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Value Line Mid Cap Focused Fund, Inc.  
Form N-CSR  
March 09, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file Number 811-02265

Value Line Mid Cap Focused Fund, Inc.

(Exact name of registrant as specified in charter)

7 Times Square, New York, N.Y. 10036

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 212-907-1900

Date of fiscal year end: December 31, 2016

Date of reporting period: December 31, 2016



Item I Reports to Stockholders

A copy of the Annual Report to Stockholders for the period ended 12/31/16 is included with this Form.

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Annual Report  
December 31, 2016

Value Line Premier Growth Fund, Inc.  
(VALSX)  
Value Line Mid Cap Focused Fund, Inc.  
(VLIFX)  
Value Line Income and Growth Fund, Inc.  
Investor Class (VALIX)  
Institutional Class (VLIIX)  
Value Line Larger Companies Focused Fund, Inc.  
Investor Class (VALLX)  
Institutional Class (VLLIX)

This audited report is issued for information to shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a currently effective prospectus of the Fund (obtainable from the Distributor).  
#00189798

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President's Letter (unaudited)

Dear Fellow Shareholders:

We are pleased to present you with this annual report for Value Line Premier Growth Fund, Inc., Value Line Mid Cap Focused Fund, Inc., Value Line Income and Growth Fund, Inc. and Value Line Larger Companies Focused Fund, Inc. (individually, a "Fund" and collectively, the "Funds") for the 12 months ended December 31, 2016.

During the annual period, the broad U.S. equity indices generated strong positive absolute returns. Each of the four Funds posted positive absolute returns as well. While the Funds underperformed their respective benchmark index on a relative basis, the annual period was highlighted by each of the four equity and hybrid Value Line Funds being recognized for their long-term performance and attractive risk profiles.

- Value Line Premier Growth Fund, Inc.\* outpaced the category average return of its peers for the one-, three- and ten-year periods ended December 31, 2016 (mid-cap growth category), as measured by Morningstar.<sup>1</sup> Additionally, the Fund earned an overall four-star rating from Morningstar<sup>2</sup> in the mid-cap growth category among 588 funds as of December 31, 2016 based on risk-adjusted returns. Morningstar gave the Fund an overall Risk rating of Low.<sup>i</sup>

- Value Line Mid Cap Focused Fund, Inc.\*, formerly The Value Line Fund, Inc., outpaced the category average return of its peers for the one-, three- and five-year periods ended December 31, 2016 (mid-cap growth category), as measured by Morningstar. Additionally, Morningstar gave the Fund an overall Risk Rating of Low.<sup>ii</sup>

- Value Line Income and Growth Fund, Inc.\* outpaced the category average return of its peers for the three- and ten-year periods ended December 31, 2016 (allocation-70% to 85% equity category), as measured by Morningstar. Additionally, the Fund earned an overall four-star rating from Morningstar in the allocation-70% to 85% equity category among 352 funds as of December 31, 2016 based on risk-adjusted returns. Morningstar gave the Fund an overall Return rating of Above Average.<sup>iii</sup>

- Value Line Larger Companies Focused Fund, Inc.\*, formerly Value Line Larger Companies Fund, Inc., outpaced the category average return of its peers for the three- and five-year periods ended December 31, 2016 (large growth category), as measured by Morningstar.

On the following pages, the Funds' portfolio managers discuss the management of their respective Funds during the annual period. The discussions highlight key factors influencing recent performance of the Funds. You will also find a schedule of investments and financial statements for each of the Funds.

Before reviewing the performance of your individual mutual fund investment(s), we encourage you to take a brief look at the major factors affecting the financial markets during the 12 months ended December 31, 2016, especially given the newsworthy events of the annual period. With meaningful and surprising shifts during 2016 in several long-standing drivers of the capital markets, we also invite you to take this time to consider a broader diversification strategy by including additional Value Line Funds in your investment portfolio. You can find out more about the entire family of Value Line Funds at our website, [www.vlfunds.com](http://www.vlfunds.com).

Economic Review

For the first three quarters of 2016, U.S. Gross Domestic Product (GDP) averaged 1.9%, which was weaker than the 2.2% growth rate registered in the previous year's first three quarters. That said, third quarter 2016 U.S. GDP came in at a better than expected 3.5%, the strongest growth rate in two years. Significant improvement in consumer spending was responsible for most of the economy's growth, due in large part to ongoing improvement in the labor market. U.S. unemployment declined from 5.0% to 4.7%, and average hourly earnings, following 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. According to the Atlanta Federal Reserve, the U.S. economy was on track to grow at a 2.8%

percent annualized pace in the fourth quarter of 2016 following a stronger than forecasted rise in housing starts in December.

The surprise election of Donald Trump, in the fourth quarter of 2016, raised investor expectations for economic growth given policies he promised to implement in 2017 and 2018. Equity markets rallied, while bond markets saw prices drop and interest rates rise, as expectations heightened for a more hawkish Federal Reserve (Fed). (Hawkish tends to suggest higher interest rates; opposite of dovish.) Inflationary expectations also increased, pushing up interest rates. Additionally, energy prices, which had been depressed for much of the year, rallied as The Organization of the Petroleum Exporting Countries (OPEC) reached an agreement to limit production in 2017. The Consumer Price Index (CPI) started to show gains during the annual period. Headline CPI rose 2.1% year over year before seasonal adjustment as of December 2016, a figure that steadily rose since July 2016 and the largest 12-month increase since the period ending June 2014. Core inflation, which excludes food and energy, was up 2.2% in December 2016 from a year earlier. Notably, while the food segment of the CPI declined 0.2% during the 12 months ended December 31, 2016, the energy segment of the CPI rose 5.4% over the same 12-month span.

Lackluster economic growth, coupled with modest inflation, kept the Fed from tightening credit for most of the year. However, it was because of these increased inflationary pressures during the second half of the year, along with economic improvement in the fourth quarter, that the Fed decided to raise interest rates — by 0.25% — near year-end. The December 2016 interest rate hike was the first since the end of 2015. At the end of the annual period, as core inflation had hit — and surpassed — the Fed's target of 2%, investors expected further tightening by the Fed in 2017. From a low of 1.4% reached in July 2016, the 10-year U.S. Treasury note yield finished the year at 2.45%.

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President's Letter (unaudited) (continued)

Throughout 2016, even as U.S. GDP remained somewhat sluggish, the U.S. economy remained the world's largest and seemingly most robust. While U.S. monetary policy embarked on a tightening path, the European Union, including Germany, France and Italy, as well as the Pacific Rim country of Japan maintained their easier monetary policies given persistently weak economic growth and inflation deemed too low in those regions. These accommodative monetary policies kept Europe's interest rates low and Japan's in negative territory, fostering, in turn, a strong appetite for U.S. bonds with their relatively more attractive yields. In addition, the strength of the U.S. dollar encouraged global investors to purchase U.S. bonds during the annual period.

Equity Market Review

U.S. equities, as measured by the S&P 500® Index<sup>3</sup>, gained 11.96% during the 12 months ended December 31, 2016. Such strong performance reflected recovery in commodity prices, dividend investing and strength in cyclical sectors. As 2016 began, U.S. and international equities experienced heightened market volatility, driven by investor concerns about global economic growth, especially the slowdown in China, and exacerbated by an oil price plunge. U.S. stocks were sent sharply lower, with the S&P 500® Index declining more than 8% during the first six weeks of the calendar year. Large-cap growth stocks performed worse than the broad U.S. equity market, as investors fled to more traditionally defensive sectors and to energy stocks. U.S. equities stabilized in February 2016, as market sentiment improved on the more dovish tone set by global central banks and as supported by an increase in oil prices and better U.S. economic data. However, the U.S. equity market then sold off sharply again with the unexpected referendum result on June 23, 2016, wherein U.K. citizens voted to exit the European Union. In the last days of the month, markets rebounded as investors digested the Brexit vote outcome.

In July 2016, U.S. equities were buoyed by strong economic data and corporate earnings, despite increased uncertainty post-Brexit. In her August 2016 Jackson Hole speech, Fed Chair Yellen acknowledged the case for an interest rate hike had strengthened, causing U.S. equities to sell off. In early September 2016, equities fell, as the European Central Bank disappointed markets with its lack of commitment to extend quantitative easing. There was a subsequent rebound following the Fed's decision in September 2016 to leave interest rates unchanged. Following the unexpected victory of Donald Trump in the November 2016 U.S. elections, U.S. equities quickly reversed a short-lived sell-off and surged on anticipation of a pro-growth effect of the president-elect's stated fiscal stimulus plan. When the Fed raised interest rates in December 2016 and set a more hawkish hike path for 2017, equities declined, albeit modestly, following the announcement.

Within the U.S. equity market, value stocks outperformed growth stocks by a wide margin across the capitalization spectrum for the annual period overall. Small-cap stocks performed best, followed at some distance by mid-cap and then large-cap stocks, though each market capitalization segment of the U.S. equity market generated double-digit gains during the annual period. (All as measured by the Russell Investments indices.)

In the S&P 500® Index, the best performing sectors were energy, telecommunication services and financials, each of which posted more than 20% gains. The weakest performing sectors in the S&P 500® Index during the annual period were health care, real estate and consumer staples, though only health care posted a negative absolute return during the annual period.

Fixed Income Market Review

The broad U.S. investment grade fixed income market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index<sup>4</sup>, posted a return of 2.65% during the annual period. Interest rates rose across the entire yield curve, or spectrum of maturities, but the steepest relative rise came at the short-term end, leading to a flattening of the yield curve. (A flattening yield curve is one in which the differential in yields of securities with various maturities narrows.) Interest rates took a particularly significant turn upward after the U.S. presidential election, as investor expectations were for more stimulative economic policies from then-President-elect Trump.

More specifically, the yield on the three-month U.S. Treasury bill rose approximately 35 basis points, while the yield on the bellwether 10-year U.S. Treasury note increased approximately 18 basis points and the yield on the 30-year U.S. Treasury bond increased approximately five basis points during the annual period. (A basis point is 1/100th of a percentage point.) Expectations for tightening Fed action drove short-term interest rates higher, while the rate increase at the longer-term end of the yield curve was more modest as inflation seemed to be fairly well contained at less than



2% for most of the year.

Market volatility was modest early in the annual period, which helped keep interest rates in a well-contained trading range. As world events, including the unexpected results of both the U.K.'s vote on membership in the European Union, popularly known as Brexit, and the U.S. presidential election, heightened volatility, interest rates began to climb. Before rates moved higher later in 2016, high yield corporate bonds were attractive, as investors were eager to buy "risk" to increase overall investment income. Also, as energy prices staged a comeback, many of these high yield energy credits showed marked credit improvement, leading to expectations for a decline in the default rate. Indeed, for most of the annual period, a risk-on environment dominated, wherein higher risk asset classes posted the best returns. Consequently, the high yield corporate bond sector generated an exceptional return of more than 17% for the year, while U.S. Treasuries barely eked out a positive return of just more than 1%.

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We thank you for trusting us to be a part of your long-term, comprehensive investment strategy. We appreciate your confidence in the Value Line Funds and look forward to serving your investment needs in the years ahead just as we have been helping to secure generations' financial futures for more than 65 years — based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics. If you have any questions or would like additional information on these or other Value Line Funds, we invite you to contact your investment representative or visit us at [www.vlfunds.com](http://www.vlfunds.com).

Sincerely,

Mitchell Appel

President of the Value Line Funds

Past performance does not guarantee future results. Investment return and principal value of an investment can fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost; and that current performance may be lower or higher than the performance data quoted. Investors should carefully consider the investment objective, risks, charges and expense of a fund. This and other important information about a fund is contained in the fund's prospectus. A copy of our funds' prospectuses can be obtained free of charge by going to our website at [www.vlfunds.com](http://www.vlfunds.com) or calling 800.243.2729.

The Value Line Funds are distributed by EULAV Securities LLC.

\*

Data, rankings and ratings are based on the Investor Share Class of the Fund.

1

Morningstar, Inc. is an investment research and investment management firm headquartered in Chicago, Illinois, United States.

2

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.

i

For Value Line Premier Growth Fund, Inc.: Three-star rating for 3-year (588 funds) and 5-year (504 funds) periods ended December 31, 2016; four-star rating for 10-year (368 funds) and overall (588 funds) periods ended December 31, 2016. All in the mid-cap growth category. Morningstar Risk: Low for the 3-year, 5-year and overall periods ended December 31, 2016; Below Average for the 10-year period ended December 31, 2016.

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For The Value Line Mid Cap Focused Fund, Inc.: Morningstar Risk: Low for the 3-year-5-year, 10-year and overall periods ended December 31, 2016.

iii

For Value Line Income and Growth Fund: Three-star rating for 3-year (352 funds) and 5-year (293 funds) periods ended December 31, 2016; five-star rating for 10-year (210 funds) period ended December 31, 2016; four-star rating for overall (352 funds) period ended December 31, 2016. All in the allocation-70% to 85% equity category. Morningstar Return: Average for the 5-year period ended December 31, 2016; Above Average for the 3-year, 10-year and overall periods ended December 31, 2016.

3

The S&P 500® Index consists of 500 stocks that are traded on the New York Stock Exchange, American Stock Exchange and the NASDAQ national Market System and is representative of the broad stock market. This is an unmanaged index and does not reflect charges, expenses or taxes, and it is not possible to directly invest in this index.

4

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS. This is an unmanaged index and does not reflect charges, expenses or taxes, which are deducted from the Fund's return. It is not possible to directly invest in this index.

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VALUE LINE PREMIER GROWTH FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY (condensed) (unaudited)

The Fund primarily seeks long-term growth of capital.

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.

Manager Discussion of Fund Performance

Below, Value Line Premier Growth Fund, Inc. portfolio manager Stephen E. Grant discusses the Fund's performance and positioning for the 12 months ended December 31, 2016.

How did the Fund perform during the annual period?

The Fund generated a total return of 7.00% during the 12 months ended December 31, 2016. This compares to the 11.96% return of the Fund's benchmark, the S&P 500® Index, during the same annual period.

What key factors were responsible for the Fund's performance during the 12-month reporting period?

While the Fund posted solid absolute gains, it underperformed the S&P 500® Index during the 12-month reporting period, driven primarily by stock selection overall.

Several trends in the broad U.S. equity market during the annual period had an effect on the Fund's relative results.

First, growth-oriented stocks lagged value-oriented stocks by an especially wide margin during the annual period, which dampened the Fund's relative results, as the Fund, unlike the S&P 500® Index, leans more toward the growth end of the spectrum. Second, the Fund's emphasis on higher quality, more consistent, less volatile stocks proved challenging when lower quality, more speculative stocks bounced back strongly in the final months of 2016.

Which equity market sectors most significantly affected Fund performance?

The Fund enjoyed positive absolute returns in all sectors of the S&P 500® Index, except health care and telecommunication services, during the annual period. However, on a relative basis, weak stock selection in information technology detracted, with positions in Alliance Data Systems, Salesforce.com and Ultimate Software Group particular disappointments. Weak stock selection and having an underweighted allocation to the financials sector, which substantially outpaced the S&P 500® Index during the annual period, also detracted. Stock selection also proved challenging in the health care sector. The Fund's relative results were especially hampered by positions in Alexion Pharmaceuticals, Illumina and Novo Nordisk.

