



Portfolio Manager Q&A

Value Line Asset Allocation Fund

Is one of only three funds in the Morningstar Aggressive Allocation Category with top 15% or better performance for the 3, 5 and 10 year periods with below average or low risk ended June 30, 2013.*

About the 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

Fund Facts

Symbol:	VLAAX
Total assets (6/30/13):	\$171M
Inception date:	8/24/93
Turnover:	40%

Value Line Asset Allocation Fund (VLAAX)

Q1: Would you please discuss your current asset allocation?

We have reduced our equity position from approximately 70% to 65% with the remainder of the portfolio in fixed income securities (25-30%) and a small percentage in cash. While we remain moderately bullish, our research suggests that stocks are less attractive when long-term interest rates are rising.

Q2: Does your reduction in equities represent renewed enthusiasm for bonds or a lack of conviction in the stock market?

Our tactical shift away from the equity market should not be construed as a vote for fixed income or an absence of enthusiasm for the equity market. In fact, we have changed the composition of our fixed income holdings by reducing our Treasury position and increasing our corporate and mortgage-backed securities. We have also shortened our overall duration. We have taken these actions to reduce the Fund's sensitivity to rising rates.

Our current equity allocation falls within the recent operating range of 60-80%. We are moderately bullish and continue to find ample equity opportunities that meet our rigorous selection process based on a long history of earnings and stock price growth.

Q3: Determining the portfolio's tactical asset allocation has been one of the factors that have led to the Fund being awarded a 5-star designation in the Morningstar Aggressive Allocation category as of June 30, 2013. What methodology determines your asset allocation?

Our asset allocation process is derived from research we receive from Value Line Inc., our former parent company. (Since 2010, Value Line Funds have been independently operated.) This weekly analysis becomes the basis for our asset allocation decision-making and is further refined by proprietary analysis performed by our portfolio team. In our opinion, this decision-making is as important as the actual selection of securities within our equity and fixed income portfolios.

"We believe that the ability to have a flexible portfolio allocation provides important advantages to investors."

We believe that the ability to have a flexible portfolio allocation provides important advantages to investors. Investment opportunity is dynamic and we feel shouldn't be confined to a traditional balanced fund blend (60% equity and 40% fixed income). If we see particular opportunity in the equity market, we will increase our percentage weighting accordingly. On the other hand, if our view is to become more defensive, we have the latitude to increase our fixed income and cash percentages to protect investors' capital.



Q4: Would you please comment upon the composition of each allocation component?

The Fund's equity portion is very straightforward. The equity component is comprised of approximately 200 stocks with about 40% considered to be large-cap stocks, 40% in mid-cap stocks and 20% in small-cap positions. Selection criteria within each market cap bucket follows the same methodology. For inclusion in the portfolio, each holding must have a long history (generally 10 years or more) of demonstrated growth in earnings and stock price. We are not short-term oriented and prefer that our holdings are steady-eddy companies that are consistently generating impressive results over a period of time rather than posting extraordinary results for a year or two. Our conservative equity approach, along with our high-quality fixed income orientation, allows the Fund to maintain a low risk profile. In fact, Morningstar has awarded the Value Line Asset Allocation Fund with an overall "Below Average" risk rating as of June 30, 2013.

The Fund's fixed income portfolio is high quality in nature and includes Treasury and U.S. Agency obligations, and primarily investment-grade corporate securities. Our average maturity falls within the intermediate range and our duration has been shortened to protect capital in a rising rate environment. This was done by reallocating assets out of Treasuries into corporates and higher coupon/shorter duration mortgage-backed securities.

Fund Performance (as of 6/30/13)

	Average Annual Return			
	1 Year	3 Year	5 Year	10 Year
Asset Allocation (VLAAX)	14.28%	15.69%	5.91%	7.95%
60/40 (S&P 500/Barclays US Aggregate Bond)	12.08	12.46	6.28	6.18
Morningstar Aggressive Allocation Cat. Avg	14.97	12.10	4.25	6.38
Category Rank (%)	55	1	11	5
# of Funds in Category	416	330	308	123
Morningstar Risk	N/A	Low Risk	Low Risk	Below Avg Risk
Expense ratio: 1.25% (Gross) / 1.15%** (Net)				

Source: Morningstar.

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 or by calling 1-800-243-2729. 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, calling 800.243.2729, or by clicking on the applicable fund at www.vlfunds.com. Please read it carefully before you invest or send money.

Asset Allocation Fund

Overall  Rating



Among 330 Aggressive Allocation Funds
(as of 6/30/13)

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.

Value Line Funds

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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.

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.

* Top 15% performance for the 3, 5, and 10 year periods ended 6/30/13 in Morningstar's Aggressive Allocation Category Average.

** For the period August 1, 2012 through July 31, 2013 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, 2013 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 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.

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.

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