



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.

Individual use line 1
and, if any,
 Joint Registrant use line 2
or
 Gift to Minors use lines 3, 4 & 5
or
 Corporations, Partnerships, Trusts & Others use lines 6, 7 & 8

1. _____
First Name Initial Last Name Soc. Sec. No.

2. _____
Right of survivorship presumed, unless tenancy in common is indicated. Soc. Sec. No.

3. _____
Custodian's Name as Custodian for

4. _____
Minor's Name under the

5. _____ Uniform Gifts to Minors Act. _____
State Minor's Soc. Sec. No.

6. _____
Name of Corporation, Partnership, Trust or Other Entity. Taxpayer Ident. No.

7. _____
Names of Trustees to be In Registration Date of Trust Agreement

8. If a Trust, provide name(s) of beneficiary: _____

2 MAILING ADDRESS — PLEASE PRINT OR TYPE

Street Address _____ Apt.#/Bldg _____

City _____ State _____ Zip Code _____

Citizenship if not U.S. _____
()

(Area Code) Home Phone No. _____
()

(Area Code) Business Phone No. _____

Occupation: _____

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

* Cash	\$ _____	(02)	Value Line Fund	\$ _____	(05)
* Convertible	\$ _____	(04)	Income and Growth	\$ _____	(01)
* Aggressive Income	\$ _____	(31)	Leveraged Growth	\$ _____	(29)
* U.S. Government	\$ _____	(10)	†* NY Tax Exempt	\$ _____	(08)
Tax Exempt National Bond	\$ _____	(44)	Emerging Opportunities	\$ _____	(16)
* Tax Exempt Money Market	\$ _____	(13)	Asset Allocation	\$ _____	(17)
Special Situations	\$ _____	(03)	U.S. Multinational Company	\$ _____	(18)

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

4 INVESTMENT SOURCE

By Check \$ _____ (Please make check payable to **NFDS-Agent**)

By Wire* \$ _____

* Please call NFDS at 1-800-243-2729 for account number before wiring funds. Account No. _____

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

All distributions will be reinvested.

All distributions will be paid in cash.

Dividends will be paid in cash and capital gains distributions reinvested. Account No. _____

Dividends will be reinvested and capital gains will be paid in cash.

All cash distributions will be invested in _____ (NAME OF OTHER FUND)

EXPEDITED DISTRIBUTION SERVICE*

Dividend Payment Authorization

I authorize the Fund to electronically transfer any cash distributions, as specified above, to my commercial bank account as follows:
OR

I authorize the Fund to mail any cash distributions, as specified above, to my bank account as follows:

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

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.)

RAPP7-00

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.

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.
-

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 Convertible Fund, Inc.

PROSPECTUS
SEPTEMBER 1, 2000



V A L U E L I N E

*No-Load
Mutual
Funds*

#514047

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.

Fund Summary

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What is the Fund's goal?

The Fund's investment objective is to seek high current income together with capital appreciation. Although the Fund will strive to achieve its goal, 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 70% of the Fund's net assets in "convertible securities"—that is bonds, debentures, corporate notes, preferred stocks or other securities which are convertible into common stock. These may include Rule 144A securities and lower rated, high yielding bonds (known as "junk bonds").

In selecting securities for purchase or sale, we may rely on the Value Line Ranking System for convertible securities. The return provided by a convertible security depends largely on the performance of the common stock for which it can be exchanged. Thus, Value Line's evaluation of the convertible security begins with its ranking of the underlying common stock, using the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System. The rank for the common stock is then combined with the Adviser's evaluation of the convertible security. The Fund will usually invest in convertible securities ranked 1, 2 or 3 by the Value Line Ranking System. The Fund's portfolio will be actively traded.

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.

Convertible securities are often lower-quality debt securities and have less potential for gain or loss than common stock. 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.

One of the risks that you assume when investing in the Fund is market risk, the possibility that the securities in a certain market will decline in value because of factors such as economic conditions. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. There is also the risk that any of the Fund's holdings could have its credit rating downgraded or the issuer could default, or there could be a sharp rise in interest rates causing the value of certain of the Fund's securities to fall.

The price of Fund shares will increase and decrease according to changes in the value of the Fund's investments. The Fund will be affected by changes in stock prices which tend to fluctuate more than bond prices and by changes in interest rates.

