



### Overall Rating



(Investor)

Among 697 50-70% Equity Allocation Funds (as of 12/31/18)

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

\$388M  
 (as of 12/31/18)

## Portfolio Manager Q&A

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

**Q1: The Fund has achieved impressive outperformance, ranking #1 for performance among its peers in the Morningstar 50-70% Equity Allocation Funds Category for the one-year period ended December 31, 2018. What factors drove this outperformance?**

We are pleased with the Fund's 2018 performance as well as the longer term results. Not only did the Fund rank #1 in the 50-70% Equity Allocation category but the Fund was the top performing hybrid fund out of 590 funds regardless of the Morningstar hybrid category. From a longer term performance perspective, the Fund ranked in the top 10% or better for the 1, 3, 5, 10 and 15 year periods among its Morningstar category peers as of December 31, 2018.

We believe the Fund's consistent outperformance is due to our solid stock selection focused on high-quality companies with a history of 10+ years of consistent growth in stock price and earnings. Not only has this focus resulted in outperformance, the Fund has also landed in the top 1% for risk adjusted category returns, as measured by Sharpe ratio, for the one-year period and in the top 15% or better for the 3, 5 and 10 year periods as of December 31, 2018.

Asset Allocation Fund (VLAAX)	1 Year	3 Year	5 Year	10 Year
Sharpe Ratio Percentile Rank	Top 1%	Top 9%	Top 11%	Top 11%
# of Morningstar 50-70% Equity Allocation Funds	221	209	193	152

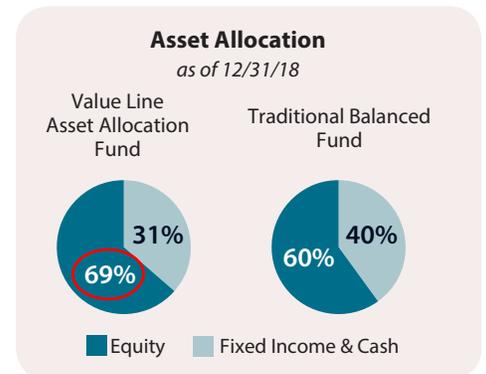
Source: Morningstar

**Q2: How is the Fund's allocation different from its peers in the Morningstar 50-70% Equity Allocation Category?**

We believe that flexibility is important as we can take advantage of the opportunities in equities across the market capitalization spectrum or fixed income as they arise.

Unlike many other Funds that have a mandate to maintain a 60% weighting in equities and a 40% weighting in bonds, the Value Line Asset Allocation Fund takes a dynamic approach. We adjust the equity weighting of the portfolio based on relative opportunity and market conditions. The Fund currently holds 69% in equities and 31% in fixed income securities and cash as of December 31, 2018.

Additionally, our equity portfolio focuses on growth oriented companies whereas the majority of funds in the 50-70% Equity Allocation category tend to invest in value companies or include a blend of both value and growth holdings.



### Q3: With your investment approach of looking for companies with 10+ years of consistent growth in stock price and earnings, how does market capitalization factor into your decision making?

Market capitalization is not a selection criteria for the Fund. Rather, on a bottom-up basis, we seek companies that demonstrate a pattern of consistent, long-term growth in earnings and stock price over a 10+ year period. Therefore, companies in the equity portfolio fall into an array of market cap sizes. As of December 31, the Fund held approximately 45% in small- and mid-cap stocks and 55% in large-cap stocks, compared to the Morningstar category averages of 20% and 80%, respectively.

#### Value Line Asset Allocation Fund Performance (as of 12/31/18)

	Average Annual Returns				
	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Investor - VLAAX</b>	<b>2.03%</b>	<b>7.44%</b>	<b>6.04%</b>	<b>10.32%</b>	<b>7.33%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>2.28</b>	<b>7.70</b>	<b>6.20</b>	<b>10.41</b>	<b>7.38</b>
60/40 S&P 500/BbgBarc US Agg. Bond Index	-2.35	6.50	6.24	9.42	6.44
Morningstar 50-70% Equity Allocation Cat. Avg.	-5.76	4.71	3.67	8.33	5.56
<b>Percentile Rank in Morningstar Cat. - VLAAX</b>	<b>1</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>6</b>
# of Funds in Category	775	697	610	440	270
Morningstar Return		<b>High</b>	<b>High</b>	<b>High</b>	
VLAAX Gross/Net Expense Ratio: 1.12%, VLAIX Gross/Net Expense Ratio*: 0.94% / 0.87%					

*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 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 12/31/18, out of 697, 610 and 440 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.*

**Past performance is no guarantee of future results. Value Line Mutual Funds are distributed by EULAV Securities LLC.**

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