These detractors were partially offset by the positive contribution made by having an overweighted allocation to the industrials sector, which significantly outpaced the S&P 500® Index during the annual period. Stock selection in the consumer discretionary sector also proved effective.

Which stocks detracted significantly from the Fund's performance during the annual period?

As mentioned earlier, several health care positions detracted significantly from the Fund's performance during the annual period, including biopharmaceuticals firm Alexion Pharmaceuticals and biopharmaceutical company Illumina. A position in regulated medical waste management services provider Stericycle, which is a component of the industrials sector, was also one of the biggest detractors from the Fund's results. Each of these companies' stocks declined on weaker than expected operating performance.

What were some of the Fund's best-performing individual stocks?

Among the individual stocks that contributed most to the Fund's relative results were agricultural machinery manufacturer Toro, life science equipment provider Idexx Laboratories and non-hazardous solid waste collection services provider Waste Connections. Each of these companies' stocks were boosted during the annual period by stronger than expected operating performance.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.



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Did the Fund make any significant purchases or sales during the annual period?

During the annual period, we established new Fund positions in aircraft components manufacturer TransDigm Group, discount variety store chain operator Dollar Tree and household and personal products company Spectrum Brands Holdings, in each case based on strong recent operating results and the companies' long-term records of consistently good growth.

Among the largest eliminations from the Fund's portfolio were positions in apparel company VF, custom information technology consulting and services provider Cognizant Technology Solutions and integrated energy company EQT. In each case, the exiting of the position from the Fund's portfolio was due to weaker than expected operating results and what we believe are diminished long-term growth prospects.

Were there any notable changes in the Fund's weightings during the 12-month period?

There were no material changes in the Fund's sector weightings during the 12-month period ended December 31, 2016.

How was the Fund positioned relative to its benchmark index at the end of December 2016?

As of December 31, 2016, the Fund was overweighted relative to the S&P 500® Index in the industrials and materials sectors. The Fund was underweighted relative to the S&P 500® Index in the financials, energy, information technology and consumer discretionary sectors and was rather neutrally weighted relative to the Index in the utilities, consumer staples, health care, telecommunication services and real estate sectors on the same date.

What is your tactical view and strategy for the months ahead?

Regardless of market conditions, we intend to stay true to our time-tested investment discipline going forward, seeking to invest in companies that have demonstrated a solid history of consistent growth in both their earnings and stock price. In our view, these companies possess attractive portfolios of proprietary products and services that give them strong market positions and make them less vulnerable to swings in national and international economic conditions. At the same time, we believe the underlying stocks of these companies tend to be less volatile than the average stock in the S&P 500® Index. By maintaining our investment discipline, the Fund has historically provided a smoother ride to investors than its peer group averages. Putting aside short-term ebbs and flows in the equity market, we believe the Fund's investments are likely to provide superior returns to our shareholders over the long term.

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Value Line Premier Growth Fund, Inc.

Portfolio Highlights at December 31, 2016 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Waste Connections, Inc.	115,800	\$ 9,100,722	3.0%
Toro Co. (The)	158,600	8,873,670	2.9%
Mettler-Toledo International, Inc.	17,700	7,408,512	2.4%
Fiserv, Inc.	68,400	7,269,552	2.4%
Roper Technologies, Inc.	39,000	7,140,120	2.3%
IDEXX Laboratories, Inc.	57,400	6,731,298	2.2%
O'Reilly Automotive, Inc.	22,600	6,292,066	2.0%
Teledyne Technologies, Inc.	50,200	6,174,600	2.0%
TJX Companies, Inc. (The)	80,600	6,055,478	1.9%
MasterCard, Inc.	58,000	5,988,500	1.9%
Total			23.0%
Asset Allocation – Percentage of Net Assets			

Sector Weightings – Percentage of Total Investment Securities\*

\*  
Sector weightings exclude short-term investments.





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The following graph compares the performance of the Value Line Premier Growth Fund, Inc. to that of the S&P 500® Index (the “Index”). The Value Line Premier Growth Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes, but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment in the Value Line Premier Growth Fund, Inc. and the S&P 500® Index\*

Performance Data: \*\*

	Average Annual Total Return
1 year ended 12/31/16	7.00%
5 years ended 12/31/16	11.29%
10 years ended 12/31/16	7.37%

\*

The Standard and Poor’s 500® Stock Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

\*\*

The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

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Schedule of Investments

Shares		Value
COMMON STOCKS (99.7%)		
CONSUMER DISCRETIONARY (8.6%)		
APPAREL (0.2%)		
27,600	Wolverine World Wide, Inc.	\$ 605,820
DISTRIBUTION & WHOLESALE (1.1%)		
112,000	LKQ Corp.*	3,432,800
RETAIL (7.3%)		
7,400	AutoZone, Inc.*	5,844,446
1,100	Buffalo Wild Wings, Inc.*	169,840
20,000	Dollar Tree, Inc.*	1,543,600
16,200	Domino's Pizza, Inc.	2,579,688
22,600	O'Reilly Automotive, Inc.*	6,292,066
80,600	TJX Companies, Inc. (The)	6,055,478
		22,485,118
		26,523,738
CONSUMER STAPLES (9.0%)		
AGRICULTURE (1.5%)		
84,000	Reynolds American, Inc.	4,707,360
BEVERAGES (1.0%)		
42,600	Brown-Forman Corp. Class B	1,913,592
13,100	Coca-Cola Femsa, S.A.B. de C.V. ADR(1)	832,374
4,800	Fomento Economico Mexicano S.A.B. de C.V. ADR	365,808
		3,111,774
FOOD (2.8%)		
64,000	General Mills, Inc.	3,953,280
120,000	Hormel Foods Corp.	4,177,200
5,000	McCormick & Co., Inc.	466,650
		8,597,130

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	HOUSEHOLD PRODUCTS & WARES (2.3%)	
134,800	Church & Dwight Co., Inc.	5,956,812
10,300	Spectrum Brands Holdings, Inc.(1)	1,259,999
		7,216,811
	RETAIL (1.4%)	
26,000	Costco Wholesale Corp.	4,162,860
		27,795,935
	FINANCIALS (4.9%)	
	BANKS (1.5%)	
75,500	HDFC Bank Ltd. ADR	4,581,340
	INSURANCE (2.5%)	
3,000	Alleghany Corp.*	1,824,360
Shares		Value
	FINANCIALS (4.9%) (continued)	
45,000	Arch Capital Group Ltd.*	\$ 3,883,050
14,000	Chubb, Ltd.	1,849,680
		7,557,090
	REITS (0.9%)	
23,200	Equity Lifestyle Properties, Inc. REIT	1,672,720
4,953	Essex Property Trust, Inc. REIT	1,151,573
		2,824,293
		14,962,723
	HEALTHCARE (16.1%)	
	BIOTECHNOLOGY (2.3%)	
33,800	Alexion Pharmaceuticals, Inc.*	4,135,430
23,000	Illumina, Inc.*	2,944,920
		7,080,350
	ELECTRONICS (2.4%)	
17,700	Mettler-Toledo International, Inc.*	7,408,512
	HEALTHCARE PRODUCTS (7.5%)	
22,600	C.R. Bard, Inc.	5,077,316
61,000	Danaher Corp.	4,748,240

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16,000	DENTSPLY SIRONA, Inc.	923,680
38,800	Henry Schein, Inc.*	5,886,348
57,400	IDEXX Laboratories, Inc.*	6,731,298
		23,366,882
	HEALTHCARE SERVICES (1.6%)	
48,100	Mednax, Inc.*	3,206,346
15,600	Universal Health Services, Inc. Class B	1,659,528
		4,865,874
	PHARMACEUTICALS (1.7%)	
42,000	Express Scripts Holding Co.*	2,889,180
8,000	Mallinckrodt PLC*	398,560
54,000	Novo Nordisk A/S ADR(1)	1,936,440
		5,224,180
	SOFTWARE (0.6%)	
40,000	Cerner Corp.*	1,894,800
		49,840,598
	INDUSTRIALS (34.1%)	
	AEROSPACE & DEFENSE (6.1%)	
20,000	General Dynamics Corp.	3,453,200
30,762	HEICO Corp.	2,373,288
15,800	Northrop Grumman Corp.	3,674,764
	Shares	Value
	INDUSTRIALS (34.1%) (continued)	
50,200	Teledyne Technologies, Inc.*	\$ 6,174,600
13,300	TransDigm Group, Inc.	3,311,168
		18,987,020
	BUILDING MATERIALS (0.5%)	
26,600	Fortune Brands Home & Security, Inc.	1,422,036
	COMMERCIAL SERVICES (2.9%)	
14,800	Equifax, Inc.	1,749,804
66,152	IHS Markit, Ltd.*	2,342,442
146,900	Rollins, Inc.	4,962,282
		9,054,528

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	ELECTRICAL EQUIPMENTS (4.2%)	
25,300	Acuity Brands, Inc.	5,840,758
103,750	AMETEK, Inc.	5,042,250
26,000	EnerSys	2,030,600
		12,913,608
	ELECTRONICS (0.5%)	
28,800	Fortive Corp.	1,544,544
	ENVIRONMENTAL CONTROL (4.6%)	
38,500	Republic Services, Inc.	2,196,425
37,600	Stericycle, Inc.*	2,896,704
115,800	Waste Connections, Inc.	9,100,722
		14,193,851
	HAND & MACHINE TOOLS (1.8%)	
11,119	Lincoln Electric Holdings, Inc.	852,494
28,500	Snap-on, Inc.	4,881,195
		5,733,689
	HOUSEWARES (2.9%)	
158,600	Toro Co. (The)	8,873,670
	MACHINERY DIVERSIFIED (4.7%)	
31,850	IDEX Corp.	2,868,411
8,000	Middleby Corp. (The)*	1,030,480
39,000	Roper Technologies, Inc.	7,140,120
40,300	Wabtec Corp.(1)	3,345,706
		14,384,717
	MISCELLANEOUS MANUFACTURERS (1.7%)	
18,600	AO Smith Corp.	880,710
39,200	AZZ, Inc.	2,504,880
16,000	Carlisle Companies, Inc.	1,764,640
		5,150,230
	TRANSPORTATION (4.2%)	
62,800	Canadian National Railway Co.	4,232,720
33,000	J.B. Hunt Transport Services, Inc.	3,203,310
14,000	Kansas City Southern	1,187,900
40,000	Union Pacific Corp.	4,147,200

See Notes to Financial Statements.



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December 31, 2016

Shares		Value
COMMON STOCKS (99.7%) (continued)		
TRANSPORTATION (4.2%) (continued)		
4,000	XPO Logistics, Inc.*	\$ 172,640
		12,943,770
		105,201,663
INFORMATION TECHNOLOGY (15.8%)		
CHEMICALS (0.1%)		
7,500	Versum Materials, Inc.*	210,525
COMMERCIAL SERVICES (1.0%)		
27,600	WEX, Inc.*	3,080,160
COMPUTERS (1.7%)		
44,000	Accenture PLC Class A	5,153,720
DIVERSIFIED FINANCIAL SERVICES (1.9%)		
58,000	MasterCard, Inc. Class A	5,988,500
ELECTRONICS (1.9%)		
78,400	Amphenol Corp. Class A	5,268,480
23,000	Trimble, Inc.*	693,450
		5,961,930
SOFTWARE (9.2%)		
61,600	ANSYS, Inc.*	5,697,384
68,400	Fiserv, Inc.*	7,269,552
28,400	Intuit, Inc.	3,254,924
75,000	Salesforce.com, Inc.*	5,134,500
7,000	ServiceNow, Inc.*	520,380
3,000	Tyler Technologies, Inc.*	428,310
32,500	Ultimate Software Group, Inc. (The)*	5,926,375
		28,231,425
		48,626,260
Shares		Value
MATERIALS (8.8%)		
CHEMICALS (3.7%)		
15,000	Air Products & Chemicals, Inc.	\$ 2,157,300

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40,000	FMC Corp.	2,262,400
600	NewMarket Corp.	254,304
20,000	Praxair, Inc.	2,343,800
43,200	Valspar Corp. (The)	4,475,952
		11,493,756
	COMMERCIAL SERVICES (1.8%)	
48,400	Ecolab, Inc.	5,673,448
	HOUSEWARES (0.6%)	
20,200	Scotts Miracle-Gro Co. (The) Class A	1,930,110
	MISCELLANEOUS MANUFACTURERS (0.7%)	
27,400	AptarGroup, Inc.	2,012,530
	PACKAGING & CONTAINERS (2.0%)	
49,400	Ball Corp.	3,708,458
45,000	Crown Holdings, Inc.*	2,365,650
		6,074,108
		27,183,952
	REAL ESTATE (1.2%)	
	REITS (1.2%)	
36,000	American Tower Corp. REIT	3,804,480
	TELECOMMUNICATION SERVICES (1.2%)	
	ENGINEERING & CONSTRUCTION (1.2%)	
37,000	SBA Communications Corp. Class A*	3,820,620
	TOTAL COMMON STOCKS	
		307,759,969
	(Cost \$148,777,468) (99.7%)	
	Shares	Value
	SHORT-TERM INVESTMENTS (2.0%)	
	MONEY MARKET FUNDS (2.0%)	
	State Street	
1,426,971	Institutional Liquid Reserves Fund	\$ 1,426,971
	State Street Navigator	
4,711,847	Securities Lending Prime Portfolio (2)	4,711,847
	TOTAL SHORT-TERM INVESTMENTS	
		6,138,818
	(Cost \$6,138,818) (2.0%)	
	TOTAL INVESTMENT SECURITIES	
		\$ 313,898,787
	(101.7%)	



(Cost \$154,916,286)

EXCESS OF LIABILITIES OVER CASH	(5,204,824)
AND OTHER ASSETS (-1.7%)	
NET ASSETS (100%)	\$ 308,693,963

\*

Non-income producing.

(1)

A portion or all of the security was held on loan. As of December 31, 2016, the market value of the securities on loan was \$4,586,748.

(2)

Securities with an aggregate market value of \$4,586,748 were out on loan in exchange for \$4,711,847 of cash collateral as of December 31, 2016. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1J in the Notes to Financial Statements.

ADR

American Depositary Receipt.

REIT

Real Estate Investment Trust.

The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2016 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	\$ 307,759,969	\$ —	\$ —	\$ 307,759,969
Short-Term Investments	6,138,818	—	—	6,138,818
Total Investments in Securities	\$ 313,898,787	\$ —	\$ —	\$ 313,898,787

\*

See Schedule of Investments for further classification.

See Notes to Financial Statements.

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VALUE LINE MID CAP FOCUSED FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY (condensed) (unaudited)

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

To achieve the Fund's investment objectives the Adviser invests substantially all of the Fund's net assets in common stocks. Under normal circumstances, the Adviser expects that the Fund's portfolio will generally consist of positions in 30 to 50 companies. The Adviser invests at least 80% of the Fund's assets in common stocks and other equity securities of mid-sized companies. 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. 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 Adviser will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness. The Adviser may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

Manager Discussion of Fund Performance

Below, Value Line Mid Cap Focused Fund, Inc. portfolio manager Stephen E. Grant discusses the Fund's performance and positioning for the 12 months ended December 31, 2016.

