



VALUE LINE

No-Load Mutual Funds

ACCOUNT APPLICATION

DO NOT USE FOR RETIREMENT PLANS (This Form May Be Copied)

Sign Application on Reverse Side

Mail completed forms and all checks to:

Value Line Funds c/o NFDS PO Box 219729 Kansas City, MO 64121-9729

For Application Assistance or Retirement Plan Information Call 1-800-223-0818

1 REGISTRATION — PLEASE PRINT OR TYPE

Circle the Social Security number to be used for tax purposes. If no number is circled, the first number provided will be used.

Registration form with checkboxes for Individual, Joint Registrant, Gift to Minors, and Corporations/Partnerships/Trusts & Others. Includes fields for names, addresses, and Social Security numbers.

2 MAILING ADDRESS — PLEASE PRINT OR TYPE

Mailing address form with fields for Street Address, Apt.#/Bldg, City, State, Zip Code, and various phone numbers.

3 FUND(S) SELECTION — Minimum initial investment: \$1,000 for each Value Line fund.

Table listing investment options: Cash, Convertible, Aggressive Income, U.S. Government, Tax Exempt National Bond, Tax Exempt Money Market, Special Situations, Value Line Fund, Income and Growth, Leveraged Growth, NY Tax Exempt, Emerging Opportunities, Asset Allocation, U.S. Multinational Company.

(\* Check Redemption and Telephone Redemption Privileges available. (†) Available only to residents of New York, Connecticut, New Jersey, and Florida.

4 INVESTMENT SOURCE

Investment source form with checkboxes for By Check and By Wire, and a field for Account No.

5 DISTRIBUTION OPTION — See Prospectus for details. If no box is checked, all distributions will be reinvested.

Distribution option form with checkboxes for reinvestment and cash distribution options.

EXPEDITED DISTRIBUTION SERVICE\*

Expedited distribution service form with checkboxes for electronic and mail distribution authorization.

\* ATTACH COPY OF VOIDED CHECK OR DEPOSIT SLIP FROM YOUR BANKING INSTITUTION.

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## 6 SHAREHOLDER PRIVILEGES

These privileges are subject to the terms set forth in the Prospectus.

**A. Check Redemption Privilege** — Available only from eligible Funds indicated in Section 3. **Complete signature card below.**

Yes  No Permits redemption of shares by use of redemption checks. (Minimum check \$500.)

RAPP7-01

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### AVAILABLE ONLY ON FUNDS OFFERING CHECK REDEMPTION (See Section 3)

SIGNATURE CARD

CO FD

ACCOUNT NO.

IMPORTANT: By signing this card the undersigned agrees to be subject to the rules on the reverse side.

DATE: \_\_\_\_\_ Number of signatures required on draft  
checks: one  two  all

PLEASE SIGN BELOW

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

**6 SHAREHOLDER PRIVILEGES — (continued)**

**B. Telephone Redemption Privilege** — Available only from eligible Funds indicated by asterisk in Section 3. \$1000 minimum.

I (we) authorize the Fund, upon receipt of instructions received by telephone from any person, to redeem shares from my (our) account; to make checks payable as account is registered and mail to address of record or wire the proceeds of redemptions to my (our) commercial bank account as follows:

NAME (ON BANK ACCOUNT) ADDRESS OF BANK
BANK ACCOUNT NUMBER CITY STATE ZIP
NAME OF BANK ABA ROUTING NUMBER

I (we) understand and agree to hold harmless NFDS, the Funds, their respective investment advisors, distributors and transfer agents, and the officers, directors, employees and agents thereof against any liability, damage, expense, claim or loss, including reasonable costs and attorney's fees, resulting from acceptance of, or acting or failure to act upon, this Authorization.

**C. Systematic Cash Withdrawal Program — There must be a minimum of \$5,000 in the selected Fund to initiate this plan.**

Fund name Amount of Check (minimum \$25)

Payment should be made monthly OR  In the month(s) circled below:

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

I (we) understand that said amount starting (month) will be redeemed from the Fund designated above and mailed or electronically transferred as specified below. I (we) understand that by selecting this program all dividends and distributions credited to my (our) account must be reinvested regardless of the option selected in Section 5 and all shares must be on deposit with NFDS, not in certificate form.

