



Overall Rating



(Investor)

Among 865 Moderate Allocation Funds (as of 12/31/15)

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

Fund Facts

Symbol

| | |
|---------------|-------|
| Investor | VALIX |
| Institutional | VLIIX |

Inception Date

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

Total Assets

\$349M
(as of 12/31/15)

Portfolio Manager Q&A

Value Line Income and Growth Fund (VALIX/VLIIX)

Q1: Would you please discuss how the increased market volatility in 2016 has affected the Fund's equity allocation?

The Fund has the flexibility to allocate between equities and fixed income depending on relative opportunity. Historically, equities have comprised 50 to 80% of the portfolio. As of the end of December 2015, the Fund held approximately 69% in equities, 23% in bonds and 8% in cash. During the first quarter of 2016, we increased the Fund's equity allocation during the market pullback and reduced the cash position, as we believe equities continue to offer attractive income and capital appreciation potential.

For the equity portion of the portfolio, we generally own leading large-cap companies that we believe can deliver above average sales and earnings growth. The Fund owns a diverse mix of growing dividend and non-dividend paying companies. In the dividend payers, we look to own companies with solid business fundamentals that should allow them to increase their dividend payments to shareholders annually. In non-dividend payers, we look to own leading growth business with strong balance sheets that are well positioned for superior capital appreciation as have the potential to initiate a dividend in the future.

We believe the Fund's flexible allocation offers a strategic advantage for investors who seek a smoother ride while achieving equity-like returns over time. However, investors should keep in mind that while high-quality growth companies have generally outperformed the broader market over a long period of time, short-term setbacks often occur.

"We believe the Fund's flexible allocation offers a strategic advantage for investors who seek a smoother ride while achieving equity-like returns over time."

Q2: Would you please comment on the relative attractiveness of companies within the Energy sector?

As we mentioned, we look for companies with healthy balance sheets and business fundamentals, as well as above average sales, earnings and dividend growth. Over the course of 2015 and into early 2016, we reduced and eventually eliminated all of the Fund's exposure to the Energy sector, as weak business fundamentals, worsening balance sheets and earnings and dividend risk made the sector unattractive.

In February 2016, large-cap Energy stocks increased on days when the price of the commodity declined. We believe this is a positive sign for both the market and the Energy sector. More recently, Energy stocks and crude oil prices have increased, as investors gain confidence in future production cuts and a potential bottom in oil prices. We are encouraged by how the Energy sector is reacting in the short-term—however, we are closely watching from the sidelines for additional developments in the sector, in hopes of fundamentally driven improvements in the form of additional production cuts and lower levels of inventory.

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Q3: With interest rates expected to increase in 2016, would you please discuss how the fixed income portion of the portfolio is structured?

With the expectation that the Federal Reserve will increase rates again at some stage in 2016, the Fund has a relatively low risk profile as measured by its lower duration relative to the Barclays U.S. Aggregate Bond Index. In addition, we assume that the gradual rise in short-term rates would likely lead to a flattening curve. As such, we have reduced the Fund's positions with 2- to 3-year maturities and increased the weighting in fixed income positions that have maturities of 10 years and longer.

Due to low Energy prices and stagnant wage growth, inflation should remain well-contained and should not cause a significant rise in long-term rates. From a credit perspective, we anticipate opportunistically increasing the Fund's current overweight positions in corporate and securitized bonds while decreasing the Fund's position in Treasuries, as they tend to underperform in a rising rate environment.

| Value Line Income and Growth Fund Performance (as of 12/31/15) | | | | |
|--|------------------------|-------------------|-------------------|-------------------|
| | Average Annual Returns | | | |
| | 1 Year | 3 Year | 5 Year | 10 Year |
| Investor - VALIX | -0.86% | 9.45% | 7.52% | 6.27% |
| Institutional - VLIIX¹ | -1.71% | 9.13% | 7.34% | 6.18% |
| 60/40 S&P 500/Barclays U.S. Aggregate Bond | 1.05 | 9.65 | 8.84 | 6.18 |
| Morningstar Moderate Allocation Cat. Avg. | -1.93 | 6.96 | 6.51 | 5.23 |
| Morningstar Category Rank (%) - VALIX | 38 | 15 | 30 | 17 |
| # of Funds in Category | 940 | 865 | 745 | 505 |
| Morningstar Return | | Above Avg. | Above Avg. | Above Avg. |
| Gross Expense Ratio: 1.15% (VALIX), 0.90% (VLIIX) | | | | |

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

¹Indicates 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.

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 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, 5 and 10-year periods among 865, 745 and 505 Moderate Allocation Funds respectively, for the period ended 12/31/15.

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 2015. **Value Line Mutual Funds are distributed by EULAV Securities, LLC. Past performance is no guarantee of future results.**

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