



Overall **MORNINGSTAR** Rating



(Investor)

Among 636 50-70% Equity Allocation Funds (as of 6/30/20)

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

\$1.6B
(as of 6/30/20)

Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: Would you please comment on the Fund's outperformance relative to the Morningstar 50-70% Equity Allocation Funds category for the second quarter of 2020, as well as longer-term periods?

Given recent stock market turbulence surrounding the COVID-19 pandemic, we are pleased the Fund outperformed its Morningstar category peers for the quarter ended June 30, 2020. The Fund rose 13.97% while the category average increased 13.04% during the same period. On a year-to-date basis, the Fund recorded a positive total return of 2.89% as compared to the category average's loss of 3.59%.

Although the Fund fared well during a challenging short-term market period, we believe it is even more important to pay attention to longer time frames. In fact, the Fund's performance has ranked in the **top 5% or better for 3, 5, 10 and 15-year periods** ended June 30, 2020. The Fund is one of only 3 funds in its Morningstar category to achieve this performance feat (out of 205 funds). We believe this outperformance is primarily due to our investment approach, owning companies with 10+ years of consistent growth in both stock price and earnings for the equity portfolio, and high-quality fixed income.

Q2: What changes have been made to the Fund's allocation?

As part of our long-term approach, we believe having a flexible allocation is important. Through various market cycles, we opportunistically adjust our allocation among equities, fixed income and cash. For the past decade, we have been offensively positioned with an equity allocation above 60%, and often approaching the higher end of the 50-70% range. At the end of 2019, the Fund's equity allocation was 62%. However, over the past few months, we believe the stock market has become overly bullish on a short-term basis and that it was prudent to take a more defensive approach until more is known regarding the ongoing economic impact of COVID-19. Therefore, we have reduced our allocation to stocks. As of June 30, 2020, the Fund held 55% in equities and 45% in high-quality fixed income and cash.

Q3: How is the Fund different from its Morningstar allocation peers?

We believe there are three key factors that set the Fund apart from other balanced funds:

- 1. Flexible allocation:** While many balanced funds are tied to a static 60/40 allocation between stocks and bonds, the Fund takes a flexible approach to allocation based on relative opportunities and risks.

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- Smaller market cap:** Relative to the Morningstar 50-70% Equity Allocation Funds category, the Fund tends to invest in smaller companies. As of June 30, 2020, the Fund's average market cap was \$37 billion, while the category average market cap was \$76 billion. We believe the flexibility to invest in smaller companies allows us to invest in companies with a potentially longer growth runway.
- Growth emphasis:** Within the Fund's equity portfolio, we own growth-oriented companies—specifically those that have demonstrated a history of 10 or more years of consistent growth in both stock price and earnings. Many of our Morningstar category peers have a value stock bias or blended style within their equity portfolios.

Value Line Asset Allocation Fund Performance (as of 6/30/20)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VLAAX	13.97%	8.16%	11.76%	9.81%	11.60%	8.03%
Institutional - VLAIX¹	14.04	8.41	12.04	10.06	11.73	8.11
60/40 S&P 500/BbgBarc US Agg. Bond Index	13.32	8.58	8.93	8.41	10.08	7.33
Morningstar 50-70% Equity Allocation Cat. Avg.	13.04	2.23	4.75	4.89	7.33	5.27
Percentile Rank in Morningstar Cat. - VLAAX		11	1	1	2	5
# of Funds in Category		684	636	558	412	293
Morningstar Return			High	High	High	
VLAAX Gross/Net Expense Ratio: 1.07%, VLAIX Gross/Net Expense Ratio: 0.82%						

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

¹Italics 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.

As of 6/30/20, the Funds top 10 equity holdings were as follows: Danaher Corp. 1.55%, Ecolab Inc. 1.49%, Roper Technologies Inc. 1.47%, Accenture PLC Class A 1.47%, Thermo Fisher Scientific Inc. 1.39%, Teledyne Technologies Inc. 1.28%, Mastercard Inc. A 1.25%, S&P Global Inc. 1.24%, Union Pacific Corp. 1.24%, Cintas Corp. 1.15%.

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 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. 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.

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-, 5-, and 10-year period ended 6/30/20, out of 636, 558 and 412 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.

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