



Overall Rating



(Investor)

Among 307 70-85% Equity Allocation Funds
(as of 3/31/20)

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the Fund's 3-, 5-, and 10-year (if applicable) Morningstar metrics.

Portfolio Managers



Cindy Starke

- Over 20 years of experience
- Fund manager since 2014

- MBA - Fordham University
- BS - Fordham University



Liane Rosenberg

- Over 20 years of experience
- Fund manager since 2009

- MBA - Fordham University
- BA - State University of New York at Albany

Fund Facts

Symbol

Investor	VALIX
Institutional	VLIIX

Inception Date

Investor	10/1/52
Institutional	11/1/15

Total Assets

\$368M
(as of 3/31/20)

Top 10 Holdings

(as of 3/31/20)

Amazon.com Inc	4.17
Exelixis Inc	3.16
Facebook Inc A	3.06
Alphabet Inc A	3.02
Apple Inc	2.51
Alexion Pharmaceuticals Inc	2.39
Activision Blizzard Inc	2.28
Exact Sciences Corp	2.22
Netflix Inc	2.16
Biomarin Pharmaceutical Inc	2.15

Portfolio Manager Q&A

Value Line Capital Appreciation Fund (VALIX/VLIIX)

Q1: Would you please comment on the Fund's outperformance relative to the Morningstar 70-85% Equity Allocation Funds category for the first quarter of 2020?

For the three months ended March 31, 2020, the Fund declined 16.29%. While we are never satisfied with a negative return, the Fund outperformed the Morningstar category average by over 300 basis points, as the category declined 19.68%. While the stock market will experience short-term periods of volatility and decline, we believe it is important for investors to maintain a long-term perspective. Accordingly, the Fund has produced impressive long-term results as it has outperformed its Morningstar category peers over the 1, 3, 5, 10 and 15 year periods as of March 31, 2020.

Q2: Amidst the extreme stock market volatility in the first quarter, would you please comment on the factors that drove the Fund's outperformance?

Within the equity portfolio, the Fund benefited the most from our sector allocation and stock selection in the Information Technology (IT) and Financials sectors.

IT was the best performing sector in the S&P 500 Index during this extremely volatile period. Technology was the largest contributor to the Fund's performance as we benefited from our overweight allocation of 28%, compared to the S&P 500's IT weighting of 24%. In addition, the Fund benefited from stock selection as our IT holdings lost 8% on average for the quarter, nicely ahead of the Index's loss of nearly 12%. Several of the Fund's Technology stocks performed well, including Nvidia (+12.10%), Slack Technologies (+19.40%), and CrowdStrike (+11.65%). Some of these businesses stand to benefit from shifts to remote work arrangements and stay-at-home orders that took place over the first quarter.

Having a significantly underweighted allocation of less than 4% to the poorly performing Financials sector, relative to the S&P's weighting of over 12%, was an important contributor to results this period. Although the Fund's holdings in the Financials sector declined approximately 31% on average, in line with the S&P 500's Financials companies, the Fund benefited from its underweighting.

Q3: Would you please discuss the Fund's allocation between stocks and bonds?

The Fund has the flexibility to dynamically adjust its allocation based on relative opportunity. The Fund held 81% in equities and 19% in high-quality fixed income and cash as of March 31, 2020. The Fund's equity allocation was higher relative to its peers in the 70-85% Equity Allocation category, which had an average equity allocation of 73% as of March 31, 2020.

Value Line Capital Appreciation Fund (VALIX/VLIIX)

Within its equity allocation, the Fund favors investment in growth-oriented companies. Most other funds in our Morningstar peer category tend to invest in value stocks or a blend of value and growth stocks, whereas we prefer to own faster-growing, larger companies that we believe are well positioned for longer-term success. As of the result of our emphasis on owning these secular growth leaders within the equity portfolio, the Fund's 3-year projected average annual sales growth rate was 23%, more than triple the S&P 500's rate of 6%, as of March 31, 2020. Also, the Fund had a 3- to 5-year estimated forward earnings growth rate of 21%, compared to the S&P 500's 10% for the same period.

Value Line Capital Appreciation Fund Performance (as of 3/31/20)

	QTD	Average Annual Returns				
		1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALIX	-16.29%	-9.76%	5.38%	4.89%	7.20%	6.68%
Institutional - VLIIX¹	-16.24	-9.60	5.66	4.93	7.23	6.69
60/40 S&P 500/BbgBarc US Agg. Bond Index	-10.88	-0.39	5.32	5.63	8.08	6.58
Morningstar 70-85% Equity Allocation Cat. Avg.	-19.68	-11.75	0.00	1.66	5.80	4.55
Percentile Rank in Morningstar Cat. - VALIX		39	2	5	12	7
# of Funds in Category		332	307	276	191	118
Morningstar Return			High	High	Above Avg.	
VALIX Gross/Net Expense Ratio: 1.12%, VLIIX Gross/Net Expense Ratio*: 1.08% / 0.87%						

Morningstar Ratings and Categories based on risk adjusted returns of Investor class shares.

¹Italics indicates Morningstar Extended Performance. Extended performance is an estimate based on the performance of the fund's oldest share class, adjusted for fees. The inception date of VLIIX is November 1, 2015.

*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to permanently waive certain class-specific fees and/or pay certain class-specific expenses incurred by the Institutional Class so that the Institutional Class bears its class-specific fees and expenses at the same percentage of its average daily net assets as the Investor Class's class-specific fees and expenses (excluding 12b-1 fees and any extraordinary expenses incurred in different amounts by the classes) (the "Expense Limitation"). The Adviser and the Distributor may subsequently recover from assets attributable to the Institutional Class the reimbursed expenses and/or waived fees (within 3 years from the month in which the waiver/reimbursement occurred) to the extent that the Institutional Class's expense ratio is less than the Expense Limitation or, if lower, the expense limitation in effect when the waiver/reimbursement occurred. The Expense Limitation can be terminated only with the agreement of the Fund's board. The Fund's performance would be lower in the absence of such waivers.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Past performance data through the most recent month end is available at www.vlfunds.com or by calling 800.243.2729. 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 and summary prospectus, which can be obtained free of charge from your investment representative, by calling 800.243.2729, or by clicking on the applicable fund at www.vlfunds.com. Please read it carefully before you invest or send money.

The average annual returns shown above are historical and reflect changes in share price, reinvested dividends and are net of expenses. Investment results and the principal value of an investment will vary.

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. The Fund received 5 stars for the 3- and 5-year periods and 4 stars for the 10-year period ended 3/31/20 among 307, 276 and 191 70-85% Equity Allocation funds, respectively.

There are risks associated with investing in small and mid cap stocks, which tend to be more volatile and less liquid than stocks of large companies, including the risk of price fluctuations.

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