



Overall **MORNINGSTAR** Rating



(Investor)

Among 397 70-85% Equity Allocation Funds (as of 3/31/17)

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

- 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

Portfolio Manager Q&A

Value Line Income and Growth Fund (VALIX/VLIIX)

Q1: What factors were responsible for the Fund's outstanding performance in the first quarter?

The Fund's strong performance was a reflection of our asset allocation decisions and stock selection. As of March 31, 2017, the Fund had an 85% weighting in equities, comprised primarily of faster growing large-cap companies, and 15% in fixed income and cash. The Fund outperformed the Morningstar 70%-85% Equity Allocation Funds Category by nearly 400 basis points in the first quarter.

During the period, the Fund benefited from investors' rotation back into more secular growth-oriented companies, especially in the faster growing sectors such as Information Technology and Health Care. The Fund's overweight allocation and stock selection in the IT and Health Care sectors were the primary drivers of the Fund's performance. Among the Fund's equity holdings in the Technology sector that significantly added to performance during the quarter were Activision Blizzard, Mobileye, Facebook and Broadcom, as these companies increased 39%, 59%, 23% and 24%, respectively. In the Health Care sector, the Fund was aided by strong performances from Vertex Pharmaceuticals, Jazz Pharmaceuticals and DexCom, which rose 48%, 33% and 42%, respectively.

"For each of the 1, 3, 5 and 10 year time frames as of March 31, 2017, the Fund achieved top quartile performance among the Morningstar 70-85% Equity Allocation Funds category."

While we are pleased with this short-term performance, we would emphasize the Fund's consistency over longer-term periods. For each of the 1, 3, 5 and 10 year time frames as of March 31, 2017, the Fund achieved top quartile performance among the Morningstar 70-85% Equity Allocation Funds category.

Q2: How did merger and acquisition activity impact the Fund during the first quarter of 2017?

During the quarter, two of the Fund's holdings, Zeltiq Aesthetics and Mobileye, entered agreements to be acquired. Leading pharmaceutical company, Allergan PLC, best known for its blockbuster product Botox, expanded its presence in the aesthetics market by offering to purchase Zeltiq for \$2.5 billion. Zeltiq is known for its CoolSculpting System which offers non-invasive fat removal through its cooling technology. During the first quarter, Zeltig's price increased 29%. Mobileye, a leading provider of software and design solutions used in camera-based Advanced Driver Assistance Systems, agreed to be acquired by Intel for \$15 billion, resulting in Mobileye's stock price rising 59% in the first quarter of 2017.

Fund Facts

Symbol

Investor VALIX
Institutional VLIIX

Inception Date

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

Total Assets

\$334M
(as of 3/31/17)

Q3: How might the Fund's equity and fixed income allocations change over the next year?

We believe the Fund's flexible allocation provides a strategic advantage for investors particularly in a rising interest rate environment. While the Fund continues to favor stocks over fixed income exemplified by a current equity allocation of 85%, we remain nimble and responsive to market conditions. For example, we could adjust the allocation mix during market volatility or following a sharp rise in equity prices. However, in an environment of rising rates, we believe many balanced fund investors will continue to seek capital appreciation through a greater allocation to equities.

Value Line Income and Growth Fund Performance (as of 3/31/17)

	Average Annual Returns				
	QTD	1 Year	3 Year	5 Year	10 Year
Investor - VALIX	8.72%	14.00%	6.22%	8.78%	6.06%
Institutional - VLIIX¹	8.77	14.36	6.02	8.65	6.00
60/40 S&P 500/BbgBarc US Agg. Bond Index	3.97	10.48	7.29	8.92	6.21
Morningstar 70-85% Equity Allocation Cat. Avg.	4.81	12.55	4.51	7.85	6.00
Morningstar Category Rank (%) - VALIX		22	10	21	4
# of Funds in Category		397	347	286	216
Morningstar Return			Above Avg.	Average	Above Avg.
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.

¹Represents the performance of the Institutional Class shares after November 1, 2015 (inception of the share class) and Investor Class for periods prior to that date.

*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.

As of March 31, 2017, the Fund's Top 10 Holdings were as follows: Activision Blizzard, Inc. (3.05%), Celgene Corp. (2.82%), Facebook, Inc. (2.72%), Alexion Pharmaceuticals, Inc. (2.39%), Visa, Inc. (2.39%), JPMorgan Chase & Co. (2.23%), Bank of America Corp. (2.18%), Citigroup, Inc. (2.05%), Alphabet, Inc. (1.98%), Jazz Pharmaceuticals PLC (1.95%).

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 4 stars for the 3 and 5-year periods and 5 stars for the 10-year period ended 3/31/17 among 347, 286 and 216 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.

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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