Value Line Mid Cap Focused Fund, Inc.
Form N-CSR
March 09, 2018

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, 2017

Date of reporting period: December 31, 2017

Item I   Reports to Stockholders

A copy of the Annual Report to Stockholders for the period ended 12/31/17 is included with this Form.

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Annual Report
December 31, 2017

Value Line Premier Growth Fund, Inc.
(VALSX)
Value Line Mid Cap Focused Fund, Inc.
Investor Class (VLIFX)
Institutional Class (VLMIX)
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).
#00206801

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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, 2017.

During the annual period, the broad U.S. equity indices generated strong positive absolute returns. Each of the four Funds posted strong positive absolute returns as well, and three of the four also outperformed their respective benchmark index on a relative basis. Further, the annual period was highlighted by each of the four Funds being recognized for its long-term performance and/or attractive risk profiles.

- Value Line Premier Growth Fund, Inc.* was given an overall Risk rating of Below Average[i] by Morningstar[1].

- Value Line Mid Cap Focused Fund, Inc.* outpaced the category average return of its peers for the three- and five-year periods ended December 31, 2017 (mid-cap growth category), as measured by Morningstar.[1] Additionally, Morningstar gave the Fund an overall Risk rating of Low.[ii]

- Value Line Income and Growth Fund, Inc.* outpaced the category average return of its peers for the one-, three-, five- and ten-year periods ended December 31, 2017 (allocation-70% to 85% equity category), as measured by Morningstar.[1] Additionally, the Fund earned an overall four-star rating from Morningstar[2] in the allocation-70% to 85% equity category among 316 funds as of December 31, 2017 based on risk-adjusted returns. Morningstar gave the Fund an overall Return rating of High and an overall Risk rating of Low.[iii]

- Value Line Larger Companies Focused Fund, Inc.* outpaced the category average return of its peers for the one-, three- and five-year periods ended December 31, 2017 (large growth category), as measured by Morningstar.[1] Additionally, the Fund was given an overall Risk rating of Below Average[iv] 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, 2017, especially given the newsworthy events of the annual period. With meaningful trends and some surprising shifts during 2017 in several 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.

Economic Review

Overall, the annual period was one of improving economic growth and low inflation both in the U.S. and globally. For the first quarter of 2017, U.S. Gross Domestic Product (GDP) growth registered 1.2% but picked up meaningfully in the second and third calendar quarters, averaging 3.2%. Economists are expecting U.S. GDP growth in the fourth quarter of 2017 to be close to 3.0%. During the annual period, the labor market remained healthy. The U.S. unemployment rate declined from 4.7% to 4.1%, a 17-year low. This brought employment gains for 2017 to 2.1 million, the seventh straight year of gains exceeding two million. Nonfarm payroll gains averaged 171,000 for the annual period, robust but slightly less than the 186,000 per month on average in 2016. Despite this strength, the average hourly earnings growth rate did not increase, averaging 2.5%, below the peak of previous economic expansions. Manufacturing was a source of strength to the U.S. economy, with the December 2017 Purchasing Managers Index registering 59.7, close to the highest point of the calendar year, with such readings not seen since

2011. Further, fourth quarter 2017 holiday spending was impressive, with retail sales increasing 5.5%, the best holiday season since 2010. Even with all of this economic improvement, inflation remained tame and below expectations of the Federal Reserve (the Fed). The most important indicator of inflation, which the Fed closely follows, the Personal Consumption Expenditure Index, averaged a low 1.5% for the annual period.

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

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President's Letter (unaudited) (continued)

Treasury note increasing from 1.19% to end 2017 at 1.89%. Longer-term fixed income securities fared better since they have greater sensitivity to inflation. The yield on the 10-year U.S. Treasury note declined from 2.45% to 2.40% during the annual period, with longer-term investors purchasing bonds spurred by lower than expected inflation.

The U.S. dollar declined approximately 10% on average against major world currencies during the annual period, as measured by the U.S. Dollar Index ("DXY")3, despite higher interest rates. The U.S. dollar's weakness reflected broader economic expansion, repatriation of corporate profits abroad encouraged by the new tax bill, and reduced trade tensions.

Equity Market Review

U.S. equities, as measured by the S&P 500® Index4, gained 21.83% during the 12 months ended December 31, 2017, marking the eighth consecutive year of gains, making this, as of the end of the annual period, the second-oldest bull market in history. Further, the S&P 500® Index advanced for all 12 months in 2017, a feat never before accomplished in a single calendar year. U.S. equity market volatility was at historic lows. Such performance was buoyed by improving global economic and corporate earnings growth. International equities, both developed and emerging, as measured by the MSCI EAFE Index4 and MSCI Emerging Markets Index4, respectively, outperformed the U.S. equity market. The benefits of a broad earnings recovery and ongoing, albeit slow, economic expansion were greater in markets outside of the relatively advanced U.S. market. Indeed, the Asian region led global equity market performance, driven by Hong Kong and India. Emerging markets equities performed especially strongly, as fears that the U.S. Administration would negatively impact global trade by disengaging from the North American Free Trade Agreement, canceling free-trade pacts with countries such as South Korea, and declaring Chinese currency manipulation, did not materialize. Rather, the U.S. encouraged its partners to pursue fairer international trade policies, which reinforced pro-growth policies.

As 2017 began, U.S. equities rallied to new highs on prospects of deregulation, tax reform and infrastructure spending as well as on stronger economic data. Despite political uncertainty and concerns about protectionism, U.S. equities continued to rally for the first quarter overall. In March, the Fed raised interest rates for the third time since the 2008 global financial crisis. U.S. equities then continued to climb higher during the second quarter on strong earnings results and receding European political risk. Market expectations for pro-growth U.S. fiscal policy were dampened by developments in Washington D.C. Still, the Fed raised the targeted federal funds rate 25 basis points in June, citing ongoing strength in the labor market and a pick-up in household spending and business fixed investment. During the second half of the year, U.S. economic activity and labor market data showed rather consistent strength, which supported U.S. equity performance throughout. U.S. equities gained additional momentum toward the end of the annual period from the passage of a tax reform bill that reduced the corporate tax rate from 35% to 21%. The Fed's third rate hike of 2017 in December had been widely expected and did nothing to disrupt the upward market trend.

In a reversal from 2016, growth stocks outperformed value stocks by a wide margin across the capitalization spectrum of the U.S. equity market for the annual period overall. In another reversal from 2016, large-cap stocks performed best, followed by mid-cap stocks and then at some distance by small-cap stocks, though each market capitalization segment of the U.S. equity market generated solid double-digit gains during the annual period. (All as measured by the Russell U.S. Indexes.)

In the S&P 500® Index, the best performing sector was information technology, followed by materials, consumer discretionary, financials and health care, each of which posted double-digit gains that outpaced the broad S&P 500® Index during the annual period. The weakest performing sectors in the S&P 500® Index during the annual period were telecommunication services and energy, the only two to post negative absolute returns, followed by real estate, which was comparatively weak but generated a positive return. These weaker sectors were negatively affected by higher interest rates, competitive margin pressures and lower natural gas prices. During the second half of 2017, oil prices reversed declines from the first half of the year, ending the annual period at more than $60 per barrel, the highest level since June 2015. OPEC discipline and cooperation with non-OPEC producers enabled oil prices to withstand competitive pressures from U.S. shale production.

Fixed Income Market Review

The broad U.S. investment grade fixed income market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index5, posted a return of 3.54% during the annual period. Less accommodative central bank policy both domestically and globally put pressure on shorter-term interest rates, while longer-term rates declined due to lower than expected inflation. This caused 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 on maturities of five years or less rose during the annual period, while interest rates on maturities of beyond 10 years and longer declined.

More specifically, the yield on the three-month U.S. Treasury bill rose approximately 77 basis points, the yield on the two-year U.S. Treasury note increased approximately 70 basis points, and the yield on the five-year U.S. Treasury note rose approximately 27 basis points. The yield on the bellwether 10-year U.S. Treasury note decreased approximately 5 basis points, and the yield on the 30-year U.S. Treasury bond declined approximately 32 basis points during the annual period.

Corporate bonds, both investment grade and high yield, benefited during the annual period from investors' preference for riskier assets. Consequently, higher rated bonds tended to lag lower rated bonds, and high yield corporate bonds posted the strongest fixed income returns for the 12 months ended December 31, 2017. Longer maturity bonds bested bonds with shorter maturities,

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as bonds with shorter maturities proved most vulnerable to the Fed's interest rate hikes. Corporate bond supply was not robust enough to meet strong demand, leading to the tightening of most corporate bond subsectors. However, energy-related bond spreads, or yield differentials to U.S. Treasuries, were choppier, reflecting some volatility in energy prices. Still, market volatility overall was relatively low in the bond market, with bonds trading in a relatively tight range. U.S. Treasuries were weak performers against this backdrop of spread tightening for risk assets.

* * *

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.

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 or calling toll-free 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.: Morningstar Risk: Low for the 3-year and 5-year periods ended December 31, 2017; Below Average for the 10-year and overall periods ended December 31, 2017.

ii

For Value Line Mid Cap Focused Fund, Inc.: Morningstar Risk: Low for the 3-year-5-year, 10-year and overall periods ended December 31, 2017.

iii

For Value Line Income and Growth Fund: Four-star rating for 5-year (279 funds) and overall (316) periods ended December 31, 2017; three-star rating for 3-year (316 funds) period ended December 31, 2017; and five-star rating for 10-year (201 funds) period ended December 31, 2017. All in the allocation-70% to 85% equity category. Morningstar Return: High for the 10-year and overall periods ended December 31, 2017; Above Average for the 3-year and 5-year periods ended December 31, 2017. Morningstar Risk: Low for the 10-year and overall periodsended December 31, 2017; Above Average for the 3-year and 5-year periods ended December 31, 2017.

iv

For Value Line Larger Companies Focused Fund, Inc.: Morningstar Risk: Below Average for 10-year and overall periods ended December 31, 2017; High for 3-year period ended December 31, 2017; Above Average for 5-year period ended December 31, 2017.

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President's Letter (unaudited) (continued)

3
The U.S. Dollar Index (DXY) is a measure of the value of the U.S. dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.

4
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. The MSCI EAFE Index is an equity index that captures large-cap and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index captures large-cap and mid-cap representation across 24 emerging markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. These are unmanaged indices and do not reflect charges, expenses or taxes, and it is not possible to directly invest in these indices.

5
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's sole investment objective is long-term growth of capital.

To achieve the Fund's goal, 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, 2017.

How did the Fund perform during the annual period?

The Fund generated a total return of 22.32% during the 12 months ended December 31, 2017. This compares to the 21.83% 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 outperformed the S&P 500® Index during the 12-month reporting period, driven primarily by stock selection overall. Sector allocation decisions as a whole also contributed positively, albeit modestly.

