

Value Line Mid Cap Focused Fund, Inc.  
Form 485APOS  
August 21, 2015

**As filed with the Securities and Exchange Commission on August 21, 2015**

**File No. 2-10827**

**File No. 811-02265**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM N-1A**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Pre-Effective Amendment No.**

**Post-Effective Amendment No. 108**

**and/or**

**REGISTRATION STATEMENT UNDER THE  
INVESTMENT COMPANY ACT OF 1940**

**Amendment No. 108**

**Value Line Mid Cap Focused Fund, Inc.**

**(Exact Name of Registrant as Specified in Charter)**

**7 Times Square, 21<sup>st</sup> floor,**

**New York, New York 10036-6524**

**(Address of Principal Executive Offices) (Zip Code)**

**Registrant's Telephone Number, Including Area Code: (212) 907-1900**

**Mitchell Appel**

**Value Line Mid Cap Focused Fund, Inc.**

**7 Times Square, 21<sup>st</sup> floor,**

**New York, New York 10036-6524**

**(Name and Address of Agent for Service)**

**Copy to:**

**Peter D. Lowenstein, Esq.**

**515 West Lyon Farm Drive**

**Greenwich, CT 06831**

**It is proposed that this filing will become effective  
(check appropriate box)  
immediately upon filing pursuant to paragraph (b)  
on [\_\_\_\_\_] pursuant to paragraph (b)  
60 days after filing pursuant to paragraph (a)(1)  
75 days after filing pursuant to paragraph (a)(2)  
on (date) pursuant to paragraph (a)(1)  
on (date) pursuant to paragraph (a)(2) of Rule 485**

*Value Line Mid Cap Focused Fund, Inc.*

<u>Class</u>	<u>Ticker Symbol</u>
<i>Investor Class</i>	<i>VLIFX</i>

*Value Line Income and Growth Fund, Inc.*

<u>Class</u>	<u>Ticker Symbol</u>
<i>Investor Class</i>	<i>VALIX</i>
<i>Institutional Class</i>	<i>[Insert Ticker]</i>

*Value Line Larger Companies Focused Fund, Inc.*

<u>Class</u>	<u>Ticker Symbol</u>
<i>Investor Class</i>	<i>VALIX</i>
<i>Institutional Class</i>	<i>[Insert Ticker]</i>

*Value Line Premier Growth Fund, Inc.*

<u>Class</u>	<u>Ticker Symbol</u>
<i>Investor Class</i>	<i>VALSX</i>

**PROSPECTUS**  
**November 1, 2015**

*The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus, and any representation to the contrary is a criminal offense.*



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## VALUE LINE MID CAP FOCUSED FUND SUMMARY

### *Investment objectives*

The Fund's primary investment objective is long-term growth of capital. Current income is a secondary investment objective.

### *Fees and expenses*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. There are no shareholder fees (fees paid directly from your investment) when you buy and sell shares of the Fund. Future expenses may be greater or less.

<i>Annual Fund Operating Expenses</i> <i>(expenses that you pay each year as a percentage of the value of your investment)</i>	<i>Investor</i> <i>Class*</i>
<b>Management Fees</b>	<b>0.69 %</b>
<b>Distribution and Service (12b-1) Fees</b>	<b>0.25 %</b>
<b>Other Expenses</b>	<b>0.29 %</b>
<b>Total Annual Fund Operating Expenses</b>	<b>1.23 %</b>

\* This Fund currently only offers one class of shares: Investor Class. Institutional Class shares are not yet available for purchase.

### *Example*

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated whether or not you redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
<b>Investor Class</b>	<b>\$125</b>	<b>\$390</b>	<b>\$676</b>	<b>\$1,489</b>



### **Portfolio turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year the Fund’s portfolio turnover rate was 61% of the average value of its portfolio.

### ***Principal investment strategies of the Fund***

To achieve the Fund’s investment objectives, EULAV Asset Management (the “Adviser”) invests substantially all of the Fund’s net assets in common stocks. Under normal circumstances, the Adviser invests at least 80% of the Fund’s assets in common stocks and other equity securities of mid-sized companies (the “80% Policy”). The Fund considers companies to be mid-sized if they have market capitalizations within the range of issuers represented in the S&P MidCap 400 Index, which is a market-value weighted index consisting of 400 domestic stocks chosen for market size, liquidity, and industry group representation. As of March 1, 2015, the S&P MidCap 400 Index included companies with market capitalizations between \$1.04 billion and \$16.73 billion. The 80% policy can be changed without shareholder approval upon at least 60 days, prior written notice. Under normal circumstances, the Adviser expects that the Fund’s portfolio will generally consist of positions in 30 to 50 companies. While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System (the “Ranking System”) in selecting securities for purchase or sale. The Ranking System is a proprietary quantitative system that compares an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe followed by the Ranking System consists of stocks of approximately 1,700 companies accounting for approximately 95% of the market capitalization of all stocks traded on the U.S. securities exchanges. All the stocks followed by the Ranking System are listed on U.S. stock exchanges or traded in the U.S. over-the-counter markets. The Fund’s investments principally are selected from common stocks ranked 1, 2 or 3 by the Ranking System at the time of purchase. Apart from the diversification requirements of the Investment Company Act of 1940 (the “1940 Act”) applicable to diversified funds (which generally means that it will not invest more than 5% of its total assets in the stocks of any one company), the Fund is not subject to any limit on the percentage of its assets that may be invested in any particular stock.

