



### Overall Rating



(Investor)

Among 865 Moderate Allocation Funds (as of 12/31/15)

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

\$305M  
 (as of 12/31/15)

## Portfolio Manager Q&A

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

#### Q1: Would you please discuss the Fund's distinguishing characteristics?

We believe the following features distinguish the Fund from its Moderate Allocation peers.

**1. Flexible allocation.** The Fund dynamically allocates between high-quality, growth oriented stocks and investment grade bonds based on relative opportunity. Traditional balanced funds generally have a more static 60% equity and 40% bond allocation.

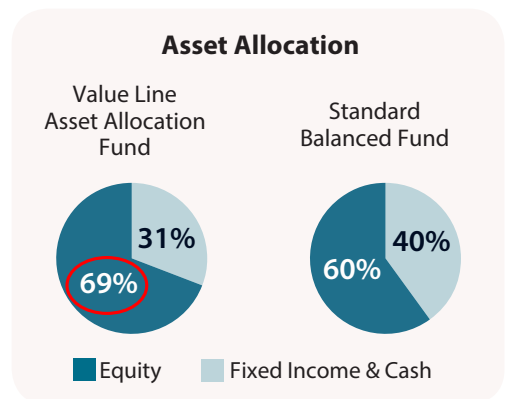
**2. Focus on smaller companies.** The portfolio maintains approximately 40% in large-cap stocks and 60% in mid- and small-cap stocks. This breakdown has remained fairly consistent over the past decade. We tend to focus on smaller companies with a 10+ year history of demonstrated growth in both earnings and stock price rather than purchasing high-flying growth stocks with a shorter performance history. Conversely, most asset allocation funds focus on larger companies.

We believe these characteristics have historically added value for investors: The Value Line Asset Allocation Fund is one of only 15 funds (out of 505 funds) in the Morningstar Moderate Allocation category to have top quintile (20% or better) performance for the past 1, 3, 5, and 10 year periods ended December 31, 2015.

#### Q2: How has the recent market turbulence affected the Fund's asset allocation?

The allocation between equities and fixed income has remained relatively constant for more than a year. Currently, equities represent approximately 69% of the portfolio with fixed income and cash comprising the remaining 31% as of December 31, 2015. The markets' near-term movements do not dictate the allocation; rather, we adjust the equity holdings depending on our analysis of the relative valuations in both the equity and fixed income markets. The Fund's current allocation indicates that we remain moderately bullish on equities and hold a neutral stance regarding fixed income.

Recently, when the Fund's equity allocation organically became a smaller percentage of the portfolio due to market declines, we primarily used our cash position to purchase more shares of existing companies and initiate a position in new companies. In the second half of 2015, we maintained the portfolio's equity weighting by adding ten new companies.



**Q3: How might the slowdown in China affect the portfolio?**

We do not anticipate that the weakness in China's economy will have a meaningful impact on our holdings. However, many of the Fund's Industrials companies have indirect exposure to China and have been affected by the weakness in falling energy prices and slowing global economy.

It is important to note that there are multiple and distinct subsectors within the Industrials sector that do not necessarily share the same performance characteristics. The Fund typically selects companies that have had predictable operating results and possess products and services that are in demand regardless of the economic environment. As such, the Fund's current Industrial holdings tend to be less economically sensitive to China. Many of the holdings conduct their business activities, such as waste management, pesticides and restaurant cleaning chemicals companies, in the U.S.

<b>Value Line Asset Allocation Fund Performance (as of 12/31/15)</b>				
	<b>Average Annual Returns</b>			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLAAX</b>	<b>1.09%</b>	<b>9.16%</b>	<b>9.60%</b>	<b>6.51%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>1.14%</b>	<b>9.17%</b>	<b>9.61%</b>	<b>6.51%</b>
60/40 S&P 500/Barclays U.S. Aggregate Bond	1.05	9.65	8.84	6.18
Morningstar Moderate Allocation Cat. Avg.	-1.93	6.96	6.51	5.23
<b>Morningstar Category Rank (%) - VLAAX</b>	<b>6</b>	<b>18</b>	<b>3</b>	<b>13</b>
# of Funds in Category	940	865	745	505
Morningstar Return	n/a	<b>Above Avg.</b>	<b>High</b>	<b>Above Avg.</b>
Gross Expense Ratio: 1.19% (VLAAX), 0.94% (VLAIX)				

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns. Morningstar Ratings and Rankings based on Investor class shares.*

<sup>1</sup>*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.**

The Morningstar Rating™ for funds methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads, or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 5 stars for top 10%; 4 stars next 22.5%; 3 stars next 35%; 2 stars next 22.5%; 1 star for bottom 10%. Funds are rated for up to three periods: the trailing three-, five-, and 10-years. For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights: At least 3 years, but less than 5 years uses 100% three-year rating. At least 5 years but less than 10 years uses 60% five-year rating/ 40% three-year rating. At least 10 years uses 50% ten-year rating / 30% five-year rating / 20% three-year rating. The Value Line Asset Allocation Fund received 5 stars for the 3 and 5 year periods, and 4 stars for the 10 year period ended 12/31/15 among 865, 745 and 505 Moderate 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.*

The inception dates of Value Line Mutual Funds range from 1950 to 2015. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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