



Overall Morningstar Rating



Among 542 Mid-Cap Growth Funds (as of 12/31/18)

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

\$186M
(as of 12/31/18)

Top 10 Holdings

(as of 12/31/18)

Company	Weight (%)
Lennox Internat'l, Inc.	5.33
TransDigm Group, Inc.	4.91
Ansys, Inc.	4.86
Mettler-Toledo Internat'l, Inc.	4.76
Teledyne Technologies, Inc.	4.63
Heico Corp	4.38
Rollins, Inc.	4.02
Ball Corp	3.84
Waste Connections, Inc.	3.72
IDEXX Laboratories, Inc.	3.51

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Would you please discuss the factors driving the Fund's relative outperformance for the fourth quarter and one-year periods compared to the Morningstar Mid-cap Growth Funds Category?

While recent stock market volatility has been a challenge for mid-cap companies, we are pleased that the Fund ended the year with a positive return of 4.72% compared to the Morningstar Mid-cap Growth category which lost 6.65%. Impressively, given the Fund's "Low" Morningstar risk rating, the Fund was one of only 19 funds out of 175 funds in the category to post a positive return for 2018.

For the quarter ended December 31, 2018, the Fund outperformed the category average by 617 basis points. Importantly, the Fund ranked in the top 10% or better for performance in its Morningstar category for the 1, 3 and 5 year periods ended December 31, 2018.

We believe the most significant factor driving this relative outperformance has been our time-tested approach of seeking companies with 10+ years of consistent growth in stock price and earnings.

As a result of this approach, the sector weightings of the Fund have differed compared to its Morningstar mid-cap peers. For example, the Fund was overweight the Consumer Staples sector, with a weight of 8% compared to the category average weight of approximately 4% as of December 31, 2018. In addition, the Fund had an underweight position in the weaker Financial Services sector with only a 6% allocation, compared to the category average which held nearly 11% in Financials as of the end of 2018.

Q2: How does the Fund's investment criteria reduce the portfolio's risk level?

Rather than investing in headline-grabbing companies that often come with outsized volatility, we seek companies that have a long history of growing more consistently. When we find a company that has provided steady growth over 10 years or more, it is an indication that a company has done well in a variety of business environments. As a result, the Fund has earned Morningstar's "Low" risk rating for the 3, 5 and 10 year periods as of December 31, 2018.

The Fund also has outpaced its peers in risk adjusted return, as measured by Sharpe Ratio. The Fund's Sharpe Ratio placed it in the top 10% or better in its category over the 3, 5 and 10 year periods as of December 31, 2018.

Mid Cap Focused Fund (VLIFX)	3 Year	5 Year	10 Year
Morningstar Risk Rating	Low	Low	Low
Sharpe Ratio Percentile Rank	Top 3%	Top 3%	Top 8%
# of Morningstar Mid-Cap Growth Funds	167	156	131

Source: Morningstar

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Q3: How has the Fund benefited over the past year with its concentrated portfolio?

The Fund takes a focused approach, holding 36 companies as of December 31, 2018. We keep a close watch on each of these “best ideas.” This higher level of attention, combined with adhering to our investment approach, has served us well in terms of both return and risk. While many of our growth peers have suffered from volatility, the Fund’s focus on consistent, long term growth helped it to outperform for both the fourth quarter and the year.

Value Line Mid Cap Focused Fund Performance (as of 12/31/18)				
	1 Year	3 Year	5 Year	10 Year
Investor - VLIFX	4.72%	11.66%	9.11%	12.92%
Institutional - VLMIX¹	4.98	11.77	9.18	12.96
S&P 500 Index	-4.38	9.26	8.49	13.12
Morningstar Mid-Cap Growth Category Average	-6.65	7.27	5.61	13.16
Percentile Rank in Morningstar Cat. - VLIFX	3	7	8	61
# of Funds in Category	605	542	489	341
Morningstar Risk		Low	Low	Low
VLIFX Gross/Net Expense Ratio: 1.18%, VLMIX Gross/Net Expense Ratio*: 5.61% / 0.93%				

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.

¹Italics 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 5 stars for the 3- and 5-year period, 4 stars for the 10-year period ended 12/31/18 among 542, 489, and 341 mid-cap growth funds, respectively.

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