Further, during the annual period, growth-oriented stocks outpaced value-oriented stocks by a wide margin, a reversal of the prior year's imbalance. This style preference by investors generally proved a plus for the Fund, which emphasizes growth over value. On the other hand, large-cap stocks led the way, with significantly greater gains than mid- and small-cap stocks. This capitalization trend handicapped the Fund's results relative to the S&P 500® Index, since the Fund emphasizes mid-cap securities. The annual period also saw information technology and other higher-beta stocks drive the broad U.S. equity market higher. That, too, was a detractor from the Fund's relative performance, as the Fund seeks to invest primarily in higher quality, more consistent, less volatile stocks.

Which equity market sectors most significantly affected Fund performance?

The Fund benefited most from having no allocation at all to either the energy or telecommunication services sectors, as each posted a negative absolute return during the annual period. Also, the Fund enjoyed positive results in all sectors of the S&P 500® Index in which it was invested. In particular, effective stock selection in the health care, real estate and industrials sectors boosted the Fund's relative performance.

These positive contributors were partially offset by the detracting effect of weak stock selection in the consumer discretionary and materials sectors. Having an underweight to the strongly performing information technology sector also dampened relative results. Specifically, the Fund did not own Apple, Microsoft or Facebook, each of which posted sizable gains during the annual period. However, the Fund's strategy is to invest in securities lower on the capitalization spectrum. It does not typically invest in giant, mega-cap companies, with investment research and investment management firm Morningstar placing the Fund in its mid-cap growth category.

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 software developer Ansys, India-based bank HDFC Bank and health care-related weighing instruments manufacturer Mettler-Toledo International. Each of these stocks enjoyed robust double-digit gains during the annual period on strong quarterly operating results. A position in C.R. Bard, which designs, manufactures, packages, distributes and sells medical, surgical, diagnostic and patient care devices, was also a top positive contributor to the Fund's relative results, with its shares increasing on the back of a takeover offer from Becton Dickinson. Similarly, a position in Illumina, a genome sequencing device maker, boosted relative results, on strong fundamentals and healthy demand. The Fund's relative results also benefited from not owning a position in industrials, technology and financials conglomerate General Electric, whose shares experienced a double-digit decline during the annual period.

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

Acuity Brands, which designs, produces and distributes a full range of indoor and outdoor lighting and control systems for commercial and institutional, industrial, infrastructure and residential applications, detracted from the

Fund's results. Its shares declined during the annual period on weaker than expected quarterly operating results. Two auto parts retailers within the consumer discretionary sector also detracted from the Fund's performance during the annual period—AutoZone and O'Reilly Automotive. Each of these company's stocks experienced double-digit declines in part due to a potential future competitive threat from Amazon.com.

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VALUE LINE PREMIER GROWTH FUND, INC.
(continued)

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?

During the annual period, a stock and cash acquisition of the Fund's holding in Reynolds American transformed that holding into a smaller holding of British American Tobacco. In the same way, a position in C.R. Bard transformed into a smaller holding of its acquirer Becton Dickinson. At the end of the annual period, we retained these two new holdings in the Fund because we believe their already-good operating momentum is likely to be augmented by the acquisitions. Also during the annual period, we established a new Fund position in Cintas, which provides a variety of commercial services, as, in our view, the company is delivering consistent, attractive growth in both earnings and stock price.

Among the larger eliminations from the Fund's portfolio were positions in two health care stocks—physician management services provider Mednax and full service pharmacy benefit management and specialty managed care company Express Scripts. In each case, the company has no longer been generating the consistent long-term growth we seek.

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, 2017.

How was the Fund positioned relative to its benchmark index at the end of December 2017?

As of December 31, 2017, 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, information technology and consumer discretionary sectors. The Fund was rather neutrally weighted relative to the Index in the consumer staples, health care and real estate sectors and had no allocations at all to the energy, telecommunication services or utilities 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, 2017 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Waste Connections, Inc.	173,700	$ 12,322,278	3.6%
Mettler-Toledo International, Inc.	17,700	10,965,504	3.2%
Toro Co. (The)	158,600	10,345,478	3.0%
Roper Technologies, Inc.	39,000	10,101,000	3.0%
Teledyne Technologies, Inc.	50,200	9,093,730	2.7%
ANSYS, Inc.	61,600	9,091,544	2.7%
IDEXX Laboratories, Inc.	57,400	8,976,212	2.6%
Fiserv, Inc.	68,400	8,969,292	2.6%
AMETEK, Inc.	103,750	7,518,763	2.2%
Ultimate Software Group, Inc. (The)	32,500	7,092,475	2.1%
Total			27.7%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities*

*
Sector weightings exclude short-term investments.

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Value Line Premier Growth Fund, Inc.
Portfolio Highlights at December 31, 2017 (unaudited) (continued)

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, if any. 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 12/31/17	22.32%
5 years ended 12/31/17	12.13%
10 years ended 12/31/17	7.72%

*
The S&P 500® 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 Premier Growth Fund, Inc.

Schedule of Investments December 31, 2017

Shares		Value
COMMON STOCKS (95.9%)		
CONSUMER DISCRETIONARY (7.3%)		
	DISTRIBUTION & WHOLESALE (1.3%)	
112,000	LKQ Corp.*	$ 4,555,040
	RETAIL (6.0%)	
7,400	AutoZone, Inc.*	5,264,138
15,000	Dollar Tree, Inc.*	1,609,650
16,200	Domino’s Pizza, Inc.(1)	3,061,152
22,600	O'Reilly Automotive, Inc.*(1)	5,436,204
65,600	TJX Companies, Inc. (The)	5,015,776
		20,386,920
		24,941,960
CONSUMER STAPLES (7.8%)		
	AGRICULTURE (0.9%)	
44,184	British American Tobacco PLC ADR(1)	2,959,886
	BEVERAGES (0.9%)	
42,600	Brown-Forman Corp. Class B(1)	2,925,342
	FOOD (2.3%)	
64,000	General Mills, Inc.(1)	3,794,560
96,000	Hormel Foods Corp.(1)	3,493,440
5,000	McCormick & Co., Inc.(1)	509,550
		7,797,550
	HOUSEHOLD PRODUCTS (2.3%)	
134,800	Church & Dwight Co., Inc.	6,762,916
10,300	Spectrum Brands Holdings, Inc.(1)	1,157,720
		7,920,636
	RETAIL (1.4%)	
26,000		4,839,120

	Costco Wholesale Corp.	
		26,442,534
FINANCIALS (5.1%)		
	BANKS (1.8%)	
59,500	HDFC Bank Ltd. ADR	6,049,365
	COMMERCIAL SERVICES (0.1%)	
2,400	MarketAxess Holdings, Inc.(1)	484,200
	DIVERSIFIED FINANCIAL SERVICES (0.1%)	
8,000	E*TRADE Financial Corp.*	396,560
	INSURANCE (2.5%)	
3,000	Alleghany Corp.*	1,788,270
45,000	Arch Capital Group, Ltd.*	4,084,650

Shares		Value
FINANCIALS (5.1%) (continued)		
	INSURANCE (2.5%) (continued)	
1,800	Assurant, Inc.	$ 181,512
14,000	Chubb, Ltd.	2,045,820
3,500	RenaissanceRe Holdings, Ltd.(1)	439,565
		8,539,817
	REITS (0.6%)	
23,200	Equity Lifestyle Properties, Inc. REIT	2,065,264
		17,535,206
HEALTHCARE (14.5%)		
	BIOTECHNOLOGY (2.7%)	
33,800	Alexion Pharmaceuticals, Inc.*	4,042,142
23,000	Illumina, Inc.*	5,025,270
		9,067,412
	ELECTRONICS (3.2%)	
17,700	Mettler-Toledo International, Inc.*	10,965,504
	HEALTHCARE PRODUCTS (7.2%)	
3,000	Align Technology, Inc.*	666,570

11,474	Becton Dickinson & Co.	2,456,129
61,000	Danaher Corp.	5,662,020
20,100	DENTSPLY SIRONA, Inc.	1,323,183
77,600	Henry Schein, Inc.*(1)	5,422,688
57,400	IDEXX Laboratories, Inc.*	8,976,212
		24,506,802
	PHARMACEUTICALS (0.8%)	
54,000	Novo Nordisk A/S ADR	2,898,180
	SOFTWARE (0.6%)	
32,500	Cerner Corp.*	2,190,175
		49,628,073
INDUSTRIALS (32.6%)		
	AEROSPACE & DEFENSE (6.4%)	
38,452	HEICO Corp.(1)	3,627,946
15,800	Northrop Grumman Corp.	4,849,178
6,000	Spirit AeroSystems Holdings, Inc. Class A	523,500
50,200	Teledyne Technologies, Inc.*	9,093,730
13,300	TransDigm Group, Inc.(1)	3,652,446
		21,746,800

Shares		Value
INDUSTRIALS (32.6%) (continued)		
	BUILDING MATERIALS (0.5%)	
26,600	Fortune Brands Home & Security, Inc.(1)	$ 1,820,504
	COMMERCIAL SERVICES (3.6%)	
5,700	Cintas Corp.(1)	888,231
14,800	Equifax, Inc.	1,745,216
66,152	IHS Markit, Ltd.*	2,986,763
146,900	Rollins, Inc.(1)	6,835,257
		12,455,467
	ELECTRICAL EQUIPMENT (3.8%)	
25,300	Acuity Brands, Inc.(1)	4,452,800
103,750	AMETEK, Inc.	7,518,763

13,100	EnerSys	912,153
		12,883,716
	ENVIRONMENTAL CONTROL (5.1%)	
38,500	Republic Services, Inc.	2,602,985
37,600	Stericycle, Inc.*(1)	2,556,424
173,700	Waste Connections, Inc.	12,322,278
		17,481,687
	HAND & MACHINE TOOLS (1.8%)	
11,119	Lincoln Electric Holdings, Inc.	1,018,278
28,500	Snap-on, Inc.(1)	4,967,550
		5,985,828
	HOUSEWARES (3.0%)	
158,600	Toro Co. (The)	10,345,478
	MACHINERY DIVERSIFIED (4.7%)	
12,900	Graco, Inc.	583,338
31,850	IDEX Corp.(1)	4,203,244
8,000	Middleby Corp. (The)*	1,079,600
39,000	Roper Technologies, Inc.	10,101,000
		15,967,182
	MISCELLANEOUS MANUFACTURERS (1.0%)	
28,600	AO Smith Corp.(1)	1,752,608
16,000	Carlisle Companies, Inc.	1,818,400
		3,571,008
	TRANSPORTATION (2.7%)	
62,800	Canadian National Railway Co.	5,181,000
33,000	J.B. Hunt Transport Services, Inc.	3,794,340
4,000	XPO Logistics, Inc.*(1)	366,360
		9,341,700
		111,599,370

See Notes to Financial Statements.

