



Value Line Mid Cap Focused Fund

Overall Morningstar Rating



Among 660 Mid-Cap Growth Funds (as of 9/30/16)

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: \$134M (as of 9/30/16)

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX)

Q1: Would you please discuss how the Fund's investment process differs from other growth funds?

We believe our investment process is simple and straightforward as we seek to find companies with more than 10 years of demonstrated growth in both earnings and stock price. We have found that stocks that exhibit strong growth characteristics and more predictable operating results have historically outperformed with lower risk over a long time period. In addition to our process, we believe our ability to utilize Value Line research provides the Fund with a competitive advantage compared to other growth funds.

The result of our investment process is a portfolio of companies that have performed well over time but also tend to be more defensive in nature. Relative to the Morningstar Mid-Cap Growth Funds Category, the Fund often maintains an overweight to the Industrials and Consumer Staples sectors, and an underweight to Consumer Discretionary.

Q2: The Fund is in the top decile among the Morningstar Mid-Cap Growth Funds Category for the 1- and 3-year periods, yet underperformed in the third quarter. What factors contributed to the performance variation?

During the third quarter, most of the Fund's underperformance occurred in July 2016, when the market experienced a strong, short-term rally. It is in these rapidly rising markets that the Fund tends to underperform due to our adherence to more consistently growing companies in generally more defensive sectors.

Importantly, when evaluating performance over the 1- and 3-year periods, the portfolio has delivered strong returns, placing the Fund in the top 10% of its Morningstar Mid-Cap Growth Funds Category (out of 660 funds) as of the end of the third quarter of 2016. And just as impressive, the Fund was awarded a "Low" Risk rating for the 3-, 5- and 10-year periods by Morningstar as of the same timeframe.

"We believe we can accomplish a lower risk profile and above-average performance by holding a portfolio with a higher concentration of our 'best ideas.'"

Q3: How does the Fund maintain a lower risk rating while limiting the number of holdings?

The Fund takes a "focused" approach to investing, but contrary to popular belief, fewer holdings does not necessarily increase volatility. It has been found that a portfolio of 20 or more stocks has essentially the same risk as the overall market. We believe we can accomplish a lower risk profile and above-average performance by holding a portfolio with a higher concentration of our "best ideas."

(Q3 Continued)

As of September 30, 2016, the Fund held 42 stocks, which is fewer than the previous quarter. We took advantage of the market rallies during the quarter to sell Valspar that was acquired by Sherwin-Williams, as well as Boston Beer, Enbridge and Wabtec Corp., which have been experiencing deteriorating fundamentals. There was one addition in the quarter, as we purchased Ball Corp., a company founded in 1880 that supplies metal packaging products to the beverage, food, personal care and household industries worldwide. The company exhibits the traits that fit our investment criteria—consistent long-term growth along with a strong portfolio of proprietary products and services that give them a special niche in the marketplace and protect them from swings in the overall business environment.

Value Line Mid Cap Focused Fund Performance (as of 9/30/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Value Line Mid Cap Focused Fund (VLIFX)	15.24%	10.08%	14.47%	5.51%
S&P 500 Index	15.43	11.16	16.37	7.24
Morningstar Mid-Cap Growth Category Average	8.41	6.40	13.89	7.39
Morningstar Cat. Rank (%)	7	9	39	86
# of Funds in Category	721	660	574	425
Morningstar Risk		Low	Low	Low
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.

As of September 30, 2016, the Fund's Top 10 Holdings were as follows: IDEXX Laboratories, Inc. (3.6%), Waste Connections, Inc. (3.4%), Arch Capital Group, Ltd. (3.3%), Fiserv, Inc. (3.2%), Mettler Toledo International (3.1%), Ultimate Software Group, Inc. (3.1%), TransDigm Group, Inc. (3.0%), Casey's General Stores, Inc. (3.0%), Amphenol, Corp. (3.0%), Rollins, Inc. (3.0%).

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-year period, 4 stars for the 5-year period and 2 stars for the 10-year period ended 9/30/16 among 660, 574 and 425 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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