



### Overall Rating



(Investor)

Among 309 70-85% Equity Allocation Funds  
(as of 6/30/20)

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

\$488M  
(as of 6/30/20)

### Top 10 Holdings

(as of 6/30/20)

Amazon.com Inc	4.22
Exelixis Inc	3.48
Biohaven Pharmaceutical Holding Co Ltd	3.34
Facebook Inc A	2.72
Apple Inc	2.49
Alphabet Inc A	2.46
Biomarin Pharmaceutical Inc	2.24
Splunk Inc	2.05
PayPal Holdings Inc	1.98
Exact Sciences Corp	1.97

## Portfolio Manager Q&A

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

#### Q1: Would you please discuss the fund's outperformance relative to the Morningstar 70-85% Equity Allocation Funds category for the second quarter of 2020?

For the quarter ended June 30, 2020, the Fund returned 31.59%, outperforming the Morningstar 70-85% Equity Allocation Funds category average return of 16.10% by over 1500 basis points. In addition, on a year-to-date basis, the Fund has outperformed its peer group and returned 10.15%, while the category average declined 6.80%.

We believe the Fund's strong performance is primarily due to our equity investment approach of owning faster growing and industry leading companies that are well known for their dominant brands and market leading products and/or services. We generally take a longer view on our investments and prefer to own them for years as long as their business fundamentals remain solid and their longer-term growth drivers remain intact. So far, this investment approach has translated into solid longer term performance for the Fund versus its peers as the Fund **ranks in the top 1% for the 1, 3, 5 and 15-year periods, and ranks in the top 2% for the 10-year period** among its Morningstar category peers as of June 30, 2020.

#### Q2: What factors drove the portfolio's equity outperformance in the second quarter?

The major driver of the Fund's outperformance was good stock selection, although we did see some benefit from timely sector allocation as well. Two of the largest contributing sectors to returns this quarter were Health Care and Information Technology (IT).

The Health Care sector was the largest contributor to the Fund's quarterly return as good stock selection led the way. The Fund's Health Care companies gained 40% on average versus the Index's average return of 14% for the same sector. The Fund's top Health Care performers for the quarter were Biohaven Pharmaceuticals (+115%), a clinical-stage biopharmaceutical company; Amarin (+73%), which develops cardiovascular disease treatments; and Exelixis (+38%), a biotechnology company focused on oncology. The Fund held an ample weighting of 27% in the sector as compared to the S&P 500 Index's allocation of 15% to Health Care companies.

Stock selection was a key contributor for the Fund in the strong performing IT sector, as the Fund's technology holdings increased 49% on average, outpacing the S&P's technology holdings gain of 31%. The Fund had an overweight allocation to IT with a 32% weighting on average compared to the Index's 26% average weight. Our top performing tech companies included a cloud communications platform provider, Twilio Inc (+145%); a cloud-based multi-channel commerce platform, Shopify (+128%); and a next generation endpoint security protection provider, CrowdStrike (+80%).

#### Q3: Would you please comment on the Fund's quarter-end asset allocation?

During the quarter, the Fund's equity allocation increased from 81% as of March 31, 2020, to 85% as of June 30, 2020. Also, the Fund's allocation to fixed income and cash was 19% as of March 31, 2020, and ended the second quarter at 15%.

**Q4: How do the sales and earnings growth rates of the Fund's stocks compare with the S&P 500 Index?**

Within the equity portfolio, we own faster-growing companies that we believe are well positioned for future sales and earnings growth as we believe this is a key driver of stock prices over time. As of June 30, 2020, the Fund's 3-year projected average annual sales growth rate was 26%, over four times the estimated sales growth of the S&P 500 at 6%. The Fund's 3- to 5-year estimated forward earnings growth rate was 19%, nearly double the 10% projected for the S&P 500.

**Value Line Capital Appreciation Fund Performance (as of 6/30/20)**

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VALIX</b>	<b>31.59%</b>	<b>14.79%</b>	<b>13.57%</b>	<b>11.03%</b>	<b>10.98%</b>	<b>8.49%</b>
<b>Institutional - VLIIX<sup>1</sup></b>	<b>31.66</b>	<b>15.05</b>	<b>13.83</b>	<b>11.09</b>	<b>11.01</b>	<b>8.51</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	13.32	8.58	8.93	8.41	10.08	7.33
Morningstar 70-85% Equity Allocation Cat. Avg.	16.10	-0.58	3.91	4.46	7.79	5.43
<b>Percentile Rank in Morningstar Cat. - VALIX</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>
# of Funds in Category		335	309	278	194	131
Morningstar Return			<b>High</b>	<b>High</b>	<b>High</b>	
VALIX Gross/Net Expense Ratio: 1.09%, VLIIX Gross/Net Expense Ratio*: 0.97% / 0.84%						

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

*<sup>1</sup>Italics 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](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 5 stars for the 3- and 5-year periods and 4 stars for the 10-year period ended 6/30/20 among 309, 278 and 194 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.*

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities, LLC.**

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