Payment Instructions (choose one): PAYEE
Mail as the account is registered OR ADDRESS
Mail as listed at right OR CITY STATE ZIP
Electronically transfer to the commercial bank account as listed at right.\* BANK ACCOUNT NUMBER AND BANK ACCOUNT NAME, IF APPLICABLE

\*ATTACH COPY OF VOIDED CHECK OR DEPOSIT SLIP FROM YOUR BANKING INSTITUTION

**D. Telephone Exchange Privilege — \$1,000 Minimum**

No  Unless the "NO" box is checked, the shareholder(s) authorize(s) NFDS to establish Telephone Exchange Privileges between all the eligible Value Line Funds.

**E. Telephone Purchase Authorization — Not available to shareholders of the Tax Exempt Money Market Portfolio and Cash Fund — Minimum purchase \$250. New shares will carry the same registration as original shares.**

YES  NO Permits purchase of shares by telephone.

**F. Account Balance / Telephone Consent — Authorizes information only. Not exchanges or redemptions.**

No  Unless the "NO" box is checked, the shareholder(s) authorize(s) NFDS to respond to telephone inquiries from persons reasonably believed to be the shareholder(s).

**7 DEALERS AND ADVISORS ONLY**

If certification below is executed, duplicate transaction advices will be sent to the address indicated below.

Print Name Tel No. ( )
Company Name Dealer Number if Known
Address

**8 SIGNATURE — AND TAXPAYER IDENTIFICATION NUMBER CERTIFICATION**

All registrants MUST sign. An account may not be established until a properly completed SIGNED application has been received by NFDS (on accounts established via wire, no redemptions or exchange from the account will be processed).

I (we) have full right, authority, and legal capacity and am (are) of legal age in state of residence to purchase shares of the designated Fund(s). I (we) affirm that I (we) have received and read the current prospectus of the designated Fund(s) and agree to its terms. I (we) believe each investment in the designated Fund(s) is suitable for me (us).

I (we) agree that National Financial Data Services (NFDS), the designated Fund(s), Value Line Securities, Inc., Value Line, Inc., or their officers or employees, will not be liable for any loss, expense or cost for acting upon any instructions, either written or by telephone, or inquiries believed to be genuine. If section 7 (Dealers and Advisors only) has been completed, I (we) authorize said Dealer or Advisor to act on my (our) behalf by telephone instructions.

The Internal Revenue Service requires that all taxpayers provide their Taxpayer Identification Number or Social Security Number in the space provided in Section 1 of the Application and certify to its correctness by signing below. Failure by non-exempt taxpayers to furnish NFDS with their correct Taxpayer Identification Number WILL result in withholding of 31% of all taxable dividends paid to the account and/or withholding on certain other payments to the account (this is referred to as "backup withholding").

Under penalties of perjury, each undersigned certifies that the Social Security or Taxpayer Identification Number given above is correct and that I (we) am (are) not subject to backup withholding because I (we) have not been notified that I (we) am (are) subject to backup withholding or that the IRS has notified me (us) that I (we) am (are) no longer subject, and I am a U.S. Person (including a U.S. resident alien).

The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to avoid backup withholding.

Applicant Date Joint Registrant, if any
Officer, Partner, Trustee, etc. Date Title Officer, Partner, Trustee, etc. Date Title

IMPORTANT: No investment can be redeemed from an account within 15 days following the date of purchase. This limitation does not apply to investments made by wire transfer from your bank.

- Confirmation or Account Establishment – Within a few days after the Application is received by NFDS, a confirmation statement(s) showing the account number(s), amount received, shares purchased and price paid per share should be received by the registered shareholder for each Fund selected.
  - Subsequent payments – A new application need not be submitted with additional payments to an existing account if a current Application is on file with NFDS. Subsequent purchases should be identified by account number and account registration. This can be accomplished by using the payment stub attached to the confirmation of payment which you will receive shortly after making an investment or you may establish a Valu-Matic investment program. Call 1-800-223-0818 for an application.
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If you have elected the Check Redemption Privilege, this card must be completed. The card is similar to one which must be signed when opening any checking account.

