



Overall  **Rating**



Among 540 Mid-Cap Growth Funds
(as of 9/30/18)

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.



Stephen E. Grant

Portfolio Manager

Mr. Grant has been Portfolio Manager of the Value Line Premier Growth Fund since 1996 and has over 25 years of investment experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

Fund Facts

Symbol: VALSX
Inception date: 5/31/56
Total assets: \$369M
(as of 9/30/18)

Top 10 Holdings

(as of 9/30/18)

| Company | Weight (%) |
|---------------------------------|------------|
| Waste Connections, Inc. | 3.75 |
| IDEXX Laboratories, Inc. | 3.75 |
| Teledyne Technologies, Inc. | 3.36 |
| Roper Technologies, Inc. | 3.13 |
| Ansys, Inc. | 3.12 |
| Fiserv, Inc. | 3.05 |
| Mettler-Toledo Internat'l, Inc. | 2.92 |
| The Ultimate Software Grp. | 2.84 |
| Salesforce.com, Inc. | 2.67 |
| The Toro Co. | 2.58 |

Portfolio Manager Q&A

Value Line Premier Growth Fund (VALSX)

Q1: Would you please comment on the Fund's outperformance for the quarter relative to the S&P 500 Index and the Morningstar Mid-Cap Growth Funds category?

The Fund outperformed the S&P 500 by 208 basis points for the quarter ended September 30, 2018, as the Fund rose 9.79% compared to a return of 7.71% for the S&P 500. The Morningstar Mid-Cap Growth Funds category averaged 6.48%. Over the longer time periods, the Fund has outperformed the Morningstar category average for the 1, 3 and 5 year periods ended September 30, 2018.

This outperformance was primarily due to two factors:

- 1. Disciplined stock selection.** We look for companies with a proven history of 10 or more years of consistent growth in both earnings and stock price. As a result, we do not seek high-flying growth companies, but rather, those businesses that have stood the test of time and we believe are likely to continue to perform well.
- 2. Flexible approach to stock selection.** With a bottom-up process, we select companies meeting our selection criteria, without regard to sector or market capitalization. As a result, the portfolio often has different weights compared to the S&P 500. For example, the Fund had a favorable quarterly impact from our overweight position of nearly 33% in the Industrials sector as compared to less than 10% for the S&P 500.

Q2: With your emphasis on consistent long-term growth and low turnover, what recent changes have you made to the portfolio?

In the third quarter, we purchased a few companies: We added Synopsys (SNPS), a technology company, and Encompass Health (EHC), a provider of healthcare services. Following our initial investment, we continue to evaluate our new holdings over time to make sure the companies still meet our growth criteria. On the other hand, when a company fails to provide consistent growth over several quarters, we often sell it. For example, during the third quarter we sold General Mills, Inc (GIS) as it no longer fit our growth investment model.

Many of the Fund's largest holdings have been held for several years. For example, IDEXX Laboratories, Inc. and Ansys, Inc. have been in the Fund since 2002. This long-term approach contributes to the Fund's low turnover rate of 3% as of 12/31/17, compared to the Morningstar Mid-Cap Growth Funds category average turnover rate of 60% as of 9/30/18.

Q3: How has the Fund achieved lower risk ratings than its Morningstar peer group?

We believe the Fund's lower risk rating relative to the Morningstar category is primarily due to our disciplined investment approach of seeking companies that have demonstrated a 10+ year history of consistent growth in stock price and earnings. We are pleased that the Fund was awarded "Low" risk ratings from Morningstar for the 3, 5 and 10 year periods as of September 30, 2018. We believe it is important to offer investors above average capital appreciation over time while minimizing volatility—in essence, a smoother path to growth investing.

Value Line Premier Growth Fund Performance (as of 9/30/18)

| | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---------------|---------------|---------------|---------------|
| Premier Growth Fund (VALSX) | 22.48% | 16.69% | 12.03% | 11.89% |
| S&P 500 Index | 17.91 | 17.31 | 13.95 | 11.97 |
| Morningstar Mid-Cap Growth Category Average | 20.31 | 15.81 | 11.68 | 11.97 |
| Percentile Rank in Morningstar Cat. | 36 | 39 | 44 | 56 |
| # of Funds in Category | 601 | 540 | 483 | 342 |
| Morningstar Risk | | Low | Low | Low |
| Expense ratio: 1.20% | | | | |

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.

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-year period and 3 stars for the 5-year and 10-year periods ended 9/30/18, out of 540, 483 and 342 mid-cap growth funds, respectively.

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