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Schedule of Investments (continued)

Shares		Value
COMMON STOCKS (95.9%) (continued)		
INFORMATION TECHNOLOGY (18.9%)		
	COMMERCIAL SERVICES (1.0%)	
25,700	WEX, Inc.*(1)	$ 3,629,611
	COMPUTERS (2.0%)	
44,000	Accenture PLC Class A	6,735,960
	DIVERSIFIED FINANCIAL SERVICES (1.7%)	
38,000	MasterCard, Inc. Class A	5,751,680
	ELECTRONICS (2.1%)	
78,400	Amphenol Corp. Class A(1)	6,883,520
7,000	Trimble, Inc.*(1)	284,480
		7,168,000
	SEMICONDUCTORS (0.1%)	
1,500	IPG Photonics Corp.*	321,195
	SOFTWARE (11.8%)	
61,600	ANSYS, Inc.*	9,091,544
4,000	Autodesk, Inc.*	419,320
4,600	Broadridge Financial Solutions, Inc.	416,668
17,000	Cadence Design Systems, Inc.*	710,940
4,700	Fair Isaac Corp.	720,040
68,400	Fiserv, Inc.*	8,969,292
28,400	Intuit, Inc.	4,480,952
1,800	Jack Henry & Associates, Inc.(1)	210,528
62,000	Salesforce.com, Inc.*	6,338,260
8,000	ServiceNow, Inc.*	1,043,120
4,500	Tyler Technologies, Inc.*	796,725
32,500	Ultimate Software Group, Inc. (The)*(1)	7,092,475
		40,289,864
Shares		Value

INFORMATION TECHNOLOGY (18.9%) (continued)		
	TELECOMMUNICATIONS (0.2%)	
2,800	Arista Networks, Inc.*(1)	$ 659,624
		64,555,934
MATERIALS (7.2%)		
	CHEMICALS (2.1%)	
15,000	Air Products & Chemicals, Inc.	2,461,200
40,000	FMC Corp.(1)	3,786,400
2,300	NewMarket Corp.	913,997
		7,161,597
	COMMERCIAL SERVICES (1.9%)	
48,400	Ecolab, Inc.	6,494,312
	HOUSEWARES (0.7%)	
20,200	Scotts Miracle-Gro Co. (The)(1)	2,161,198
	MISCELLANEOUS MANUFACTURERS (0.5%)	
21,000	AptarGroup, Inc.	1,811,880
	PACKAGING & CONTAINERS (2.0%)	
98,800	Ball Corp.(1)	3,739,580
13,800	Berry Global Group, Inc.*	809,646
42,000	Crown Holdings, Inc.*	2,362,500
		6,911,726
		24,540,713
REAL ESTATE (1.3%)		
	REITS (1.3%)	
31,600	American Tower Corp. REIT	4,508,372
TELECOMMUNICATION SERVICES (1.2%)		
	REITS (1.2%)	
25,300	SBA Communications Corp. REIT*	4,133,008

Shares		Value
TOTAL COMMON STOCKS (Cost $136,491,623) (95.9%)		$ 327,885,170
SHORT-TERM INVESTMENTS (3.2%)		
	MONEY MARKET FUNDS (3.2%)	
5,516,350	State Street Institutional U.S.	5,516,350

	Government Money Market Fund, Premier Class	
5,500,439	State Street Navigator Securities Lending Government Money Market Portfolio(2)	5,500,439
TOTAL SHORT-TERM INVESTMENTS (Cost $11,016,789) (3.2%)		11,016,789
TOTAL INVESTMENT SECURITIES (99.1%) (Cost $147,508,412)		$ 338,901,959
CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES (0.9%)		3,154,364
NET ASSETS (100%)		$ 342,056,323

*
Non-income producing.

(1)
A portion or all of the security was held on loan. As of December 31, 2017, the market value of the securities on loan was $54,958,838.

(2)
Securities with an aggregate market value of $54,958,838 were out on loan in exchange for $5,500,439 of cash collateral as of December 31, 2017. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1(J) 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, 2017 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	$ 327,885,170	$ —	$ —	$ 327,885,170
Short-Term Investments	11,016,789	—	—	11,016,789
Total Investments in Securities	$ 338,901,959	$ —	$ —	$ 338,901,959

*
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 sole investment objective is long-term growth of capital.

To achieve the Fund's investment objective, the Adviser invests substantially all of the Fund's net assets in common stocks. Under normal circumstances, the Adviser invests at least 80% of the Fund's assets in common stocks and other equity securities of mid-sized companies (the "80% Policy"). The Fund considers companies to be mid-sized if they have market capitalizations between $3 billion and $20 billion at the time of purchase. The 80% policy can be changed without shareholder approval upon at least 60 days, prior written notice. Under normal circumstances, the Adviser expects that the Fund's portfolio will generally consist of positions in 25 to 50 companies. The Fund is actively managed by the Adviser, which seeks to purchase mid-cap growth companies that have fundamentally strong market positions in growing industries that may enable those companies to increase future sales and earnings at an above average pace in the coming years. During the investment selection process, the Adviser performs fundamental and quantitative analysis on each company and utilizes the rankings of companies by the Value Line Timeliness™ Ranking System (the "Ranking System") to assist in selecting securities for purchase. The Ranking System is a proprietary quantitative system that compares an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe followed by the Ranking System consists of stocks of approximately 1,700 companies accounting for approximately 90% of the market capitalization of all stocks traded on the U.S. securities exchanges. All the stocks followed by the Ranking System are listed on U.S. stock exchanges or traded in the U.S. over-the-counter markets.

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, 2017.

How did the Fund perform during the annual period?

The Fund's Investor Class generated a total return of 19.84% during the 12 months ended December 31, 2017. This compares to the 21.83% 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, driven primarily by stock selection overall. Sector allocation decisions as a whole also detracted, albeit modestly.

Further, during the annual period, large-cap stocks led the way, with significantly greater gains than mid- and small-cap stocks. This capitalization trend handicapped the Fund's results relative to the S&P 500® Index, since the Fund emphasizes mid-cap securities. The annual period also saw information technology and other higher-beta stocks drive the broad U.S. equity market higher. That, too, was a detractor from the Fund's relative performance, as the Fund seeks to invest primarily in higher quality, more consistent, less volatile stocks. On the other hand, during the annual period, growth-oriented stocks outpaced value-oriented stocks by a wide margin, a reversal of the prior year's imbalance. This style preference by investors at large proved a plus for the Fund, which emphasizes growth over value.

Which equity market sectors most significantly affected Fund performance?

The Fund was hurt most by weak stock selection in the information technology sector. Specifically, the Fund did not own giant, mega-cap companies Apple, Microsoft or Facebook, each of which posted sizable gains during the annual period. However, with an investment strategy focused on mid-sized companies, the Fund's strategy is to invest in securities lower on the capitalization spectrum. Weak stock selection in the consumer discretionary and consumer staples sectors also detracted as did having an overweighted allocation to the consumer staples sector, which lagged the S&P 500® Index during the annual period.

These detractors were partially offset by the positive effect of strong stock selection in the industrials and health care sectors. Having no exposure to energy or telecommunication services, which were the two weakest sectors in the S&P 500® Index during the annual period, also boosted the Fund's relative results.

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

During the annual period, the Fund was hurt by its position in Advanced Auto Parts, whose stock experienced a double-digit decline, as the entire auto parts retailing industry fell under the shadow of Amazon.com, a potential future competitor in the field. Positions in Casey's General Stores, which operates convenience stores in the U.S. midwest, and in Henry Schein, which distributes health care products and services including practice management software, also detracted from the Fund's performance during the annual period. Each of these companies' stocks declined in response to weaker than expected operating results.

VALUE LINE MID CAP FOCUSED FUND, INC.
(continued)

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 software developer Ansys, electronic subsystems and instrumentation provider to the aerospace and defense industries Teledyne Technologies and health care-related weighing instruments manufacturer Mettler-Toledo International. Shares of each of these companies enjoyed robust double-digit gains during the annual period in response to strong operating results.
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?
This focused Fund ended the annual period with 36 holdings in its portfolio, compared to 40 at the start of the calendar year. We eliminated some holdings that we believe have diminishing long-term growth prospects, including off-price apparel and home fashion retailer TJX and meat and food products manufacturer Hormel Foods. In our view, these holdings' share price appreciation had become less consistent in recent years. Also, medical device manufacturer C.R. Bard was eliminated from the Fund's portfolio, replaced on the final day of 2017 by cash and by stock in its acquirer Becton Dickinson. At the end of the annual period, we intended to retain the new shares with the view that Becton Dickinson's already-strong operating momentum is likely to be augmented by the acquisition.
We established a new Fund position during the annual period in insurance company American Financial Group because of what we view as its strong current operations and long history of consistent growth in earnings and stock price.
Were there any notable changes in the Fund's weightings during the 12-month period?
During the annual period, we reduced the Fund's overweighted allocation to materials to a rather neutral weighting relative to that of the S&P 500® Index. There were no other material changes in the Fund's sector weightings during the 12-month period ended December 31, 2017.
How was the Fund positioned relative to its benchmark index at the end of December 2017?
As of December 31, 2017, the Fund was overweighted relative to the S&P 500® Index in the industrials and consumer staples sectors. The Fund was underweighted relative to the S&P 500® Index in the financials and consumer discretionary sectors and was rather neutrally weighted relative to the Index in the materials, information technology and health care sectors on the same date. On December 31, 2017, the Fund held no positions at all in the telecommunication services, energy, utilities 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, 2017 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
IDEXX Laboratories, Inc.	42,400	$ 6,630,512	4.5%
Teledyne Technologies, Inc.	35,900	6,503,285	4.4%
Waste Connections, Inc.	91,650	6,501,651	4.4%
Rollins, Inc.	137,400	6,393,222	4.3%
Mettler-Toledo International, Inc.	9,700	6,009,344	4.0%
Fiserv, Inc.	43,400	5,691,042	3.8%
Toro Co. (The)	85,600	5,583,688	3.8%
Roper Technologies, Inc.	21,400	5,542,600	3.7%
Amphenol Corp.	62,100	5,452,380	3.7%
ANSYS, Inc.	36,200	5,342,758	3.6%
Total			40.2%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities*

*
Sector weightings exclude short-term investments.

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Value Line Mid Cap Focused Fund, Inc.
Portfolio Highlights at December 31, 2017 (unaudited) (continued)

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, if any. 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
Investor Class	
1 year ended 12/31/17	19.84%
5 years ended 12/31/17	14.09%
10 years ended 12/31/17	5.03%

*
The S&P 500® 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.

