



Portfolio Managers



Stephen E. Grant

- Over 20 years of experience
- Fund manager since 1993
- MBA - Wharton
- BA - Stanford University



Jeffrey D. Geffen

- Over 25 years of experience
- Fund manager since 2001
- MBA - Adelphi University
- MA - Columbia University



Liane Rosenberg

- Over 20 years of experience
- Fund manager since 2012
- MBA - Fordham University
- BA - State University of New York at Albany

Asset Allocation Fund

Overall Morningstar Rating



Among 348 Aggressive Allocation Funds (as of 12/31/14)

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

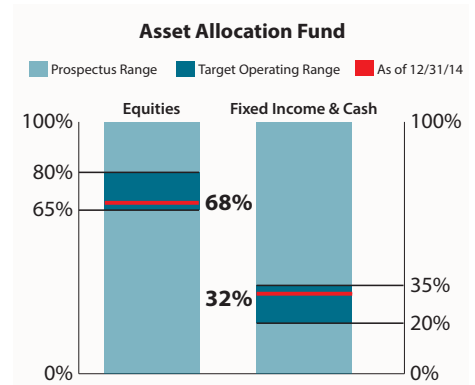
Symbol: VLAAX  
 Total assets: \$254M  
 Inception date: 8/24/93

Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX)

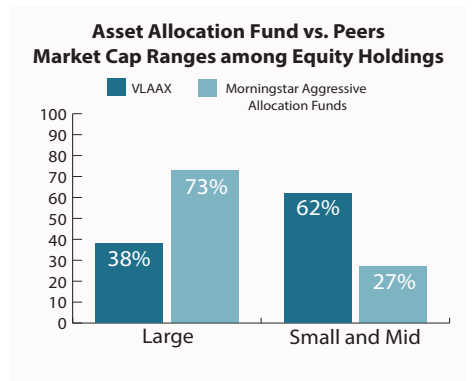
Q1: Unlike some balanced funds that have a fixed allocation to stocks and bonds, the Fund can adjust its allocation based on opportunity. What is the Fund's current allocation to equities?

As of December 31, 2014, the portfolio had a 68% weighting in equities and 32% weighting in fixed income and cash. The Fund's target equity operating range is determined by our proprietary allocation model which is based on relative attractiveness. In general, the target range for equities is between 65% and 80%. For fixed income and cash, the range is between 20% and 35% and is simply a byproduct of the equity allocation.



Q2: What is the Fund's capitalization breakdown? How does this differ from its aggressive asset allocation peers?

Most of the equity holdings in aggressive asset allocation funds tend to be large-cap oriented. According to Morningstar, funds in the Aggressive Allocation category averaged an equity weighting of nearly 73% in large- and giant-cap stocks as of December 31, 2014. By comparison, the Fund held approximately a 38% weighting in large-cap companies and the remaining 62% allocation in small- and mid-cap companies as of December 31, 2014.



Source: Morningstar, 12/31/2014

Q3: Given the underperformance of smaller companies compared to large-cap stocks over the first three quarters of 2014, why do you allocate a majority of the Fund's equity holdings in smaller companies?

Simply, small- and mid-cap stocks have historically outperformed large-cap stocks over time. However, there will be short-term periods when this relationship does not occur. For example, during the first three quarters of 2014, large-cap companies dominated relative performance, as the S&P 500 Index rose more than 8% compared to the Russell 2000 Index, which fell 4.4%. However, during the fourth quarter of 2014, the market recognized the underperformance of smaller stocks with the Russell 2000 Index rallying 9.7% while the S&P 500 Index only rose 4.9%.



We believe holding a sizable allocation to small- and mid-cap companies in the Value Line Asset Allocation Fund offer three advantages to investors:

- 1. More Capital Appreciation:** Smaller companies typically provide exposure to faster growth rates.
- 2. Potential for Less Risk:** The Fund selects companies of all sizes that have a demonstrated history of at least 10 years of growth in earnings and stock price. We believe this results-oriented approach to growth investing can moderate volatility and provide a smoother ride for investors.
- 3. Favorable Results:** Over time, a larger commitment to faster growing smaller companies resulted in a meaningful impact to absolute and relative performance. As a case in point, the Fund achieved an Overall "High" return rating relative to the Morningstar Aggressive Allocation Funds Category and, importantly, did so with Overall "Below Average" risk for the period ended December 31, 2014.

Value Line Asset Allocation Fund Performance (as of 12/31/14)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Asset Allocation Fund (VLAAX)</b>	<b>6.93%</b>	<b>13.84%</b>	<b>12.84%</b>	<b>7.33%</b>
60/40 S&P 500/Barclays U.S. Aggregate Bond	10.60%	13.30%	11.05%	6.49%
Morningstar Aggressive Allocation Cat. Avg.	5.71%	13.49%	10.13%	5.85%
<b>Morningstar Category Rank (%)</b>	<b>25</b>	<b>44</b>	<b>5</b>	<b>7</b>
# of Funds in Category	415	348	310	199
Morningstar Risk		<b>Low</b>	<b>Low</b>	<b>Below Avg.</b>
Morningstar Return		<b>Average</b>	<b>High</b>	<b>High</b>
Expense ratio: 1.19% (Gross) / 1.09%* (Net)				

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.*

**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](http://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](http://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.**

\*For the period August 1, 2013 through July 31, 2015 EULAV Securities LLC (the "Distributor") contractually agreed to waive a portion of the Fund's Rule 12b-1 fee in an amount equal to 0.10% of the Fund's average daily net assets. The waiver cannot be terminated before July 31, 2015 without the approval of the Fund's Board of Directors. For various periods, the Distributor similarly waived a portion of the Fund's Rule 12b-1 fee. The Fund's performance would be lower in the absence of such waivers.

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. The Value Line Asset Allocation Fund received 4 stars for the 3 year period, and 5 stars for the 5- and 10 year periods ended 12/31/14 among 348, 310 and 199 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.*

The inception dates of Value Line Mutual Funds range from 1950 to 1993. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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.