

VALUE LINE FUND INC  
Form N-CSRS  
September 03, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file Number 811-568

Value Line Fund, Inc.

(Exact name of registrant as specified in charter)

220 East 42<sup>nd</sup> Street, New York, N.Y. 10017

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 212-907-1500

Date of fiscal year end: December 31, 2008

Date of reporting period: June 30, 2008

Item I. Reports to Stockholders.

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A copy of the Semi-Annual Report to Stockholders for the period ended 6/30/08  
is included with this Form.

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### INVESTMENT ADVISER

EULAV Asset Management, LLC  
(A Wholly-Owned Subsidiary of Value Line, Inc.)  
220 East 42nd Street  
New York, NY 10017-5891

### DISTRIBUTOR

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

### CUSTODIAN BANK

State Street Bank and Trust Co.  
225 Franklin Street  
Boston, MA 02110

### SHAREHOLDER SERVICING AGENT

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

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

### LEGAL COUNSEL

Peter D. Lowenstein, Esq.  
496 Valley Road  
Cos Cob, CT 06807-0272

### DIRECTORS

John W. Chandler  
Frances T. Newton  
Francis C. Oakley  
David H. Porter  
Paul Craig Roberts

Thomas T. Sarkany  
Nancy-Beth Sheerr

### OFFICERS

Mitchell E. Appel  
*President*  
Howard A. Brecher  
*Vice President and Secretary*  
Stephen R. Anastasio  
*Treasurer*

*This unaudited report is issued for information to shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a currently effective prospectus of the Fund (obtainable from the Distributor).*

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## SEMI-ANNUAL REPORT

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June 30, 2008

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*The Value Line  
Fund, Inc.*

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EULAV Asset Management, LLC  
(A Wholly-Owned Subsidiary of Value Line, Inc.)

*The Value Line Fund, Inc.*

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## To Our Value Line

### To Our Shareholders (unaudited):

For the six months ended June 30, 2008, the total return for The Value Line Fund (the Fund) was 10.37%. This was above the S&P 500 Index return of 11.91% for the same six-month period.

The two most significant factors currently affecting the stock market have been the weakened financial sector and high energy prices. With the price of energy having recently moved to new highs, consumers are finding it necessary to cut back on purchases of other goods and services. High energy costs are having a negative impact on inflation, as manufacturers are forced to increase selling prices to cover their energy expenditures. The financial industry's difficulties, which started with the subprime housing market, have grown into a much bigger problem. Companies have been forced to write down bad loans, causing concerns about their own financial stability. The Federal Reserve Board has responded to these problems by lowering interest rates.

In order for the stock market to recover, these two factors will need to be reversed. The price of oil needs to stabilize and eventually decline even further than it has in previous weeks. The current high price of oil should encourage a moderation in demand and also additional supply, possibly in the form of alternatives. Moreover, the financial service industry will need to go through a couple of quarters without significant write-downs for this sector to begin to contribute to a market recovery. Although the investment environment remains difficult, there are some positive factors. Interest rates remain low and this should encourage consumption and investment. Also, demand from fast growing emerging markets (i.e. China and India) will supply support for a number of sectors in the U.S. economy.

The Value Line Fund generally invests in multi-cap stocks that are ranked in the highest category for relative price performance over the next six to twelve months by the Value Line Timeliness Ranking System. The System favors stocks with strong price and earnings momentum relative to those of all other companies in the Value Line Investment Survey of approximately 1,700 stocks. The Fund had no direct exposure to the financial sector, which was one of the weakest sectors of the market for the six-month period ended June 30, 2008. The Fund had 4.1 percent of its market value in the coal sector, which was one of the top performing sectors for the same time period.

We appreciate your confidence in The Value Line Fund and look forward to serving your investment needs in the future.

Sincerely,

August 5, 2008

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(1) *The Standard & Poor's 500 Index consists of 500 stocks which are traded on the New York Stock Exchange, American Stock Exchange and the NASDAQ National Market System and is representative of the broad stock market. This is an unmanaged index and does not reflect charges, expenses or taxes, and it is not possible to directly invest in this index.*

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*The Value Line Fund, Inc.*

## Fund Shareholders

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### **Economic Observations (unaudited)**

The recession that many feared would evolve in the first half of this year has yet to take hold, as the nation's gross domestic product, rather than contracting, actually increased modestly during the initial two quarters. Moreover, this mildly positive pattern may continue in the third quarter, with the nation's GDP growth, underpinned by further benefits from the federal government's earlier stimulus program, stable interest rates, and a strong export market, likely staying in the 1.0% - 2.0% range.

However, we think the recession may only have been postponed. In fact, there is a reasonable chance GDP will contract modestly during the final months of this year, as the benefits of the stimulus program wear off and the cumulative effect of high gasoline and heating oil costs help to dampen consumer discretionary spending. Moreover, in the absence of another fiscal stimulus package (in particular, a second round of rebates), any downturn in GDP probably would extend into the first part of 2009. Thereafter, growth should resume, assuming the recent decline in energy prices proves sustainable and the housing cycle bottoms out, as we expect.

Meanwhile, inflation is trending upward due to high energy, food, and commodity costs. Adequate supplies of raw materials, coupled with a prospective near-term deceleration in the economy, however, should help keep the costs of production under control, suggesting that a lessening in inflationary pressures may take hold next year. Thereafter, absent a stronger multi-year business up cycle than we now forecast, inflation should be held in check through the first part of the next decade.

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*The Value Line Fund, Inc.*

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### **FUND EXPENSES (unaudited):**

#### **Example**

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and service (12b-1) fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

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The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2008 through June 30, 2008).

### Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example an \$8,600 account value divided by \$1,000=8.6), then multiply the result by the number in the first line under the heading Expenses Paid During Period to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if transactional costs were included, your costs would have been higher.

|  | Beginning<br>account<br>value<br>1/1/08 | Ending<br>account<br>value<br>6/30/08 | Expenses*<br>paid during<br>period<br>1/1/08<br>thru<br>6/30/08 |
|--|---|---------------------------------------|---|
| Actual                                   | \$1,000.00                              | \$ 896.30                             | \$4.05  |
| Hypothetical (5% return before expenses) | \$1,000.00                              | \$1,020.59                            | \$4.32  |

\* Expenses are equal to the Fund's annualized expense ratio of 0.86% multiplied by the average account value over the period, multiplied by 182/366 to reflect the one-half year period. This expense ratio may differ from the expense ratio shown in the Financial Highlights.

