



Overall  Rating



(VLIFX)
Among 546 Mid-Cap
Growth Funds
(as of 6/30/21)

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

\$472M
(as of 6/30/21)

Top 10 Holdings

(as of 6/30/21)

Company	Weight (%)
Teledyne Technologies Inc	6.34
Pool Corp	6.09
Cadence Design Systems Inc	4.73
Lennox International Inc	4.59
Tyler Technologies Inc	4.34
Fair Isaac Corp	4.25
American Financial Group Inc	4.09
Church & Dwight Co Inc	3.94
Mettler-Toledo International Inc	3.93
TransDigm Group Inc	3.89

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 second quarter of 2021, as well as for longer-term periods?

For the second quarter of 2021, the Value Line Mid Cap Focused Fund generated a positive absolute return of 6.79%, in-line with the Morningstar Mid-Cap Growth Funds category average 7.00%. While we are pleased with achieving a positive return for the quarter, we believe it is important for investors to consider longer periods. Our investment process of selecting companies with 10+ years of consistent growth in both stock price and earnings is the primary driver, in our view, of the Fund's consistent long-term performance. In fact, the Fund has achieved 10 consecutive calendar years of positive total return and has outperformed the S&P 500 Index for the 3 and 5-year periods ended June 30, 2021.

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

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

Q2: What are your thoughts on the potential impact of rising inflation?

While investors have been paying close attention to inflation since the beginning of the year, the combination of large government stimulus programs and excess market liquidity from the Fed's accommodative monetary policy stance has resulted in a significant uptick in recent economic indicators. While this partly goes in-hand with the significant growth in the economy and the "return to normal" following increased COVID vaccinations, we believe that inflationary pressures, often caused by short-term supply imbalances, will continue to build and be a persistent concern for investors over the foreseeable future.

However, with respect to the Fund, we are confident in our holdings and portfolio positioning should we enter a period of prolonged inflation. Our focus on using bottom-up fundamental analysis has allowed us to build a portfolio of industry-leading companies with excellent pricing power due to their strong product lines and proprietary technologies. As such, while these companies may see some short-term pressure on earnings as they wait to see which supplier price increases will be permanent versus transitory, we are confident in their ability to raise prices to help offset the increase in higher costs.

Q3: Would you please discuss the number of holdings within the portfolio, and which holdings have led performance over the quarter?

As of June 30, 2021, the Fund held 29 stocks. While we made no adjustment to the number of securities held in the portfolio, we trimmed several positions to realign their weights within the portfolio based on our long-term investment views. We are particularly pleased with the quarterly performance of two of our industrial holdings, Gartner Inc (IT), a provider of research and analysis in the information technology services industry, and Heico Corp (HEI), an aerospace and defense supplier, which rose 33% and 11%, respectively. Additionally, Pool Corp (POOL), the pool equipment and supply company, rose over 30% in the second quarter.

Value Line Funds

443.279.2015
www.vlfunds.com

Q4 Please describe your investment approach.

As a “best ideas,” concentrated portfolio, we utilize our strong bottom-up fundamental research to identify and invest in mid-cap companies where we see the best potential for long-term performance, regardless of sector. Our strict investment criteria favor companies with 10+ years of consistent growth in stock price and earnings, demonstrating a high level of resiliency over a full market cycle. This helps to narrow our investible universe, as we avoid companies that are subject to greater volatility.

We believe our investment approach has led to less volatility for our investors. In fact, the Fund has been awarded Morningstar’s “Low” Risk Rating for the 3, 5 and 10-year periods ended June 30, 2021.

Mid Cap Focused Fund (VLIFX)	3 Year	5 Year	10 Year
Morningstar Risk Rating	Low	Low	Low

Source: Morningstar as of 6/30/21

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 6/30/21, among 546, 489 and 379 mid-cap growth funds, respectively.

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