



Stephen E. Grant
Portfolio Manager

Mr. Grant has been Portfolio Manager of the Value Line Premier Growth Fund since 1996. He has over 20 years of experience and currently manages funds containing approximately \$1.3B in net assets. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

**Value Line Premier
Growth Fund**

Overall **MORNINGSTAR** Rating



Among 642
Mid-Cap Growth Funds
(as of 9/30/14)

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.

Fund Facts

Symbol:	VALSX
Total assets	\$374 M
Inception date:	5/30/56

Portfolio Manager Q&A

Value Line Premier Growth Fund (VALSX)

Q1: The average holding period of companies in the Value Line Premier Growth Fund is approximately 9 years as of September 30, 2014. The portfolio turnover ratio for the Morningstar Mid-Cap Growth Category is 75% as of the same date. Therefore, peers are turning over their portfolio approximately every 1.5 years on average. Why is the Fund's holding period so much longer?

Our approach to growth investing includes companies with a demonstrated ability to consistently increase their earnings and stock price over the past 10 years or more. Having 10+ years of growth history gives us the confidence that these companies will continue to execute in the future. Therefore, we are not stock traders influenced by sub-par operating results in any particular quarter; rather, we take a long-term view of a company's prospects.

With an intended holding period measured in years, not months, the result is a low turnover ratio, rewarding shareholders with distributions that are generally long-term in nature and subject to a more favorable tax treatment. In addition, low turnover may reduce the Fund's overall trading costs.

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Q2. Given this style of growth investing, what is the Fund's sector allocation?

Because we take a "steady-eddy" approach to growth stock investing, the Fund has a larger position in sectors that have more predictable operating results. For example, the Fund includes a higher percentage of Industrials companies as compared to the S&P 500 Index. As of September 30, 2014, four Industrial companies, Roper Industries, AMETEK, Danaher and Kirby, were among the top 10 Fund holdings. These businesses have operating characteristics consistent with the Fund's selection criteria that is focused on earnings and stock price growth and possess products and services needed by their customers regardless of the economic environment.

Conversely, the largest underweighted sectors relative to the S&P 500 Index as of quarter end were the Energy and Financial Services sectors. Many companies in these sectors tend to have inconsistent earnings and a more erratic stock price movement.

Keep in mind the key to this "steady-eddy" approach is that a company needs to show consistency of demonstrated earnings growth over a long period of time. Some of our holdings exhibit faster growth over time, some are slower growers, but the emphasis is on the consistency. In addition, the market must be rewarding these growing companies with an increasing stock price.

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Portfolio Manager Q&A

Value Line Premier Growth Fund (VALSX)

Q3. In a recent research paper, Value Line Funds made the case for the predictability of growth investing. Would you please summarize the findings in this paper?

When investors think of growth companies, what immediately comes to mind are the high-flying, large technology or social media stocks that are often capturing headlines. Growth stocks have faster earnings growth and, therefore, higher valuations. However, in our experience, many also have a more predictable pattern of growth with less price volatility and, therefore, smoother returns over time. We believe the keys to finding more predictable growth stocks or “steady-eddy” investing is to further refine the degree of volatility and focus on companies with a long track record of demonstrated results.

The Value Line Funds’ research report uses the Premier Growth Fund as an example. With its approach of purchasing proven growth companies that meet its growth criteria and steering away from the high-flying, more aggressive or momentum stocks, the Fund has historically provided shareholders with lower volatility and greater capital protection while still outperforming the Morningstar Mid-Cap Growth Funds Category Average over time.

Value Line Funds’ White Paper

“The Case for Predictable Growth Stocks”



Performance (as of 9/30/14)	Average Annual Return			
	1 Year	3 Year	5 Year	10 Year
Premier Growth Fund (VALSX)	10.55%	18.96%	15.45%	9.56%
S&P 500 Index	19.73	22.97	15.69	8.10
Morningstar Mid-Cap Growth Category Avg.	10.05	20.14	14.82	9.07
Morningstar Category Rank (%)	46	66	40	41
# of Funds in Category	747	642	582	425
Morningstar Risk		Low	Low	Below Avg
Gross Expense Ratio: 1.24%				

Morningstar rates funds based on enhanced Morningstar risk-adjusted returns.

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 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.

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.

As of 9/30/14, the Fund held 1.41%, 1.30%, 1.24%, and 1.23% in net assets of Roper Industries, AMETEK, Danaher and Kirby.

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 year period and 4 stars for the 5 and 10 year periods ended 9/30/14, out of 642, 582 and 425 mid-cap growth funds, respectively.

The inception dates of Value Line Mutual Funds range from 1950 to 1993. **Value Line Mutual Funds are distributed by EULAV Securities LLC. Past performance is no guarantee of future results.**

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