How did the Fund perform during the annual period?

The Fund generated a total return of 10.94% during the 12 months ended December 31, 2016. This compares to the 11.96% return of the Fund's benchmark, the S&P 500® Index, during the same annual period.

What key factors were responsible for the Fund's performance during the 12-month reporting period?

While the Fund posted double-digit absolute gains, it underperformed the S&P 500® Index during the 12-month reporting period due primarily to stock selection overall.

Several trends in the broad U.S. equity market during the annual period had an effect on the Fund's relative results. First, growth-oriented stocks lagged value-oriented stocks by an especially wide margin during the annual period, which dampened the Fund's relative results, as the Fund, unlike the S&P 500® Index, leans more toward the growth end of the spectrum. Second, the Fund's emphasis on higher quality, more consistent, less volatile stocks proved challenging when lower quality, more speculative stocks bounced back strongly in the final months of 2016.

Which equity market sectors most significantly affected Fund performance?

The Fund enjoyed positive absolute returns in all nine sectors of the S&P 500® Index in which it invested during the annual period, with the exception of consumer staples. However, on a relative basis, weak stock selection in information technology detracted, with positions in Alliance Data Systems, Tyler Technologies and Ultimate Software Group particular disappointments. Weak stock selection in consumer staples also detracted. Having an underweighted allocation to the financials sector, which substantially outpaced the S&P 500® Index during the annual period, hurt relative results as well.

These detractors were partially offset by the positive contribution made by effective stock selection in the health care sector. An outstanding holding for the Fund during the annual period was Idexx Laboratories, which provides diagnostic, detection and information systems for veterinary, food and water testing applications. Having an overweighted allocation to the industrials sector, which significantly outpaced the S&P 500® Index during the annual period, also added value.

Which stocks detracted significantly from the Fund's performance during the annual period?

During the annual period, the Fund was hurt by its positions in regulated medical waste management services provider Stericycle, specialty consumer finance company Alliance Data Systems and information management solutions and services provider for local governments Tyler Technologies. Each of these companies' stocks declined on weaker than expected operating performance.

What were some of the Fund's best-performing individual stocks?

Among the individual stocks that contributed most to the Fund's relative results were agricultural machinery manufacturer Toro, life science equipment provider Idexx Laboratories and non-hazardous solid waste collection services provider Waste Connections. Each of these companies' stocks were boosted during the annual period by stronger than expected operating performance.

How did the Fund use derivatives and similar instruments during the reporting period?  
The Fund did not use derivatives during the reporting period.

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Did the Fund make any significant purchases or sales during the annual period?

During the annual period, we established new Fund positions in flavor and other specialty food products manufacturer McCormick & Co., technology information services provider Gartner and specialty consumer finance company Jack Henry & Associates, each of which has produced strong and consistent operating results and stock performance in both the near term and long term.

Eliminations from the Fund's portfolio during the annual period included Alliance Data Systems, mentioned earlier, as well as consumer goods packaging products manufacturer Crown Holdings and physician management services provider Mednax, which we believe have diminished long-term growth prospects.

Were there any notable changes in the Fund's weightings during the 12-month period?

There were no material changes in the Fund's sector weightings during the 12-month period ended December 31, 2016. However, we further streamlined the Fund's focused strategy, implemented in late 2014 — what we like to call our “Best Ideas” approach. The Fund ended the annual period with 39 holdings, compared to 44 at the start of 2016, as we eliminated some holdings that we believe possess diminished long-term growth prospects.

How was the Fund positioned relative to its benchmark index at the end of December 2016?

As of December 31, 2016, the Fund was overweighted relative to the S&P 500® Index in the industrials, materials and consumer staples sectors. The Fund was underweighted relative to the S&P 500® Index in the financials, energy and consumer discretionary sectors and was rather neutrally weighted relative to the Index in the information technology, health care and utilities sectors on the same date. On December 31, 2016, the Fund held no positions at all in the telecommunication services or real estate sectors.

What is your tactical view and strategy for the months ahead?

Regardless of market conditions, we intend to stay true to our time-tested investment discipline going forward, seeking to invest in companies that have demonstrated a solid history of consistent growth in both their earnings and stock price. In our view, these companies possess attractive portfolios of proprietary products and services that give them strong market positions and make them less vulnerable to swings in national and international economic conditions. At the same time, we believe the underlying stocks of these companies tend to be less volatile than the average stock in the S&P 500® Index. By maintaining our investment discipline, the Fund has historically provided a smoother ride to investors than its peer group averages. Putting aside short-term ebbs and flows in the equity market, we believe the Fund's investments are likely to provide superior returns to our shareholders over the long term.

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Value Line Mid Cap Focused Fund, Inc.  
Portfolio Highlights at December 31, 2016 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
IDEXX Laboratories, Inc.	42,400	\$ 4,972,248	3.7%
Arch Capital Group Ltd.	55,900	4,823,611	3.6%
Waste Connections, Inc.	61,100	4,801,849	3.6%
Toro Co. (The)	85,600	4,789,320	3.6%
Rollins, Inc.	137,400	4,641,372	3.5%
Fiserv, Inc.	43,400	4,612,552	3.4%
Teledyne Technologies, Inc.	35,900	4,415,700	3.3%
Amphenol Corp.	62,100	4,173,120	3.1%
Mettler-Toledo International, Inc.	9,900	4,143,744	3.1%
J&J Snack Foods Corp.	31,000	4,136,330	3.1%
Total			34.0%
Asset Allocation – Percentage of Net Assets			

Sector Weightings – Percentage of Total Investment Securities\*

\*  
Sector weightings exclude short-term investments.



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The following graph compares the performance of the Value Line Mid Cap Focused Fund, Inc. to that of the S&P 500® Index (the “Index”). The Value Line Mid Cap Focused Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes, but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment in the Value Line Mid Cap Focused Fund, Inc. and the S&P 500® Index\*

Performance Data: \*\*

	Average Annual Total Return
1 year ended 12/31/16	10.94%
5 years ended 12/31/16	13.07%
10 years ended 12/31/16	5.00%

\*

The Standard and Poor’s 500® Stock Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

\*\*

The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

**TABLE OF CONTENTS**Value Line Mid Cap Focused Fund, Inc.  
Schedule of Investments

Shares		Value
COMMON STOCKS (96.4%)		
CONSUMER DISCRETIONARY (5.8%)		
DISTRIBUTION & WHOLESALE (1.8%)		
78,800	LKQ Corp.*	\$ 2,415,220
RETAIL (4.0%)		
11,800	Advance Auto Parts, Inc.	1,995,616
44,000	TJX Companies, Inc. (The)	3,305,720
		5,301,336
		7,716,556
CONSUMER STAPLES (13.8%)		
FOOD (8.1%)		
102,000	Hormel Foods Corp.	3,550,620
31,000	J&J Snack Foods Corp.	4,136,330
33,100	McCormick & Co., Inc.	3,089,223
		10,776,173
HOUSEHOLD PRODUCTS (2.8%)		
80,000	Church & Dwight Co., Inc.	3,535,200
2,100	Spectrum Brands Holdings, Inc.(1)	256,893
		3,792,093
RETAIL (2.9%)		
32,600	Casey's General Stores, Inc.	3,875,488
		18,443,754
FINANCIALS (3.6%)		
INSURANCE (3.6%)		
55,900	Arch Capital Group Ltd.*	4,823,611
HEALTHCARE (13.6%)		
ELECTRONICS (3.1%)		
9,900	Mettler-Toledo International, Inc.*	4,143,744
HEALTHCARE PRODUCTS (10.5%)		
16,200	C.R. Bard, Inc.	3,639,492



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26,700	Danaher Corp.	2,078,328
22,700	Henry Schein, Inc.*	3,443,817
42,400	IDEXX Laboratories, Inc.*	4,972,248
		14,133,885
		18,277,629

INDUSTRIALS (33.2%)

AEROSPACE & DEFENSE (8.1%)

37,983	HEICO Corp.	2,930,388
35,900	Teledyne Technologies, Inc.*	4,415,700
14,100	TransDigm Group, Inc.	3,510,336
		10,856,424

Shares Value

INDUSTRIALS (33.2%) (continued)

COMMERCIAL SERVICES (3.5%)

137,400	Rollins, Inc.	\$ 4,641,372
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ELECTRICAL EQUIPMENTS (2.1%)

56,750	AMETEK, Inc.	2,758,050
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ENVIRONMENTAL CONTROL (5.1%)

26,800	Stericycle, Inc.*	2,064,672
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61,100	Waste Connections, Inc.	4,801,849
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6,866,521

HAND & MACHINE TOOLS (2.7%)

21,400	Snap-on, Inc.	3,665,178
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HOUSEWARES (3.6%)

85,600	Toro Co. (The)	4,789,320
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MACHINERY DIVERSIFIED (5.5%)

26,800	Middleby Corp. (The)*	3,452,108
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21,400	Roper Technologies, Inc.	3,917,912
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7,370,020

MISCELLANEOUS  
MANUFACTURERS (2.6%)

31,900	Carlisle Companies, Inc.	3,518,251
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44,465,136

INFORMATION TECHNOLOGY (22.3%)

COMMERCIAL SERVICES (2.9%)

31,300	Gartner, Inc.*	3,163,491
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6,900	WEX, Inc.*	770,040
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		3,933,531
	COMPUTERS (1.0%)	
28,900	CGI Group, Inc. Class A*	1,388,067
	ELECTRONICS (3.1%)	
62,100	Amphenol Corp. Class A	4,173,120
	SOFTWARE (15.3%)	
36,200	ANSYS, Inc.*	3,348,138
43,400	Fiserv, Inc.*	4,612,552
31,900	Jack Henry & Associates, Inc.	2,832,082
49,400	Open Text Corp.	3,053,414
20,600	Tyler Technologies, Inc.*	2,941,062
20,100	Ultimate Software Group, Inc. (The)*	3,665,235
		20,452,483
		29,947,201
	MATERIALS (4.1%)	
	COMMERCIAL SERVICES (2.3%)	
26,000	Ecolab, Inc.	3,047,720
	Shares	Value
	MATERIALS (4.1%) (continued)	
	PACKAGING & CONTAINERS (1.8%)	
33,000	Ball Corp.	\$ 2,477,310
		5,525,030
	TOTAL COMMON STOCKS (Cost \$90,889,269) (96.4%)	129,198,917
	SHORT-TERM INVESTMENTS (4.1%)	
	MONEY MARKET FUNDS (4.1%)	
	State Street	
5,288,949	Institutional Liquid Reserves Fund	5,288,949
	State Street Navigator	
264,075	Securities Lending Prime Portfolio(2)	264,075
	TOTAL SHORT-TERM INVESTMENTS (Cost \$5,553,529) (4.1%)	5,553,024
	TOTAL INVESTMENT SECURITIES (100.5%) (Cost \$96,442,798)	\$ 134,751,941

EXCESS OF LIABILITIES OVER CASH	(721,893)
AND OTHER ASSETS (-0.5%)	
NET ASSETS (100%)	\$ 134,030,048

\*

Non-income producing.

(1)

A portion or all of the security was held on loan. As of December 31, 2016, the market value of the securities on loan was \$256,893.

(2)

Securities with an aggregate market value of \$256,893 were out on loan in exchange for \$264,075 of cash collateral as of December 31, 2016. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1J in the Notes to Financial Statements.

See Notes to Financial Statements.

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December 31, 2016

The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2016 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	\$ 129,198,917	\$ —	\$ —	\$ 129,198,917
Short-Term Investments	5,553,024	—	—	5,553,024
Total Investments in Securities	\$ 134,751,941	\$ —	\$ —	\$ 134,751,941

\*

See Schedule of Investments for further classification.

See Notes to Financial Statements.

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

**INVESTMENT OBJECTIVE AND STRATEGY (condensed) (unaudited)**

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

To achieve the Fund's goals, 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 is 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. 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).

**Manager Discussion of Fund Performance**

Below, Value Line Income and Growth Fund, Inc. portfolio managers Cindy Starke, Stephen E. Grant and Liane Rosenberg discuss the Fund's performance and positioning for the 12 months ended December 31, 2016.

How did the Fund perform during the annual period?

The Fund's Investor Class generated a total return of 2.80% during the 12 months ended December 31, 2016. This compares to the 8.77% return of the Fund's blended benchmark, comprised 60% of the S&P 500® Index and 40% of the Bloomberg Barclays U.S. Aggregate Bond Index (the Bloomberg Barclays Index), during the same annual period.

What key factors were responsible for the Fund's performance during the 12-month reporting period?

While the Fund generated absolute gains, its underperformance relative to its blended benchmark was driven by stock selection in equities, as the equity portion of the Fund lagged the S&P 500® Index during the annual period. The fixed income portion of the Fund outpaced the Bloomberg Barclays Index during the 12-month reporting period.

The equity portion of the Fund was invested primarily in large-cap growth stocks, which was the worst performing segment of the U.S. equity market during the annual period. Within the U.S. equity market, large-cap stocks underperformed small-cap and mid-cap stocks, as measured by the S&P indices, and value stocks outperformed growth stocks across the capitalization spectrum during the annual period. Sector allocation as a whole within the equity portion of the Fund also detracted. Having a large-cap growth stock bias kept the equity portion of the Fund either out of or underweighted in several top performing sectors, including energy, telecommunication services, financials, industrials and materials.

Asset allocation overall contributed positively to the Fund's relative performance. Its overweight to equities and underweight to fixed income, relative to the blended benchmark, helped, as equities significantly outperformed fixed income during the annual period. U.S. equities, as measured by the S&P 500® Index, were up 11.96% during the annual period, and bonds, as measured by the Bloomberg Barclays Index, posted a return of 2.65%. However, as both equities and fixed income gained ground during the annual period, having an allocation to cash and cash equivalents, albeit modest, dampened relative results a bit.

Which equity market sectors most significantly affected Fund performance?

Stock selection in the health care and information technology sectors detracted most. Having an overweighted allocation to health care, which was the weakest performing sector in the S&P 500® Index during the annual period, and in particular having an overweight to stocks in the biotechnology industry, also detracted. Having an underweighted allocation to energy, which was the best performing sector in the S&P 500® Index during the annual period, hurt as well.

The only sector to contribute positively to the Fund's relative results during the annual period was real estate. The Fund had an underweighted allocation to real estate stocks, and the sector was the second-weakest sector in the S&P 500® Index during the annual period, given concerns about rising interest rates and its potential effect on the real estate business. Security selection within the real estate sector also added value.

Which stocks detracted significantly from the Fund's performance during the annual period?

During the annual period, the stocks that detracted most from the Fund's performance were health care companies focused on drug development — Vertex Pharmaceuticals, Allergan and Gilead Sciences.

