



## What to Do with Your Cash: Strategies to Consider

Holding too much cash is an all too common investing mistake. Many investors believe that keeping a significant amount of their portfolio in cash is a conservative move given today's uncertain financial markets. Some investors may believe that earning a fraction of a percent is much better than the thought of losing principal. This train of thinking might apply if one maintains a short-term perspective. However, if an investor has a longer term time horizon it may be wise to consider other conservative alternatives to holding cash.

If your cash reserves are sitting in a bank account or a money market fund earning modest returns, now may be the time to get your money working harder for you. Since we believe short-term investment yields are likely to stay low for quite some time, a few easy steps and cash strategies to consider are found below.

### Step 1: Determine the Purpose for Your Cash Investments

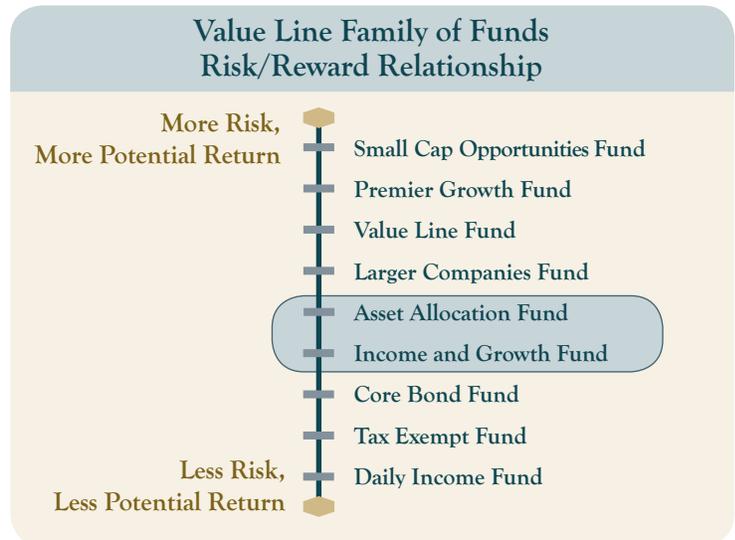
What role does your cash play? If it is needed to pay everyday expenses or represents an emergency fund, then a short-term money fund or bank product may be appropriate. Instead, perhaps cash is included as the low volatility portion of your total long-term investment portfolio. Depending on the purpose for your cash investments and how quickly it is needed, you can then determine what portion of your total portfolio should be allocated to cash—and what portion should not.

### Step 2: Decide How Much Risk You are Willing to Accept

Once you have determined the role your cash plays, you are now in a better position to decide whether it makes sense to accept greater risk in exchange for greater yield potential. Ask yourself how comfortable you are with risk and what your tolerance for loss is.

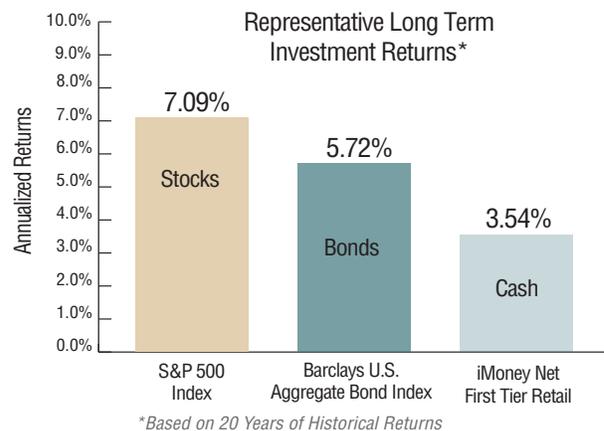
### Step 3: Evaluate Your Investment Choices

Depending on your responses to Steps 1 and 2, you may consider a wide spectrum of investment choices. For instance, if you decide that your cash needs are more immediate and principal protection is critical, then a money market fund or bank product may be the best choice. If you have a cash balance that is larger than your current needs, an investment program that includes stocks and/or bonds may be appropriate. The key is to make sure your choices align with your goals, personal needs and risk tolerances—and then act.