The Adviser may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

As described above, the Adviser relies primarily on the rankings of companies by the Ranking System in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. The Adviser will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness.

***Principal risks of investing in the Fund***

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and that you may lose money. Therefore, before you invest in the Fund you should carefully evaluate the risks.

***Mid-Sized Company Risk.*** The equity securities of mid-sized companies typically involve greater investment risks than larger, more established companies because they often have greater price volatility, lower trading volume, and less liquidity, especially over the short term. As compared to larger companies, mid-sized companies may have limited management experience or depth, limited ability to generate or borrow capital needed for growth, and limited products or services, or operate in markets that have not yet been established. Accordingly, mid-sized company securities tend to be more sensitive to changing economic, market and industry conditions. Mid-sized companies also may fall out of favor relative to larger companies in certain market cycles, causing the Fund to incur losses or underperform.

***Market Risk.*** The chief risk that you assume when investing in the Fund is market risk, which is the possibility that the securities in a certain market will decline in value because of factors such as economic conditions. Market risk may affect a single issuer, an industry, a sector of the economy, or the market as a whole.

***Equity Securities Risk.*** Equity securities represent ownership in a corporation and their prices fluctuate for a number of reasons including issuer-specific events, market perceptions and general movements in the equity markets. The resulting fluctuation in the price of equity securities may take the form of a drastic movement or a sustained trend. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds will take precedence over the claims of owners of common stocks. Historically, the prices of equity securities have fluctuated more than bond prices.

**Ranking System Risk.** The Adviser's use of the results of the Ranking Systems in managing the Fund involves the risk that the Ranking Systems may not have the predictive qualities anticipated by the Adviser or that over certain periods of time the price of securities not covered by the Ranking Systems, or lower ranked securities, may appreciate to a greater extent than those securities in the Fund's portfolio.

**Active Management Risk.** Because the Fund is actively managed, its investment return depends on the ability of the Adviser to manage its portfolio successfully. There can be no guarantee that the Adviser's investment strategies will produce the desired results.

**Cyber Security Risk.** As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Fund or its service providers can result in, among other things, financial losses to the Fund and its shareholders, the inability to process transactions with shareholders or other parties and the release of private shareholder information or confidential Fund information. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since the Fund does not directly control the cyber security measures of its service providers, financial intermediaries and companies in which it invests or with which it does business.

An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. For a more complete discussion of risk, please turn to page 38.

### ***Fund performance***

This bar chart and table can help you evaluate the potential risks of investing in the Fund. The bar chart below shows how returns for the Fund's Investor Class shares have varied over the past ten calendar years, and the table below shows the average annual total returns (before and after taxes) of these shares for one, five, and ten years. These returns are compared to the performance of the S&P 500® Index, which is a broad based market index. The Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future. No performance is shown for Institutional Class shares because this class is not yet being offered. Updated performance information is available at: [www.vlfunds.com](http://www.vlfunds.com).

*Total returns (before taxes) as of 12/31 each year (%)*

**Best Quarter: Q3 2010 +12.70**

**Worst Quarter: Q4 2008 -27.78**

After-tax returns for Investor Class shares included in the table below are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts ("IRAs"). No performance is shown for Institutional Class shares because this class is not yet being offered.

*Average Annual Total Returns for Periods Ended December 31, 2014*

	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
<b>Investor Class</b>			
<i>Return before taxes</i>	7.90%	16.53%	5.05%
<i>Return after taxes on distributions</i>	7.88%	16.50%	3.83%
<i>Return after taxes on distributions and sale of Fund shares</i>	4.74%	13.39%	3.62%
<b>S&amp;P 500 Index (reflects no deduction for fees, expenses or taxes)</b>	13.68%	15.45%	7.67%

*Management*

**Investment Adviser.** The Fund's investment adviser is EULAV Asset Management.

**Portfolio Manager.** Stephen E. Grant is primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Grant has been the Fund's portfolio manager since 2009.

***Purchase and sale of Fund shares***

Minimum initial investment in the Fund: \$1,000

Minimum additional investment in the Fund: \$100, provided that no minimum applies to the automatic reinvestment of dividends and distributions received from the Fund and that regular monthly investments of \$25 or more may be made through Valu-Matic®. See "Special services" on page 56.

The Fund's shares are redeemable and you may redeem your shares (sell them back to the Fund) through your broker-dealer, financial advisor or financial intermediary, by telephone or by mail, by writing to: Value Line Funds, c/o Boston Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. See "How to sell shares" on page 52.

***Tax information***

The Fund's distributions generally are taxable as ordinary income or capital gains for federal income tax purposes, unless you are tax exempt or investing through a tax-deferred account, such as a 401(k) plan or an IRA.

***Payments to broker-dealers and other financial intermediaries***

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

**VALUE LINE INCOME AND GROWTH FUND SUMMARY**

***Investment objective***

The Fund's investment objective is income, as high and dependable as is consistent with reasonable risk and capital growth to increase total return.

