



**Overall Morningstar Rating**



Among 565 Mid-Cap Growth Funds (as of 12/31/19)

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**

\$416M  
(as of 12/31/19)

**Top 10 Holdings**

(as of 12/31/19)

Company	Weight (%)
Teledyne Technologies Inc	5.97
Ansys Inc	5.76
Heico Corp	5.16
Arch Capital Group Ltd	4.23
American Financial Group Inc	4.08
Chemed Corp	3.99
Mettler-Toledo International Inc	3.98
TransDigm Group Inc	3.83
Fair Isaac Corp	3.77
Church & Dwight Co Inc	3.71

**Portfolio Manager Q&A**

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

**Q1: Would you please comment on the Fund's 2019 performance compared to the Morningstar Mid-Cap Growth Funds peer group and the S&P 500 Index?**

The Fund rose 35.30% for the 1-year period ended December 31, 2019, outperforming the Morningstar peer group average return of 32.52% by over 270 basis points. The Fund also outperformed the S&P 500 Index by over 380 basis points for the same period. In fact, we are pleased to note that over longer-term periods, the Fund has outperformed both Morningstar Mid Cap Growth category average and the S&P 500 for the 3, 5 and 10-year periods ended December 31, 2019.

Impressively, **the Fund ranks in the top quintile (20% or better)** for performance among its peers in the Morningstar Mid-Cap Growth funds category for the 3, 5 and 10-year periods ended December 31, 2019. Also notably the Fund has achieved a positive total return for each of the past 11 calendar years.

**Q2: Would you please discuss how this long-term performance has been achieved?**

We believe our long-term performance is primarily due to the following two factors:

- 1. Disciplined investment process:** When considering companies for investment in the Fund, we look for stocks with a history of 10+ years of consistent growth in both stock price and earnings. We seek companies that have been successful in demonstrating growth in a variety of market and economic conditions over time.
- 2. "Best ideas":** Owning a focused portfolio of 25 to 50 companies allows us to be selective, only holding the stocks that best fit our stringent investment criteria. At year-end, we held 36 stocks.

**Q3: How does the Fund's risk/reward profile compare to other Mid-Cap Growth Funds?**

By owning companies with a demonstrated history of consistent growth in earnings and stock price over a period of years, we have been able to provide a "smoother ride" for growth-oriented investors over time. In fact, we are pleased that the Fund has been awarded Morningstar's "Low" risk rating for the 3, 5 and 10-year periods ended December 31, 2019. The Fund also has outpaced its peer group category in terms of Sharpe Ratio, a measure of risk-adjusted return. Impressively, the Fund ranks in the top 2% of funds in its Morningstar category over the 3, 5 and 10-year periods ended December 31, 2019.

Mid Cap Focused Fund (VLIFX)	3 Year	5 Year	10 Year
<b>Morningstar Risk Rating</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>
<b>Sharpe Ratio Percentile Rank</b>	<b>Top 2%</b>	<b>Top 1%</b>	<b>Top 1%</b>

Source: Morningstar as of 12/31/19

**Q4: What changes were made to the portfolio in the fourth quarter?**

In the most recent quarter, we did not add any new companies to the portfolio. We sold several stocks that no longer satisfied our criteria of having 10+ years of consistent growth in both stock price and earnings, or that had grown too large to meet the mid-cap definition. In addition, we have deployed cash from investor inflows throughout the year to add to many of the Fund's holdings as the opportunity arose. As of December 31, 2019, the Fund held 36 stocks.

**Value Line Mid Cap Focused Fund Performance (as of 12/31/19)**

	QTD	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLIFX</b>	<b>4.01%</b>	<b>35.30%</b>	<b>19.30%</b>	<b>14.16%</b>	<b>15.34%</b>
<b>Institutional - VLMIX<sup>1</sup></b>	<b>4.04</b>	<b>35.68</b>	<b>19.53</b>	<b>14.30</b>	<b>15.41</b>
S&P 500 Index	9.07	31.49	15.27	11.70	13.56
Morningstar Mid-Cap Growth Category Average	8.05	32.52	15.57	10.45	12.79
<b>Percentile Rank in Morningstar Cat. - VLIFX</b>		<b>31</b>	<b>18</b>	<b>6</b>	<b>7</b>
# of Funds in Category		618	565	501	385
<b>Morningstar Risk</b>			<b>Low</b>	<b>Low</b>	<b>Low</b>
VLIFX Gross/Net Expense Ratio: 1.18%, VLMIX Gross/Net Expense Ratio*: 3.97% / 0.93%					

*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 5 stars for the 3-, 5- and 10-year periods ended 12/31/19, among 565, 501 and 385 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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