## A Careful Balance Between Risk and Reward

When starting an investment program, it is important to understand the careful balance between investment return and the level of risk assumed. Each type of investment has its own unique risk and reward relationship. In general, bonds tend to be a more conservative investment option and are less volatile than stocks. Of course, as a result, they tend to return less than stocks over the long-term. All stocks are not created equal and their risk/return relationship is often a function of the size of the company. In general, larger company stocks are more conservative and return less than small company stocks. To provide a balance between risk and return, many investors include a variety of stocks and bonds in their diversified portfolio as they seek to earn a reasonable rate of return that incorporates the level of risk that they are willing to assume.



Often investors will include a mutual fund that invests in a blend of stocks and bonds in one portfolio. This “balanced” strategy can

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include a traditional 60% allocation to stocks and 40% allocation to bonds or the portfolio may be more flexible depending upon the relative opportunity between stocks and bonds. At Value Line funds, we offer two mutual funds that include a professionally managed allocation of both stocks and bonds in one convenient portfolio.

Value Line Income and Growth Fund (VALIX)	
Objective	Income, as high and dependable as is consistent with reasonable risk.
Target Portfolio	60% Stocks, 40% Bonds
Portfolio Composition*	65% Stocks, 23% Bonds, 6% Convertible Securities and 6% Cash
Dividend Frequency	Quarterly
Sales Charge	None
Overall Morningstar Rating*	 Among 789 Moderate Allocation funds as of 6/30/13

\*as of June 30, 2013

Value Line Asset Allocation Fund (VLAAX)	
Objective	Achieve a high total investment return (current income and capital appreciation) consistent with reasonable risk.
Target Portfolio	60-80% Stocks; 20-40% Bonds
Portfolio Composition*	71% Stocks, 25% Bonds, 4% Cash
Dividend Frequency	Annually
Sales Charge	None
Overall Morningstar Rating*	 Among 330 Aggressive Allocation funds as of 6/30/13

\*as of June 30, 2013

Balanced funds can play an important role in an investor's overall asset allocation. For more information on the Value Line Income and Growth Fund (VALIX) or Value Line Asset Allocation Fund (VLAAX), please visit [www.vlfunds.com](http://www.vlfunds.com) or call 800.243.2729.

## Value Line funds' Automatic Investing Plan

Looking for an easy and convenient way to purchase Value Line funds? Consider enrolling in the Value-Matic Investing Plan. For as little as \$25 per month you can purchase shares of any Value Line fund and the money is automatically deducted from your checking account. Please call 800.243.2729 for more information.

**For more information, call 800.243.2729 or visit [www.vlfunds.com](http://www.vlfunds.com)**

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact a 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](http://vlfunds.com) or by calling 800.243.2729. 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 methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 5 stars for top 10%; 4 stars next 22.5%; 3 stars next 35%; 2 stars next 22.5%; 1 star for bottom 10%. Funds are rated for up to three periods: the trailing three-, five-, and 10-years. For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights: At least 3 years, but less than 5 years uses 100% three-year rating. At least 5 years but less than 10 years uses 60% five-year rating/40% three-year rating. At least 10 years uses 50% ten-year rating/30% five-year rating/20% three-year rating. Value Line Income and Growth Fund received 3 stars for the 3 and 5 year periods and 5 stars for the 10 year period out of 789, 705 and 422 moderate allocation funds, respectively. Value Line Asset Allocation Fund received 5 stars for the 3-, 5- and 10-year periods ended 6/30/13 among 330, 308 and 123 Aggressive 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.**

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. Past performance is no guarantee of future results. The inception dates of Value Line Mutual Funds range from 1950 to 1993. Value Line Mutual Funds are distributed by EULAV Securities LLC. Value Line and Value Line Logo are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.