



Overall Morningstar Rating



Among 689 Moderate Allocation funds (as of 9/30/23)

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

\$403M
(as of 9/30/23)

Top 10 Holdings

(as of 9/30/23)

| Company | Weight (%) |
|------------------------------|------------|
| Meta Platforms Inc Class A | 2.89 |
| Uber Technologies Inc | 2.84 |
| Alphabet Inc A | 2.78 |
| NVIDIA Corp | 2.57 |
| Amazon.com Inc | 2.13 |
| Microsoft Corp | 2.10 |
| Pioneer Natural Resources Co | 1.76 |
| Apple Inc | 1.69 |
| Visa Inc Class A | 1.62 |
| Exelixis Inc | 1.51 |

Value Line Funds

443.279.2015
www.vlfunds.com

Portfolio Manager Q&A

Value Line Capital Appreciation Fund (VALIX/VLIIX)

Q1: How did the Fund perform relative to the Morningstar Moderate Allocation Funds category average in the third quarter and for longer-term periods as of September 30, 2023?

Although the Fund declined 2.41% in the third quarter of 2023, on a relative basis, it outperformed the Morningstar Moderate Allocation Funds category's average -2.67% return. The Fund also outperformed its benchmark, the 60/40 (S&P 500/Bloomberg U.S. Aggregate Bond Index), which declined 3.24% for the quarter.

More importantly, the Fund has also outperformed the Morningstar Moderate Allocation Funds category average over longer periods. In fact, the Fund's performance ranked in the **top decile (10% or better) for the 1 and 10-year periods** ended September 30, 2023.

| | 1 Year | 5 Year | 10 Year |
|--|----------|-----------|----------|
| Percentile Rank in Morningstar Cat. – VALIX | 1 | 37 | 7 |
| # of Funds in Category | 746 | 653 | 487 |

Source: Morningstar as of 9/30/23

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

Q2: How was the Fund's portfolio allocated between equities and fixed income as of September 30, 2023?

As of September 30, 2023, the Fund held 64% in equities, 28% in bonds and 8% in cash. Within the Fund's fixed income allocation, the portfolio includes primarily investment grade securities as approximately 99% of the Fund's debt securities were rated AAA through BBB as of September 30, 2023.

Q3: With respect to the Fund's equity portfolio, what drove performance relative to the S&P 500 Index in the third quarter?

The Fund's equity performance in the third quarter was driven primarily by stock selection. The two biggest contributing stocks to performance this quarter were Rivian Automotive Inc. (RIVN), an auto manufacturer that designs and develops electric vehicles and accessories; and Splunk Inc. (SPLK), a software company that specializes in machine learning, security, monitoring and analysis. Splunk's share rose significantly following an acquisition announcement from Cisco Systems Inc.

With respect to the detractors to the Fund's performance, the two biggest negative contributors were:

- **Exact Sciences Corp. (EXAS):** Exact Sciences provides cancer screening and diagnostic products, including Cologard, its well-known at-home colon cancer test.
- **Revance Therapeutics, Inc. (RVNC):** Revance is a biotechnology company that recently launched a treatment called DAXXIFY. DAXXIFY is the first and only peptide formulated, long-lasting neuromodulator. We believe that DAXXIFY has a big advantage versus its peers, as its quick onset of action and longer duration of treatment should be viewed very favorably by patients.

(Continued on next page)

Q4: What differentiates the Value Line Capital Appreciation Fund from other allocation funds?

The Fund's equity portfolio owns more growth-oriented companies when compared to other allocation funds. In fact, among the Fund's peers in the Morningstar Moderate Allocation Funds category, less than 25% employ a primarily growth investing style in their equity portfolios. We believe that sales and earnings growth drive share price appreciation over time, and we strive

to own a portfolio of companies that can collectively grow their future sales and earnings at faster rates relative to the S&P 500 Index.

As of September 30, 2023, the Fund's equity portfolio had a 3-year projected average annual sales growth rate that was nearly double the growth rate of the S&P 500 Index, and the Fund's 3- to 5-year estimated forward earnings growth rate was 1.6X that of the S&P 500.

| | VALIX/VLIIX Equity Portfolio | S&P 500 Index |
|---|------------------------------|---------------|
| 3-Year Projected Avg Annual Sales Growth Rate | 15% | 8% |
| 3-5-Year Estimated Forward Earnings Growth Rate | 22% | 14% |

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 (VALIX) received 1 star for the 3- and 5-year periods and 4 stars for the 10-year period ended 9/30/23 among 689, 653 and 487 Moderate 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. Although the information provided in this document has been obtained from sources which EULAV Securities LLC believes to be reliable, it does not guarantee accuracy or completeness of such information.

Value Line, Value Line Logo, Timeliness, Safety are trademarks or registered trademarks of Value Line, Inc. and/or its affiliates in the United States and other countries. Used by permission.