



**Mitchell Appel**  
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Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals with our actively managed family of mutual funds.

We hope you enjoy this edition of the [VLFAAlert](#) and thank you for your continued support.

## Focus on Fundamentals, Not External Chaos

Given recent and ongoing events, it is no wonder that the U.S. equity market appears focused on external factors that are very difficult, if not impossible, to predict. From chaos in Congress to what a presidential candidate might say or do next. From the Federal Reserve's path forward, to the health of the U.S. economy, to how long high inflation levels may persist, to the tragedies of two separate wars that impact Americans in a very real way. It's challenging for us as individuals, let alone for the markets to stay objective. But rather than focusing on these external factors, we believe it's better when making decisions about our own investment portfolios to focus on the fundamentals. Here's why.

**[Challenges Have Become Even More Challenging](#)** Just when we thought life couldn't get more chaotic, it has. It seems every week brings one more geopolitical, political, economic, social and/or cultural surprise after another—in seemingly quicker succession. Amid such heightened unpredictability, we must acknowledge certain realities. First, unexpected shocks—a war, social unrest, even an unanticipated happening in an election year—inevitably trigger reactions by the financial markets. Second, market reactions do not happen in isolation. Media headlines are shouted in bold letters, both figuratively and literally, and are often either skewed or, at best, superficial, not examining the whole picture. Volatility, in turn, increases. Investors may easily get distracted, and our emotions, collectively known as investor sentiment, will, of course, vary as situations fluctuate. We need to acknowledge that the future is ultimately unknowable, and market behavior is highly complex.

**[A Focus on Fundamentals Can Help Provide Ballast](#)** As external forces cascade, equity-oriented investors need to sharpen their focus on company fundamentals. But what does that mean? Stock fundamentals are simply key metrics for a company, with fundamental analysis defined as looking at any data expected to impact the price or perceived value of a stock. Examining hard data may include an analysis of corporate profitability, pricing power, valuations, earnings per share growth, dividend and shareholder capital policies, balance sheet health, free cash flow, capital flexibility and more—all on both an absolute and relative basis. Examining soft data, or that which is more qualitative and difficult to measure, is equally important. The trends that are going to outlast currently transpiring external events. What policies may eventually emerge from Congress and the central bank. The experience and track record of company CEOs and other corporate management leaders.

Such a focus on fundamentals can help identify those companies that can benefit from secular-based megatrends, those that may have more sustainable growth potential, and those most likely to be resilient through unsettling external events. Such a focus on fundamentals can also help provide ballast to investment portfolios during turbulent times. Given the external risks that may emerge and reemerge in the months ahead, knowing how and where to look for these companies is crucial.

### **[Active Management May Be A Strategic Antidote to Chaos](#)**

Focusing on the fundamentals of individual companies and understanding the external forces that stand to impact their strength over the long term has shown to be an effective strategy amidst upheavals and outsized change. But it's not easy. That's why deep, bottom-up research and consistent engagement—the pillars of active management—are critical in identifying the best potential opportunities for investors.

The Value Line Funds' portfolio management team has a nearly 75-year track record of helping investors seeking refuge from volatility and/or trying to capitalize on the opportunities emerging from it. Our role as active managers takes on even greater significance as chaos becomes the norm. After all, more than ever now, success in the markets requires a solid investment approach, a long-term perspective and discipline to stay the course. Our portfolio managers practice planning, not predicting; looking beyond the concerns of today to the growth potential of the markets over time; and remaining focused on strategic investing through all market conditions with a longer-term perspective than news headlines and social media scrolls provide.

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## How the Value Line Funds Can Fit into Your 2024 Investment Strategy

As we start a new calendar year, it is traditional to take a moment to examine our personal goals and make resolutions. That should be true of our financial lives as well. The truth is that sometimes the markets and the world at large will place challenges and obstacles on our path forward. In fact, those challenges and obstacles are not new, but now we are seeing them play out in real time, 24 hours a day, so it's also true that the chaos around us, around the country and around the world seems more intense these days. With our years of experience, we know there is real value potential in staying invested, staying diversified and staying informed.

The Value Line Funds have built their legacy by helping to secure investors' financial futures since 1950—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics. As we remind our shareholders regularly—regardless of market conditions, we intend to stay true to our time-tested investment discipline going forward, seeking to invest in companies that have demonstrated a solid history of consistent growth in both their earnings and stock price. In our view, these companies possess attractive portfolios of proprietary products and services that give them strong market positions and make them less vulnerable to swings in national and international economic conditions. At the same time, we believe the underlying stocks of these companies tend to be less volatile than the average stock in the broad U.S. equity market.

By maintaining our investment discipline, the equity and hybrid Value Line Funds have historically provided a smoother ride to investors than their peer group averages. Putting aside short-term ebbs and flows in the equity market, we believe the Funds' investments are likely to provide superior returns to our shareholders over the long term. Just as we remain focused on long-term, strategic investing through all market conditions, we encourage you to do so as well.

### Value Line Equity Funds

Mid Cap Focused (VLIFX/VLMIX)  
Larger Companies Focused (VALLX/VLLIX)  
Small Cap Opportunities (VLEOX/VLEIX)  
Select Growth (VALSX/VILSX)

### Value Line Hybrid Funds

Asset Allocation (VLAAX/VLAIX)  
Capital Appreciation (VALIX/VLIIX)

### Value Line Fixed Income Fund

Core Bond (VAGIX)

***Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. 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, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.***

**Check out our News & Commentary at [vlfunds.com](https://www.vlfunds.com) for the latest on the Value Line Funds.**

**For more mutual fund information, call today: 800.243.2729 or visit our website at [www.vlfunds.com](https://www.vlfunds.com)**

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