



## Overall Rating



Among 562 Mid-Cap Growth Funds  
(as of 12/31/17)

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 20 years of investment experience. Mr. Grant earned an MBA from Wharton and a BA from Stanford University.

### Fund Facts

Symbol: VALSX  
Inception date: 5/30/56  
Total assets: \$342M  
*(as of 12/31/17)*

### Top 10 Holdings

*(as of 12/31/17)*

| Company                     | Weight (%) |
|-----------------------------|------------|
| Waste Connections, Inc.     | 3.70       |
| Mettler-Toledo Intl, Inc.   | 3.29       |
| Toro Co.                    | 3.10       |
| Roper Technologies, Inc.    | 3.03       |
| Teledyne Technologies, Inc. | 2.73       |
| Ansys, Inc.                 | 2.73       |
| IDEXX Laboratories, Inc.    | 2.69       |
| Fiserv, Inc.                | 2.69       |
| AMETEK, Inc.                | 2.26       |
| The Ultimate Software Grp   | 2.13       |

## Portfolio Manager Q&A

### Value Line Premier Growth Fund (VALSX)

#### Q1: How did the Fund perform against its benchmark S&P 500 Index and the Morningstar Mid-Cap Growth Funds category in 2017?

The Fund rose 22.32% in 2017 while the S&P 500 Index increased 21.83% and the Morningstar Mid-Cap Growth Funds category increased 23.91% over the same period. By design, the Fund includes more defensively postured high-quality companies that generally have 10+ years of consistent growth in both earnings and stock price.

Importantly, due to its focus on steadily growing companies, the Premier Growth Fund has historically provided lower volatility than its Morningstar peers. **As of December 31, 2017, the Fund was awarded a "Low" or "Below Average" risk rating by Morningstar over the 3-, 5- and 10-year periods.**

**"The Premier Growth Fund has historically provided lower volatility than its Morningstar peers."**

#### Q2: How is this Fund different from others in the Morningstar Mid-Cap Growth Funds category?

Compared to other mid-cap growth funds, the Premier Growth Fund has the flexibility to hold companies of various market capitalizations. While mid-cap companies comprise the largest allocation of the portfolio, the Fund holds select larger companies that have demonstrated impressive growth characteristics and economic resiliency over time. In addition, the Fund can purchase promising smaller companies that fit our long-term consistent growth criteria and capture the potential appreciation as these businesses flourish.

As a result, we tend to hold companies for many years and allow them the time to execute their business plans. The Fund's turnover rate is often far lower than the Morningstar Mid-Cap Growth Funds category. As of December 31, 2017, the Fund's turnover rate was less than 10% while the category averaged approximately 60%.

In addition, the portfolio's sector weightings are often different than our peers to maintain the Fund's low risk profile. Historically, the Fund has had an underweight in Consumer Discretionary stocks and an overweight position in the Industrials sector compared to our mid-cap peers. As of the end of 2017, only 7% of the Fund was allocated to Discretionary stocks while the Morningstar Mid-cap Growth category was nearly 17%. Conversely, roughly 33% of the Fund was allocated to Industrials companies. By comparison, the Morningstar Mid-Cap Growth category had a sector weighting of only 18% as of the end of 2017.

*(continued on next page)*

### Q3: Would you please comment on the Fund's overweight in the Industrials sector compared to other mid-cap growth funds?

Our overweight allocation to the Industrials sector is a result of our search for high-quality stocks that exhibit steady growth over longer time frames. The Fund's portfolio within the Industrials sector is diversified and includes waste management, turf and irrigation equipment, railway transportation, and financial processing infrastructure companies. These types of companies can be considered the backbone of the American economy and are generally resistant to slower economic periods.

#### Value Line Premier Growth Fund Performance (as of 12/31/17)

|   | 1 Year        | 3 Year       | 5 Year        | 10 Year           |
|---|---------------|--------------|---------------|-------------------|
| <b>Premier Growth Fund (VALSX)</b>          | <b>22.32%</b> | <b>9.48%</b> | <b>12.13%</b> | <b>7.72%</b>      |
| S&P 500 Index                               | 21.83         | 11.41        | 15.79         | 8.50              |
| Morningstar Mid-Cap Growth Category Average | 23.91         | 9.40         | 13.73         | 7.67              |
| Morningstar Cat. Rank (%)                   | 62            | 52           | 80            | 53                |
| # of Funds in Category                      | 617           | 562          | 490           | 362               |
| Morningstar Risk                            |               | <b>Low</b>   | <b>Low</b>    | <b>Below Avg.</b> |
| Expense ratio: 1.21%                        |               |              |               |                   |

*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](http://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](http://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 3 stars for the 3-year period, 2 stars for the 5-year period and 3 stars for the 10-year period ended 12/31/17, out of 562, 490 and 362 mid-cap growth funds, respectively.

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

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