



## Value Line Tax Exempt Fund VLHYX

EULAV Securities LLC, Distributor

### Value Line Funds

In 1950, Value Line started its first mutual fund. Over the years, Value Line Funds has evolved into what we are today — a diversified family of mutual funds with a wide range of investment objectives.

### Fund Details as of 02/28/18

Manager	Liane Rosenberg
Inception Date	March 23, 1984
Net Assets	\$54M
	No Load

### Portfolio Statistics (3 Yr.) as of 02/28/18

Alpha	-0.74
Average Effective Duration	5.40
Information Ratio	-1.93
SEC Yield	1.48%
Sharpe Ratio	0.27

### Credit Quality (%) as of 12/31/17

Aaa/AAA	11.3%
Aa1/AA+	20.1%
Aa2/AA	21.4%
Aa3/AA-	19.9%
A1/A+	12.1%
A2/A	9.4%
A3/A-	1.7%
Baa1	3.0%
NR	1.1%

Ratings are based on S&P and Moody's ratings. For securities rated differently by the rating agencies, the higher rating will apply. Ratings are subject to change and apply to the credit worthiness of the issuers of the underlying securities and not to the fund or its shares. Ratings range from AAA to D, with AAA being the highest quality and D the lowest, according to S&P. Bonds rated BBB and above are considered Investment Grade while bonds rated BB and below are considered Speculative Grade.

### Fund Overview

#### Credit Research

Credit research focuses on both quantitative and qualitative analysis, including cash flow and debt coverage analysis, security valuation, industry trends, and quality of company management.

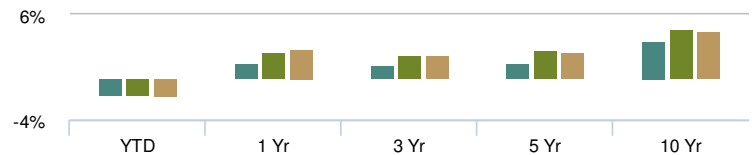
#### Market Research

Market research encompasses U.S. and global economic trends and technical analysis of the fixed income markets.

#### Risk Management

Risk management includes a focus on ensuring sufficient diversification among broad sector groups as well as individual credit issuers.

### Average Annual Returns as of 02/28/18



	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Value Line Tax Exempt Fund	-1.47%	1.34%	1.27%	1.44%	3.50%
Bloomberg Barclays Capital Municipal Bond Index	-1.47%	2.50%	2.22%	2.57%	4.66%
Morningstar Muni. National Long Funds	-1.71%	2.80%	2.18%	2.42%	4.47%
Morningstar Muni. National Long Funds Ranking	-	140/151	125/139	116/126	101/107
Percentile Rank as of 02/28/18		91%	92%	93%	96%

VLHYX Gross / Net Expense Ratio\*: 0.99% / 0.74%.

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

### Economic Review

For the first quarter of 2017, U.S. Gross Domestic Product (GDP) growth registered 1.2% but picked up meaningfully in the second and third calendar quarters, averaging 3.2%. Economists are expecting U.S. GDP growth in the fourth quarter of 2017 to be close to 3.0%. During the annual period, the labor market remained healthy. The U.S. unemployment rate declined from 4.7% to 4.1%, a 17-year low. This brought employment gains for 2017 to 2.1 million, the seventh straight year of gains exceeding two million. Nonfarm payroll gains averaged 171,000 for the annual period, robust but slightly less than the 186,000 per month on average in 2016. Despite this strength, the average hourly earnings growth rate did not increase, averaging 2.5%, below the peak of previous economic expansions. Manufacturing was a source of strength to the U.S. economy, with the December 2017 Purchasing Managers Index registering 59.7, close to the highest point of the calendar year, with such readings not seen since 2011. Further, fourth quarter 2017 holiday spending was impressive, with retail sales increasing 5.5%, the best holiday season since 2010. Even with all of this economic improvement, inflation remained tame and below expectations of the Federal Reserve (the Fed). The most important indicator of inflation, which the Fed closely follows, the Personal Consumption Expenditure Index, averaged a low 1.5% for the annual period.

