



Overall Morningstar Rating



(Investor)

Among 323 70-85% Equity Allocation Funds (as of 9/30/18)

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

\$517M (as of 9/30/18)

Top 10 Holdings

(as of 9/30/18)

Alexion Pharmaceuticals, Inc.	3.70%
Activision Blizzard, Inc.	3.13%
Amazon.com, Inc.	3.05%
Celgene Corp.	2.89%
Visa, Inc. Class A	2.88%
Alphabet, Inc. A	2.76%
Alibaba Group Holding Ltd ADR	2.73%
Facebook, Inc. A	2.60%
Tesaro, Inc.	2.08%
Netflix, Inc.	1.85%

Portfolio Manager Q&A

Value Line Capital Appreciation Fund (VALIX/VLIIX)

Q1: The Fund outperformed the Morningstar 70-85% Equity Allocation Fund category average in the third quarter. What drove the strong performance this period?

We are pleased that the Fund outperformed its Morningstar peers by 170 basis points for the third quarter increasing 5.28% versus 3.50% for the category. The Fund's higher equity allocation than our peers and our emphasis on large-cap growth stocks contributed to its outperformance. The Fund held 83% in equities as of September 30, 2018, compared to an average equity weighting of 77% for the Morningstar 70-85% Equity Allocation category. In addition, less than 20% of the Fund's Morningstar peers allocate primarily to large-cap growth companies.

Within the equity portion of the Fund, the top three contributing sectors were Financials, Materials and Utilities. In Financials, the Fund benefitted from a combination of better stock selection and our underweight allocation. Some strong performers for the Fund in the Financials sector were Blackstone Group (+20%), Citigroup, Inc. (+8%) and JP Morgan Chase (+9%). Also beneficial to performance was the Fund's lack of exposure to the Materials and Utilities sectors this period, which were weak performers for the Index.

We believe that despite the outperformance this quarter it is more important that we focus our attention on providing investors with above average performance over longer time frames. We do this by owning fundamentally solid companies that we believe will successfully grow their sales and earnings over a multiple year period. We are pleased that the Fund has been ranked in the top 2% or better for the 1, 3, 5 and 15 year periods, and in the top 11% for the 10 year period among the Morningstar 70-85% Equity Allocation Funds.

Q2: As you touched on above, at the end of the quarter the Fund was not invested in some sectors like Materials and Utilities. What fuels your sector allocation decisions?

We build the Fund from the bottom up, one stock at a time, looking for the best companies to own for the longer term. With this process in place, there are no sector ownership targets as we do not feel the need to be invested in every sector. We believe the best way to outperform over the longer term is by owning a collection of faster growing companies that we believe are well positioned to thrive in most economic environments. We tend to favor companies that have dominant market share positions or unique products or services.

"We build the Fund from the bottom up, one stock at a time, looking for the best companies to own for the longer term."

Q3: With your emphasis on longer term growth, how do the growth rates for the companies in the Fund compare with the companies in S&P 500 Index?

The Fund's 3-year projected sales growth rate was 17.9%, more than double the S&P 500's rate of 7.6%, as of September 30, 2018. Also, the Fund had a 3- to 5-year estimated forward earnings growth rate of 21.8%, compared to the S&P 500's 13.6% for the same period.

Value Line Capital Appreciation Fund Performance (as of 9/30/18)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALIX	5.28%	16.68%	15.40%	11.19%	9.38%	9.11%
Institutional - VLIIX¹	5.31	16.98	15.35	11.16	9.37	9.10
60/40 S&P 500/BbgBarc US Agg. Bond Index	4.59	9.99	10.77	9.22	8.91	7.51
Morningstar 70-85% Equity Allocation Cat. Avg.	3.50	8.52	10.41	7.54	7.92	7.13
Percentile Rank in Morningstar Cat. - VALIX		1	2	2	11	1
# of Funds in Category		359	323	279	201	99
Morningstar Return			High	High	Above Avg.	
VALIX Gross/Net Expense Ratio: 1.11%, VLIIX Gross/Net Expense Ratio*: 1.63% / 0.86%						

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

¹Italics 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 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 after the fiscal year end 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 or modified before June 30, 2019 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 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 9/30/18 among 323, 279, and 201 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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