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

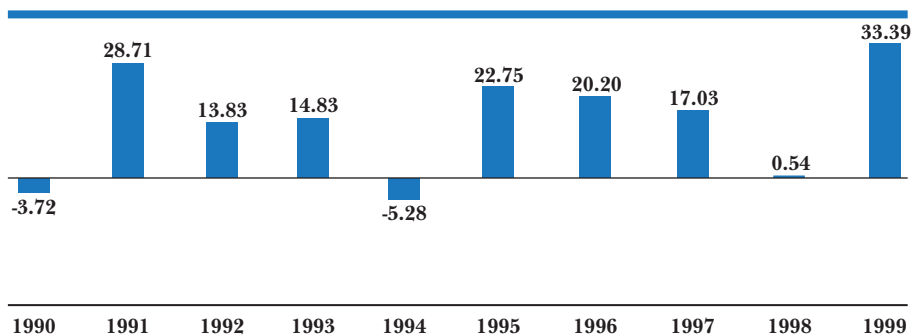
Because the Fund may use the Value Line Ranking System, there is the risk that securities not covered by the Ranking System or lower rated securities will appreciate to a greater extent than those securities in the Fund's portfolio.

An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program. For a more complete discussion of risk, please turn to page 9.

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 S&P 500® 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: Q4 1999 +24.40%
 Worst Quarter: Q3 1998 (11.78%)

As of June 30, 2000, the Fund had a year-to-date total return of 1.94%.

Average annual total returns as of 12/31/99

	1 year	5 years	10 years
Value Line Convertible Fund	33.39%	18.29%	13.52%
S&P 500® Index	21.04%	28.55%	18.22%

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)

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

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

Management Fees	0.75%
Distribution and Service (12b-1) Fees*	0.25%
Other Expenses	0.25%
Total Annual Fund Operating Expenses	1.25%

*Effective July 1, 2000. 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.

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:

	1 year	3 years	5 years	10 years
Value Line Convertible Fund	\$127	\$397	\$686	\$1,511

Our principal investment strategies

Because of the nature of the Fund, you should consider an investment in it to be a long-term investment that will best meet its objectives when held for a number of years. The following is a description of how the Adviser pursues the Fund's objectives.

Under normal conditions, the Fund will invest at least 70% of its net assets in convertible securities. The balance of the Fund's portfolio may include non-convertible debt or equity securities, U.S. government securities, warrants, repurchase agreements or other money market instruments. Securities received upon conversion or exercise of warrants and securities remaining upon the breakup of units or detachments of warrants may also be retained in the Fund's portfolio to permit orderly disposition or for federal income tax purposes. The Fund is not required to sell securities for the purpose of assuring that 70% of its assets are invested in convertible securities.

Convertible securities are often lower-quality debt securities and have less potential for gain or loss than common stock. The Fund may invest in high yielding, lower rated bonds known as "junk bonds". These are rated below investment grade by independent rating agencies or are not rated but which the Adviser considers to be of comparable credit.

In selecting securities for purchase or sale, the Adviser may rely on the Value Line Ranking System for convertible securities which has evolved over many years of research. The return provided by a convertible security depends largely on the performance of the common stock for which it can be exchanged. Thus, the Value Line Ranking System's evaluation of the convertible begins with its ranking of the underlying common stock, using the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System.

The Value Line Timeliness Ranking System has evolved after many years of research and has been used in substantially its present form since 1965. It is based upon historical prices and reported earnings, recent earnings and price momentum and the degree to which the latest reported earnings deviated from estimated earnings, among other factors. The Timeliness Rankings are published weekly in the Standard Edition of The Value Line Investment Survey for approximately 1,700 of the most actively traded stocks in U.S. markets, including stocks with large, mid and small market capitalizations.

There are only a few stocks of foreign issuers that are included and stocks that have traded for less than two years are not ranked. On a scale of 1 (highest) to 5 (lowest), the rankings compare the Adviser's estimate of the probable market performance of each stock during the coming six to twelve months relative to all 1,700 stocks under review. The Rankings are updated weekly to reflect the most recent information.

The Value Line Performance Ranking System for common stocks was introduced in 1995. It is a variation of the Value Line Small-Capitalization Ranking System, which has been employed by the Adviser in managing private accounts since 1981, and in managing the Value Line Emerging Opportunities Fund, Inc. since 1993.

The Performance Ranking System evaluates the approximately 1,800 stocks in the Expanded Edition of The Value Line Investment Survey which consists of stocks with mostly smaller market capitalizations (under \$1 billion) and only a few stocks of foreign issuers. This stock ranking system relies on factors similar to those found in the Value Line Timeliness Ranking System except that it does not utilize earnings estimates. The Performance Ranks use a scale of 1 (highest) to 5 (lowest) to compare the Adviser's estimate of the probable market performance of each Expanded Edition stock during the coming six to twelve months relative to all 1,800 stocks under review in the Expanded Edition.

