VALUE LINE FUND INC
Form N-CSRS
September 09, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file Number 811-02265

Value Line Fund, Inc.
(Exact name of registrant as specified in charter)

7 Times Square, New York, N.Y. 10036
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 212-907-1900

Date of fiscal year end: December 31

Date of reporting period: June 30, 2014

Item I. Reports to Stockholders.

A copy of the Semi-Annual Report to Stockholders for the period ended 6/30/14 is included with this Form.

Semi - Annual Report
June 30, 2014

Value Line Premier Growth Fund, Inc.
(VALSX)

The Value Line Fund, Inc.
(VLIFX)

Value Line Income and Growth Fund, Inc.
(VALIX)

Value Line Larger Companies Fund, Inc.
(VALLX)

Value Line Core Bond Fund
(VAGIX)

This audited report is issued for information to shareholders. It is not authorized for distribution to prospective investors
unless preceded or accompanied by a currently effective prospectus of the Fund (obtainable from the Distributor).

#00116881

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President's Letter (unaudited)

Dear Fellow Shareholders:

We are pleased to present you with this semi-annual report for Value Line Premier Growth Fund, Inc., The Value Line Fund, Inc., Value Line Income and Growth Fund, Inc., Value Line Larger Companies Fund, Inc. and Value Line Core Bond Fund (individually, a "Fund" and collectively, the "Funds") for the six months ended June 30, 2014.

The six months ended June 30, 2014 were rewarding ones for the equity, hybrid and fixed income Value Line Funds, as both equities and fixed income generated positive returns. Generally low market volatility and recovery in U.S. economic growth in the second quarter of 2014, following severe winter weather that dampened growth in the first calendar quarter, helped support market gains. The semi-annual period was also highlighted by several of the Funds being recognized for their long-term performance and attractive risk profiles.

Value Line Premier Growth Fund, Inc. outpaced its peers for the five- and ten-year periods ended June 30, 2014, as noted by leading independent mutual fund advisory service Lipper Inc.1 (multi-cap growth category). Lipper also awarded its top Lipper Leader rating of 5 to the Fund for Preservationi versus its peers as of June 30, 2014. Additionally, the Fund earned an Overall four-star rating from Morningstar2 in the mid-cap growth category among 635 funds as of June 30, 2014 based on risk-adjusted returns. Morningstar gave the Fund a Risk rating of Low.ii

The Value Line Fund, Inc. was given a Risk rating of Lowiv by Morningstar as of June 30, 2014.

Value Line Income and Growth Fund, Inc. outpaced its peers for the six-month and one-, three-, five- and ten-year periods ended June 30, 2014, as noted by Lipper Inc.1 (mixed-asset target allocation moderate category). Lipper also awarded its top Lipper Leader rating of 5 to the Fund for Consistent Returniii versus its peers as of June 30, 2014. Additionally, the Fund earned an Overall four-star rating from Morningstar2 in the moderate allocation category among 730 funds as of June 30, 2014 based on risk-adjusted returns. Morningstar gave the Fund a Risk rating of Below Average.vi

Value Line Larger Companies Fund, Inc. was given a Risk rating of Below Averagevii by Morningstar as of June 30, 2014.

Value Line Core Bond Fund outpaced its peers for the three-, five- and ten-year periods ended June 30, 2014, as noted by Lipper Inc.1 (investment grade debt category). Lipper also awarded its top Lipper Leader rating of 5 to the Fund for Total Returnv versus its peers as of June 30, 2014.

Also a highlight of the semi-annual period was welcoming Cindy Starke to our portfolio management team after Mark Spellman left the firm in February 2014 to pursue other opportunities. Prior to joining us in June 2014, Cindy was a portfolio manager and equity analyst at Spears Abacus Advisors from 2012 to 2014. From 2010 to 2012, she was an equity analyst with Conative Capital Management, and from 2007 to 2009, a managing director, portfolio manager and equity analyst at Barrett Associates. From 1999 to 2007, she was managing director, portfolio manager and equity analyst at NewBridge Partners and Victory NewBridge. Cindy currently serves as portfolio manager of Value Line Larger Companies Fund, Inc. and as a co-portfolio manager of Value Line Income and Growth Fund, Inc.

On the following pages, the Funds' portfolio managers discuss the management of their respective Funds during the semi-annual period. The discussions highlight key factors influencing recent performance of the Funds. You will also find a schedule of investments and financial statements for each of the Funds.

Before reviewing the performance of your individual mutual fund investment(s), we encourage you to take a brief look at the major factors affecting the financial markets over the six months ended June 30, 2014, especially given the newsworthy events of the semi-annual period. With the positive performance results of the Funds during the first half of 2014, we also invite you to take this time to consider a broader diversification strategy by including additional Value Line Funds, which you can read about on the following pages, in your investment portfolio. You can also find out more about the entire family of Value Line Funds at our website, www.vlfunds.com, newly redesigned to be even more informative, user-friendly and comprehensive.

Economic Review

U.S. real Gross Domestic Product (GDP) got off to a slow start in 2014, contracting at a 2.9% annualized rate from January through March. This was the biggest decline in the pace of U.S. economic growth since the first quarter of 2009. Part of the decline was due to the unusually harsh winter weather conditions throughout much of the nation. In turn, consumer spending grew at the weakest pace in five years, restrained further by a drop in health care outlays. Such low health care spending was largely unexpected, as the U.S. Bureau of Economic Analysis had earlier estimated that major provisions of President Obama's signature health care law would result in increased medical spending by consumers. Second quarter GDP numbers are widely expected to show a significant increase over those of the first quarter, supported by what many anticipate to be some upside surprises in the labor and housing markets as well as in consumer confidence.

Inflation remained modest through the semi-annual period though inching up to hover around the Federal Reserve's (the Fed's) target of 2.0%. The headline Consumer Price Index (CPI) rose 2.1% over the 12 months ended June 30, 2014 before seasonal adjustment. Core inflation, which excludes food and energy and which is the price measure tied to consumer spending watched most closely by the Fed, was up 1.9% in June 2014 from a year earlier. Limited wage growth was a key contributor to the relatively benign inflation scenario.

(continued)

The U.S. saw moderate but unspectacular job growth. While the unemployment rate declined from 6.7% at the close of 2013 to 6.1% at the end of June 2014, job creation was lackluster, with hiring generally concentrated in sectors representative of low-wage jobs. Still, the consumer looked more positively on the U.S. economy overall, with the Consumer Confidence Index rising from 78.1 in December 2013 to 85.2 in June 2014, its highest level since January 2008. Consumers indicated that they expect business conditions to improve, and their assessment of the job market also grew more favorable.

Against this backdrop of disappointing economic growth but declining unemployment and still modest inflation, the Fed left the targeted federal funds rate unchanged throughout the semi-annual period. By the end of June 2014, the majority of Fed governors saw the first interest rate hike likely to occur in 2015. Despite expectations for improved economic activity in the second half of 2014, Fed Chair Janet Yellen reaffirmed the Fed's commitment to maintaining accommodative monetary policy until a more robust recovery can be sustained. While there were pockets of economic strength and lower unemployment, these trends were not as strong as the Fed had hoped. Meanwhile, the Fed's bond-buying program was tapered by $10 billion per month each month since January 2014, with the wind-down targeted for completion in October 2014.

Equity Market Review

U.S. equities, as measured by the S&P 500® Index3, posted a solid gain of 7.14% during the six months ended June 30, 2014, despite the weak U.S. economic data early in the calendar year. Indeed, even with a weak January 2014, the S&P 500® Index experienced a sixth consecutive quarterly gain, a record not matched since 1998. The U.S. equity market's climb to new highs through the end of June 2014, amidst low volatility and improved economic data in the second calendar quarter, was supported by many U.S. corporate earnings announcements reflecting top-line growth, even as overall management guidance for 2014 was less optimistic than consensus.