***Fees and expenses***

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. There are no shareholder fees (fees paid directly from your investment) when you buy and sell shares of the Fund. Future expenses may be greater or less.

<b><i>Annual Fund Operating Expenses</i></b> <b><i>(expenses that you pay each year as a percentage of the value of your investment)</i></b>	<b><i>Investor Class</i></b>	<b><i>Institutional Class</i></b>
<b>Management Fees</b>	<b>0.67%</b>	<b>0.67%</b>
<b>Distribution and Service (12b-1) Fees</b>	<b>0.25%</b>	<b>0.00%</b>
<b>Other Expenses</b>	<b>0.23%</b>	<b>0.23%</b>
<b>Total Annual Fund Operating Expenses</b>	<b>1.15% <sup>(1)</sup></b>	<b>0.90%</b>

<sup>(1)</sup> The expense information in the table has been restated to reflect the elimination of the waiver of a portion of the 12b-1 fees (5 basis points) payable from assets attributable to Investor Class shares, effective July 1, 2014.

***Example***

This example is intended to help you compare the cost of investing in the Fund to the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated whether or not you redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
<b>Investor Class</b>	<b>\$117</b>	<b>\$365</b>	<b>\$633</b>	<b>\$1,398</b>
<b>Institutional Class</b>	<b>\$92</b>	<b>\$287</b>	<b>\$498</b>	<b>\$1,108</b>

### **Portfolio turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year the Fund’s portfolio turnover rate was 57% of the average value of its portfolio.

### ***Principal investment strategies of the Fund***

To achieve the Fund’s goals, EULAV Asset Management (the “Adviser”) invests not less than 50% of the Fund’s net assets in common or preferred stocks or securities convertible into common stock which may or may not pay dividends. The balance of the Fund’s net assets are primarily invested in U.S. government securities, money market securities and investment grade debt securities rated at the time of purchase from the highest (AAA) to medium (BBB) quality. While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System (the “Ranking Systems”) in selecting securities for purchase or sale. The Ranking Systems are proprietary quantitative systems that compare an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The common stocks, in which the Fund invests usually, as measured by the number and total value of purchases, are selected from those securities ranked 1, 2 or 3 by either Ranking System at the time of purchase. Although the Fund can invest in companies of any size, it generally invests in U.S. securities issued by larger, more established companies (those with a market capitalization of more than \$5 billion).

The Adviser may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

As described above, the Adviser relies primarily on the rankings of companies by the Ranking Systems in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within the Fund’s portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund’s portfolio.

The Adviser will determine the percentage of the Fund’s assets invested in each stock based on the stock’s relative attractiveness.





***Principal risks of investing in the Fund***

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and that you may lose money. Therefore, before you invest in the Fund you should carefully evaluate the risks.

***Market Risk.*** The chief risk that you assume when investing in the Fund is market risk, which is the possibility that the securities in a certain market will decline in value because of factors such as economic conditions. Market risk may affect a single issuer, an industry, a sector of the economy, or the market as a whole.

***Equity Securities.*** Equity securities represent ownership in a corporation and their prices fluctuate for a number of reasons including issuer-specific events, market perceptions and general movements in the equity markets. The resulting fluctuation in the price of equity securities may take the form of a drastic movement or a sustained trend. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds will take precedence over the claims of owners of common stocks. Historically, the prices of equity securities have fluctuated more than bond prices.

***Ranking System Risk.*** The Adviser's use of the results of the Ranking Systems in managing the Fund involves the risk that the Ranking Systems may not have the predictive qualities anticipated by the Adviser or that over certain periods of time the price of securities not covered by the Ranking Systems, or lower ranked securities, may appreciate to a greater extent than those securities in the Fund's portfolio.

***Active Management Risk.*** Because the Fund is actively managed, its investment return depends on the ability of the Adviser to manage its portfolio successfully. There can be no guarantee that the Adviser's investment strategies will produce the desired results.

***Interest Rate and Reinvestment Risk.*** The income on and market price of debt securities fluctuate with changes in interest rates. When interest rates rise, the market prices of the debt securities the Fund owns usually decline. When interest rates fall, the market prices of debt securities usually increase, but the Fund's income tends to decline. Such decline follows quickly for most variable rate securities and eventually for fixed rate securities as the Fund must reinvest the proceeds it receives from existing investments (upon their maturity, prepayment, buy-back, call, etc.) at a lower rate of interest or return. Generally, the market price of debt securities with longer durations or fixed rates of return will fluctuate more in response to changes in interest rates than the market price of shorter-term securities or variable rate debt securities, respectively.

**Credit Risk.** Credit risk is the risk that the issuer of a debt security will be unable to make interest or principal payments on time. A debt security's credit rating reflects the credit risk associated with the debt obligation. Generally, higher-rated debt securities involve lower credit risk than lower-rated debt securities. Credit risk is often greater for corporate, mortgage-backed, asset-backed, and foreign government debt securities than for U.S. government debt securities.

**Cyber Security Risk.** As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Fund or its service providers can result in, among other things, financial losses to the Fund and its shareholders, the inability to process transactions with shareholders or other parties and the release of private shareholder information or confidential Fund information. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since the Fund does not directly control the cyber security measures of its service providers, financial intermediaries and companies in which it invests or with which it does business.

