



Overall **MORNINGSTAR** Rating



(Investor)

Among 820 50-70% Equity Allocation Funds (as of 6/30/16)

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

Portfolio Manager Q&A

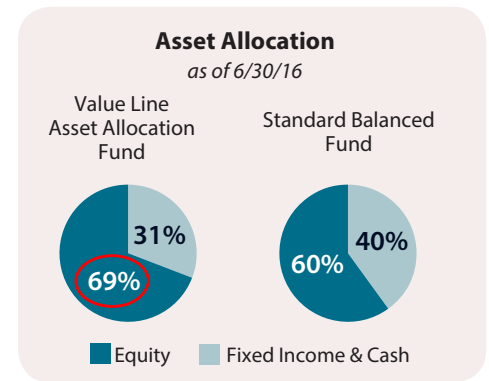
Value Line Asset Allocation Fund (VLAAX/VLAIX)

Q1: How has the Fund's allocation to equities and fixed income changed due to the periods of market volatility seen in 2016 thus far?

The Fund's allocation mix has not significantly changed over the past several quarters. As of June 30, 2016, 69% of the Fund was allocated to equities, up from 68% last quarter, while 24% of the Fund's assets were invested high-quality, investment grade fixed income. This allocation was maintained despite the volatility caused by changes in the Federal Reserve interest rate policy and the unexpected Brexit vote. However, periods of short-term volatility often provide opportunities to purchase additional shares of our holdings and, as such, the Fund's cash position was reduced from 10% to 7%.

Many of the Fund's peers have a mandate to maintain a static 60% allocation to equities and 40% to fixed income. However, the Value Line Asset Allocation Fund has an important comparative distinction by having a flexible allocation mandate whereby the allocation to equities and fixed income can be adjusted based on relative opportunity.

Our investment process has yielded solid results throughout time. The Fund has achieved top quintile (20% or better) performance in the Morningstar 50-70% Equity Allocation Funds category for the 1, 3, 5 and 10 year periods ending June 30, 2016.



Q2: Would you please discuss how market volatility provides opportunity within the Fund's equity allocation?

We have watch lists for both buying and selling. Depending on the market's direction, the size of these lists will fluctuate. For instance, in a market rally, our sell watch list may decline as we capitalize on market strength to trim or exit existing holdings. Likewise, our buy watch list may grow as we look for the market to pull back before purchasing new companies or adding to existing positions.

For example, in the two sharply down days the market experienced following the Brexit vote, we examined our buy watch list for relative opportunities. We used the pull back to add to our highest conviction companies and reduced our cash allocation slightly.

"The Fund has achieved top quintile (20% or better) performance in the Morningstar 50-70% Equity Allocation Funds category for the 1, 3, 5 and 10 year periods ending June 30, 2016."

Fund Facts

Symbol

Investor VLAAX  
Institutional VLAIX

Inception Date

Investor 8/24/93  
Institutional 11/1/15

Total Assets

\$324M  
(as of 6/30/16)

**Q3: How is the Fund's equity component allocated by market capitalization?**

The Fund's equity portion contains companies of all sizes. However, 60% of the equity portion is comprised of small- and mid-cap growth stocks and the remaining 40% is held in large-cap growth companies. We prefer smaller companies in the portfolio due to their faster growth characteristics. In comparison, the Morningstar category average is heavily biased to large cap stocks—a 77% weighting as of June 30, 2016.

We believe that many investors under-allocate to the mid-cap space, in particular. We view the mid-cap space as the "sweet spot" of investing because these companies have the prospect for growth similar to small-cap companies, yet longer track records, more experienced management teams and greater access to capital, as do many large-cap companies.

<b>Value Line Asset Allocation Fund Performance (as of 6/30/16)</b>				
	<b>Average Annual Returns</b>			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLAAX</b>	<b>4.61%</b>	<b>8.23%</b>	<b>8.74%</b>	<b>6.61%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>4.76</b>	<b>8.28</b>	<b>8.77</b>	<b>6.62</b>
60/40 S&P 500/Barclays U.S. Aggregate Bond	4.79	8.61	8.76	6.50
Morningstar 50-70% Equity Allocation Cat. Avg.	-0.13	5.86	6.14	5.24
<b>Morningstar Category Rank (%) - VLAAX</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>12</b>
# of Funds in Category	895	820	704	479
Morningstar Return	n/a	<b>High</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 Fund received 5 stars for the 3 and 5-year periods and 4 stars for the 10-year period ended 6/30/16 among 820, 704 and 479 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.**

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