All ten sectors of the S&P 500® Index posted positive absolute performance for the semi-annual period, with the utilities, energy and health care sectors leading the way. Consumer discretionary, industrials, telecommunication services and financials were the weakest sectors during the semi-annual period.

Fixed Income Market Review

In contrast to a challenging 2013, the broad U.S. fixed income market, as measured by the Barclays U.S. Aggregate Bond Index4, posted a solid positive return of 3.93% during the semi-annual period. The yield curve flattened, as intermediate-term and longer-term yields declined and shorter-term maturities edged up. The yield on the bellwether 10-year U.S. Treasury note fell approximately 51 basis points during the semi-annual period, while the yield on the 30-year U.S. Treasury declined approximately 62 basis points. (A basis point is 1/100th of a percentage point.) The 30-year U.S. Treasury bond's especially strong performance stemmed both from low inflation and from a flood of buyers looking for relative safety away from the comparatively slower economic growth seen in the European Union and the BRIC nations (Brazil, Russia, India and China).

Weak first quarter GDP, lackluster job growth and inflation hovering around the Fed's target level of 2% kept interest rates low during the semi-annual period. A combination of low interest rates and low market volatility led many investors on a search for yield, benefiting the performance of spread, or non-U.S. Treasury, sectors, particularly in the middle and lower credit rating bands, and causing U.S. Treasuries to lag in comparison. Corporate bonds, both investment grade and high yield, and securitized debt most significantly outperformed U.S. Treasuries during the semi-annual period. Another factor supporting investors' heightened risk tolerance was the progress made in several European countries toward better economic conditions.

* * *

We thank you for trusting us to be a part of your long-term, comprehensive investment strategy. We appreciate your confidence in the Value Line Funds and look forward to serving your investment needs in the years ahead just as we have been helping to secure generations' financial futures for more than 60 years—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics. If you have any questions or would like additional information on these or other Value Line Funds, we invite you to contact your investment representative or visit us at www.vlfunds.com.

Sincerely,

/s/ Mitchell Appel
Mitchell Appel
President of the Value Line
Funds

(continued)

Past performance does not guarantee future results. Investment return and principal value of an investment can fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost; and that current performance may be lower or higher than the performance data quoted. Investors should carefully consider the investment objective, risks, charges and expense of a fund. This and other important information about a fund is contained in the fund's prospectus. A copy of our funds' prospectuses can be obtained free of charge by going to our website at www.vlfunds.com or calling 800.243.2729.

1 Lipper Leader ratings are derived from highly sophisticated formulas that analyze funds against clearly defined criteria. Funds are compared to similar funds, and only those that trust stand out are awarded Lipper Leader status. Funds are ranked against their peers on each of four measures: Total Return, Consistent Return, Preservation and Expense. A fifth measure, Tax Efficiency, applies in the United States. Scores are subject to change every month and are calculated for the following periods: 3-year, 5-year, 10-year and overall. The overall calculation is based on an equal-weighted average of percentile ranks for each measure over 3-year, 5-year and 10-year periods (if applicable). For each measure, the highest 20% of funds in each peer group are named Lipper Leaders. The next 20% receive a rating of 4: the middle 20% are rated 3: the next 20% are rated 2; and the lowest 20% are rated 1.

i For Value Line Premier Growth Fund, Inc.: Preservation 5 rating for 3-year (10,893 funds), 5-year (9,123 funds) and overall (10,893 funds) periods ended June 30, 2014; 4 rating for 10-year (5,423 funds) period ended June 30, 2014.

iii For Value Line Income and Growth Fund, Inc.: Consistent 5 rating for 10-year (254 funds) and overall (445 funds) periods ended June 30, 2014; 4 rating for 3-year (445 funds) and five-year (385 funds) periods ended June 30, 2014.

v For Value Line Core Bond Fund: Total Return 5 rating for 5-year (400 funds), 10-year (288 funds) and overall (466 funds) periods ended June 30, 2014; 3 rating for 3-year (466 funds) period ended June 30, 2014.

2 The Morningstar RatingTM 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 starts 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 ratings/40% three-year rating. At least 10 years uses 50% ten-year rating/30% five-year rating/20% three-year rating.

ii For Value Line Premier Growth Fund, Inc.: Four-star rating for 3-year (635 funds), 5-year (574 funds), 10-year (417 funds) and Overall (635 funds) periods ended June 30, 2014. All in the mid-cap growth category. Morningstar Risk: Low for the 3-year and 5-year periods ended June 30, 2014; Below Average for the 10-year and Overall periods ended June 30, 2014.

iv For The Value Line Fund, Inc.: Morningstar Risk: Low for the 3-year, 5-year and Overall periods ended June 30, 2014; Below Average for the 10-year period ended June 30, 2014.

vi For Value Line Income and Growth Fund: Four-star rating for 10-year (423 funds) and Overall (730 funds) periods ended June 30, 2014; 3-star rating for 3-year (730 funds) and 5-year (649 funds) periods ended June 30, 2014. All in the moderate allocation category. Morningstar Risk: Below Average for the 3-year, 5-year, 10-year and Overall periods ended June 30, 2014.

vii For Value Line Larger Companies Fund, Inc.: Morningstar Risk: Below Average for the 3-year, 5-year, 10-year and Overall periods ended June 30, 2014.

3 The S&P 500® Index consists of 500 stocks that are traded on the New York Stock Exchange, American Stock Exchange and the NASDAQ national Market System and is representative of the broad stock market. This is an unmanaged index and does not reflect charges, expenses or taxes, and it is not possible to directly invest in this index.

4 The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS. This is an unmanaged index and does not reflect charges, expenses or taxes, which are deducted from the Fund’s return. It is not possible to directly invest in this index.

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VALUE LINE PREMIER GROWTH FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY

The Fund primarily seeks long-term growth of capital.

To achieve the Fund’s goal, the Fund’s investment adviser invests at least 80% of the Fund’s net assets in a diversified portfolio of U.S. equity securities with favorable growth prospects. In selecting securities for purchase or sale, the Adviser generally analyzes the issuer of a security using fundamental factors such as growth potential and earnings estimates and quantitative factors such as historical earnings, earnings momentum and price momentum. The Fund may invest in small, mid or large capitalization companies, including foreign companies. There are no set limitations of investments according to a company’s size, or to a sector weighting.

Manager Discussion of Fund Performance

Below, Value Line Premier Growth Fund, Inc. portfolio manager Stephen E. Grant discusses the Fund’s performance and positioning for the six months ended June 30, 2014.

How did the Fund perform during the semi-annual period?

The Fund generated a cumulative total return of 4.35% during the six months ended June 30, 2014. This compares to the 7.14% return of the Fund’s benchmark, the S&P 500® Index, during the same annual period.

What key factors were responsible for the Fund’s performance during the six-month reporting period?

The Fund generated solid absolute gains but underperformed the S&P 500® Index during the six-month reporting period due to both stock selection and sector allocation decisions overall.

Also, while the semi-annual period ended June 30, 2014 saw gains for the equity market, value stocks outperformed growth stocks, and large-cap stocks outperformed small-cap stocks. Relative to the benchmark, both of these factors acted as headwinds to Fund results, as the Fund concentrates its holdings on growth-oriented stocks and on stocks with an average market capitalization well below that of the S&P 500® Index.

Which equity market sectors most significantly affected Fund performance?