An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. For a more complete discussion of risk, please turn to page 38.

### ***Fund performance***

This bar chart and table can help you evaluate the potential risks of investing in the Fund. The bar chart below shows how returns for the Fund's Investor Class shares have varied over the past ten calendar years, and the table below shows the average annual total returns (before and after taxes) of these shares for one, five, and ten years. These returns are compared to the performance of both a broad based equity market index (the S&P 500® Index) and a custom index comprised of the returns of the S&P 500® Index (weighted 60%) and the Barclays Capital U.S. Government/Credit Index (weighted 40%), which is a broad based bond market index. The Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future. No performance is shown for Institutional Class shares because this class has not completed a full calendar year of operations. Updated performance information is available at: [www.vlfunds.com](http://www.vlfunds.com).

*Total Returns of Investor Class (before taxes) as of 12/31 each year (%)*

**Best Quarter: Q2 2009 +11.29**

**Worst Quarter: Q4 2008 -13.78**

After-tax returns for Investor Class shares included in the table below are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts ("IRAs"). No performance is shown for Institutional Class shares because this class has not completed a full calendar year of operations.

**Average Annual Total Returns for Periods Ended December 31, 2014**

<b>Investor Class</b>	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
<i>Return before taxes</i>	<b>10.62%</b>	<b>9.89%</b>	<b>7.38%</b>
<i>Return after taxes on distributions</i>	<b>6.79%</b>	<b>8.58%</b>	<b>6.08%</b>
<i>Return after taxes on distributions and sale of Fund shares</i>	<b>8.68%</b>	<b>7.82%</b>	<b>5.82%</b>
<b>S&amp;P® 500 Index</b> (reflects no deduction for fees, expenses or taxes)	<b>13.68%</b>	<b>15.45%</b>	<b>7.67%</b>
<b>60/40 S&amp;P® 500 Index/Barclays Capital Aggregate Bond Index</b> (reflects no deduction for fees, expenses or taxes) <sup>(1)</sup>	<b>10.60%</b>	<b>11.05%</b>	<b>6.49%</b>

(1) This custom index is composed of a 60% weighting in the S&P® 500 Index and a 40% weighting in the Barclays Capital Aggregate Bond Index, calculated on a total return basis with dividends reinvested.

**Management**

**Investment Adviser.** The Fund's investment adviser is EULAV Asset Management.

**Portfolio Managers.** Stephen E. Grant and Cindy Starke have principal responsibility for the day-to-day management of the Fund's equity portfolio and allocation of the Fund's assets. Liane Rosenberg is primarily responsible for the day-to-day management of the non-equity portion of the Fund's portfolio. Mr. Grant has been a portfolio manager with Adviser or its predecessor since 1991 and has been a portfolio manager of the Fund since February 2014. Ms. Starke has been one of the Fund's portfolio managers since June 2014; Ms. Rosenberg has been a portfolio manager of the Fund since 2011.

**Purchase and sale of Fund shares**

The minimum amount of an initial or additional investment in the Fund varies depending on the class of shares you buy and the type of account. Certain financial intermediaries may impose different restrictions than those described below. The minimum initial investment in the Fund is \$1,000 to purchase Investor Class shares and \$100,000 to purchase Institutional Class shares. However, the minimum investment to purchase Institutional Class shares does not apply to certain fee-based advisory programs, individual and group retirement plans and accounts, and other persons which the Fund has identified as "institutional investors." See "How to choose a share class" on page 46.

The minimum amount of any additional investment is \$100, provided that no minimum applies to the automatic reinvestment of dividends and distributions received from the Fund and that regular monthly investments of \$25 or more may be made through Valu-Matic®. See “Special services” on page 56.

The Fund’s shares are redeemable and you may redeem your shares (sell them back to the Fund) through your broker-dealer, financial advisor or financial intermediary, by telephone or by mail, by writing to: Value Line Funds, c/o Boston Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. See “How to sell shares” on page 52.

***Tax information***

The Fund’s distributions generally are taxable as ordinary income or capital gains for federal income tax purposes, unless you are tax exempt or investing through a tax-deferred account, such as a 401(k) plan or an IRA.

***Payments to broker-dealers and other financial intermediaries***

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

**VALUE LINE LARGER COMPANIES FOCUSED FUND SUMMARY*****Investment objective***

The Fund's sole investment objective is to realize capital growth.

***Fees and expenses***

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. There are no shareholder fees (fees paid directly from your investment) when you buy and sell shares of the Fund. Future expenses may be greater or less.

<b><i>Annual Fund Operating Expenses</i></b> <b><i>(expenses that you pay each year as a percentage of the value of your investment)</i></b>	<b><i>Investor</i></b> <b><i>Class</i></b>	<b><i>Institutional</i></b> <b><i>Class</i></b>
<b>Management Fees</b>	<b>0.75%</b>	<b>0.75%</b>
<b>Distribution and Service (12b-1) Fees</b>	<b>0.25%</b>	<b>0.00%</b>
<b>Other Expenses</b>	<b>0.23%</b>	<b>0.23%</b>
<b>Total Annual Fund Operating Expenses</b>	<b>1.23%</b>	<b>0.98%</b>
<b>Less 12b-1 Fee Waivers<sup>(1)</sup></b>	<b>- 0.10% (1)</b>	<b>0.00%</b>
<b>Net Expenses</b>	<b>1.13%</b>	<b>0.98%</b>

(1) Effective May 1, 2015 to June 30, 2016, EULAV Securities LLC (the "Distributor") has contractually agreed to waive a portion of the 12b-1 fee otherwise payable from assets attributable by Investor Class shares in an amount equal to 0.10% of such class's average daily net assets. This waiver can be terminated or changed before June 30, 2016 only with the approval of the Fund's board and the Distributor.

