



Overall Morningstar Rating



Among 293 70-85% Equity Allocation Funds
(as of 12/31/21)

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

\$693M
(as of 12/31/21)

Top 10 Holdings

(as of 12/31/21)

Company	Weight (%)
Amazon.com Inc	3.38
Bank of America Corp	3.16
Exelixis Inc	3.05
Biohaven Pharmaceutical Holding Co Ltd	2.90
Meta Platforms Inc Class A	2.63
Apple Inc	2.60
Exact Sciences Corp	2.54
Alphabet Inc A	2.52
Micron Technology Inc	2.50
Qualcomm Inc	2.46

Value Line Funds

443.279.2015

www.vlfunds.com

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 Category average for the quarter and the year ended December 31, 2021?

In the fourth quarter of 2021, the Fund returned 0.12%, underperforming the Morningstar category average return of 5.55%. For the year ended December 31, 2021, the Fund rose 6.79%, underperforming the category average return of 16.50% for that period. Although we are never satisfied with relative underperformance, we believe that long-term outperformance is important to investors. Over longer-term periods, the Fund has outperformed the category, and **ranked in the top 5% or better for the 3, 5, 10 and 15-year periods** ended December 31, 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	99	4	1	4	2
# of Funds in Category	320	293	264	195	145

Source: Morningstar as of 12/31/21

Q2: What factors drove the Fund's performance in 2021?

The Fund's performance was impacted by several factors as the stock market experienced a shift during the year related to pressures from the ongoing Covid-19 pandemic, expectations of rising interest rates, supply chain constraints and rising inflation. While our investment process favors companies with market leading positions and secular growth drivers, some of our holdings were negatively impacted by the shift to cyclical companies and away from some types of growth companies. However, we remain committed to owning high-quality companies with growth rates faster than the S&P 500 Index for our equity portfolio. We are confident that our portfolio companies can continue to execute their business plans, grow revenue and earnings faster than the market and reward shareholders, over time, with higher stock prices.

During 2021, the Fund's underperformance was driven by both sector allocation and stock selection. The largest contributing sector and detracting sector were as follows:

- » The Fund's top contributing sector to performance for 2021 was Energy. The Fund's 2.9% allocation was in-line with the S&P 500 Index's 2.7% weight. The Fund's Energy stocks gained 98%, while the Index's Energy stocks gained 55%.
- » Health Care was the Fund's largest detracting sector for the year. The Fund was overweight the sector, at 20%, relative to the S&P's 13% weighting in Health Care stocks. The Fund's sector companies declined 4% on average, while the Index's Health Care companies gained approximately 26%. The Fund's overweight exposure to the weak performing Biotechnology industry was the main driver of this underperformance.

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Q3: What was the Fund's allocation among equities, fixed income and cash at the end of 2021?

The Fund has the flexibility to adjust its allocation between stocks, fixed income and cash based on relative opportunity and risk. As of December 31, 2021, the Fund held approximately 84% in equities and the remaining 16% in primarily high-quality bonds and cash.

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 faster-growing, high-quality companies that we believe are well positioned for future sales and earnings growth. As of December 31, 2021, the Fund's 3-year projected average annual sales growth rate was 30%, more than double the estimated sales growth of the S&P 500 at 14%. The Fund's 3- to 5-year estimated forward earnings growth rate was 26%, significantly higher than the 16% 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 5 stars for the 3-, 5- and 10-year periods ended 12/31/21 among 293, 264 and 195 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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