



### Overall Rating



(Investor)

Among 674 50-70% Equity Allocation Funds (as of 6/30/18)

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

\$338M  
 (as of 6/30/18)

## Portfolio Manager Q&A

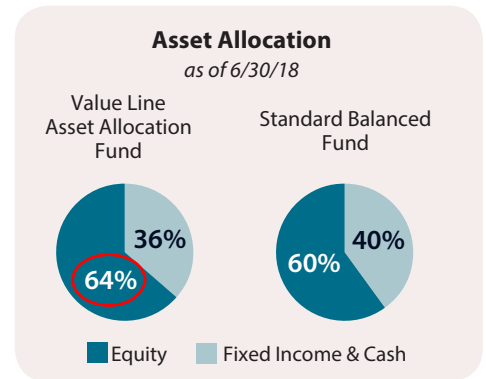
### Value Line Asset Allocation Fund (VLAAX/VLAIX)

**Q1: On a year-to-date basis, the Fund outperformed the Morningstar 50-70% Equity Allocation Funds category average, which declined 11 basis points. What drove the Fund's performance?**

The Value Line Asset Allocation Fund rose 3.71% over the first six months of the year, outperforming its Morningstar peers by 382 basis points. The Fund has primarily benefited from the continued outperformance of growth stocks over value-oriented companies.

In addition, unlike many hybrid funds that have a mandate to a static 60/40 weighting in equities and fixed income, the Fund takes a dynamic approach to asset allocation. As of June 30, 2018, the Fund had a larger equity allocation of approximately 64% and 36% in investment grade fixed income and cash. We believe that opportunistically overweighting equities has benefited the Fund during this period of growth.

Although we are pleased with the 2018 outperformance, we prefer hybrid investors focus on consistent results over multiple time periods. According to Morningstar, the Fund has delivered top decile (10% or better) performance in the 50-70% Equity Allocation Funds Category for the 1-, 3-, and 5-year periods ended June 30, 2018.



**Q2: Fast-growing FAANG stocks have received a lot of attention over the past year. In what type of growth stocks does the Fund invest?**

For the Fund's equity portion, we look for companies that demonstrate a proven history of 10 or more years of growth in earnings and stock price. The Fund utilizes the Value Line Timeliness and Safety Ranking System to find high-quality, steadily growing companies among thousands of small-, mid- and large-cap stocks and therefore, avoids fast-growing, more volatile growth companies that often attract headlines.

Due to this approach, the Fund often holds an overweight position in companies in the steady growing Industrials sector compared to its Morningstar peers. As of June 30, 2018, the Fund had 20% weighting in Industrials compared to only 6% for the category average.

Notably, in the second quarter, returns in the overall Industrials sector were weak due to the negative sentiment over trade policies. However, many of the Fund's holdings in the sector have enviable proprietary products and services that give them a niche in the marketplace and increased control over their own destinies regardless of the business environment. Therefore, the Fund's holdings in Industrials tend to be less affected by international trade.

### Q3: How has the composition of the Fund changed over the recent quarter?

The Fund did not add any new companies to the portfolio in the second quarter. However, we did sell a few companies that have experienced less reliable earnings compared to their historical earnings. When such companies no longer provide the steady growth in earnings and stock price, we attempt to realize profits and exit or trim our positions.

As a differentiating factor compared to our Morningstar peers, the Fund maintains a larger weighting of smaller companies. Similar to last quarter, the Fund held nearly 44% in small- and mid-cap companies compared to the category average of less than 20%.

Value Line Asset Allocation Fund Performance (as of 6/30/18)					
	Average Annual Returns				
	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VLAAX</b>	<b>9.98%</b>	<b>7.95%</b>	<b>8.80%</b>	<b>7.34%</b>	<b>8.24%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>10.27</b>	<b>8.18</b>	<b>8.94</b>	<b>7.41</b>	<b>8.28</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	8.34	7.88	8.97	7.84	7.30
Morningstar 50-70% Equity Allocation Cat. Avg.	6.58	5.59	6.85	6.27	6.68
<b>Percentile Rank in Morningstar Cat. - VLAAX</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>23</b>	<b>8</b>
# of Funds in Category	766	674	617	439	255
Morningstar Return		<b>High</b>	<b>High</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 3-year period actually has the greatest impact because it is included in all three rating periods. The Fund received 5 stars for the 3-year period and 4 stars for the 5- and 10-year period ended 6/30/18, out of 674, 617 and 439 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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