10-year periods, as of March 31, 2023.

Table with 5 columns: Percentile Rank in Morningstar Cat. - VLIFX, 1 Year, 3 Year, 5 Year, 10 Year. Values: 3, 15, 3, 5. # of Funds in Category: 557, 529, 498, 387.

Source: Morningstar as of 3/31/23

Please visit the Fund's performance page for complete performance information.

Q2: Would you please comment on your approach to seeking growth among mid-sized companies while being mindful of risk?

When it comes to growth-oriented investing, we believe mid-sized companies are compelling. Compared to smaller companies, mid-cap companies have the potential advantage of more established business operations and experienced management. Mid-cap companies also have the potential for longer growth runways compared to larger companies, as they typically have ample room to expand their market share.

Within the mid-cap universe, we invest in companies with a long-term track record of success. Specifically, we invest in companies that have 10+ years of consistent growth in both stock price and earnings. We believe this consistency among portfolio companies can lead to consistent growth with less volatility for the Fund's shareholders.

In fact, the Fund's risk-adjusted return, as measured by Sharpe Ratio, exceeds that of our Morningstar category peers over the 3, 5 and 10-year periods ended March 31, 2023. In addition, the Fund has earned Morningstar's "Low" Risk Rating for the same time periods.

Table with 4 columns: Metric, 3 Year, 5 Year, 10 Year. Rows: Fund (VLIFX) Sharpe Ratio (0.98, 0.75, 0.89), Morningstar Mid-Cap Growth Cat. Avg. Sharpe Ratio (0.66, 0.40, 0.59), Morningstar Risk Rating (Low, Low, Low).

Source: Morningstar as of 3/31/2023

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**Q3: What characteristics are common among the Fund's holdings?**

The Fund is a concentrated portfolio of our "best ideas" among mid-cap companies with demonstrated operating success throughout various economic cycles and a potential long-term growth runway. We have high conviction in companies that meet our stringent investment criteria and, importantly, we have the patience to allow these companies the time to execute their business plans. As such, we prefer to include a company in the portfolio for a period of years.

For example, a long-time Fund holding is Teledyne Technologies Inc. (TDY), a technology company that provides such diverse items as instrumentation for environmental applications, digital imaging, aircraft

electronics, and engineered systems for defense. Another long-time Fund holding is Gartner Inc. (IT), which provides research and analysis for business executives.

**Q4: Did you add any new companies to the Fund in the first quarter?**

During the first quarter we added two companies to the portfolio that meet our long-term, consistent growth criteria. This included Monolithic Power Systems Inc. (MPWR), which makes semiconductors and specializes on creating compact, energy efficient power systems that are used in a host of applications; and West Pharmaceutical Services Inc. (WST), a global supplier of quality, reliable packaging and delivery components for pharmaceutical products. As of March 31, 2023, the Fund held 36 companies.

**Portfolio Manager****Stephen E. Grant***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](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.*

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 3/31/23, among 529, 498 and 387 mid-cap growth funds, respectively.

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