



Value Line Mid Cap Focused Fund



Stephen E. Grant
Portfolio Manager

Mr. Grant has been Portfolio Manager of the Value Line Mid Cap Focused Fund since 2009. He has over 20 years of investment industry experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

Fund Facts

Symbol: VLIFX
Inception date: 3/1/50
Total assets: \$124M (as of 3/31/16)

Portfolio Manager Q&A

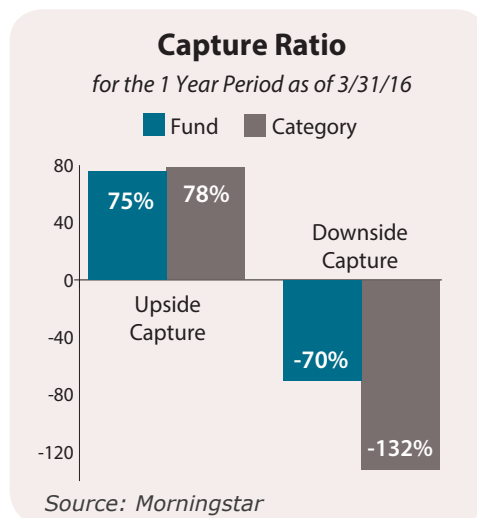
Value Line Mid Cap Focused Fund (VLIFX)

Q1: The Fund's focused strategy has been in place for more than a year. Would you please discuss results following this change?

Since mid-2014, the Fund's holdings have been reduced from over 100 stocks to fewer than 45 in an effort to hone in on our "best ideas." Often, the goal of active management is to either increase returns or reduce volatility compared to its benchmark or similar funds. We are pleased the Fund's focused strategy has been able to achieve both risk/reward goals over the past year:

1. Strong Performance: As of March 31, 2016, the Fund outperformed the Morningstar Mid-Cap Growth Funds Category for the one year period by over 1000 basis points and was recognized as a "Category King" by The Wall Street Journal among Mid Cap Growth Funds.

2. Lower Risk Profile: At the end of the first quarter of 2016, the Fund received Morningstar's "Overall Low Risk" rating. Additionally, the Fund's downside capture ratio—a measure of how a strategy performs in down markets compared to the S&P 500 Index—was favorable for the one-year period. The Fund captured only 70% of the downside while the Mid-Cap Growth Funds category average captured more than 130% of the downside.



Q2: Why hasn't the Fund's risk profile changed since narrowing the number of holdings?

While it is widely believed that fewer holdings increase the risk profile of an investment, research indicates that once a portfolio holds 20 stocks or more, it can have the same level of risk as the overall market. With 43 holdings as of March 31, 2016, we believe the Value Line Mid Cap Focused Fund provides adequate diversification for investors. Unlike other concentrated funds that hold large positions in a single stock, this Fund tends to be diversified across many sectors. Additionally, the largest holding represents under 4% of assets, and each holding typically ranges from 2.5% to 3% of assets.

In addition, with a focus on consistently growing companies, the Fund avoids high-flying, aggressive growth stocks. Historically, aggressive growth stocks outperform in strong, rising markets, but exhibit significantly higher volatility in falling markets. Steadily growing

*(Q2 continued)*

companies are generally in more defensive areas of the market and therefore, earnings and stock price tend to be much more consistent, and often experience lower volatility in declining markets.

### Q3: You often refer to the mid-cap area of the market as a “sweet spot.” Why?

Companies that meet our strict criteria tend to have consistent earnings, significant market share, and in-demand products and services that are needed regardless of the economic environment. Many companies with these characteristics tend to be mid-caps. In comparison, large companies may be slower growing while small companies often do not have the long-term track record of consistent growth.

Value Line Mid Cap Focused Fund Performance (as of 3/31/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Value Line Mid Cap Focused Fund (VLIFX)</b>	<b>2.39%</b>	<b>10.85%</b>	<b>10.55%</b>	<b>3.64%</b>
S&P 500 Index	1.78	11.82	11.58	7.01
Morningstar Mid-Cap Growth Category Average	-7.76	8.36	7.57	6.04
Morningstar Cat. Rank (%)	2	19	10	91
# of Funds in Category	719	640	574	428
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>
Gross Expense ratio: 1.23%				

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

**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.**

The Value Line Mid Cap Focused Fund was formerly named the Value Line Fund.

The inception dates of Value Line Mutual Funds range from 1950 to 2015. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

Value Line, Value Line Logo, Timeliness, Safety are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.