



Overall **MORNINGSTAR** Rating



Among 540 Mid-Cap Growth Funds (as of 9/30/18)

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

\$170M
(as of 9/30/18)

Top 10 Holdings

(as of 9/30/18)

Company	Weight (%)
Teledyne Technologies, Inc.	5.21
IDEXX Laboratories, Inc.	5.14
Rollins, Inc.	4.90
Waste Connections Inc.	4.30
Fiserv, Inc.	4.20
Heico, Inc.	4.04
Ansys, Inc.	3.97
The Ultimate Software Grp.	3.73
Roper Technologies, Inc.	3.73
Jack Henry & Assoc., Inc.	3.56

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Would you please discuss the Fund's quarterly outperformance relative to the Morningstar Mid-cap Growth Funds category and the S&P 500 Index?

The Fund rose 11.67% for the quarter ended September 30, 2018, significantly outperforming both the Morningstar Mid-cap Growth Funds category average return of 6.48% and the S&P 500's 7.71% return. Over longer-term periods, we are pleased the Fund has outperformed the Morningstar Mid-cap Growth Funds peer group average over the 1, 3 and 5 year periods as of September 30, 2018.

We attribute this outperformance to our approach of selecting high-quality companies that have a demonstrated history of 10 or more years of consistent growth in both stock price and earnings. During the recent quarter, the Fund benefited from its holdings in the Industrials, Technology and Materials sectors relative to the S&P 500 Index. With our bottom-up selection process, we have found that companies in the Industrials sector often meet our strict criteria of long-term earnings and stock price growth. As a result, the Fund generally has a higher percentage weighting. As of September 30, 2018, the Fund had a 37% weighting in Industrials compared to 10% for the S&P 500.

"Research has shown that a concentrated approach can provide the same or higher potential return as a portfolio that holds a larger number of stocks."

Q2: How does the Fund's risk level compare to its Morningstar peer group?

We believe the Fund's risk metrics appeal to long-term oriented investors. In fact, the Fund holds Morningstar's "Low" risk rating for the 3, 5 and 10 year periods ended September 30, 2018. We believe there are two key reasons for this lower relative risk:

- **Stock selection that embraces a long-term perspective.** Using the time-tested Value Line Timeliness and Safety Ranking System, we examine historical results to find companies with 10 or more years of consistent stock price and earnings growth.
- **Low turnover.** We seek reliable, consistent companies that we can hold in the portfolio for many years. As an example, during the third quarter, we did not add any new companies and only sold one company as it no longer met our criteria of consistent growth.

Q3: What are the advantages of a focused fund?

The Fund typically holds between 25 and 50 stocks and as of September 30, 2018, the Fund held 34 stocks.

We believe a high conviction, focused portfolio allows us to hold only our “best ideas.” Research has shown that a concentrated investment approach can provide a higher potential return than a portfolio that holds a larger number of stocks, with a similar level of risk based on standard deviation.

Value Line Mid Cap Focused Fund Performance (as of 9/30/18)				
	1 Year	3 Year	5 Year	10 Year
Investor - VLIFX	23.29%	18.26%	13.87%	10.64%
Institutional - VLMIX¹	23.55	18.37	13.93	10.67
S&P 500 Index	17.91	17.31	13.95	11.97
Morningstar Mid-Cap Growth Category Average	20.31	15.81	11.68	11.97
Percentile Rank in Morningstar Cat. - VLIFX	31	21	15	83
# of Funds in Category	601	540	483	342
Morningstar Risk		Low	Low	Low
VLIFX Gross/Net 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-year period, 5 stars for the 5-year period and 3 stars for the 10-year period ended 9/30/18 among 540, 483 and 342 mid-cap growth funds, respectively.

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