Stock selection in information technology, industrials and energy detracted from the Fund’s performance most during the semi-annual period. Having underweighted allocations to the strongly performing information technology and energy sectors and having an overweighted exposure to the weaker industrials sector also hurt. In information technology, the Fund held no positions in the strongly performing large-cap stocks in the sector, including Apple, Microsoft, Intel and Facebook, each of which saw their shares climb double-digits during the semi-annual period. The Fund was overweighted, however, in global payment solutions company MasterCard, whose shares declined on profit-taking after being one of the Fund’s best performers in 2013. We trimmed the Fund’s position in MasterCard during the semi-annual period because it had grown into a larger holding than we were comfortable with after its prior year’s growth. A sizable position in application software developer Ansys also hurt, as its shares fell. In industrials, positions in engineering and constructing firm Chicago Bridge & Iron, electronic instruments manufacturer Ametek, aerospace and defense parts manufacturer Precision Castparts and human resources and financial consulting services provider Towers Watson each dampened results, as each saw share price declines during the semi-annual period. We trimmed the Fund's position in Towers Watson during the semi-annual period because of signs that its long-term earnings and stock price growth may be slowing. In energy, an underweighted exposure to the oil services industry particularly hurt, as the Fund held no positions in either Schlumberger or Halliburton, both of which saw robust gains during the semi-annual period.

Partially offsetting these detractors were the positive contributions made by effective stock selection in the financials and telecommunication services sectors. Having an underweighted allocation to the weakly-performing financials sector also helped. In financials, a position in India's HDFC Bank, whose shares rallied strongly, boosted the Fund's relative results. Not holding positions in laggards Citigroup and JPMorgan Chase also buoyed Fund performance. In telecommunication services, a position in wireless communications infrastructure owner and operator SBA Communications was a particularly strong performer.

Which stocks detracted significantly from the Fund's performance during the semi-annual period?

During the semi-annual period, among the stocks that detracted most from the Fund's relative performance was MasterCard, already mentioned. Positions in TJX Companies, a discount apparel and home fashion retailer, and LKQ, an automotive products and services wholesaler, also detracted significantly, each suffering from quarterly earnings reports that were weaker than forecast.

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What were some of the Fund's best-performing individual stocks?

Among the individual stocks that contributed most to the Fund's relative results were pharmaceuticals company Novo Nordisk, Indian bank HDFC Bank and life science equipment firm Idexx Laboratories.

Novo Nordisk performed well on continued strong earnings results that drove a quadrupling of its stock price since the Fund established a position in its shares five years ago. HDFC Bank, mentioned earlier as an outstanding performer in the financials sector, had been one of the Fund's weakest performers in 2013. Its shares rebounded during the semi-annual period as investors regained confidence in India and its improving economy. Shares of Idexx Laboratories rose on continued strong earnings results that drove an 800%-plus gain in its stock price since we established a Fund position in its shares more than a decade ago.

Avoiding a position in diversified industrials and financial services conglomerate General Electric, whose shares fell during the semi-annual period, further boosted the Fund's relative results.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.

Did the Fund make any significant purchases or sales during the semi-annual period?

During the semi-annual period, we initiated a Fund position in consumer products manufacturing giant Procter & Gamble in recognition of its consistent long-term growth record in earnings and stock price, generated by its powerful product portfolio. We added to the Fund's positions in diversified defense company General Dynamics and information services provider IHS, as each continued to deliver good earnings and stock price growth.

We sold the Fund's position in natural food supermarket owner and operator Whole Foods Market because its quarterly earnings reports began to disappoint. We also exited the Fund's position in Internet exchange services provider Equinix because of reduced consistency and predictability in its earnings and stock price.

Were there any notable changes in the Fund's weightings during the six-month period?

There were no material changes in the Fund's sector weightings during the six-month period ended June 30, 2014.

How was the Fund positioned relative to its benchmark index at the end of June 2014?

As of June 30, 2014, the Fund was overweighted relative to the S&P 500® Index in the industrials and materials sectors. The Fund was underweighted relative to the S&P 500® Index in the energy, financials and information technology sectors and rather neutrally weighted relative to the Index in the consumer discretionary, consumer staples, health care, utilities, telecommunication services sectors on the same date.

What is your tactical view and strategy for the months ahead?

Regardless of market conditions, we intend to stay true to our time-tested investment discipline going forward, seeking to invest in companies that have demonstrated a solid history of consistent growth in both their earnings and stock price. In our view, these companies possess attractive portfolios of proprietary products and services that give them strong market positions and make them less vulnerable to swings in national and international economic conditions. At the same time, we believe the underlying stocks of these companies tend to be less volatile than the average stock in the S&P 500® Index. By maintaining our investment discipline, the Fund has historically provided a smoother ride to investors than its peer group averages. Putting aside short-term ebbs and flows in the equity market, we believe the Fund's investments are likely to continue to provide superior returns to our shareholders over the long term.

Value Line Premier Growth Fund, Inc.
Portfolio Highlights at June 30, 2014 (unaudited)

Ten Largest Holdings

Issue	Shares		Value	Percentage of Net Assets
Alexion Pharmaceuticals, Inc.	37,800	$	5,906,250	1.5%
Alliance Data Systems Corp.	19,400		5,456,250	1.4%
Roper Industries, Inc.	36,000		5,256,360	1.3%
AMETEK, Inc.	96,750		5,058,090	1.3%
Danaher Corp.	61,000		4,802,530	1.2%
Ecolab, Inc.	43,000		4,787,620	1.2%
MasterCard, Inc. Class A	63,000		4,628,610	1.2%
Henry Schein, Inc.	38,800		4,604,396	1.2%
AMBEV S.A. ADR	650,000		4,576,000	1.2%
Kirby Corp.	39,000		4,568,460	1.2%

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities*

*Sector weightings exclude short-term investments.

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Value Line Premier Growth Fund, Inc.
Schedule of Investments (unaudited)

Shares		Value
COMMON STOCKS (98.3%)		
	CONSUMER DISCRETIONARY (9.3%)	
8,400	AutoZone, Inc. *	$ 4,504,416
56,000	BorgWarner, Inc.	3,650,640
44,000	Brinker International, Inc.	2,140,600
10,500	Buckle, Inc. (The) (1)	465,780
2,000	Buffalo Wild Wings, Inc. *	331,420
51,000	Dick’s Sporting Goods, Inc.	2,374,560
10,000	Domino’s Pizza, Inc.	730,900
23,000	Genuine Parts Co.	2,019,400
11,200	Gildan Activewear, Inc.	659,456
27,000	Johnson Controls, Inc.	1,348,110
112,000	LKQ Corp. *	2,989,280
18,000	O’Reilly Automotive, Inc. *	2,710,800
40,000	Starbucks Corp.	3,095,200
68,600	TJX Companies, Inc. (The)	3,646,090
21,600	VF Corp.	1,360,800
33,600	Wolverine World Wide, Inc. (1)	875,616
44,000	Yum! Brands, Inc.	3,572,800
		36,475,868
	CONSUMER STAPLES (9.3%)	
650,000	AMBEV S.A. ADR	4,576,000
81,000	BRF S.A. ADR	1,969,110
17,000	British American Tobacco PLC ADR	2,024,360
21,300	Brown-Forman Corp. Class B	2,005,821
17,600	Bunge Ltd.	1,331,264
48,400	Church & Dwight Co., Inc.	3,385,580
16,800	Coca-Cola Femsa, S.A.B. de C.V. ADR (1)	1,908,816
18,000	Costco Wholesale Corp.	2,072,880
23,400	Energizer Holdings, Inc.	2,855,502
89,812	Flowers Foods, Inc.	1,893,237
20,000	Fomento Economico Mexicano S.A.B. de C.V. ADR	1,873,000
64,000	General Mills, Inc.	3,362,560
43,000	Hormel Foods Corp.	2,122,050
3,000	McCormick & Co., Inc.	214,770
29,000	PepsiCo, Inc.	2,590,860
14,000	Procter & Gamble Co. (The)	1,100,260
22,000	Reynolds American, Inc.	1,327,700
		36,613,770
	ENERGY (5.7%)	

