



**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 328 Aggressive Allocation Funds (as of 12/31/13)

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.

**Fund Facts**

Symbol:	VLAAX
Total assets	\$226.9M
Inception date:	8/24/93

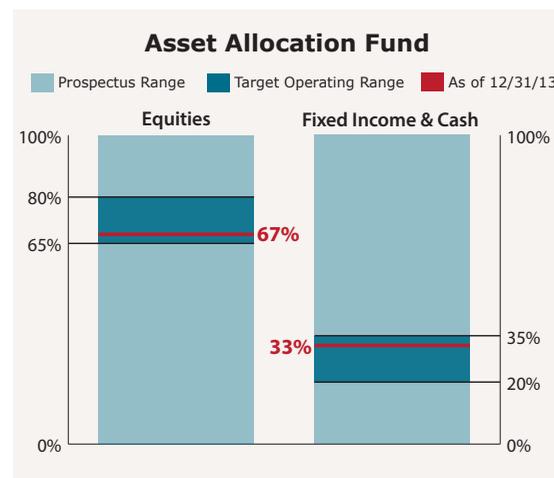
## Portfolio Manager Q&A

### Value Line Asset Allocation Fund (VLAAX)

#### Q1: In 2013, the Fund was tilted more to equities. Would you please discuss your current asset allocation and factors that are driving your decision?

We continue to favor equities although our allocation is not at the upper end of our operating range. At year end, we held approximately two-thirds of the portfolio in equities, approximately 25% in fixed income securities and about 10% in cash. Our allocation to equities is slightly lower than our 70% allocation at the end of September 30, 2013.

Historically, our equity percentage is reduced during periods of interest rates increases such as those experienced in the latter half of 2013. Although we remain neutral to bearish on the bond market, we have positioned our fixed income portion to include more corporate securities. We continue to maintain a shorter maturity and lower duration to lessen our interest rate sensitivity. From an equity perspective, we are cautiously bullish. We anticipate that our allocation will modestly increase as we find opportunities that meet our strict purchase criteria of long-term growth in both earnings and stock price.



#### Q2: Would you please comment upon what sectors in the Fund worked well in 2013 and which portfolio components lagged?

The Fund's equity portion slightly outperformed the S&P 500 Index for the year. Our overweight in Industrial stocks added to our relative performance as well as our individual stock selection in the Information Technology sector. Also our underweight to the Energy sector was a plus on a relative basis.

On the downside, our Healthcare positions are more conservative in fashion and the Fund did not benefit from the rally in biotech. Additionally, we historically tend not to hold a meaningful percentage of the Fund's holdings in the Financial sector and the strong performance of that sector pared back our return relative to the broader equity index.

## Portfolio Manager Q&A

### Value Line Asset Allocation Fund (VLAAX)

#### Q3: With the equity market experiencing strong appreciation in 2013, have the Fund's holdings reached their upper price limits?

No, not at all. We focus on growth in earnings and stock prices over a long-term time period, typically 10 years or more. At any point in time, prices of individual securities may be a bit ahead of themselves. However, we are comfortable with strong appreciation periods as long as the company's earnings keep growing. We do not set target prices for portfolio positions or look for short-term profit taking. We are very patient, long-term oriented investors in proven, steady-eddy companies that span the small, mid and large cap spectrum. We do not buy companies that capture headlines or are driven by investor fads. We believe our approach to selecting companies with demonstrated results provides investors with the opportunity to capture above-average capital appreciation over time and do so with a lower risk profile.

Performance (as of 12/31/13)	Average Annual Total Return			
	1 Year	3 Year	5 Year	10 Year
<b>Asset Allocation Fund (VLAAX)</b>	<b>20.32%</b>	<b>13.51%</b>	<b>14.77%</b>	<b>7.98%</b>
60/40 S&P 500/Barclays U.S.Aggregate Bond	18.63	11.00	12.53	6.26
Morningstar Aggressive Allocation Cat. Avg.	21.31	10.18	14.38	6.50
Category Rank (%)	65	1	36	8
# of Funds in Category	404	328	298	154
Expense ratio: 1.25% (Gross) / 1.15%** (Net)				

**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, 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, 2014 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, 2014 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 5 stars for the 3-year period, 4 stars for the 5-year period, and 5 stars for the 10-year period ended 12/31/13 among 328, 298 and 154 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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