



Overall  **Rating**



Among 1,116 Large Growth 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 VALLX
Institutional VLLIX

Inception Dates

Investor 3/20/72
Institutional 11/1/15

Total Assets \$376M

(as of 12/31/21)

Top 10 Holdings

(as of 12/31/21)

Company	Weight (%)
Amazon.com Inc	6.19
NVIDIA Corp	4.21
Alphabet Inc Class A	4.07
Biohaven Pharmaceutical Holding Co Ltd	3.91
Exelixis Inc	3.73
Meta Platforms Inc Class A	3.57
Netflix Inc	3.52
Qualcomm Inc	3.40
PayPal Holdings Inc	3.20
Exact Sciences Corp	3.20

Value Line Funds

443.279.2015

www.vlfunds.com

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund (VALLX/VLLIX)

Q1: Would you please comment on the Fund's performance relative to the Morningstar Large Growth Funds category average for the fourth quarter and the year ended December 31, 2021?

The Fund declined 2.72% for the quarter ended December 31, 2021, underperforming the Morningstar Large Growth Funds category average return of 6.91% for the same period. For the one-year period ended December 31, 2021, the Fund returned 2.89%, also underperforming the category average return of 20.45% for the year. While we are never satisfied with relative underperformance, we remain committed to our investment process of owning a focused portfolio of 25-50 primarily large-cap growth stocks that are leaders in their industries and growing faster than the S&P 500 Index. This faster growth strategy has delivered outperformance relative to the Morningstar category average in 3 of the 4 calendar years prior to 2021.

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

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

In 2021, the stock market experienced a shift away from the types of faster growing, secular growth companies our process often favors, towards more cyclical companies. This shift was influenced by a sharp recovery in sales and earnings for many companies impacted by factors such as the ongoing Covid-19 pandemic, supply chain constraints, impending interest rate hikes and rising inflation. The Fund's performance in 2021 was primarily driven by sector and industry weighting decisions and stock selection. The Fund's top-contributing sector was Energy. Within the Energy sector, the Fund benefited from its single holding, Diamondback Energy (FANG), an independent oil and gas producer.

The two largest detractors from performance for the year on a sector basis were Consumer Discretionary and Information Technology (IT). In Consumer Discretionary, the Fund was slightly overweight at 15%, compared to the S&P 500 Index's 12% weighting. The Fund's companies in this sector declined almost 22% on average, compared to the S&P's Consumer Discretionary names which gained 24%. Peloton Interactive Inc. (PTON) was a big driver of the underperformance as its share price declined 76%, plagued by product recalls, sentiment change on stay-at-home winners, and slowing future growth.

The Fund was also overweight the IT sector, with an allocation of approximately 38% relative to the Index's 28% IT weight. The Fund's IT holdings gained 12% on average, while the S&P's IT companies gained nearly 35%. Within the Technology sector, the Fund was impacted by our overweight allocation and poor selection in the IT Services industry, which was a weak performer within the sector, up only 5% versus the sector's average gain of 35%. Also, within the Software industry the Fund was impacted by our underweight allocation to Microsoft Corp. (MSFT) and selloffs in the Fund's holdings in RingCentral Inc. (RNG), Splunk Inc. (SPLK), and CrowdStrike Holdings Inc. (CRWD).

As a concentrated portfolio, the price movements of individual companies have a significant impact on the overall return of the portfolio, both in favorable and unfavorable markets. In our high-conviction approach, we believe the companies we own possess strong fundamental characteristics and compelling growth potential. Many of these

(Continued on next page)

companies fell in 2021 because of their association with other, higher-risk stocks within the same industry. However, we remain confident our portfolio companies can continue to execute their business plans, generate above average revenue and earnings growth and be rewarded with a higher stock price over time.

Q3: What changes were made to the Fund in the fourth quarter?

We made several changes to the Fund in the fourth quarter. We added the following positions: Roku Inc. (ROKU), a large streaming platform; Snap Inc. (SNAP), best known for its social networking app, Snapchat; Tesla Inc. (TSLA), maker of solar panels, batteries and electric vehicles; Robinhood Markets Inc. (HOOD), a financial services platform; and Uber Technologies (UBER), which offers ride-sharing and delivery services.

We also exited our positions in Tencent Holdings Ltd. (TCEHY), Constellation Brands (STZ), Biogen Inc. (BIIB),

and Edwards Lifesciences Corp. (EW). As of December 31, 2021, the Fund held 43 companies.

Q4: Why should an investor consider this focused Fund?

We believe the Fund is well positioned for growth as we look ahead into 2022 and beyond. We continue to own companies that have unique products or services, compete in industries with high barriers to entry, and have market-leading positions.

We also believe that future sales and earnings growth rates are important drivers of stock price over the longer term. As of December 31, 2021, the Fund's 3-year projected average annual sales growth rate was 33%, more than double the 14% estimated sales growth rate of the S&P 500. The Fund's 3- to 5-year estimated forward earnings growth rate was 30%, almost twice the 16% rate projected for the S&P 500.

Portfolio Manager



Cindy Starke

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.

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 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 1 star for the 3-year period and 2 stars for the 5- and 10-year periods ended 12/31/21 among 1,116, 1,012 and 768 large growth funds, respectively.

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.