The biotechnology industry was one of the weakest performers during the annual period amid uncertainty over the U.S. election and headline risk regarding the potential for future pricing controls. Shares of Vertex Pharmaceuticals

sold off with the downdraft in biotechnology companies and on a slower than expected launch of Orkambi, a treatment for cystic fibrosis. Shares of Allergan declined sharply in April 2016 when Pfizer was forced to walk away from acquiring the company after the U.S. Treasury Department issued new rules aimed at preventing this acquisition from occurring. We reduced the Fund's position in Allergan

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during the course of the year. Gilead Sciences' shares were weak during the annual period, affected not only by the broad brush of the poorly performing health care sector but also by a weakening of its own company fundamentals. We were disappointed that its management did not make a significant acquisition to help bolster the company's growth trajectory, as it had done before. We sold the Fund's position in Gilead Sciences.

What were some of the Fund's best-performing individual stocks?

Contributing most to the Fund's relative results were biotechnology firm Medivation, online and mobile platform operator for restaurant pick-up and delivery orders GrubHub and global semiconductor and software designed NXP Semiconductors.

Shares of Medivation rose significantly, as Pfizer beat out several other firms with the most attractive acquisition offer at \$14 billion in cash. During the annual period, we had increased the Fund's position in Medivation and then sold the position before the acquisition closed. GrubHub, known to many of its users by its Seamless brand, is the leading online restaurant delivery service in the U.S. with an estimated market share of more than 50%. Its shares enjoyed robust double-digit gains reflecting strong growth fundamentals and execution during the annual period. We had added to the Fund's position in GrubHub earlier in the year when its share price was lower, and then, following its strong performance, we trimmed the Fund's position. NXP Semiconductors saw its shares gain significantly, driven higher by the news in late October 2016 that Qualcomm would acquire the company for \$110 per share in cash or \$47 billion enterprise value. We had opportunistically initiated a Fund position in NXP Semiconductors in July 2016 and then sold it following the acquisition announcement.

Did the equity portion of the Fund make any significant purchases or sales?

Energy stocks recovered in 2016, as oil prices appeared to have finally bottomed. Investors' confidence was further boosted in late November 2016 when oil-producing countries, both OPEC and non-OPEC members, agreed to the first oil production cut in eight years. We believe these events were significant and thus made the sector investable again for long-term growth investors. One company we believe is well positioned in the energy sector in the coming years is Pioneer Natural Resources, one of the largest oil producers in the Midland Permian Basin in west Texas and southeast New Mexico, which is the second largest oil field in the world. Pioneer Natural Resources' forward growth looks attractive to us, as the company targets 15% annual production growth and 25% annual cash flow growth through 2020.

Financial stocks rose sharply following the U.S. presidential election, as expectations for higher interest rates, corporate tax reform and deregulation buoyed the sector. We initiated a Fund position in Citigroup, the world's leading investment banking and financial services company. We believe Citigroup is well positioned to benefit from these potential reforms and from higher interest rates, and we believe it was trading at an attractive valuation at the time of purchase.

In other areas, we established a Fund position in Zoetis, a global leader in animal health medicines and vaccines for pets and livestock, which was spun off of pharmaceutical giant Pfizer in 2013. In our view, the animal therapeutics market is a large and attractive one, with an estimated size of \$25 billion, that tends to experience steady rather than cyclical growth. We established the Fund position in March 2016 when its shares were under pressure, and its shares rebounded since the Fund's purchase. We initiated a Fund position in Adobe Systems, a leading software company operating in the digital content creation market and digital marketing market. Combined, these two markets represent a nearly \$48 billion opportunity. Adobe Systems expects to grow its sales 20% and its earnings per share 30% in the coming years.

The Fund benefited in 2016 from companies that were acquisition targets. LinkedIn, Medivation and NXP Semiconductors, all holdings in the Fund, were sold during the annual period after it was announced that these companies would be acquired. As we mentioned earlier, Medivation and NXP Semiconductors were among the Fund's top positive contributors during the annual period. We exited the Fund's position in professional social media network LinkedIn after Microsoft announced its acquisition of the company at a nearly 50% premium to the previous day close.

Were there any notable changes in the equity portion of the Fund's weightings during the 12-month period?

During the annual period, we decreased the Fund's weighting relative to the S&P 500® Index in the consumer discretionary, health care and industrials sectors. We increased the Fund's relative positions in the energy and

financials sectors during the annual period.

How was the equity portion of the Fund positioned relative to its benchmark index at the end of December 2016?

As of December 31, 2016, the Fund was overweighted relative to the S&P 500® Index in the health care, consumer discretionary and information technology sectors. The Fund was underweighted relative to the S&P 500® Index in the industrials, consumer staples, materials, energy and real estate sectors on the same date. The Fund was rather neutrally weighted to the S&P 500® Index in the financials sector and had no exposure to the utilities and telecommunication services sectors at the end of December 2016.



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VALUE LINE INCOME AND GROWTH FUND, INC. (continued)

What was the duration strategy of the fixed income portion of the Fund?

Duration positioning in the fixed income portion of the Fund had a rather neutral effect on its performance relative to the Bloomberg Barclays Index during the annual period. We kept the Fund's duration approximately 0.25 years shorter than that of the Bloomberg Barclays Index in anticipation of higher interest rates. (A basis point is 1/100th of a percentage point). Duration is a measure of the fixed income portion of the Fund's sensitivity to changes in interest rates.

Which fixed income market segments most significantly affected Fund performance?

On the positive side, an overweighted allocation relative to the Bloomberg Barclays Index in corporate bonds and a corresponding underweighted allocation in U.S. Treasuries added value, as corporate bonds outperformed U.S. Treasuries during the annual period. Within the corporate bond sector, having exposure to high yield corporate bonds, which are not a component of the Bloomberg Barclays Index, proved beneficial, as this sector posted strong total returns that significantly outpaced the Bloomberg Barclays Index during the annual period.

Conversely, having an overweight to financials within the investment grade corporate bond sector detracted, as financial bonds were the worst performing segment within the sector during the annual period. Having only a modest exposure to sovereign credits also detracted. We maintained the positioning in sovereign credits given heightened global volatility amidst Brexit, terrorism and other geopolitical factors, but the sector was a rather strong performer during the annual period.

Were there any notable changes in the fixed income portion of the Fund's weightings during the 12-month period?

We increased the fixed income portion of the Fund's exposure to investment grade and high yield corporate bonds and reduced its allocation to U.S. Treasuries during the annual period. Amongst corporate bonds, we added to the fixed income portion of the Fund's exposure to energy-related credits and reduced exposure to the retail industry. These shifts proved beneficial as oil prices staged a comeback and as brick and mortar stores lost ground to e-commerce and online retailing. We did not change the fixed income portion of the Fund's duration notably, but we did add some exposure to the long-term end of the yield curve as inflation appeared to be well-contained.

How was the fixed income portion of the Fund positioned relative to its benchmark index at the end of December 2016?

At the end of December 2016, the fixed income portion of the Fund remained overweight relative to the Bloomberg Barclays Index in spread, or non-U.S. Treasury, sectors. The fixed income portion of the Fund was overweight the investment grade corporate bond sector and maintained exposure to the high yield corporate bond sector. The fixed income portion of the Fund was also overweight taxable municipal bonds and remained underweight relative to the Bloomberg Barclays Index in U.S. Treasuries and agency securities given our focus on enhancing investment income.

How did the Fund's overall asset allocation shift from beginning to end of the annual period?

At the end of December 2015, the Fund had a weighting of approximately 68.8% in stocks, 23% in fixed income securities and 8.2% in cash equivalents. We increased the Fund's exposure to equities during the annual period, as we believed the opportunity for capital appreciation and income was greater in equities. In addition, with interest rates expected to rise more in 2017, we expect stocks to continue to outperform bonds. We further believe equities should benefit from lower corporate tax rates, thus making their valuations, in our view, look more attractive. At December 31, 2016, the Fund had a weighting of approximately 84% in stocks, 15% in fixed income securities and 1% in cash equivalents.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.

What is your tactical view and strategy for the months ahead?

We believe the U.S. equity market's performance should be supported by earnings growth, which we expect to accelerate in 2017. The potential for more pro-growth economic policies under a new U.S. administration, especially lower corporate and individual tax rates, may well be a positive development for many of the companies in the Fund's portfolio, in our view. Although the timing and details of these changes were still uncertain at the end of the annual period, we anticipate that many of companies in which the Fund is invested may see a slight lift to their sales as well as increased earnings power from lower taxes by year-end 2017.



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Further, with economic conditions slowly improving as seen in continued job gains, rising inflation and higher household spending, and with short-term interest rates set to rise a few times in 2017, we believe there are many stocks that offer attractive dividend income and capital appreciation potential. Thus, we intend to continue to build and own a diversified equity portfolio of high quality companies with good balance sheets and growth outlooks for 2017 and beyond. As always, our goal is to preserve capital in the near term while generating solid total return (i.e., income plus capital appreciation) over the long term and across economic cycles. Any marked change in the U.S. economy to either faster or slower growth may influence our tactical view and influence our asset allocation and sector exposure going forward.

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Value Line Income and Growth Fund, Inc.

Portfolio Highlights at December 31, 2016 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Celgene Corp.	82,000	\$ 9,491,500	3.1%
Activision Blizzard, Inc.	257,000	9,280,270	3.1%
Facebook, Inc.	80,000	9,204,000	3.0%
Edwards Lifesciences Corp.	84,000	7,870,800	2.6%
Alexion Pharmaceuticals, Inc.	61,000	7,463,350	2.5%
JPMorgan Chase & Co.	85,000	7,334,650	2.4%
Visa, Inc.	90,000	7,021,800	2.3%
Bank of America Corp.	295,000	6,519,500	2.1%
Citigroup, Inc.	105,000	6,240,150	2.1%
Alphabet, Inc.	7,800	6,181,110	2.0%
Total			25.2%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities\*

\*  
Sector weightings exclude short-term investments.

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The following graph compares the performance of the Value Line Income and Growth Fund, Inc. to that of the 60/40 S&P 500® Index/ Bloomberg Barclays Aggregate Bond Index, (the “Index”). The Value Line Income and Growth Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes, but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment in the Value Line Income and Growth Fund, Inc. and the 60/40 S&P 500® Index/Bloomberg Barclays Aggregate Bond Index\*

Performance Data: \*\*

	Average Annual Total Return
Investor Class	
1 year ended 12/31/16	2.80%
5 years ended 12/31/16	8.31%
10 years ended 12/31/16	5.46%
Institutional Class	
1 year ended 12/31/16	3.06%

\*

The 60/40 S&P 500® Index/ Bloomberg Barclays Aggregate Bond Index is an unmanaged blended index which consists of a 60% weighting of the Standard & Poor’s 500 Stock Index representative of the larger capitalization stocks traded in the United States and a 40% weighting of the Barclays Capital Aggregate Bond Index which is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-through’s), ABS, and CMBS.

\*\*

The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.



**TABLE OF CONTENTS**Value Line Income and Growth Fund, Inc.  
Schedule of Investments

Shares		Value
COMMON STOCKS (83.8%)		
CONSUMER DISCRETIONARY (16.1%)		
APPAREL (1.7%)		
57,000	NIKE, Inc. Class B	\$ 2,897,310
45,000	VF Corp.	2,400,750
		5,298,060
ENTERTAINMENT (2.8%)		
70,000	Lions Gate Entertainment Corp. Class A(1)	1,883,000
58,000	Lions Gate Entertainment Corp. Class B*(1)	1,423,320
32,000	Vail Resorts, Inc.	5,161,920
		8,468,240
HOME BUILDERS (0.9%)		
83,000	Toll Brothers, Inc.*	2,573,000
INTERNET (3.8%)		
7,000	Amazon.com, Inc.*	5,249,090
30,000	Netflix, Inc.*	3,714,000
1,800	Priceline Group, Inc. (The)*	2,638,908
		11,601,998
MEDIA (2.0%)		
36,000	Comcast Corp. Class A	2,485,800
33,000	Walt Disney Co. (The)	3,439,260
		5,925,060
RETAIL (4.9%)		
20,000	Home Depot, Inc.	2,681,600
86,000	Starbucks Corp.	4,774,720
42,000	Texas Roadhouse, Inc.	2,026,080
42,000	TJX Companies, Inc. (The)	3,155,460
80,000	Urban Outfitters, Inc.*	2,278,400
		14,916,260
		48,782,618
CONSUMER STAPLES (2.6%)		
BEVERAGES (1.8%)		
17,000	Constellation Brands, Inc. Class A	2,606,270



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63,000	Monster Beverage Corp.*	2,793,420
		5,399,690
	COSMETICS & PERSONAL CARE (0.8%)	
33,000	Estee Lauder Companies, Inc. (The) Class A	2,524,170
		7,923,860
	ENERGY (5.3%)	
	OIL & GAS (3.9%)	
66,000	Anadarko Petroleum Corp.	4,602,180
	Shares	Value
	ENERGY (5.3%) (continued)	
	OIL & GAS (3.9%) (continued)	
27,000	Diamondback Energy, Inc.*	\$ 2,728,620
25,000	Pioneer Natural Resources Co.	4,501,750
52,000	Schlumberger Ltd.	4,365,400
		16,197,950
	FINANCIALS (12.8%)	
	BANKS (6.6%)	
295,000	Bank of America Corp.	6,519,500
105,000	Citigroup, Inc.	6,240,150
85,000	JPMorgan Chase & Co.	7,334,650
		20,094,300
	DIVERSIFIED FINANCIAL SERVICES (1.8%)	
7,300	BlackRock, Inc.	2,777,942
210,000	Blackstone Group L.P. (The)	5,676,301
130,000	Charles Schwab Corp. (The)	5,131,100
90,000	Invesco Ltd.	2,730,600
70,000	Synchrony Financial	2,538,900
		18,854,843
		38,949,143
	HEALTHCARE (20.8%)	
	BIOTECHNOLOGY (10.4%)	
61,000	Alexion Pharmaceuticals, Inc.*	7,463,350
16,000	Biogen, Inc.*	4,537,280

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41,000	BioMarin Pharmaceutical, Inc.*	3,396,440
82,000	Celgene Corp.*	9,491,500
22,000	Intercept Pharmaceuticals, Inc.*(1)	2,390,300
60,000	Vertex Pharmaceuticals, Inc.*	4,420,200
		31,699,070
	HEALTHCARE PRODUCTS (4.8%)	
84,000	Edwards Lifesciences Corp.*	7,870,800
51,000	Medtronic PLC	3,632,730
68,000	Zeltiq Aesthetics, Inc.*(1)	2,959,360
		14,462,890
	PHARMACEUTICALS (4.7%)	
13,500	Allergan PLC*	2,835,135
40,000	DexCom, Inc.*	2,388,000
28,000	Jazz Pharmaceuticals PLC*	3,052,840
91,000	Pfizer, Inc.	2,955,680
Shares		Value
HEALTHCARE (20.8%) (continued)		
	PHARMACEUTICALS (4.7%) (continued)	
54,000	Zoetis, Inc.	\$ 2,890,620
		14,122,275
	SOFTWARE (0.9%)	
58,000	Medidata Solutions, Inc.*	2,880,860
		63,165,095
INDUSTRIALS (0.9%)		
	AIRLINES (0.9%)	
56,000	Delta Air Lines, Inc.	2,754,640
INFORMATION TECHNOLOGY (23.0%)		
	AUTO PARTS & EQUIPMENT (1.1%)	
85,000	Mobileye N.V.*(1)	3,240,200
	COMMERCIAL SERVICES (1.3%)	
100,000	PayPal Holdings, Inc.*	3,947,000
	COMPUTERS (2.0%)	
34,000	Apple, Inc.	3,937,880
38,000	Cognizant Technology Solutions Corp.	2,129,140

