



Overall Morningstar Rating



(Investor)

Among 636 50-70% Equity Allocation Funds (as of 12/31/20)

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

\$2.0B
(as of 12/31/20)

Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: The Fund has generated strong performance in 2020 and has ranked in the top 10% or better in the Morningstar 50-70% Equity Allocation category for the 3, 5 and 10-year periods as of December 31, 2020. To what do you attribute this outperformance?

Although the Fund lagged its Morningstar category peers for the fourth quarter of 2020, we are pleased the Fund outperformed the category for the calendar year. The Fund rose 15.24% for the year ended December 31, 2020, outperforming the category average return of 11.44% by 380 basis points. As investors with a long-term investment horizon, our decisions are not dictated by short-term market movements and have allowed us to let the high-quality "winners" in our equity portfolio grow over time. This patience has been beneficial as we are able to hold stocks that we believe have long-term potential, even if they suffer short term setbacks.

We believe the Fund's long-term outperformance is primarily due to our investment approach of selecting companies with 10 or more years of consistent growth in both stock price and earnings. Additionally, the Fund's flexibility to adjust the percentage allocation to equities has helped us fine-tune the Fund's positioning based on short-term market sentiment. While the Fund has benefited from the market preference for growth stocks over value over the last 10 years, we believe it is the combination of our rigorous investment research and selection criteria, maintaining a long-term investment horizon, and a supportive economic backdrop that has helped us achieve this level of performance.

Q2: How do you anticipate incorporating companies' performance during the COVID-19 pandemic of 2020 in future evaluations?

Within the equity portfolio, we focus on owning companies with 10+ years of consistent growth in both earnings and share price. While many companies have either benefitted or suffered in the short-term due to the pandemic, we will likely discount many companies' 2020 operating results in favor of a more comprehensive long-term perspective of their performance. With the news that a vaccine has been developed and is beginning to be distributed across the U.S., we believe that the next few quarters' earnings will provide an early indication of the long-term prospects for companies within the Fund.

Q3: Would you please comment on the Fund's allocation between equities and fixed income?

One of the defining features of the Fund is its ability to dynamically adapt its equity and fixed income allocations based on market sentiment and economic conditions. The flexibility to adjust our positioning quickly and efficiently provides several advantages including the capacity to add to our equity holdings as we find new and compelling opportunities, as well as being able to shift into a more conservative and defensive posture should we believe that a market correction is forthcoming.

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As of December 31, 2020, the Fund's equity allocation was approximately 59% of the Fund's assets, a decline from 62% at the end of 2019. Over the course of 2020, we reduced the aggressiveness of the fund's positions, as we believed the stock market had become overly speculative. In addition, the Fund has the flexibility to invest in companies of any size. As of December 31, 2020, the Fund held 56% in large-cap and 44% in mid-cap companies within the equity portfolio.

Value Line Asset Allocation Fund Performance (as of 12/31/20)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VLAAX	6.31%	15.24%	13.82%	12.38%	10.98%	8.43%
Institutional - VLAIX¹	6.39	15.53	14.10	12.65	11.12	8.52
60/40 S&P 500/BbgBarc US Agg. Bond Index	7.54	14.73	11.03	11.11	10.02	8.00
Morningstar 50-70% Equity Allocation Cat. Avg.	10.16	11.44	7.64	8.68	7.36	5.97
Percentile Rank in Morningstar Cat. - VLAAX		26	3	6	3	9
# of Funds in Category		673	636	575	414	305
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 12/31/20, the Fund's top 10 holdings were as follows: Intercontinental Exchange Inc. 1.64%, Adobe Inc. 1.52%, Danaher Corp. 1.49%, Teledyne Technologies Inc. 1.44%, Cintas Corp. 1.44%, Mastercard Inc. A 1.40%, Thermo Fisher Scientific Inc. 1.37%, S&P Global Inc. 1.35%, Intuit Inc. 1.34%, Fair Isaac Corp. 1.29%.

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 12/31/20, out of 636, 575 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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