



**Mitchell Appel**  
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Value Line Funds

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.

## Investment Tips for a Year of Uncertainty

Following a year where several political and economic events caught observers by surprise, it is already quite clear that 2017 is continuing to bring uncertainty and unanticipated happenings, both domestically and globally. Questions remain plentiful about the impact of President Trump's policies, the results of several elections across Europe, the developing relationship between Russia and the U.S., and how the U.K.'s exit from the European Union might be implemented, to name a few.

Unprecedented has become the byword, and market volatility tends to heighten amidst such conditions. So what is an investor to do? How can you remain confident about having your money invested through such uncertain times? While we certainly can't predict what the rest of 2017 will bring, we do offer some strategies for your consideration as to how you might stay on track and achieve your goals, regardless of market conditions.

**Maintain a Long-Term Perspective:** People make the worst decisions when they are feeling emotional or under extreme stress. When faced with such times, it can be useful to recognize that historically, a disciplined, patient, unemotional investment approach is required to reach long-term financial goals. Even recently, investors who were in stocks in 2008 and rode out the crash by staying invested did well over time. Whether you are in your 20s or closer to retirement, it is important to review your investment mix annually, but also to make a plan and stick to it. While some outcomes of today's unknowns may be beneficial and others not, be sure your investment portfolio can perform in a range of market conditions and then trust your strategy.

**Widen the Opportunity Set:** A balanced and well-diversified portfolio seeks to moderate short-term risk by taking advantage of low correlations among asset classes, potentially leading to better long-term returns. For example, for those who are seeking to take diversification to a new level, the Value Line Defensive Strategies Fund could be a worthy selection. With its portfolio comprised of numerous alternative investment strategies across

various asset classes, the Value Line Defensive Strategies Fund offers a turnkey solution to those looking to reduce overall portfolio risk while achieving appreciation.

**Be Flexible:** We believe that in volatile markets, active investment management offers valuable risk-management flexibility. For example, in the Value Line Asset Allocation Fund, the flexibility to operate within a range of equities and fixed income can provide investors with an offensive portfolio when stocks appear more attractive and a more defensive portfolio during challenging market periods. Many traditional 60/40 balanced funds limit their total return potential by being under-allocated to the asset class that may represent more relative opportunity.

### Value Line Funds' Automatic Investing Plan

Looking for an easy and convenient way to invest with Value Line Funds? Consider enrolling in the Valu-Matic® Investment Program. 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.

**Be Patient:** In our view, equities can give investors the appreciation potential that other asset classes have not—even in challenging markets. In the Value Line Premier Growth Fund and the Value Line Mid Cap Focused Fund, our main strategy is to invest in historically proven winners. According to portfolio manager Stephen Grant, “Of course, these growth stocks are not immune from market dips and will temporarily fall in sympathy with the market. But these steady-eddy growth stocks tend to be resilient, and their stock prices have reflected the potential to grow regardless of the economic scenario.”

**Save More:** It is true that cash does not have the growth potential of other investments and that, with inflation on the rise, holding excess cash can have a negative impact on real returns. However, it is also true that cash may provide a cushion, especially when the market is down. And if equity and fixed income markets produce lower returns in the next five years than they have during the past several years, as many analysts believe, then investors need to save more. Think of cash as a specific asset class and consider a strategy that includes enough savings to cover essential expenses and provide peace of mind.

**Stay Well-Informed:** Learn something new. The very process of reading gives you a chance to think about your own financial goals and a way to view the world of investing. When your shareholder reports arrive, read those, too—they are full of plain English, useful information about YOUR money and the role each of your funds plays in YOUR investment plan. And visit [vlfunds.com](http://vlfunds.com) often—there are white papers, news articles and even short videos that can help make what might at first seem complex quite understandable.

**Know That We Are Here to Help:** The road ahead remains complicated, but as we navigate an ever-changing market environment, together, we look forward to serving not only as manager of your investment assets but also as a valuable guide to opportunities for building long-term security.

**In short, get used to uncertainty. It is inevitable. But it is also surmountable. No one can choose the challenges today’s times present, but we can decide how to respond. Do not focus on the unknowable but rather on that which you can control—creating a diversified investment portfolio, determining your personal time horizon, setting realistic long-term expectations and staying patient, disciplined and objective.**

**Read Our Latest White Paper:**

**Alternative Investments:  
Incorporating a Turnkey Solution**

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**Value Line Funds Include:**

<b>Equity Funds</b>
Premier Growth Fund
Larger Companies Focused Fund
Value Line Mid Cap Focused Fund
Small Cap Opportunities Fund
<b>Hybrid Funds</b>
Asset Allocation Fund
Income and Growth Fund
<b>Alternative Funds</b>
Defensive Strategies Fund
<b>Fixed Income Funds</b>
Tax Exempt Fund
Core Bond Fund

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

**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.**

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