All Joint Tenants named in the Account Registration must sign this card, Names must be signed exactly as they appear in the Account Registration.

All persons authorized to sign for Corporate Accounts, Partnerships, Associations, Trusts or Plans must sign this card.

In signing this card, the signator(s) agree to be subject to the customary rules and regulations governing checking accounts and to the conditions set forth below. If the Check Redemption Privilege is established after the opening of the account or if any change is made in the information on the reverse side, all signatures will have to be guaranteed by a commercial bank, trust company, or member of the NASD or a national stock exchange.

**The payment of funds on the conditions set forth below and on the reverse side is authorized by the signature(s) appearing on the reverse side. The person(s) signing this form authorize STATE STREET BANK & TRUST CO. to honor checks drawn by the signators(s) on their account.**

National Financial Data Services (NFDS) is hereby appointed agent by the person(s) signing this card and will cause the Fund to redeem a sufficient number of shares from the account to cover checks presented for payment without requiring signature guarantees. Neither the Funds nor NFDS will be liable for any loss, expense or cost arising out of check redemptions or checks returned without payment. Shares outstanding in the account for less than 15 days will not be liquidated to pay checks presented unless NFDS is assured that good payment has been collected through normal banking channels. NFDS has the right not to honor checks that are for less than \$500 or checks in an amount exceeding the value of the account at the time the check is presented for payment. This privilege is subject to the provisions of the current prospectus of the Fund as amended from time to time. This agreement may be modified or terminated at any time by the Fund or NFDS upon notification mailed to the shareholder's address of record.



# *Value Line Aggressive Income Trust*

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**PROSPECTUS**  
**JUNE 1, 2001**

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#516994

*The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus, and any representation to the contrary is a criminal offense.*

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## FUND SUMMARY

### *What are the Fund's goals?*

The Fund's primary investment objective is to maximize current income. Capital appreciation is a secondary objective which will be sought only when consistent with the Fund's primary objective. Although the Fund will strive to achieve these goals, there is no assurance that it will succeed.

### *What are the Fund's main investment strategies?*

To achieve the Fund's goals, we invest, under normal conditions, at least 80% of the Fund's net assets in high-yielding, lower rated fixed-income corporate securities (also known as "junk bonds").

### *What are the main risks of investing in the Fund?*

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and that you may lose part or all of the money you invest. Therefore, before you invest in this Fund you should carefully evaluate the risks. The price of Fund shares will increase and decrease according to changes in the value of the Fund's investments.

High-yielding, lower rated securities (junk bonds) have certain speculative characteristics, are subject to greater market fluctuations and involve greater investment risk, including the possibility of default or bankruptcy, and lack of liquidity and risk of loss of income and principal, than is the case with lower yielding, higher rated securities.

The Fund has a high portfolio turnover rate which may negatively affect the Fund's performance.

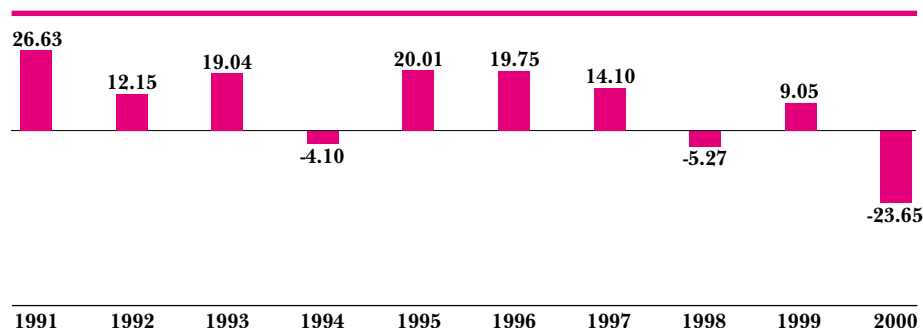
An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program.

The Fund is not recommended for investors whose principal objectives are assured income or capital preservation. For a more complete discussion of risk, please turn to page 7.