## Portfolio Highlights at June 30, 2008 (unaudited)

### Ten Largest Holdings

| Issue                          | Shares | Value       | Percentage of<br>Net Assets |
|--------------------------------|--------|-------------|-----------------------------|
| Weatherford International Ltd. | 41,000 | \$2,033,190 | 1.17%                       |

| Issue                         | Shares | Value        | Percentage of Net Assets |
|-------------------------------|--------|--------------|--------------------------|
| Cleveland-Cliffs, Inc.        | 17,000 | \$ 2,026,230 | 1.16%                    |
| CSX Corp.                     | 32,000 | \$ 2,009,920 | 1.15%                    |
| Apache Corp.                  | 14,000 | \$ 1,946,000 | 1.12%                    |
| Illumina, Inc.                | 22,000 | \$ 1,916,420 | 1.10%                    |
| FLIR Systems, Inc.            | 47,000 | \$ 1,906,790 | 1.09%                    |
| Berry Petroleum Co. Class A   | 32,000 | \$ 1,884,160 | 1.08%                    |
| Alpha Natural Resources, Inc. | 18,000 | \$ 1,877,220 | 1.08%                    |
| EOG Resources, Inc.           | 14,000 | \$ 1,836,800 | 1.05%                    |
| Gorman-Rupp Co. (The)         | 46,000 | \$ 1,832,640 | 1.05%                    |

### Asset Allocation Percentage of Net Assets

### Sector Weightings Percentage of Total Investment Securities

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*The Value Line Fund, Inc.*

## Schedule of Investments (unaudited)

| Shares                           |                                       | Value            |
|----------------------------------|---------------------------------------|------------------|
| <b>COMMON STOCKS (97.1%)</b>     |                                       |                  |
| <b>AEROSPACE/DEFENSE (0.9%)</b>  |                                       |                  |
| 217,000                          | Bombardier, Inc. Class B *            | \$ 1,578,918     |
| <b>BEVERAGE ALCOHOLIC (1.0%)</b> |                                       |                  |
| 24,000                           | Central European Distribution Corp. * | 1,779,600        |
| <b>BIOTECHNOLOGY (2.0%)</b>      |                                       |                  |
| 52,000                           | Martek Biosciences Corp. *            | 1,752,920        |
| 22,000                           | Techne Corp. *                        | 1,702,580        |
|                                  |                                       | <b>3,455,500</b> |
| <b>BUILDING MATERIALS (1.9%)</b> |                                       |                  |

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| Shares |  | Value            |
|--------|--|------------------|
| 9,000  | Fluor Corp.                                    | 1,674,720        |
| 20,000 | Jacobs Engineering Group, Inc. *               | 1,614,000        |
|        |  | <b>3,288,720</b> |
|        | <b>CANADIAN ENERGY (1.9%)</b>                  |                  |
| 16,000 | Canadian Natural Resources Ltd.                | 1,604,000        |
| 42,000 | Nexen, Inc.                                    | 1,669,500        |
|        |  | <b>3,273,500</b> |
|        | <b>CHEMICAL BASIC (3.8%)</b>                   |                  |
| 15,000 | Agrium, Inc.                                   | 1,613,100        |
| 20,000 | Compass Minerals International, Inc.           | 1,611,200        |
| 21,000 | FMC Corp.                                      | 1,626,240        |
| 8,000  | Potash Corporation of Saskatchewan, Inc.       | 1,828,560        |
|        |  | <b>6,679,100</b> |
|        | <b>CHEMICAL DIVERSIFIED (0.9%)</b>             |                  |
| 12,000 | Monsanto Co.                                   | <b>1,517,280</b> |
|        | <b>CHEMICAL SPECIALTY (5.6%)</b>               |                  |
| 27,000 | Airgas, Inc.                                   | 1,576,530        |
| 11,000 | CF Industries Holdings, Inc.                   | 1,680,800        |
| 11,000 | Mosaic Co. (The) *                             | 1,591,700        |
| 24,000 | NewMarket Corp.                                | 1,589,520        |
| 18,000 | Praxair, Inc.                                  | 1,696,320        |
| 29,000 | Sigma-Aldrich Corp.                            | 1,561,940        |
|        |  | <b>9,696,810</b> |
|        | <b>COAL (4.1%)</b>                             |                  |
| 18,000 | Alpha Natural Resources, Inc. *                | \$ 1,877,220     |
| 23,000 | Arch Coal, Inc.                                | 1,725,690        |
| 23,000 | Joy Global, Inc.                               | 1,744,090        |
| 19,000 | Massey Energy Co.                              | 1,781,250        |
|        |  | <b>7,128,250</b> |
|        | <b>COMPUTER &amp; PERIPHERALS (1.9%)</b>       |                  |
| 10,000 | Apple, Inc. *                                  | 1,674,400        |
| 50,000 | Western Digital Corp. *                        | 1,726,500        |
|        |  | <b>3,400,900</b> |
|        | <b>COMPUTER SOFTWARE &amp; SERVICES (3.0%)</b> |                  |
| 37,000 | ANSYS, Inc. *                                  | 1,743,440        |
| 49,000 | BMC Software, Inc. *                           | 1,764,000        |
| 36,000 | ManTech International Corp. Class A *          | 1,732,320        |
|        |  | <b>5,239,760</b> |
|        | <b>DIVERSIFIED COMPANIES (1.8%)</b>            |                  |
| 34,000 | AMETEK, Inc.                                   | 1,605,480        |
| 15,000 | Valmont Industries, Inc.                       | 1,564,350        |
|        |  | <b>3,169,830</b> |
|        | <b>DRUG (0.9%)</b>                             |                  |
| 30,000 | Gilead Sciences, Inc. *                        | <b>1,588,500</b> |
|        | <b>EDUCATIONAL SERVICES (1.0%)</b>             |                  |
| 8,000  | Strayer Education, Inc.                        | <b>1,672,560</b> |

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| Shares                             |                        | Value            |
|------------------------------------|------------------------|------------------|
| <b>ELECTRICAL EQUIPMENT (2.0%)</b> |                        |                  |
| 68,000                             | Corning, Inc.          | 1,567,400        |
| 47,000                             | FLIR Systems, Inc. *   | 1,906,790        |
|                                    |                        | <b>3,474,190</b> |
| <b>ELECTRONICS (0.9%)</b>          |                        |                  |
| 34,000                             | Amphenol Corp. Class A | <b>1,525,920</b> |
| <b>ENVIRONMENTAL (1.0%)</b>        |                        |                  |
| 25,000                             | Clean Harbors, Inc. *  | <b>1,776,500</b> |
| <b>FOOD PROCESSING (1.0%)</b>      |                        |                  |
| 59,000                             | Flowers Foods, Inc.    | <b>1,672,060</b> |

See Notes to Financial Statements.

