

*Value Line U.S. Government  
Money Market Fund, Inc.*

*(Ticker Symbol: VLCXX)*

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**PROSPECTUS**  
**MAY 1, 2012**

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*ValueLine**funds*  
A FAMILY OF NO-LOAD MUTUAL FUNDS

*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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***Investment objective***

The Fund is a money market mutual fund whose investment objective is to secure as high a level of current income as is consistent with maintaining liquidity and preserving capital.

***Fees and expenses***

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. There are no shareholder fees (fees paid directly from your investment).

***Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)***

<b>Management Fees</b>	<b>0.40%</b>
<b>Other Expenses</b>	<b>0.32%</b>
<b>Total Annual Fund Operating Expenses</b>	<b>0.72%</b>

### *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. The example assumes that you invest \$10,000 in the Fund for the time periods indicated whether or not you redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same except in year one. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 year	3 years	5 years	10 years
<b>Value Line U.S. Government Money Market Fund</b>	<b>\$74</b>	<b>\$230</b>	<b>\$401</b>	<b>\$895</b>

### *Principal investment strategies of the Fund*

The Fund does not invest for the purpose of seeking capital appreciation or gains and is managed to provide a stable \$1.00 per share price. Under normal conditions, the Fund invests at least 80% of its assets in money market securities issued or guaranteed by the U.S. Government, its agencies and instrumentalities ("U.S. Government securities") and repurchase agreements that are fully collateralized by U.S. Government securities. The Fund's other investments may consist of other types of money market eligible securities that are not U.S. Government securities. Each security will have a remaining maturity of 397 days or less. The Fund will comply with Rule 2a-7 under the Investment Company Act of 1940 with regard to its average weighted maturity. Its yield will go up and down with changes in short-term interest rates. Income on short-term debt securities tends to be lower than income on longer-term debt securities, so the Fund's yield will likely be lower than the yields on longer-term fixed income mutual funds. The Fund's main investment strategy is a non-fundamental policy and may be changed without shareholder approval upon 60 days' prior notice.

### *Principal risks of investing in the Fund*

Investing in any mutual fund involves risk. The chief risk that you assume when investing in the Fund is interest rate risk, the possibility that as interest rates rise the value of some fixed income securities may decrease. If short-term interest rates rise steeply, the prices of money market securities could fall and threaten the \$1.00 share price that the Fund tries to maintain. There is also the risk of default by an issuer of any of the Fund's holdings.

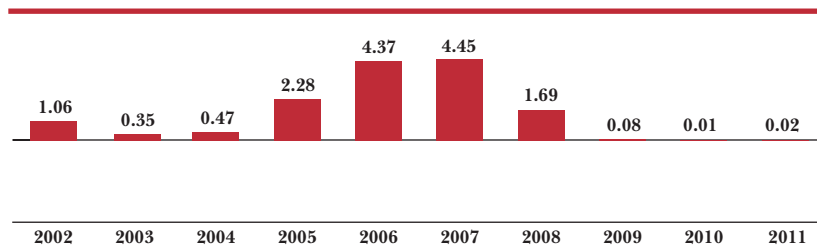
An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program.

**An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.**

### *Fund performance*

This bar chart and table can help you evaluate the potential risks of investing in the Fund. The bar chart below shows how returns for the Fund's shares have varied over the past ten calendar years, and the table below shows the average annual total returns of these shares for one, five, and ten years. These returns are compared to the performance of the Lipper Money Market Funds Average and the Lipper U.S. Government Money Market Funds Average. The Fund's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available at: [www.vlfunds.com](http://www.vlfunds.com).

#### *Total Returns as of 12/31 each year*



Best Quarter: Q4 2006 1.24%  
Worst Quarter: Q4 2010 0.01%

#### *Average Annual Total Returns for Periods Ended December 31, 2011*

	1 year	5 years	10 years
Value Line U.S. Government Money Market Fund	0.02%	1.23%	1.46%
Lipper U.S. Government Money Market Funds Average	0.01%	1.22%	1.50%

The Fund's 7-day yield as of December 31, 2011 was 0.01%. The current 7-day yield may be obtained from the Fund by calling 800-243-2729.

