



**Overall Morningstar Rating**



Among 192 85%+ Equity Allocation Funds  
(as of 3/31/23)

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**

\$401M  
(as of 3/31/23)

**Top 10 Holdings**

(as of 3/31/23)

Company	Weight (%)
Meta Platforms Inc Class A	2.52
Alphabet Inc A	2.44
Uber Technologies Inc	2.32
Microsoft Corp	1.96
Apple Inc	1.88
Pioneer Natural Resources Co	1.87
Amazon.com Inc	1.87
Exelixis Inc	1.73
Diamondback Energy Inc	1.71
Visa Inc Class A	1.68

**Value Line Funds**

443.279.2015  
www.vlfunds.com

**Portfolio Manager Q&A**

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

**Q1: How did the Fund perform in the first quarter of 2023, relative to its Morningstar category and the Fund's benchmark?**

The Fund delivered an impressive 14.10% return for the three-month period ended March 31, 2023, outperforming the Morningstar 85%+ Equity Allocation Funds category average return of 4.83% by over 900 basis points. The Fund's benchmark, the 60/40 S&P 500 Index / Bloomberg U.S. Aggregate Bond Index, returned 5.67% in the same period. 2022 was a challenging year for investors, and especially for growth stock investors, but the first quarter of 2023 saw a market rotation back into growth stocks.

Please visit the Fund's [performance page](#) for complete performance information.

**Q2: What factors drove the Fund's equity performance in 1Q relative to the S&P 500 Index?**

The Fund's first-quarter equity performance benefited primarily from stock selection relative to the S&P 500 Index.

The Fund's largest contributing sector to performance was the Health Care sector. Overall health care stocks were weak in the Index during the period as the S&P 500's Health Care sector was down 4%; however, the Fund's health care positions fared much better and gained 17%. Two of the Fund's portfolio companies that were strong contributors this period included Exact Sciences Corp. (EXAS), a diagnostics and research company which provides cancer screening products, including its Cologard test for colorectal cancer; and Exelixis Inc. (EXEL), a biotechnology company which provides innovative treatments for a range of cancers such as thyroid cancer, kidney and liver cancer, and melanoma.

Energy was the Fund's only sector that detracted from performance this quarter, driven by the Fund's overweight allocation and stock selection. The Fund's energy positions declined 7%, while the S&P 500 Energy sector lost 5%. The Fund's detractors were companies involved in oil & gas exploration & production, Devon Energy Corp. (DVN) and Pioneer Natural Resources Co. (PXD).

**Q3: What was the Fund's allocation between equities and fixed income as of March 31, 2023?**

As of March 31, 2023, the Fund held 70% in equities and 30% in fixed income and cash. The Fund's fixed income portfolio is comprised primarily of investment grade bonds (rated AAA through BBB). As of March 31, 2023, approximately 98% of the Fund's debt securities were investment grade.

(Continued on next page)

**Q4: Within the Fund's equity portfolio, what types of growth characteristics do you look for?**

We believe that sales and earnings growth drive share price appreciation over time. Therefore, our goal is to own a diversified portfolio of companies that have compelling long-term growth potential. Generally, we favor companies that have secular growth drivers, capable and experienced management, unique products and services, market-leading products and often have significant competitive advantages and barriers to industry.

With our focus on these growth-oriented fundamentals, we strive to own a portfolio of companies that can collectively grow their future sales and earnings at faster rates relative to the S&P 500 Index. As of March 31, 2023, the Fund's equity portfolio had a 3-year projected average annual sales growth rate, as well as a 3- to 5-year estimated forward earnings growth rate, that were nearly double those of the S&P 500.

	VALIX/VLIIX Equity Portfolio	S&P 500 Index
3-Year Projected Avg Annual Sales Growth Rate	11%	6%
3-5-Year Estimated Forward Earnings Growth Rate	22%	12%

**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](http://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](http://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 1 star for the 3-year period and 3 stars for the 5- and 10-year periods ended 3/31/23 among 192, 185 and 130 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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