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*The Value Line Fund, Inc.*

**June 30, 2008**

| Shares  |   | Value               |
|---|---|---------------------|
| <b>FOREIGN ELECTRONICS (0.9%)</b>             |   |                     |
| 72,000  | Matsushita Electric Industrial Co. Ltd. ADR | \$ <b>1,542,240</b> |
| <b>HEALTH CARE INFORMATION SYSTEMS (1.0%)</b> |   |                     |
| 102,000                                       | eResearchTechnology, Inc. *                 | <b>1,778,880</b>    |
| <b>INDUSTRIAL SERVICES (1.8%)</b>             |   |                     |
| 28,000  | C.H. Robinson Worldwide, Inc.               | 1,535,520           |
| 36,000  | Unifirst Corp.                              | 1,607,760           |
|   |   | <b>3,143,280</b>    |
| <b>INTERNET (0.9%)</b>                        |   |                     |
| 14,000  | Priceline.com, Inc. *                       | <b>1,616,440</b>    |
| <b>MACHINERY (7.5%)</b>                       |   |                     |
| 24,000  | Bucyrus International, Inc. Class A         | 1,752,480           |
| 23,000  | Cummins, Inc.                               | 1,506,960           |
| 33,000  | Donaldson Company, Inc.                     | 1,473,120           |
| 35,000  | Dover Corp.                                 | 1,692,950           |
| 13,000  | Flowserve Corp.                             | 1,777,100           |
| 32,000  | Gardner Denver, Inc. *                      | 1,817,600           |
| 18,000  | Lindsay Corp.                               | 1,529,460           |
| 22,000  | Nordson Corp.                               | 1,603,580           |
|   |   | <b>13,153,250</b>   |



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| Shares   |   | Value             |
|--|---|-------------------|
| <b>MARITIME (3.0%)</b>                         |   |                   |
| 28,000   | Genco Shipping & Trading Ltd.           | 1,825,600         |
| 46,000   | Gorman-Rupp Co. (The)                   | 1,832,640         |
| 33,000   | Kirby Corp. *                           | 1,584,000         |
|  |   | <b>5,242,240</b>  |
| <b>MEDICAL SERVICES (1.9%)</b>                 |   |                   |
| 32,000   | Amedisys, Inc. *                        | 1,613,440         |
| 27,000   | Universal Health Services, Inc. Class B | 1,706,940         |
|  |   | <b>3,320,380</b>  |
| <b>MEDICAL SUPPLIES (2.1%)</b>                 |   |                   |
| 153,000  | CryoLife, Inc. *                        | 1,750,320         |
| 22,000   | Illumina, Inc. *                        | 1,916,420         |
|  |   | <b>3,666,740</b>  |
| <b>NATURAL GAS DIVERSIFIED (6.0%)</b>          |   |                   |
| 14,000   | Devon Energy Corp.                      | \$ 1,682,240      |
| 22,000   | Energen Corp.                           | 1,711,452         |
| 14,000   | EOG Resources, Inc.                     | 1,836,800         |
| 25,000   | Questar Corp.                           | 1,776,000         |
| 38,000   | Southwestern Energy Co. *               | 1,809,180         |
| 41,000   | Williams Companies, Inc. (The)          | 1,650,730         |
|  |   | <b>10,466,402</b> |
| <b>OILFIELD SERVICES/<br/>EQUIPMENT (8.1%)</b> |   |                   |
| 30,000   | Cameron International Corp. *           | 1,660,500         |
| 22,000   | ENSCO International, Inc.               | 1,776,280         |
| 34,000   | Halliburton Co.                         | 1,804,380         |
| 19,000   | National-Oilwell Varco, Inc. *          | 1,690,552         |
| 25,000   | Noble Corp.                             | 1,624,000         |
| 21,000   | Smith International, Inc.               | 1,745,940         |
| 12,000   | Transocean, Inc. *                      | 1,828,680         |
| 41,000   | Weatherford International Ltd. *        | 2,033,190         |
|  |   | <b>14,163,522</b> |
| <b>PETROLEUM INTEGRATED (2.0%)</b>             |   |                   |
| 14,000   | Hess Corp.                              | 1,766,660         |
| 17,000   | Murphy Oil Corp.                        | 1,666,850         |
|  |   | <b>3,433,510</b>  |
| <b>PETROLEUM PRODUCING (6.1%)</b>              |   |                   |
| 14,000   | Apache Corp.                            | 1,946,000         |
| 32,000   | Berry Petroleum Co. Class A             | 1,884,160         |
| 18,000   | Noble Energy, Inc.                      | 1,810,080         |
| 22,000   | Pioneer Natural Resources Co.           | 1,722,160         |
| 43,000   | Quicksilver Resources, Inc. *           | 1,661,520         |
| 26,000   | Range Resources Corp.                   | 1,704,040         |
|  |   | <b>10,727,960</b> |
| <b>PHARMACY SERVICES (0.9%)</b>                |   |                   |
| 26,000   | Express Scripts, Inc. *                 | <b>1,630,720</b>  |
| <b>PRECISION INSTRUMENT (2.9%)</b>             |   |                   |
| 34,000   | Axsys Technologies, Inc. *              | 1,769,360         |
| 47,000   | II-VI, Inc. *                           | 1,641,240         |

| Shares |                              | Value            |
|--------|------------------------------|------------------|
| 13,000 | K-Tron International, Inc. * | 1,684,800        |
|        |                              | <b>5,095,400</b> |

See Notes to Financial Statements.

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*The Value Line Fund, Inc.*

## Schedule of Investments (unaudited)

| Shares |                                    | Value            |
|--------|------------------------------------|------------------|
|        | <b>RAILROAD (2.1%)</b>             |                  |
| 32,000 | CSX Corp.                          | \$ 2,009,920     |
| 36,000 | Kansas City Southern *             | 1,583,640        |
|        |                                    | <b>3,593,560</b> |
|        | <b>RESTAURANT (0.9%)</b>           |                  |
| 34,000 | Panera Bread Co. Class A *         | <b>1,572,840</b> |
|        | <b>RETAIL AUTOMOTIVE (0.9%)</b>    |                  |
| 35,000 | Copart, Inc. *                     | <b>1,498,700</b> |
|        | <b>RETAIL SPECIAL LINES (4.7%)</b> |                  |
| 53,000 | Aeropostale, Inc. *                | 1,660,490        |
| 36,000 | Buckle, Inc. (The)                 | 1,646,280        |
| 39,000 | Gymboree Corp. (The) *             | 1,562,730        |
| 47,000 | Ross Stores, Inc.                  | 1,669,440        |
| 54,000 | Urban Outfitters, Inc. *           | 1,684,260        |
|        |                                    | <b>8,223,200</b> |
|        | <b>RETAIL STORE (1.0%)</b>         |                  |
| 32,000 | Wal-Mart Stores, Inc.              | <b>1,798,400</b> |
|        | <b>SEMICONDUCTOR (0.9%)</b>        |                  |
| 65,000 | Xilinx, Inc.                       | <b>1,641,250</b> |
|        | <b>SHOE (1.0%)</b>                 |                  |
| 12,000 | Deckers Outdoor Corp. *            | <b>1,679,719</b> |
|        | <b>STEEL GENERAL (3.1%)</b>        |                  |
| 17,000 | Cleveland-Cliffs, Inc.             | 2,026,230        |
| 51,000 | Linear Technology Corp.            | 1,661,070        |
| 22,000 | Nucor Corp.                        | 1,642,740        |
|        |                                    | <b>5,330,040</b> |
|        | <b>TRUCKING (1.0%)</b>             |                  |
| 25,000 | Ryder System, Inc.                 | <b>1,722,000</b> |
|        | <b>WIRELESS NETWORKING (0.8%)</b>  |                  |

