



Overall **MORNINGSTAR** Rating



Among 541 Mid-Cap Growth Funds (as of 6/30/18)

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

\$152M
(as of 6/30/18)

Top 10 Holdings

(as of 6/30/18)

Company	Weight (%)
IDEXX Laboratories Inc.	5.60
Rollins Inc.	4.76
Teledyne Technologies Inc.	4.71
Waste Connections Inc.	4.54
Fiserv Inc.	4.23
Ansys Inc.	4.15
Roper Technologies, Inc.	3.89
Mettler-Toledo Intl Inc.	3.70
Amphenol Corp.	3.56
Heico Co.	3.56

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Over the past year, growth stocks have outperformed their value counterparts. Would you please discuss the Fund's performance against its mid-cap peers during this period?

As of June 30, 2018, the Morningstar Mid-Cap Growth Funds category average had a one-year return of 18.06% while the Morningstar Mid-Cap Value category average was only 8.86%. Over the same time period, the Fund rose 13.13%. This short-term underperformance relative to the Growth Funds category is not unexpected given the Fund's low risk profile and aversion to faster growing, headline-grabbing companies. In fact, the Fund is one of only five funds (out of 344) in the Morningstar category to have a "Low" Risk Rating for the 3, 5, and 10 year periods ended June 30, 2018.

The Value Line Mid Cap Focused Fund is a "best ideas" strategy of approximately 30-45 holdings that have historically experienced long-term consistent growth. Companies that meet our criteria include those that have demonstrated steady growth in both earnings and stock price over a 10+ year time frame. This investment process has resulted in a more focused portfolio of mid-cap growth stocks that exhibit more predictable operating results and often lower volatility in declining markets. Notably, the Fund avoids high-flying, aggressive growth stocks, many of which have recently experienced short-term, strong price movements.

Q2: Why should investors own mid-cap stocks with steady growth?

We believe mid-cap growth stocks that have had consistent growth in earnings and stock price offer the best combination of relative performance and attractive risk profile over long time periods. In fact, as of June 30, 2018, the Fund has offered:

- **Low Risk.** The Fund has been awarded Morningstar's "Low" Risk Rating over the 3-, 5- and 10-year periods.
- **Above Average Performance.** Since the Fund has become a focused portfolio with fewer holdings, the Fund has outperformed the Morningstar Mid-Cap Growth category average over the 3- and 5-year periods.

In the short term, the Fund can lag its growth peers, however we believe the lower risk profile can offer a smoother ride for mid-cap investors seeking above average performance with lower risk characteristics over longer periods.

Q3: How does the Fund maintain a lower risk rating while limiting the number of holdings?

The Fund takes a "focused" approach to investing, which many believe increases the risk profile. However, fewer holdings does not necessarily increase volatility. Research has found that a portfolio of 20 or more stocks has essentially the same risk as the

(Q3 continued)

overall market. In addition, the Fund often holds high-quality companies with more predictable operating results that tend to have a more defensive posture. As a result, only 2% of the Fund was allocated to Consumer Discretionary stocks while the Morningstar Mid-Cap Growth category had a 14% position as of June 30, 2018. Conversely, roughly 38% of the Fund was allocated to companies in the Industrials sector. By comparison, the Morningstar Mid-Cap Growth category had a sector weighting of only 18% as of the end of the second quarter of 2018.

Value Line Mid Cap Focused Fund Performance (as of 6/30/18)				
	1 Year	3 Year	5 Year	10 Year
Investor - VLIFX	13.13%	12.08%	13.04%	6.79%
Institutional - VLMIX¹	13.41	12.17	13.10	6.81
S&P 500 Index	14.37	11.93	13.42	10.17
Morningstar Mid-Cap Growth Category Average	18.06	9.68	12.31	9.45
Percentile Rank in Morningstar Cat. - VLIFX	84	20	36	93
# of Funds in Category	607	541	480	344
Morningstar Risk		Low	Low	Low
VLIFX Expense Ratio: 1.18%, VLMIX Gross/Net Expense Ratio*: 5.61% / 0.96%				

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

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 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 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.

*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to 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 after the fiscal year end 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 or modified before June 30, 2019 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 4 stars for the 3- and 5-year period and 2 stars for the 10-year period ended 6/30/18 among 541, 480 and 344 mid-cap growth funds, respectively.

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