## *Management*

**Investment Adviser.** The Fund's investment adviser is EULAV Asset Management.

## *Purchase and sale of Fund shares*

Minimum initial investment in the Fund: \$3,000.

Minimum additional investment in the Fund: \$100.

The Fund's shares are redeemable and you may redeem your shares (sell them back to the Fund) through your broker-dealer, financial advisor or financial intermediary or by mail by writing to: Value Line Funds, c/o Boston Financial Data Services, Inc., P.O. Box 219729, Kansas City, MO 64121-9729. See "How to sell shares" on Page 12.

## *Tax information*

The Fund's distributions generally are taxable as ordinary income for federal income tax purposes unless you are tax exempt or investing through a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA").

## *Payments to broker-dealers and other financial intermediaries*

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

### *Investment objective*

The Fund is a money market mutual fund whose investment objective is to secure as high a level of current income as is consistent with maintaining liquidity and preserving capital. The Fund attempts to maintain a stable net asset value of \$1.00 per share.

### *The type of securities in which we invest*

The Fund invests primarily (i.e., at least 80% of its assets) in money market securities that are U.S. Government securities and in repurchase agreements that are fully collateralized by U.S. Government securities. The Fund may invest to a lesser extent in other types of short-term U.S. dollar denominated money market securities meeting quality, liquidity and maturity standards for money market funds under the Investment Company Act of 1940. The following is a brief description of the types of short-term instruments in which the Fund may invest:

**U.S. Government Securities:** includes U.S. Treasury bills, notes and bonds, which are direct obligations of the U.S. Treasury supported by the full faith and credit of the United States, as well as securities issued by agencies, instrumentalities or sponsored entities of the U.S. Government supported by (i) the full faith and credit of the U.S. Government, (ii) the right of the issuer to borrow from the U.S. Treasury, (iii) the discretionary authority of the U.S. Government to purchase certain obligations of the issuer, or (iv) only by the credit of the issuer. U.S. Government securities also include certain debt securities of eligible issuers guaranteed by the Federal Deposit Insurance Corporation under its Temporary Liquidity Guarantee Program.

**Bank Instruments:** includes certificates of deposit and bankers' acceptances.

**Commercial Paper:** refers to short-term unsecured promissory notes issued by corporations.

**Asset Backed Securities:** refers to securities backed by an underlying pool of assets such as credit card or automobile trade receivables or corporate loans or bonds which back these securities and that provide the interest and principal payments to investors.

**Corporate Obligations:** includes other short-term corporate debt obligations.

**Repurchase Agreements:** refers to contracts to repurchase securities at a fixed price within a specified period of time, usually less than one week.

**Municipal Securities:** refers to debt securities issued by or on behalf of states, territories and possessions of the United States and their political subdivisions.

### *The principal risks of investing in the Fund*

- The chief risk that you assume when investing in the Fund is interest rate risk, the possibility that as interest rates rise the value of some fixed income securities may decrease. If short-term interest rates rise steeply, the prices of money market securities could fall and threaten the \$1.00 share price that the Fund tries to maintain.
- The Fund should have minimal credit risk on its investments in securities backed by the U.S. Government. However, it is important to note that although the Fund invests primarily in U.S. Government securities, the Fund's share price and its yield are not guaranteed by the U.S. Government. Certain issuers of U.S. Government securities in which the Fund may invest are sponsored or chartered by Congress but their securities are neither issued nor guaranteed by the U.S. Treasury. Rather, these issuers are authorized to borrow from the U.S. Treasury to meet their obligations. The maximum potential liability of these issuers may exceed their current resources, including their legal right to obtain financial support from the U.S. Government. No assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law.
- The Fund's investments in repurchase agreements are subject to the risk that the seller defaults on its obligation to repurchase the securities under the repurchase agreement. The Fund may encounter delay and incur costs before being able to sell the securities. Such a delay may involve loss of interest or decline in price of the securities. In addition, the Fund's yield will vary; it is not fixed for a specific period like the yield on a bank certificate of deposit. This may be an advantage when interest rates are rising but not when they are falling.
- To the extent the Fund invests in money market instruments that are not U.S. Government securities, other risks that you assume when investing in the Fund are market risk and credit risk. Market risk is the risk that the securities in a certain market will decline in value because of factors such as economic

conditions. Credit risk is the risk that any of the Fund's holdings will have its credit rating downgraded or will default, thereby reducing the Fund's income level and share price. The Fund is also subject to income risk, which is the risk that the Fund's income may decline because of falling interest rates and other market conditions, and may not be sufficient to enable the Fund to maintain a stable \$1.00 per share price.

