



Overall Morningstar Rating



(VLIFX)
Among 532 Mid-Cap
Growth Funds
(as of 6/30/22)

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

\$408M
(as of 6/30/22)

Top 10 Holdings

(as of 6/30/22)

Company	Weight (%)
Teledyne Technologies Inc	5.81
Cadence Design Systems Inc	5.51
WR Berkley Corp	5.39
American Financial Group Inc	5.28
Pool Corp	4.62
Arch Capital Group Inc	4.57
Chemed Corp	4.35
Gartner Inc	4.32
Fair Isaac Corp	3.93
TransDigm Group Inc	3.74

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 for the quarter and 1-year period ended June 30, 2022?

The Fund returned -12.05% for the quarter ended June 30, 2022. Although we are never satisfied with negative returns, we are pleased with the Fund's relative outperformance of over 850 basis points compared to the Morningstar Mid-Cap Growth Funds' category average return of -20.56% for the same time period. For the 1-year period ended June 30, 2022, the Fund's return of -7.55% outperformed the category average return of -28.58% by over 2100 basis points.

We believe this relative outperformance is primarily due to our investment approach of owning companies with a track record of 10+ years of consistent growth in both stock price and earnings. **In fact, over the past 10 years through June 30, 2022, the Fund outperformed the Morningstar category average every quarter when performance was negative.**

In addition, the Fund's performance notably ranked in the **top 1% for the 1-year period, and in the top 15% or better for the 3, 5 and 10-year periods**, ended June 30, 2022.

	1 Year	3 Year	5 Year	10 Year
Percentile Rank in Morningstar Cat. – VLIFX	1	15	7	9
# of Funds in Category	586	532	493	380

Source: Morningstar 6/30/22

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

Q2: How does the Fund's investment process manage risk factors such as inflation?

Inflation has been top-of-mind for many investors recently; however, inflation is not a primary concern for the Fund. Through our investment approach, we seek companies with a 10+ year track record of consistent growth in both stock price and earnings. We are looking for companies that have been successful over long time periods, with strong leadership and dominant market share within their market niches. These companies have more predictable operating results and have demonstrated their ability to navigate a variety of economic conditions.

Another element of our investment approach is relatively low turnover. The Fund's portfolio is characterized by successful companies with a long history of consistent growth, and growth that we believe will continue for a period of years. As a result, as patient investors, we tend to hold many of our companies for a long time, often five years or more.

We believe these factors of our investment approach contribute to the Fund's low risk profile. In fact, the Fund has been awarded Morningstar's **"Low" Risk Rating** for the 3, 5 and 10-year periods ended June 30, 2022.

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Q3: Would you please provide some examples of portfolio holdings?

We like to think of our portfolio as “boring but beautiful.” The companies we own are not flashy, but often operate in relatively predictable areas of the market. For example, one segment of the Fund that benefited from this steady performance over the past year was the insurance industry. The Fund’s insurance positions include American Financial Group, Inc. (AFG), which focuses on specialized commercial insurance products for businesses; WR Berkley Corp. (WRB), which specializes in a variety of niche commercial products; and Arch Capital Group Ltd. (ACGL) which provides specialty risk solutions.

Q4: What portfolio changes were made in 2Q?

The Fund’s portfolio had few changes this quarter. We added one company, Cintas Corp. (CTAS), which provides uniform and facilities products. We sold our position in Church & Dwight Co., Inc. (CHD), the producer of household and personal products, after it had shown impressive growth over the past few years. With its focused, high-conviction portfolio, the Fund held 30 companies as of June 30, 2022.

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 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 received 5 stars for the 3-, 5- and 10-year periods ended 6/30/22, among 532, 493 and 380 mid-cap growth funds, respectively.

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