### *How has the Fund performed?*

This bar chart and table can help you evaluate the potential risks of investing in the Fund. We show how returns for the Fund's shares have varied over the past ten calendar years, as well as the average annual returns of these shares for one, five, and ten years all compared to the performance of the Lehman Brothers Aggregate Bond Index, which is a broad based market index. You should remember that unlike the Fund, the index is unmanaged and does not include the costs of buying, selling, and holding the securities. The Fund's past performance is not necessarily an indication of how it will perform in the future.

*Total returns as of 12/31 each year (%)*



Best Quarter: Q1 1991 +12.46%  
 Worst Quarter: Q4 2000 (12.65%)

The Fund's year-to-date return for the three months ended March 31, 2001, was 5.23%.

*Average annual total returns as of 12/31/00*

	1 year	5 years	10 years
Value Line Aggressive Income Trust	-23.65%	1.51%	7.69%
Lehman Bros. Aggregate Bond Index	11.63%	6.46%	7.96%

### *What are the Fund's fees and expenses?*

These tables describe the fees and expenses you pay in connection with an investment in the Fund.

#### *Shareholder Fees (fees paid directly from your investment)*

<b>Maximum Sales Charges (Load) Imposed on Purchases as a percentage of offering price</b>	<b>None</b>
<b>Maximum Deferred Sales Charges (Load) as a percentage of original purchase price or redemption price, whichever is lower</b>	<b>None</b>
<b>Maximum Sales Charges (Load) Imposed on Reinvested Dividends</b>	<b>None</b>
<b>Redemption Fee</b>	<b>None</b>
<b>Exchange Fee</b>	<b>None</b>

#### *Annual Fund Operating Expenses (expenses that are deducted from the Fund's assets)*

<b>Management Fees</b>	<b>0.69%</b>
<b>Distribution And Service (12b-1) Fees*</b>	<b>0.25%</b>
<b>Other Expenses</b>	<b>0.22%</b>
<b>Total Annual Fund Operating Expenses**</b>	<b>1.16%</b>

\* The Service and Distribution Plan (12b-1 plan) became effective July 1, 2000. Therefore, the actual 12b-1 fees for the fiscal year ended January 31, 2001 were lower than these shown in the table. Because these fees are paid out of the Fund's assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than if you paid other types of sales charges.

\*\* Computed assuming the 12b-1 plan was in effect for the entire year ended January 31, 2001.

#### *Example*

This example is intended to help you compare the cost of investing in the Fund to the cost of investing in other mutual funds. We show the cumulative amount of Fund expenses on a hypothetical investment of \$10,000 with an annual 5% return over the time shown, assuming that the Fund's operating expenses remain the same. The expenses indicated for each period would be the same whether you sold your shares at the end of each period or continued to hold them. This is an example only, and your actual costs may be greater or less than those shown here. Based on these assumptions, your costs would be:

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
<b>Value Line Aggressive Income Trust</b>	<b>\$118</b>	<b>\$368</b>	<b>\$638</b>	<b>\$1,409</b>

### *Our objectives*


The investment objective of the Fund is to maximize current income. Capital appreciation is a secondary objective but only when consistent with the Fund's primary objective. Capital appreciation may result, for example, from an improvement in the credit standing of an issuer whose securities are held in the Fund's portfolio or from a general lowering of interest rates, or a combination of both. Capital depreciation may result, for example, from a lowered credit standing or a general rise in interest rates, or a combination of both.

### *Our principal investment strategies*

Under normal conditions, the Fund will invest at least 80% of its net assets in high-yielding, lower rated fixed-income corporate securities, commonly known as "junk bonds." These securities are issued by companies that are rated B++ or lower for relative financial strength in either the Standard or Expanded Editions of The Value Line Investment Survey or are issued by companies not followed by The Value Line Investment Survey if the Adviser believes that the financial condition of the issuers of such securities or the protection afforded by the terms of the securities themselves limit the risk to the Fund to a degree comparable to that of securities issued by companies within the appropriate range of Value Line financial strength ratings. Companies rated B++ or lower are generally companies that are among the bottom half of the companies followed.