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	Class A*	
		6,067,020
	DIVERSIFIED FINANCIAL SERVICES (2.3%)	
90,000	Visa, Inc. Class A	7,021,800
	INTERNET (8.8%)	
40,000	Alibaba Group Holding, Ltd. ADR*	3,512,400
2,600	Alphabet, Inc. Class C	2,006,732
7,800	Alphabet, Inc. Class A*	6,181,110
80,000	Facebook, Inc. Class A*	9,204,000
80,000	GrubHub, Inc.*(1)	3,009,600
215,000	Pandora Media, Inc.*(1)	2,803,600
		26,717,442
	SEMICONDUCTORS (1.4%)	
25,000	BROADCOM, Ltd.	4,419,250
	SOFTWARE (6.1%)	
257,000	Activision Blizzard, Inc.	9,280,270
29,000	Adobe Systems, Inc.*	2,985,550
49,000	Akamai Technologies, Inc.*	3,267,320
44,000	Salesforce.com, Inc.*	3,012,240
		18,545,380
		69,958,092
	MATERIALS (0.7%)	
	CHEMICALS (0.7%)	
20,000	Monsanto Co.	2,104,200

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December 31, 2016

Shares		Value
COMMON STOCKS (83.8%) (continued)		
REAL ESTATE (1.6%)		
REITS (1.6%)		
26,000	American Tower Corp. REIT	\$ 2,747,680
30,000	Lamar Advertising Co. REIT Class A	2,017,200
		4,764,880
	TOTAL COMMON STOCKS (Cost \$230,420,295) (83.8%)	254,600,478
Principal Amount		Value
ASSET-BACKED SECURITIES (0.5%)		
	Capital Auto Receivables	
\$ 95,261	Asset Trust, Series 2014-3, Class A3, 1.48%, 11/20/18	95,323
250,000	CarMax Auto Owner Trust, Series 2015-1, Class A4, 1.83%, 7/15/20	250,449
150,000	CarMax Auto Owner Trust, Series 2015-4, Class A3, 1.56%, 11/16/20	150,057
100,000	Citibank Credit Card Issuance Trust, Series 2014-A8, Class A8, 1.73%, 4/9/20	100,383
150,000	Citibank Credit Card Issuance Trust, Series 2014-A1, Class A1, 2.88%, 1/23/23	153,870
250,000	Ford Credit Auto Owner Trust/Ford Credit, Series 2014-1, Class A, 2.26%, 11/15/25(2)	252,134
150,000	Ford Credit Floorplan Master Owner Trust, Series 2012-2, Class A, 1.92%, 1/15/19	150,040
250,000	GM Financial Automobile Leasing Trust, Series	250,678

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	2015-2, Class A3, 1.68%, 12/20/18	
100,000	Synchrony Credit Card Master Note Trust, Series 2012-2, Class A, 2.22%, 1/15/22	100,760
100,000	Synchrony Credit Card Master Note Trust, Series 2015-1, Class A, 2.37%, 3/15/23	100,902
<b>TOTAL ASSET-BACKED SECURITIES</b>		<b>1,604,596</b>
(Cost \$1,613,051) (0.5%)		
<b>Principal Amount</b>		<b>Value</b>
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES (1.1%)</b>		
\$ 251,512	Bear Stearns Commercial Mortgage Securities Trust, Series 2007-PW17, Class A4, 5.69%, 6/11/50(3)	\$ 255,858
100,000	COMM Mortgage Trust, Series 2014-UBS2, Class AM, 4.20%, 3/10/47	104,307
94,000	FHLMC Multifamily Structured Pass-Through Certificates, Series K715, Class A2, 2.86%, 1/25/21	96,806
59,835	FREMF Mortgage Trust, Series 2013-KF02, Class B, 3.53%, 12/25/45(2)(3)	60,025
120,000	FREMF Mortgage Trust, Series 2013-K713, Class B, 3.17%, 4/25/46(2)(3)	120,952
250,000	FREMF Mortgage Trust, Series 2014-K717, Class B, 3.63%, 11/25/47(2)(3)	254,654
203,406	GNMA, Series 2013-12, Class AB, 1.83%, 11/16/52	196,195

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250,000	GNMA, Series 2013-12, Class B, 2.19%, 11/16/52(3)	237,788
250,000	GS Mortgage Securities Trust, Series 2012-GCJ7, Class A4, 3.38%, 5/10/45	260,380
162,089	JP Morgan Chase Commercial Mortgage Securities Trust, Series 2007-CB20, Class A1A, 5.75%, 2/12/51(3)	165,280
100,000	Morgan Stanley Capital I Trust, Series 2012-C4, Class A4, 3.24%, 3/15/45	103,278
131,751	Thornburg Mortgage Securities Trust, Series 2005-1, Class A3, 2.63%, 4/25/45(3)	132,068
250,000	UBS-Barclays Commercial Mortgage Trust, Series 2012-C4, Class A5, 2.85%, 12/10/45	252,245
385,000	UBS-Barclays Commercial Mortgage Trust, Series 2013-C5, Class A4, 3.18%, 3/10/46	392,505
Principal Amount		Value
COMMERCIAL MORTGAGE-BACKED SECURITIES (1.1%) (continued)		
\$ 100,000	Wells Fargo Commercial Mortgage Trust, Series 2014-LC18, Class A2, 2.95%, 12/15/47	\$ 102,331
150,000	Wells Fargo Commercial Mortgage Trust, Series 2015-C26, Class A2, 2.66%, 2/15/48	152,323
200,000	Wells Fargo Commercial Mortgage Trust, Series 2015-NXS1, Class A2, 2.63%, 5/15/48	202,832
200,000	WFRBS Commercial Mortgage Trust, Series	210,910

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2011-C5, Class A4,  
3.67%, 11/15/44

TOTAL COMMERCIAL		
MORTGAGE-BACKED SECURITIES		3,300,737
(Cost \$3,391,570) (1.1%)		
CORPORATE BONDS & NOTES (7.5%)		
BASIC MATERIALS (0.2%)		
CHEMICALS (0.2%)		
225,000	Celanese U.S. Holdings LLC Guaranteed Notes	237,046
200,000	LYB International Finance B.V. Guaranteed Notes	208,959
100,000	Mosaic Co. (The) Senior Unsecured Notes	99,180
		545,185
COMMUNICATIONS (0.8%)		
INTERNET (0.2%)		
100,000	Amazon.com, Inc. Senior Unsecured Notes	103,625
125,000	Amazon.com, Inc. Senior Unsecured Notes	137,583
150,000	Baidu, Inc. Senior Unsecured Notes	151,574
150,000	Expedia, Inc. Guaranteed Notes	152,434
150,000	Netflix, Inc. Senior Unsecured Notes	160,500
		705,716
MEDIA (0.4%)		
200,000	CBS Corp. Guaranteed Notes	201,462
150,000	Comcast Corp. Guaranteed Notes	193,672
250,000	DIRECTV Holdings LLC/DIRECTV Financing Co., Inc. Guaranteed Notes	256,285
150,000	Discovery Communications LLC Guaranteed Notes	157,953

See Notes to Financial Statements.

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## Schedule of Investments (continued)

Principal Amount		Value
CORPORATE BONDS & NOTES (7.5%) (continued)		
COMMUNICATIONS (0.8%) (continued)		
\$ 200,000	Scripps Networks Interactive, Inc. Senior Unsecured Notes	\$ 200,442
100,000	Time Warner, Inc. Guaranteed Notes	99,440
100,000	Time Warner, Inc. Guaranteed Notes	99,432
		1,208,686
TELECOMMUNICATIONS (0.2%)		
150,000	T-Mobile USA, Inc. Guaranteed Notes	153,375
250,000	Telefonica Emisiones SAU Guaranteed Notes	270,959
100,000	Verizon Communications, Inc. Senior Unsecured Notes	96,591
		520,925
		2,435,327
CONSUMER, CYCLICAL (0.9%)		
AUTO MANUFACTURERS (0.2%)		
300,000	Ford Motor Credit Co. LLC Senior Unsecured Notes	301,339
200,000	General Motors Financial Co., Inc. Guaranteed Notes	201,254
100,000	Nissan Motor Acceptance Corp. Senior Unsecured Notes(2)	100,501
		603,094
AUTO PARTS & EQUIPMENT (0.1%)		
100,000	Goodyear Tire & Rubber Co. (The) Guaranteed Notes	99,544
100,000	Magna International, Inc. Senior Unsecured Notes	103,601



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		203,145
	HOME BUILDERS (0.2%)	
100,000	CalAtlantic Group, Inc. Guaranteed Notes	109,750
175,000	D.R. Horton, Inc. Guaranteed Notes	179,812
150,000	PulteGroup, Inc. Guaranteed Notes	153,375
100,000	Toll Brothers Finance Corp. Guaranteed Notes	98,250
		541,187
	HOUSEWARES (0.1%)	
150,000	Newell Brands, Inc. Senior Unsecured Notes	151,646
Principal Amount		Value
CONSUMER, CYCLICAL (0.9%) (continued)		
	HOUSEWARES (0.1%) (continued)	
\$ 50,000	Newell Brands, Inc. Senior Unsecured Notes	\$ 57,401
		209,047
	LEISURE TIME (0.1%)	
150,000	Royal Caribbean Cruises, Ltd. Senior Unsecured Notes	160,313
	LODGING (0.1%)	
250,000	Wyndham Worldwide Corp. Senior Unsecured Notes	249,554
250,000	Wynn Las Vegas LLC/ Wynn Las Vegas Capital Corp. Guaranteed Notes	256,250
		505,804
	RETAIL (0.1%)	
100,000	CVS Health Corp. Senior Unsecured Notes	98,513
100,000	L Brands, Inc. Guaranteed Notes	112,250
100,000	Nordstrom, Inc. Senior Unsecured Notes	98,537
125,000		129,844

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Sally Holdings LLC/Sally  
Capital, Inc.  
Guaranteed Notes

439,144  
2,661,734

CONSUMER, NON-CYCLICAL (1.0%)

BEVERAGES (0.1%)

150,000 Anheuser-Busch InBev  
Finance, Inc. 162,131  
Guaranteed Notes

250,000 Constellation Brands,  
Inc. Guaranteed Notes 258,120  
420,251

BIOTECHNOLOGY (0.1%)

150,000 Celgene Corp. Senior  
Unsecured Notes 150,917

200,000 Gilead Sciences, Inc.  
Senior Unsecured  
Notes 201,039  
351,956

COMMERCIAL SERVICES (0.0%)

100,000 Service Corp.  
International Senior  
Unsecured Notes 104,000

FOOD (0.3%)

150,000 JM Smucker Co. (The)  
Guaranteed Notes 148,830

100,000 Kellogg Co. Senior  
Unsecured Notes 97,617

Principal  
Amount Value

CONSUMER, NON-CYCLICAL (1.0%) (continued)

FOOD (0.3%) (continued)

\$ 100,000 Kroger Co. (The) Senior  
Unsecured Notes \$ 101,936

100,000 Kroger Co. (The) Senior  
Unsecured Notes 107,809

150,000 Sysco Corp. Guaranteed  
Notes 151,809

200,000 Wm Wrigley Jr Co. Senior  
Unsecured Notes(2) 201,006

809,007

HEALTHCARE PRODUCTS (0.1%)

150,000 Edwards Lifesciences 152,253

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	Corp. Senior Unsecured Notes	
	HEALTHCARE SERVICES (0.3%)	
150,000	DaVita, Inc. Guaranteed Notes	156,750
200,000	HCA, Inc. Guaranteed Notes	200,500
150,000	LifePoint Health, Inc. Guaranteed Notes	156,000
100,000	NYU Hospitals Center Secured Notes	104,267
100,000	Quest Diagnostics, Inc. Senior Unsecured Notes	98,810
100,000	UnitedHealth Group, Inc. Senior Unsecured Notes	105,615
		821,942
	PHARMACEUTICALS (0.1%)	
100,000	Actavis Funding SCS Guaranteed Notes	100,578
200,000	Express Scripts Holding Co. Guaranteed Notes	214,814
100,000	Shire Acquisitions Investments Ireland DAC Guaranteed Notes	95,045
		410,437
		3,069,846
	ENERGY (0.6%)	
	OIL & GAS (0.3%)	
100,000	Chevron Corp. Senior Unsecured Notes	98,589
100,000	Devon Energy Corp. Senior Unsecured Notes	94,469
50,000	Occidental Petroleum Corp. Senior Unsecured Notes	50,377
150,000	Occidental Petroleum Corp. Senior Unsecured Notes	156,076
200,000	Phillips 66 Guaranteed Notes	214,743

See Notes to Financial Statements.



