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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.

Coming Out of COVID—Investment Lessons Learned

Even as we mourn more than 900,000 Americans who have died of COVID-19, we look forward with some hope given that approximately 76% of the U.S. population has been vaccinated for COVID-19 with at least one shot as of mid-February.¹ We have begun re-opening the economy, easing restrictions and gradually resuming what will no doubt be a “new normal.” No one knows if the pandemic is really over or if we are entering a stage wherein COVID-19 becomes endemic, like the flu, or not. But either way, as we now begin the third year of living with COVID-19, this seems a good time to pause and think about some key lessons learned from an investment perspective.

Stay Invested The market sell-off in February and March 2020, when COVID-19 first made headlines, was of great concern for investors, but it demonstrated the prudence of staying the course. From the market bottom in March 2020, the S&P 500 Index rose more than 113% through the end of 2021.² And even if you factor in January 2022, which posted the worst monthly performance since March 2020, the S&P 500 Index was still up more than 101%. As this newsletter has explored before, sometimes the best strategy is to do nothing. *Lesson to be learned: don't make short-term decisions that interrupt your long-term perspective.*

Avoid Making Emotional Investment Decisions Those who panicked and sold investments in the early days of the pandemic amidst the volatility and dramatic upheaval it caused and who then stayed paralyzed in cash ended up locking in significant losses, especially given the heightened inflation rates that proved to be a “ripple effect” of the pandemic. And, of course, they missed out on the robust rebound of the U.S. equity market that followed. *Lesson to be learned: stay steady and patient, without succumbing to the headline-grabbing sensationalism of the media.*

Pre-Pandemic Secular Trends Are Here to Stay New technologies, ground-breaking advances in biotechnology, e-commerce, work-from-home, online education, virtual health care, shifting real estate migration and so many other trends that had begun to unfold before 2020 have been accelerated by the COVID-19 pandemic. Many are surely here to stay, presenting some long-term investment opportunities for investors. *Lesson to be learned: a renewed focus on your investments may help you capture the upside potential of our shared “new normal.”*

Be Alert for New Opportunities to Diversify While it is important to maintain your core investment portfolio, it is also worthwhile to make adjustments as conditions—either market conditions or your own personal conditions—change. As the pandemic has served as a catalyst of both meaningful trends and developments in several

drivers of the capital markets and, in many cases, of shifts in our own lifestyles and priorities, you may want to consider a broader diversification strategy now. *Lesson to be learned: be tactical as appropriate.*

Don't Let Your Guard Down The emergence of the pandemic itself, its unexpected variants, its multiple surges, and its impact on virtually all aspects of our lives has reminded us in a big way that things can change quickly. The same holds true for our investments. In calendar year 2021, the S&P 500 Index notched 70 record closes, the second-highest annual tally behind 1995's 77 closing highs.³ In January 2022 alone, the S&P 500 Index saw declines of at least 1% on seven of the 20 trading days and two up that amount.⁴ *Lesson to be learned: while maintaining a focus on the long term, stay vigilant.*

Having an Emergency Fund is Critical If nothing else, COVID-19 proved the importance of having an emergency fund. Approximately 56% of Americans don't have enough savings to cover a surprise \$1,000 expense, unable to pay for an unexpected car repair or emergency room visit.⁵ That's even after the government stimulus checks in 2021. While the U.S. Federal Reserve may well have begun to raise short-term interest rates, they remain low and, yes, still don't keep up with the pace of inflation. But the unexpected challenges of the pandemic for so many have shown that emergency funds are clearly not wasted assets. *Lesson to be learned: Squirreling money safely away can help you be prepared if and when rough times come in the short term.*

Understanding Yourself is as Important as Understanding How to Invest Many investors experienced their first substantial market downturn in 2020. The prior bear market ended in March 2009, so even seasoned investors may have forgotten how it feels to see one's hard-earned portfolio balance drop so suddenly. Uncertainty, worry and even panic might ensue. While understandable feelings, the experience of the past two years underscores the idea that we must understand our own risk tolerance, time frame and

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investment objectives. It reinforces the advice that we shouldn't be chasing past performance or trying to mimic what our well-intentioned neighbor or co-worker has done. *Lesson to be learned: understanding yourself leads to a better investment portfolio for your long-term needs.*

Professionally-Managed Mutual Funds Can Be of Great Help

If you are already invested in an equity fund that can nimbly shift positions toward or away from industries impacted by the pandemic, the fiscal and monetary policy response to the pandemic

or the economic reverberations of changing lifestyles...or if you are invested in a hybrid fund that can quickly adjust allocations among different asset classes, then you may gain the professional management strategies that can see you through even the most unprecedented and challenging of circumstances. *Lesson to be remembered: Throughout the pandemic, the long-term commitment of the Value Line Funds to its shareholders has remained unchanged. And throughout, the Value Line Funds have continued to be recognized for their long-term performance and/or attractive risk profiles.*

Partnerships are Key

The past two years have felt extremely isolating for all of us. But perhaps the most important lesson we have all learned from the COVID-19 pandemic—investment-related or otherwise—is that no individual can do it all on their own. No business thrives in a vacuum. If there has ever been a time that we have seen how key partnering with each other is, pivoting to help each other navigate life's challenges, it has been during this pandemic. That's how we feel about our shareholders, and we certainly hope that's how our shareholders feel about us.

Value Line Funds have been serving investors' needs since 1950, through all kinds of market conditions and all scenarios of good times and hard times. Indeed, we have been helping to secure generations' financial futures for more than 70 years now—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics. To get to know our portfolio managers better and how the Value Line Funds can help you come out of the pandemic with a portfolio focused on long-term comprehensive investment strategies, please visit us at vlfunds.com.

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

¹<https://usafacts.org/visualizations/covid-vaccine-tracker-states/>

²<https://www.wsj.com/market-data/quotes/index/SPX/historical-prices>

³<https://www.cnbc.com/2021/12/30/stock-market-futures-open-to-close-news.html>

⁴<https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes/>

⁵<https://www.cnbc.com/2022/01/19/56percent-of-americans-cant-cover-a-1000-emergency-expense-with-savings.html>

Past performance is no guarantee of future results. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

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