



Overall Morningstar Rating



(Investor)

Among 308 70-85% Equity Allocation Funds (as of 12/31/20)

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

\$682M
(as of 12/31/20)

Top 10 Holdings

(as of 12/31/20)

Amazon.com Inc	3.55
Exelixis Inc	3.34
Exact Sciences Corp	2.79
Apple Inc	2.58
Facebook Inc A	2.49
Biohaven Pharmaceutical Holding Co Ltd	2.40
Alexion Pharmaceuticals Inc	2.30
Alphabet Inc A	2.17
Peloton Interactive Inc	2.08
CrowdStrike Holdings Inc Class A	1.90

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 average in the fourth quarter of 2020 and for the year?

The Fund returned 13.54% in the fourth quarter of 2020, outperforming the Morningstar 70-85% Equity Allocation peer group average return of 12.68%. For the year ended December 31, 2020, the Fund returned 33.03%, tripling the category average return of 10.99%. **In fact, the Fund also outperformed the S&P 500 Index's return of 18.40% for the year and outperformed the Index over the 3 and 5-year periods as well.** Only two other balanced funds, out of 1,605 combined balanced funds in the 15-30%, 30-50%, 50-70% and 70-85% Morningstar Equity Allocation categories, have achieved this feat.

We are pleased with the Fund's longer-term track record of outperformance. Impressively, the Fund's performance **ranked in the top 2% for the 1, 3, 5 and 10-year periods, and in the top 1% for the 15-year period**, among its Morningstar category peers as of December 31, 2020. We believe this long-term outperformance is due to our primary focus on owning high-quality, faster growing companies within the Fund's equity portfolio.

Q2: What drove the Fund's impressive performance during the quarter?

The Fund's overweight allocation to equities and underweight allocation to fixed income was an important driver of returns, as equities generally outperformed fixed income returns during the quarter.

Within the Fund's equity portfolio, security selection was the driver of the outperformance. In particular, the Fund's Information Technology (IT) stocks rose 20% on average versus the S&P 500 IT stocks' return of approximately 12%. The Fund's best performing technology companies included Micron Technology, a computer memory and data storage producer (MU +60%); collaboration software company, Slack Technologies (WORK +60%); and cybersecurity company, CrowdStrike (CRWD +54%).

Q3: Would you please discuss one area of the market that you believe presents a compelling opportunity for the Fund in 2021?

While our investments within the Health Care sector weighed on the Fund's performance over the past year, we are optimistic that 2021 will be a better year for the health care companies we own. Many of these companies have compelling catalysts to potentially expand their total addressable market opportunity. Also, many of the companies we own are trading at attractive valuations for their future sales and earnings growth for the near-term horizon.

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

Within the equity portfolio, we own fast-growing companies that we believe are well positioned for future sales and earnings growth, as we believe these factors are key drivers of stock prices over time. As of December 31, 2020, the Fund's 3-year projected average annual sales growth rate was 19%, over double the estimated sales growth of the S&P 500 of 9%. The Fund's 3- to 5-year estimated forward earnings growth rate was 21%, significantly higher than the 12% rate projected for the S&P 500.

Value Line Capital Appreciation Fund Performance (as of 12/31/20)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALIX	13.54%	33.03%	17.75%	15.76%	11.56%	9.35%
Institutional - VLIIX¹	13.63	33.42	18.02	16.06	11.62	9.38
60/40 S&P 500/BbgBarc US Agg. Bond Index	7.54	14.73	11.03	11.11	10.02	8.00
Morningstar 70-85% Equity Allocation Cat. Avg.	12.68	10.99	7.40	9.18	7.75	6.20
Percentile Rank in Morningstar Cat. - VALIX		2	2	2	2	1
# of Funds in Category		325	308	278	188	138
Morningstar Return			High	High	High	
VALIX Gross/Net Expense Ratio: 1.09%, VLIIX Gross/Net Expense Ratio*: 0.97% / 0.84%						

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 permanently 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 from the month 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 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 12/31/20 among 308, 278 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.

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.