



Overall **MORNINGSTAR** Rating



(Investor)

Among 658 50-70% Equity Allocation Funds (as of 9/30/19)

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

\$887M
(as of 9/30/19)

Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: The Fund ranks in the top decile (10% or better) for performance for the 1, 3, 5, 10 and 15-year periods in its Morningstar category as of 9/30/19. Would you please comment on the Fund's outperformance over the quarter as well as longer term?

The Fund outperformed the Morningstar 50-70% Equity Allocation category by 57 basis points in the third quarter as the Fund rose 1.50% compared to 0.93% for the category average. Over the longer term, we are pleased that the Fund has outperformed its category by a substantial margin, ranking in the **top decile (10% or better) for performance over the 1, 3, 5, 10 and 15 year periods** as of September 30, 2019.

We believe this outperformance is due primarily to two factors:

- 1. Flexible Equity Allocation:** Unlike many balanced funds that must adhere to a mandate of 60% in equities and 40% in fixed income, the Fund has the flexibility to dynamically adjust its allocation among stocks, bonds and cash based on relative opportunity.
- 2. Stock Selection:** Using the time-tested Value Line Timeliness™ and Safety™ Ranking System, we invest in companies of all sizes that have demonstrated 10+ years of consistent growth in both stock price and earnings.

Importantly for our shareholders, the Fund has also demonstrated the success of these two factors by delivering positive total returns for each of the past 10 calendar years.

Q2: Would you please discuss the Fund's current allocation?

The Fund has the flexibility to adjust its allocation in response to relative opportunities and risks. The Fund's equity allocation was 60% as of September 30, 2019, which was lower than the 69% equity allocation at the end of 2018. Correspondingly, the Fund held 40% in both fixed income and cash at the end of the third quarter. With the increased volatility during the third quarter, the Fund benefited from having a lower allocation to equities.

In addition to the flexible allocation, the Fund's market cap breakdown differed from its peers. Our peers in the Morningstar 50-70% Equity Allocation Funds category tend to have over half of their holdings in giant companies. We have found that a blend of mid- to large-cap companies has provided superior long-term growth while keeping the Fund's risk profile in the average to above-average range.

Market Cap Breakdown	Fund	50-70% Equity Allocation Category Average
Giant	19.3%	56.0%
Large	46.6%	23.6%
Mid	33.3%	15.9%
Small	0.8%	4.5%

Source: Morningstar as of 9/30/19

Q3: How have you positioned the portfolio in response to recent stock market volatility?

With our investment approach, we seek companies that are not high-flying growth companies, but rather those businesses that have stood the test of time and are judged by the strength of their operating results. We believe these companies, which have proven and more stable business models, are likely to continue to perform well in a variety of market or economic conditions. As a result, we are less concerned with short-term market volatility, such as that experienced in the third quarter, that is often caused by macro or geo-political events.

We take a long-term perspective to investing and this type of short-term volatility does not impact our overall buy and sell decisions. To our advantage, we view short-term volatility, both on the positive and negative side, as an opportunity to add to our holdings that are trading at lower prices or trim holdings that have less potential but are trading at higher than expected levels.

Value Line Asset Allocation Fund Performance (as of 9/30/19)					
	Average Annual Returns				
	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VLAAX	11.39	12.19	9.77	11.16	8.40
Institutional - VLAIX¹	11.69	12.46	9.98	11.26	8.46
60/40 S&P 500/BbgBarc US Agg. Bond Index	7.10	9.32	8.00	9.59	7.33
Morningstar 50-70% Equity Allocation Cat. Avg.	3.40	6.80	5.27	7.26	5.68
Percentile Rank in Morningstar Cat. - VLAAX	1	2	3	3	6
# of Funds in Category	714	658	581	427	283
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.

¹*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.*

As of 9/30/19, the Funds top 10 holdings were as follows: Danaher Corp. 1.73%, Mastercard, Inc. A 1.73%, Accenture PLC Class A 1.68%, Teledyne Technologies, Inc. 1.60%, Thermo Fisher Scientific, Inc. 1.57%, Fiserv, Inc. 1.51%, Automatic Data Processing, Inc. 1.46%, Union Pacific Corp. 1.40%, Roper Technologies, Inc. 1.40%, Waste Connections, Inc. 1.36%.

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 9/30/19, out of 658, 581 and 427 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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