Value Line Mid Cap Focused Fund, Inc.
Schedule of Investments December 31, 2017

Shares		Value
COMMON STOCKS (95.8%)		
CONSUMER DISCRETIONARY (2.8%)		
	DISTRIBUTION & WHOLESALE (2.0%)	
71,800	LKQ Corp.*	$ 2,920,106
	RETAIL (0.8%)	
12,200	Advance Auto Parts, Inc.	1,216,218
		4,136,324
CONSUMER STAPLES (9.9%)		
	FOOD (5.4%)	
31,000	J&J Snack Foods Corp.	4,706,730
33,100	McCormick & Co., Inc.	3,373,221
		8,079,951
	HOUSEHOLD PRODUCTS (2.1%)	
62,000	Church & Dwight Co., Inc.	3,110,540
	RETAIL (2.4%)	
31,800	Casey’s General Stores, Inc.(1)	3,559,692
		14,750,183
FINANCIALS (4.0%)		
	INSURANCE (4.0%)	
8,000	American Financial Group, Inc.	868,320
55,900	Arch Capital Group, Ltd.*	5,074,043
		5,942,363
HEALTHCARE (13.5%)		
	ELECTRONICS (4.1%)	
9,700	Mettler-Toledo International, Inc.*	6,009,344
	HEALTHCARE PRODUCTS (9.4%)	
8,225	Becton Dickinson & Co.	1,760,588
26,700	Danaher Corp.	2,478,294
45,400	Henry Schein, Inc.*	3,172,552
42,400		6,630,512

	IDEXX Laboratories, Inc.*	
		14,041,946
		20,051,290
INDUSTRIALS (36.2%)		
	AEROSPACE & DEFENSE (10.0%)	
47,478	HEICO Corp.(1)	4,479,549
35,900	Teledyne Technologies, Inc.*	6,503,285
14,100	TransDigm Group, Inc.(1)	3,872,142
		14,854,976
	COMMERCIAL SERVICES (4.3%)	
137,400	Rollins, Inc.	6,393,222

Shares		Value
INDUSTRIALS (36.2%) (continued)		
	ELECTRICAL EQUIPMENT (2.8%)	
56,750	AMETEK, Inc.	$ 4,112,673
	ENVIRONMENTAL CONTROL (4.6%)	
5,900	Stericycle, Inc.*	401,141
91,650	Waste Connections, Inc.	6,501,651
		6,902,792
	HAND & MACHINE TOOLS (2.5%)	
21,400	Snap-on, Inc.(1)	3,730,020
	HOUSEWARES (3.8%)	
85,600	Toro Co. (The)	5,583,688
	MACHINERY DIVERSIFIED (6.1%)	
26,300	Middleby Corp. (The)*	3,549,185
21,400	Roper Technologies, Inc.	5,542,600
		9,091,785
	MISCELLANEOUS MANUFACTURERS (2.1%)	
27,500	Carlisle Companies, Inc.	3,125,375
		53,794,531
	INFORMATION TECHNOLOGY (25.6%)	
	COMMERCIAL SERVICES (2.8%)	
34,400	Gartner, Inc.*	4,236,360
	COMPUTERS (1.1%)	
30,000		1,629,900

	CGI Group, Inc. Class A*(1)	
	ELECTRONICS (3.7%)	
62,100	Amphenol Corp. Class A	5,452,380
	SOFTWARE (18.0%)	
36,200	ANSYS, Inc.*	5,342,758
43,400	Fiserv, Inc.*	5,691,042
37,800	Jack Henry & Associates, Inc.	4,421,088
96,800	Open Text Corp.	3,452,856
20,600	Tyler Technologies, Inc.*	3,647,230
19,700	Ultimate Software Group, Inc. (The)*(1)	4,299,131
		26,854,105
		38,172,745
MATERIALS (3.8%)		
	COMMERCIAL SERVICES (2.1%)	
23,000	Ecolab, Inc.	3,086,140
	PACKAGING & CONTAINERS (1.7%)	
68,800	Ball Corp.	2,604,080
		5,690,220
TOTAL COMMON STOCKS (Cost $85,531,052) (95.8%)		142,537,656

Shares		Value
SHORT-TERM INVESTMENTS (4.8%)		
	MONEY MARKET FUNDS (4.8%)	
2,559,021	State Street Institutional U.S. Government Money Market Fund, Premier Class	$ 2,559,021
4,559,956	State Street Navigator Securities Lending Government Money Market Portfolio(2)	4,559,956
TOTAL SHORT-TERM INVESTMENTS (Cost $7,118,977) (4.8%)		7,118,977
TOTAL INVESTMENT SECURITIES (100.6%) (Cost $92,650,029)		$ 149,656,633

EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (-0.6%)	(892,252)
NET ASSETS (100%)	$ 148,764,381

*
Non-income producing.

(1)
A portion or all of the security was held on loan. As of December 31, 2017, the market value of the securities on loan was $16,174,447.

(2)
Securities with an aggregate market value of $16,174,447 were out on loan in exchange for $4,559,956 of cash collateral as of December 31, 2017. The collateral was invested in a cash collateral reinvestment vehicle as described in Note 1(J) in the Notes to Financial Statements.

See Notes to Financial Statements.

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Schedule of Investments (continued)

The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2017 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks*	$ 142,537,656	$ —	$ —	$ 142,537,656
Short-Term Investments	7,118,977	—	—	7,118,977
Total Investments in Securities	$ 149,656,633	$ —	$ —	$ 149,656,633

*
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 70% 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, investmentgrade debt securities rated at the time of purchase from the highest (AAA) to medium (BBB) quality, other fixed income securities or cash equivalents. The Fund is actively managed by the Adviser, which seeks to purchase companies that have fundamentally strong market positions in growing industries that may enable those companies to increase future sales and earnings at an above average pace in the coming years. During the investment selection process, the Adviser performs fundamental and quantitative analysis on each company and utilizes the rankings of companies by the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System (the "Ranking Systems") to assist in selecting securities for purchase or sale. The Ranking Systems are proprietary quantitative systems that compare an estimate ofthe probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of approximately 1,700 stocks of large-, mid- and small-market capitalization companies for the Value Line Timeliness Ranking System and approximately 2,900 stocks of smaller and mid-sized capitalization companies for the Value Line Performance Ranking System.
Manager Discussion of Fund Performance
Below, Value Line Income and Growth Fund, Inc. portfolio managers Cindy Starke and Liane Rosenberg discuss the Fund's performance and positioning for the 12 months ended December 31, 2017.
How did the Fund perform during the annual period?
The Fund's Investor Class generated a total return of 23.86% during the 12 months ended December 31, 2017. This compares to the 14.21% 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?
The Fund significantly outperformed its blended benchmark, driven by effective asset allocation overall. 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. Only partially offsetting these positive contributors was the Fund's allocation to cash, which detracted during this annual period of strong equity and fixed income market performance.
Also, the equity portion of the Fund outperformed the 21.83% return of the S&P 500® Index and the fixed income portion of the Fund outperformed the 3.54% return of the Bloomberg Barclays Index during the annual period.
Both stock selection and sector allocation contributed positively to the equity portion of the Fund's results. The equity portion of the Fund was invested primarily in large-cap growth stocks. Growth stocks outpaced value stocks during the annual period across the capitalization spectrum, and large-cap growth stocks were the strongest performing segment in the U.S. equity market.
Which equity market sectors most significantly affected Fund performance?
The equity portion of the Fund benefited most from effective stock selection in and having an overweighted allocation to the information technology sector, which was the best performing sector in the S&P 500® Index during the annual period. Stock selection in and having an underweighted allocation to consumer staples, which lagged the S&P 500® Index during the annual period, also contributed positively. Importantly, having no allocation at all to telecommunication services, the weakest performing sector in the S&P 500® Index during the annual period, buoyed the equity portion of the Fund's relative results as well.
The only two sectors to notably detract from the equity portion of the Fund's relative results during the annual period were health care and energy. In health care, weak stock selection more than offset the beneficial effect of being overweight the strongly-performing sector. The energy sector was the second-worst performing sector in the S&P 500® Index during the annual period. The equity portion of the Fund was prudently underweight the poorly

performing sector but this was more than offset by weak stock selection amongst energy stocks.

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

Contributing most to the equity portion of the Fund’s relative results were positions in software gaming company Activision Blizzard, biopharmaceutical company Kite Pharma and biotechnology company Vertex Pharmaceuticals.

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

Shares of Activision Blizzard rose significantly during the annual period, supported by the company's strong execution and innovation in the large and expanding video game market. Shares of Kite Pharma more than doubled in price during the Fund's brief holding period, driven by the announcement that the company agreed to be acquired by Gilead Sciences. Kite Pharma is an industry leader in the emerging field of cell immunotherapy, which uses a patient's own immune cells to fight cancer. The Fund had established a position in Kite Pharma in mid-March 2017, built the position and then trimmed it on strength. We fully liquidated the position following the acquisition announcement in August 2017. Vertex Pharmaceuticals saw its shares achieve a triple-digit price gain during the annual period, supported by its positive clinical trial data, which boosted investors' confidence in the company's longer-term opportunities. Vertex Pharmaceuticals' therapies target the cystic fibrosis market, and its drug pipeline progress significantly expands the size of its treatable patient population. We trimmed the Fund's positions in Activision Blizzard and Vertex Pharmaceuticals on strength through 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 equity portion of the Fund's performance were two biopharmaceuticals companies in the health care sector, Alexion Pharmaceuticals and Celgene, as well as oil and gas exploration and production company Anadarko Petroleum.

Alexion Pharmaceuticals' share price decline was rather modest, but the company was a sizable position within the Fund and thus had a substantial effect. Coming out of a weak year in 2016, which included executive management turnover, Alexion Pharmaceuticals remained volatile in 2017. Shares of Celgene experienced a double-digit decline during the annual period due primarily to the company's pipeline disappointments and lowered longer-term guidance. Shares of Anadarko Petroleum fell significantly during the annual period, driven down in part by declines in oil and gas prices during the first half of the annual period. Anadarko Petroleum's pressures were further exacerbated by a tragic fire and explosion at the company's facility in northeastern Colorado, which also impacted surrounding residential and commercial areas, in late April 2017. In each of these cases, we still considered the valuations of the companies attractive and their longer-term growth prospects intact, and so we added to the Fund's positions in each on share price weakness.

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

We established a Fund position in Juno Therapeutics, a clinical-stage biotechnology company focused on cellular-based immunotherapies, which use patients' own immune cells to fight cancer. In our view, Juno Therapeutics operates in an attractive market with only a few pure-play companies, including Kite Pharma, which was acquired by Gilead Sciences in October 2017. (After the close of the annual period, we sold the Fund's position in Juno Therapeutics upon the January 2018 announcement of its pending acquisition by Celgene.)

We established a Fund position in Zendesk. Zendesk provides software-as-a-service solutions focused on improving customer relationships. The company has grown and expanded its market beyond small and medium businesses to include larger enterprises. Its value proposition, including pricing, positions the company well, in our view, against large competitors, including Oracle and Salesforce.com. We believe Zendesk's execution has been strong and that its revenues could grow significantly over the new few years.