***Example***

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated whether or not you redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same except in year one. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
<b>Investor Class</b>	<b>\$115</b>	<b>\$380</b>	<b>\$666</b>	<b>\$1,480</b>
<b>Institutional Class</b>	<b>\$100</b>	<b>\$312</b>	<b>\$542</b>	<b>\$1,201</b>



### **Portfolio turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year the Fund’s portfolio turnover rate was 89% of the average value of its portfolio.

### ***Principal investment strategies of the Fund***

To achieve the Fund’s investment objective, EULAV Asset Management (the “Adviser”) invests substantially all of the Fund’s assets in common stock. Under normal circumstances, the Adviser expects that the Fund’s portfolio will generally consist of positions in 30 to 50 companies. While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System (the “Ranking System”) in selecting securities for purchase or sale. The Ranking System is a proprietary quantitative system that compares an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of stocks of approximately 1,700 companies under review by the Ranking System accounting for approximately 95% of the market capitalization of all stocks traded on the U.S. securities exchanges, including stocks of foreign companies. The Fund’s investments usually, as measured by the number and total value of purchases, are selected from common stocks of larger companies by capitalization that are ranked 1, 2, or 3 by the Ranking System; the Adviser usually sells a stock when its rank falls below 4 . In addition to selling a stock when its rank falls below 4, the Adviser may sell securities for other reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

As described above, the Adviser relies primarily on the rankings of companies by the Ranking System in managing the Fund, and the Fund’s portfolio will consist primarily of stocks ranked 1, 2, or 3 by the Ranking System. The Adviser has, however, discretion in managing the Fund, including whether and which ranked stocks to include within the Fund’s portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund’s portfolio. The Adviser will determine the percentage of the Fund’s assets invested in each stock based on the stock’s relative attractiveness.



***Principal risks of investing in the Fund***

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and that you may lose part or all of your investment. Therefore, before you invest in the Fund you should carefully evaluate the risks.

***Market Risk.*** The chief risk that you assume when investing in the Fund is market risk, which is the possibility that the securities in a certain market will decline in value because of factors such as economic conditions. Market risk may affect a single issuer, an industry, a sector of the economy, or the market as a whole.

***Equity Securities Risk.*** Equity securities represent ownership in a corporation and their prices fluctuate for a number of reasons including issuer-specific events, market perceptions and general movements in the equity markets. The resulting fluctuation in the price of equity securities may take the form of a drastic movement or a sustained trend. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds will take precedence over the claims of owners of common stocks. Historically, the prices of equity securities have fluctuated more than bond prices.

***Ranking System Risk.*** The Adviser's use of the results of the Ranking Systems in managing the Fund involves the risk that the Ranking Systems may not have the predictive qualities anticipated by the Adviser or that over certain periods of time the price of securities not covered by the Ranking Systems, or lower ranked securities, may appreciate to a greater extent than those securities in the Fund's portfolio.

***Active Management Risk.*** Because the Fund is actively managed, its investment return depends on the ability of the Adviser to manage its portfolio successfully. There can be no guarantee that the Adviser's investment strategies will produce the desired results.

***Foreign Investments.*** Investing in foreign securities poses additional risks. The performance of foreign securities can be adversely affected by the different political, regulatory and economic environments in countries where the Fund invests, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities. These risks tend to be more volatile in emerging markets (as compared to the U.S. market or developed foreign markets).

**Cyber Security Risk.** As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Fund or its service providers can result in, among other things, financial losses to the Fund and its shareholders, the inability to process transactions with shareholders or other parties and the release of private shareholder information or confidential Fund information. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since the Fund does not directly control the cyber security measures of its service providers, financial intermediaries and companies in which it invests or with which it does business.

**Portfolio Turnover.** The Fund's annual portfolio turnover rate has exceeded 100% in one of the last five years. For example, a rate of portfolio turnover of 100% would occur if all of the Fund's portfolio were replaced in a period of one year. To the extent the Fund engages in short-term trading in attempting to achieve its investment objective, it will increase the Fund's portfolio turnover rate and the Fund will incur higher brokerage commissions and other expenses.

An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. For a more complete discussion of risk, please turn to page 38.

### ***Fund performance***

This bar chart and table can help you evaluate the potential risks of investing in the Fund. The bar chart below shows how returns for the Fund's Investor Class shares have varied over the past ten calendar years, and the table below shows the average annual total returns (before and after taxes) of these shares for one, five, and ten years. These returns are compared to the performance of the S&P 500® Index, which is a broad based market index. The Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future. No performance is shown for Institutional Class shares because this class has not completed a full calendar year of operations. Updated performance information is available at: [www.vlfunds.com](http://www.vlfunds.com).

