



## Overall Morningstar Rating



(Investor)

Among 680 50-70% Equity Allocation Funds (as of 3/31/18)

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.

## Portfolio Managers



### Stephen E. Grant

- Over 25 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 2009
- MBA - Fordham University
- BA - State University of New York at Albany

## Fund Facts

### Symbol

Investor VLAAX  
 Institutional VLAIX

### Inception Date

Investor 8/24/93  
 Institutional 11/1/15

### Total Assets

\$318M  
 (as of 3/31/18)

## Portfolio Manager Q&A

### Value Line Asset Allocation Fund (VLAAX/VLAIX)

#### Q1: How did the market volatility in the first quarter of 2018 affect the Fund's performance?

We are pleased the Fund outperformed its benchmark 60/40 S&P 500/Bloomberg Barclays US Aggregate Bond Index by 227 basis points for the quarter ended March 31, 2018. The Fund also outperformed the Morningstar 50-70% Equity Allocation Funds category by over 250 basis points over the same time frame.

We believe the following factors drove these results:

1. Our selection process focused on **growth-oriented companies** that have experienced consistent growth in earnings and stock price over 10+ years.
2. The Fund's **larger weighting of smaller companies** compared to its Morningstar peers. As of quarter end, the Fund held 47% in small- and mid-cap companies compared to an average weighting of only 20% for the Morningstar 50-70% Equity Allocation Category.
3. Our **flexible allocation mandate** to increase or decrease our weighting in equities and fixed income. While many hybrid funds maintain a static 60/40 weighting in equities and fixed income, the Fund can dynamically adjust the allocation based on relative opportunity and market conditions.

Importantly, we are pleased to provide investors with solid long-term results: As of March 31, 2018, the Fund ranked in the top 20% of the Morningstar Allocation 50-70% Equity peer group for the 1-, 3-, 5-, 10- and 15-year periods.

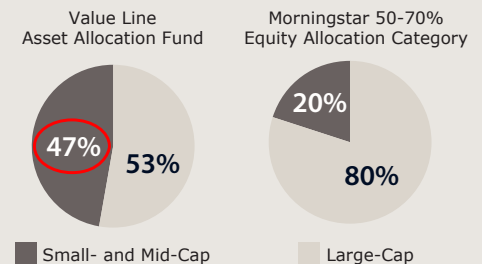
#### Q2: Why does the Fund hold a larger percentage of small- and mid-cap companies compared to its Morningstar peers?

The Fund has the ability to seek companies that fit its stringent growth criteria regardless of market capitalization. However, we find that many stocks that fit our criteria of a long-term track record of rising stock price and earnings tend to be in the mid-cap area of the market. There tends to be a longer track record in management teams of mid-sized companies compared to smaller companies but they are still small enough that the company can continue growing at a consistent pace.

Although most funds in the Morningstar 50-70% Equity Allocation category are large-cap oriented, we believe this strategy of holding steadily growing, smaller companies can result in capital appreciation potential without undue risk.

### Small Companies = Big Difference

Market Capitalization as of 3/31/18



Source: Morningstar

### Q3: What was the Fund's allocation in equities and fixed income?

As of March 31, 2018, the Fund had 68% in equities and 32% in fixed income and cash. The allocation to equities was slightly lower compared to the past quarter. However, we maintain our moderately bullish stance on equities based on stock prices and interest rates and, at this time, do not anticipate any meaningful reduction in the equity allocation in 2018.

#### Value Line Asset Allocation Fund Performance (as of 3/31/18)

	Average Annual Returns				
	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VLAAX</b>	<b>11.11%</b>	<b>6.76%</b>	<b>8.35%</b>	<b>7.31%</b>	<b>8.74%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>11.33</b>	<b>6.96</b>	<b>8.47</b>	<b>7.37</b>	<b>8.78</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	8.81	6.99	8.72	7.42	7.85
Morningstar 50-70% Equity Allocation Cat. Avg.	7.78	4.89	6.55	6.06	7.38
<b>Percentile Rank in Morningstar Cat. - VLAAX</b>	<b>10</b>	<b>12</b>	<b>17</b>	<b>17</b>	<b>9</b>
# of Funds in Category	777	680	628	442	253
Morningstar Return		<b>Above Avg.</b>	<b>Above Avg.</b>	<b>Above Avg.</b>	
VLAAX Gross/Net Expense Ratio: 1.13%, VLAIX Gross/Net Expense Ratio*: 1.32% / 0.88%					

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.

<sup>1</sup>Italics indicates Morningstar Extended Performance. Extended performance is an estimate based on the performance of the fund's oldest share class, adjusted for fees. The Inception Date of VLAIX is November 1, 2015.

**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.**

\*EULAV Asset Management (the "Adviser") and EULAV Securities LLC, the Fund's principal underwriter (the "Distributor"), have agreed to waive certain class-specific fees and/or pay certain class-specific expenses incurred by the Institutional Class so that the Institutional Class bears its class-specific fees and expenses at the same percentage of its average daily net assets as the Investor Class's class-specific fees and expenses (excluding 12b-1 fees and any extraordinary expenses incurred in different amounts by the classes) (the "Expense Limitation"). The Adviser and the Distributor may subsequently recover from assets attributable to the Institutional Class the reimbursed expenses and/or waived fees (within 3 years after the fiscal year end in which the waiver/reimbursement occurred) to the extent that the Institutional Class's expense ratio is less than the Expense Limitation or, if lower, the expense limitation in effect when the waiver/reimbursement occurred. The Expense Limitation can be terminated or modified before June 30, 2019 only with the agreement of the Fund's board. The Fund's performance would be lower in the absence of such waivers.

The Morningstar Rating™ for funds, or "star rating" is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Fund received 4 stars for the 3-, 5-, and 10-year periods ended 3/31/18 among 680, 628 and 442 50-70% Equity 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.*

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.**

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