



### Portfolio Managers



#### Cindy Starke

- Nearly 20 years of experience
- Fund manager since 2014
- MBA - Fordham University
- BS - Fordham University



#### Stephen E. Grant

- Over 20 years of experience
- Fund manager since 2014
- MBA - Wharton
- BA - Stanford University



#### Liane Rosenberg

- Over 20 years of experience
- Fund manager since 2009
- MBA - Fordham University
- BA - State University of New York at Albany

### Income and Growth Fund

Overall  Rating



Among 740 Moderate Allocation Funds (as of 12/31/14)

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.

### Fund Facts

Symbol:	VALIX
Total assets:	\$372M
Inception date:	10/01/52

## Portfolio Manager Q&A

### Value Line Income and Growth Fund (VALIX)

**Q1: Many moderate allocation funds are typically more static, investing 60% of the portfolio in equities and 40% in fixed income. How does the Value Line Income and Growth Fund differ from a portfolio composition perspective?**

We believe the Fund has an advantage over traditional 60/40 balanced funds in that we aren't constrained by a static allocation to stocks and bonds. Instead, the Fund has the flexibility to adjust the equity and bond components of the portfolio based on the relative opportunity we see in the market and between the two asset classes. With this portfolio flexibility, we believe the Fund has the ability to be relatively opportunistic in stronger equity markets or become more defensive and capital-preservation-oriented in volatile equity markets.

**Q2: What is the Fund's allocation mix as of December 31, 2014?**

By prospectus, the Fund is mandated to hold at least a 50% equity allocation. In today's low interest rate and low inflation environment, we are seeing more relative opportunity in equities as compared to fixed income. The Fund's asset allocation reflects this sentiment and is comprised of approximately 74% in equities and convertible securities, and 26% in fixed income securities and cash as of December 31, 2014.

While the Fund emphasizes income, we believe that dividend-paying stocks offer both attractive income streams and capital appreciation potential. On a total return basis, dividends play an important role in equity investing as approximately 40% of the long-term return of the S&P 500 Index is derived from dividend income.

**Q3: With an eye toward dividend paying stocks, what kind of companies do you include in the portfolio?**

We focus on owning a diversified portfolio of market leading companies. The majority of the companies in the portfolio tend to be larger, well established businesses that are well positioned to increase their dividends and grow their earnings in the coming years. For example, as of December 31, 2014, the Fund held positions in leading large cap companies including Apple, Macy's and Starbucks.

In our selection process, we look for companies that have the ability to maintain as well as grow their dividend payouts over time. In addition, a smaller portion of the portfolio is allocated to companies that do not presently pay a dividend, but have the potential to return significant capital appreciation and pay dividends in the future.

With regard to the fixed income portion of the portfolio, we favor high-quality securities rather than compromise quality for incremental yield. The Fund's holdings generally include intermediate-term, investment grade corporate securities, U.S. Treasuries and Agency obligations.

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**Q4: With the Fund's ability to adjust its equity and fixed income allocations based on relative opportunity, how does the Fund's risk and return profile compare to other balanced funds?**

The careful balance between risk and reward guides our portfolio selections. Historically, this focus has resulted in an attractive risk/return profile as compared to the Morningstar Moderate Allocation Funds Category. In fact, the Fund is one of only four funds in the Morningstar Moderate Allocation Funds Category to have outperformed the category average for the past 1, 3, 5 and 10 year periods and did so with below average risk for the 3, 5 and 10 year periods ended December 31, 2014.

**Top 10 Holdings (as of 12/31/14)**

Company	Weight (%)
Apple, Inc.	1.8
Nielsen	1.3
Macy's, Inc.	1.3
Celgene Corp.	1.3
AbbVie, Inc.	1.3
Starwood Hotels & Resorts	1.3
Vail Resorts, Inc.	1.2
Starbucks Corp.	1.2
Delta Airlines Inc.	1.2
General Electric Co.	1.2

Value Line Income and Growth Fund Performance (as of 12/31/14)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
<b>Income and Growth Fund (VALIX)</b>	<b>10.62%</b>	<b>13.50%</b>	<b>9.88%</b>	<b>7.38%</b>
60/40 S&P 500/Barclays U.S. Aggregate Bond	10.60	13.30	11.05	6.49
Morningstar Moderate Allocation Cat. Avg.	6.21	11.72	9.43	5.93
<b>Morningstar Category Rank (%)</b>	<b>5</b>	<b>21</b>	<b>39</b>	<b>8</b>
# of Funds in Category	866	740	652	438
Morningstar Risk		<b>Below Avg.</b>	<b>Below Avg.</b>	<b>Below Avg.</b>
Expense ratio: 1.16%				

*Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.*

**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 [www.vlfunds.com](http://www.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 Income and Growth Fund received 4 stars for the 3 and 5-year periods and 5 stars for the 10-year period among 740, 652 and 438 Moderate Allocation Funds respectively, for the period ended 12/31/14.

*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 1993. **Value Line Mutual Funds are distributed by EULAV Securities, LLC. Past performance is no guarantee of future results.**

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