***Total Returns of Investor Class (before taxes) as of 12/31 each year (%)***

**Best Quarter: Q1 2012 +13.79**

**Worst Quarter: Q4 2008 -21.54**

After-tax returns in the table below are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts ("IRAs"). No performance is shown Institutional Class shares because this class has not completed a full calendar year of operations.

***Average Annual Total Returns for Periods Ended December 31, 2014***

<b>Investor Class</b>	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
<i>Return before taxes</i>	<b>12.41%</b>	<b>13.80%</b>	<b>7.02%</b>
<i>Return after taxes on distributions</i>	<b>9.11%</b>	<b>13.04%</b>	<b>5.33%</b>
<i>Return after taxes on distributions and sale of Fund shares</i>	<b>9.65%</b>	<b>11.09%</b>	<b>5.22%</b>
<b>S&amp;P 500® Index</b> (reflects no deduction for fees, expenses or taxes)	<b>13.68%</b>	<b>15.45%</b>	<b>7.67%</b>



**Management**

**Investment Adviser.** The Fund's investment adviser is EULAV Asset Management.

**Portfolio Manager.** Cindy Starke has principal responsibility for the day-to-day management of the Fund's portfolio. Ms. Starke has been the Fund's portfolio manager since June 2014.

**Purchase and sale of Fund shares**

The minimum amount of an initial or additional investment in the Fund varies depending on the class of shares you buy and the type of account. Certain financial intermediaries may impose different restrictions than those described below. The minimum initial investment in the Fund is \$1,000 to purchase Investor Class shares and \$100,000 to purchase Institutional Class shares. However, the minimum investment to purchase Institutional Class shares does not apply to certain fee-based advisory programs, individual and group retirement plans and accounts, and other persons which the Fund has identified as "institutional investors." See "How to choose a share class" on page 46.

The minimum amount of any additional investment is \$100, provided that no minimum applies to the automatic reinvestment of dividends and distributions received from the Fund and that regular monthly investments of \$25 or more may be made through Valu-Matic®. See "Special services" on page 56.

The Fund's shares are redeemable and you may redeem your shares (sell them back to the Fund) through your broker-dealer, financial advisor or financial intermediary, by telephone or by mail, by writing to: Value Line Funds, c/o Boston Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. See "How to sell shares" on page 52.

**Tax  
information**

The Fund's distributions generally are taxable as ordinary income or capital gains for federal income tax purposes, unless you are tax exempt or investing through a tax-deferred account, such as a 401(k) plan or an IRA.

***Payments to broker-dealers and other financial intermediaries***

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

**VALUE LINE PREMIER GROWTH FUND SUMMARY**

***Investment objective***

The Fund primarily seeks long-term growth of capital.

***Fees and expenses***

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. There are no shareholder fees (fees paid directly from your investment) when you buy and sell shares of the Fund. Future expenses may be greater or less.

<b><i>Annual Fund Operating Expenses</i></b> <b><i>(expenses that you pay each year as a percentage of the value of your investment)</i></b>	<b><i>Investor Class*</i></b>
<b>Management Fees</b>	<b>0.75%</b>
<b>Distribution and Service (12b-1) Fees</b>	<b>0.25%</b>
<b>Other Expenses</b>	<b>0.23%</b>
<b>Total Annual Fund Operating Expenses</b>	<b>1.23%</b>

\* This Fund currently only offers one class of shares: Investor Class. Institutional Class shares are not yet available for purchase.

***Example***

This example is intended to help you compare the cost of investing in the Fund to the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated whether or not you redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
<b>Investor Class</b>	<b>\$125</b>	<b>\$390</b>	<b>\$676</b>	<b>\$1,489</b>

**Portfolio turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year the Fund’s portfolio turnover rate was 9% of the average value of its portfolio.



***Principal investment strategies of the Fund***

To achieve the Fund's goal, the Fund's investment adviser, EULAV Asset Management (the "Adviser"), invests at least 80% of the Fund's net assets in a diversified portfolio of U.S. equity securities with favorable growth prospects. In selecting securities for purchase or sale, the Adviser generally analyzes the issuer of a security using fundamental factors such as growth potential and earnings estimates and quantitative factors such as historical earnings, earnings momentum and price momentum. The Fund may invest in small, mid or large capitalization companies, including foreign companies. There are no set limitations of investments according to a company's size, or to a sector weighting.

The Adviser may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

***Principal risks of investing in the Fund***

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and that you may lose part or all of your investment. Therefore, before you invest in the Fund you should carefully evaluate the risks.

***Market Risk.*** The chief risk that you assume when investing in the Fund is market risk, which is the possibility that the securities in a certain market will decline in value because of factors such as economic conditions. Market risk may affect a single issuer, an industry, a sector of the economy, or the market as a whole.

***Equity Securities Risk.*** Equity securities represent ownership in a corporation and their prices fluctuate for a number of reasons including issuer-specific events, market perceptions and general movements in the equity markets. The resulting fluctuation in the price of equity securities may take the form of a drastic movement or a sustained trend. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds will take precedence over the claims of owners of common stocks. Historically, the prices of equity securities have fluctuated more than bond prices.

