



Value Line Mid Cap Focused Fund

Overall Morningstar Rating



Among 588 Mid-Cap Growth Funds (as of 12/31/16)

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.

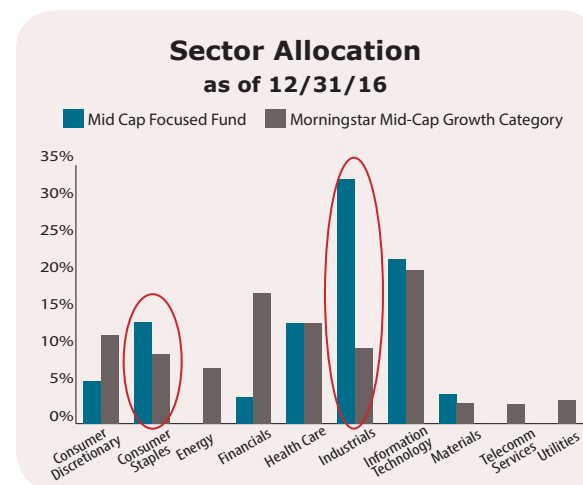
Fund Facts

Symbol: VLIFX
Inception date: 3/1/50
Total assets: \$134M (as of 12/31/16)

Portfolio Manager Q&A Value Line Mid Cap Focused Fund (VLIFX)

Q1: What has been the main driver behind the Fund's recent strong performance?

Over the past 1- and 3- year periods ended December 31, 2016, the Fund outperformed the Morningstar Mid-Cap Growth Funds Category by nearly 500 and over 300 basis points, respectively. We believe this relative outperformance is due to the Fund's primary focus on companies with a demonstrated history of growth in both stock price and earnings over a 10+ year period. Stocks that meet this stringent criteria tend to be in more defensive areas of the market and have more consistent earnings growth. By investing in these consistently growing companies and avoiding those with aggressive short-term growth and higher potential volatility, we believe the Fund can provide outperformance with lower risk over time.



Due to our focus on consistent growth over longer time periods, the Fund has maintained an overweight to the less cyclical areas of the market, including the Industrials and Consumer Staples sectors. As of December 31, 2016, Industrials comprised approximately 33% of the Fund, which is over three times that of the Industrials allocation of the Morningstar Mid-Cap Growth Category. In Consumer Staples, the Fund had a 13% weighting compared to a 9% weighting held by its peers as of the end of December 2016.

Q2: How does the Fund's "focused" approach impact the risk profile of the portfolio?

Our process of selecting companies with consistent growth over longer time frames tends to result in a portfolio with a lower risk profile. While the portfolio can range from 30 to 50 stocks, the Fund currently holds 39 companies, the fewest number of holdings since the Fund transitioned to a focused portfolio in 2014. Additionally, this lower risk profile is reinforced by not having a significant weighting concentrated in any one position. Currently, IDEXX Laboratories, Inc., the Fund's largest holding represents just under 4% of assets, while each holding typically ranges from 2.5% to 3% of assets.

By focusing primarily on our "best ideas," we believe the Fund can continue to provide outperformance along with lower volatility. In fact, the Fund received Morningstar's "Above Average" performance and "Low" risk ratings for the 3-year period as of December 31, 2016.

### Q3: Why do mid-cap stocks deserve greater attention from investors?

Often, investors under-allocate to the mid-cap area of the market, choosing only small- and large-cap stocks to diversify across the market cap spectrum. However, we consider mid-caps to be the “sweet spot” of investing. Compared to smaller companies, mid-cap companies generally have more mature businesses, increased access to capital, and seasoned management teams. Relative to larger companies, mid-cap companies often have stronger growth potential.

In addition, mid-cap stocks provide historical outperformance compared to both small- and large-cap companies. Historically, over the past 5, 10, 15 and 20 years ended December 31, 2016, mid-cap stocks, as measured by the Russell Midcap Index, have outperformed both the small-cap oriented Russell 2000 Index and large-cap oriented S&P 500 Index, respectively.

Value Line Mid Cap Focused Fund Performance (as of 12/31/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Value Line Mid Cap Focused Fund (VLIFX)</b>	<b>10.94%</b>	<b>7.21%</b>	<b>13.07%</b>	<b>5.00%</b>
S&P 500 Index	11.96	8.87	14.66	6.95
Morningstar Mid-Cap Growth Category Average	6.03	4.03	11.79	6.79
<b>Morningstar Cat. Rank (%)</b>	<b>18</b>	<b>13</b>	<b>27</b>	<b>85</b>
# of Funds in Category	644	588	504	368
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Low</b>
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](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.*

As of December 31, 2016, the Fund held 3.70% in IDEXX Laboratories, Inc.

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 4 stars for the 3- and 5-year periods, and 2 stars for the 10-year period ended 12/31/16 among 588, 504 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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