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December 31, 2016

Principal Amount		Value
CORPORATE BONDS & NOTES (7.5%) (continued)		
ENERGY (0.6%) (continued)		
\$ 125,000	Shell International Finance B.V. Guaranteed Notes	\$ 117,283
150,000	Valero Energy Corp. Senior Unsecured Notes	175,555
		907,092
PIPELINES (0.3%)		
150,000	DCP Midstream Operating L.P. Guaranteed Notes	149,250
150,000	Energy Transfer Partners L.P. Senior Unsecured Notes(1)	170,677
400,000	Enterprise Products Operating LLC Guaranteed Notes	399,928
125,000	Magellan Midstream Partners L.P. Senior Unsecured Notes	117,446
250,000	Spectra Energy Partners L.P. Senior Unsecured Notes	265,413
		1,102,714
		2,009,806
FINANCIAL (2.7%)		
BANKS (1.3%)		
250,000	Australia & New Zealand Banking Group Ltd. Subordinated Notes(2)	255,989
100,000	Banco Bilbao Vizcaya Argentaria S.A. Senior Unsecured Notes	100,506
100,000	Bancolombia S.A. Senior Unsecured Notes(1)	108,530
100,000	Bank of America Corp. MTN Subordinated Notes	101,870

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300,000	Bank of America Corp. MTN, Series L Senior Unsecured Notes	314,329
250,000	BPCE S.A. Guaranteed Notes	252,193
250,000	Capital One Financial Corp. Senior Unsecured Notes	253,255
174,000	Citigroup, Inc. Subordinated Notes	187,428
350,000	Cooperatieve Rabobank UA Guaranteed Notes	360,052
250,000	Credit Agricole S.A. Senior Unsecured Notes(2)	250,486
Principal Amount		Value
FINANCIAL (2.7%) (continued)		
\$ 150,000	Fifth Third Bancorp Senior Unsecured Notes	\$ 151,650
100,000	Goldman Sachs Group, Inc. (The) Subordinated Notes	123,485
250,000	Morgan Stanley Senior Unsecured Notes	252,046
250,000	Morgan Stanley Subordinated Notes	267,935
300,000	PNC Financial Services Group, Inc. (The) Senior Unsecured Notes	308,411
100,000	Santander Holdings USA, Inc. Senior Unsecured Notes	99,113
250,000	Societe Generale S.A. Senior Unsecured Notes(1)	274,456
250,000	Wells Fargo & Co. MTN Senior Unsecured Notes(1)	257,213
		3,918,947
	DIVERSIFIED FINANCIAL SERVICES (0.6%)	
175,000		182,656

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	Aircastle Ltd. Senior Unsecured Notes(1)	
150,000	Ally Financial, Inc. Guaranteed Notes	154,500
250,000	American Express Co. Senior Unsecured Notes(3)	250,517
150,000	BlackRock, Inc., Series 2 Senior Unsecured Notes	162,907
250,000	Discover Financial Services Senior Unsecured Notes	247,765
250,000	International Lease Finance Corp. Senior Secured Notes(2)	269,375
250,000	Nomura Holdings, Inc. GMTN Senior Unsecured Notes	252,366
200,000	Stifel Financial Corp. Senior Unsecured Notes	198,626
150,000	Synchrony Financial Senior Unsecured Notes	151,944
100,000	Synchrony Financial Senior Unsecured Notes	102,782
		1,973,438
Principal Amount		Value

FINANCIAL (2.7%) (continued)

INSURANCE (0.3%)

\$ 250,000	American International Group, Inc. Senior Unsecured Notes	\$ 273,194
250,000	Berkshire Hathaway, Inc. Senior Unsecured Notes(1)	264,758
100,000	CNA Financial Corp. Senior Unsecured Notes	101,431
150,000	XLIT Ltd. Guaranteed Notes	166,700
		806,083

REAL ESTATE (0.1%)

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250,000	ProLogis L.P. Guaranteed Notes	253,618
	REITS (0.4%)	
53,000	American Tower Corp. Senior Unsecured Notes	50,175
150,000	AvalonBay Communities, Inc. GMTN Senior Unsecured Notes	150,172
125,000	Crown Castle International Corp. Senior Unsecured Notes	129,324
100,000	Digital Realty Trust L.P. Guaranteed Notes	108,661
250,000	EPR Properties Guaranteed Notes	259,836
150,000	Hospitality Properties Trust Senior Unsecured Notes	149,503
100,000	Host Hotels & Resorts L.P. Senior Unsecured Notes	108,165
100,000	Kimco Realty Corp. Senior Unsecured Notes	93,357
100,000	Weyerhaeuser Co. Senior Unsecured Notes	112,259
100,000	Weyerhaeuser Co. Senior Unsecured Notes	120,290
		1,281,742
		8,233,828
	INDUSTRIAL (0.4%)	
	BUILDING MATERIALS (0.1%)	
150,000	Masco Corp. Senior Unsecured Notes	168,750
	ELECTRONICS (0.0%)	
50,000	Allegion PLC Guaranteed Notes	53,000

See Notes to Financial Statements.



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## Schedule of Investments (continued)

Principal Amount		Value
CORPORATE BONDS & NOTES (7.5%) (continued)		
INDUSTRIAL (0.4%) (continued)		
MISCELLANEOUS MANUFACTURER (0.1%)		
\$ 250,000	Textron, Inc. Senior Unsecured Notes	\$ 251,374
PACKAGING & CONTAINERS (0.1%)		
150,000	Ball Corp. Guaranteed Notes	156,750
250,000	Packaging Corp. of America Senior Unsecured Notes	251,026
		407,776
TRANSPORTATION (0.1%)		
150,000	Burlington Northern Santa Fe LLC Senior Unsecured Notes	152,116
100,000	FedEx Corp. Guaranteed Notes	100,771
		252,887
		1,133,787
TECHNOLOGY (0.3%)		
SEMICONDUCTORS (0.1%)		
100,000	Intel Corp. Senior Unsecured Notes	100,952
200,000	QUALCOMM, Inc. Senior Unsecured Notes	203,505
		304,457
SOFTWARE (0.2%)		
125,000	Cadence Design Systems, Inc. Senior Unsecured Notes	122,567
250,000	Microsoft Corp. Senior Unsecured Notes	236,174
175,000	Microsoft Corp. Senior Unsecured Notes	186,449
		545,190
		849,647
UTILITIES (0.6%)		

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ELECTRIC (0.4%)		
150,000	Consolidated Edison Co. of New York, Inc. Senior Unsecured Notes	159,054
100,000	Consumers Energy Co.	100,732
100,000	Exelon Generation Co. LLC Senior Unsecured Notes	107,176
250,000	Florida Power & Light Co.(1)	254,861
175,000	ITC Holdings Corp. Senior Unsecured Notes	170,003
Principal Amount		Value
UTILITIES (0.6%) (continued)		
\$ 100,000	Pacific Gas & Electric Co. Senior Unsecured Notes(1)	\$ 97,971
100,000	PSEG Power LLC Guaranteed Notes(1)	103,362
250,000	South Carolina Electric & Gas Co.	253,426
100,000	Southern Co. (The) Senior Unsecured Notes	98,709
		1,345,294
OIL & GAS (0.1%)		
150,000	National Fuel Gas Co. Senior Unsecured Notes	155,790
WATER (0.1%)		
225,000	American Water Capital Corp. Senior Unsecured Notes	221,170
		1,722,254
TOTAL CORPORATE BONDS & NOTES		22,661,414
(Cost \$22,579,706) (7.5%)		
FOREIGN GOVERNMENT OBLIGATIONS (0.2%)		
250,000	Mexico Government International Bond, Senior Unsecured Notes, 5.13%, 1/15/20	268,375
125,000		129,844

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	Peruvian Government International Bond, Senior Unsecured Notes, 4.13%, 8/25/27(1)	
250,000	Republic of Poland Government International Bond, Senior Unsecured Notes, 4.00%, 1/22/24	255,689
<b>TOTAL FOREIGN GOVERNMENT OBLIGATIONS</b>		<b>653,908</b>
(Cost \$653,769) (0.2%)		
<b>LONG-TERM MUNICIPAL SECURITIES (0.5%)</b>		
<b>CALIFORNIA (0.1%)</b>		
	Los Angeles County Public Works Financing Authority, Build America Bonds, Revenue Bonds, 5.84%, 8/1/21	
80,000	University of California Regents Medical Center Pooled Revenue, Revenue Bonds, Build America Bonds, Series H, 6.40%, 5/15/31	91,195
50,000		62,148
		153,343
<b>Principal Amount</b>		<b>Value</b>
<b>FLORIDA (0.0%)</b>		
	Florida State Department of Environmental Protection Revenue, Build America Bonds, Revenue Bonds, Series B, 5.31%, 7/1/18	
\$ 75,000		\$ 78,973
<b>NEW YORK (0.2%)</b>		
	City of New York, General Obligation Unlimited, Subser. D2, 2.60%, 8/1/20	
250,000		253,615
185,000	Metropolitan Transportation Authority, Build America Bonds,	200,392

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	Revenue Bonds, Ser. C-1, 5.12%, 11/15/19 New York City Transitional Finance Authority Future Tax Secured Revenue,	108,086
100,000	Build America Bonds, Revenue Bonds, 4.53%, 11/1/22 New York City Transitional Finance Authority Future Tax Secured Revenue,	243,107
250,000	Subordinate Bonds, Revenue Bonds, 3.00%, 2/1/26	
		805,200
	TEXAS (0.2%) Dallas Independent School District Qualified School Construction Notes, General Obligation Limited, 5.05%, 8/15/33	279,065
250,000	Tarrant County Cultural Education Facilities Finance Corp., Revenue Bonds, Baylor Health Care System Project, Series C, 4.45%, 11/15/43	245,528
		524,593
	<b>TOTAL LONG-TERM MUNICIPAL SECURITIES</b>	<b>1,562,109</b>
	(Cost \$1,533,927) (0.5%)	
	<b>U.S. GOVERNMENT AGENCY OBLIGATIONS (3.5%)</b>	
250,000	FHLB, 1.63%, 2/27/19	251,679
292,777	FHLMC, Series 4151, Class PA, 2.00%, 1/15/33	288,075

See Notes to Financial Statements.

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December 31, 2016

Principal Amount		Value
LONG-TERM MUNICIPAL SECURITIES (0.5%) (continued)		
U.S. GOVERNMENT AGENCY OBLIGATIONS (3.5%) (continued)		
\$ 49,293	FHLMC Gold PC Pool #A46044, 5.00%, 7/1/35	\$ 53,918
165,578	FHLMC Gold PC Pool #A47613, 5.00%, 11/1/35	180,509
44,584	FHLMC Gold PC Pool #A89430, 4.50%, 10/1/39	47,930
121,009	FHLMC Gold PC Pool #C09055, 4.00%, 12/1/43	127,109
203,610	FHLMC Gold PC Pool #J17969, 3.00%, 2/1/27	209,082
52,923	FHLMC Gold Pool #A84814, 4.50%, 3/1/39	56,986
49,692	FHLMC Gold Pool #A96997, 4.50%, 2/1/41	53,617
197,141	FHLMC Gold Pool #A97264, 4.00%, 2/1/41	207,128
295,701	FHLMC Gold Pool #C09027, 3.00%, 2/1/43	295,581
54,641	FHLMC Gold Pool #G08521, 3.00%, 1/1/43	54,619
465,647	FHLMC Gold Pool #J13314, 3.50%, 10/1/25	486,132
121,459	FHLMC Gold Pool #Q06884, 3.50%, 3/1/42	125,101
90,210		92,934

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	FHLMC Gold Pool #Q11077, 3.50%, 9/1/42	
54,084	FNMA Pool #254733, 5.00%, 4/1/23	58,884
378,885	FNMA Pool #254954, 4.50%, 10/1/23	407,509
192,069	FNMA Pool #745275, 5.00%, 2/1/36	209,756
21,669	FNMA Pool #832199, 4.50%, 7/1/35	23,337
219,554	FNMA Pool #844809, 5.00%, 11/1/35	239,815
6,318	FNMA Pool #910242, 5.00%, 3/1/37	6,879
27,197	FNMA Pool #973333, 4.50%, 2/1/38	29,348
6,672	FNMA Pool #975116, 5.00%, 5/1/38	7,265

Principal Amount	Value
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U.S. GOVERNMENT AGENCY OBLIGATIONS  
(3.5%)

(continued)

\$ 115,758	FNMA Pool #AA0466, 4.50%, 2/1/39	\$ 124,503
6,673	FNMA Pool #AB1259, 5.00%, 7/1/40	7,279
259,956	FNMA Pool #AB1796, 3.50%, 11/1/40	268,085
115,967	FNMA Pool #AB2660, 3.50%, 5/1/21	120,835
89,030	FNMA Pool #AB3218, 3.50%, 7/1/31	91,863
380,378	FNMA Pool #AB3900, 3.00%, 11/1/26	391,155
13,688	FNMA Pool #AB3943, 4.00%, 11/1/41	14,457
137,481	FNMA Pool #AC5822, 4.50%, 5/1/40	148,322
192,199	FNMA Pool #AD7128, 4.50%, 7/1/40	207,188
127,165	FNMA Pool #AD8529, 4.50%, 8/1/40	137,081
88,415	FNMA Pool #AH3226, 5.00%, 2/1/41	96,689

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216,237	FNMA Pool #AH4493, 4.50%, 2/1/41	233,164
139,065	FNMA Pool #AI1019, 4.50%, 5/1/41	150,206
17,809	FNMA Pool #AK6513, 4.00%, 3/1/42	18,732
500,575	FNMA Pool #AL0657, 5.00%, 8/1/41	548,687
40,849	FNMA Pool #AL3192, 5.00%, 5/1/42	44,720
333,081	FNMA Pool #AQ1853, 3.00%, 11/1/42	332,986
179,098	FNMA Pool #AS0560, 4.50%, 9/1/43	192,691
109,469	FNMA Pool #AS1529, 3.00%, 1/1/29	112,433
87,875	FNMA Pool #AS3789, 4.50%, 11/1/44	94,569
129,941	FNMA Pool #AS4503, 3.00%, 2/1/30	133,460
232,585	FNMA Pool #AS4928, 3.50%, 5/1/45	238,555
105,890	FNMA Pool #AS6205, 3.50%, 11/1/45	108,606
57,369	FNMA Pool #AT8849, 4.00%, 6/1/43	60,399
176,041	FNMA Pool #AU1847, 3.00%, 9/1/43	175,991
172,354	FNMA Pool #AU3621, 3.00%, 7/1/43	172,305
333,576	FNMA Pool #AU5409, 3.00%, 8/1/43	331,746
116,596	FNMA Pool #AU5653, 4.00%, 9/1/43	122,600
Principal Amount		Value
U.S. GOVERNMENT AGENCY OBLIGATIONS (3.5%) (continued)		
\$ 162,589	FNMA Pool #AU6562, 3.50%, 12/1/43	\$ 167,546
78,079	FNMA Pool #AU7025, 3.00%, 11/1/43	78,056
147,957	FNMA Pool #AV3310, 4.50%, 1/1/44	159,180
55,995	FNMA Pool #AX1138,	57,442

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	3.50%, 9/1/44	
171,520	FNMA Pool #AY2728, 2.50%, 2/1/30	171,942
238,589	FNMA Pool #BA6555, 3.00%, 1/1/46	237,280
25,368	FNMA Pool #MA0406, 4.50%, 5/1/30	27,307
72,780	FNMA Pool #MA0577, 3.50%, 11/1/20	75,823
282,361	FNMA REMIC Trust Series 2013-18, Class AE, 2.00%, 3/25/28	278,792
101,706	GNMA I Pool #539285, 3.00%, 5/15/42	103,224
46,807	GNMA I Pool #744842, 3.00%, 5/15/42	47,363
158,735	GNMA II Pool #MA1520, 3.00%, 12/20/43	161,400
263,892	GNMA II Pool #MA1521, 3.50%, 12/20/43	275,072
488,255	GNMA II Pool #MA1839, 4.00%, 4/20/44	518,956
59,913	GNMA II Pool #MA2445, 3.50%, 12/20/44	62,398
TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS		10,614,281
(Cost \$10,664,794) (3.5%)		
U.S. TREASURY OBLIGATIONS (2.1%)		
25,000	U.S. Treasury Bonds, 5.25%, 2/15/29	31,955
500,000	U.S. Treasury Bonds, 3.13%, 11/15/41	507,441
250,000	U.S. Treasury Bonds, 2.75%, 8/15/42	236,182
600,000	U.S. Treasury Bonds, 2.88%, 5/15/43	579,539
200,000	U.S. Treasury Bonds, 3.75%, 11/15/43	226,758
100,000	U.S. Treasury Bonds, 3.63%, 2/15/44	110,840
100,000	U.S. Treasury Bonds, 3.38%, 5/15/44	106,043
100,000	U.S. Treasury Bonds, 3.13%, 8/15/44	101,211
100,000	U.S. Treasury Bonds,	98,785



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	3.00%, 11/15/44	
100,000	U.S. Treasury Notes, 0.63%, 5/31/17	100,008
200,000	U.S. Treasury Notes, 0.88%, 10/15/17	200,031

See Notes to Financial Statements.