4,400	CNOOC Ltd. ADR		788,876
14,600	Core Laboratories N.V.		2,439,076
22,000	Enbridge, Inc.		1,044,340

Shares		Value	
	ENERGY (5.7%) (continued)		
29,873	EQT Corp.	$	3,193,424
70,000	FMC Technologies, Inc.*		4,274,900
51,400	Noble Energy, Inc.		3,981,444
12,000	Oceaneering International, Inc.		937,560
5,000	Oil States International, Inc. *		320,450
32,000	ONEOK, Inc.		2,178,560
5,346	Pioneer Natural Resources Co.		1,228,564
26,000	TransCanada Corp.		1,240,720
24,600	Ultrapar Participacoes S.A. ADR		580,560
			22,208,474
	FINANCIALS (11.0%)		
8,000	ACE Ltd.		829,600
21,000	Affiliated Managers Group, Inc. *		4,313,400
52,600	AFLAC, Inc.		3,274,350
3,000	Alleghany Corp. *		1,314,360
36,000	American Tower Corp. REIT		3,239,280
45,000	Arch Capital Group Ltd. *		2,584,800
8,316	Banco de Chile ADR (1)		666,195
1,300	Bank of Montreal		95,667
22,100	Bank of Nova Scotia		1,471,860
4,700	BlackRock, Inc.		1,502,120
9,400	Brown & Brown, Inc.		288,674
9,400	Camden Property Trust REIT		668,810
3,200	Canadian Imperial Bank of Commerce (1)		291,136
23,200	Equity Lifestyle Properties, Inc. REIT		1,024,512
14,153	Essex Property Trust, Inc. REIT		2,617,031
1,400	Everest Re Group Ltd.		224,686
1	Gaming and Leisure Properties, Inc. REIT		34
75,500	HDFC Bank Ltd. ADR		3,534,910
22,000	M&T Bank Corp.		2,729,100
8,000	PartnerRe Ltd.		873,680
27,000	Portfolio Recovery Associates, Inc. *		1,607,310
5,000	Principal Financial Group, Inc.		252,400
29,000	ProAssurance Corp.		1,287,600
21,500	Prudential Financial, Inc.		1,908,555
26,000	Royal Bank of Canada		1,857,180
10,000	Stifel Financial Corp. *		473,500
17,000	T. Rowe Price Group, Inc.		1,434,970
8,000	Taubman Centers, Inc. REIT		606,480
14,800	Toronto-Dominion Bank (The)		760,868
30,000	Wells Fargo & Co.		1,576,800
			43,309,868

Shares	Value

	HEALTH CARE (12.9%)		
37,800	Alexion Pharmaceuticals, Inc. *	$	5,906,250
17,200	Allergan, Inc.		2,910,584
15,200	Bayer AG ADR		2,147,304
14,500	Becton, Dickinson & Co.		1,715,350
1,100	Bio-Rad Laboratories, Inc. Class A *		131,681
11,800	Bio-Reference Laboratories, Inc. *		356,596
17,000	C.R. Bard, Inc.		2,431,170
16,000	Catamaran Corp. *		706,560
54,000	Cerner Corp. *		2,785,320
5,400	Cooper Cos., Inc. (The)		731,862
4,000	DaVita HealthCare Partners, Inc. *		289,280
10,000	DENTSPLY International, Inc.		473,500
46,000	Express Scripts Holding Co. *		3,189,180
38,800	Henry Schein, Inc. *		4,604,396
24,000	IDEXX Laboratories, Inc. *		3,205,680
15,000	McKesson Corp.		2,793,150
20,400	Mednax, Inc. *		1,186,260
15,300	Mettler-Toledo International, Inc. *		3,873,654
6,500	MWI Veterinary Supply, Inc. *		922,935
89,000	Novo Nordisk A/S ADR		4,110,910
4,000	ResMed, Inc. (1)		202,520
23,000	Teva Pharmaceutical Industries Ltd. ADR		1,205,660
29,000	Thermo Fisher Scientific, Inc.		3,422,000
8,000	Universal Health Services, Inc. Class B		766,080
7,000	WellPoint, Inc.		753,270
			50,821,152
	INDUSTRIALS (28.9%)		
25,300	Acuity Brands, Inc.		3,497,725
96,750	AMETEK, Inc.		5,058,090
39,200	AZZ, Inc.		1,806,336
59,800	Canadian National Railway Co.		3,888,196
1,000	Canadian Pacific Railway Ltd.		181,140
31,000	Chicago Bridge & Iron Co. N.V.		2,114,200
5,000	Civeo Corp. *		125,150
35,000	CLARCOR, Inc.		2,164,750
10,000	Clean Harbors, Inc. *		642,500
61,000	Danaher Corp.		4,802,530
56,000	Donaldson Co., Inc.		2,369,920
26,000	EnerSys		1,788,540
14,800	Equifax, Inc.		1,073,592
18,000	Esterline Technologies Corp. *		2,072,160
30,000	Fastenal Co. (1)		1,484,700
10,000	FedEx Corp.		1,513,800

See Notes to Financial Statements.

June 30, 2014

Shares			Value
COMMON STOCKS (continued) (98.3%)			
	INDUSTRIALS (28.9%) (continued)		
8,000	Flowserve Corp.	$	594,800
27,000	General Dynamics Corp.		3,146,850
6,000	Graco, Inc.		468,480
29,062	HEICO Corp.		1,509,480
48,850	IDEX Corp.		3,944,149
18,600	IHS, Inc. Class A *		2,523,462
19,000	ITT Corp.		913,900
33,000	J.B. Hunt Transport Services, Inc.		2,434,740
21,000	Kansas City Southern		2,257,710
39,000	Kirby Corp. *		4,568,460
7,000	L-3 Communications Holdings, Inc.		845,250
26,000	Lincoln Electric Holdings, Inc.		1,816,880
8,000	Oshkosh Corp.		444,240
33,000	Parker Hannifin Corp.		4,149,090
17,800	Precision Castparts Corp.		4,492,720
66,500	Republic Services, Inc.		2,525,005
9,000	Rockwell Automation, Inc.		1,126,440
54,000	Rollins, Inc.		1,620,000
36,000	Roper Industries, Inc.		5,256,360
50,700	Rush Enterprises, Inc. Class A *		1,757,769
4,000	Snap-on, Inc.		474,080
37,600	Stericycle, Inc. *		4,452,592
23,000	Teledyne Technologies, Inc. *		2,234,910
66,000	Toro Co. (The)		4,197,600
8,900	Towers Watson & Co. Class A		927,647
40,000	Union Pacific Corp.		3,990,000
36,000	United Technologies Corp.		4,156,200
12,700	Valmont Industries, Inc. (1)		1,929,765
12,600	W.W. Grainger, Inc.		3,203,802
42,800	Wabtec Corp.		3,534,852
67,600	Waste Connections, Inc.		3,281,980
			113,362,542
	INFORMATION TECHNOLOGY (9.5%)		
25,000	Accenture PLC Class A		2,021,000
19,400	Alliance Data Systems Corp. *		5,456,250

Shares			Value
	INFORMATION TECHNOLOGY (9.5%) (continued)		
30,800	Amphenol Corp. Class A	$	2,967,272
9,700	Anixter International, Inc.		970,679
60,000	ANSYS, Inc. *		4,549,200

