

EULAV Asset Management

Investment Adviser to the Value Line Funds

FORM ADV, PART 2A BROCHURE

May 1, 2018

7 Times Square, 21st Floor
New York, NY 10036
Phone: (212) 907-1900

Website: www.eulavam.com

SEC File # 801-72140

Form ADV, Part 2A; our “Disclosure Brochure” or “Brochure”, as required by the Investment Advisers Act of 1940, provides information about the qualifications and business practices of EULAV Asset Management (“EAM” or the “Adviser”).

If you have any questions about the contents of this Brochure, please contact us at (212) 907-1900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about EAM is also available at the SEC’s website www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in EULAV Asset Management). Results will provide you with both Part 1 and 2 of our Form ADV.

EAM is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Please retain a copy of this Brochure for your records.

Item 2 - Material Changes

Material Changes Since The Last Update

The following is a brief summary of the changes included in EAM's Brochure dated May 1, 2018. The prior version of the Brochure was dated September 28, 2017. Although not deemed to be a material change to EAM's business or services offered, EAM made updates to the Value Line Funds. EAM also made other immaterial changes to this Brochure.

You will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is in April. We may also provide you with a new Brochure or other ongoing disclosure information about material changes as necessary, without charge and at your request.

Currently, our Brochure may be requested, without charge, by contacting EAM's Compliance Department at (212) 907-1900. Our Brochure is also available on our web site www.eulavam.com, also without charge.

Additional information about EAM is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9 – Disciplinary Information	20
Item 10 – Other Financial Industry Activities and Affiliations	21
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	21
Item 12 – Brokerage Practices	22
Item 13 – Review of Accounts	23
Item 14 – Client Referrals and Other Compensation.....	23
Item 15 – Custody.....	24
Item 16 – Investment Discretion.....	24
Item 17 – Voting Client Securities.....	24
Item 18 – Financial Information	25

Item 4 - Advisory Business

EULAV Asset Management (“EAM”) is a Delaware statutory trust, located at 7 Times Square, 21st Floor, New York, NY 10036. EAM is the investment adviser to the Value Line Funds - a diversified family of no-load mutual funds with a wide range of investment objectives, available through brokerage firms, financial advisers or directly. The Value Line Funds are designed to help you meet your investment goals and include a variety of equity, fixed income, or hybrid funds. The first of the Value Line Funds started in 1950.

The business of EAM is managed by five individual trustees and a Delaware resident trustee (collectively, the “Trustees”) and by its officers, subject to the direction of the Trustees. Mr. Mitchell Appel, the CEO of EAM, is one of the Trustees. The Trustees each hold 20% of the voting interests of EAM are also Voting Profits Interest Holders (excluding the Delaware resident trustee). Value Line, Inc. (“Value Line”), a publicly traded company, is a non-voting revenue and non-voting profits interest holder in EAM. Value Line is known for its publications such as The Value Line Investment Survey, its exclusive TimelinessTM ranking system based on proprietary set of algorithms and its SafetyTM (volatility) and TechnicalTM (short-term statistical) ranks. EAM has elected to be taxed as a pass-through entity similar to a partnership and all of the above parties are shareholders of EAM. EAM has the right to use the “Value Line” name for all of the Value Line Funds and receives the Value Line Proprietary Ranking information without charge or expense.

EAM’s assets under management as of April 30, 2018 are approximately \$2.5 billion, all discretionary and within the Value Line Funds. EAM now offers investment counseling services to private and institutional clients in the form of Separately Managed Accounts (“SMAs”).

