



## Overall Morningstar Rating



(Investor)

Among 725 50-70% Equity Allocation Funds (as of 9/30/17)

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 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 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

\$319M  
 (as of 9/30/17)

## Portfolio Manager Q&A

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

#### Q1: How has the Fund achieved top quartile performance over the 3-, 5-, and 10-year periods in the Morningstar 50-70% Equity Allocation Category as of September 30, 2017?

We believe two distinguishing features have helped the Fund achieve these results:

#### 1. A focus on small- and mid-cap companies in the equity portfolio.

We do not limit our stock portfolio to holding only large-cap companies. Instead, the portfolio currently maintains approximately 60% in small- and mid-cap stocks and only 40% in large companies. Regardless of market capitalization, we seek high-quality companies that have 10 years or more of consistent growth in earnings and stock price.

**2. A flexible approach to asset allocation.** Many balanced funds take a traditional approach to asset allocation, maintaining a static portfolio of 60% equities and 40% fixed income. At Value Line Funds, we have the ability to dynamically allocate between high-quality, growth-oriented stocks and investment grade bonds depending on the relative opportunity in the markets.

As of September 30, 2017, the Fund had 68% in stocks and 32% in fixed income and cash. This allocation mix has remained fairly stable throughout 2017.

#### Q2: Where are you finding new equity opportunities?

While we haven't added many names in 2017, one new holding is Cintas (CTAS), which supplies uniforms, restroom supplies and safety products to businesses. The company experienced solid earnings over the third quarter and possessed a consistent long-term track record of stock price and earnings, churning out profits year-after-year.

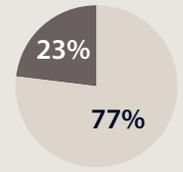
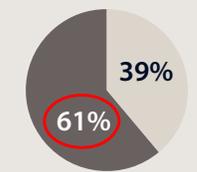
Cintas is in the Industrials sector, which remains a fertile area to find consistently growing companies. With many different subsectors within Industrials, we tend to focus on the higher quality companies that have experienced consistent growth over time.

#### Small Companies = Big Difference

Market Capitalization as of 9/30/17

Value Line Asset Allocation Fund

Morningstar 50-70% Equity Allocation Category



Source: Morningstar

### Q3: In the equity markets, what has surprised you the most in 2017?

The market has been surprisingly strong in 2017, which tends to make it challenging to find opportunities to purchase new stocks for the portfolio. Additionally, there has been an absence of daily market volatility resulting in only a few insignificant declines in which to initiate or add to positions. Instead, we may have a smaller position in a stock than desired and have to patiently add to that position when any dips in price arise.

Value Line Asset Allocation Fund Performance (as of 9/30/17)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLAAX</b>	<b>10.12%</b>	<b>7.52%</b>	<b>9.28%</b>	<b>6.00%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>10.36</b>	<b>7.67</b>	<b>9.37</b>	<b>6.05</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	10.90	7.65	9.34	6.47
Morningstar 50-70% Equity Allocation Cat. Avg.	10.52	5.38	7.51	5.07
<b>Morningstar Category Rank (%) - VLAAX</b>	<b>61</b>	<b>9</b>	<b>15</b>	<b>24</b>
# of Funds in Category	821	725	664	458
Morningstar Return		<b>High</b>	<b>Above Ave.</b>	<b>Above Ave.</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) during the period March 17, 2016 through July 31, 2018 (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. The Expense Limitation can be terminated or modified before July 31, 2018 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 5 stars for the 3-year period and 4 stars for the 5- and 10-year periods ended 9/30/17 among 725, 664 and 458 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.*

As of 9/30/17, Cintas comprised 0.24% of the Fund's net assets. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security.

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