



Value Line Mid Cap Focused Fund

Overall Morningstar Rating



Among 650 Mid-Cap Growth Funds (as of 6/30/16)

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: \$138M (as of 6/30/16)

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX)

Q1: The Fund ranks in the top 1% of all mid-cap growth funds over the 1-year period ended June 30, 2016. To what can you attribute this outperformance?

Our process-driven, fundamental stock selection was the primary driver of the Fund's recent impressive performance. The Fund was able to avoid much of the market volatility seen in 2016 by investing in time-tested, proven companies. Generally, these companies have demonstrated steady growth in both earnings and stock price over a 10+ year time frame. The culmination of our investment process is a portfolio of growth stocks that exhibit more predictable operating results and thereby lower volatility in declining markets. High-flying, aggressive growth stocks that capture headlines for favorable shorter-term performance are eliminated during the investment process and are not included in the portfolio.

Q2: At the start of 2015, the Fund reduced its number of holdings and transitioned to a focused strategy, holding just 45 companies as of June 30, 2016. How has this transition benefited investors?

We are quite pleased with the Fund's transition to a "Best Ideas" strategy, not only because of its strong relative performance, but importantly because the Fund, as expected, maintained its low risk profile. In fact, this focused strategy has rewarded investors with over 1,400 basis points of outperformance relative to the Morningstar Mid-Cap Growth category over the 1-year period ended June 30, 2016, while maintaining Morningstar's Overall "Low" Risk Rating.

While it is widely believed that fewer holdings increase the risk of an investment, research indicates that once a portfolio holds 20 stocks or more, the portfolio can essentially have the same risk as the overall market.

With fewer holdings, our portfolio represents our "Best Ideas" in the mid-cap growth universe. Not only do these high-conviction companies meet or exceed our strict investment criteria, but we can also allocate a meaningful percentage to each holding. Generally, the Fund's largest holding represents approximately 4% of assets, and each remaining holding typically ranges from 2.5% to 3% of assets.

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Q3: Why is it beneficial that an investor includes an allocation to mid-caps in their portfolio?

Mid-cap companies are often described as the "sweet spot" of investing, as they feature the best characteristics of both large and small companies. Generally, they are better

#### (Q3 Continued)

prospects for growth but without the volatility of small “start-up” companies. In addition, mid-cap companies generally have more experienced management teams and access to capital. We believe mid-caps can offer investors the desired combination of offense and defense—or, outperformance and lower risk—as they often maintain the growth potential more similar to a small-cap, with the risk profile more comparable to a large-cap.

The Value Line Mid Cap Focused Fund offers this favorable blend of outperformance and low risk, which can be attributed to the type of stocks owned in the Fund: proven growth companies that have demonstrated consistent operating results over a long time frame and through various economic cycles.

#### Value Line Mid Cap Focused Fund Performance (as of 6/30/16)

	Average Annual Returns				
	YTD	1 Year	3 Year	5 Year	10 Year
<b>Value Line Mid Cap Focused Fund (VLIFX)</b>	<b>7.54%</b>	<b>7.61%</b>	<b>12.15%</b>	<b>10.69%</b>	<b>4.81%</b>
S&P 500 Index	3.84	3.99	11.66	12.10	7.42
Morningstar Mid-Cap Growth Category Average	0.04	-6.43	8.21	7.93	6.79
Morningstar Cat. Rank (%)		1	7	12	86
# of Funds in Category		724	650	573	429
Morningstar Risk			<b>Low</b>	<b>Low</b>	<b>Low</b>
Gross 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.*

The Morningstar Rating™ for funds methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads, or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 5 stars for top 10%; 4 stars next 22.5%; 3 stars next 35%; 2 stars next 22.5%; 1 star for bottom 10%. Funds are rated for up to three periods: the trailing three-, five-, and 10-years. For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights: At least 3 years, but less than 5 years uses 100% three-year rating. At least 5 years but less than 10 years uses 60% five-year rating/ 40% three-year rating. At least 10 years uses 50% ten-year rating / 30% five-year rating / 20% three-year rating. The Fund received 5 stars for the 3 and 5-year periods and 2 stars for the 10-year period ended 6/30/16 among 650, 573 and 429 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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