We established a Fund position in Intel following its announced acquisition of Mobileye during the first quarter of 2017. Mobileye is a developer of vision-based advanced driver-assistance systems and is involved in the autonomous vehicle market. The acquisition enhanced Intel's portfolio and provided, in our view, growth opportunity for the semiconductor bellwether. Since its founding approximately 50 years ago, Intel has grown into the world's second-largest semiconductor chip maker and has diversified its portfolio from the personal computer market into growth areas, including data centers and the Internet of Things. (The Internet of Things is the interconnection of uniquely identifiable embedded computing devices within the existing Internet infrastructure.)

Conversely, in addition to the sale of Kite Pharma, mentioned earlier, we sold the Fund's position in specialty retailer Urban Outfitters, with the sale triggered by the company's deteriorating fundamentals, including disappointing sales. Lower sales and increased investments pressured its margins, prompting lower estimates. Given the challenging retail environment and lack of stock catalysts, we opted to sell the position.

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

During the annual period, the Fund’s allocations to the health care, information technology and consumer staples sectors increased relative to the S&P 500® Index, and its relative positions in the consumer discretionary, financials and real estate sectors decreased. The Fund’s exposure to the materials sector was eliminated completely.

How was the equity portion of the Fund positioned relative to its benchmark index at the end of December 2017?

As of December 31, 2017, 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 industrials, consumer staples, financials, real estate and energy sectors on the same date. The Fund had no exposure to the utilities, telecommunication services and materials sectors at the end of December 2017.

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What was the duration and yield curve 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. While interest rates did rise, the fixed income portion of the Fund's modest deviation in duration from that of the Bloomberg Barclays Index resulted in a rather neutral impact. Duration is a measure of the fixed income portion of the Fund's sensitivity to changes in interest rates.

Yield curve positioning detracted slightly from the fixed income portion of the Fund's performance during the annual period. The fixed income portion of the Fund was modestly underweight the long-term end of the yield curve, or spectrum of maturities. This dampened relative results, as securities with maturities of 10 years or more were strongest during the annual period.

Which fixed income market segments most significantly affected Fund performance?

An overweighted allocation relative to the Bloomberg Barclays Index in corporate bonds and a corresponding underweighted allocation to U.S. Treasuries added value. Corporate bonds outperformed lower risk securities given the "risk on" environment that dominated 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. Among investment grade corporate bonds, issue selection within the energy industry, proved beneficial, especially a focus on bonds with long maturity dates.

Conversely, while having exposure to the high yield corporate bond sector overall proved prudent, its positive contribution would have been even greater were it not for the fixed income portion of the Fund's emphasis on higher quality issues. More specifically, within the high yield corporate bond sector, the fixed income portion of the Fund had an emphasis on higher quality BB-rated issues and held no CCC-rated issues. However, during the annual period, lower quality CCC-rated issues significantly outperformed BB-rated debt. Further, from an issue selection perspective, retail holdings within the investment grade corporate bond sector detracted.

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, as we believed that spread product, or non-U.S. Treasury sectors, would continue to perform well amidst still-low levels of interest rates. Also, we believed we would see heightened U.S. inflation due to job growth and likely wage inflation and accordingly reduced the fixed income portion of the Fund's exposure to the long-term end of the U.S. Treasury yield curve. The increased exposure to risk assets proved beneficial; the reduction to the long-term end of the yield curve did not.

While turnover within the fixed income portion of the Fund's portfolio was modest during the annual period, we did add several new sovereign debt issues based on improving fundamentals. These included credits issued by the governments of Peru, Panama and Indonesia. Each of these holdings were positive performers for the fixed income portion of the Fund during the annual period. We significantly reduced the fixed income portion of the Fund's retail exposure within the investment grade corporate bond sector, albeit, in hindsight, not soon enough.

How was the fixed income portion of the Fund positioned relative to its benchmark index at the end of December 2017?

At the end of December 2017, the fixed income portion of the Fund remained overweight relative to the Bloomberg Barclays Index in spread 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 remained underweight relative to the Bloomberg Barclays Index in U.S. Treasuries and agency securities and rather neutrally weighted to the Bloomberg Barclays Index in securitized products.

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

At December 31, 2017, the Fund had a weighting of approximately 85% in stocks, 12% in fixed income securities and 3% in cash equivalents, little changed from the start of the annual period.

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

Neither the equity portion of the Fund nor the fixed income portion of the Fund used derivatives during the reporting period.

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

At the end of December 2017, we believed the earnings growth outlook for the companies in the S&P 500® Index looked encouraging. According to FactSet, consensus expectations for the S&P 500® Index's companies' sales and earnings per share were for accelerated growth in 2018 compared to 2017 levels. Further, with a backdrop of a more favorable and competitive corporate tax rate and lower individual tax rates for many Americans, it appears U.S. companies are well positioned to benefit from these significant changes, potentially enabling them to deliver higher rates of growth in 2018 and beyond. We believe earnings growth is one of the primary drivers of share prices over the long term and this estimated increase in earnings potentially supports higher equity prices going forward. Further, we believe this earnings growth potential is supported by a demand outlook that is improving as well as by estimates for revenue growth in the mid-single digit range for 2018. Given this backdrop, we intend to continue to seek companies for the Fund's portfolio that are positioned to grow both their sales and earnings above the market and their peers.

With short-term interest rates and inflation still low by historical standards and with the Fed still endorsing a conservative path of interest rate increases for 2018, 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 the ability to grow their sales and earnings at a faster pace than their peers. We also intend to continue to monitor closely the pace of U.S. and global economic growth, the job market and the inflation rate, as these factors, along with potential changes to the Fed's stance on the economy and its path for raising interest rates, are likely to impact the Fund's equity holdings. At the end of the annual period, we remained comfortable with the Fund's underweighted allocation to fixed income, as we saw better return potential in equities, especially in a rising interest rate environment and amidst a more favorable tax code for U.S.-based companies. 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, 2017 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Alexion Pharmaceuticals, Inc.	168,000	$ 20,091,120	5.0%
Activision Blizzard, Inc.	205,000	12,980,600	3.2%
Facebook, Inc.	72,000	12,705,120	3.2%
Visa, Inc.	108,000	12,314,160	3.1%
Celgene Corp.	102,000	10,644,720	2.7%
Alphabet, Inc.	10,000	10,534,000	2.6%
Bank of America Corp.	330,000	9,741,600	2.4%
Vertex Pharmaceuticals, Inc.	63,000	9,441,180	2.4%
JPMorgan Chase & Co.	72,000	7,699,680	1.9%
Amazon.com, Inc.	6,400	7,484,608	1.9%
Total			28.4%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities*

*
Sector weightings exclude short-term investments.

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Value Line Income and Growth Fund, Inc.

Portfolio Highlights at December 31, 2017 (unaudited) (continued)

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

Performance Data: ***

	Average Annual Total Return
Investor Class	
1 year ended 12/31/17	23.86%
5 years ended 12/31/17	10.79%
10 years ended 12/31/17	6.93%
Institutional Class	
1 year ended 12/31/17	24.31%

*

The S&P 500® Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

**

The 60/40 S&P 500® Index/Bloomberg Barclays US Aggregate Bond Index is an unmanaged blended index which consists of a 60% weighting of the S&P 500® Index representative of the larger capitalization stocks traded in the United States and a 40% weighting of the Barclays US 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.

Value Line Income and Growth Fund, Inc.

Schedule of Investments December 31, 2017

Shares		Value
COMMON STOCKS (85.1%)		
CONSUMER DISCRETIONARY (15.4%)		
	APPAREL (0.7%)	
45,000	NIKE, Inc. Class B	$ 2,814,750
	AUTO MANUFACTURERS (0.8%)	
11,000	Tesla, Inc.*(1)	3,424,850
	ENTERTAINMENT (2.6%)	
127,000	Lions Gate Entertainment Corp. Class A*(1)	4,293,870
28,000	Vail Resorts, Inc.	5,949,160
		10,243,030
	HOME BUILDERS (0.6%)	
48,000	Toll Brothers, Inc.	2,304,960
	INTERNET (3.6%)	
6,400	Amazon.com, Inc.*	7,484,608
18,000	Expedia, Inc.	2,155,860
26,000	Netflix, Inc.*	4,990,960
		14,631,428
	MEDIA (1.9%)	
98,000	Comcast Corp. Class A	3,924,900
34,000	Walt Disney Co. (The)	3,655,340
		7,580,240
	RETAIL (5.2%)	
23,000	Home Depot, Inc.	4,359,190
69,000	Starbucks Corp.	3,962,670
83,000	TJX Companies, Inc. (The)	6,346,180
27,000	Ulta Salon, Cosmetics & Fragrance, Inc.*	6,038,820
		20,706,860
		61,706,118
CONSUMER STAPLES (3.7%)		
	BEVERAGES (1.9%)	
17,000	Constellation Brands, Inc. Class A	3,885,690
58,000	Monster Beverage Corp.*	3,670,820
		7,556,510

	COSMETICS & PERSONAL CARE (1.8%)	
145,000	elf Beauty, Inc.*(1)	3,234,950
30,000	Estee Lauder Companies, Inc. (The) Class A	3,817,200
		7,052,150
		14,608,660
ENERGY (4.2%)		
	OIL & GAS (4.2%)	
85,000	Anadarko Petroleum Corp.	4,559,400

Shares		Value
ENERGY (4.2%) (continued)		
	OIL & GAS (4.2%) (continued)	
35,000	Diamondback Energy, Inc.*	$ 4,418,750
25,000	Pioneer Natural Resources Co.	4,321,250
54,000	Schlumberger Ltd.	3,639,060
		16,938,460
FINANCIALS (10.8%)		
	BANKS (6.1%)	
330,000	Bank of America Corp.	9,741,600
95,000	Citigroup, Inc.	7,068,950
72,000	JPMorgan Chase & Co.	7,699,680
		24,510,230
	DIVERSIFIED FINANCIAL SERVICES (4.7%)	
7,000	BlackRock, Inc.	3,595,970
185,000	Blackstone Group L.P. (The)	5,923,700
105,000	Charles Schwab Corp. (The)	5,393,850
107,000	Invesco Ltd.	3,909,780
		18,823,300
		43,333,530
HEALTHCARE (23.5%)		
	BIOTECHNOLOGY (15.1%)	
168,000	Alexion Pharmaceuticals, Inc.*	20,091,120
19,000	Biogen, Inc.*	6,052,830
48,000	BioMarin Pharmaceutical, Inc.*(1)	4,280,160

102,000	Celgene Corp.*	10,644,720
87,000	Exact Sciences Corp.*	4,570,980
33,000	Intercept Pharmaceuticals, Inc.*(1)	1,927,860
75,000	Juno Therapeutics, Inc.*(1)	3,428,250
63,000	Vertex Pharmaceuticals, Inc.*	9,441,180
		60,437,100
	HEALTHCARE PRODUCTS (2.9%)	
55,000	Edwards Lifesciences Corp.*	6,199,050
30,000	Medtronic PLC	2,422,500
40,000	Nevro Corp.*(1)	2,761,600
		11,383,150
	PHARMACEUTICALS (4.7%)	
48,000	DexCom, Inc.*(1)	2,754,720
37,000	Jazz Pharmaceuticals PLC*	4,982,050
94,000	Pfizer, Inc.	3,404,680

