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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.

## How to Increase the Odds of Reaching Economic Security...or What is Rich?

As we approach the final months of the year, it is customary to take stock...of all matters big and small. We thought 2020 was hard. It was. Turns out that 2021, while better for many thanks to effective and accessible COVID-19 vaccines, has been extremely challenging, too. The pandemic may even have affected how we perceive wealth and shed new light on individual priorities. Perhaps being rich is not necessarily having a lot of money after all. Rich may simply be having income greater than your expenses. In other words, having economic security. If so, then how best to get there?

**It takes a focus on both sides of the equation—income and expenses.** Individuals with high incomes are not necessarily rich—sometimes they are actually spending all or more of what they earn, living paycheck to paycheck or drowning in debt. And the reverse is true as well. People with moderate incomes who live below their means, who regularly save a percentage of their earnings, who maintain low debt levels and who invest thoughtfully may have a substantial net worth. It's not necessarily how much you earn—it's how you handle your income. And importantly, when seeking economic security, some make the mistake of focusing on the income side and not fully considering future expenses—including those for medical and dental costs, long-term care and income taxes. When deciding how much you need, make a list of all the expenses you may incur during your retirement years. This will help you to make realistic projections and plan accordingly. To achieve economic security, the goal is to have enough financial assets to cover your expenses, emergencies and retirement with little concern of running out.

**It takes discipline in the face of temptation.** This is difficult because we live in a society wherein huge amounts of money are spent every year on getting us to spend more, consume more and want more. But giving into emotional impulses and not maintaining healthy self-control won't get you there. Upgrading to the "premium," "pro" or "first class" level of whatever it is you are buying is not an investment. Neither is trying to have what we think everyone around us has. Rather, how much you save may be the single most powerful indicator of your future financial security. Setting an individualized goal that will make you happy—and sticking to it regardless of all the "noise" around us. Try treating your retirement savings as a recurring expense, similar to paying rent, mortgage or a car loan. One good way to deter you from spending on impulse is to contribute specified amounts earmarked for your retirement to a tax-deferred account.

**It takes using time to your advantage—even if you are close to retirement.** We all know that time is our most valuable commodity and that starting to save and invest early is the best strategy. But it's never too late to reach for economic security because every penny saved helps to cover your expenses. And reinvesting—that is, using the power of compounding—may be the best tool you can use. There is an often-told story that Albert Einstein, who helped us all understand the wonder of time, once said, "Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't, pays it." Reinvesting your mutual fund dividends, for example, allows your money to work for you over time. Then, when you are ready, your assets can generate income for you with little work required on your part. Your assets can provide you with a degree of economic security enabling a long and gratifying retirement.

**It takes ongoing participation in the stock market.** The stock market is suited best for investing for the long-term. For the last 100 years, the average annual stock market return is approximately 10%, before inflation.<sup>1</sup> Too long? Well, from 1995 through 2020, the average annualized stock market return was 12.14%.<sup>2</sup> It's important to remember that these are averages and thus very few years actually produced this return—many were higher; some were lower. Still, U.S. stocks have also proven to be the best performing asset class over the last 26 years.<sup>3</sup> That's critically important because even though the "full retirement age" for Social Security purposes is 67 for those born after 1959 and most people think of retirement as being at age 65, the actual average age of retirement in the U.S. nationally is 64, with some states as low as 61.<sup>4</sup> Clearly, the prospect of a 20 to 40 year investment horizon for one's retirement is not at all unrealistic, so regardless of whether you are looking forward to that next chapter soon or already enjoying the fruits of your labors, maintaining a portion of your portfolio in U.S. stocks is well worth your consideration.

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**It takes “old fashioned” tenets of diversification, sound principles and perspective.** While holding a portion of your investment portfolio in stocks through your retirement years may be one of the best ways to help meet your financial goals, the old adage that tells us that we shouldn’t put all of our eggs in one basket holds especially true for achieving economic security. Also keep in mind that strategic asset allocation will become increasingly important as you get closer to and then

during your retirement years. This is because your risk tolerance will likely decrease as the number of years in which you can recuperate any losses goes down. What is key is realizing that chasing economic security is not nearly as effective as building it by remaining prudent when it comes to spending, investing in a way that prioritizes growth assets and maintaining a long-term perspective...even when you are near or in retirement.

Being rich doesn’t necessarily equal happiness, and there are certainly ways to be rich besides having money. Interestingly, studies have shown that how we define rich actually differs depending on geography, generation and gender—it’s clearly subjective. Of course, the only really important definition is yours. But economic security is important for everyone and does come with some very real stress relief. So, implement careful planning and follow-through with a focus on what matters to build enough for a retirement that brings you contentment, and you will be as rich as you need to be.

### Using the Value Line Funds to Help You Achieve Economic Security

With meaningful trends and developments during 2021 in several drivers of the capital markets, we invite you to consider a broad diversification strategy in your investment portfolio by including an array of Value Line Funds. Whether you invest in any of our equity funds or taxable or tax-exempt fixed income funds separately or you invest in one of our hybrid funds that offer an actively-managed allocation of equity and fixed income assets, we believe our family of Value Line Funds may provide valuable tools for investors to help build economic security as part of your long-term, comprehensive investment strategy.

We have been helping to secure generations’ financial futures since 1950—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics.

**Check out our News & Commentary at [vlfunds.com](http://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](http://www.vlfunds.com)**

<sup>1</sup>*“The Average Stock Market Return,” by Tim Fries, Updated May 12, 2021, The Tokenist.*

<sup>2</sup>*As measured by the S&P 500 Index. “The Pyramid of Equity Returns: Almost 200 Years of U.S. Stock Performance,” by Jenna Ross, June 25, 2020 for returns 1995 – 2019; <https://spglobal.com/spdji/en/commentary/article/us-equities-market-attributes-december-2020> for 2020 return.*

<sup>3</sup>*“Ranking The Historical Returns of Asset Classes,” by Karl Steiner, Mindfully Investing, February 18, 2021.*

<sup>4</sup><https://www.moneytalksnews.com/slideshows/the-average-retirement-age-in-every-state/?all%20>.

**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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