17,000	Automatic Data Processing, Inc.	1,347,760
76,000	Cognizant Technology Solutions Corp. Class A *	3,717,160
24,400	Fiserv, Inc. *	1,471,808
63,000	MasterCard, Inc. Class A	4,628,610
11,200	MICROS Systems, Inc. *	760,480
75,000	Salesforce.com, Inc. *	4,356,000
51,000	Trimble Navigation Ltd. *	1,884,450
6,800	Ultimate Software Group, Inc. (The) *	939,556
20,300	WEX, Inc. *	2,130,891
		37,201,116
	MATERIALS (8.3%)	
15,000	Air Products & Chemicals, Inc.	1,929,300
8,000	Airgas, Inc.	871,280
3,600	Albemarle Corp.	257,400
26,700	AptarGroup, Inc.	1,789,167
20,000	Ball Corp.	1,253,600
11,800	BASF SE ADR	1,374,700
29,000	Crown Holdings, Inc. *	1,443,040
43,000	Ecolab, Inc.	4,787,620
40,000	FMC Corp.	2,847,600
5,400	NewMarket Corp.	2,117,394
31,000	Praxair, Inc.	4,118,040
24,000	Rockwood Holdings, Inc.	1,823,760
20,200	Scotts Miracle-Gro Co. (The) Class A	1,148,572
30,000	Sigma-Aldrich Corp.	3,044,400
12,800	Syngenta AG ADR	957,440
39,000	Valspar Corp. (The)	2,971,410
		32,734,723
	TELECOMMUNICATION SERVICES (1.0%)	
40,000	SBA Communications Corp. Class A *	4,092,000

Shares		Value
	UTILITIES (2.4%) (continued)	
165,600	Cia de Saneamento Basico do Estado de Sao Paulo ADR	$ 1,775,232
60,000	ITC Holdings Corp.	2,188,800
17,400	MDU Resources Group, Inc.	610,740
8,000	NextEra Energy, Inc.	819,840
52,000	Questar Corp.	1,289,600
14,000	Sempra Energy	1,465,940
26,800	Wisconsin Energy Corp.	1,257,456
		9,407,608
	TOTAL COMMON STOCKS (Cost $177,257,743) (98.3%)	386,227,121
SHORT-TERM INVESTMENTS (1.6%)		
	MONEY MARKET FUNDS (1.6%)	
6,285,972	State Street Institutional Liquid Reserves Fund	6,285,972
	TOTAL SHORT-TERM INVESTMENTS (Cost $6,285,972) (1.6%)	6,285,972
	TOTAL INVESTMENT SECURITIES (99.9%) (Cost $183,543,715)	$392,513,093

CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES (0.1%)	450,401
NET ASSETS (100%)	$392,963,494
NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE	
($392,963,494 ÷ 11,079,978 shares outstanding)	$35.47

* Non-income producing.
(1) A portion or all of the security was held on loan. As of June 30, 2014, the market value of the securities on loan was $6,545,741.
ADR American Depositary Receipt.
REIT Real Estate Investment Trust.

The following table summarizes the inputs used to value the Fund's investments in securities as of June 30, 2014 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks*	$386,227,121	$—	$—	$386,227,121
Short-Term Investments	—	6,285,972	—	6,285,972
Total Investments in Securities	$386,227,121	$6,285,972	$—	$392,513,093

* See Schedule of Investments for further classification.

See Notes to Financial Statements.

THE VALUE LINE FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY

The Fund's primary investment objective is long-term growth of capital. Current income is a secondary investment objective.

To achieve the Fund's investment objectives the Advisor invests substantially all of the Fund's net assets in common stocks. While the Fund is actively managed by the Adviser, the Adviser relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System (the "Ranking System") in selecting securities for purchase or sale. The Fund's investments principally are selected from common stocks ranked 1, 2 or 3 by the Ranking System at the time of purchase. The Adviser will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness.

Manager Discussion of Fund Performance

Below, The Value Line Fund, Inc. portfolio manager Stephen E. Grant discusses the Fund's performance and positioning for the six months ended June 30, 2014.

How did the Fund perform during the semi-annual period?

The Fund generated a cumulative total return of 4.15% during the six months ended June 30, 2014. This compares to the 7.14% return of the Fund's benchmark, the S&P 500® Index, during the same annual period.

What key factors were responsible for the Fund's performance during the six-month reporting period?

The Fund generated solid absolute gains but underperformed the S&P 500® Index during the six-month reporting period due to both stock selection and sector allocation decisions overall.

Also, while the semi-annual period ended June 30, 2014 saw gains for the equity market, value stocks outperformed growth stocks, and large-cap stocks outperformed small-cap stocks. Relative to the benchmark, both of these factors acted as headwinds to Fund results, as the Fund concentrates its holdings on growth-oriented stocks and on stocks with an average market capitalization well below that of the S&P 500® Index.

Which equity market sectors most significantly affected Fund performance?

Stock selection in information technology, industrials and energy detracted from the Fund's performance most during the semi-annual period. Having underweighted allocations to the strongly performing information technology and energy sectors and having an overweighted exposure to the weaker industrials sector also hurt. In information technology, the Fund held no positions in the strongly performing large-cap stocks in the sector, including Apple, Microsoft, Intel and Facebook, each of which saw their shares climb double-digits during the semi-annual period. The Fund was overweighted, however, in global payment solutions company MasterCard, whose shares declined on profit-taking after being one of the Fund's best performers in 2013. A sizable position in application software developer Ansys also hurt, as its shares fell. In industrials, positions in engineering and constructing firm Chicago Bridge & Iron, pest control services provider Rollins and railroad systems operator Kansas City Southern each dampened results, as each saw share price declines during the semi-annual period. In energy, an underweighted exposure to the oil services industry particularly hurt, as the Fund held no positions in either Schlumberger or Halliburton, both of which saw robust gains during the semi-annual period.

Partially offsetting these detractors were the positive contributions made by effective stock selection in the financials and telecommunication services sectors. Having an underweighted allocation to the weakly-performing financials sector also helped. In financials, not holding positions in laggards Citigroup and JPMorgan Chase buoyed Fund performance most. In telecommunication services, a position in wireless communications infrastructure owner and operator SBA Communications was a particularly strong performer.

Which stocks detracted significantly from the Fund's performance during the semi-annual period?

During the semi-annual period, among the stocks that detracted most from the Fund's relative performance were TJX Companies, a discount apparel and home fashion retailer; LKQ, an automotive products and services wholesaler; and Dicks Sporting Goods, a sporting goods retailer. Each suffered during the semi-annual period from quarterly earnings reports that were weaker than forecast.

What were some of the Fund's best-performing individual stocks?

Among the individual stocks that contributed most to the Fund's relative results were specialty pharmaceuticals firm Allergan, pharmaceuticals company Novo Nordisk and diversified energy company ONEOK.

(continued)

Allergan benefited from a takeover bid from Valeant Pharmaceuticals International. Novo Nordisk performed well on continued strong earnings results that drove a quadrupling of its stock price since the Fund established a position in its shares five years ago. ONEOK benefited from ongoing strong operating performance.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.

Did the Fund make any significant purchases or sales during the semi-annual period?

During the semi-annual period, we initiated a Fund position in consumer products manufacturing giant Procter & Gamble in recognition of its consistent long-term growth record in earnings and stock price, generated by its powerful product portfolio. We established a Fund position in application software developer Ultimate Software Group for similar reasons, seeking to take advantage of what we believed to be a short-term drop in its stock price during the spring 2014 sell-off of high growth stocks. We added to the Fund’s position in information services provider IHS, as it continued to deliver good earnings and stock price growth.

