



Overall MORNINGSTAR® Rating



Among 188 85%+ Equity Allocation Funds
(as of 12/31/22)

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 \$359M
(as of 12/31/22)

Top 10 Holdings

(as of 12/31/22)

Company	Weight (%)
Pioneer Natural Resources Co	2.90
Diamondback Energy Inc	2.86
Alphabet Inc A	2.63
Devon Energy Corp	2.54
Exelixis Inc	2.21
Uber Technologies Inc	2.18
Bank of America Corp	2.15
Visa Inc Class A	2.06
Microsoft Corp	2.05
Apple Inc	2.01

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 stock market's performance in the fourth quarter of 2022 and the full year and how the Fund performed in these periods?

The year 2022 was challenging for the broad stock market, and growth stocks in particular, in response to geopolitical events including the war in Ukraine, increasing commodity prices, and a rapid rise in interest rates to quell inflation.

For the three months ended December 31, 2022, the Fund's benchmark, the 60/40 S&P 500 Index / Bloomberg U.S. Aggregate Bond Index (60/40 Index), returned 5.39%, and the Morningstar 85%+ Equity Allocation Funds category average return was 8.07%. For the same time period, the Fund's return was 1.45%.

For the 1-year period ended December 31, 2022, the 60/40 Index had a negative return of -15.79%, while the Morningstar 85%+ Equity Allocation Funds category average return was -18.18%. The Fund's return for this period was -29.83%.

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

Q2: What factors drove the Fund's equity performance in the fourth quarter relative to the S&P 500 Index?

The Fund's equity performance lagged the S&P 500 Index's performance primarily due to our stock selections and then by a lesser extent, our allocation decisions. Value stocks continued to outperform in the fourth quarter, and the Fund had less exposure to the stronger performing value stocks this period and had significantly more exposure to growth stocks, which continued to be weak this quarter. In the fourth quarter, within the equity portfolio, the Fund's largest positive-contributing sector was Consumer Discretionary and the largest detracting sector was Industrials.

- Consumer Discretionary:** The Fund's positions in this sector declined less than 3% while the S&P 500's Consumer Discretionary sector lost 10%. Two companies that were strong contributors to the Fund's performance this quarter were Booking Holdings Inc. (BKNG), which provides travel services including hotel and airline reservations, and Nike Inc. (NKE), the athletic footwear and apparel brand.
- Industrials:** The Fund's Industrials positions declined 9%, significantly underperforming, while the Index's Industrials sector gained 19%. Lyft Inc. (LYFT), the second-largest ride-sharing service provider in the U.S., and Generac Holdings Inc. (GNRC), which offers power generation equipment, were both weak performers for the Fund.

Q3: What is the credit quality of bonds in the Fund's fixed income portfolio?

The Fund's fixed income portfolio is comprised primarily of investment grade debt securities. As of December 31, 2022, approximately 98% of the Fund's debt securities were bonds rated AAA through BBB, which are considered investment grade.

(Continued on next page)



Q4: Would you please describe the types of companies in the Fund's equity portfolio?

In the Fund's equity portfolio, we own a diversified group of high-quality companies that we believe are well positioned for longer-term price appreciation. We tend to favor companies that have secular growth drivers, unique products and services, operate in industries with high barriers to entry, and have market-leading positions.

We also aim 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 we believe a company's share price will follow the growth in its sales and earnings over time. As of December 31, 2022, the Fund's equity portfolio had a 3-year projected average annual sales growth rate that was almost double the S&P 500 Index, and its 3- to 5-year estimated forward earnings growth rate was significantly higher than the S&P 500.

	VALIX/VLIIX Equity Portfolio	S&P 500 Index
3-Year Projected Avg Annual Sales Growth Rate	13%	7%
3-5-Year Estimated Forward Earnings Growth Rate	19%	11%

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 2 stars for the 3-, 5- and 10-year periods ended 12/31/22 among 188, 181 and 123 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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