The Fund will not normally purchase securities issued by companies rated C (the lowest category). It will do so only when, in the Adviser's opinion, special circumstances suggest that the financial condition of the individual security is stronger than that of the company issuing the security or the investment merits of the company are stronger than otherwise implied by the company's financial strength rating. Securities which are subsequently downgraded may continue to be held and will be sold only if, in the judgment of the Adviser, it is advantageous to do so.

The securities purchased by the Fund may include preferred stocks and "convertible securities"—that is, bonds, debentures, corporate notes, preferred stocks or other securities which are convertible into common stock. The balance of the Fund's portfolio may include U.S. government



securities, warrants, or common shares when consistent with the Fund's primary objective or acquired as part of a unit combining fixed-income and equity securities.

In selecting securities for purchase or sale, the Adviser will give consideration to the ratings for relative financial strength contained in the Standard and Expanded Editions of The Value Line Investment Survey for the approximately 3,500 companies followed therein. These ratings range from A++ to C and are divided into nine categories. The Fund invests primarily in securities having lower ratings.


Companies that have the best financial strength (relative to the other companies followed in The Value Line Investment Survey) are given an "A++" rating, indicating an ability to weather hard times better than the vast majority of other companies. Those that don't quite merit the top rating are given an "A+" grade, and so on. Those rated "C+" are well below average, and "C" is reserved for companies with very serious financial problems.

These ratings are based upon computer analysis of a number of key variables that measure financial leverage, business risk, and company size. The ratings in the Standard Edition of The Value Line Investment Survey also reflect the judgment of the Adviser's analysts regarding factors that cannot be quantified across-the-board for all companies. The primary variables that are indexed and studied include equity coverage of debt, equity coverage of intangibles, "quick ratio," accounting methods, variability of return, fixed charge coverage, and company size.

The Fund may purchase certain securities ("Rule 144A securities") for which there is a secondary market of qualified institutional buyers, as contemplated by Rule 144A under the Securities Act of 1933. Rule 144A provides an exemption from the registration requirements of the Securities Act for the resale of certain restricted securities to qualified institutional buyers. The Fund may also lend its portfolio securities, enter into repurchase agreements, write covered call options, purchase "when issued" securities and enter into futures contracts.

**Temporary defensive position**

From time to time in response to adverse market, economic, political or other conditions, we may invest up to 100% of the Fund's net assets in cash,



cash equivalents or U.S. Government securities for temporary defensive purposes. This could help the Fund avoid losses, but it may result in lost opportunities and lower yields than on lower-rated fixed income securities. If this becomes necessary, the Fund may not achieve its investment objectives.

**Portfolio turnover**

The Fund engages in active and frequent trading of portfolio securities in order to take advantage of better investment opportunities to achieve its investment objectives. This strategy results in higher brokerage commissions and other expenses and may negatively affect the Fund's performance. Portfolio turnover may also result in capital gain distributions that could increase your income tax liability.

*The principal risks of investing in the Fund*

- High yielding, lower rated securities (junk bonds) have certain speculative characteristics, are subject to greater market fluctuations and involve greater investment risk, including the possibility of default or bankruptcy, and risk of loss of income and principal, than is the case with lower yielding, higher-rated securities.
- Issuers of lower-rated securities are more likely to experience financial stress in periods of economic downturn or rising interest rates. In addition, the issuer's ability to service its debt may be adversely affected by poor management, inability to meet business forecasts or unavailability of additional financing.
- Certain securities may be difficult or impossible to sell at the time and price that the Fund would like. The Fund may have to lower the price, sell other securities instead or forego an investment opportunity. This could have a negative effect on the Fund's performance.
- Please see the Statement of Additional Information for a further discussion of risks. Information on the Fund's recent holdings can be found in the Fund's current annual or semi-annual report.

## WHO MANAGES THE FUND

The business and affairs of the Fund are managed by the Fund's officers under the direction of the Fund's Board of Trustees.

### *Investment Adviser*

Value Line, Inc., 220 East 42nd Street, New York, NY 10017, serves as the Fund's investment adviser and manages the Fund's business affairs. Value Line also acts as investment adviser to the other Value Line mutual funds and furnishes investment counseling services to private and institutional clients resulting in combined assets under management of over \$4.5 billion.

