



Overall **MORNINGSTAR** Rating



(Investor)

Among 382 70-85% Equity Allocation Funds (as of 9/30/16)

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	
	\$320M
	(as of 9/30/16)

Portfolio Manager Q&A

Value Line Income and Growth Fund (VALIX/VLIIX)

Q1: For the third quarter ended September 30, 2016, the Fund outperformed the Morningstar 70-85% Equity Allocation Funds Category by over 300 basis points. Would you please discuss what contributed to the outperformance?

The equity portion of the portfolio was the primary driver of the Fund's outperformance. Stock selection was the key reason for this outperformance, and the Fund also benefited from effective sector allocation.

Outperformance from core positions in the Health Care sector was the key differentiator for the Fund this period. The Fund's Health Care holdings returned nearly 11%, while the sector only rose 1% in the S&P 500. Medivation, one of the Fund's largest holdings during the period, was up 35% on Pfizer's purchase of the company for \$14 billion in cash. The Fund also had sizable returns from stakes in other Health Care companies, including Edwards Lifesciences and Biogen, which both increased over 20% during the quarter.

The Technology sector was the big winner in the S&P 500 Index this quarter, with shares rising nearly 13%. The Fund had nearly double the weighting of the Index in the Technology sector, so our overweight allocation was also an important contributor to returns. The Fund experienced broad-based strength in its Technology positions, with Alibaba, GrubHub, Facebook, and NXP Semiconductors all rising by double digits.

Q2: What differentiates the Value Line Income and Growth Fund from its peers?

We believe our emphasis on leading large-cap growth companies is a key differentiator for the Fund relative to its Morningstar peers. In fact, only approximately 15% of Funds in the Morningstar category have an equity investment style classified as Large Cap Growth.

Our fundamental equity investment philosophy is based on our belief that earnings growth drives stock prices over the longer term. We believe the Fund's diversified portfolio of market leading companies are well-positioned for superior capital appreciation over time driven by the strength of their businesses, vetted management teams and high quality balance sheets. As of the end of the third quarter, the portfolio's estimated 3- to 5-year earnings-per-share growth rate was 18.2%, which was significantly higher than the 10.4% rate of the S&P 500 Index.

"We believe the Fund's diversified portfolio of market leading companies are well-positioned for superior capital appreciation over time driven by the strength of their businesses, vetted management teams and high quality balance sheets."

Q3: As a Fund that holds both equities and fixed income, would you please discuss the Fund's current positioning?

As of September 30, 2016 the Fund had approximately 80% in equities, 18% in fixed income and the balance in cash. The Fund's overweight allocation to equities reflects our view that the equity market offers a better longer term total return opportunity for investors, especially given the very low yield environment and the potential for interest rate normalization in the coming years.

Value Line Income and Growth Fund Performance (as of 9/30/16)				
	Average Annual Returns			
	1 Year	3 Year	5 Year	10 Year
Investor - VALIX	10.87%	7.02%	10.23%	6.17%
Institutional - VLIIX¹	10.21	6.81	10.10	6.11
60/40 S&P 500/Barclays U.S. Aggregate Bond	11.33	8.31	11.05	6.26
Morningstar 70-85% Equity Allocation Cat. Avg.	9.88	5.55	10.21	4.77
Morningstar Category Rank (%) - VALIX	32	15	55	8
# of Funds in Category	453	382	309	230
Morningstar Return		Above Avg.	Average	Above Avg.
VALIX Expense Ratio: 1.15%, VLIIX Gross/Net Expense Ratio*: 6.19%/0.90%				

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

¹*Represents 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, 2017 (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, 2017 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 September 30, 2016, the Fund's Top 10 Holdings were as follows: Celgene Corp. (3.8%), Facebook, Inc. (3.6%), Activision Blizzard, Inc. (3.2%), Alexion Pharmaceuticals, Inc. (2.4%), Starbucks Corp. (2.4%), Visa, Inc. (2.4%), Edwards Lifesciences Corp. (2.2%), Alphabet, Inc. (2.0%), Allergan PLC (1.9%), Amazon.com, Inc. (1.9%).

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 Fund received 3 stars for the 3 and 5-year periods and 4 stars for the 10-year period ended 9/30/16 among 382, 309 and 230 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.**

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