VLFAlert

ValueLine*funds*

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Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals with our actively managed family of mutual funds.

We hope you enjoy this edition of the VLFAlert and thank you for your continued support.

Investment Mistakes to Avoid in a Frothy Market

From its first close of 62.76 on February 16, 1885, it took the Dow Jones Industrial Average, a popular measure of the U.S. equity market, more than 87 years to reach a closing level of 1,000. It then took less than 15 years to close at 2,000; just more than 12 years to close at 10,000; 18 years to close at 20,000; one year to close at 25,000; and less than three years to close at 30,000. It then took less than two months for the Dow Jones Industrial Average to close at 31,000*—in January 2021—despite the magnitude of uncertainty that has dominated amid the COVID-19 pandemic, a contested U.S. presidential election, a record-deep and record-quick economic recession and civil unrest.

The recent climbs have come with heightened volatility. Still, one might consider the U.S. equity market in early 2021 downright "frothy," a term popularized by former Federal Reserve Chair Alan Greenspan. It describes when share prices become detached from their underlying intrinsic values and company fundamentals as investor demand for those shares drive their prices to seemingly unsustainable levels. As important as knowing what to do in such a scenario is knowing what not to do.

Don't Trade Too Much. Staying informed is fine, even vital, but a disciplined investor should look beyond the week's headlines and maintain a long-term perspective. Attempting to time the market or to buy and sell when a stock is up or down an arbitrary percentage without regard to company-specific news or underlying data is a misguided strategy. Remember, trading and investing are not the same.

Don't Rely on Your Emotions. Fear and greed are probably the emotions that most get in the way of prudent investment decisions. A good rule to keep in mind is if your decision to buy or sell can not wait for a few days, you are likely making an emotional or reactive decision. Sleep on it. Digest. Find out more. Consult with your advisor. Then make a grounded decision.

Don't Buy into Herd Mentality. Relying on market sentiment can be as costly a mistake as acting on your own emotions. Otherwise intelligent people make bad decisions when they act on "tips" or "populist trends," which, realistically, by the time they get to you are likely best left to be eyed in the rearview mirror.

Don't Chase Returns. By definition, chasing returns is making an investment based on past performance. Many companies generated outstanding returns in 2020, and many of those same companies may continue to perform well in the years to come. But investing in what is "hot" can lead to buying high. Re-balancing and re-allocating your investment portfolio is wise, but to do so in the middle of a highly volatile market could negatively impact your long-term returns. As the adage reminds, patience is a virtue. If your original investment thesis for owning—or not owning—a particular investment still holds true, then realizing a short-term gain or short-term loss—and a year is not a long time—may not be worth making a change.

Don't Stay All in Cash. When the market is frothy, it can feel safer to keep your money in cash—especially for those in or near retirement. But because cash is inherently a depreciating asset, that may not be the best decision. Maintaining some much-needed stability in your portfolio is important, and you should have a percentage of your portfolio in cash! However, only with the discipline of staying invested through the ups and downs of a volatile market can you benefit from the power of compounding over time.

Don't Concentrate Too Much in Riskier Assets. At the same time, failing to diversify your investment portfolio can be a big mistake. Keeping position size, asset allocation and your own personal risk profile and investment time horizon at top of mind should be your goal, not taking bets to beat the market.

Don't Ignore Red Flags. When the U.S. equity market goes up the way it has, some investors become prey to promises of big returns from emails that appear in your inbox, phone calls from those proclaiming to be experienced professionals, or perhaps

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neighbors who claim to have an inside scoop. If someone, anyone, makes any sort of guarantee, walk away. Avoid unregistered investment products, overly complex strategies, so-called VIP access or pushy salespeople. Look out for overly consistent returns. Investing in the stock market is not risk free. Staying alert and staying invested with a trusted investment manager with a long track record is important when the stock market is going down AND when it's going up.

Don't Get in the Way of Your Own Success. If you have read this VLFAlert this far, then you are already in a better position than most. Taking the time to think about your investment goals, understanding what you are trying to achieve and maintaining a clear, informed strategy, in both bull and bear markets, may well be the most essential aspects of investing.

It's easy to get caught up in the frothy suds of a rapidly climbing, albeit volatile, equity market. The Value Line Funds have been a trusted part of investors' long-term, comprehensive investment strategies since 1950—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics. To stay current with timely commentary and investment insights and/or if you have any questions or would like additional information on the Value Line Funds, we invite you to contact your investment representative or visit us at www.vlfunds.com.

Important Retirement Plan Changes for 2021

As you prepare to do your 2020 taxes, be sure to review these important changes to retirement plans in 2021. Contribution limits for 401(k), 403(b) and 457 plans and for both traditional and Roth IRAs have not changed. But the IRS has increased the modified adjusted gross income ("MAGI") phase-out ranges for traditional IRA contribution deductibility and Roth IRA contribution eligibility.

IRA Limits	2021		2020	
Traditional IRA Deductibility	*Single Filer's MAGI*	*Married Filing Jointly MAGI*	*Single Filer's MAGI*	*Married Filing Jointly MAGI*
Full Deduction	Less Than $66,000	Less Than $105,000	Less Than $65,000	Less Than $104,000
Partial Deduction	$66,000-$76,000	$105,000-$125,000	$65,000-$75,000	$104,000-$124,000
No Deduction	More Than $76,000	More Than $125,000	More Than $75,000	More Than $124,000
If one spouse is covered by an employer-sponsored plan, MAGI phase-out range for deductible contribution by non-covered spouse in 2021 is $198,000-$208,000 as compared to $196,000-$206,000 in 2020.				
Roth IRA Eligibility	*Single Filer's MAGI*	*Married Filing Jointly MAGI*	*Single Filer's MAGI*	*Married Filing Jointly MAGI*
Full Contribution	Less Than $125,000	Less Than $198,000	Less Than $124,000	Less Than $196,000
Partial Contribution	$125,000-$140,000	$198,000-$208,000	$124,000-$139,000	$196,000-$206,000
Not Eligible	More Than $140,000	More Than $208,000	More Than $139,000	More Than $206,000

Two important things to remember!

- Even if you earn above the thresholds to qualify for a deduction for contributing to a traditional IRA, you can still contribute—it just won't be deductible.
- It's not too late to make IRA contributions for 2020—you have until April 15, 2021 to make contributions for the 2020 tax year! Don't miss out on the opportunity to maximize your retirement savings.

Source: https://www.irs.gov/retirement-plans/ira-deduction-limits; https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits.

Check out our News & Commentary at vlfunds.com for the latest on the Value Line Funds.

For more mutual fund information, call today: 800.243.2729 or visit our website at www.vlfunds.com

**Source: https://en.wikipedia.org/wiki/Closing_milestones_of_the_Dow_Jones_Industrial_Average.*