***Sector Allocation Risk.*** A sector is a group of selected industries within the economy, such as technology. The Fund may, from time to time, be overweighted or underweighted in certain sectors, which may cause the Fund's performance to be more or less sensitive, respectively, to developments affecting those sectors.

**Active Management Risk.** Because the Fund is actively managed, its investment return depends on the ability of the Adviser to manage its portfolio successfully. There can be no guarantee that the Adviser's investment strategies will produce the desired results.

**Foreign Investments Risk.** Investing in foreign securities poses additional risks. The performance of foreign securities can be adversely affected by the different political, regulatory and economic environments in countries where the Fund invests, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities. These risks tend to be more volatile in emerging markets (as compared to the U.S. market or developed foreign markets).

**Small Capitalization and Newer Companies Risk.** Investing in the securities of a small capitalization or newer company poses greater risk than investing in larger, more established companies. Small capitalization and newer companies often have more volatile market prices, less capital, a shorter history of operations, and less experienced management than larger companies.

**Cyber Security Risk.** As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Fund or its service providers can result in, among other things, financial losses to the Fund and its shareholders, the inability to process transactions with shareholders or other parties and the release of private shareholder information or confidential Fund information. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since the Fund does not directly control the cyber security measures of its service providers, financial intermediaries and companies in which it invests or with which it does business.

An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. For a more complete discussion of risk, please turn to page 38.

***Fund  
performance***

This bar chart and table can help you evaluate the potential risks of investing in the Fund. The bar chart below shows how returns for the Fund's Investor Class shares have varied over the past ten calendar years, and the table below shows the average annual total returns (before and after taxes) of these shares for one, five, and ten years. These returns are compared to the performance of the S&P 500® Index, which is a broad based market index. The Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future. No performance is shown for Institutional Class shares because this class is not yet being offered. Updated performance information is available at: [www.vlfunds.com](http://www.vlfunds.com).

***Total returns (before taxes) as of 12/31 each year (%)***

**Best Quarter: Q2 2009 +18.60**  
**Worst Quarter: Q4 2008 -24.67**

After-tax returns for Investor Class shares included in the table below are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts ("IRAs"). No performance is shown for Institutional Class shares because this class is not yet being offered.



***Average Annual Total Returns for Periods Ended December 31, 2014***

<b>Investor Class</b>	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
<i>Return before taxes</i>	<b>6.75%</b>	<b>15.16%</b>	<b>8.88%</b>
<i>Return after taxes on distributions</i>	<b>5.01%</b>	<b>13.94%</b>	<b>9.20%</b>
<i>Return after taxes on distributions and sale of Fund shares</i>	<b>5.20%</b>	<b>12.29%</b>	<b>7.28%</b>
<b>S&amp;P 500® Index</b> (reflects no deduction for fees, expenses or taxes)	<b>13.68%</b>	<b>15.45%</b>	<b>7.69%</b>

***Management***

***Investment Adviser.*** The Fund’s investment adviser is EULAV Asset Management.

***Portfolio Manager.*** Stephen Grant is primarily responsible for the day-to-day management of the Fund’s portfolio. Mr. Grant has been the Fund’s portfolio manager since 1996.

***Purchase and sale of Fund shares***

Minimum initial investment in the Fund: \$1,000.

Minimum additional investment in the Fund: \$100, provided that no minimum applies to the automatic reinvestment of dividends and distributions received from the Fund and that regular monthly investments of \$25 or more may be made through Valu-Matic®. See “Special services” on page 56.

The Fund’s shares are redeemable and you may redeem your shares (sell them back to the Fund) through your broker-dealer, financial advisor or financial intermediary, by telephone or by mail, by writing to: Value Line Funds, c/o Boston Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. See “How to sell shares” on page 52.

***Tax information***

The Fund’s distributions generally are taxable as ordinary income or capital gains for federal income tax purposes, unless you are tax exempt or investing through a tax-deferred account, such as a 401(k) plan or an IRA.

***Payments to broker-dealers and other financial intermediaries***

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## **ADDITIONAL INFORMATION REGARDING PRINCIPAL INVESTMENT STRATEGIES**

### **VALUE LINE MID CAP FOCUSED FUND, INC.**

#### ***Investment objectives***

The Fund's primary investment objective is long-term growth of capital. Current income is a secondary investment objective. Although the Fund will strive to achieve these investment objectives, there is no assurance that it will succeed.

#### ***Principal investment strategies***

Because of the nature of the Fund, you should consider an investment in it to be a long-term investment that will best meet its objectives when held for a number of years. The following is a description of how the Adviser pursues the Fund's objectives.

Under normal circumstances, the Adviser invests at least 80% of the Fund's assets in common stocks and other equity securities of mid-sized companies (the "80% Policy"). The Fund considers companies to be mid-sized if they have market capitalizations within the range of issuers represented in the S&P MidCap 400 Index, which is a market-value weighted index consisting of 400 domestic stocks chosen for market size, liquidity, and industry group representation. As of March 1, 2015, the S&P MidCap 400 Index included companies with market capitalization between \$1.04 billion and \$16.73 billion. The 80% policy can be changed without shareholder approval upon at least 60 days' prior written notice.

While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Ranking System in selecting securities for purchase or sale. The Ranking System has evolved after many years of research and has been used in substantially its present form since 1965. It is based upon historical prices and reported earnings, recent earnings and price momentum and the degree to which the last reported earnings deviated from estimated earnings, among other factors.