The Adviser was organized in 1982 and is the successor to substantially all of the operations of Arnold Bernhard & Co., Inc. which with its predecessor has been in business since 1931. Value Line Securities, Inc., the Fund's distributor, is a subsidiary of the Adviser. Another subsidiary of the Adviser publishes The Value Line Investment Survey and other publications.

### *Management fees*

For managing the Fund and its investments, the Adviser is paid a yearly fee of 0.75% on the first \$100 million of the Fund's average daily net assets and 0.50% of such additional assets.

### *Portfolio management*

A committee of employees of the Investment Adviser is jointly and primarily responsible for the day-to-day management of the Fund's portfolio.

## ABOUT YOUR ACCOUNT

### *How to buy shares*

#### ■ **By telephone**

Once you have opened an account, you can buy additional shares by calling 800-243-2729 between 9:00 a.m. and 4:00 p.m. New York time. You must pay for these shares within three business days of placing your order.

#### ■ **By wire**

If you are making an initial purchase by wire, you must call us at 800-243-2729 so we can assign you an account number. Request your bank to wire the amount you want to invest to State Street Bank and Trust Company, ABA #011000028, attention DDA # 99049868. Include your name, account number, tax identification number and the name of the Fund in which you want to invest.

#### ■ **Through a broker-dealer**

You can open an account and buy shares through a broker-dealer, who may charge a fee for this service.

#### ■ **By mail**


Complete the Account Application and mail it with your check payable to NFDS, Agent, to Value Line Funds, c/o National Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. If you are making an initial purchase by mail, you must include a completed Account Application or an appropriate retirement plan application if you are opening a retirement account, with your check. Third party checks will not be accepted for either the initial or any subsequent purchase. All purchases must be made in U.S. dollars and checks must be drawn on U.S. banks.

#### ■ **Minimum/additional investments**

Once you have completed an application, you can open an account with an initial investment of \$1,000, and make additional investments at any time for \$250. The price you pay for shares will depend on when we receive your purchase order.

#### ■ **Time of purchase**

Your price for Fund shares is the Fund's net asset value per share (NAV), which is generally calculated as of the close of regular trading on the New York Stock Exchange (currently 4:00 p.m., Eastern time) every day the Exchange is open for business. The Exchange is currently closed on New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and



Christmas Day and on the preceding Friday or subsequent Monday of any of those days falls on a Saturday or Sunday, respectively. Your order will be priced at the next NAV calculated after your order is accepted by the Fund. We reserve the right to reject any purchase order and to waive the initial and subsequent investment minimums at any time. We reserve the right to reject any purchase order and to waive the initial and subsequent investment minimums at any time.


Fund shares may be purchased through various third-party intermediaries including banks, brokers, financial advisers and financial supermarkets. When the intermediary is authorized by the Fund, orders will be priced at the NAV next computed after receipt by the intermediary.

■ **Distribution charges**

The Fund has adopted a plan, effective July 1, 2000, under rule 12b-1 of the Investment Company Act of 1940. Under the plan, the Fund is charged a fee at the annual rate of 0.25% of the Fund's average daily net assets with the proceeds used to finance the activities of Value Line Securities, Inc., the Fund's distributor. The plan provides that the distributor may make payments to securities dealers, banks, financial institutions and other organizations which provide distribution and administrative services with respect to the distribution of the Fund's shares. Such services may include, among other things, answering investors inquiries regarding the Fund; processing new shareholder account applications and redemption transactions; responding to shareholder inquiries; and such other services as the Fund may request to the extent permitted by applicable statute, rule or regulation. The plan also provides that the Adviser may make such payments out of its advisory fee, its past profits or any other source available to it. The fees payable to the distributor under the plan are payable without regard to actual expenses incurred.

■ **Net asset value**

We calculate NAV by adding the market value of all the securities and assets in the Fund's portfolio, deducting all liabilities, and dividing the resulting number by the number of shares outstanding. The result is the net asset value per share. We price securities for which market prices or quotations are available at their market value. We price securities for which market valuations are not available at their fair market value as determined under



the direction of the Board of Trustees. Fixed-income corporate securities are valued on the basis of prices provided by an independent pricing service. Any investments which have a maturity of less than 60 days we price at amortized cost. The amortized cost method of valuation involves valuing a security at its cost and accruing any discount or premium over the period until maturity, regardless of the impact of fluctuating interest rates on the market value of the security.