Shares		Value
HEALTHCARE (23.5%) (continued)		
	PHARMACEUTICALS (4.7%) (continued)	
53,000	TESARO, Inc.*(1)	$ 4,392,110
47,000	Zoetis, Inc.	3,385,880
		18,919,440
	SOFTWARE (0.8%)	
48,000	Medidata Solutions, Inc.*	3,041,760
		93,781,450
INDUSTRIALS (0.8%)		
	AIRLINES (0.8%)	
58,000	Delta Air Lines, Inc.	3,248,000
INFORMATION TECHNOLOGY (25.9%)		
	COMMERCIAL SERVICES (1.5%)	
82,000	PayPal Holdings, Inc.*	6,036,840
	COMPUTERS (1.4%)	
34,000	Apple, Inc.	5,753,820
	DIVERSIFIED FINANCIAL SERVICES (3.1%)	
108,000	Visa, Inc. Class A (1)	12,314,160
	INTERNET (10.0%)	

36,000	Alibaba Group Holding, Ltd. ADR*(1)	6,207,480
10,000	Alphabet, Inc. Class A*	10,534,000
72,000	Facebook, Inc. Class A*	12,705,120
80,000	GrubHub, Inc.*(1)	5,744,000
139,000	Zendesk, Inc.*	4,703,760
		39,894,360
	SEMICONDUCTORS (2.4%)	
24,000	BROADCOM, Ltd.	6,165,600
73,000	Intel Corp.	3,369,680
		9,535,280
	SOFTWARE (6.6%)	
205,000	Activision Blizzard, Inc.	12,980,600
24,000	Adobe Systems, Inc.*	4,205,760
35,000	Salesforce.com, Inc.*	3,578,050
42,000	ServiceNow, Inc.*	5,476,380
		26,240,790
	TELECOMMUNICATIONS (0.9%)	
92,000	Cisco Systems, Inc.	3,523,600
		103,298,850
REAL ESTATE (0.8%)		
	REITS (0.8%)	
22,000	American Tower Corp. REIT	3,138,740
TOTAL COMMON STOCKS (Cost $264,807,183) (85.1%)		340,053,808

See Notes to Financial Statements.

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Schedule of Investments (continued)

Principal Amount		Value
ASSET-BACKED SECURITIES (0.5%)		
$ 250,000	CarMax Auto Owner Trust, Series 2015-1, Class A4, 1.83%, 7/15/20	$ 249,423
121,036	CarMax Auto Owner Trust, Series 2015-4, Class A3, 1.56%, 11/16/20	120,680
150,000	Chrysler Capital Auto Receivables Trust, Series 2016-AA, Class A4, 1.96%, 1/18/22(2)	149,655
100,000	Citibank Credit Card Issuance Trust, Series 2014-A8, Class A8, 1.73%, 4/9/20	100,000
150,000	Citibank Credit Card Issuance Trust, Series 2014-A1, Class A1, 2.88%, 1/23/23	152,693
250,000	Ford Credit Auto Owner Trust/Ford Credit, Series 2014-1, Class A, 2.26%, 11/15/25(2)	250,508
250,000	GMF Floorplan Owner Revolving Trust, Series 2016-1, Class B, 2.41%, 5/17/21(2)	250,029
460,000	Hyundai Auto Lease Securitization Trust, Series 2017-B, Class A3, 1.97%, 7/15/20(2)	458,724
100,000	Synchrony Credit Card Master Note Trust, Series 2012-2, Class A, 2.22%, 1/15/22	100,129
100,000	Synchrony Credit Card Master Note Trust,	100,309

	Series 2015-1, Class A, 2.37%, 3/15/23	
TOTAL ASSET-BACKED SECURITIES (Cost $1,947,064) (0.5%)		1,932,150
COMMERCIAL MORTGAGE-BACKED SECURITIES (0.9%)		
100,000	COMM Mortgage Trust, Series 2014-UBS2, Class AM, 4.20%, 3/10/47	105,083
94,000	FHLMC Multifamily Structured Pass-Through Certificates, Series K715, Class A2, 2.86%, 1/25/21	95,362

Principal Amount		Value
COMMERCIAL MORTGAGE-BACKED SECURITIES (0.9%) (continued)		
$ 250,000	FHLMC Multifamily Structured Pass-Through Certificates, Series K033, Class A2, 3.06%, 7/25/23(3)	$ 256,741
250,000	FREMF Mortgage Trust, Series 2013-K24, Class B, 3.50%, 11/25/45(2)(3)	253,621
59,835	FREMF Mortgage Trust, Series 2013-KF02, Class B, 1-month LIBOR + 3.00%, 4.37%, 12/25/45(2)(3)	60,077
120,000	FREMF Mortgage Trust, Series 2013-K713, Class B, 3.17%, 4/25/46(2)(3)	120,656
250,000	FREMF Mortgage Trust, Series 2014-K717, Class B, 3.63%, 11/25/47(2)(3)	255,056
184,680	GNMA, Series 2013-12, Class AB, 1.83%,	175,972

	11/16/52	
250,000	GNMA, Series 2013-12, Class B, 2.11%, 11/16/52(3)	235,057
237,158	GS Mortgage Securities Trust, Series 2012-GCJ7, Class A4, 3.38%, 5/10/45	242,592
100,000	Morgan Stanley Capital I Trust, Series 2012-C4, Class A4, 3.24%, 3/15/45	101,996
110,566	Thornburg Mortgage Securities Trust, Series 2005-1, Class A3, 3.19%, 4/25/45(3)	111,032
250,000	UBS-Barclays Commercial Mortgage Trust, Series 2012-C4, Class A5, 2.85%, 12/10/45	250,880
385,000	UBS-Barclays Commercial Mortgage Trust, Series 2013-C5, Class A4, 3.18%, 3/10/46	391,949
150,000	Wells Fargo Commercial Mortgage Trust, Series 2015-C26, Class A2, 2.66%, 2/15/48	150,636

Principal Amount		Value
COMMERCIAL MORTGAGE-BACKED SECURITIES (0.9%) (continued)		
$ 200,000	Wells Fargo Commercial Mortgage Trust, Series 2015-NXS1, Class A2, 2.63%, 5/15/48	$ 201,046
100,000	Wells Fargo Commercial Mortgage Trust, Series 2015-C29, Class ASB, 3.40%, 6/15/48	102,787
243,605		242,154

	Wells Fargo Commercial Mortgage Trust, Series 2017-C40, Class A1, 2.11%, 10/15/50	
200,000	WFRBS Commercial Mortgage Trust, Series 2011-C5, Class A4, 3.67%, 11/15/44	207,013
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (Cost $3,640,879) (0.9%)		3,559,710
CORPORATE BONDS & NOTES (5.6%)		
BASIC MATERIALS (0.2%)		
	CHEMICALS (0.1%)	
225,000	Celanese U.S. Holdings LLC Guaranteed Notes	239,827
100,000	International Flavors & Fragrances, Inc. Senior Unsecured Notes	106,380
200,000	LYB International Finance B.V. Guaranteed Notes	209,357
		555,564
	IRON & STEEL (0.0%)	
100,000	Vale Overseas, Ltd. Guaranteed Notes(1)	103,400
	MINING (0.1%)	
150,000	Glencore Funding LLC Guaranteed Notes(1)(2)	155,175
100,000	Kinross Gold Corp. Guaranteed Notes	109,625
		264,800
		923,764
COMMUNICATIONS (0.7%)		
	INTERNET (0.2%)	
175,000	Alibaba Group Holding, Ltd. Senior Unsecured Notes(1)	181,538
155,000	Amazon.com, Inc. Senior Unsecured Notes	181,928

See Notes to Financial Statements.

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December 31, 2017

Principal Amount		Value
CORPORATE BONDS & NOTES (5.6%) (continued)		
COMMUNICATIONS (0.7%) (continued)		
$ 150,000	Expedia, Inc. Guaranteed Notes	$ 157,088
150,000	Netflix, Inc. Senior Unsecured Notes	159,563
		680,117
	MEDIA (0.3%)	
200,000	CBS Corp. Guaranteed Notes	205,796
125,000	Charter Communications Operating LLC/Charter Communications Operating Capital Senior Secured Notes	132,898
60,000	Comcast Corp. Guaranteed Notes	61,441
145,000	Comcast Corp. Guaranteed Notes	148,368
150,000	Discovery Communications LLC Guaranteed Notes(1)	160,021
100,000	Grupo Televisa S.A.B. Senior Unsecured Notes(1)	122,988
200,000	Scripps Networks Interactive, Inc. Senior Unsecured Notes	199,971
100,000	Time Warner, Inc. Guaranteed Notes	100,224
100,000	Time Warner, Inc. Guaranteed Notes	99,906
		1,231,613
	TELECOMMUNICATIONS (0.2%)	
150,000	AT&T, Inc. Senior Unsecured Notes	153,617
263,000	AT&T, Inc. Senior Unsecured Notes(2)	262,265
100,000		102,000

	Hughes Satellite Systems Corp. Senior Secured Notes	
250,000	Telefonica Emisiones SAU Guaranteed Notes	262,824
250,000	Verizon Communications, Inc. Senior Unsecured Notes	262,207
		1,042,913
		2,954,643
CONSUMER, CYCLICAL (0.6%)		
	AUTO MANUFACTURERS (0.2%)	
300,000	Ford Motor Credit Co. LLC Senior Unsecured Notes	300,037

Principal Amount		Value
CONSUMER, CYCLICAL (0.6%) (continued)		
	AUTO MANUFACTURERS (0.2%) (continued)	
$ 200,000	General Motors Co. Senior Unsecured Notes(1)	$ 218,147
200,000	General Motors Financial Co., Inc. Guaranteed Notes	202,259
100,000	Nissan Motor Acceptance Corp. Senior Unsecured Notes(2)	100,119
		820,562
	AUTO PARTS & EQUIPMENT (0.1%)	
175,000	Goodyear Tire & Rubber Co. (The) Guaranteed Notes	180,443
100,000	Magna International, Inc. Senior Unsecured Notes	106,276
125,000	Tenneco, Inc. Guaranteed Notes	128,125
		414,844
	HOME BUILDERS (0.1%)	
100,000	CalAtlantic Group, Inc. Guaranteed Notes	107,520
150,000	D.R. Horton, Inc. Guaranteed Notes	154,296