The rank for the common stock is then combined with the Adviser's evaluation of the convertible security. Using a statistical evaluation model, a rank is assigned to the approximately 413 convertibles and more than 16 warrants in The Value Line Convertibles Survey issued by companies that are ranked in The Value Line Investment Survey. An additional 204 convertibles and 100 warrants are evaluated but not ranked because the underlying stocks are not ranked by The Value Line Investment Survey. The Value Line Convertible Ranking System, which has been published in essentially its present form since 1973, makes a comparison of the historic price relationship of the convertible to its underlying stock (or to other issues of a similar nature) making adjustments for any changes in conditions that have occurred, to estimate the degree to which the convertible may be underpriced or overpriced. Convertibles issued by companies that are ranked by The Value Line Investment Survey are then ranked on a scale of 1 (highest) to 5 (lowest) based on the total return (from income or dividends

plus appreciation) the Adviser estimates it will provide relative to its risk during the coming year. The Value Line Convertible Rankings are published four times a month in The Value Line Convertibles Survey.

The Value Line Rankings do not eliminate market risk, but the Adviser believes that they provide objective standards for determining expected relative performance over the next six to twelve months. Under normal conditions, the Fund will purchase convertible securities ranked 1 or 2 although it may also purchase securities ranked 3; those convertible securities that fall in rank below 3 will be sold as soon as practical, although those ranked 1, 2 or 3 may also be sold if the Adviser deems a sale advisable. The number of convertible securities ranked 1 and 2 will change from week to week. As of June 5, 2000, there were 77 convertible securities ranked 1 and 90 ranked 2, not all of which will be purchased by the Fund. The utilization of these Rankings is no assurance that the Fund will perform more favorably than the market in general over any particular period.

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.

Temporary defensive position

From time to time in response to adverse market, economic, political or other conditions, we may invest a portion of the Fund’s 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. If this becomes necessary, the Fund may not achieve its investment objective.

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 objective. 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

- Because the Fund may invest a substantial portion of its assets in convertible securities, the value of the securities in its portfolio and the Fund's share price might decrease in response to the activities of an individual company or in response to general market or economic conditions.
- Debt securities represent the contractual obligation of an issuer to pay interest and to repay the principal upon maturity and are subject to interest rate and credit risks. Interest rate risk is the decline in the market price of debt securities that usually accompanies a rise in interest rates. Credit risk refers to the possibility that a debt security could have its credit downgraded or that the issuer will fail to pay the principal or interest when due.
- 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.
- The Fund's use of the Value Line Ranking Systems involves the risk that over certain periods of time the price of securities not covered by the Ranking Systems, or lower ranked securities, may appreciate to a greater extent than those securities in the Fund's portfolio.
- 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.

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

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 \$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, The Value Line Convertibles Survey and other publications.

Management fees

For managing the Fund and its investments, the Adviser is paid a yearly fee of 0.75% of the Fund's average daily net 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.

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 if

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 received by the Fund. 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 investor 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. The Fund's convertible securities are valued on the basis of prices provided by an independent pricing service. Securities for which quotations are not available from the pricing service, and all other assets of the Fund, are valued at their fair value as determined under the direction of the Board of Directors. 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.

- **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 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 1-800-243-2729 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. We may reject any exchange order, particularly when there appears to be frequent purchases and sales by a shareholder.

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 intends to pay dividends from its net investment income quarterly and to distribute any capital gains that it has realized 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.

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

	Years Ended April 30,				
	2000	1999	1998	1997	1996
Net asset value, beginning of year	\$12.77	\$14.80	\$13.07	\$14.10	\$11.79
Income (loss) from investment operations:					
Net investment income	.43	.57	.65	.70	.66
Net gains or losses on securities (both realized and unrealized)	3.75	(1.33)	2.50	.50	2.33
Total from investment operations	4.18	(.76)	3.15	1.20	2.99
Less distributions:					
Dividends from net investment income	(.40)	(.60)	(.67)	(.65)	(.68)
Distributions from realized capital gains	—	(.67)	(.75)	(1.58)	—
Total distributions	(.40)	(1.27)	(1.42)	(2.23)	(.68)
Net asset value, end of year	\$16.55	\$12.77	\$14.80	\$13.07	\$14.10
Total return	33.21%	(4.64)%	25.04%	8.80%	26.07%
Ratios/Supplemental Data:					
Net assets, end of year (in thousands)	\$103,759	\$69,277	\$97,679	\$68,684	\$72,620
Ratio of expenses to average net assets	1.00%(2)	1.00%(1)	.98%(1)	1.01%(1)	1.08%
Ratio of net investment income to average net assets	3.03%	3.98%	4.63%	4.94%	5.14%
Portfolio turnover rate	127%	123%	111%	164%	129%

(1) Before offset of custody credits.

(2) Ratio reflects expenses grossed up for custody credit arrangements. The ratio of expenses to average net assets net of custody credits would have been 0.99%.

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 September 1, 2000, 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, 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.

Investment Adviser

Value Line, Inc.
220 East 42nd Street
New York, NY 10017-5891

Service Agent

State Street Bank and Trust Company
c/o NFDS
P.O. Box 219729
Kansas City, MO 64121-9729

Custodian

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110

Distributor

Value Line Securities, Inc.
220 East 42nd Street
New York, NY 10017-5891