| Shares  |   | Value                 |
|---|---|-----------------------|
| 12,000  | Research In Motion Ltd. *   | 1,402,800             |
| <b>TOTAL COMMON STOCKS<br/>AND TOTAL INVESTMENT SECURITIES (97.1%)<br/>(Cost \$152,606,847)</b>   |   | <b>\$ 169,361,371</b> |
| Principal<br>Amount   |   | Value                 |
| <b>REPURCHASE AGREEMENT (3.0%)</b>  |   |                       |
|   | With Morgan Stanley, 1.50%,<br>dated 6/30/08, due 7/1/08,<br>delivery value \$5,300,221<br>(collateralized by \$3,805,000<br>U.S. Treasury Bonds 8.75%,<br>due 5/15/20, with a value<br>of \$5,398,344) |                       |
| \$5,300,000   |   | \$ 5,300,000          |
| <b>TOTAL REPURCHASE<br/>AGREEMENTS<br/>(Cost \$5,300,000)</b>   |   | <b>5,300,000</b>      |
| <b>EXCESS OF LIABILITIES OVER<br/>CASH AND OTHER ASSETS ( 0.1%)</b>   |   | <b>(242,979)</b>      |
| <b>NET ASSETS (100%)</b>  |   | <b>\$174,418,392</b>  |
| <b>NET ASSET VALUE OFFERING<br/>AND REDEMPTION PRICE,<br/>PER OUTSTANDING SHARE<br/>(\$174,418,392 ÷ 15,158,831 shares outstanding)</b> |   | <b>\$ 11.51</b>       |

\*Non-income producing.

ADR American Depositary Receipt.

See Notes to Financial Statements.

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investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the six months ended June 30, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The Fund utilized the following fair value techniques: multi-dimensional relational pricing model, option adjusted spread pricing and estimated the price that would have prevailed in a liquid market for an international equity given information available at the time of evaluation.

The following is a summary of the inputs used as of June 30, 2008 in valuing the Fund's investments carried at value:

| Valuation Inputs                            | Investments in Securities | Other Financial Instruments* |
|---|---------------------------|------------------------------|
| Level 1 Quoted Prices                       | \$ 169,361,371            |                              |
| Level 2 Other Significant Observable Inputs | 5,300,000                 |                              |
| Level 3 Significant Unobservable Inputs     |                           |                              |
| <b>Total</b>                                | <b>\$ 174,661,371</b>     |                              |

\* Other financial instruments include futures, forwards and swap contracts.

For the period ending 6/30/08, there were no Level 3 investments.

See Notes to Financial Statements.

*The Value Line Fund, Inc.*

### Statement of Assets and Liabilities at June 30, 2008 (unaudited)

**Assets:**

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|   |                       |
|---|-----------------------|
| Investment securities, at value<br>(Cost \$152,606,847)   | \$ 169,361,371        |
| Repurchase agreements<br>(Cost \$5,300,000)   | 5,300,000             |
| Cash  | 120,010               |
| Receivable for securities sold  | 6,531,188             |
| Interest and dividends receivable   | 58,222                |
| Prepaid expenses  | 18,967                |
| Receivable for capital shares sold  | 2,363                 |
| <b>Total Assets</b>   | <b>181,392,121</b>    |
| <b>Liabilities:</b>   |                       |
| Payable for securities purchased  | 6,732,453             |
| Payable for capital shares repurchased  | 120,315               |
| Accrued expenses:   |                       |
| Advisory fee  | 99,439                |
| Directors fees and expenses   | 3,367                 |
| Other   | 18,155                |
| <b>Total Liabilities</b>  | <b>6,973,729</b>      |
| <b>Net Assets</b>   | <b>\$ 174,418,392</b> |
| <b>Net assets consist of:</b>   |                       |
| Capital stock, at \$1.00 par value (authorized 50,000,000, outstanding 15,158,831 shares)   | \$ 15,158,831         |
| Additional paid-in capital  | 150,103,404           |
| Accumulated net investment loss   | (282,257)             |
| Accumulated net realized loss<br>on investments   | (7,316,111)           |
| Net unrealized appreciation of investments and foreign currency translations  | 16,754,525            |
| <b>Net Assets</b>   | <b>\$ 174,418,392</b> |
| <b>Net Asset Value, Offering and<br/>Redemption Price per Outstanding Share (\$174,418,392 ÷ 15,158,831<br/>shares outstanding)</b> | <b>\$ 11.51</b>       |

**Statement of Operations  
for the Six Months Ended June 30, 2008 (unaudited)**

|   |                |
|---|----------------|
| <b>Investment Income:</b>                             |                |
| Dividends (net of foreign withholding tax of \$5,123) | \$ 416,721     |
| Interest  | 60,189         |
| <b>Total Income</b>                                   | <b>476,910</b> |
| <b>Expenses:</b>                                      |                |
| Advisory fee  | 597,545        |
| Service and distribution plan fees                    | 220,262        |
| Transfer agent fees                                   | 55,252         |
| Printing and postage                                  | 33,152         |
| Auditing and legal fees                               | 27,872         |
| Custodian fees  | 17,470         |
| Registration and filing fees                          | 14,866         |
| Directors fees and expenses                           | 7,087          |
| Insurance   | 6,018          |
| Other   | 1,407          |

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|  |                       |
|--|-----------------------|
| Total Expenses Before Custody Credits and Fees Waived  | 980,931               |
| Less: Service and Distribution Plan Fees Waived  | (220,262)             |
| Less: Custody Credits  | (1,502)               |
| Net Expenses   | 759,167               |
| <b>Net Investment Loss</b>   | <b>(282,257)</b>      |
| <b>Net Realized and Unrealized Loss on Investments and Foreign Exchange Transactions:</b>  |                       |
| Net Realized Loss  | (11,164,414)          |
| Change in Net Unrealized Appreciation/(Depreciation)   | (9,550,915)           |
| <b>Net Realized Loss and Change in Net Unrealized Appreciation/(Depreciation) on Investments and Foreign Exchange Transactions</b> | <b>(20,715,329)</b>   |
| <b>Net Decrease in Net Assets from Operations</b>  | <b>\$(20,997,586)</b> |

See Notes to Financial Statements.

