



Overall Rating



(Investor)

Among 710 50-70% Equity Allocation Funds (as of 12/31/16)

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

\$307M
 (as of 12/31/16)

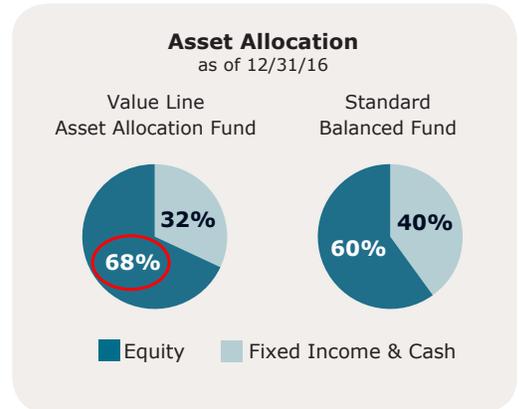
Portfolio Manager Q&A

Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: Would you please discuss how the Fund's asset allocation may be impacted in a rising rate environment?

As of December 31, 2016, the Fund's allocation was approximately 68% in equities and 32% in fixed income and cash. Over the past several quarters, we have maintained a higher allocation to stocks indicating our moderately bullish equity stance, based on the time-tested proprietary Value Line asset allocation model. A neutral to bearish view on stocks would result in a lower equity allocation while alternatively increasing our allocation to fixed income. This opinion is formed primarily on two drivers: stock prices and interest rates. If stock prices continue to climb and long-term interest rates rise, we may likely become less enthusiastic toward equities and decrease the current weighting.

We believe this flexibility to shift the Fund's equity allocation to take advantage of relative opportunity is a significant advantage in the current market environment compared to other balanced funds that maintain a static 60% equity and 40% bond allocation.



Q2: How might the Fund's equity positions change under the Trump administration?

We do not anticipate any material portfolio changes in our equity holdings based on a potentially different policy approach under a new presidential administration. Our fundamental approach to stock selection is driven by the venerable Value Line Research's Timeliness and Safety Ranking System. Value Line's process has stood the test of time and has been in operation for over five decades. As such, we take a bottom up view of equities, focused on companies with a 10+ year history of demonstrated growth in both earnings and stock price. While we continually monitor stock performance and earnings to make sure the holdings fit our criteria, we do not overly concern ourselves with short-term headlines.

Overall, the Fund holds approximately 60% in small- and mid-cap companies and 40% in large-cap stocks. Based on the Fund's stringent purchase criteria, the portfolio tends to hold many steadily growing companies and avoids high-flying growth stocks with shorter performance histories. As a result, investors could expect that in strong markets, the Fund's equity allocation may underperform in the short run. Yet these seasoned companies, with their long track records, enviable products and services, and strong market share, increase our confidence that they will continue to grow over the long term.

(continued on next page)

Q3: With interest rates expected to continue to rise over 2017, how have you positioned the Fund's fixed income portfolio?

We have been anticipating the current rising rate environment for some time and therefore, have maintained a shorter duration compared to the Barclays Aggregate Bond Index throughout 2016. In addition, we have further reduced the Fund's exposure to U.S. Treasuries as they historically have been the weakest performers in rising rate environments and increased our positions in select investment grade and high-yield corporate bonds.

Given the market's expectations for higher GDP growth in 2017, we believe the Fund's fixed income portfolio is well-positioned. Corporate bonds tend to perform better than Treasuries in a higher growth scenario. In addition, we believe a shorter duration is appropriate in the face of continued upward pressure on rates.

Value Line Asset Allocation Fund Performance (as of 12/31/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VLAAX	5.77%	4.57%	9.55%	6.38%
Institutional - VLAIX¹	6.04	4.67	9.62	6.41
60/40 S&P 500/Barclays U.S. Aggregate Bond	8.24	6.53	9.69	5.91
Morningstar 50-70% Equity Allocation Cat. Avg.	7.34	3.87	8.04	4.80
Morningstar Category Rank (%) - VLAAX	75	34	18	11
# of Funds in Category	810	710	606	419
Morningstar Return		Above Avg.	Above Avg.	Above Avg.
VLAAX Gross/Net Expense Ratio: 1.18%, VLAIX Gross/Net Expense Ratio*: 2.91% / 0.93%				

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

¹Indicates 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 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.

*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) during the period March 17, 2016 through July 31, 2017 (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. The Expense Limitation can be terminated or modified before July 31, 2017 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 12/31/16 among 710, 606 and 419 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.

The inception dates of Value Line Mutual Funds range from 1950 to 2016. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

Value Line, Value Line Logo, Timeliness, Safety are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.