We sold the Fund’s position in natural food supermarket owner and operator Whole Foods Market because its quarterly earnings reports began to disappoint. We also exited the Fund’s position in Internet exchange services provider Equinix because of reduced consistency and predictability in its earnings and stock price.

Were there any notable changes in the Fund’s weightings during the six-month period?

There were no material changes in the Fund’s sector weightings during the six-month period ended June 30, 2014.

How was the Fund positioned relative to its benchmark index at the end of June 2014?

As of June 30, 2014, the Fund was overweighted relative to the S&P 500® Index in the industrials and materials sectors. The Fund was underweighted relative to the S&P 500® Index in the energy, financials and information technology sectors and rather neutrally weighted relative to the Index in the consumer discretionary, health care, consumer staples, utilities and telecommunication services sectors on the same date.

What is your tactical view and strategy for the months ahead?

Regardless of market conditions, we intend to stay true to our time-tested investment discipline going forward, seeking to invest in companies that have demonstrated a solid history of consistent growth in both their earnings and stock price. In our view, these companies possess attractive portfolios of proprietary products and services that give them strong market positions and make them less vulnerable to swings in national and international economic conditions. At the same time, we believe the underlying stocks of these companies tend to be less volatile than the average stock in the S&P 500® Index. By maintaining our investment discipline, the Fund has historically provided a smoother ride to investors than its peer group averages. Putting aside short-term ebbs and flows in the equity market, we believe the Fund’s investments are likely to continue to provide superior returns to our shareholders over the long term.

The Value Line Fund, Inc.
Portfolio Highlights at June 30, 2014 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Alliance Data Systems Corp.	8,300	$ 2,334,375	1.9 %
Rollins, Inc.	75,600	2,268,000	1.8 %
AutoZone, Inc.	4,000	2,144,960	1.7 %
Novo Nordisk A/S ADR	45,500	2,101,645	1.7 %
Yum! Brands, Inc.	24,800	2,013,760	1.6 %
AMETEK, Inc.	36,750	1,921,290	1.5 %
Church & Dwight Co., Inc.	26,000	1,818,700	1.4 %
Alexion Pharmaceuticals, Inc.	11,600	1,812,500	1.4 %
Roper Industries, Inc.	12,400	1,810,524	1.4 %
Kirby Corp.	14,700	1,721,958	1.4 %

Asset Allocation – Percentage of Net Assets

Sector Weightings – Percentage of Total Investment Securities*

*Sector weightings exclude short-term investments.

The Value Line Fund, Inc.
Schedule of Investments (unaudited)

Shares		Value
COMMON STOCKS (97.6%)		
	CONSUMER DISCRETIONARY (10.9%)	
4,000	AutoZone, Inc. *	$ 2,144,960
13,600	BorgWarner, Inc.	886,584
17,400	Brinker International, Inc.	846,510
6,000	Buckle, Inc. (The) (1)	266,160
7,600	Buffalo Wild Wings, Inc. *	1,259,396
16,800	Dick’s Sporting Goods, Inc.	782,208
3,800	Domino’s Pizza, Inc.	277,742
5,700	Gildan Activewear, Inc.	335,616
33,000	LKQ Corp. *	880,770
3,200	O’Reilly Automotive, Inc. *	481,920
7,400	Penn National Gaming, Inc. *	89,836
9,300	Starbucks Corp.	719,634
32,000	TJX Companies, Inc. (The)	1,700,800
10,400	VF Corp.	655,200
16,800	Wolverine World Wide, Inc.	437,808
24,800	Yum! Brands, Inc.	2,013,760
		13,778,904
	CONSUMER STAPLES (11.4%)	
3,100	Boston Beer Co., Inc. (The) Class A *	692,912
4,900	British American Tobacco PLC ADR	583,492
4,000	Bunge Ltd.	302,560
11,400	Casey’s General Stores, Inc.	801,306
26,000	Church & Dwight Co., Inc.	1,818,700
9,000	Costco Wholesale Corp.	1,036,440
7,500	Energizer Holdings, Inc.	915,225
40,500	Flowers Foods, Inc.	853,740
19,000	General Mills, Inc.	998,260
33,000	Hormel Foods Corp.	1,628,550
15,700	Ingredion, Inc.	1,178,128
18,100	J&J Snack Foods Corp.	1,703,572
9,000	PepsiCo, Inc.	804,060
8,000	Procter & Gamble Co. (The)	628,720
6,000	Reynolds American, Inc.	362,100
		14,307,765
	ENERGY (3.8%)	
2,000	Core Laboratories N.V.	334,120
14,000	Enbridge, Inc.	664,580
10,000	EQT Corp.	1,069,000

5,600	FMC Technologies, Inc.*	341,992
13,400	Noble Energy, Inc.	1,037,964
3,600	Oceaneering International, Inc.	281,268
15,000	ONEOK, Inc.	1,021,200
		4,750,124
	FINANCIALS (5.5%)	
8,000	Affiliated Managers Group, Inc.*	1,643,200
12,000	AFLAC, Inc.	747,000

Shares		Value
	FINANCIALS (5.5%) (continued)	
9,000	American Tower Corp. REIT	$ 809,820
2,000	BlackRock, Inc.	639,200
3,500	Crown Castle International Corp. REIT	259,910
6,300	M&T Bank Corp.	781,515
4,400	MetLife, Inc.	244,464
5,000	Prudential Financial, Inc.	443,850
8,000	Royal Bank of Canada	571,440
4,900	Stifel Financial Corp. *	232,015
6,600	T. Rowe Price Group, Inc.	557,106
		6,929,520
	HEALTH CARE (13.0%)	
11,600	Alexion Pharmaceuticals, Inc. *	1,812,500
9,600	Allergan, Inc.	1,624,512
5,800	C.R. Bard, Inc.	829,458
8,740	Catamaran Corp. *	385,959
17,400	Cerner Corp. *	897,492
800	Cooper Cos., Inc. (The)	108,424
1,500	DaVita HealthCare Partners, Inc. *	108,480
3,900	DENTSPLY International, Inc.	184,665
15,340	Express Scripts Holding Co. *	1,063,522
12,700	Henry Schein, Inc. *	1,507,109
6,400	IDEXX Laboratories, Inc. *	854,848
5,600	McKesson Corp.	1,042,776
16,800	Mednax, Inc. *	976,920
4,700	Mettler-Toledo International, Inc.*	1,189,946
45,500	Novo Nordisk A/S ADR	2,101,645
10,000	Teva Pharmaceutical Industries Ltd. ADR	524,200
10,200	Thermo Fisher Scientific, Inc.	1,203,600
		16,416,056
	INDUSTRIALS (30.7%)	
7,800	Acuity Brands, Inc.	1,078,350
36,750	AMETEK, Inc.	1,921,290
22,200	Canadian National Railway Co.	1,443,444
800	Canadian Pacific Railway Ltd.	144,912
4,400	Carlisle Companies, Inc.	381,128
10,000	Chicago Bridge & Iron Co. N.V.	682,000

15,000	CLARCOR, Inc.	927,750
6,000	Clean Harbors, Inc.*	385,500
20,700	Danaher Corp.	1,629,711
31,000	Donaldson Co., Inc.	1,311,920
4,800	Equifax, Inc.	348,192
2,400	Esterline Technologies Corp.*	276,288
8,000	Fastenal Co. (1)	395,920
5,000	FedEx Corp.	756,900
9,900	General Dynamics Corp.	1,153,845