The Timeliness Rankings are published weekly in the Standard Edition of The Value Line Investment Survey for approximately 1,700 stocks, including those with large, mid and small market capitalizations, recently approximating 95% of the market capitalization of all stocks traded in U.S. securities exchanges. There are a relatively small number of foreign issuers that are included, and stocks that have traded for less than two years are not ranked. On a scale of 1 (highest) to 5 (lowest), the Timeliness Rankings compare an estimate of the probable market performance of each stock during the coming six to twelve months to that of all of the approximately 1,700 stocks under review. The Timeliness Rankings are updated weekly to reflect the most recent information.

The Ranking System does not eliminate market risk, but the Adviser believes that it provides objective standards for determining expected relative performance over the next six to twelve months. Under normal circumstances, the Adviser expects that the Fund's portfolio will generally consist of positions in 30 to 50 companies. All the stocks followed by the Ranking System are listed on U.S. stock exchanges or traded in the U.S. over-the-counter markets. The Fund's investments principally are selected from common stocks ranked 1, 2 or 3 by the Ranking System at the time of purchase. Apart from the diversification requirements of the 1940 Act (which generally means that it will not invest more than 5% of its total assets in the stocks of any one company), the Fund is not subject to any limit on the percentage of its assets that may be invested in any particular stock. The Adviser may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

The Fund relies on the Ranking System whenever feasible. The utilization of the Ranking System is no assurance that the Fund will perform similarly to or more favorably than the market in general over any particular period.

As described above, the Adviser relies primarily on the rankings of companies by the Ranking System in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. The Adviser will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness.

For additional information regarding the Fund's investment strategies, please see "All Funds - Information Regarding Non-Principal Investment Strategies" on page 37 and the Fund's Statement of Additional Information ("SAI").



## **ADDITIONAL INFORMATION REGARDING PRINCIPAL INVESTMENT STRATEGIES**

### **VALUE LINE INCOME AND GROWTH FUND, INC.**

#### ***Investment objective***

The Fund's investment objective is income, as high and dependable as is consistent with reasonable risk and capital growth to increase total return. Although the Fund will strive to achieve this investment objective, there is no assurance that it will succeed.

#### ***Principal investment strategies***

Because of the nature of the Fund, you should consider an investment in it to be a long-term investment that will best meet its objectives when held for a number of years. The following is a description of how the Adviser pursues the Fund's objectives.

The Adviser analyzes economic and market conditions, seeking to identify the market sectors or securities that it thinks make the best investments.

To achieve the Fund's goals, not less than 50% of the Fund's net assets are invested in common or preferred stocks or securities convertible into common stock which may or may not pay dividends. While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Ranking Systems in selecting securities for purchase or sale.

The Value Line Timeliness Ranking System has evolved after many years of research and has been used in substantially its present form since 1965. It is based upon historical prices and reported earnings, recent earnings and price momentum and the degree to which the last reported earnings deviated from estimated earnings, among other factors. The Timeliness Rankings are published weekly in the Standard Edition of The Value Line Investment Survey for approximately 1,700 stocks, including those with large, mid and small market capitalizations, recently approximating 95% of the market capitalization of all stocks traded in U.S. securities exchanges. There are a relatively small number of foreign issuers that are included, and stocks that have traded for less than two years are not ranked. On a scale of 1 (highest) to 5 (lowest), the Timeliness Rankings compare an estimate of the probable market performance of each stock during the coming six to twelve months to that of all of the approximately 1,700 stocks under review. The Timeliness Rankings are updated weekly to reflect the most recent information.

The Value Line Performance Ranking System for common stocks was introduced in 1995. The universe of stocks followed by the Value Line Performance Ranking System consists of approximately 2,900 stocks of companies with smaller market capitalizations (under \$1 billion) and mid-sized market capitalizations (between \$1 billion and \$5 billion), along with a relatively small number of foreign issuers. This stock ranking system relies on factors similar to those found in the Value Line Timeliness Ranking System except that it does not utilize earnings estimates. The Performance Ranking System uses a scale of 1 (highest) to 5 (lowest) to compare an estimate of the probable market performance of each stock during the coming six to twelve months to that of all of the approximately 2,900 stocks under review.

Neither Ranking System eliminates market risk, but the Adviser believes that they provide objective standards for determining expected relative performance of a stock for the next six to twelve months. The Fund's investments usually, as measured by the number and total value of purchases, are selected from common stocks issued by companies that are ranked 1, 2 or 3 by either Ranking System at the time of purchase. Apart from the diversification requirements of the Investment Company Act of 1940 (which generally means that it will not invest more than 5% of its total assets in the stocks of any one company), the Fund is not subject to any limit on the percentage of its assets that may be invested in any particular stock. Although the Fund can invest in companies of any size, it generally invests in U.S. securities issued by larger, more established companies (those with a market capitalization of more than \$5 billion). The Fund relies on the Ranking System whenever feasible. The utilization of the Ranking Systems is no assurance that the Fund will perform similarly to or more favorably than the market in general over any particular period.

As described above, the Adviser relies primarily on the rankings of companies by the Ranking Systems in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within th