



## Overall Rating



(Investor)

Among 826 50-70% Equity Allocation Funds (as of 9/30/16)

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: What are the key differentiators of the Value Line Asset Allocation Fund compared to other balanced funds?

Most balanced funds have a bias toward large-cap stocks, yet as of September 30, 2016, the Value Line Asset Allocation Fund's equity portion was comprised of over 60% small- and mid-cap stocks. Though many investors assume smaller company stocks are inherently more risky, the Fund mitigates this risk by primarily purchasing companies that have demonstrated consistent long-term growth of both their earnings and stock price. As a result, our equity holdings are more defensive in nature as opposed to the high-flying growth companies with limited histories that many investors associate with smaller company investing.

**"We employ a fundamental, bottom-up stock selection process that seeks to own growth stocks with a demonstrated ability to increase both their earnings and stock prices consistently over the past 10 years or more."**

We believe our approach and key differentiators have provided investors with strong long-term results: The Fund achieved Morningstar's "Above Average" or "High" return rating relative to its peers for the 3-, 5- and 10-year periods ended September 30, 2016.

Additionally, unlike many balanced funds that employ a static 60/40 allocation to equities and fixed income, our Fund is able to shift between stocks and bonds based on relative opportunity, which is guided by Value Line Research's proprietary allocation model. As of September 30, 2016, the Fund had a 70% weighting in equities, which reinforces our preference of stocks over bonds in this current market environment.

#### Q2: What factors are most important in your equity selection process?

We employ a fundamental, bottom-up stock selection process that seeks to own growth companies with a demonstrated ability to increase both their earnings and stock prices consistently over the past 10 years or more. The companies in our portfolio generally have strong proprietary products and services, which give them a special niche in the marketplace and can help protect from wide swings in the business environment.

The end result of our selection process is a portfolio that generally maintains overweight positions in more defensive sectors such as Industrials and Consumer Staples. We typically do not own airline or housing stocks, or other cyclical areas of the market. We instead seek to own companies that offer investors a strong defense and solid offense.

## Fund Facts

### Symbol

Investor VLAAX  
 Institutional VLAIX

### Inception Date

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

### Total Assets

\$321M  
 (as of 9/30/16)

### Q3: Would you please discuss the rationale behind any holdings that were added or sold in the third quarter?

During the third quarter, the Fund added Validus, an insurance underwriting company, which strongly aligned with our investment criteria of displaying consistent growth of earnings and stock price over the long-term. Conversely, we eliminated our position in apparel company VF Corporation. After a period of deteriorating fundamentals, we decided to exit this position during the strong market performance at the beginning of the quarter.

Importantly, this focus on consistency has helped the Fund's performance land in the top 25% relative to its Morningstar peers for the 3-, 5- and 10-year periods ended September 30, 2016.

Value Line Asset Allocation Fund Performance (as of 9/30/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Investor - VLAAX</b>	<b>9.61%</b>	<b>6.72%</b>	<b>11.50%</b>	<b>6.88%</b>
<b>Institutional - VLAIX<sup>1</sup></b>	<b>9.84</b>	<b>6.79</b>	<b>11.55</b>	<b>6.90</b>
60/40 S&P 500/Barclays U.S. Aggregate Bond	11.33	8.31	11.05	6.26
Morningstar 50-70% Equity Allocation Cat. Avg.	9.07	5.41	9.22	5.16
<b>Morningstar Category Rank (%) - VLAAX</b>	<b>40</b>	<b>21</b>	<b>7</b>	<b>8</b>
# of Funds in Category	926	826	716	492
Morningstar Return	n/a	<b>Above Avg.</b>	<b>High</b>	<b>Above Avg.</b>
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.*

<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.**

\*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.

As of September 30, 2016, the Fund's Top 10 Holdings were as follows: Idexx Laboratories, Inc. (1.5%), Waste Connections, Inc. (1.5%), Mettler Toledo International, Inc. (1.4%), Toro, Co. (1.3%), Amphenol Corp. (1.3%), Transdigm Group, Inc. (1.2%), Mastercard Inc. (1.2%), Fiserv Inc. (1.2%), Ball Corp. (1.2%), O'Reilly Automotive, Inc. (1.1%).

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 4 stars for the 3-year period, 5 stars for the 5-year period and 4 stars for the 10-year period ended 9/30/16 among 826, 716 and 492 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.