



**Overall Morningstar Rating**



Among 557 Mid-Cap Growth Funds (as of 9/30/20)

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 VLIFX  
Institutional VLMIX

**Inception Date**

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

**Total Assets**

\$433M  
(as of 9/30/20)

**Top 10 Holdings**

(as of 9/30/20)

Company	Weight (%)
Ansys Inc	6.27
Teledyne Technologies Inc	5.12
Pool Corp	4.85
Church & Dwight Co Inc	4.73
Jack Henry & Associates Inc	4.71
Mettler-Toledo International Inc	4.64
Heico Corp	4.54
Chemed Corp	4.18
Cadence Design Systems Inc	4.02
Fair Isaac Corp	3.92

**Portfolio Manager Q&A**

**Value Line Mid Cap Focused Fund (VLIFX/VLMIX)**

**Q1: Would you please comment on the Fund's performance during the third quarter, as well as its historical performance over longer-term periods?**

The Fund increased 7.46% for the quarter ended September 30, 2020, lagging its benchmark, the S&P 500 Index's return of 8.93% and the Morningstar Mid-cap Growth Funds category average return of 10.09%. While the Fund produced a solid positive return, we are never satisfied with underperformance.

We believe our successful and repeatable investment process is best highlighted by our long-term track record. The Fund outperformed both the S&P 500 and the Morningstar category average over the 3, 5 and 10-year periods ended September 30, 2020, and we are pleased to have been awarded a 4-star Morningstar rating over the same time periods. We believe this track record is primarily due to our investment process of owning a concentrated portfolio of companies that have demonstrated a long-term history of consistent growth in both stock price and earnings.

**Q2: How do you incorporate risk management into your investment strategy?**

We believe that effective risk management is paramount to the Fund's long-term success, and, as such, is carefully incorporated into our security selection process. We seek high-quality companies with 10+ years of consistent growth in both stock price and earnings, indicators that show a company has demonstrated resiliency over a full market cycle—and often lower volatility.

In fact, the Fund has earned the coveted "Low" Risk rating from Morningstar for the 3, 5 and 10-year periods as of September 30, 2020. Also, the Fund's Sharpe ratio, a measure of risk-adjusted return, is higher than the Morningstar Mid Cap Growth category average for the 3, 5 and 10-year periods. **Impressively, the Fund's Sharpe ratio ranked in the top 1% of Funds in its category for the 10-year period.**

Sharpe Ratio	3 Year	5 Year	10 Year
<b>Value Line Mid Cap Focused Fund</b>	<b>0.86</b>	<b>1.04</b>	<b>1.10</b>
<b>Morningstar Mid-Cap Growth Category Avg.</b>	0.66	0.76	0.81
<b>VLIFX vs Funds in Category</b>	<b>Top 24%</b>	<b>Top 7%</b>	<b>Top 1%</b>

Source: Morningstar as of 9/30/20

**Q3: What factors have allowed the Fund to generate long-term outperformance?**

We believe the Fund's long-term performance, consistency of returns and low risk are primarily due to our investment process, which focuses on three criteria:

1. **"Best ideas":** As a focused or concentrated investment fund of "best ideas," we seek to build a portfolio of between 25 and 50 growth-oriented, mid-cap companies that meet our stringent investment criteria. As of September 30, 2020, the Fund held 32 stocks.

- 2. Consistent, long-term performance and risk reduction:** The Fund invests in companies with a consistent and demonstrated history of generally 10+ years of growth in both share price and earnings.
- 3. Value Line Timeliness™ and Safety Rankings:** By leveraging the insights of the broader Value Line research team, we are able to further focus our time and abilities on finding companies that meet our demanding investment criteria.

**Value Line Mid Cap Focused Fund Performance (as of 9/30/20)**

	QTD	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLIFX</b>	<b>7.46%</b>	<b>8.78%</b>	<b>15.63%</b>	<b>15.71%</b>	<b>14.55%</b>
<b>Institutional - VLMIX<sup>1</sup></b>	<b>7.54</b>	<b>9.04</b>	<b>15.91</b>	<b>15.89</b>	<b>14.64</b>
S&P 500 Index	8.93	15.15	12.28	14.15	13.74
Morningstar Mid-Cap Growth Category Average	10.09	22.58	14.12	13.77	12.57
Percentile Rank in Morningstar Cat. - VLIFX		83	42	31	24
# of Funds in Category		607	557	500	380
<b>Morningstar Risk</b>			<b>Low</b>	<b>Low</b>	<b>Low</b>
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.*

<sup>1</sup>*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](http://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](http://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-, 5- and 10-year periods ended 9/30/20, among 557, 500 and 380 mid-cap growth funds, respectively.

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.**

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