*The Value Line Fund, Inc.*

**Statement of Changes in Net Assets  
for the Six Months Ended June 30, 2008 (unaudited) and for the Year Ended December 31, 2007**

|   | Six Months Ended<br>June 30, 2008<br>(unaudited) | Year Ended<br>December 31, 2007 |
|---|--|---------------------------------|
| <b>Operations:</b>  |  |                                 |
| Net investment loss   | \$ (282,257)                                     | \$ (227,361)                    |
| Net realized gain/(loss) on investments                                   | (11,164,414)                                     | 30,404,146                      |
| Change in net unrealized appreciation/(depreciation)                      | (9,550,915)                                      | 5,312,314                       |
| <b>Net increase/(decrease) in net assets from operations</b>              | <b>(20,997,586)</b>                              | <b>35,489,099</b>               |
| <b>Distributions to Shareholders:</b>                                     |  |                                 |
| Net realized gain from investment transactions                            |  | (27,740,813)                    |
| <b>Capital Share Transactions:</b>  |  |                                 |
| Proceeds from sale of shares  | 1,502,721  | 3,289,737                       |
| Proceeds from reinvestment of dividends and distributions to shareholders |  | 26,184,717                      |
| Cost of shares repurchased  | (9,360,363)                                      | (31,298,206)                    |
| <b>Net decrease in net assets from capital share transactions</b>         | <b>(7,857,642)</b>                               | <b>(1,823,752)</b>              |
| <b>Total Increase/(Decrease) in Net Assets</b>                            | <b>(28,855,228)</b>                              | <b>5,924,534</b>                |
| <b>Net Assets:</b>  |  |                                 |
| Beginning of period   | 203,273,620                                      | 197,349,086                     |
| End of period   | \$ 174,418,392                                   | \$ 203,273,620                  |
| <b>Accumulated net investment loss, at end of period</b>                  | <b>\$ (282,257)</b>                              | <b>\$</b>                       |

See Notes to Financial Statements.

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*The Value Line Fund, Inc.*

## Notes to Financial Statements (unaudited)

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### 1. Significant Accounting Policies

Value Line Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company whose primary investment objective is long-term growth of capital.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

**(A) Security Valuation.** Securities listed on a securities exchange are valued at the closing sales prices on the date as of which the net asset value is being determined. Securities traded on the NASDAQ Stock Market are valued at the NASDAQ Official Closing Price. In the absence of closing sales prices for such securities and for securities traded in the over-the-counter market, the security is valued at the midpoint between the latest available and representative asked and bid prices. Short-term instruments with maturities of 60 days or less at the date of purchase are valued at amortized cost, which approximates market value. Short-term instruments with maturities greater than 60 days at the date of purchase are valued at the mid point between the latest available and representative asked and bid prices, and commencing 60 days prior to maturity such securities are valued at amortized cost. Securities for which market quotations are not readily available or that are not readily marketable and all other assets of the Fund are valued at fair value as the Board of Directors may determine in good faith. In addition, the Fund may use the fair value of a security when the closing market price on the primary exchange where the security is traded no longer accurately reflects the value of a security due to factors affecting one or more relevant securities markets or the specific issuer.

**(B) Repurchase Agreements.** In connection with transactions in repurchase agreements, the Fund's custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, it is the Fund's policy to mark-to-market the collateral on a daily basis to ensure the adequacy of the collateral. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

**(C) Federal Income Taxes.** It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, including the distribution requirements of the Tax Reform Act of 1986, and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

**(D) Security Transactions and Distributions.** Security transactions are accounted for on the date the securities are purchased or sold. Interest income is accrued as earned. Realized gains and losses on sales of securities are calculated for financial accounting and federal income tax purposes on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles.

**(E) Foreign Currency Translation.** The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities which are denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. The Fund does not isolate changes in the value of investments caused by foreign exchange rate differences from the changes due to other circumstances.

*The Value Line Fund, Inc.***June 30, 2008**

Income and expenses are translated to U.S. dollars based upon the rates of exchange on the respective dates of such transactions.

Net realized foreign exchange gains or losses arise from currency fluctuations realized between the trade and settlement dates on securities transactions, the differences between the U.S. dollar amounts of dividends, interest, and foreign withholding taxes recorded by the Fund, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, other than investments, at the end of the fiscal period, resulting from changes in the exchange rates. The effect of the change in foreign exchange rates on the value of investments is included in realized gain/loss on investments and change in net unrealized appreciation/depreciation on investments.

**(F) Representations and Indemnifications.** In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

**(G) Foreign Taxes.** The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

## 2. Capital Share Transactions, Dividends and Distributions to Shareholders

Transactions in capital stock were as follows:

|  | Six Months<br>Ended<br>June 30, 2008<br>(unaudited) | Year Ended<br>December 31, 2007 |
|--|---|---------------------------------|
| Shares sold  | 132,268   | 237,070                         |
| Shares issued to shareholders in reinvestment of dividends and distributions |   | 2,111,782                       |
|  | 132,268   | 2,348,852                       |
| Shares repurchased   | (819,563)   | (2,315,940)                     |
| Net increase/(decrease)  | (687,295)   | 32,912                          |
| Distributions per share from net realized gains                              | \$  | \$ 2.0136                       |

## 3. Purchases and Sales of Securities

Purchases and sales of investment securities, excluding short-term securities, were as follows:



Six Months  
Ended  
June 30, 2008  
(unaudited)

|                       |               |
|-----------------------|---------------|
| <b>Purchases:</b>     |               |
| Investment Securities | \$231,174,939 |
| <b>Sales:</b>         |               |
| Investment Securities | \$236,776,677 |

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*The Value Line Fund, Inc.*

## Notes to Financial Statements (unaudited)

June 30, 2008

### 4. Income Taxes (unaudited)

At June 30, 2008, information on the tax components of capital is as follows:

|  |                |
|--|----------------|
| Cost of investments for tax purposes           | \$ 157,906,847 |
| Gross tax unrealized appreciation              | \$ 20,934,040  |
| Gross tax unrealized depreciation              | (4,179,516)    |
| Net tax unrealized appreciation on investments | \$ 16,754,524  |

### 5. Investment Advisory Fee, Service and Distribution Fees and Transactions With Affiliates

An advisory fee of \$597,545 was paid or payable to Value Line, Inc., the Fund's investment adviser, (the Adviser), for the six months ended June 30, 2008. This was computed at the rate of 0.70% of the first \$100 million of the Fund's average daily net assets plus 0.65% on the excess thereof, and paid monthly. The Adviser provides research, investment programs, supervision of the investment portfolio and pays costs of administrative services, office space, equipment and compensation of administrative, bookkeeping and clerical personnel necessary for managing the affairs of the Fund. The Adviser also provides persons, satisfactory to the Fund's Board of Directors, to act as officers and employees of the Fund and pays their salaries and wages. Direct expenses of the Fund are charged to the Fund while common expenses of the Value Line Funds are allocated proportionately based upon the funds' respective net assets. The Fund bears all other costs and expenses.

The Fund has a Service and Distribution Plan (the Plan), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, for the payment of certain expenses incurred by Value Line Securities, Inc. (the Distributor), a wholly-owned subsidiary of Value Line, Inc., in advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the six months ended June 30, 2008, fees amounting to \$220,262, before fee waivers, were accrued under the Plan. Effective May 1, 2007 and 2008, the Distributor contractually agreed to waive the Fund's 12b-1 fee for one year periods. For the six months ended June 30, 2008, the fees waived amounted to \$220,262. The Distributor has no right to recoup prior waivers.

For the six months ended June 30, 2008, the Fund's expenses were reduced by \$1,502 under a custody credit arrangement with the custodian.

Certain officers and directors of the Adviser and the Distributor are also officers and directors of the Fund.

