ValueLine*funds*

4th Quarter 2022

Portfolio Manager Q&A

Value Line Larger Companies Focused Fund *(VALLX/VLLIX)*

Q1: Would you please comment on the stock market's performance for the fourth quarter of 2022 and the full year, and how the Fund performed in these periods?

The year 2022 was challenging for the stock market in response to geopolitical events including the war in Ukraine, increasing commodity prices, and a rapid rise in interest rates to combat higher than expected and more persistent inflation. Growth companies, and especially large-cap growth companies, sold off sharply in response to these negative factors and they were much more negatively impacted than their core or value counterparts. For the three months ended December 31, 2022, the broad S&P 500 Index returned 7.56% while the S&P 500 Growth Index lagged, returning 1.45%. For the 1-year period ended December 31, 2022, the S&P 500 Index had a negative return of -18.11%, while the S&P 500 Growth Index declined significantly more, with a -29.41% return.

Amid this environment, the Fund returned -0.50% for the three-month period, and -38.99% for the 1-year period ended December 31, 2022. The Morningstar Large Growth Funds category average returns for the same periods were 3.10% and -29.91%, respectively.

Please visit the Fund's performance page for complete performance information.

Q2: What drove the Fund's performance in the fourth quarter versus the S&P 500 Index?

The Fund's fourth-quarter underperformance relative to the S&P 500 Index was driven by a combination of stock selection and sector allocation. From a sector perspective, the Fund's primary contributor to performance was the Health Care sector, and the Fund's primary detractor was the Consumer Discretionary sector.

In the Health Care sector, the Fund's positions gained 17%, while the Index's Health Care sector gained nearly 13%. Two companies that were strong contributors in the quarter were Exact Sciences Corp. (EXAS), which provides cancer screening tests including its Cologuard test for colorectal cancer, and DexCom Inc. (DXCM), which creates glucose monitoring systems for diabetic patients.

The Fund's positions in the Consumer Discretionary sector declined 16%, while the S&P 500 Index's Consumer Discretionary sector declined 10%. Two of the Fund's larger detractors from performance were Rivian Automotive Inc. (RIVN), which designs and manufactures electric vehicles, and Tesla Inc. (TSLA), which makes electric vehicles as well as solar panels and batteries.

Q3: Would you please describe the types of companies in the Fund's portfolio?

We take a three-prong approach to large-cap-growth equity investing so we have flexibility to invest in companies at different stages in their growth life cycle. We invest in three categories, from Established Growth Companies to Next-Gen Growth Companies and Opportunistic Growth Companies. The majority of the Fund's assets are invested

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Overall MORNINGSTAR Rating

★

Among 1,131 Large Growth 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	VALLX
Institutional	VLLIX

Inception Dates

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

Total Assets $205M *(as of 12/31/22)*

Top 10 Holdings

(as of 12/31/22)

Company	Weight (%)
Visa Inc Class A	4.35
Diamondback Energy Inc	4.33
Uber Technologies Inc	4.22
Alphabet Inc Class A	3.61
Microsoft Corp	3.51
Amazon.com Inc	3.48
Pioneer Natural Resources Co	3.45
Exelixis Inc	3.28
Meta Platforms Inc Class A	3.23
Vertex Pharmaceuticals Inc	3.10

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in Established Growth Companies which tend to be dominant and well-known large-cap growth companies with compelling products and services, such as Visa Inc. (V) and Amazon.com Inc. (AMZN).

We invest a smaller portion of the Fund in what we consider to be Next-Gen Growth Companies. These companies are typically earlier in their growth cycle and are growing at a faster pace than the Established Growth Companies in the Fund. In addition, the Fund may also invest in Opportunistic Growth Companies which consists of out-of-favor growth companies and cyclical companies that are in the right stage of their business cycle, where sales and earnings are likely to grow at faster-than-normal rates over the next couple of years.

Overall, we believe that sales and earnings growth drive share price appreciation over time, and our goal for the Fund is to own a portfolio of companies that can collectively grow their future sales and earnings at faster rates relative to the broad market and their peers. As of December 31, 2022, the Fund's equity portfolio had a 3-year projected average annual sales growth rate that was more than 4X that of the S&P 500 Index, and its 3- to 5-year estimated forward earnings growth rate was significantly higher than the S&P 500.

	VALLX/VLLIX Equity Portfolio	S&P 500 Index
3-Year Projected Avg Annual Sales Growth Rate	30%	7%
3-5-Year Estimated Forward Earnings Growth Rate	18%	11%

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.