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## Schedule of Investments (continued)

Principal Amount		Value
U.S. TREASURY OBLIGATIONS (2.1%) (continued)		
\$ 200,000	U.S. Treasury Notes, 0.75%, 12/31/17	\$ 199,672
200,000	U.S. Treasury Notes, 0.75%, 3/31/18	199,422
400,000	U.S. Treasury Notes, 1.38%, 9/30/18	401,500
600,000	U.S. Treasury Notes, 1.38%, 11/30/18	602,180
100,000	U.S. Treasury Notes, 1.38%, 2/28/19	100,281
200,000	U.S. Treasury Notes, 1.63%, 12/31/19	200,984
300,000	U.S. Treasury Notes, 3.63%, 2/15/20	319,230
250,000	U.S. Treasury Notes, 1.13%, 4/30/20	246,553
450,000	U.S. Treasury Notes, 1.38%, 4/30/20	447,100
150,000	U.S. Treasury Notes, 2.25%, 4/30/21	152,631
100,000	U.S. Treasury Notes, 2.13%, 12/31/21	100,855
125,000	U.S. Treasury Notes, 1.75%, 3/31/22	123,335
50,000	U.S. Treasury Notes, 1.63%, 8/15/22	48,762
100,000	U.S. Treasury Notes, 2.00%, 11/30/22	99,324
150,000	U.S. Treasury Notes, 2.00%, 2/15/23	148,764
Principal Amount		Value
\$ 400,000	U.S. Treasury Notes, 2.38%, 8/15/24	\$ 401,859
100,000	U.S. Treasury Notes, 2.25%, 11/15/25	98,719
302,526	U.S. Treasury Notes, 0.13%, 7/15/26 TIPS	292,543
		6,482,507

TOTAL U.S. TREASURY  
OBLIGATIONS

(Cost \$6,372,352) (2.1%)

Shares

Value

SHORT-TERM INVESTMENTS (4.9%)

MONEY MARKET FUNDS (4.9%)

	State Street	
2,608,281	Institutional Liquid Reserves Fund	2,608,281
	State Street Navigator	
12,090,900	Securities Lending Prime Portfolio(4)	12,090,900

TOTAL SHORT-TERM

INVESTMENTS

\$ 14,699,181

(Cost \$14,699,181) (4.9%)

TOTAL INVESTMENT

SECURITIES

316,179,211

(104.1%) (Cost \$291,928,645)

EXCESS OF LIABILITIES OVER

CASH

(12,487,610)

AND OTHER ASSETS (-4.1%)

NET ASSETS (100%)

\$ 303,691,601

\*

Non-income producing.

(1)

A portion or all of the security was held on loan. As of December 31, 2016, the market value of the securities on loan was \$11,730,649.

(2)

Pursuant to Rule 144A under the Securities Act of 1933, this security can only be sold to qualified institutional investors.

(3)

The rate shown on floating rate securities is the rate at the end of the reporting period. The rate changes monthly.

(4)

Securities with an aggregate market value of \$11,730,649 were out on loan in exchange for \$12,090,900 of cash collateral as of December 31, 2016. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1J in the Notes to Financial Statements.

ADR

American Depositary Receipt.

FHLB

Federal Home Loan Bank.

FHLMC

Federal Home Loan Mortgage Corp.

FNMA

Federal National Mortgage Association.

FREMF

Finnish Real Estate Management Federation.

GMTN

Global Medium Term Note.

GNMA

Government National Mortgage Association.

MTN

Medium Term Note.

REIT

Real Estate Investment Trust.

TIPS

Treasury Inflation Prorated Security

The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2016 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	\$ 254,600,478	\$ —	\$ —	\$ 254,600,478
Asset-Backed Securities	—	1,604,596	—	1,604,596
Commercial Mortgage-Backed Securities	—	3,300,737	—	3,300,737
Corporate Bonds & Notes*	—	22,661,414	—	22,661,414
Foreign Government Obligations	—	653,908	—	653,908
Long-Term Municipal Securities*	—	1,562,109	—	1,562,109
U.S. Government Agency Obligations	—	10,614,281	—	10,614,281
U.S. Treasury Obligations	—	6,482,507	—	6,482,507
Short-Term Investments	14,699,181	—	—	14,699,181
Total Investments in Securities	\$ 269,299,659	\$ 46,879,552	\$ —	\$ 316,179,211

\*

See Schedule of Investments for further classification.

See Notes to Financial Statements.

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VALUE LINE LARGER COMPANIES FOCUSED FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY (condensed) (unaudited)

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

To achieve the Fund's investment objective 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 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 will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness.

Manager Discussion of Fund Performance

Below, Value Line Larger Companies Focused Fund, Inc. portfolio manager Cindy Starke discusses the Fund's performance and positioning for the 12 months ended December 31, 2016.

How did the Fund perform during the annual period?

The Fund's Investor Class generated a total return of 0.24% during the 12 months ended December 31, 2016. This compares to the 11.96% return of the Fund's benchmark, the S&P 500® Index, during the same annual period.

What key factors were responsible for the Fund's performance during the 12-month reporting period?

The Fund underperformed the S&P 500® Index during the 12-month reporting period attributable primarily to its focus on investments in leading large-cap growth stocks versus the S&P 500® Index's more broadly diversified composition. Growth stocks significantly lagged value stocks during the annual period across the capitalization spectrum, and large-cap growth stocks was the weakest performing segment in the U.S. equity market.

Sector allocation as a whole also detracted. Our long-term outlook and focused growth strategy kept the Fund either out of or underweighted in several top performing sectors, including energy, telecommunication services, financials, industrials and materials. The companies in these sectors generally did not meet our growth targets. Further, an overweight in health care, the weakest performing sector in the S&P 500® Index and the only one to post a negative absolute return during the annual period, hurt.

Which equity market sectors most significantly affected Fund performance?

The Fund was invested in only seven sectors of the S&P 500® Index during the annual period. As indicated earlier, not being invested in utilities, materials and telecommunication services, each of which notably outpaced the S&P 500® Index during the annual period, hurt. Of those sectors in which the Fund was invested, stock selection in health care, information technology and financials detracted most. Having an overweighted allocation to health care, which was the weakest performing sector in the S&P 500® Index during the annual period, and in particular having an overweight to stocks in the biotechnology industry, also detracted. Having an underweighted allocation to financials, which was the third best performing sector in the S&P 500® Index during the annual period, hampered the Fund's relative results as well.

The only sector to contribute positively to the Fund's relative results during the annual period was real estate. The Fund had no allocation to real estate stocks, and the sector was the second-weakest sector in the S&P 500® Index during the annual period.

Which stocks detracted significantly from the Fund's performance during the annual period?

During the annual period, the stocks that detracted most from the Fund's performance were two biotechnology companies — Vertex Pharmaceuticals and Alexion Pharmaceuticals — and software gaming company Activision Blizzard. The biotechnology industry was one of the weakest performers during the annual period amid uncertainty over the U.S. election and headline risk regarding the potential for future pricing controls. Shares of Vertex Pharmaceuticals sold off with the downdraft in biotechnology companies and on a slower than expected launch of Orkambi, a treatment for cystic fibrosis. Alexion Pharmaceuticals sold off at the end of the annual period due to the surprise announcement of the resignation of its Chief Executive Officer and Chief Financial Officer. Despite this setback, at the end of the annual period, we believed the fundamentals of Alexion Pharmaceuticals' business remained on solid footing and that the company remained well positioned for sales and earnings growth in the coming year.

Activision Blizzard, a leading developer and publisher of software games for online, mobile and consoles, saw its shares decline toward the end of the annual period. The company's guidance for the fourth quarter of 2016 was below consensus expectations, and sales of its new game, "Call of Duty: Infinite Warfare," had not lived up to analysts' expectations to date.

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VALUE LINE LARGER COMPANIES FOCUSED FUND, INC.

(continued)

What were some of the Fund's best-performing individual stocks?

The individual stocks that contributed most to the Fund's relative results were biotechnology firm Medivation, online and mobile platform operator for restaurant pick-up and delivery orders GrubHub and global semiconductor and software designer NXP Semiconductors.

Shares of Medivation rose significantly, as Pfizer beat out several other firms with the most attractive acquisition offer at \$14 billion in cash. During the annual period, we had increased the Fund's position in Medivation and then sold the position before the acquisition closed. GrubHub was a new position for the Fund during the annual period. GrubHub, known to many of its users by its Seamless brand, is the leading online restaurant delivery service in the U.S. with an estimated market share of more than 50%. We established the position in GrubHub after a steep sell-off in its share price in January 2016, and its shares subsequently rebounded to robust double-digit gains reflecting strong growth fundamentals and execution during the annual period. Following its strong performance, we trimmed the Fund's position in GrubHub. NXP Semiconductors saw its shares gain significantly driven higher by the news that Qualcomm would acquire the company for \$110 per share in cash or \$47 billion enterprise value.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.

Did the Fund make any significant purchases or sales during the annual period?

In addition to the purchases mentioned earlier, we initiated a Fund position in Adobe Systems, a leading software company operating in the digital content creation market and digital marketing market. Combined, these two markets represent a nearly \$48 billion opportunity. Adobe Systems expects to grow its sales 20% and its earnings per share 30% in the coming years.

We established a Fund position in a fast-growing medical technology company named ZELTIQ Aesthetics. The company is the global leader in the \$4 billion market for non-invasive fat removal. Its CoolSculpting procedure freezes unwanted fat and is FDA-cleared for eight body area indications. ZELTIQ Aesthetics is, in our view, well positioned to grow its sales and earnings at a significant pace, as the non-invasive fat removal market is still in its early stages and could represent a large and fast-growing market opportunity.

Also, energy stocks recovered in 2016, as oil prices appeared to have finally bottomed. Investors' confidence was further boosted in late November 2016 when oil-producing countries, both OPEC and non-OPEC members, agreed to the first oil production cut in eight years. We believe these events were significant and thus made the sector investable again for long-term growth focused investors. One company we believe is well positioned in the energy sector in the coming years is Pioneer Natural Resources, one of the largest oil producers in the Midland Permian Basin in west Texas and southeast New Mexico, which is the second largest oil field in the world.

In addition to those sales already mentioned, we exited the Fund's position in professional social media network LinkedIn after Microsoft announced its acquisition of the company at a nearly 50% premium to the previous day close.

Were there any notable changes in the Fund's weightings during the 12-month period?

During the 12-month period ended December 31, 2016, the Fund's weightings relative to the S&P 500® Index shifted only modestly. The Fund did re-establish an allocation to the energy sector during the annual period but remained underweight relative to the S&P 500® Index.

How was the Fund positioned relative to its benchmark index at the end of December 2016?

As of December 31, 2016, the Fund was overweighted relative to the S&P 500® Index in the health care, information technology and consumer discretionary sectors. The Fund was underweighted relative to the S&P 500® Index in the financials, industrials, energy and consumer staples sectors on the same date. The Fund had no exposure to the utilities, real estate, materials and telecommunication services sectors at the end of December 2016.

What is your tactical view and strategy for the months ahead?

The potential for more pro-growth economic policies under a new U.S. administration, especially lower corporate tax rates, may well be a positive development for many of the companies in the Fund's portfolio, in our view. Although the timing and details of these changes were still uncertain at the end of the annual period, we anticipate that many of

companies in which the Fund is invested may see a slight lift to their sales as well as increased earnings power from lower taxes by year-end 2017.



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That said, regardless of economic or market conditions, our strategy will remain constant with an emphasis on owning a focused portfolio of what we consider to be the best large-capitalization growth companies. We believe these companies can flourish in the coming years, as they are mainly driven by longer-term secular growth drivers and should be more immune to periods of economic weakness should such a scenario arise. We intend to seek investments in a diversified but focused portfolio of high quality large-cap growth companies that we believe are well positioned to grow sales and earnings over the next few years. As always, our goal is to generate solid returns through capital growth across market cycles.

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Value Line Larger Companies Focused Fund, Inc.  
 Portfolio Highlights at December 31, 2016 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Celgene Corp.	93,000	\$ 10,764,750	5.0%
Facebook, Inc.	92,000	10,584,600	4.9%
Alphabet, Inc.	13,300	10,539,585	4.9%
Alexion Pharmaceuticals, Inc.	83,000	10,155,050	4.7%
Amazon.com, Inc.	13,100	9,823,297	4.6%
Activision Blizzard, Inc.	260,000	9,388,600	4.4%
Edwards Lifesciences Corp.	88,000	8,245,600	3.8%
Visa, Inc.	105,000	8,192,100	3.8%
Biogen, Inc.	22,000	6,238,760	2.9%
Starbucks Corp.	112,000	6,218,240	2.9%
Total			41.9%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities\*

\*  
 Sector weightings exclude short-term investments.



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The following graph compares the performance of the Value Line Larger Companies Fund, Inc. to that of the S&P 500® Index (the “Index”). The Value Line Larger Companies Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes, but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment in the Value Line Larger Companies Fund, Inc. and the S&P 500® Index\*

Performance Data: \*\*

	Average Annual Total Return
Investor Class	
1 year ended 12/31/16	0.24%
5 years ended 12/31/16	13.08%
10 years ended 12/31/16	5.87%
Institutional Class	
1 year ended 12/31/16	0.40%

\*

The Standard and Poor’s 500® Stock Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

\*\*

The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.



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Value Line Larger Companies Focused Fund, Inc.