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The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing and Savings Plan owned 506,344 shares of the Fund's capital stock, representing 3.34% of the outstanding shares at June 30, 2008. In addition, officers and directors of the Fund as a group owned 12,215 shares of the Fund, representing less than 1% of the outstanding shares.

### 6. Subsequent Event

On June 30, 2008, Value Line, Inc. reorganized its investment management division into EULAV Asset Management, LLC (EULAV), a newly formed, wholly-owned subsidiary. As part of the reorganization, each advisory agreement was transferred from Value Line, Inc. to EULAV and EULAV replaced Value Line, Inc. as the Fund's investment adviser. The portfolio managers, who are now employees of EULAV, have not changed as a result of the reorganization.

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*The Value Line Fund, Inc.*

## Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

|  | Six Months Ended<br>June 30, 2008<br>(unaudited) | Years Ended December 31, |                 |                 |                 |                |
|--|--|--------------------------|-----------------|-----------------|-----------------|----------------|
|  |  | 2007                     | 2006            | 2005            | 2004            | 2003           |
| <b>Net asset value, beginning of period</b>                        | \$ 12.83   | \$ 12.48                 | \$ 13.14        | \$ 13.90        | \$ 14.25        | \$13.67        |
| <b>Income/(loss) from investment operations:</b>                   |  |                          |                 |                 |                 |                |
| Net investment loss  | (0.02)   | (0.01)                   | (0.05)          | (0.07)          | (0.08)          | (0.03)         |
| Net gains or (losses) on securities (both realized and unrealized) | (1.30)   | 2.37                     | 0.58            | 1.53            | 1.80            | 2.24           |
| <b>Total from investment operations</b>                            | <b>(1.32)</b>                                    | <b>2.36</b>              | <b>0.53</b>     | <b>1.46</b>     | <b>1.72</b>     | <b>2.21</b>    |
| <b>Less distributions:</b>   |  |                          |                 |                 |                 |                |
| Distributions from net realized gains                              |  | (2.01)                   | (1.19)          | (2.22)          | (2.07)          | (1.63)         |
| <b>Net asset value, end of period</b>                              | <b>\$ 11.51</b>                                  | <b>\$ 12.83</b>          | <b>\$ 12.48</b> | <b>\$ 13.14</b> | <b>\$ 13.90</b> | <b>\$14.25</b> |
| <b>Total return</b>  | <b>(10.37)%<sup>(3)</sup></b>                    | <b>19.50%</b>            | <b>4.00%</b>    | <b>10.40%</b>   | <b>12.09%</b>   | <b>16.28%</b>  |
| <b>Ratios/Supplemental Data:</b>                                   |  |                          |                 |                 |                 |                |
| Net assets, end of period (in thousands)                           | \$ 174,418                                       | \$ 203,274               | \$ 197,349      | \$ 213,715      | \$ 215,025      | \$216,047      |
| Ratio of expenses to average net assets <sup>(1)</sup>             | 1.11% <sup>(4)</sup>                             | 1.08%                    | 1.12%           | 1.13%           | 1.13%           | 1.13%          |
| Ratio of expenses to average net assets <sup>(2)</sup>             | 0.86% <sup>(4)</sup>                             | 0.82%                    | 1.04%           | 1.13%           | 1.13%           | 1.13%          |
| Ratio of net investment loss to average net assets                 | (0.32)% <sup>(4)</sup>                           | (0.11)%                  | (0.37)%         | (0.52)%         | (0.58)%         | (0.19)%        |
| Portfolio turnover rate  | 134% <sup>(3)</sup>                              | 216%                     | 224%            | 224%            | 297%            | 129%           |

(1)

*Ratio reflects expenses grossed up for custody credit arrangement and grossed up for the waiver of service and distribution plan fees by the Distributor. The ratio of expenses to average net assets, net of custody credits, but exclusive of the waiver of the service and distribution plan fees by the Distributor, would have been 1.07% for the year ended December 31, 2007 and would not have changed for the other periods shown.*

- (2) *Ratio reflects expenses net of the custody credit arrangement and net of the waiver of the service and distribution plan fees by the Distributor.*
- (3) *Not annualized.*
- (4) *Annualized.*

*See Notes to Financial Statements.*

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*The Value Line Fund, Inc.*

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The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted these proxies during the most recent 12-month period ended June 30 is available through the Fund's website at <http://www.vlfunds.com> and on the SEC's website at <http://www.sec.gov>. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-243-2729.

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*The Value Line Fund, Inc.*

## **Factors Considered by the Board in Approving the Investment Advisory Agreement for The Value Line Fund, Inc. (unaudited)**

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The Investment Company Act of 1940 (the 1940 Act ) requires the Board of Directors, including a majority of Directors who are not interested persons of the Value Line Fund, Inc. (the Fund ), as that term is defined in the 1940 Act (the Independent Directors ), annually to consider the investment advisory agreement (the Agreement ) between the Fund and its investment adviser, Value Line, Inc. (the Value Line ). As required by the

1940 Act, the Board requested and Value Line provided such information as the Board deemed to be reasonably necessary to evaluate the terms of the Agreement. At meetings held throughout the year, including the meeting specifically focused upon the review of the Agreement, the Independent Directors met in executive sessions separately from the non-Independent Director of the Fund and any officers of Value Line. In selecting Value Line and approving the continuance of the Agreement, the Independent Directors relied upon the assistance of counsel to the Independent Directors.

Both in the meetings which specifically addressed the approval of the Agreement and at other meetings held during the course of the year, the Board, including the Independent Directors, received materials relating to Value Line's investment and management services under the Agreement. These materials included information on (i) the investment performance of the Fund, compared to a peer group of funds consisting of the Fund and all retail and institutional multi-cap growth funds regardless of asset size or primary channel of distribution (the Performance Universe), and its benchmark index, each as classified by Lipper Inc., an independent evaluation service (Lipper); (ii) sales and redemption data with respect to the Fund; (iii) the general investment outlook in the markets in which the Fund invests; (iv) arrangements with respect to the distribution of the Fund's shares; (v) the allocation of the Fund's brokerage (none of which was effected through any affiliate of Value Line); and (vi) the overall nature, quality and extent of services provided by Value Line.