## *How to sell shares*

### ■ **By mail**

You can redeem your shares (sell them back to the Fund) by mail by writing to: Value Line Funds, c/o National Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. The request must be signed by all owners of the account, and you must include a signature guarantee for each owner. Signature guarantees are also required when redemption proceeds are going to anyone other than the account holder(s) of record. If you hold your shares in certificates, you must submit the certificates properly endorsed with signature guaranteed with your request to sell the shares. A signature guarantee can be obtained from most banks or securities dealers, but not from a notary public. A signature guarantee helps protect against fraud.

If your account is held in the name of a corporation, as a fiduciary or agent, or as surviving joint owner, you may be required to provide additional documents with your redemption request.

### ■ **By telephone or wire**

You can sell \$1,000 or more of your shares by telephone or wire, with the proceeds sent to your bank the next business day after we receive your request.

### ■ **By check**


You can sell \$500 or more of your shares by writing a check payable to the order of any person.

### ■ **Through a broker-dealer**

You may sell your shares through a broker-dealer, who may charge a fee for this service.

The Fund has authorized certain brokers to accept purchase and redemption orders on behalf of the Fund. The Fund has also authorized these brokers to designate others to accept purchase and redemption orders on behalf of the Fund.

We treat any order to buy or sell shares that you place with one of these brokers, or anyone they have designated, as if you had placed it directly with the Fund. The shares that you buy or sell through brokers or anyone they have designated are priced at the next net asset value that is computed after they receive your order.



Among the brokers that have been authorized are Charles Schwab & Co., Inc., National Investor Services Corp., Pershing and Fidelity Brokerage Services Corp. You should consult with your broker to determine if it has been authorized.

■ **By exchange**

You can exchange all or part of your investment in the Fund for shares in other Value Line funds. When you exchange shares, you are purchasing shares in another fund so you should be sure to get a copy of that fund's prospectus and read it carefully before buying shares through an exchange. To execute an exchange, call 800-243-2729.

When you send us a properly completed request to sell or exchange shares, you will receive the net asset value that is next determined after we receive your request. For each account involved you should provide the account name, number, name of Fund and exchange or redemption amount. Call 800-243-2729 for additional documentation that may be required. You may have to pay taxes on the gain from your sale of shares.

We will pay you promptly, normally the next business day, but no later than seven days after we receive your request to sell your shares. If you purchased your shares by check, we will wait until your check has cleared, which can take up to 15 days from the date of purchase, before we send the proceeds to you.

Exchanges among Value Line funds are a shareholder privilege and not a right. The Fund may temporarily or permanently terminate the exchange privilege of any investor who makes more than four exchanges out of the Fund during a calendar year.

**Account minimum**

If as a result of redemptions your account balance falls below \$500, the Fund may ask you to increase your balance within 30 days. If your account is not at the minimum by the required time, the Fund may redeem your account, after first notifying you in writing.

**Redemption in kind**

The Fund reserves the right to make a redemption in kind—payment in portfolio securities rather than cash—if the amount being redeemed is large enough to affect Fund operations.



### *Special services*

To help make investing with us as easy as possible, and to help you build your investments, we offer the following special services. You can get further information about these programs by calling Shareholder Services at 800-223-0818.

- Valu-Matic® allows you to make regular monthly investments of \$25 or more automatically from your checking account.
- Through our Systematic Cash Withdrawal Plan you can arrange a regular monthly or quarterly payment from your account payable to you or someone you designate. If your account is \$5,000 or more, you can have monthly or quarterly withdrawals of \$25 or more.
- You may buy shares in the Fund for your individual or group retirement plan, including your Regular or Roth IRA. You may establish your IRA account even if you already are a member of an employer-sponsored retirement plan. Not all contributions to an IRA account are tax deductible; consult your tax advisor about the tax consequences of your contribution.


### *Dividends, distributions and taxes*

The Fund declares dividends from its net investment income daily, and distributes the accrued dividends to you each month. Capital gains, if any, are distributed annually. We automatically reinvest all dividends and any capital gains, unless you instruct us otherwise in your application to purchase shares.

