



## Value Line Tax Exempt Fund VLHYX (as of 09/30/18)

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

Manager	Liane Rosenberg
Inception Date	March 23, 1984
Net Assets	\$52M
	No Load

### Portfolio Statistics (3 Yr.)

Alpha	-0.91
Average Effective Duration	5.22
Information Ratio	-2.15
SEC Yield	1.66%
Sharpe Ratio	0.10

### Credit Quality (%) as of 09/30/18

Aaa/AAA	10.53%
Aa1/AA+	17.95%
Aa2/AA	21.77%
Aa3/AA-	20.40%
A1/A+	14.03%
A2/A	9.28%
A3/A-	2.07%
Baa1	2.75%
NR	1.22%

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.

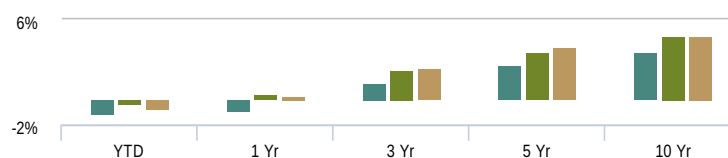
#### Market Research

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



	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Value Line Tax Exempt Fund	-1.13%	-0.87%	1.16%	2.52%	3.55%
Bloomberg Barclays Capital Municipal Bond Index	-0.40%	0.35%	2.24%	3.54%	4.75%
Morningstar Muni. National Long Funds	-0.82%	0.17%	2.34%	3.87%	4.75%
Morningstar Muni. National Long Funds Ranking	-	148/161	139/146	125/128	99/106
Percentile Rank as of 09/30/18		89%	97%	98%	94%

VLHYX Gross / Net Expense Ratio\*: 1.10% / 0.85%.

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

### Economic Review

For the first quarter of 2018, U.S. Gross Domestic Product (GDP) growth registered 2.0%. Retail sales were particularly weak in the first two months of the calendar year, a key factor in keeping growth rates slower than the 2.9% GDP growth rate of the fourth quarter of 2017. However, retail sales then picked up considerably in March, April and May 2018, leading economists to forecast second quarter GDP growth to be considerably stronger, possibly reaching an annualized growth rate of 3.8% or more. The U.S. labor market remained healthy throughout the semi-annual period, as job gains averaged 214,000 per month, higher than the 188,000 monthly average for the year 2017. Unemployment fell from 4.1% at the beginning of the calendar year to 4.0% in June 2018, the lowest level in more than 18 years. In the month of May 2018, U.S. unemployment actually achieved its lowest reading of the semi-annual period at 3.8%. Manufacturing also remained strong, with the most important measure, the ISM Manufacturing Survey, reaching its highest level in more than nine months. Because of this economic strength, inflation, which had been tame for so long, finally started to pick up, albeit modestly. Although average hourly earnings among U.S. workers did not increase, the broadest measure of inflation, which the Federal Reserve (the Fed) closely follows, i.e. the core Personal Consumption Expenditure price index, which excludes food and energy, rose from 1.5% in January 2018 to 2.0% on a year over year basis as of May 2018 (latest data available).

The modest uptick in inflation supported the Fed's tightening monetary policy. During the semi-annual period, the Fed increased its targeted federal funds rate twice—in March and June 2018—bringing it to a range of 1.75% to 2.00%. The Fed also signaled to investors that it would increase interest rates once or possibly twice more before the calendar year ends. While U.S. inflation had only increased modestly, Fed policymakers stated concerns about the low unemployment rate, which they believe may eventually push wages higher, driving the overall inflation rate even higher. The hikes in the federal funds rate mostly affected short-term fixed income securities, whose yields rose significantly during the semi-annual period. For example, the two-year U.S. Treasury note started the semi-annual period with a yield of 1.88% and ended June with a yield of 2.53%, an increase of 65 basis points. (A basis point is 1/100th of a percentage point.) Long-term fixed income securities fared somewhat better. The bellwether 10-year U.S. Treasury note began the semi-annual period with a yield of 2.40% and ended June with a yield of 2.86%, up 46 basis points.

**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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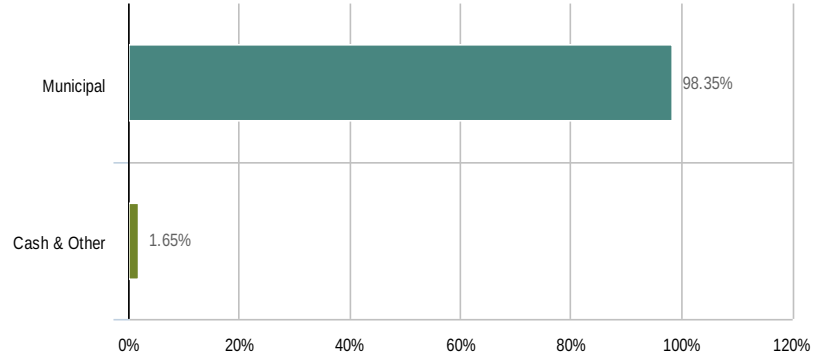
### Morningstar

Category	Muni National Long		
<b>3 Year</b>	★	<b>5 Year</b>	★
	of 146 Funds		of 128 Funds
<b>10 Year</b>	★	<b>Overall</b>	★
	of 106 Funds		of 146 Funds

### Fees & Expenses

	Inv. Class
Gross Expense Ratio	1.10%
Net Expense Ratio	0.85%
Initial Investment	\$1,000
Redemption Fee	N/A

### Sector Distribution as of 09/30/18



### Calendar Year Returns (%) (10 Yrs)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	9/30
Value Line Tax Exempt Fund	10.49	1.12	9.78	5.78	-3.96	7.75	2.54	-0.38	3.86	-1.13
Bloomberg Barclays Capital Municipal Bond Index	12.91	2.38	10.70	6.78	-2.55	9.05	3.30	0.25	5.45	-0.40
Difference	-2.42	-1.26	-0.92	-1.00	-1.41	-1.30	-0.76	-0.63	-1.59	-0.73

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.vifunds.com](http://www.vifunds.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