As part of the review of the continuance of the Agreement, the Board requested, and Value Line provided, additional information in order to evaluate the quality of Value Line's services and the reasonableness of its fees under the Agreement. In a separate executive session, the Independent Directors reviewed information, which included data comparing: (i) the Fund's management fee rate, transfer agent and custodian fee rates, service fee (including 12b-1 fees) rates, and the rate of the Fund's other non-management fees, to those incurred by a peer group of funds consisting of the Fund and 11 other retail no-load multi-cap growth funds, as selected objectively by Lipper (Expense Group), and a peer group of funds consisting of the Fund, the Expense Group and all other retail no-load multi-cap growth funds (excluding outliers), as selected objectively by Lipper (Expense Universe); (ii) the Fund's expense ratio to those of its Expense Group and Expense Universe; and (iii) the Fund's investment performance over various time periods to the average performance of the Performance Universe as well as the Lipper Multi-Cap Growth Index (the Lipper Index). In the separate executive session, the Independent Directors also reviewed information regarding: (a) Value Line's financial results and condition, including Value Line's and certain of its affiliates' profitability from the services that have been performed for the Fund as well as the Value Line family of funds; (b) the Fund's current investment management staffing; and (c) the Fund's potential for achieving economies of scale. In support of its review of the statistical information, the Board was provided

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<sup>1</sup> On June 30, 2008, Value Line, Inc., the Fund's former investment adviser, reorganized its investment management division into EULAV Asset Management, LLC, a newly formed wholly-owned subsidiary located at 220 East 42nd Street, New York, NY 10017. As part of the reorganization, the Fund's investment advisory agreement was transferred from Value Line to EULAV and EULAV replaced Value Line as the Fund's investment adviser. Value Line, Inc. is referred to as the investment adviser in this document because at the time of the meeting of the Board of Directors discussed herein Value Line, Inc. remained the Fund's investment adviser.

*The Value Line Fund, Inc.*

## **Factors Considered by the Board in Approving the Investment Advisory Agreement for The Value Line Fund, Inc. (unaudited)**

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with a detailed description of the methodology used by Lipper to determine the Expense Group, the Expense Universe and the Performance Universe to prepare its information.

The following summarizes matters considered by the Board in connection with its renewal of the Agreement. However, the Board did not identify any single factor as all-important or controlling, and the summary does not detail all the matters that were considered.

**Investment Performance.** The Board reviewed the Fund's overall investment performance and compared it to its Performance Universe and the Lipper Index. The Board noted that the Fund's performance for the one-year and three-year periods ended December 31, 2007 was above the average performance of both the Performance Universe and the Lipper Index, however the Fund's performance for the five-year and ten-year

periods ended December 31, 2007 was below the performance of both the Performance Universe and the Lipper Index.

**Value Line's Personnel and Methods.** The Board reviewed the background of the portfolio manager responsible for the daily management of the Fund's portfolio, seeking to achieve the Fund's investment objective and adhering to the Fund's investment strategy. The Independent Directors also engaged in discussions with Value Line's senior management responsible for the overall functioning of the Fund's investment operations. Based on this review, the Board concluded that the Fund's management team and Value Line's overall resources were well developed and that Value Line had investment management capabilities and personnel essential to performing its duties under the Agreement.

**Management Fee and Expenses.** The Board considered Value Line's fee under the Agreement relative to the management fees charged by its Expense Group and Expense Universe averages. The Fund's management fee rate for the most recent fiscal year was lower than that of the Expense Universe average and the Expense Group average. Based on these factors, the Board determined that the Fund's management fee rate payable to Value Line under the Agreement does not constitute fees that are so disproportionately large as to bear no reasonable relationship to the services rendered and that could not have been the product of arm's-length bargaining, and concluded that the management fee rate under the Agreement is fair and reasonable.

The Board also considered the Fund's total expense ratio relative to its Expense Group and Expense Universe averages. The Board noted that, effective August 31, 2006, Value Line Securities, Inc., the Fund's principal underwriter, voluntarily agreed to waive all of the Fund's Rule 12b-1 fee, effectively reducing the Fund's Rule 12b-1 fee rate from 0.25% to 0.00% of the Fund's average daily net assets. The Board also noted that Value Line Securities, Inc. contractually agreed to waive all of the Fund's Rule 12b-1 fee for a one-year period ended April 30, 2008 so that it could not be changed without the Board's approval during the contractual waiver period, and that Value Line Securities, Inc. has agreed to extend this contractual 12b-1 fee waiver through April 30, 2009. As a result of this contractual Rule 12b-1 fee waiver, the Board noted that the Fund's total expense ratio (after giving effect to this waiver) was less than that of both the Expense Group average and the Expense Universe average and concluded that the average expense ratio was satisfactory for the purpose of approving the continuance of the Agreement for the coming year.

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## **Factors Considered by the Board in Approving the Investment Advisory Agreement for The Value Line Fund, Inc. (unaudited)**

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**Nature and Quality of Other Services.** The Board considered the nature, quality, cost and extent of other services provided by Value Line and its affiliate, Value Line Securities, Inc., the Fund's principal underwriter. At meetings held throughout the year, the Board reviewed the effectiveness of Value Line's overall compliance program, as well as the services provided by Value Line Securities, Inc. The Board also reviewed the services provided by Value Line and its affiliate in supervising third party service providers. Based on this review, the Board concluded that the nature, quality, cost and extent of such other services provided by Value Line and its affiliate were satisfactory, reliable and beneficial to the Fund's shareholders.

**Profitability.** The Board considered the level of Value Line's profits with respect to the management of the Fund, including the impact of certain actions taken during prior years. These actions included Value Line's review of its methodology in allocating certain of its costs to the management of each fund, Value Line's reduction (voluntary in some instances and contractual in other instances) of management and/or Rule 12b-1 fees for certain funds, Value Line's termination of the use of soft dollar research, and the cessation of trading through its affiliate, Value Line Securities, Inc. Based on a review of these actions and Value Line's overall profitability, the Board concluded that Value Line's profits from management of the Fund, including the financial results derived from the Fund, were within a range the Board considered reasonable.

**Other Benefits.** The Board also considered the character and amount of other direct and incidental benefits received by Value Line and its affiliates from their association with the Fund. The Board concluded that potential fall-out benefits that Value Line and its affiliates may receive, such as greater name recognition, appear to be reasonable, and may in some cases benefit the Fund.

**Economies of Scale.** The Board noted that, given the current and anticipated size of the Fund, any perceived and potential economies of scale were not yet a significant consideration for the Fund and the addition of break points was determined not to be necessary at this time.

**Fees and Services Provided for Other Comparable Funds/Accounts Managed by Value Line and its Affiliates.** In addition to comparing the Fund's management fee rate to unaffiliated mutual funds included in the Fund's Expense Group and Expense Universe, the Board was informed by Value Line that Value Line and its affiliates do not manage any investment companies comparable to the Fund.

**Conclusion.** The Board, in light of Value Line's overall performance, considered it appropriate to continue to retain Value Line as the Fund's investment adviser. Based on their evaluation of all material factors deemed relevant, and with the advice of independent counsel, the Board concluded that the Fund's Agreement is fair and reasonable and voted to approve the continuation of the Agreement for another year.

*The Value Line Fund, Inc.*

## Management of the Fund

### MANAGEMENT INFORMATION

The business and affairs of the Fund are managed by the Fund's officers under the direction of the Board of Directors. The following table sets forth information on each Director and Officer of the Fund. Each Director serves as a director or trustee of each of the 14 Value Line Funds. Each Director serves until his or her successor is elected and qualified.

| Name, Address, and Age | Position | Length of Time Served | Principal Occupation During the Past 5 Years | Other Directorships Held by Director |
|------------------------|----------|-----------------------|--|--------------------------------------|
|------------------------|----------|-----------------------|--|--------------------------------------|

#### Interested Director\*

Thomas T. Sarkany  
Age 62

Director

Since 2008

Mutual Fund Marketing Director of Value Line Securities, Inc. (the Distributor).