Shares		Value
	INDUSTRIALS (30.7%) (continued)	
7,300	Graco, Inc.	$ 569,984
13,983	HEICO Corp.	726,277
16,200	IDEX Corp.	1,307,988
6,000	IHS, Inc. Class A *	814,020
5,850	ITT Corp.	281,385
6,800	J.B. Hunt Transport Services, Inc.	501,704
8,200	Kansas City Southern	881,582
14,700	Kirby Corp.*	1,721,958
5,400	L-3 Communications Holdings, Inc.	652,050
4,000	Lincoln Electric Holdings, Inc.	279,520
6,900	Middleby Corp. (The) *	570,768
3,500	Oshkosh Corp.	194,355
10,400	Parker Hannifin Corp.	1,307,592
5,700	Precision Castparts Corp.	1,438,680
21,300	Republic Services, Inc.	808,761
2,800	Rockwell Automation, Inc.	350,448
75,600	Rollins, Inc.	2,268,000
12,400	Roper Industries, Inc.	1,810,524
12,000	Stericycle, Inc. *	1,421,040
6,000	Teledyne Technologies, Inc.*	583,020
15,600	Toro Co. (The)	992,160
9,600	Union Pacific Corp.	957,600
11,400	United Technologies Corp.	1,316,130
4,200	Valmont Industries, Inc. (1)	638,190
4,900	W.W. Grainger, Inc.	1,245,923
11,500	Wabtec Corp.	949,785
25,300	Waste Connections, Inc.	1,228,315
		38,654,909
	INFORMATION TECHNOLOGY (10.7%)	
17,800	Accenture PLC Class A	1,438,952
8,300	Alliance Data Systems Corp.*	2,334,375
7,000	Amphenol Corp. Class A	674,380
2,700	Anixter International, Inc.	270,189
13,500	ANSYS, Inc.*	1,023,570
8,000	Automatic Data Processing, Inc.	634,240
28,000	Cognizant Technology Solutions Corp. Class A *	1,369,480
3,200	Fidelity National Information Services, Inc.	175,168

6,400	Fiserv, Inc. *	386,048
23,000	MasterCard, Inc. Class A	1,689,810
2,800	MICROS Systems, Inc. *	190,120
17,600	Open Text Corp.	843,744
24,000	Salesforce.com, Inc. *	1,393,920
3,000	Ultimate Software Group, Inc. (The) *	414,510
6,100	WEX, Inc. *	640,317
		13,478,823

See Notes to Financial Statements.

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June 30, 2014

Shares		Value
COMMON STOCKS (97.6%) (continued)		
	MATERIALS (9.6%)	
3,000	Airgas, Inc.	$ 326,730
12,000	Ball Corp.	752,160
25,600	Crown Holdings, Inc.*	1,273,856
12,000	Ecolab, Inc.	1,336,080
22,400	FMC Corp.	1,594,656
1,800	NewMarket Corp.	705,798
10,000	Packaging Corp. of America	714,900
10,300	Praxair, Inc.	1,368,252
11,000	Scotts Miracle-Gro Co. (The) Class A	625,460
11,400	Sigma-Aldrich Corp.	1,156,872
25,900	Silgan Holdings, Inc.	1,316,238
12,400	Valspar Corp. (The)	944,756
		12,115,758
	UTILITIES (2.0%)	
30,000	ITC Holdings Corp.	1,094,400
4,000	NextEra Energy, Inc.	409,920
23,000	Questar Corp.	570,400
10,900	Wisconsin Energy Corp.	511,428
		2,586,148
	TOTAL COMMON STOCKS (Cost $64,432,786) (97.6%)	123,018,007

Shares		Value
SHORT-TERM INVESTMENTS (2.4%)		
	MONEY MARKET FUNDS (2.4%)	
3,025,809	State Street Institutional Liquid Reserves Fund	$ 3,025,809
	TOTAL SHORT-TERM INVESTMENTS (Cost $3,025,809) (2.4%)	3,025,809
	TOTAL INVESTMENT SECURITIES (100.0%) (Cost $67,458,595)	$ 126,043,816

EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (0.0%)	(52,340)
NET ASSETS (100%)	$ 125,991,476
NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE ($125,991,476 ÷ 8,962,383 shares outstanding)	$ 14.06

* Non-income producing.

(1) A portion or all of the security was held on loan. As of June 30, 2014, the market value of the securities on loan was $1,300,270.
ADR American Depositary Receipt.
REIT Real Estate Investment Trust.

The following table summarizes the inputs used to value the Fund's investments in securities as of June 30, 2014 (See Note 1B):

Investments in Securities:	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks*	$123,018,007	$—	$—	$123,018,007
Short-Term Investments	—	3,025,809	—	3,025,809
Total Investments in Securities	$123,018,007	$3,025,809	$—	$126,043,816

* See Schedule of Investments for further classification.

See Notes to Financial Statements.

VALUE LINE INCOME AND GROWTH FUND, INC.

INVESTMENT OBJECTIVE AND STRATEGY

The Fund's primary investment objective is income, as high and dependable as is consistent with reasonable risk. Capital growth to increase total return is a secondary objective.

To achieve the Fund's goals, the Adviser invests not less than 50% of the Fund's net assets in common or preferred stocks or securities convertible into common stock which may or may not pay dividends. The balance of the Fund's net assets are primarily invested in U.S. government securities, money market securities and investment grade debt securities rated at the time of purchase from the highest (AAA) to medium (BBB) quality. Although the Fund can invest in companies of any size, it generally invests in U.S. securities issued by larger, more established companies (those with a market capitalization of more than $5 billion).

Manager Discussion of Fund Performance

Effective February 2014, Stephen E. Grant replaced Mark T. Spellman as portfolio manager responsible for the equity portion of the Fund. Effective June 2014, Cindy Starke joined Mr. Grant in sharing that equity portfolio management responsibility. Below, Value Line Income and Growth Fund, Inc. portfolio managers Cindy Starke, Stephen E. Grant and Liane Rosenberg discuss the Fund's performance and positioning for the six months ended June 30, 2014.

How did the Fund perform during the semi-annual period?

The Fund generated a cumulative total return of 5.53% during the six months ended June 30, 2014. This compares to the 6.04% return of the Fund's blended benchmark, comprised 60% of the S&P 500® Index and 40% of the Barclays U.S. Aggregate Bond Index (the Barclays Index), during the same semi-annual period.

What key factors were responsible for the Fund's performance during the six-month reporting period?

The Fund benefited from effective asset allocation. Throughout the six-month reporting period, the Fund was overweighted equities and underweighted fixed income. With U.S. equities, as measured by the S&P 500® Index, up 7.14% during the semi-annual period, and bonds, as measured by the Barclays Index, posting a return of 3.93%, this asset allocation clearly added value.

Security selection overall within the equity and fixed income portions of the Fund also proved beneficial. However, the Fund's allocation to cash during a period of rallying markets and a small weighting in convertible equities were a drag on the Fund's relative performance.

Which equity market sectors most significantly affected Fund performance?

Stock selection in the consumer staples, health care and industrials sectors contributed most positively to the Fund's results. Only partially offsetting these positive contributors was stock selection in the information technology, materials, energy and utilities sectors, which detracted.

What were some of the Fund's best-performing individual stocks?

Contributing most to the Fund's relative results were two pharmaceuticals companies—Actavis and Teva Pharmaceuticals—and semiconductor company Avago Technologies, each of which generated robust double-digit gains during the semi-annual period. Actavis' shares were up on the news of its accretive acquisition of Forest Laboratories. In addition to anticipated cost savings, we believe the combined company should result in greater product diversification and higher sales growth. Shares of Teva Pharmaceuticals rose after receiving FDA approval for a three-times-a-week version of its leading multiple sclerosis treatment, Copaxone. This approval was an important catalyst, as it gave the company time to convert existing patients on their daily Copaxone treatment before a generic version is approved. Avago Technologies' shares rose sharply based on good results and the accretive benefits and diversification gains from its acquisition of LSI.