You will generally be taxed on distributions you receive, regardless of whether you reinvest them or receive them in cash. Dividends from short-term capital gains and net investment income will be taxable as ordinary income. Dividends designated by the Fund as long-term capital gains distributions will be taxable at your long-term capital-gains tax rate, no matter how long you have owned your Fund shares. In addition, you may be subject to state and local taxes on distributions.

We will send you a statement by January 31 each year detailing the amount and nature of all dividends and capital gains that you received during the prior year.

If you hold your Fund shares in a tax-deferred retirement account, such as an IRA, you generally will not have to pay tax on distributions until they are



distributed from the account. These accounts are subject to complex tax rules, and you should consult your tax adviser about investment through a tax-deferred account.

You will generally have a capital gain or loss if you dispose of your Fund shares by redemption, exchange or sale. Your gain or loss will be long-term or short-term, generally depending upon how long you owned your shares.

As with all mutual funds, the Fund may be required to withhold U.S. federal income tax at the rate of 31% of all taxable distributions payable to you if you fail to provide the Fund with your correct taxpayer identification number or to make required certifications, or if you have been notified by the IRS that you are subject to backup withholding. Backup withholding is not an additional tax; rather, it is a way in which the IRS ensures it will collect taxes otherwise due. Any amounts withheld may be credited against your U.S. federal income tax liability.

The above discussion is meant only as a summary, and we urge you to consult your tax adviser about your particular tax situation and how it might be affected by current tax law.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund assuming reinvestment of all dividends and distributions. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Fund's financial statements, is included in the Fund's annual report, which is available upon request by calling 800-223-0818.

### *Financial Highlights*

	Year Ended January 31,				
	2001	2000	1999	1998	1997
<b>Net asset value, beginning of year</b>	\$7.22	\$7.45	\$8.66	\$8.21	\$7.64
<b>Income from investment operations:</b>					
Net investment income	.66	.73	.78	.72	.75
Net gains or losses on securities (both realized and unrealized)	(1.98)	(.23)	(1.21)	.45	.57
<b>Total from investment operations</b>	(1.32)	.50	(.43)	1.17	1.32
<b>Less distributions:</b>					
Dividends from net investment income	(.66)	(.73)	(.78)	(.72)	(.75)
<b>Net asset value, end of year</b>	\$5.24	\$7.22	\$7.45	\$8.66	\$8.21
<b>Total return</b>	(19.14)%	7.16%	(5.13)%	14.97%	18.12%
<b>Ratios/Supplemental Data:</b>					
Net assets, end of year (in thousands)	\$116,924	\$169,586	\$174,805	\$146,712	\$83,765
Ratio of expenses to average net assets	1.04%(2)	.82%(2)	.81%(1)	.95%(1)	1.10%(1)
Ratio of net investment income to average net assets	10.61%	10.04%	9.81%	8.60%	9.70%
Portfolio turnover rate	184%	154%	140%	251%	276%

(1) Before offset of custody credits.

(2) Ratio reflects expenses grossed up for custody credit arrangement. The ratio of expenses to average net assets net of custody credits would not have changed.



*For more information*

Additional information about the Fund's investments is available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. You can find more detailed information about the Fund in the current Statement of Additional Information dated June 1, 2001, which we have filed electronically with the Securities and Exchange Commission (SEC) and which is legally a part of this prospectus. If you want a free copy of the Statement of Additional Information, the annual or semi-annual report, or if you have any questions about investing in this Fund, you can write to us at 220 East 42nd Street, New York, NY 10017-5891 or call toll-free 800-223-0818. You may also obtain the prospectus from our Internet site at <http://www.valueline.com>.

Reports and other information about the Fund are available on the Edgar Database on the SEC Internet site (<http://www.sec.gov>), or you can get copies of this information, after payment of a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to the Public Reference Section of the SEC, Washington, D.C. 20549-0102. Information about the Fund, including its Statement of Additional Information, can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. You can get information on operation of the public reference room by calling the SEC at 1-202-942-8090.

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File no. 811-4471