



Mitchell Appel
President
Value Line Funds

Dear Fellow Shareholder,

The more things change, the more they stay the same. Given recent market swings, we felt it would be worth your while to re-read this VLFAlert. This newsletter was originally released for the second quarter of 2017. The strategies for your consideration remain as relevant today as they did nearly one year ago.

As always, we thank you for trusting us to be a part of your long-term, comprehensive investment strategy. We appreciate your confidence in the Value Line Funds and look forward to serving your investment needs in the years ahead just as we have been helping to secure generations' financial futures for more than 65 years—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics.

If you have any questions or would like additional information on the Value Line Funds, we invite you to contact your investment representative or visit us at www.vlfunds.com.

Investment Tips for a Year of Uncertainty

After an extended period of record low equity market volatility through much of 2017, dramatic swings in the equity markets have recently reappeared. So what is an investor to do? How can you remain confident about having your money invested through such uncertain times? While we certainly can't...and wouldn't... predict what the rest of the year will bring, we do offer some strategies for your consideration as to how you might stay on track and achieve your goals, regardless of market conditions.

- **Maintain a Long-Term Perspective.** People make the worst decisions when they are feeling emotional or under extreme stress. When faced with such times, it can be useful to recognize that historically, a disciplined, patient, unemotional investment approach is required to reach long-term financial goals. Even recently, investors who were in stocks in 2008 and rode out the crash by staying invested did well over time. Whether you are in your 20s or closer to retirement, it is important to review your investment mix annually but to make a plan and stick to it. While some outcomes of today's unknowns may be beneficial and others may not be, be sure your investment portfolio can perform in a range of market conditions and then trust your strategy.
- **Widen the Opportunity Set.** A balanced and well-diversified portfolio seeks to moderate short-term risk by taking advantage of low correlations among asset classes, potentially leading to better long-term returns.
- **Be Flexible.** We believe that in volatile markets, active investment management offers valuable risk-management flexibility. For example, in the Value Line Asset Allocation Fund, the flexibility to operate within a range of equities and fixed income can provide investors with an offensive portfolio when stocks appear more attractive and a more defensive portfolio during challenging market periods. Many traditional 60/40 balanced funds limit their total return potential by being under-allocated to the asset class that may represent more relative opportunity.
- **Be Patient.** In our view, equities can give investors the appreciation potential that other asset classes have not—even in challenging markets. In the Value Line Premier Growth Fund and the Value Line Mid Cap Focused Fund, our main strategy is to invest in historically proven winners. According to portfolio manager Stephen Grant, "Of course, these growth stocks are not immune from market dips and will temporarily fall in sympathy with the market. But these steady-eddy growth stocks tend to be resilient, and their stock prices have reflected the potential to grow regardless of the economic scenario."
- **Save More.** It is true that cash does not have the growth potential of other investments and that, with inflation on the rise, holding excess cash can have a negative impact on real returns. However, it is also true that cash may provide a cushion, especially when the market is down. And if equity and fixed income markets produce lower returns in the next five years than they have during the past several

(continued on back)

years, as many analysts believe, then investors need to save more. Think of cash as a specific asset class and consider a strategy that includes enough savings to cover essential expenses and provide peace of mind.

- **Stay Well-Informed.** Learn something new. The very process of reading gives you a chance to think about your own financial goals and a way to view the world of investing. If you've gotten this far in this newsletter, then you're already well on your way. When your shareholder reports arrive, read those, too—they are full of plain English, useful information about YOUR money and the role each of your funds plays in YOUR investment plan. And visit vlfunds.com often—there are white papers, news articles and even short videos that can help make what might at first seem complex quite understandable and real. As the TV public service ad says, "The more you know..."
- **Know We Are Here to Help.** The road ahead remains complicated, but as we navigate an ever-changing market environment, together, we look forward to serving not only as manager of your investment assets but also as a valuable guide to opportunities for building long-term security.

In short, get used to uncertainty. It is inevitable. But it is also surmountable. No one can choose the challenges today's times present, but we can decide how to respond. Do not focus on the unknowable but rather on that which you can control—creating a diversified investment portfolio, determining your personal time horizon, setting realistic long-term expectations and staying patient, disciplined and objective.

Value Line Funds Include:
Equity Funds
Premier Growth Fund
Larger Companies Focused Fund
Mid Cap Focused Fund
Small Cap Opportunities Fund
Hybrid Funds
Asset Allocation Fund
Capital Appreciation Fund
Fixed Income Funds
Tax Exempt Fund
Core Bond Fund

Value Line Funds' Automatic Investing Plan

Looking for an easy and convenient way to invest with Value Line Funds? Consider enrolling in the Valu-Matic[®] Investment Program. For as little as \$25 per month you can purchase shares of any Value Line Fund and the money is automatically deducted from your checking account. Please call 800.243.2729 for more information.

Check out our News & Updates at vlfunds.com for the latest on the Value Line Funds.

For more mutual fund information, call today: 800.243.2729 or visit our website at www.vlfunds.com

This SPECIAL EDITION VLFA alert has been slightly edited since its release for the second quarter of 2017.

Past performance is no guarantee of future results. 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, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

Value Line Mutual Funds are distributed by EULAV Securities LLC.

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