



Overall Morningstar® Rating



(Investor)

Among 334 70-85% Equity Allocation Funds
(as of 6/30/17)

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



Cindy Starke

- Over 20 years of experience
- Fund manager since 2014
- MBA - Fordham University
- BS - Fordham 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 Income and Growth Fund (VALIX/VLIIX)

Q1: How does the Fund differentiate itself among its Morningstar 70-85% Equity Allocation peers?

One key differentiator between the Fund and the majority of our peers lies in the construction of the equity portfolio. The majority of our equity holdings are currently leading large-cap growth companies. We seek to own growing companies with unique products or services, compete in industries with high barriers to entry, and have market-leading positions. We tend to favor companies that have high rates of sustainable sales and earnings growth as we believe these are two big drivers of share prices over the longer term. By comparison, currently less than 20% of Morningstar 70-85% Equity Allocation Funds allocate primarily to large-cap growth companies.

We believe this differentiating factor is important for balanced fund investors seeking long-term capital appreciation as we feel that earnings growth is the primary driver of share prices over the longer term. **Among Morningstar's 70-85% Equity Allocation Funds, the Fund was the only fund (out of 154) to be in the top 5% in performance over the 1-, 3-, 10- and 15-year times frames as of June 30, 2017.**

Q2: What drove the Fund's outperformance compared to the 60/40 S&P 500/ Bloomberg Barclays US Aggregate Bond Index in the second quarter of 2017?

Over the quarter, the Fund rose 5.13%, outperforming its blended Index by over 250 basis points. The Fund also outperformed the S&P 500 Index's return of 3.09% by 200 basis points, despite having a 16% average weighting in fixed income/cash and 84% in equities.

Within the equity portfolio, outperformance was driven by the Fund's overweight allocations in the Information Technology and Health Care sectors, which were among the stronger areas of the market this quarter along with superior stock selection in these sectors. In Technology, the Fund had an average weighting of approximately 28% compared to the S&P 500 Index's weighting of 23%. The Fund's Technology holdings appreciated 9% on average, well ahead of the S&P 500 Information Technology sector's increase of 4%. We saw broad-based strength in most of the Fund's IT holdings and a few stand out performers included Activision, Alibaba, GrubHub and PayPal.

The Health Care Sector was the strongest performer in the S&P 500 Index this period, rising over 7%. The Fund had an average weighting of 28%, significantly higher than the S&P 500's at 14%. The Fund's Health Care holdings outperformed helped by strong performances from Edwards Lifesciences, Kite Pharma, Medidata Solutions and Vertex Pharmaceuticals.

Fund Facts

Symbol

Investor VALIX
Institutional VLIIX

Inception Date

Investor 10/1/52
Institutional 11/1/15

Total Assets

\$368M
(as of 6/30/17)

Q3: Would you please highlight a recent purchase in the equity portfolio?

Exact Sciences (EXAS) is one example of a fast-growing company that was recently purchased. Exact Sciences is a medtech company best known for its unique product, Cologuard, which is a non-invasive DNA screening test to detect colorectal cancer and precancer. As a result of the graying population and growing demand for this product due to its ease of use relative to a traditional colonoscopy, we anticipate the company's sales will grow at a rapid pace in the coming years.

Value Line Income and Growth Fund Performance (as of 6/30/17)

	Average Annual Returns					
	QTD	1 Year	3 Year	5 Year	10 Year	15 Year
Investor - VALIX	5.13%	19.47%	6.88%	10.22%	6.13%	7.98%
Institutional - VLIIX¹	5.27	19.71	6.73	10.12	6.09	7.95
60/40 S&P 500/BbgBarc US Agg. Bond Index	2.45	10.62	6.76	9.66	6.10	7.28
Morningstar 70-85% Equity Allocation Cat. Avg.	2.34	13.44	4.20	9.27	4.37	6.59
Morningstar Category Rank (%) - VALIX		4	2	20	2	2
# of Funds in Category		376	334	291	210	154
Morningstar Return			High	Above Avg.	High	
VALIX Expense Ratio: 1.16%, VLIIX Gross/Net Expense Ratio*: 4.82%/0.90%						

Morningstar Ratings and Categories based on risk adjusted returns of Investor class shares.

¹*Italics 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 VLIIX is November 1, 2015.*

As of 6/30/17, the Fund's Top 10 Holdings were as follows: Alexion Pharmaceuticals, Inc. (5.02%), Activision Blizzard, Inc. (3.21%), Celgene Corp. (3.10%), Facebook, Inc. (2.79%), Alphabet, Inc. (2.78%), Visa, Inc. (2.29%), Bank of America Corp. (2.11%), JPMorgan Chase & Co. (2.04%), Vertex Pharmaceuticals, Inc. (2.03%), Citigroup, Inc. (1.93%).

*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 June 30, 2018 (the "Expense Limitation"). The Adviser and the Distributor may subsequently recover from the Fund 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 Fund's expense ratio is less than the Expense Limitation. The Expense Limitation can be terminated or modified before June 30, 2018 only with the agreement of the Fund's board. The Fund's performance would be lower in the absence of such waivers.

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 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.

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 5 stars for the 3-year period, 4 stars for the 5-year period and 5 stars for the 10-year period ended 6/30/17 among 334, 291 and 210 70-85% 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.

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