



Overall Morningstar Rating



Among 564 Mid-Cap Growth Funds (as of 12/31/20)

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 VLIFFX
Institutional VLMIX

Inception Date

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

Total Assets

\$472M
(as of 12/31/20)

Top 10 Holdings

(as of 12/31/20)

Company	Weight (%)
Teledyne Technologies Inc	5.95
Ansys Inc	5.63
Pool Corp	4.96
Cadence Design Systems Inc	4.73
Fair Isaac Corp	4.33
Jack Henry & Associates Inc	4.31
Chemed Corp	4.26
Tyler Technologies Inc	4.20
Heico Corp	4.19
Church & Dwight Co Inc	4.05

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFFX/VLMIX)

Q1: Would you please provide your thoughts on the market's volatility in the second half of 2020, and what you anticipate as we enter 2021?

We continued to see elevated levels of market volatility in the second half of the year, primarily due to swings back and forth between positive and negative investor sentiment. The fourth quarter has largely seen a resurgence in investor optimism following the positive news of a developed COVID-19 vaccine. However, many questions, particularly regarding the details of the vaccine deployment and the long-term economic damage as a result of the pandemic, remain uncertain. As such, we believe elevated volatility will persist into early 2021.

Q2: Would you please comment on the Fund's performance during the fourth quarter, as well as its performance for the year?

The Fund produced a solid absolute return of 14.69% for the quarter ended December 31, 2020 but lagged the Morningstar Mid-Cap Growth Category average return of 21.00%. For the year, the Fund increased 19.96%, underperforming the category's increase of 37.27%.

While we have lagged the category during these periods, we believe it is important to keep in mind that our investment process is designed with the goal of producing steady performance over time with significantly less risk. By investing in companies with a history of 10+ years of consistent growth in both stock price and earnings, and avoiding headline-grabbing, more volatile stocks, we typically have lagged the peer group when there is a sharp rally. Over longer time periods, the Fund has outperformed the Morningstar category average for the 3, 5 and 10-year periods ended December 31, 2020.

The Fund's lead-performing sector during the quarter was the Industrials sector. We attribute much of the sector's outperformance to the rebound in stocks involved in aerospace manufacturing. The news of a successful COVID-19 vaccine development helped to inject optimism into prospects for a rebound in airline travel in 2021, boosting the stocks of aircraft maintenance and parts companies. The Fund's primary sector detractors for the quarter were the Technology and Health Care sectors.

Q3: Would you please discuss your security selection process for this concentrated yet diversified portfolio?

We believe that our rigorous security selection criteria and investment philosophy of identifying high-quality stocks with 10+ years of demonstrated growth in earnings and share price helps to build a Fund where risks are addressed on a company-by-company basis. As a result, the Fund's overall portfolio risk is largely minimized by the combination of the high-quality holdings. This allows us to offer investors a concentrated portfolio of only our best investment ideas. As of December 31, 2020, the Fund held 30 companies.

We believe a benefit of the concentrated portfolio is that we get to know our “best ideas” in greater detail and allow these companies to grow over time. Identifying the highest quality investments for inclusion in the Fund also contributes to overall portfolio risk management. In fact, **the Fund was awarded Morningstar’s “Low” Risk rating for the 3, 5 and 10-year periods** as of December 31, 2020. In addition, **the Fund’s Sharpe Ratio ranks in the top 1% for risk-adjusted return in the category over the 10-year period** as of December 31, 2020.

Value Line Mid Cap Focused Fund Performance (as of 12/31/20)

	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VLIFX	14.69%	19.96%	19.34%	17.71%	14.81%
Institutional - VLMIX¹	14.73	20.24	19.64	17.90	14.91
S&P 500 Index	12.15	18.40	14.18	15.22	13.88
Morningstar Mid-Cap Growth Category Average	21.00	37.27	19.24	17.42	13.27
Percentile Rank in Morningstar Cat. - VLIFX		86	49	46	32
# of Funds in Category		604	564	504	383
Morningstar Risk			Low	Low	Low
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.

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 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 3 stars for the 3-year period and 4 stars for the 5- and 10-year periods ended 12/31/20, among 564, 504 and 383 mid-cap growth funds, respectively.

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