



Value Line Mid Cap Focused Fund

Overall Morningstar Rating



Among 580 Mid-Cap Growth Funds (as of 3/31/17)

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 20 years of investment industry experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

Fund Facts

Table with 2 columns: Label (Symbol, Inception date, Total assets) and Value (VLIFX, 3/1/50, \$140M).

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX)

Q1: Would you please discuss how growth and value stocks fared during the first quarter of 2017? What drove the Fund's performance?

During the first quarter of 2017, growth stocks outperformed their value counterparts. While value dominated 2016, growth stocks have begun to close that gap. The Morningstar Mid-Cap Growth Funds Category gained 7.3%, while the Morningstar Mid-Cap Value Funds Category average rose 3.5% for the quarter. The Fund increased 6.7% as it steered away from the poorer performing S&P 500 sectors including Energy, Financials, Telecommunications and Real Estate. As of March 31, 2017, the Fund held no Energy, Telecommunications or Real Estate companies, and had only a 4% weighting in Financials.

During periods of rapid market growth, we realize that the Fund may underperform due to our investment process. The Fund focuses on high-quality companies displaying consistent growth in both earnings and stock price preferably over a 10 year or longer time period. Due to this approach, we generally maintain an overweight to the Industrials sector. As of March 31, 2017, Industrials comprised approximately 35% of the Fund, nearly twice as much as the Morningstar Mid-Cap Growth Category.

Q2: How does the Fund maintain a low risk profile?

We believe the Fund's investment approach of concentrating on companies with consistent growth over a longer duration generally creates a portfolio with an overall lower risk profile. However, we do not sacrifice return in our quest for lower risk. In fact, as of March 31, 2017, the Fund received Morningstar's "Above Average" performance and "Low" risk ratings over the 3- and 5-year periods among the Mid-Cap Growth Funds category.

In addition, the Fund employs a "focused" strategy, holding between 30 and 50 stocks. As of March 31, 2017, the Fund held 40 companies. Research has shown that concentrated portfolios are not inherently more volatile than their larger peers. In fact, a portfolio of 20 or more holdings has been found to have similar risk compared to the overall market. As a focused portfolio, we concentrate primarily on our "best ideas," i.e., those holdings we believe will specifically provide outperformance in conjunction with lower volatility.

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Q3: Why do you consider mid-caps to be the “sweet spot” of investing?

Investors tend to focus primarily on large- and small-cap stocks for diversification. Many times they only see a choice between the mature company and the “performance-generating” start-up. We believe the mid-cap market is the “sweet spot” because it can provide a lucrative middle ground.

Compared to small-caps, many mid-caps are more mature businesses with highly experienced management teams and greater access to capital. Matched against large-cap companies, mid-cap companies can offer more growth potential. What may be surprising to investors is this “sweet spot” of the market has historically resulted in favorable risk-adjusted returns relative to the large- and small-cap universe.

Value Line Mid Cap Focused Fund Performance (as of 3/31/17)

	Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year
Value Line Mid Cap Focused Fund (VLIFX)	6.70%	15.00%	9.05%	11.90%	5.33%
S&P 500 Index	6.07	17.17	10.37	13.30	7.51
Morningstar Mid-Cap Growth Category Average	7.30	15.58	6.06	10.30	7.12
Morningstar Cat. Rank (%)		54	11	23	83
# of Funds in Category		635	580	500	368
Morningstar Risk			Low	Low	Low
Morningstar Return			Above Avg.	Above Avg.	Below Avg.
Gross/Net Expense ratio: 1.24%					

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 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.

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-year period, 4 stars for the 5-year period and 2 stars for the 10-year period ended 3/31/17 among 580, 500 and 368 mid-cap growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 2016. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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