Which stocks detracted significantly from the Fund's performance during the semi-annual period?

During the semi-annual period, the stocks that detracted most from the Fund's performance were office products superstore Staples, construction and engineering firm Chicago Bridge & Iron and master limited partnership engaged in natural gas transportation and storage Boardwalk Pipeline Partners LP, each of which experienced double-digit share price declines. Shares of Staples dropped, as the company's same-store sales and gross margins fell short of expectations. In our view, Staples' business appears to be in a secular decline. Seeing further downside risk, we sold the Fund's position in Staples by the end of the semi-annual period. Chicago Bridge & Iron's shares sold off following a weaker than expected first quarter 2014 earnings report. We maintained the Fund's position in the firm, however, as the shortfall appeared to us to be timing-related rather than any fundamental problem with the company's business. Boardwalk Pipeline Partners LP saw its shares decline after announcing disappointing earnings results and guidance that fell short of expectations. We sold the Fund's position in Boardwalk Pipeline Partners LP by the end of the semi-annual period.

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Did the equity portion of the Fund make any significant purchases or sales?

During the semi-annual period, we initiated positions in Starbucks, Estee Lauder Companies and Visa. Starbucks is the world's leading coffee retailer with more than 20,000 locations around the globe. The company generates revenues from its company-owned stores, licensed stores, consumer packaged goods business and food service operations. With a loyal and expanding global customer base, we believe the company is well positioned to grow both its sales and earnings during the coming years. We established a Fund position in Estee Lauder Companies, a leading company in the global prestige beauty product market. Estee Lauder Companies owns a diversified portfolio of well-known beauty brands that, in our view, stand to benefit from growing global disposable incomes and an aging global population. The Fund purchased shares of Visa, a leading global payments technology company. Visa is well positioned, in our view, to be one of the winners in the secular transition to digital payments from checks and cash. Some analysts estimate that the digital payments opportunity is only 15% penetrated globally.

In addition to those sales already mentioned, we sold the Fund's position in discount retailer Target, as the company's sales growth remained challenged, and it appeared that e-commerce competition continued to impact its in-store customer traffic. We eliminated the Fund's position in consumer foods manufacturer General Mills, as we felt its shares were fully valued, and we had grown concerned about slowing U.S. sales. We exited the Fund's position in global logistics company Expeditors International of Washington, as we saw what we considered to be downside risk in its margins and earnings.

Were there any notable changes in the equity portion of the Fund's weightings during the six-month period?

During the semi-annual period, we decreased weightings in the financials and materials sectors, and we increased positions in the consumer discretionary and information technology sectors.

How was the equity portion of the Fund positioned relative to its benchmark index at the end of June 2014?

As of June 30, 2014, the Fund was overweighted relative to the S&P 500® Index in the telecommunication services and utilities sectors. The Fund was underweighted relative to the S&P 500® Index in the materials sector and was rather neutrally weighted to the S&P 500® Index in the consumer discretionary, consumer staples, energy, financials, health care, industrials and information technology sectors on the same date.

What was the duration strategy of the fixed income portion of the Fund?

Given the market's low volatility and the 10-year U.S. Treasury's narrow trading range, especially during the second calendar quarter, we kept the Fund's duration in a relatively tight band of 1/4 year either longer or shorter than that of the Barclays Index. Duration is a measure of the Fund's sensitivity to changes in interest rates.

While duration positioning had an overall neutral impact on results during the semi-annual period, yield curve positioning detracted. Longer duration assets were the best performers during the semi-annual period, and the fixed income portion of the Fund had an underweighted exposure to the long-term end of the yield curve. Yield curve indicates the spectrum of maturities within a particular sector.

Which fixed income market segments most significantly affected Fund performance?

Overall, the fixed income portion of the Fund outperformed its benchmark, the Barclays Index. The biggest positive contributors to performance were investment grade and high yield corporate bonds. During the semi-annual period, higher risk assets outperformed lower risk assets, and the fixed income portion of the Fund was significantly overweight investment grade corporate bonds relative to the Barclays Index, while maintaining a significant underweight to U.S. Treasuries. Investment grade corporate bonds outperformed U.S. Treasuries by approximately 300 basis points during the semi-annual period. (A basis point is 1/100th of a percentage point.) Within corporate credit, we also maintained an out-of-benchmark exposure to high yield corporate bonds. This high yield corporate bond exposure had a positive impact on relative results, as high yield corporate bonds outperformed the Barclays Index by approximately 150 basis points during the semi-annual period. U.S. Treasuries, particularly those on the short-term end of the yield curve, were the weakest performers during the semi-annual period, and so the fixed income portion of the Fund's underweight to these holdings proved prudent as well.

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Were there any notable changes in the fixed income portion of the Fund’s weightings during the six-month period?

The most significant sector shifts in the fixed income portion of the Fund encompassed a reduction in U.S. Treasuries with a similar incremental increase in corporate bonds, both investment grade and high yield. To a more modest degree, exposure to securitized assets edged up, with the increased exposure coming from commercial mortgage-backed securities. We also modestly increased the fixed income portion of the Fund’s exposures to sovereign debt and taxable municipal bonds during the six-month period.

How was the fixed income portion of the Fund positioned relative to its benchmark index at the end of June 2014?

As of June 30, 2014, the fixed income portion of the Fund was overweight relative to the Barclays Index in investment grade corporate bonds and in securitized debt. It also maintained its out-of-benchmark exposure to high yield corporate bonds. The fixed income portion of the Fund was underweight relative to the Barclays Index in U.S. Treasuries and supranational agency debt and was rather neutrally weighted to the benchmark index in asset-backed securities, sovereign debt and taxable municipal bonds on the same date.

How did the Fund’s overall asset allocation shift from beginning to end of the semi-annual period?

At the end of December 2013, the Fund had a weighting of 66% in stocks, 4% in bonds convertible into common stocks, 22% in fixed income securities and 8% in cash equivalents. By the end of June 2014, allocation had changed little. At June 30, 2014, the Fund had a weighting of 69% in stocks, 3% in bonds convertible into common stocks, 22% in fixed income securities and 6% in cash equivalents.

How did the Fund use derivatives and similar instruments during the reporting period?

The Fund did not use derivatives during the reporting period.

What is your tactical view and strategy for the months ahead?

With short-term interest rates and inflation still low, we believe there are many stocks that offer attractive dividend income and capital appreciation potential. We intend to continue to build a diversified equity portfolio of high quality companies with good balance sheets and cash flow generation led by vetted management teams. We also intend to continue to monitor the pace of economic growth, the job market and the inflation rate, as these factors, along with potential changes to the Fed’s stance on the economy and its timeline on raising interest rates, are likely to impact the Fund’s equity holdings. We remained comfortable at the end of the semi-annual period with the Fund’s underweighted allocation to fixed income, as we saw better return potential in other asset classes.

As always, our goal is to preserve capital in the near term while generating solid total return (i.e., income plus capital appreciation) over the long term and across economic cycles.

Value Line Income and Growth Fund, Inc.
Portfolio Highlights at June 30, 2014 (unaudited)

Ten Largest Holdings

Issue	Shares		Value	Percentage of Net Assets	
Intel Corp.	129,000	$	3,986,100	1.2	%
Johnson & Johnson	36,100		3,776,782	1.1	%
Schlumberger Ltd.	31,200		3,680,040		