



## 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 06/30/17

Manager	Liane Rosenberg
Inception Date	March 23, 1984
Net Assets	\$58M
	No Load

### Portfolio Statistics (3 Yr.) as of 06/30/17

Alpha	-0.58
Sharpe Ratio	0.74
Average Effective Duration	0
Mean	2.4
SEC Yield	1.10%

### Credit Quality (%) as of 06/30/17

Aaa/AAA	12.2%
Aa1/AA+	20.3%
Aa2/AA	20.0%
Aa3/AA-	21.0%
A1/A+	11.7%
A2/A	9.5%
A3/A-	1.7%
Baa1	2.5%
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.

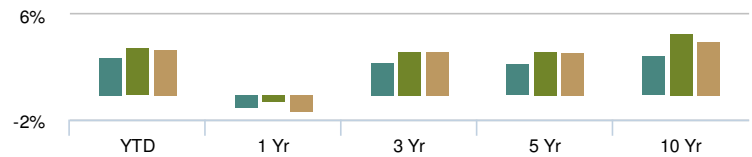
#### Market Research

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 06/30/17



	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Tax Exempt Fund	2.80%	-1.00%	2.40%	2.26%	2.98%
Bloomberg Barclays Capital Municipal Bond Index	3.57%	-0.49%	3.33%	3.26%	4.60%
Morningstar Muni. National Long Funds	3.37%	-1.23%	3.33%	3.21%	4.01%
Morningstar Muni. National Long Funds Ranking	-	62/158	125/142	120/132	95/106
Percentile Rank as of 06/30/17		39%	88%	90%	89%

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

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

### Economic Highlights of 2016

The S&P 500 began the year at 2044, rising to 2238 by the end of 2016. This gain was posted against a backdrop of generally disappointing economic growth both at home as well as globally.

For the first three quarters of the year, U.S. Gross Domestic Product (GDP) averaged 1.9%, which was weaker than the 2.2% growth registered in the previous year's first three quarters. Significant improvement in consumer spending was responsible for most of the increase, due in large part to continued improvement in the labor market. Unemployment fell from 5.0% to 4.7%, and average hourly earnings, after a period of stagnation, began to rise modestly. Manufacturing was a major weak link, showing subpar growth, although it picked up in the final quarter of the year.

The surprise election of Donald Trump, in the fourth quarter, raised investor expectations for economic growth, due to economic policies he has promised to implement in 2017 and 2018. This increased investor inflationary expectations pushing up interest rates. Additionally, energy prices, which had been depressed for much of the year, rallied as OPEC reached an agreement to limit production. The Consumer Price Index started to show gains. Because of this pressure on the inflation front, as well as economic improvement in the fourth quarter, the Federal Reserve decided to raise rates and tighten monetary policy. This was the first interest rate rise since the end of 2015. Investors now expect further tightening by the Fed in 2017. From a low of 1.45% reached in July, the 10-year Treasury note finished the year 1 percent higher at 2.45%.

The U.S. economy continues to be the world's largest and seemingly most robust. While U.S. monetary policy has embarked on a tightening path, the European Union, including Germany, France and Italy, as well as the Pacific Rim country of Japan, still maintain an easier monetary policy due to continued weak growth and inflation which is deemed too low. This has kept Europe's interest rates low, continuing to foster a strong appetite for U.S. bonds with their relatively more attractive rates. In addition, the strength of the U.S. dollar has encouraged global investors to purchase U.S. bonds.

**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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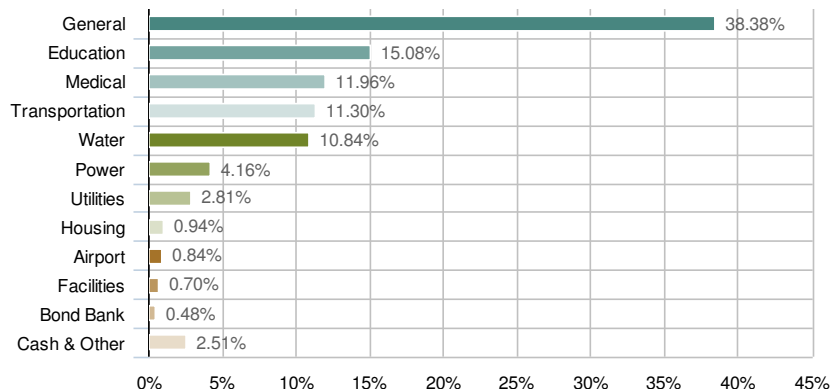
Morningstar as of 06/30/17

Category	Muni National Long		
<b>3 Year</b>	★	<b>5 Year</b>	★
	of 142 Funds		of 132 Funds
<b>10 Year</b>	★★	<b>Overall</b>	★★
	of 106 Funds		of 142 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 06/30/17



Calendar Year Returns (%) (10 Yrs) as of 06/30/17

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	6/30
Tax Exempt Fund	0.96	-7.03	10.50	1.10	9.78	5.78	-3.96	7.76	2.54	-0.38	2.80
Barclays Capital Municipal Bond Index	3.36	-2.47	12.91	2.38	10.70	6.78	-2.55	9.05	3.30	0.25	3.57
Difference	-2.40	-4.56	-2.41	-1.28	-0.92	-1.00	-1.41	-1.29	-0.76	-0.63	-0.77

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.**

\* For the period July 1, 2014 through June 30, 2018, EULAV Securities LLC (the "Distributor") 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. The waiver cannot be modified or terminated before June 30, 2017 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, 2017. 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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