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 third quarter of 2021, as well as longer-term periods?

The Fund declined 1.78% for the quarter ended September 30, 2021, lagging the Morningstar 70-85% Equity Allocation Funds category average decline of 1.01%. While we were disappointed with the negative short-term performance and our relative underperformance this quarter, we believe longer-term performance is more important to investors. Our investment approach is long-term focused, as we invest in primarily high-quality companies growing faster than the S&P 500 Index. We are pleased to note the Fund's performance ranked in the **top 6% or better among its category peers for the 3, 5, 10 and 15-year periods** ended September 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	**78**	**3**	**1**	**6**	**1**
# of Funds in Category	311	288	262	188	137

Source: Morningstar as of 9/30/21

Q2: What factors were responsible for the Fund's performance in the third quarter?

Stock selection was the primary driver of the Fund's underperformance in the third quarter. The Fund's overweight allocation of 35% to the IT sector relative to the S&P 500's 29% IT weight did not prove effective this period. The Fund's Technology holdings underperformed and declined 4% while the S&P's Technology companies rose 1%. The Consumer Discretionary sector was another weak spot for the Fund this period with a 9% decline in the Fund's holdings, compared to the flat performance from the Consumer Discretionary sector in the Index.

Q3: How did the Fund's allocation and composition change in Q3?

As of September 30, 2021, the Fund held 84% in equities, 10% in fixed income and 6% in cash. We believe our cash position is strategically important so that we can nimbly deploy capital as attractively priced opportunities arise. The current allocation is similar to the Fund's 84% equity allocation at the end of the prior quarter. We believe that equities offer more attractive opportunities for growth of capital in the current market environment, while fixed income is less attractive due to price pressures as interest rates rise.

From a holdings perspective, the Fund made two changes to the equity portfolio. We initiated a position in Delta Air Lines (DAL), one of the world's largest airlines, and exited our position in Zendesk (ZEN), which provides customer engagement software applications.

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Overall Morningstar Rating

★★★★★

Among 288 70-85% Equity Allocation Funds (as of 9/30/21)

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	$716M *(as of 9/30/21)*

Top 10 Holdings
(as of 9/30/21)

Company	Weight (%)
Exelixis Inc	3.49
Biohaven Pharmaceutical Holding Co Ltd	3.30
Amazon.com Inc	3.21
Bank of America Corp	2.85
Facebook Inc A	2.85
Alphabet Inc A	2.61
Exact Sciences Corp	2.60
Visa Inc Class A	2.49
Apple Inc	2.47
JPMorgan Chase & Co	2.10

Value Line Funds
443.279.2015
www.vlfunds.com

Q4: Why should an investor consider the Value Line Capital Appreciation Fund?

We believe the Fund can be a compelling offering for investors seeking capital appreciation in a flexible portfolio comprised of both high-quality equities and fixed income.

The Fund's equity portfolio emphasizes ownership in fast-growing companies that have unique products or services, compete in industries with high barriers to entry, and have market-leading positions. We believe these companies are well positioned for future sales and earnings growth, which we view as the key drivers of stock price over the longer term. As of September 30, 2021, the Fund's 3-year projected average annual sales growth rate was 29%, almost 2x the 15% estimated sales growth rate of the S&P 500. The Fund's 3- to 5-year estimated forward earnings growth rate was 24%, 1.5x higher than the 16% rate projected for the S&P 500.

In addition, the Fund is differentiated from its category because of its emphasis on growth-oriented investing. Within the Morningstar 70-85% Equity Allocation Funds category, only 10% of funds use a growth style in their equity portfolios as of September 30, 2021.

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 9/30/21 among 288, 262 and 188 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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