None

#### Non-Interested Directors

John W. Chandler  
116 North Hemlock Lane  
Williamstown, MA 01267  
Age 84

Director  
(Lead Independent Director since 2007)

Since 1991

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Consultant, Academic Search Consultation Service, Inc. (1994-2004); Trustee Emeritus and Chairman (1993-1994) of the Board of Trustees of Duke University; President Emeritus, Williams College.

None  
Frances T. Newton  
4921 Buckingham Drive  
Charlotte, NC 28209  
Age 66

Director

Since 2000

Retired. Customer Support Analyst, Duke Power Company until 2007.

None  
Francis C. Oakley  
54 Scott Hill Road  
Williamstown, MA 01267  
Age 76

Director

Since 2000

Professor of History, Williams College, (1961-2002); Professor Emeritus since 2002. President Emeritus since 1994 and President, (1985-1994); Chairman (1993-1997) and Interim President (2002-2003) of the American Council of Learned Societies. Trustee since 1997 and Chairman of the Board since 2005, National Humanities Center.

None  
David H. Porter  
5 Birch Run Drive  
Saratoga Springs, NY 12866  
Age 72

Director

Since 1997

Visiting Professor of Classics, Williams College, since 1999; President Emeritus, Skidmore College since 1999 and President, (1987-1998).

None  
Paul Craig Roberts  
169 Pompano St.  
Panama City Beach, FL 32413  
Age 68

Director

Since 1983

Chairman, Institute for Political Economy.

None

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*The Value Line Fund, Inc.*

## Management of the Fund

| Name, Address, and Age   | Position                     | Length of Time Served | Principal Occupation During the Past 5 Years   | Other Directorships Held by Director |
|--|------------------------------|-----------------------|--|--------------------------------------|
| Nancy-Beth Sheerr<br>1409 Beaumont Drive<br>Gladwyne, PA 19035<br>Age 58 | Director                     | Since 1996            | Senior Financial Advisor, Veritable L.P. (Investment Adviser) since 2004; Senior Financial Advisor, Hawthorn, (2001 - 2004).   | None                                 |
| <b>Officers</b>  |                              |                       |  |                                      |
| Mitchell E. Appel<br>Age 37  | President                    | Since 2008            | President of each of the 14 Value Line Funds since June 2008; Chief Financial Officer of Value Line since April 2008 and from September 2005 to November 2007 and Treasurer from June 2005 to September 2005; Chief Financial Officer of XTF Asset Management from November 2007 to April 2008; Chief Financial officer of Circle Trust Company from 2003 through May 2005; Chief Financial Officer of the Distributor since April 2008. |                                      |
| Howard A. Brecher<br>Age 54  | Vice President and Secretary | Since 2008            | Vice President and Secretary of each of the 14 Value Line Funds since June 2008; Vice President, Secretary and a Director of Value Line; Vice President of the Distributor and Secretary since June 2008; Vice President, Secretary, Treasurer, General Counsel and a Director of Arnold Bernhard & Co., Inc.  |                                      |
| Stephen R. Anastasio<br>Age 49   | Treasurer                    | Since 2005            | Treasurer of each of the 14 Value Line Funds since 2005; Treasurer of Value Line since 2005; Chief Financial Officer of Value Line, (2003 - 2005).   |                                      |

\* *Mr. Sarkany is an interested person as defined in the Investment Company Act of 1940 by virtue of his position with the Distributor.*

*Unless otherwise indicated, the address for each of the above is 220 East 42nd Street, New York, NY 10017.*

The Fund's Statement of Additional Information (SAI) includes additional information about the Fund's directors and is available, without charge, upon request by calling 1-800-243-2729.



*The Value Line Fund, Inc.*

## The Value Line Family of Funds

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**1950** *The Value Line Fund* seeks long-term growth of capital. Current income is a secondary objective.

**1952** *Value Line Income and Growth Fund* s primary investment objective is income, as high and dependable as is consistent with reasonable risk. Capital growth to increase total return is a secondary objective.

**1956** *The Value Line Premier Growth Fund* seeks long-term growth of capital. No consideration is given to current income in the choice of investments.

**1972** *Value Line Larger Companies Fund* s sole investment objective is to realize capital growth.

**1979** *The Value Line Cash Fund*, a money market fund, seeks to secure as high a level of current income as is consistent with maintaining liquidity and preserving capital. 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.

**1981** *Value Line U.S. Government Securities Fund* seeks maximum income without undue risk to capital. Under normal conditions, at least 80% of the value of its net assets will be invested in securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities.

**1983** *Value Line Centurion Fund*\* seeks long-term growth of capital.

**1984** *The Value Line Tax Exempt Fund* seeks to provide investors with the maximum income exempt from federal income taxes while avoiding undue risk to principal. The fund may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

**1985** *Value Line Convertible Fund* seeks high current income together with capital appreciation primarily from convertible securities ranked 1 or 2 for year-ahead performance by the Value Line Convertible Ranking System.

**1986** *Value Line Aggressive Income Trust* seeks to maximize current income.

**1987** *Value Line New York Tax Exempt Trust* seeks to provide New York taxpayers with the maximum income exempt from New York State, New York City and federal income taxes while avoiding undue risk to principal. The Trust may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

**1987** *Value Line Strategic Asset Management Trust*\* seeks to achieve a high total investment return consistent with reasonable risk.

**1993** *Value Line Emerging Opportunities Fund* invests primarily in common stocks or securities convertible into common stock, with its primary objective being long-term growth of capital.

**1993** *Value Line Asset Allocation Fund* seeks high total investment return, consistent with reasonable risk. The Fund invests in stocks, bonds and money market instruments utilizing quantitative modeling to determine the asset mix.

\* Only available through the purchase of *Guardian Investor*, a tax deferred variable annuity, or *ValuePlus*, a variable life insurance policy.

For more complete information about any of the Value Line Funds, including charges and expenses, send for a prospectus from Value Line Securities, Inc., 220 East 42nd Street, New York, New York 10017-5891 or call 1-800-243-2729, 9am - 5pm CST, Monday - Friday, or visit us at [www.vlfunds.com](http://www.vlfunds.com). Read the prospectus carefully before you invest or send money.

Item 11. Controls and Procedures.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-2(c) under the Act (17 CFR 270.30a-2(c) ) based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this report, are appropriately designed to ensure that material information relating to the registrant is made known to such officers and are operating effectively.
  
- (b) The registrant's principal executive officer and principal financial officer have determined that there have been no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

Item 12. Exhibits.

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- (a) (1) Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2) attached hereto as Exhibit 99.CERT.

(2) Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

attached hereto as Exhibit 99.906.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Mitchell E. Appel  
Mitchell E. Appel, President

Date: September 3, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mitchell E. Appel  
Mitchell E. Appel, President, Principal Executive Officer

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By: /s/ Emily D. Washington  
Emily D. Washington, Treasurer, Principal Financial Officer

Date: September 3, 2008