- An investment in the Fund is not a complete investment program and you should consider it just one part of your total investment program.
- **An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.**
- Information on the Fund's recent portfolio holdings can be found in the Fund's current annual, semi-annual or quarterly reports. A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is also available in the Statement of Additional Information.

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

### *Investment Adviser*

The Fund's investment adviser is EULAV Asset Management (the "Adviser"), a Delaware statutory trust, located at 7 Times Square, 21<sup>st</sup> Floor, New York, NY 10036-6524. The Adviser also acts as investment adviser to the other Value Line mutual funds with combined assets of approximately \$2.1 billion as of March 31, 2012.

### *Management fees*

For managing the Fund and its investments, the Adviser is paid a fee at an annual rate of 0.40% of the Fund's average daily net assets.

A discussion regarding the basis for the Fund's Board of Directors' approval of the investment advisory agreement is available in the Fund's most recent annual report to shareholders for the 12 month period ended December 31.

The Adviser has voluntarily waived, and may from time to time continue to voluntarily waive, all or a portion of its advisory fee for the Fund. In addition to voluntarily waiving its advisory fee, the Adviser has voluntarily reimbursed, and may from time to time continue to voluntarily reimburse, expenses of the Fund. Any such waiver or reimbursement may be discontinued or modified by the Adviser at any time. The aggregate amount of any waived fees and reimbursed expenses is subject to recoupment by the Adviser from the Fund within the same calendar year in which the fees were waived of expenses reimbursed and the three subsequent calendar years, provided that no amount may be recouped that would cause the Fund's total expense ratio as a result of such recoupment to exceed 0.90%. In no event shall the recoupment exceed 0.10% (annualized) of the Fund's average daily net assets on any day. The Fund's total return and yield would be lower, and may from time to time be very low or negative, in the absence of any such waiver or reimbursement by the Adviser.

## *How to buy shares*

### ■ **By wire**

If you are making an initial purchase by wire, you must call the Fund's transfer agent at 800-243-2729 so you can be assigned an account number. Request your U.S. bank with whom you have an account 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 BFDS, Agent to Value Line Funds, c/o Boston 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. Cash, money orders, traveler's checks, cashier's checks, bank drafts or 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 account application, you can open an account with an initial investment of \$3,000, and make additional investments at any time for as little as \$100. The Fund reserves the right to reject any purchase order within 24 hours of its receipt and to reduce or waive the minimum purchase requirements at any time.

### ■ **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 (the "Exchange") (generally 4:00 p.m., Eastern time) every day the Exchange is open for business. The Exchange is currently closed on weekends, New Year's Day, Martin Luther King, Jr. Day, Presidents' 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 in proper

form as determined by BFDS as agent for the Fund. The NAV will normally remain fixed at \$1.00 per share. Newly-purchased shares will begin to accrue dividends on the business day after the Fund receives federal funds from your purchase payment. A payment by check is normally converted to federal funds within one business day following receipt by the Fund. A business day is any day that the Exchange is open for business. The Fund reserves 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 authorized by the Fund including banks, brokers, financial advisers and financial supermarkets who may charge a fee. When the intermediary is authorized by the Fund, orders will be priced at the NAV next computed after receipt of the order by the intermediary. Orders received by BFDS or the intermediary by the close of regular trading on the Exchange (generally 4:00 p.m., Eastern time) will be based on the NAV determined as of the close of trading on that day.

#### ■ **Additional dealer compensation**

The Adviser, EULAV Securities LLC (the “Distributor”) and/or their affiliates may pay additional compensation out of their assets (which generally comes directly or indirectly from the Fund and other Value Line mutual funds) to certain brokerage firms and other intermediaries or their affiliates, based on Fund assets held by that firm, or such other criteria agreed to by the Adviser, the Distributor or their affiliates. The Adviser, the Distributor or their affiliates determine the firms to which payments may be made, which payments may be significant.