Schedule of Investments December 31, 2016

Shares		Value
COMMON STOCKS (99.6%)		
CONSUMER DISCRETIONARY (20.4%)		
APPAREL (2.6%)		
60,000	Michael Kors Holdings, Ltd.*	\$ 2,578,800
60,000	NIKE, Inc. Class B	3,049,800
		5,628,600
AUTO MANUFACTURERS (1.1%)		
11,000	Tesla Motors, Inc.*	2,350,590
HOME BUILDERS (1.2%)		
82,000	Toll Brothers, Inc.*	2,542,000
INTERNET (8.4%)		
13,100	Amazon.com, Inc.*	9,823,297
36,000	Netflix, Inc.*	4,456,800
2,600	Priceline Group, Inc. (The)*	3,811,756
		18,091,853
MEDIA (1.5%)		
31,000	Walt Disney Co. (The)	3,230,820
RETAIL (5.6%)		
112,000	Starbucks Corp.	6,218,240
43,000	TJX Companies, Inc. (The)	3,230,590
90,000	Urban Outfitters, Inc.*	2,563,200
		12,012,030
		43,855,893
CONSUMER STAPLES (5.3%)		
BEVERAGES (4.1%)		
30,000	Constellation Brands, Inc. Class A	4,599,300
95,000	Monster Beverage Corp.*	4,212,300
		8,811,600
COSMETICS & PERSONAL CARE (1.2%)		
34,000	Estee Lauder Companies, Inc. (The) Class A	2,600,660

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		11,412,260
ENERGY (3.3%)		
	OIL & GAS (3.3%)	
27,000	Diamondback Energy, Inc.*	2,728,620
24,000	Pioneer Natural Resources Co.	4,321,680
		7,050,300
		7,050,300
FINANCIALS (5.4%)		
	DIVERSIFIED FINANCIAL SERVICES (5.4%)	
160,000	Blackstone Group L.P. (The)	4,324,800
120,000	Charles Schwab Corp. (The)	4,736,400
70,000	Synchrony Financial	2,538,900
		11,600,100
Shares		Value
HEALTHCARE (30.0%)		
	BIOTECHNOLOGY (18.6%)	
83,000	Alexion Pharmaceuticals, Inc.*	\$ 10,155,050
22,000	Biogen, Inc.*	6,238,760
50,000	BioMarin Pharmaceutical, Inc.*	4,142,000
93,000	Celgene Corp.*	10,764,750
24,000	Intercept Pharmaceuticals, Inc.*(1)	2,607,600
82,000	Vertex Pharmaceuticals, Inc.*	6,040,940
		39,949,100
	HEALTHCARE PRODUCTS (5.4%)	
88,000	Edwards Lifesciences Corp.*	8,245,600
80,000	Zeltiq Aesthetics, Inc.*	3,481,600
		11,727,200
	PHARMACEUTICALS (4.4%)	
11,000	Allergan PLC*	2,310,110
55,000	DexCom, Inc.*	3,283,500

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35,000	Jazz Pharmaceuticals PLC*	3,816,050
		9,409,660
	SOFTWARE (1.6%)	
70,000	Medidata Solutions, Inc.*	3,476,900
		64,562,860

INDUSTRIALS (1.2%)

AIRLINES (1.2%)

54,000	Delta Air Lines, Inc.	2,656,260
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INFORMATION TECHNOLOGY (34.0%)

AUTO PARTS & EQUIPMENT (1.8%)

104,000	Mobileye N.V.*(1)	3,964,480
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COMMERCIAL SERVICES (2.5%)

135,000	PayPal Holdings, Inc.*	5,328,450
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COMPUTERS (1.3%)

50,000	Cognizant Technology Solutions Corp. Class A*	2,801,500
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DIVERSIFIED FINANCIAL SERVICES  
(3.8%)

105,000	Visa, Inc. Class A	8,192,100
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INTERNET (15.0%)

60,000	Alibaba Group Holding, Ltd. ADR*	5,268,600
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13,300	Alphabet, Inc. Class A*	10,539,585
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92,000	Facebook, Inc. Class A*	10,584,600
--------	----------------------------	------------

82,000	GrubHub, Inc.*	3,084,840
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205,000	Pandora Media, Inc.*(1)	2,673,200
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32,150,825

Shares Value

INFORMATION TECHNOLOGY (34.0%)

(continued)

SOFTWARE (9.6%)

260,000	Activision Blizzard, Inc.	\$ 9,388,600
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32,000	Adobe Systems, Inc.*	3,294,400
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53,000	Akamai Technologies, Inc.*	3,534,040
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64,000	Salesforce.com, Inc.*	4,381,440
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20,598,480

73,035,835



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TOTAL COMMON STOCKS		214,173,508
(Cost \$186,238,612) (99.6%)		
SHORT-TERM INVESTMENTS (3.3%)		
	MONEY MARKET FUNDS (3.3%)	
	State Street	
1,373,861	Institutional Liquid Reserves Fund	1,373,861
	State Street Navigator	
5,706,567	Securities Lending Prime Portfolio(2)	5,706,567
TOTAL SHORT-TERM INVESTMENTS		7,080,428
(Cost \$7,080,428) (3.3%)		
TOTAL INVESTMENT SECURITIES		\$ 221,253,936
(102.9%) (Cost \$193,319,040)		
EXCESS OF LIABILITIES OVER CASH		(6,178,199)
AND OTHER ASSETS (-2.9%)		
NET ASSETS (100%)		\$ 215,075,737

\*

Non-income producing.

(1)

A portion or all of the security was held on loan. As of December 31, 2016, the market value of the securities on loan was \$5,536,329.

(2)

Securities with an aggregate market value of \$5,536,329 were out on loan in exchange for \$5,706,567 of cash collateral as of December 31, 2016. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1J in the Notes to Financial Statements.

ADR

American Depositary Receipt.

See Notes to Financial Statements.

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The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2016 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	\$ 214,173,508	\$ —	\$ —	\$ 214,173,508
Short-Term Investments	7,080,428	—	—	7,080,428
Total Investments in Securities	\$ 221,253,936	\$ —	\$ —	\$ 221,253,936

\*

See Schedule of Investments for further classification.

See Notes to Financial Statements.

TABLE OF CONTENTSStatements of Assets and Liabilities  
at December 31, 2016

	Value Line Premier Growth Fund, Inc.	Value Line Mid Cap Focused Fund, Inc.	Value Line Income and Growth Fund, Inc.	Value Line Larger Companies Focused Fund, Inc.
Assets:				
Investments in securities, at value*	\$ 313,898,787	\$ 134,751,941	\$ 316,179,211	\$ 221,253,936
Interest and dividends receivable	255,170	74,265	474,836	41,529
Receivable for securities sold	146,987	—	—	—
Receivable for capital shares sold	92,061	110,128	11,594	2,200
Receivable for securities lending income	1,563	419	8,332	14,409
Other receivables	—	—	72	—
Total Assets	314,394,568	134,936,753	316,674,045	221,312,074
Liabilities:				
Payable upon return of securities on loan (See Note 1J)	4,711,847	264,075	12,090,900	5,706,567
Payable for securities purchased	387,077	469,116	—	—
Payable for capital shares redeemed	245,710	11,584	519,377	286,470
Accrued expenses:				
Advisory fee	199,261	78,416	169,498	133,430
Service and distribution plan fees	66,420	28,531	65,507	27,639
Directors' fees and expenses	606	7,323	16,431	11,925
Other	89,684	47,660	120,731	70,306
Total Liabilities	5,700,605	906,705	12,982,444	6,236,337
Net Assets	\$ 308,693,963	\$ 134,030,048	\$ 303,691,601	\$ 215,075,737
Net assets consist of:				
Capital stock, at \$1.00 par value (authorized 100,000,000, 50,000,000, 75,000,000 and 50,000,000 shares, respectively)	\$ 10,647,578	\$ 8,236,519	\$ 35,797,368	\$ 9,329,185
Additional paid-in capital	134,833,012	87,331,332	240,221,672	172,492,308
Undistributed/(distributions in excess of) net investment income	—	—	60,440	—
Accumulated net realized gain/(loss) on investments and foreign currency	4,231,084	153,054	3,361,555	5,319,348
Net unrealized appreciation/(depreciation) of:				
Investments and foreign currency translations	158,982,289	38,309,143	24,250,566	27,934,896

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Net Assets	\$ 308,693,963	\$ 134,030,048	\$ 303,691,601	\$ 215,075,737
Net Asset Value Per Share				
Investor Class				
Net Assets	\$ 308,693,963	\$ 134,030,048	\$ 302,636,391	\$ 214,675,157
Shares Outstanding	10,647,578	8,236,519	35,672,257	9,311,787
Net Asset Value, Offering and Redemption Price per Outstanding Share	\$ 28.99	\$ 16.27	\$ 8.48	\$ 23.05
Institutional Class				
Net Assets	\$ —	\$ —	\$ 1,055,210	\$ 400,580
Shares Outstanding	—	—	125,111	17,398
Net Asset Value, Offering and Redemption Price per Outstanding Share	\$ —	\$ —	\$ 8.43	\$ 23.02
* Includes securities on loan of	\$ 4,586,748	\$ 256,893	\$ 11,730,649	\$ 5,536,329
Cost of investments	\$ 154,916,286	\$ 96,442,798	\$ 291,928,645	\$ 193,319,040
See Notes to Financial Statements.				

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Statements of Operations  
for the Year Ended December 31, 2016

	Value Line Premier Growth Fund, Inc.	Value Line Mid Cap Focused Fund, Inc.	Value Line Income and Growth Fund, Inc.	Value Line Larger Companies Focused Fund, Inc.
Investment Income:				
Dividends (net of foreign withholding tax of \$37,870, \$12,252, \$9,610 and \$0, respectively)	\$ 3,171,790	\$ 1,190,062	\$ 2,423,679	\$ 918,451
Interest	21,359	12,305	1,803,187	2,613
Securities lending income	18,223	4,742	87,374	189,083
Total Income	3,211,372	1,207,109	4,314,240	1,110,147
Expenses:				
Advisory fees	2,369,971	889,119	2,111,557	1,653,838
Service and distribution plan fees	789,990	322,738	790,413	550,675
Sub-transfer agent fees	67,770	12,547	52,853	12,453
Auditing and legal fees	183,578	80,506	207,880	148,892
Transfer agent fees	181,155	127,531	190,808	162,033
Directors' fees and expenses	70,089	36,528	86,725	61,880
Custody and accounting fees	53,283	20,528	91,168	36,710
Registration and filing fees	31,360	32,929	55,848	48,289
Printing and postage	28,765	20,179	44,440	22,767
Professional fees	28,040	11,805	30,925	19,760
Insurance	23,079	8,604	29,090	19,206
Other	3,091	3,463	7,539	4,758
Total Expenses Before Fees Waived (See Note 5)	3,830,171	1,566,477	3,699,246	2,741,261
Less: Advisory Fees Waived	—	—	(38,957)	(39,574)
Less: Service and Distribution Plan Fees Waived	—	—	—	(220,270)
Less: Sub-Transfer Agent Fees Waived	—	—	(263)	(8)
Net Expenses	3,830,171	1,566,477	3,660,026	2,481,409
Net Investment Income/(Loss)	(618,799)	(359,368)	654,214	(1,371,262)
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Exchange Transactions:				
Net Realized Gain/(Loss) From:				
Investments	20,582,647	6,545,209	12,719,726	30,662,481
Foreign currency translations	(2,249)	104	—	—
	20,580,398	6,545,313	12,719,726	30,662,481

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Change in Net Unrealized Appreciation/(Depreciation) of:				
Investments	683,971	7,113,626	(6,237,899)	(29,089,253)
Foreign currency transactions	(208)	—	—	—
	683,763	7,113,626	(6,237,899)	(29,089,253)
Net Realized Gain and Change in Net Unrealized Appreciation/ (Depreciation) on Investments and Foreign Exchange Transactions	21,264,161	13,658,939	6,481,827	1,573,228
Net Increase in Net Assets from Operations	\$ 20,645,362	\$ 13,299,571	\$ 7,136,041	\$ 201,966
See Notes to Financial Statements.				

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## Statement of Changes in Net Assets

	Value Line Premier Growth Fund, Inc.	
	Year Ended December 31, 2016	Year Ended December 31, 2015
Operations:		
Net investment income/(loss)	\$ (618,799)	\$ (944,365)
Net realized gain on investments and foreign currency	20,580,398	35,819,543
Change in net unrealized appreciation/(depreciation) on investments and foreign currency translations	683,763	(33,075,870)
Net increase/(decrease) in net assets from operations	20,645,362	1,799,308
Distributions to Shareholders from:		
Net investment income		
Investor Class	—	—
Institutional Class(1)	—	—
Net realized gain from investment transactions		
Investor Class	(19,959,942)	(49,267,213)
Institutional Class(1)	—	—
Total distributions	(19,959,942)	(49,267,213)
Share Transactions:		
Proceeds from sale of shares		
Investor Class	10,280,848	11,916,182
Institutional Class(1)	—	—
Proceeds from reinvestment of dividends and distributions to shareholders		
Investor Class	19,188,248	47,402,765
Institutional Class(1)	—	—
Cost of shares redeemed		
Investor Class	(51,586,015)	(60,930,342)
Institutional Class(1)	—	—
Net increase/(decrease) in net assets from capital share transactions	(22,116,919)	(1,611,395)
Total increase/(decrease) in net assets	(21,431,499)	(49,079,300)
Net Assets:		
Beginning of year	330,125,462	379,204,762
End of year	\$ 308,693,963	\$ 330,125,462
Undistributed/(distributions in excess of) net investment income included in net assets, at end of year	\$ —	\$ —
Capital Share Transactions:		
Shares sold		
Investor Class	347,233	348,852
Institutional Class(1)	—	—

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Shares issued to shareholders in reinvestment of dividends and distributions

Investor Class	655,560	1,643,647
Institutional Class(1)	—	—
Shares redeemed		
Investor Class	(1,764,444)	(1,790,435)
Institutional Class(1)	—	—
Net increase (decrease)	(761,651)	202,064

(1)  
Commenced operations on November 1, 2015.

See Notes to Financial Statements.

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	Value Line Mid Cap Focused Fund, Inc.		Value Line Income and Growth Fund, Inc.		Value Line La Focused Fund,
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016
Operations:					
Net investment income/(loss)	\$ (359,368)	\$ (653,392)	\$ 654,214	\$ 2,525,506	\$ (1,371,262)
Net realized gain on investments and foreign currency	6,545,313	3,950,927	12,719,726	23,180,638	30,662,481
Change in net unrealized appreciation/(depreciation) on investments and foreign currency translations	7,113,626	411,269	(6,237,899)	(29,777,087)	(29,089,253)
Net increase/(decrease) in net assets from operations	13,299,571	3,708,804	7,136,041	(4,070,943)	201,966
Distributions to Shareholders from:					
Net investment income					
Investor Class	—	—	(643,036)	(2,398,422)	—
Institutional Class(1)	—	—	(2,140)	—	—
Net realized gain from investment transactions					
Investor Class	(2,944,129)	—	(16,159,283)	(20,611,890)	(27,146,882)
Institutional Class(1)	—	—	(55,920)	(5,734)	(50,291)
Total distributions	(2,944,129)	—	(16,860,379)	(23,016,046)	(27,197,173)
Share Transactions:					
Proceeds from sale of shares					
Investor Class	32,072,841	2,876,372	22,785,623	68,999,864	6,598,828
Institutional Class(1)	—	—	1,412,757	100,000	291,422
Proceeds from reinvestment of dividends and distributions to shareholders					
Investor Class	2,805,248	—	15,695,103	21,497,928	26,090,045
Institutional Class(1)	—	—	58,060	5,734	50,291
Cost of shares redeemed					
Investor Class	(30,070,455)	(13,047,858)	(76,243,039)	(85,966,678)	(24,144,856)
Institutional Class(1)	—	—	(549,575)	—	—
	4,807,634	(10,171,486)	(36,841,071)	4,636,848	8,885,730

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Net increase/(decrease) in net assets from capital share transactions					
Total increase/(decrease) in net assets	15,163,076	(6,462,682)	(46,565,409)	(22,450,141)	(18,109,477)
Net Assets:					
Beginning of year	118,866,972	125,329,654	350,257,010	372,707,151	233,185,211
End of year	\$ 134,030,048	\$ 118,866,972	\$ 303,691,601	\$ 350,257,010	\$ 215,075,733
Undistributed/(distributions in excess of) net investment income included in net assets, at end of year	\$ —				