



Overall Morningstar Rating



Among 287 70-85% Equity Allocation Funds
(as of 6/30/21)

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

\$747M
(as of 6/30/21)

Top 10 Holdings

(as of 6/30/21)

Company	Weight (%)
Amazon.com Inc	3.27
Exelixis Inc	3.00
Bank of America Corp	2.98
Facebook Inc A	2.89
Biohaven Pharmaceutical Holding Co Ltd	2.86
Visa Inc Class A	2.63
Vertex Pharmaceuticals Inc	2.43
Alphabet Inc A	2.42
Apple Inc	2.37
Exact Sciences Corp	2.16

Value Line Funds

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www.vlfunds.com

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 for the second quarter of 2021, as well as longer-term periods?

The Fund produced an absolute return of 5.98% for the quarter ended June 30, 2021, in-line with the Morningstar category average of 5.92%. We are pleased with the positive return for the quarter, but we also recognize that longer-term performance relative to our category peers is more important to investors. Our investment approach of including fast-growing companies in the portfolio has served investors well as the Fund's performance ranked in the top 3% or better for the 3, 5, 10 and 15-year periods ended June 30, 2021.

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	65	3	1	2	1
# of Funds in Category	309	287	262	183	135

Source: Morningstar as of 6/30/21

Q2: What were the primary drivers of the Fund's performance in Q2?

The Fund's performance was primarily driven by our overweight allocation to equities, as equities outperformed fixed income. Within the equity portfolio, the Information Technology (IT) sector was the largest contributing sector to performance. In IT, the Fund benefited from both our overweight allocation and stock selection. The Fund held an average 33% weighting, greater than the S&P 500's 27% weighting, and the Fund's IT stocks gained on average 13%, relative to the S&P 500 IT sector's 12% gain. Some strong technology performers in the Fund included Nvidia (NVDA, +50%), a computer systems design services company; CrowdStrike (CRWD, +38%), a cybersecurity company; and Shopify (SHOP, +32%), which provides an e-commerce platform to online stores and retailers.

However, the Fund's total return for the quarter was significantly held back by its overweight allocation and stock selection in the Health Care sector. The Fund had a 21% allocation to the sector relative to the Index's 13% weighting. The Fund's Health Care companies declined on average 3% while the Index's Health Care companies gained 8%. One key detractor for the Fund was Exelixis (EXEL, -19%). Exelixis shares sold off sharply during the quarter on the news that its front-line liver cancer trial had failed to show an overall survival benefit despite having met its primary endpoint of progression free survival in the clinical trial.

Q3: What changes were made to the portfolio in Q2?

The Fund's allocations among stocks, bonds and cash did not change significantly compared to the prior quarter. We maintain our conviction that equities provide the best opportunities for longer-term returns in the current market environment. As of June 30, 2021, the Fund held approximately 84% in equities, 11% in fixed income, and 5% in cash.

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We continually evaluate the risk/reward profile of the companies we own, and accordingly we made a few changes to our stock holdings. We exited our positions in Estee Lauder (EL), Bristol Myers Squibb (BMY), and Zoetis (ZTS), and initiated a new position in Biogen (BIIB) after the Food and Drug Administration announced the approval of its drug Aduhelm for the treatment of Alzheimer's disease.

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

Within the equity portfolio, we own fast-growing and market leading companies that we believe are well positioned for future sales and earnings growth, which we view as the key drivers of stock prices over the longer term. As of June 30, 2021, the Fund's 3-year projected average annual sales growth rate was 26%, over twice the 11% estimated sales growth rate of the S&P 500. The Fund's 3- to 5-year estimated forward earnings growth rate was 26%, 1.5x higher than the 17% 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 5 stars for the 3-, 5- and 10-year periods ended 6/30/21 among 287, 262 and 183 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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