Brokerage firms and other intermediaries that sell Fund shares may make decisions about which investment options they will service and make available to their clients based on the payments these entities may be eligible to receive for their services. Therefore, payments to a brokerage firm or other intermediary may create potential conflicts of interest between that entity and its clients where that entity determines which investment options it will make available to those clients.

#### ■ **Net asset value**

The Fund’s NAV is determined as of the close of regular trading on the Exchange each day the Exchange is open for business. NAV is calculated 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 NAV per share. The securities held by the Fund are valued on the basis of amortized cost which does not take into account unrealized capital gains or losses.

This involves valuing an instrument at cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. It is the policy of the Fund to attempt to maintain a NAV of \$1.00 per share. In addition, for regulatory purposes, the Fund calculates a market-based NAV per share on a periodic basis. In the event that the Board determines, pursuant to Rule 2a-7, that the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the Board may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results, including, but not limited to, considering suspending redemption of shares and liquidating the Fund under Rule 22e-3 under the Investment Company Act of 1940.

■ **Important information about opening a new account with the Value Line Funds**

In furtherance of the national effort to stop the funding of terrorism and to curtail money laundering, the USA Patriot Act and other Federal regulations require financial institutions, including mutual funds, to adopt certain policies and programs to prevent money laundering activities, including procedures to verify the identity of all investors opening new accounts. Accordingly, when completing the Fund's account application, you will be required to supply the Fund with certain information for all persons owning or permitted to act on an account. This information includes name, date of birth, taxpayer identification number and street address. Also, as required by law, the Fund employs various procedures, such as comparing the information you provide against fraud databases or requesting additional information or documentation from you, to ensure that the information supplied by you is correct. Until such verification is made, the Fund may temporarily limit any share purchases or close your account if it is unable to verify your identity.

*How to sell shares*

■ **By mail**

You can redeem your shares (sell them back to the Fund) at NAV by mail by writing to: Value Line Funds, c/o Boston 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 using the medallion imprint 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 a signature guarantee 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.

The Fund will pay you promptly, normally the next business day, but no later than seven days after your request to sell your shares is received. If you purchased your shares by check, the Fund will wait until your check has cleared, which can take up to 15 days from the day of purchase, before the proceeds are sent to you.

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**

Fund shares may be sold through various third-party intermediaries including banks, brokers, financial advisers and financial supermarkets, who may charge a fee for this service. When the intermediary is authorized by the Fund, the shares that you buy or sell through the intermediary are priced at the next NAV that is computed after receipt of your order by the intermediary. Orders received by the intermediary by the close of regular trading on the Exchange (generally 4:00 p.m., Eastern time) will be based on the NAV determined as of the close of trading on that day.

Among the brokers that have been authorized by the Fund are Charles Schwab & Co., Inc., TD Ameritrade Inc., Pershing LLC and Fidelity Brokerage Services LLC (National Financial Services LLC.) You should consult with your broker to determine if it has been so authorized.

■ **By exchange**

You can exchange all or part of your investment in the Fund for shares in other Value Line mutual 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. The Fund reserves the right to reject any purchase order.

When you send the Fund's transfer agent a properly completed request to sell or exchange shares, you will receive the NAV that is next determined after your request is received by the transfer agent. 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 information on additional documentation that may be required. You may have to pay taxes on the gain from your sale or exchange of shares (if any).

Exchanges among Value Line mutual funds are a shareholder privilege and not a right. The Fund may temporarily or permanently terminate the exchange privileges of any investor that, in the opinion of the Fund, uses market timing strategies or who makes more than four exchanges out of the Fund during a calendar year.

This exchange limitation does not apply to systematic purchases and redemptions, including certain automated or pre-established exchange, asset allocation or dollar cost averaging programs. These exchange limits are subject to the Fund's ability to monitor exchange activity. Shareholders seeking to engage in excessive trading practices may deploy a variety of strategies to avoid detection, and, despite the best efforts of the Fund to prevent excessive trading, there is no guarantee that the Fund or its agents will be able to identify such shareholders or curtail their trading practices. The Fund receives purchase and redemption orders through financial intermediaries and cannot always know or reasonably detect excessive trading which may be facilitated by these intermediaries or by the use of omnibus account arrangements offered by these intermediaries to investors.

