



Overall **MORNINGSTAR** Rating



(Investor)

Among 638 50-70% Equity Allocation Funds (as of 9/30/20)

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

\$1.8B
(as of 9/30/20)

Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: Would you please comment on the Fund's performance in the third quarter relative to the Morningstar 50-70% Equity Allocation Funds category, as well as longer-term performance?

We are pleased the Fund outperformed the Morningstar category average in the third quarter. The Fund rose 5.36% for the quarter ended September 30, 2020, while the category average increased 4.93% over the same period. In addition, the Fund has outperformed the category for the year-to-date period, as the Fund returned 8.40%, an impressive outperformance of over 700 basis points relative to the category average return of 1.16%.

While the Fund's short-term performance has been notable, investors have also been rewarded with outstanding long-term performance. **We are pleased the Fund's performance has ranked in the top 5% or better in its Morningstar category for the 3, 5, 10 and 15-year periods** ended September 30, 2020. This impressive performance feat places the Fund in select company as one of only two funds (out of 124 funds in the Morningstar 50-70% Equity Allocation category) have done the same.

Q2: Would you please share your thoughts regarding the outlook of growth investing, given some speculation about a potential shift in favor of value?

In the construction of the Fund's equity portfolio, we remain focused on stock selection with a bias towards growth. We seek to invest in companies that have demonstrated 10 or more years of consistent growth in both stock price and earnings. As a result, the Fund seeks companies that fit these criteria regardless of market capitalization or if they are classified as growth or value stocks.

When looking at longer-term results, we have found the Fund's investment process has led to consistent results over time, even when value was in favor. In fact, over the past 15 years through September 30, 2020, the Fund has outperformed its Morningstar category average in 13 of the 22 quarters when value outperformed growth.

Q3: How has the Fund achieved this level of outperformance over time?

We believe the Fund's outperformance has been primarily due to the following factors:

- 1. Flexible allocation** – Many funds in the Morningstar 50-70% Equity Allocation category are limited by a mandate of holding 60% in equities. However, we are not restricted to a static allocation but increase or decrease our equity allocation based on relative opportunities and risk within the stock market.
- 2. Investment process** – For the equity portion of the portfolio, we own companies with a long track record of 10+ years of consistent growth in stock price and earnings. Within the fixed income portion of the portfolio, we hold primarily high-quality, investment grade bonds.

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Q4: What is the Fund's current allocation among stocks, bonds and cash?

As of September 30, 2020, the Fund held 56% in stocks, 36% in bonds and 8% in cash. The equity allocation is a slight increase over the 55% position the Fund held at the end of the second quarter. The current equity allocation is lower than the long-term pattern of the Fund, as we have typically held 60% or more in stocks over many periods. We have reduced the equity allocation during 2020 as we felt the stock market had become overly bullish, and with the COVID-19 pandemic, we believed a more cautious approach was prudent.

Value Line Asset Allocation Fund Performance (as of 9/30/20)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VLAAX	5.36%	12.27%	12.92%	11.68%	11.23%	8.10%
Institutional - VLAIX¹	5.41	12.54	13.20	11.95	11.36	8.18
60/40 S&P 500/BbgBarc US Agg. Bond Index	5.64	12.50	9.84	10.37	9.85	7.59
Morningstar 50-70% Equity Allocation Cat. Avg.	4.93	6.28	5.39	7.13	6.98	5.39
Percentile Rank in Morningstar Cat. - VLAAX		13	1	2	2	5
# of Funds in Category		676	638	581	414	294
Morningstar Return			High	High	High	
VLAAX Gross/Net Expense Ratio: 1.08%, VLAIX Gross/Net Expense Ratio: 0.83%						

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 9/30/20, the Fund's top 10 holdings were as follows: United States Treasury Notes 0.25% 1.65%, Danaher Corp. 1.64%, United States Treasury Notes 0.38% 1.48%, Thermo Fisher Scientific Inc. 1.47%, S&P Global Inc. 1.41%, Mastercard Inc. A 1.37%, Intercontinental Exchange Inc 1.35%, Accenture PLC Class A 1.34%, Ecolab Inc. 1.30%, Roper Technologies Inc. 1.30%.

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 9/30/20, out of 638, 581 and 414 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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