Despite disappointing wage growth and the inflation rate being well below its target rate of 2.0%, the Fed increased interest rates because its members believe the low inflation rate to be temporary. Indeed, the Fed tightened monetary policy, raising the targeted federal funds rate three times during the annual period—in March, June and December 2017—by 25 basis points each, bringing it to a range of 1.25% to 1.50% by the end of the annual period. (A basis point is 1/100th of a percentage point.) At the end of December 2017, the Fed expected continuing strong job growth and a low level of unemployment to eventually put pressure on wages and push up the inflation rate. Should this not occur, the Fed may question its tightening regime, as sub-par inflation could keep wages low and portend some economic weakness. The Fed indicated at its December 2017 meeting that it anticipates three more interest rate hikes in 2018. Additionally, the Fed embarked during the fourth calendar quarter on a program reducing the emergency quantitative easing policy put in place to help the economy recover from the 2008 meltdown. This "normalization" of the Fed's balance sheet will create even more restrictive monetary conditions. The Fed's tightening monetary policy pushed up the rates of short-term fixed income securities significantly, with the yield on the two-year U.S. Treasury note increasing from 1.19% to end 2017 at 1.89%. Longer-term fixed income securities fared better since they have greater sensitivity to inflation. The yield on the 10-year U.S. Treasury note declined from 2.45% to 2.40% during the annual period, with longer-term investors purchasing bonds spurred by lower than expected inflation.

**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 1-800-243-2729. 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.

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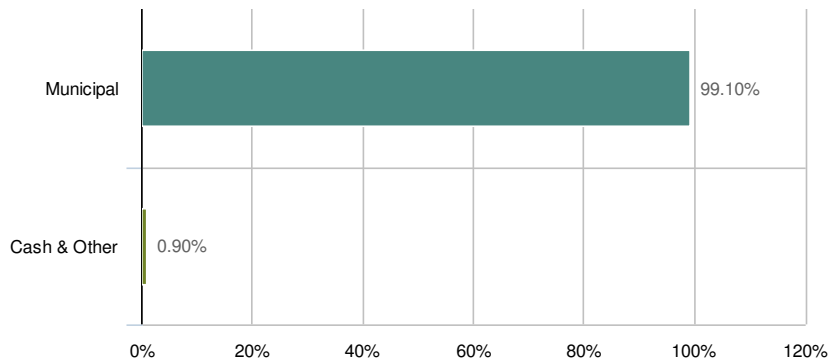
Morningstar as of 02/28/18

Category	Muni National Long			
<b>3 Year</b>	★★	<b>5 Year</b>	★	
	of 139 Funds		of 126 Funds	
<b>10 Year</b>	★	<b>Overall</b>	★	
	of 107 Funds		of 139 Funds	

### Fees & Expenses

Redemption Fee	N/A
Expense Ratio Before Waivers	0.99%
Expense Ratio After Waivers*	0.74%
Minimum Initial Investment	\$1,000
Minimum Subsequent Investment	\$250

Sector Distribution as of 12/31/17



Calendar Year Returns (%) (10 Yrs) as of 02/28/18

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2/28
Value Line Tax Exempt Fund	10.49	1.12	9.78	5.78	-3.96	7.75	2.54	-0.38	3.86	-1.47
Bloomberg Barclays Capital Municipal Bond Index	12.91	2.38	10.70	6.78	-2.55	9.05	3.30	0.25	5.45	-1.47
Difference	-2.42	-1.26	-0.92	-1.00	-1.41	-1.30	-0.76	-0.63	-1.59	0.00

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

#### Alpha

The alpha is calculated as the excess return of the fund relative to the fund's benchmark, and serves as a measure of performance on a risk adjusted basis.

#### Mean

Mean represents the annualized geometric return for the period shown.

#### Sharpe Ratio

A statistical expression that measures the relative reward of holding onto risky investments. The higher the ratio, the greater potential for return for the same amount of risk.

#### Effective Duration

Reflects interest rate sensitivity of a security, taking into account any embedded options. The higher the duration, the more sensitive a security is to interest rate changes.

**You should carefully consider investment objectives, risks, charges and expenses of Value Line 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.**

\* EULAV Securities LLC (the "Distributor") has contractually agreed to waive the Fund's 12b-1 fee in an amount equal to 0.25% of the Fund's average daily net assets through June 30, 2019. The waiver cannot be modified or terminated before June 30, 2019 without the approval of the Fund's Board of Directors. There is no assurance that the Distributor will extend the fee waiver beyond June 30, 2019. The Fund's performance would be lower in the absence of such waivers.

Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities. Current and future portfolio holdings are subject to risk.

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.

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Source: Morningstar Direct