■ **Account minimum**

If as a result of redemptions your account balance in the Fund, together with your account balances in other Value Line Funds (excluding individual retirement accounts), falls below \$3,000, 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.

## *Frequent purchases and redemptions of Fund shares*

Frequent purchases and redemptions of the Fund's shares entail risks, including the dilution in value of the Fund shares held by long-term shareholders, interference with the efficient management of the Fund's portfolio, and increased brokerage and administrative costs. Because the Fund does not accommodate frequent purchases and redemptions of Fund shares, the Fund's Board of Directors has adopted policies and procedures to prohibit investors from engaging in late trading and to discourage excessive and short-term trading practices that may disrupt portfolio management strategies and harm Fund performance.

Although there is no generally applied standard in the marketplace as to what level of trading activity is excessive, the Fund considers trading in its shares to be excessive if an investor:

- sells shares within 30 days after the shares were purchased;
- makes more than four exchanges out of the Fund during a calendar year (other than systematic purchases and redemptions); or
- enters into a series of transactions that is indicative of a timing pattern strategy.

Money market funds are generally used by investors for short-term investments, often in place of bank checking or savings accounts or for cash management purposes. As a result, the Fund's purchase and redemption activity will differ from non-money market fund activity. The Fund will take into account such differences between money market fund and non-money market fund activity when determining if excessive trading activity and potential market timing activity has occurred.

In order to seek to detect frequent purchases and redemptions of Fund shares, the Distributor monitors selected trades that have been identified by the Fund's transfer agent. If the Distributor determines that an investor or a client of a broker has engaged in excessive short-term trading that may be harmful to the Fund, the Distributor will ask the investor or broker to cease such activity and may refuse to process purchase orders (including purchases by exchange) of such investor, broker or accounts that the Distributor believes are under their control.

While the Distributor uses its reasonable efforts to detect excessive trading activity, there can be no assurance that its efforts will be successful or that market timers will not employ tactics designed to evade detection. Neither the Adviser, the Distributor, the Fund, nor any of the Fund's service providers may enter into arrangements intended to facilitate frequent purchases and redemptions of Fund shares. Frequently, shares are held through omnibus accounts maintained by financial intermediaries such as brokers and retirement plan administrators, where the holdings of multiple shareholders, such as all the clients of a particular broker, are aggregated. The ability to monitor trading practices by investors purchasing shares through omnibus accounts is dependent upon the cooperation of the financial intermediary in observing the Fund's policies. Consequently, it may be more difficult for the Fund to detect market timing activity through such accounts. However, the Fund, through its agent, has entered into an information sharing agreement with each financial intermediary, which provides, among other things, that the financial intermediary shall provide, promptly upon the Fund's request, certain identifying and transaction information regarding its underlying shareholders. Should the Fund detect market timing activity it may terminate the account or prohibit future purchases or exchanges by an underlying shareholder. Because omnibus accounts may apply their own market timing policies with respect to their accounts, and because the Distributor retains discretion in applying market timing policies, there is a risk that different shareholders may be treated differently and some level of market timing activity could occur.

### *Special services*

To help make investing with the Fund as easy as possible, and to help you manage your investments, the following special services are available. You can get further information about these programs by calling Shareholder Services at 800-243-2729.

- Valu-Matic<sup>®</sup> allows you to make regular monthly investments of \$25 or more automatically from your checking account.
- Through the 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. Such withdrawals will each constitute a redemption of a portion of your Fund shares which may result in income, gain or loss to you, for federal income tax purposes.

- 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 earns interest daily on its investments and distributes the income daily. Any capital gains that it has realized are distributed annually. All dividends and any capital gains are automatically reinvested, unless you indicate otherwise in your application to purchase shares.

You will generally be taxed on dividends and distributions you receive, regardless of whether you reinvest them or receive them in cash. For federal income tax purposes, distributions paid by the Fund from short-term capital gains and dividends paid by the Fund from net investment income are generally taxable to you as ordinary income. Since the Fund's income is derived from sources that do not pay "qualified dividend income," dividends from the Fund will not qualify for taxation at the maximum 15% U.S. federal income tax rate available to individuals on qualified dividend income. Because the Fund is not expected to have long term capital gains, the Fund does not expect any of its distributions to be taxable as long-term capital gains. You may be subject to state and local taxes on dividends and distributions.