150,000	PulteGroup, Inc. Guaranteed Notes	154,500
100,000	Toll Brothers Finance Corp. Guaranteed Notes	104,500
		520,816
	HOUSEWARES (0.1%)	
29,000	Newell Brands, Inc. Senior Unsecured Notes	29,099
50,000	Newell Brands, Inc. Senior Unsecured Notes	59,614
100,000	Newell Brands, Inc. Senior Unsecured Notes	102,365
		191,078
	LEISURE TIME (0.0%)	
100,000	Royal Caribbean Cruises, Ltd. Senior Unsecured Notes	109,816
	LODGING (0.0%)	
100,000	Wyndham Worldwide Corp. Senior Unsecured Notes	98,947
	RETAIL (0.1%)	
100,000	CVS Health Corp. Senior Unsecured Notes	98,508

Principal Amount		Value
CONSUMER, CYCLICAL (0.6%) (continued)		
	RETAIL (0.1%) (continued)	
$ 100,000	McDonald’s Corp. MTN Senior Unsecured Notes	$ 108,841
		207,349
		2,363,412
CONSUMER, NON-CYCLICAL (0.8%)		
	BEVERAGES (0.1%)	
150,000	Anheuser-Busch InBev Finance, Inc. Guaranteed Notes	173,848
250,000	Constellation Brands, Inc. Guaranteed Notes	258,424

		432,272
	BIOTECHNOLOGY (0.1%)	
200,000	Gilead Sciences, Inc. Senior Unsecured Notes	200,935
	COMMERCIAL SERVICES (0.1%)	
100,000	Service Corp. International Senior Unsecured Notes	102,375
150,000	Total System Services, Inc. Senior Unsecured Notes	162,284
100,000	United Rentals North America, Inc. Guaranteed Notes	105,250
		369,909
	FOOD (0.1%)	
150,000	JM Smucker Co. (The) Guaranteed Notes	159,046
100,000	Kellogg Co. Senior Unsecured Notes	99,262
150,000	Sysco Corp. Guaranteed Notes	155,973
100,000	Tyson Foods, Inc. Senior Unsecured Notes	102,396
		516,677
	HEALTHCARE PRODUCTS (0.0%)	
100,000	Edwards Lifesciences Corp. Senior Unsecured Notes	100,674
	HEALTHCARE SERVICES (0.2%)	
100,000	Anthem, Inc. Senior Unsecured Notes	101,933
200,000	HCA, Inc. Guaranteed Notes	207,000
150,000	LifePoint Health, Inc. Guaranteed Notes(1)	153,000
100,000	NYU Hospitals Center Secured Notes	114,270

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Schedule of Investments (continued)

Principal Amount		Value
CORPORATE BONDS & NOTES (5.6%) (continued)		
CONSUMER, NON-CYCLICAL (0.8%) (continued)		
	HEALTHCARE SERVICES (0.2%) (continued)	
$ 100,000	Quest Diagnostics, Inc. Senior Unsecured Notes	$ 101,152
100,000	UnitedHealth Group, Inc. Senior Unsecured Notes	114,097
		791,452
	PHARMACEUTICALS (0.2%)	
200,000	AbbVie, Inc. Senior Unsecured Notes	224,255
100,000	Actavis Funding SCS Guaranteed Notes	100,079
175,000	Express Scripts Holding Co. Guaranteed Notes	186,450
100,000	Shire Acquisitions Investments Ireland DAC Guaranteed Notes	98,308
		609,092
		3,021,011
ENERGY (0.7%)		
	OIL & GAS (0.4%)	
100,000	Chevron Corp. Senior Unsecured Notes	99,777
150,000	Concho Resources, Inc. Guaranteed Notes	163,114
200,000	Devon Energy Corp. Senior Unsecured Notes	211,779
100,000	EQT Corp. Senior Unsecured Notes	99,303
150,000	Marathon Oil Corp. Senior Unsecured Notes	152,691
150,000	Murphy Oil Corp. Senior Unsecured Notes	153,375

Principal Amount		Value
150,000	Occidental Petroleum Corp. Senior Unsecured Notes	170,043
50,000	Occidental Petroleum Corp. Senior Unsecured Notes	51,206
200,000	Phillips 66 Guaranteed Notes	212,567
125,000	Shell International Finance B.V. Guaranteed Notes	121,080
175,000	Valero Energy Corp. Senior Unsecured Notes	230,635
		1,665,570

Principal Amount		Value
ENERGY (0.7%)	(continued)	
	PIPELINES (0.3%)	
$ 150,000	Energy Transfer Partners L.P. Senior Unsecured Notes	$ 161,852
200,000	Enterprise Products Operating LLC Guaranteed Notes	219,625
125,000	Magellan Midstream Partners L.P. Senior Unsecured Notes	126,515
250,000	MPLX L.P. Senior Unsecured Notes	256,059
250,000	Spectra Energy Partners L.P. Senior Unsecured Notes	271,794
100,000	Williams Partners L.P. Senior Unsecured Notes	100,208
		1,136,053
		2,801,623
FINANCIAL (2.0%)		
	BANKS (0.9%)	
250,000	Australia & New Zealand Banking Group Ltd. Subordinated Notes (1)(2)	262,282
100,000	Banco Bilbao Vizcaya Argentaria S.A. Senior	100,792

	Unsecured Notes	
100,000	Bancolombia S.A. Senior Unsecured Notes	108,150
350,000	Bank of America Corp. MTN Subordinated Notes	368,575
100,000	Barclays PLC Senior Unsecured Notes	103,496
100,000	BPCE S.A. Guaranteed Notes	100,281
250,000	Capital One Financial Corp. Senior Unsecured Notes	256,828
174,000	Citigroup, Inc. Subordinated Notes	205,438
200,000	Cooperatieve Rabobank UA Guaranteed Notes	208,520
150,000	Fifth Third Bancorp Senior Unsecured Notes	151,585
100,000	Goldman Sachs Group, Inc. (The) Subordinated Notes	133,864
250,000	Morgan Stanley Subordinated Notes	269,206
250,000	Morgan Stanley Senior Unsecured Notes	252,256

Principal Amount		Value
FINANCIAL (2.0%) (continued)		
	BANKS (0.9%) (continued)	
$ 300,000	PNC Financial Services Group, Inc. (The) Senior Unsecured Notes	$ 308,023
100,000	Santander Holdings USA, Inc. Senior Unsecured Notes	99,947
250,000	Societe Generale S.A. Senior Unsecured Notes	269,258
150,000	Wells Fargo & Co. Senior Unsecured Notes	151,126
250,000	Wells Fargo & Co. MTN Senior Unsecured	258,140

	Notes	
		3,607,767
	DIVERSIFIED FINANCIAL SERVICES (0.5%)	
210,000	Ally Financial, Inc. Senior Unsecured Notes	214,683
250,000	American Express Co. Senior Unsecured Notes(3)	250,326
100,000	BlackRock, Inc., Series 2 Senior Unsecured Notes	105,159
250,000	Discover Financial Services Senior Unsecured Notes	255,371
250,000	International Lease Finance Corp. Senior Secured Notes(2)	257,967
250,000	Nomura Holdings, Inc. GMTN Senior Unsecured Notes	251,870
250,000	ORIX Corp. Senior Unsecured Notes	249,203
200,000	Stifel Financial Corp. Senior Unsecured Notes	204,864
150,000	Synchrony Financial Senior Unsecured Notes	151,043
100,000	Synchrony Financial Senior Unsecured Notes	102,541
		2,043,027
	INSURANCE (0.2%)	
250,000	American International Group, Inc. Senior Unsecured Notes	271,846
250,000	Berkshire Hathaway, Inc. Senior Unsecured Notes(1)	262,474
100,000	CNA Financial Corp. Senior Unsecured Notes	104,076

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Principal Amount		Value
CORPORATE BONDS & NOTES (5.6%) (continued)		
FINANCIAL (2.0%) (continued)		
	INSURANCE (0.2%) (continued)	
$ 150,000	XLIT Ltd. Guaranteed Notes	$ 164,631
		803,027
	REITS (0.4%)	
53,000	American Tower Corp. Senior Unsecured Notes	52,072
150,000	AvalonBay Communities, Inc. GMTN Senior Unsecured Notes	153,725
125,000	Crown Castle International Corp. Senior Unsecured Notes	131,236
100,000	Digital Realty Trust L.P. Guaranteed Notes	107,283
250,000	EPR Properties Guaranteed Notes	266,027
100,000	Hospitality Properties Trust Senior Unsecured Notes	105,093
100,000	Host Hotels & Resorts L.P. Senior Unsecured Notes	107,679
150,000	Iron Mountain, Inc. Guaranteed Notes(2)	150,000
100,000	iStar, Inc. Senior Unsecured Notes	100,625
100,000	Weyerhaeuser Co. Senior Unsecured Notes	125,341
100,000	Weyerhaeuser Co. Senior Unsecured Notes	108,370
		1,407,451
		7,861,272
INDUSTRIAL (0.2%)		
	BUILDING MATERIALS (0.0%)	
20,000	Masco Corp. Senior	21,809

	Unsecured Notes	
	ELECTRONICS (0.0%)	
135,000	Allegion US Holding Co., Inc. Guaranteed Notes	133,489
	MISCELLANEOUS MANUFACTURERS (0.1%)	
250,000	Textron, Inc. Senior Unsecured Notes	259,150
	PACKAGING & CONTAINERS (0.1%)	
150,000	Ball Corp. Guaranteed Notes	163,125

Principal Amount		Value
INDUSTRIAL (0.2%) (continued)		
	PACKAGING & CONTAINERS (0.1%) (continued)	
$ 250,000	Packaging Corp. of America Senior Unsecured Notes	$ 256,341
		419,466
		833,914
TECHNOLOGY (0.1%)		
	SEMICONDUCTORS (0.0%)	
100,000	Intel Corp. Senior Unsecured Notes	110,180
	SOFTWARE (0.1%)	
125,000	Cadence Design Systems, Inc. Senior Unsecured Notes	132,615
100,000	j2 Cloud Services LLC/j2 Global Co-Obligor, Inc. Guaranteed Notes(2)	105,250
100,000	Microsoft Corp. Senior Unsecured Notes	117,210
100,000	VMware, Inc. Senior Unsecured Notes(1)	100,948
		456,023
		566,203
UTILITIES (0.3%)		
	ELECTRIC (0.3%)	
150,000	Consolidated Edison Co. of New York, Inc. Senior Unsecured Notes	172,513

100,000	Exelon Generation Co. LLC Senior Unsecured Notes	104,741
250,000	Florida Power & Light Co.	274,115
175,000	ITC Holdings Corp. Senior Unsecured Notes	173,999
100,000	Pacific Gas & Electric Co. Senior Unsecured Notes	97,359
100,000	PSEG Power LLC Guaranteed Notes	106,595
100,000	Southern Co. (The) Senior Unsecured Notes	100,049
		1,029,371
	GAS (0.0%)	
150,000	National Fuel Gas Co. Senior Unsecured Notes	160,891
		1,190,262
TOTAL CORPORATE BONDS & NOTES (Cost $21,928,350) (5.6%)		22,516,104

