



### Overall Rating



(Investor)

Among 718 50-70% Equity Allocation Funds (as of 12/31/17)

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

\$327M  
 (as of 12/31/17)

## Portfolio Manager Q&A

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

#### Q1: S&P 500 Index returns were positive every month in 2017. How has this strong performance impacted the equity portfolio?

With the lack of overall market volatility, we made relatively fewer changes to the equity portfolio compared to prior years as we often wait for pullbacks to initiate purchases at attractive prices. In fact, in 2017, only three new stocks were added to the portfolio, with each having a relatively small weighting. During the year, we added to our existing positions and removed a few holdings that had experienced sluggish growth.

As we look ahead to 2018, it appears inevitable that market volatility should increase. Despite the direction of the market and level of volatility, we continue to adhere to our criteria of selecting and holding growth-oriented companies generally with a long-term history, preferably 10 years or more, of consistent growth in both earnings and stock price.

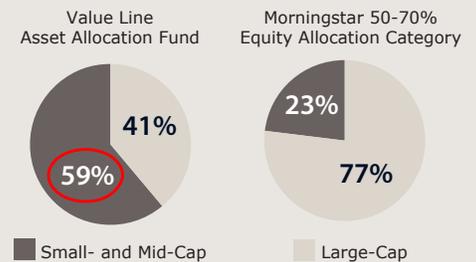
#### Q2: Would you please discuss how the Fund's market capitalization breakdown differs from the Morningstar category?

The Fund's market cap breakdown has not changed significantly over 2017. Importantly, we maintain a focus on smaller companies for the equity portfolio, holding about 40% in large-cap companies and 60% in mid- and small-cap companies as of year-end 2017. In comparison, the Fund's Morningstar peers held, on average, less than 25% in small- and mid-cap companies.

We view mid-cap stocks as a "sweet spot" for the Fund's equity allocation as these stocks often appear to have the best potential for continued and sustainable growth. As a group, many mid-cap stocks have the benefit of a longer history that accompanies a maturing company, but still have ample opportunity to consistently grow their revenue and earnings going forward.

#### Small Companies = Big Difference

Market Capitalization as of 12/31/17



Source: Morningstar

#### Q3: What is the Fund's current allocation between equity and fixed income?

The Fund's allocation has remained primarily unchanged throughout the year, with approximately 69% equities and 31% fixed income and cash as of the end of 2017. With our flexible allocation mandate, we can dynamically adjust our allocation between equities and fixed income according to market conditions and relative opportunity.

*(Q3 continued)*

Within the Morningstar 50-70% Equity Allocation Funds category, the Fund is near the higher end of the equity allocation, as the peer group equity average is about 60%. Often, many balanced funds maintain a static portfolio of 60% equities and 40% fixed income regardless the relative opportunity between the two asset classes. We believe our higher equity allocation will provide additional capital appreciation potential for investors over the long term and do so without undue risk because of our strict stock selection process that requires a history of demonstrated results. In fact, over the past 3-, 5- and 10-year periods ended December 31, 2017, the Fund has been awarded the "Above Average" return rating in its Morningstar category.

<b>Value Line Asset Allocation Fund Performance (as of 12/31/17)</b>				
	<b>Average Annual Returns</b>			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLAAX</b>	<b>14.93%</b>	<b>7.11%</b>	<b>9.60%</b>	<b>6.35%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>15.19</b>	<b>7.30</b>	<b>9.71</b>	<b>6.41</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	14.21	7.80	10.25	6.98
Morningstar 50-70% Equity Allocation Cat. Avg.	13.21	5.91	8.03	5.53
<b>Morningstar Category Rank (%) - VLAAX</b>	<b>28</b>	<b>21</b>	<b>23</b>	<b>27</b>
# of Funds in Category	810	718	670	477
Morningstar Return		<b>Above Avg.</b>	<b>Above Avg.</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 three-year period actually has the greatest impact because it is included in all three rating periods. The Fund received 4 stars for the 3-, 5-, and 10-year periods ended 12/31/17 among 718, 670 and 477 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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