The Fund will send you a statement by February 15<sup>th</sup> each year detailing the amount and nature of all dividends and capital gains, if any, that you were paid 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 the tax consequences of investing through a tax-deferred account.

You generally will have a capital gain or loss if you dispose of your Fund shares by redemption, exchange or sale in an amount equal to the difference (if any) between the net amount of the redemption or sale proceeds (or in the case of an exchange, the fair market value of the shares) that you receive and your tax basis for the shares you redeem, sell or exchange. Redemptions, exchanges or

sales of shares generally will not result in taxable gain or loss if the Fund successfully maintains a constant net asset value per share.

As with all mutual funds, the Fund may be required to withhold a 28% backup withholding tax on all taxable distributions payable to you if you fail to provide the Fund with your correct social security number or other 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; more information is available in the Statement of Additional Information. You should consult your tax adviser about your particular tax situation including federal, state, local and foreign tax considerations and possible additional withholding taxes for non-U.S. shareholders.

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 derived from the Fund's financial statements which were 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 800-243-2729.

### *Financial Highlights*

#### **Selected data for a share of capital stock outstanding throughout each year:**

	Years Ended December 31,				
	2011	2010	2009	2008	2007
<b>Net asset value, beginning of year</b>	\$ 1.000	\$ 1.000	\$1.000	\$1.000	\$1.000
<b>Income from investment operations:</b>					
Net investment income	0.0002	0.0001	0.001	0.017	0.044
Total from investment operations	0.0002	0.0001	0.001	0.017	0.044
<b>Less distributions:</b>					
Dividends from net investment income	(0.0001)	(0.0001)	(0.001)	(0.017)	(0.044)
Distributions from net realized gains	(0.0001)	—	—	—	—
Total distributions	(0.0002)	(0.0001)	(0.001)	(0.017)	(0.044)
<b>Net asset value, end of year</b>	\$ 1.000	\$ 1.000	\$1.000	\$1.000	\$1.000
<b>Total return</b>	0.02%	0.01%	0.08%	1.69%	4.45%
<b>Ratios/Supplemental Data:</b>					
Net assets, end of year (in thousands)	\$ 72,520	\$102,076	\$125,079	\$174,686	\$166,907
Ratio of expenses to average net assets <sup>(1)</sup>	0.97%	0.94% <sup>(3)</sup>	0.95%	0.85%	0.83%
Ratio of expenses to average net assets <sup>(2)</sup>	0.11%	0.26% <sup>(4)</sup>	0.44%	0.60%	0.58%
Ratio of net investment income to average net assets	0.01%	0.01%	0.08%	1.62%	4.37%

- (1) Ratio reflects expenses grossed up for custody credit arrangement, waiver of service and distribution plan fees by the Distributor, and waiver and reimbursement of the advisory fee by the Adviser. The ratio of expenses to average net assets, net of custody credits, but exclusive of the fee waivers and reimbursement would have been unchanged for the years shown.
- (2) Ratio reflects expenses net of the custody credit arrangement, net of the waiver of the service and distribution plan fees by the Distributor, and net of the waiver and reimbursement of the advisory fee by the Adviser.
- (3) Ratio reflects expenses grossed up for the reimbursement by Value Line, Inc. of certain expenses incurred by the Fund.
- (4) Ratio reflects expenses net of the reimbursement by Value Line, Inc. of certain expenses incurred by the Fund.

## *For more information*

Additional information about the Fund's investments is available in the Fund's annual and semi-annual reports to shareholders filed with the Securities and Exchange Commission ("SEC"). You can find more detailed information about the Fund in the current Statement of Additional Information dated May 1, 2012, which has been filed electronically with the 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 the Fund at 7 Times Square, 21<sup>st</sup> Floor, New York, NY 10036-6524 or call toll-free 800-243-2729. You may also obtain the prospectus, Statement of Additional Information and annual and semi-annual reports at no cost from the Fund's Internet site at <http://www.vlfunds.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. 20549-1520. Information about the Fund, including its Statement of Additional Information, can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You can get information on operation of the public reference room by calling the SEC at 1-202-551-8090.

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