



Overall **MORNINGSTAR** Rating



Among 558 Mid-Cap Growth Funds (as of 6/30/20)

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 VLIFFX
Institutional VLMIX

Inception Date

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

Total Assets

\$407M
(as of 6/30/20)

Top 10 Holdings

(as of 6/30/20)

Company	Weight (%)
Ansys Inc	5.94
Jack Henry & Associates Inc	5.66
Teledyne Technologies Inc	5.46
Heico Corp	4.59
Pool Corp	4.19
Fair Isaac Corp	4.18
Chemed Corp	4.18
Church & Dwight Co Inc	4.15
Mettler-Toledo International Inc	4.12
Tyler Technologies Inc	3.86

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFFX/VLMIX)

Q1: Would you please discuss the Fund's performance during the second quarter, as well as its longer-term performance relative to the S&P 500 Index and its Morningstar category?

The Fund rose 16.92% for the second quarter, underperforming the S&P 500 Index which increased 20.54% and the Morningstar Mid-Cap Growth Funds' category average return of 30.01%. Near-term underperformance, during a quick and powerful rebound, is not unexpected given the Fund's primary emphasis on companies that provide needed products and services regardless the economic conditions.

More importantly, we believe that the Fund's long-term performance reflects the strength of our investment philosophy and process. This long-term, repeatable process focuses on identifying and selectively investing in companies that have demonstrated 10+ years of consistent growth in both stock price and earnings. As a result, the Fund is comprised of quality companies that have demonstrated compelling returns over multiple market cycles. The Fund's performance ranks within the **top quartile (25% or better) for the 5 and 10-year periods** among Morningstar Mid-Cap Growth Funds as of June 30, 2020. We are pleased that the Fund maintains a Morningstar 5-star rating and an overall "Low" risk rating as of the end of the quarter.

Q2: What drove the Fund's performance during the quarter?

While the Fund experienced a strong absolute return, its relative performance lagged the S&P 500 and the Morningstar category average. On the positive side, several stocks benefitted from the pandemic's stay-at-home orders including Pool Corp (NASDAQ: POOL), a leading distributor of pool supplies, parts, and outdoor living products. Additionally, the Fund benefited from its lack of investment in the Utilities sector, the second quarter's worst performing equity sector. However, we faced headwinds from our security selection within the Basic Materials and Information Technology sectors, and the flat performance of our Financials holdings failed to keep pace with the gains made by the wider Financials sector.

Q3: Why should investors consider adding a concentrated fund of mid-cap stocks to their portfolio?

We believe that the core strength of a concentrated fund is the flexibility to take significant positions within our "best ideas." By investing in a select group of mid-cap companies with a proven track record of consistent growth, we aim to generate a compelling risk-adjusted return for our investors. In contrast, a portfolio with a larger number of holdings can dilute the relative return contribution of each stock in the Fund.

Additionally, we believe that investing in the mid-cap sector of the market is an optimal place to invest due to the relative growth potential that mid-cap stocks offer. As of June 30, 2020, the Fund held 32 of our "best idea" companies.

Q4: How do you incorporate risk management into your portfolio management process?

As active managers, we recognize that risk is an important consideration for investors and search the mid-cap market to source attractive risk-adjusted returns. We believe that our investment approach of owning companies with 10+ years of consistent growth allows us to find companies that can grow in a variety of market conditions, resulting in potentially less volatility over time.

We believe that our long-term performance helps to highlight our risk-aware mindset and is one of the contributors that has helped us earn the coveted **Morningstar "Low" Risk rating for the 3, 5 and 10-year periods** as of June 30, 2020. In fact, the Fund is the only fund (out of 381 funds) in the Morningstar Mid-Cap Growth category to be awarded an Overall 5-Star rating and have a "Low" risk rating across all these time frames.

Value Line Mid Cap Focused Fund Performance (as of 6/30/20)

	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VLIFX	16.92%	3.10%	13.81%	12.90%	15.10%
Institutional - VLMIX¹	16.98	3.34	14.08	13.07	15.18
S&P 500 Index	20.54	7.51	10.73	10.73	13.99
Morningstar Mid-Cap Growth Category Average	30.01	9.32	12.17	9.40	12.93
Percentile Rank in Morningstar Cat. - VLIFX		77	39	18	23
# of Funds in Category		602	558	500	381
Morningstar Risk			Low	Low	Low
VLIFX Gross/Net Expense Ratio: 1.11%, VLMIX Gross/Net Expense Ratio*: 1.04% / 0.86%					

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 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 4 stars for the 3-year period and 5 stars for the 5- and 10-year periods ended 6/30/20, among 558, 500 and 381 mid-cap growth funds, respectively.

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