

**Overall Morningstar Rating**

Among 176 85%+ Equity
Allocation Funds
(as of 6/30/22)

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

\$441M
(as of 6/30/22)

Top 10 Holdings

(as of 6/30/22)

Company	Weight (%)
Qualcomm Inc	2.64
Bank of America Corp	2.62
Diamondback Energy Inc	2.61
Alphabet Inc A	2.55
Apple Inc	2.52
Pioneer Natural Resources Co	2.51
Exelixis Inc	2.48
Meta Platforms Inc Class A	2.46
JPMorgan Chase & Co	2.07
Amazon.com Inc	2.05

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 provide your perspective on the stock market volatility and its effect on the Fund's performance in the second quarter of 2022?**

In the second quarter, the stock market experienced significant downside and volatility due to uncertainty surrounding several factors including faster-than-expected interest rate increases, continued high inflation, supply chain constraints, and the ongoing Russian invasion of Ukraine. A dramatic repricing took place with all sectors in the S&P 500 Index declining for the quarter. During this volatile quarter for equities, value stocks notably outperformed growth stocks as seen by the returns of the S&P 500 Growth Index's 20.81% decline, almost double the loss of the S&P 500 Value Index's 11.28% decline for the three months ended June 30, 2022.

The Fund, which was allocated to approximately 80% in equities, 13% in fixed income and 7% in cash equivalents as of June 30, 2022, declined 22.15% this quarter. The Fund was most significantly impacted by its exposure to growth equities. As of June 30, 2022, the equity portion of the Fund's portfolio was comprised of over 60% growth companies. While we are never satisfied with negative performance and underperformance, we recognize that markets experience downturns from time to time. We remain committed to our investment approach of owning a diversified group companies in our equity portfolio with strong brands that are positioned to grow faster than the S&P 500 Index, as well as primarily investment grade fixed income.

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

Q2: What changes did you make to the Fund's equity portfolio during this volatile period?

We used the broad-based weakness in the stock market during the second quarter as an opportunity to further diversify the equity portfolio and add some high-quality companies to the Fund at what we felt were reasonable valuations for their longer-term growth potential.

» **New Positions:** Booking Holdings Inc. (BKNG), Lululemon Athletica Inc. (LULU), Nike Inc. (NKE), Target Corp. (TGT), The Estee Lauder Companies Inc (EL), Devon Energy Corp. (DVN), Insulet Corp. (PODD), Zoetis Inc. (ZTS), Generac Holdings Inc. (GNRC), Intuit Inc. (INTU) and Advanced Micro Devices Inc. (AMD).

» **Positions Sold:** Twitter Inc. (TWTR) and Biohaven Pharmaceutical Holding Co. Ltd. (BHAVN).

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Q3: What types of companies do you own in the Fund's equity portfolio?

Within the Fund's equity portfolio, we own a diversified group of companies that we believe are well positioned for future sales and earnings growth and have the ability to weather economic cycles. We tend to favor companies that have secular growth drivers over cyclical, have unique products and services, operate in industries with high barriers to entry, and have market-leading positions. For example, a few longer-term positions in the Fund that fit our criteria include Alphabet Inc. (GOOGL), the parent company of Google, the internet media giant; Vertex Pharmaceuticals Inc. (VRTX), a biotechnology company

that develops drugs for several serious diseases including cystic fibrosis and sickle-cell disease; and Visa Inc. (V), the largest payment processor in the world.

Our goal is to own a portfolio of companies that can collectively grow their future sales and earnings at faster rates relative to the broad market and their peers. In fact, as of June 30, 2022, the Fund owned 67 companies with a 3-year projected average annual sales growth rate of 15%, which is significantly higher than the 9% estimated sales growth rate of the S&P 500. The Fund's 3- to 5-year estimated forward earnings growth rate was 27%, more than double the 12% 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 1 star for the 3-year period and 2 stars for the 5- and 10-year periods ended 6/30/22 among 176, 161 and 118 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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