ValueLine*funds*

1st Quarter 2022

Portfolio Manager Q&A

Value Line Capital Appreciation Fund *(VALIX/VLIIX)*

Q1: Would you please comment on the Fund's performance relative to the Morningstar 70-85% Equity Allocation Funds category in the first quarter of 2022 as well as longer-term periods?

The Fund's return of -8.56% lagged the Morningstar category average return of -5.15% for the quarter ended March 31, 2022. During Q1, the market's broad-based losses and heightened volatility were due to several factors including inflation, the Federal Reserve's stated plan for a series of interest rate hikes, and geopolitical events. This increased uncertainty negatively impacted the equity portion of the Fund more than our peer group as we tend to have more exposure to growth stocks, which were especially weak during this quarter, and less exposure to value stocks, which were the strongest performers this quarter.

We recognize that the Fund may have periods of underperformance versus our category; however, we believe longer-term periods are more important to investors. We are pleased the Fund has outperformed the category over several periods—in fact, the Fund's performance **ranked in the top quartile (25% or better) for the 3-year period, and the top 5% for the 5, 10 and 15-year periods** ended March 31, 2022.

Please visit the Fund's performance page for complete performance information.

	1 Year	3 Year	5 Year	10 Year	15 Year
Percentile Rank in Morningstar Cat. - VALIX	**99**	**25**	**4**	**3**	**5**
# of Funds in Category	314	287	264	196	151

Source: Morningstar as of 3/31/22

Q2: What factors drove the Fund's equity performance in the first quarter compared to the S&P 500 Index?

The Fund's equity allocation lagged the S&P 500 Index's return of -4.60% for the quarter, driven by stock selection and sector allocation decisions that were negative contributors. Also, the equity portion of the Fund was impacted by having more exposure to weak performing growth stocks versus the Index and less exposure to stronger performing value and core equities.

The Fund's best-contributing sector in the first quarter was Health Care. Stock selection and an overweight allocation were both positive contributors. With a Fund weight of 16% relative to the Index's 13% weight, the Fund's holdings gained 4%, outperforming the S&P's Health Care holdings which lost 3%. Two companies that were strong contributors to the Fund's performance were Exelixis Inc. (EXEL), a biopharmaceutical firm that develops treatments for cancer, and Vertex Pharmaceuticals Inc. (VRTX), a biotechnology company that develops treatments for diseases including cystic fibrosis.

The Fund's largest detractor on a sector basis in the first quarter was Information Technology (IT). The Fund had an overweight allocation to IT at 30% compared to the S&P 500's 28% weight. The Fund's IT holdings were weak performers and declined 14% relative to the Index's 8% decline. Two of the Fund's largest detractors were Shopify Inc. (SHOP), the e-commerce platform provider, and Paypal Holdings Inc. (PYPL), which is a leading digital payments provider.

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Overall MORNINGSTAR Rating

★★★★★

Among 287 70-85% Equity Allocation Funds

(as of 3/31/22)

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.

Fund Facts

Symbol	
Investor	VALIX
Institutional	VLIIX
Inception Date	
Investor	10/1/52
Institutional	11/1/15
Total Assets	$594M *(as of 3/31/22)*

Top 10 Holdings

(as of 3/31/22)

Company	Weight (%)
Exelixis Inc	3.26
Diamondback Energy Inc	3.21
Bank of America Corp	3.11
Pioneer Natural Resources Co	2.93
Apple Inc	2.92
Amazon.com Inc	2.84
Alphabet Inc A	2.70
Meta Platforms Inc Class A	2.61
Qualcomm Inc	2.43
Microsoft Corp	2.17

Value Line Funds

443.279.2015

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Q3: How did the Fund's composition change in the first quarter?

In the first quarter, we made several changes to the Fund's portfolio. We added to the Financial Services sector in the equity portfolio by initiating positions in Goldman Sachs Group Inc. (GS), Interactive Brokers Group Inc. (IBKR) and Coinbase Global Inc. (COIN). We also added new positions in Okta Inc. (OKTA) and Match Group Inc. (MTCH).

On the other hand, we exited positions in Lennar Corp. (LEN), American Tower Corp. (AMT) and Adobe Inc. (ADBE). We also sold our position in Activision Blizzard Inc. (ATVI) following the announcement of an acquisition by Microsoft. As of March 31, 2022, the Fund held 83% in equities, 11% in fixed income and 6% in cash.

Q4: Why should an investor consider this Fund?

We believe the Fund is a compelling solution due to its flexible allocation between equities, fixed income and cash, as well as flexibility in terms of market capitalization and style. The Fund's equity portfolio invests primarily in growth-oriented companies. Among its peers in the Morningstar 70-85% Equity Allocation Funds category, only approximately 10% hold a primarily growth investing style.

In our pursuit of companies positioned for long-term growth, we look to own leading companies that can grow future sales and earnings at rates higher than the market and their peers. As of March 31, 2022, the Fund's 3-year projected average annual sales growth rate was 17%, almost 2x the 9% estimated sales growth rate of the S&P 500. The Fund's 3- to 5-year estimated forward earnings growth rate was 25%, significantly higher than the 18% rate projected for the S&P 500.

Portfolio Managers

Cindy Starke

Co-Portfolio Manager

Cindy Starke joined Value Line Funds as a portfolio manager in 2014 and has over 25 years of mid and large-cap growth investment experience. Ms. Starke received a BS and an MBA from Fordham University.

Liane Rosenberg

Co-Portfolio Manager

Liane Rosenberg has been with Value Line Funds since 2009. She has over 25 years of experience in fixed income portfolio management. Ms. Rosenberg received a BA from State University of New York at Albany and an MBA from Fordham University.

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 3 stars for the 3-year period and 5 stars for the 5- and 10-year periods ended 3/31/22 among 287, 264 and 196 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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