Principal Amount		Value
FOREIGN GOVERNMENT OBLIGATIONS (0.3%)		
$ 250,000	Export-Import Bank of Korea, Senior Unsecured Notes, 3.00%, 11/1/22	$ 248,679
100,000	Indonesia Government International Bond, Senior Unsecured Notes, 4.13%, 1/15/25(2)	103,817
250,000	Mexico Government International Bond, Senior Unsecured Notes, 4.15%, 3/28/27(1)	259,250
100,000	Panama Government International Bond, Senior Unsecured Notes, 4.00%, 9/22/24	106,350
125,000	Peruvian Government International Bond,	135,813

	Senior Unsecured Notes, 4.13%, 8/25/27(1)	
150,000	Petroleos Mexicanos, Guaranteed Notes, 6.75%, 9/21/47	156,577
250,000	Republic of Poland Government International Bond, Senior Unsecured Notes, 4.00%, 1/22/24	266,595
TOTAL FOREIGN GOVERNMENT OBLIGATIONS (Cost $1,244,979) (0.3%)		1,277,081
LONG-TERM MUNICIPAL SECURITIES (0.4%)		
	CALIFORNIA (0.1%)	
80,000	Los Angeles County Public Works Financing Authority, Build America Bonds, Revenue Bonds, 5.84%, 8/1/21	88,752
50,000	University of California Regents Medical Center Pooled Revenue, Revenue Bonds, Build America Bonds, Series H, 6.40%, 5/15/31	63,257
100,000	Yuba Levee Financing Authority, Revenue Bonds, Series B, (BAM), 3.33%, 9/1/23	103,331
		255,340

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Schedule of Investments (continued)

Principal Amount		Value
LONG-TERM MUNICIPAL SECURITIES (0.4%) (continued)		
	FLORIDA (0.0%)	
$ 75,000	Florida State Department of Environmental Protection Revenue, Build America Bonds, Revenue Bonds, Series B, 5.31%, 7/1/18	$ 76,317
	NEW YORK (0.2%)	
185,000	Metropolitan Transportation Authority, Build America Bonds, Revenue Bonds, Ser. C-1, 5.12%, 11/15/19	193,947
100,000	New York City Transitional Finance Authority Future Tax Secured Revenue, Build America Bonds, Revenue Bonds, 4.53%, 11/1/22	108,776
200,000	New York City Transitional Finance Authority Future Tax Secured Revenue, Subordinate Bonds, Revenue Bonds, 2.63%, 2/1/23	200,010
250,000	New York City Transitional Finance Authority Future Tax Secured Revenue, Subordinate Bonds, Revenue Bonds, 3.00%, 2/1/26	249,762
		752,495
	TEXAS (0.1%)	
250,000	Dallas Independent School District	278,990

	Qualified School Construction Notes, General Obligation Limited, 5.05%, 8/15/33	
250,000	Tarrant County Cultural Education Facilities Finance Corp., Revenue Bonds, Baylor Health Care System Project, Series C, 4.45%, 11/15/43	255,723
		534,713
TOTAL LONG-TERM MUNICIPAL SECURITIES (0.4%)	(Cost $1,584,274)	1,618,865

Principal Amount		Value
U.S. GOVERNMENT AGENCY OBLIGATIONS (2.4%)		
$ 250,000	FHLB, 1.63%, 2/27/19	$ 249,204
242,583	FHLMC, Series 4151, Class PA, 2.00%, 1/15/33	236,209
35,671	FHLMC Gold PC Pool #A46044, 5.00%, 7/1/35	38,549
114,984	FHLMC Gold PC Pool #A47613, 5.00%, 11/1/35	124,221
29,835	FHLMC Gold PC Pool #A89430, 4.50%, 10/1/39	31,756
98,026	FHLMC Gold PC Pool #C09055, 4.00%, 12/1/43	102,658
159,559	FHLMC Gold PC Pool #J17969, 3.00%, 2/1/27	162,556
42,099	FHLMC Gold Pool #A84814, 4.50%, 3/1/39	44,844
39,013	FHLMC Gold Pool #A96997, 4.50%, 2/1/41	41,622
170,518	FHLMC Gold Pool #A97264, 4.00%,	179,026

	2/1/41	
264,227	FHLMC Gold Pool #C09027, 3.00%, 2/1/43	265,724
48,657	FHLMC Gold Pool #G08521, 3.00%, 1/1/43	48,933
354,547	FHLMC Gold Pool #J13314, 3.50%, 10/1/25	366,451
107,178	FHLMC Gold Pool #Q06884, 3.50%, 3/1/42	110,605
86,558	FHLMC Gold Pool #Q11077, 3.50%, 9/1/42	89,326
488,601	FHLMC Gold Pool #Q41084, 3.50%, 6/1/46	502,492
38,196	FNMA Pool #254733, 5.00%, 4/1/23	41,006
283,318	FNMA Pool #254954, 4.50%, 10/1/23	301,665
148,948	FNMA Pool #745275, 5.00%, 2/1/36	161,798
18,670	FNMA Pool #832199, 4.50%, 7/1/35	19,943
157,346	FNMA Pool #844809, 5.00%, 11/1/35	170,833
3,506	FNMA Pool #910242, 5.00%, 3/1/37	3,769

Principal Amount		Value
U.S. GOVERNMENT AGENCY OBLIGATIONS (2.4%) (continued)		
$ 23,621	FNMA Pool #973333, 4.50%, 2/1/38	$ 25,207
4,921	FNMA Pool #975116, 5.00%, 5/1/38	5,301
84,306	FNMA Pool #AA0466, 4.50%, 2/1/39	89,905
5,116	FNMA Pool #AB1259, 5.00%, 7/1/40	5,518
227,511	FNMA Pool #AB1796, 3.50%, 11/1/40	234,922

50,933	FNMA Pool #AB2660, 3.50%, 5/1/21	52,587
77,439	FNMA Pool #AB3218, 3.50%, 7/1/31	80,098
301,866	FNMA Pool #AB3900, 3.00%, 11/1/26	308,303
11,371	FNMA Pool #AB3943, 4.00%, 11/1/41	11,940
97,733	FNMA Pool #AC5822, 4.50%, 5/1/40	104,568
153,957	FNMA Pool #AD7128, 4.50%, 7/1/40	164,984
101,427	FNMA Pool #AD8529, 4.50%, 8/1/40	108,732
50,640	FNMA Pool #AH3226, 5.00%, 2/1/41	54,517
164,120	FNMA Pool #AH4493, 4.50%, 2/1/41	175,962
109,671	FNMA Pool #AI1019, 4.50%, 5/1/41	117,515
14,472	FNMA Pool #AK6513, 4.00%, 3/1/42	15,200
415,088	FNMA Pool #AL0657, 5.00%, 8/1/41	448,352
32,565	FNMA Pool #AL3192, 5.00%, 5/1/42	35,175
298,976	FNMA Pool #AQ1853, 3.00%, 11/1/42	300,592
151,333	FNMA Pool #AS0560, 4.50%, 9/1/43	161,331
92,712	FNMA Pool #AS1529, 3.00%, 1/1/29	94,632
60,549	FNMA Pool #AS3789, 4.50%, 11/1/44	64,720
106,073	FNMA Pool #AS4503, 3.00%, 2/1/30	108,271
199,738	FNMA Pool #AS4928, 3.50%, 5/1/45	205,184
92,873	FNMA Pool #AS6205, 3.50%, 11/1/45	95,405
246,758	FNMA Pool #AS7188, 4.00%, 5/1/46	258,164
51,739	FNMA Pool #AT8849, 4.00%, 6/1/43	54,296
150,145	FNMA Pool #AU1847,	150,910

3.00%, 9/1/43

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Principal Amount		Value
LONG-TERM MUNICIPAL SECURITIES (0.4%) (continued)		
U.S. GOVERNMENT AGENCY OBLIGATIONS (2.4%) (continued)		
$ 143,004	FNMA Pool #AU3621, 3.00%, 7/1/43	$ 143,769
322,693	FNMA Pool #AU5409, 3.00%, 8/1/43	322,857
92,142	FNMA Pool #AU5653, 4.00%, 9/1/43	96,622
124,415	FNMA Pool #AU6562, 3.50%, 12/1/43	127,901
71,271	FNMA Pool #AU7025, 3.00%, 11/1/43	71,633
110,588	FNMA Pool #AV3310, 4.50%, 1/1/44	117,853
49,567	FNMA Pool #AX1138, 3.50%, 9/1/44	50,919
155,251	FNMA Pool #AY2728, 2.50%, 2/1/30	155,550
182,342	FNMA Pool #AZ2276, 4.00%, 6/1/45	190,725
232,243	FNMA Pool #BA6555, 3.00%, 1/1/46	232,361
19,985	FNMA Pool #MA0406, 4.50%, 5/1/30	21,328
42,514	FNMA Pool #MA0577, 3.50%, 11/1/20	43,894
220,883	FNMA REMIC Trust Series 2013-18, Class AE, 2.00%, 3/25/28	215,859
93,832	GNMA I Pool #539285, 3.00%, 5/15/42	94,914
45,572	GNMA I Pool #744842, 3.00%, 5/15/42	45,962
131,021	GNMA II Pool #MA1520, 3.00%, 12/20/43	132,870
210,271	GNMA II Pool #MA1521, 3.50%, 12/20/43	218,546
379,195		398,324

	GNMA II Pool #MA1839, 4.00%, 4/20/44	
47,308	GNMA II Pool #MA2445, 3.50%, 12/20/44	48,980
TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS (Cost $9,644,673) (2.4%)		9,556,348
U.S. TREASURY OBLIGATIONS (1.5%)		
25,000	U.S. Treasury Bonds, 5.25%, 2/15/29	31,838
70,000	U.S. Treasury Bonds, 4.38%, 2/15/38	89,482
450,000	U.S. Treasury Bonds, 3.13%, 11/15/41	483,768

Principal Amount		Value
$ 250,000	U.S. Treasury Bonds, 2.75%, 8/15/42	$ 251,738
600,000	U.S. Treasury Bonds, 2.88%, 5/15/43	616,945
200,000	U.S. Treasury Bonds, 3.75%, 11/15/43	238,305
100,000	U.S. Treasury Bonds, 3.63%, 2/15/44	116,887
200,000	U.S. Treasury Bonds, 3.38%, 5/15/44	224,430
100,000	U.S. Treasury Bonds, 3.13%, 8/15/44	107,480
150,000	U.S. Treasury Notes, 0.75%, 9/30/18	148,934
100,000	U.S. Treasury Notes, 1.38%, 2/28/19	99,457
100,000	U.S. Treasury Notes, 1.50%, 5/31/19	99,500
200,000	U.S. Treasury Notes, 1.63%, 12/31/19	198,953
300,000	U.S. Treasury Notes, 3.63%, 2/15/20	310,746
200,000	U.S. Treasury Notes, 1.38%, 4/30/20	197,523
150,000	U.S. Treasury Notes, 2.25%, 4/30/21	