



Overall  Rating



(Investor)

Among 314 70-85% Equity Allocation Funds

(as of 1/31/18)

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

\$435M
(as of 1/31/18)

Portfolio Manager Q&A

Value Line Capital Appreciation Fund* (VALIX/VLIIX)

**Formerly Value Line Income and Growth Fund*

Q1: In February 2018, the Fund was renamed the Value Line Capital Appreciation Fund. Would you please discuss the reason behind the name change?

The name was changed to better reflect the equity allocation and be more descriptive of its investment strategy. As of December 31, 2017, the Fund had approximately 85% in primarily growth-oriented equities and the remaining 15% was invested in fixed income securities and cash.

Q2: Have the ticker symbols, expense ratios or managers changed?

No, the ticker symbols, expense ratios and Portfolio Managers have not changed. The Managers of the Capital Appreciation Fund remain Cindy Starke and Liane Rosenberg, both of whom have over 20 years of investment experience.

Q3: Has the Fund's investment strategy changed?

No, the investment strategy remains the same, to invest at least 70% of the Fund's net assets in stocks, and the balance in fixed income securities or cash equivalents.

Our execution of the existing strategy drove exceptional results in 2017 as **the Fund was named a "Category King" by *The Wall Street Journal*, with the #1 one-year return among the Lipper Mixed-Asset Target Allocation Moderate Funds as of December 31, 2017.** The Fund outperformed 546 other funds in this category by over 1100 basis points for the one-year period.

Q4: Would you please discuss the Fund's 2017 outperformance relative to the 60/40 S&P 500/Bloomberg Barclays US Aggregate Bond Index?

As of December 31, 2017, the Fund's one-year total return was 23.86% while the blended Balanced Index rose 14.21%. Impressively, the Fund also outperformed the S&P 500 Index's return of 21.83% even though approximately 15% of its assets was invested in fixed income and cash during the year.

The sector weightings and favorable stock selection of the Fund's equity portion drove overall performance. Compared to the S&P 500 Index, the Fund's allocation to the Information Technology and Consumer Staples sectors were notable.

In Technology, the Fund gained nearly 500 basis points of outperformance relative to the Index. The Fund's Technology holdings rose, on average, approximately 55% in 2017 while the Technology companies in the S&P 500 increased, on average, approximately 39%. Specifically, Fund holdings Activision Blizzard (+76%), Alibaba (+96%) and

Value Line Capital Appreciation Fund (VALIX/VLIIX)
(Q4 continued)

GrubHub (+91%) were strong performers in 2017. In Consumer Staples, the Fund benefited relative to the S&P 500 from an underweight position and superior stock selection. At year-end, the Fund had a 3% weighting compared to the S&P 500's 9% weighting. Our growth-oriented stock selection process resulted in portfolio holdings within the sector rising over 50%, on average, whereas Consumer Staples stocks in the S&P grew only 13%. The Fund's top performers in the sector were Constellation Brands (+51%), Estee Lauder (+69%) and Monster (+43%).

Value Line Capital Appreciation Fund Performance (as of 1/31/18)

	Average Annual Returns				
	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALIX	27.25%	11.04%	11.51%	7.84%	9.62%
Institutional - VLIIX¹	27.60	10.93	11.44	7.81	9.60
60/40 S&P 500/BbgBarc US Agg. Bond Index	16.19	9.21	10.29	7.62	8.14
Morningstar 70-85% Equity Allocation Cat. Avg.	18.25	8.55	9.38	6.37	7.88
Morningstar Category Rank (%) - VALIX	1	8	5	8	9
# of Funds in Category	349	314	277	200	91
Morningstar Return		High	High	High	
VALIX Expense Ratio: 1.16%, VLIIX Gross/Net Expense Ratio*: 4.82% / 0.91%					

Morningstar Ratings and Categories based on risk adjusted returns of Investor class shares.

¹*Italics 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.*

As of 12/31/17, the Fund's Top 10 Holdings were as follows: Alexion Pharmaceuticals, Inc. (5.03%), Activision Blizzard, Inc. (3.25%), Facebook, Inc. (3.18%), Visa, Inc. (3.09%), Celgene Corp. (2.67%), Alphabet, Inc. (2.64%), Bank of America Corp. (2.44%), Vertex Pharmaceuticals, Inc. (2.37%), JPMorgan Chase & Co. (1.93%), Amazon.com, Inc. (1.88%).

*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to 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 after the fiscal year end 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 or modified before June 30, 2019 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 4 stars for the 3-year period, 5 stars for the 5-year and 10-year periods ended 1/31/18 among 314, 277 and 200 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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