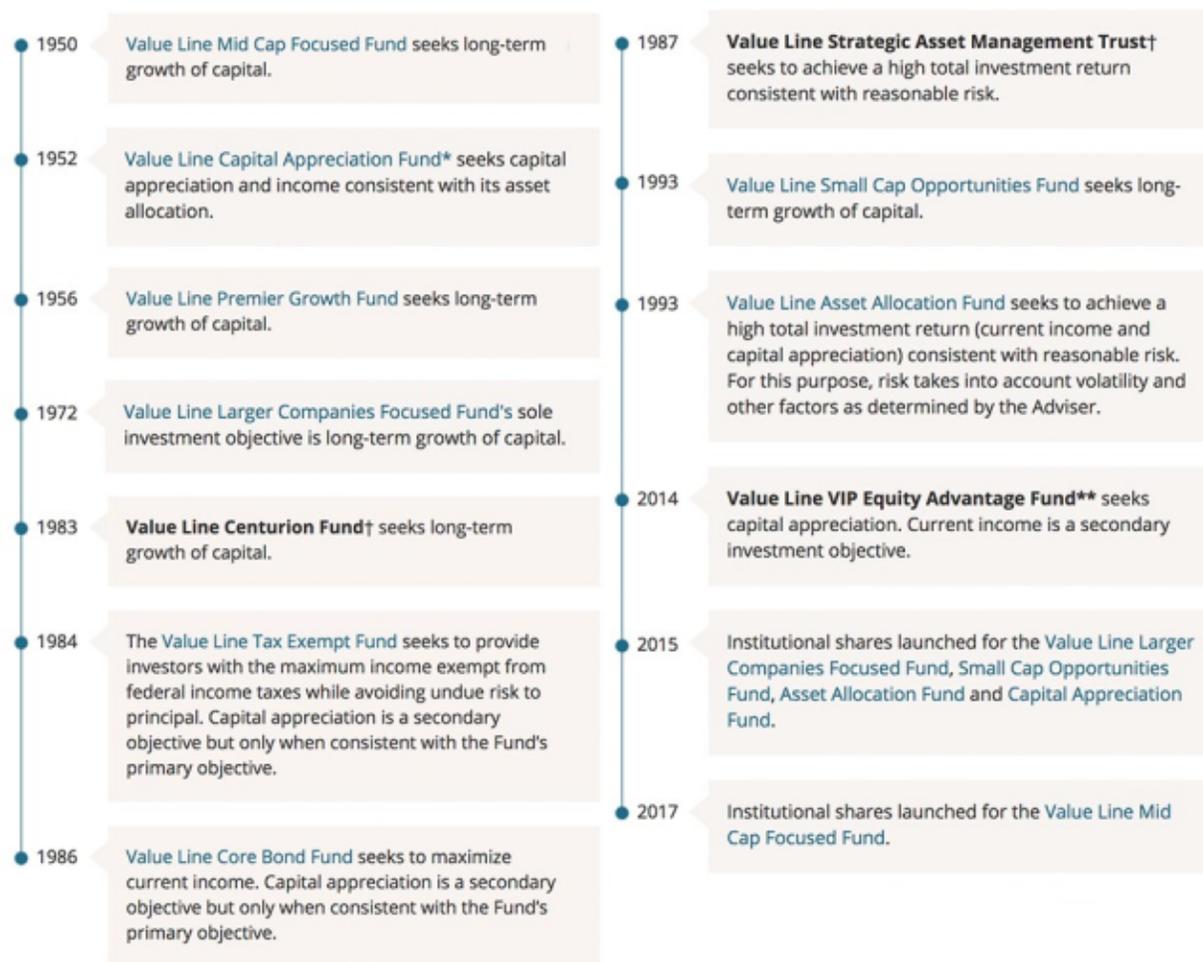
Type of Advisory Services

- Investment Adviser to Mutual Funds
- Separately Managed Accounts - SMAs

Investment Adviser to Mutual Funds

EAM acts as investment adviser to eleven registered investment companies, registered under the Investment Company Act of 1940, as amended, constituting the Value Line Family of Mutual Funds (each a “Fund” and collectively the “Funds”). Over the course of six decades, the Funds have grown into a fund family that includes a wide range of solutions designed to meet virtually any investment goal. EAM provides investment advisory services to each of the Funds pursuant to separate investment advisory agreements and continuously manages the underlying fund assets based on the investment goals and objectives as outlined in the Funds’ Prospectuses and Statements of Additional Information (“SAI”). These documents are available on-line at www.vlfunds.com.

Strategies That Have Stood the Test of Time



* Formerly the Value Line Income and Growth Fund (renamed in February 2018).

**Offered as an investment option to owners of the Guardian ProSeriesSM Variable Annuities issued by The Guardian Insurance & Annuity & Company, Inc.

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

Separately Managed Accounts - SMAs

EAM now offers investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, state or municipal government entities, corporations and business entities, as well as others. EAM offers its services for a fee based upon assets under management. Prior to engaging EAM to provide investment advisory services, the client will be required to enter into one or more written agreements with EAM setting forth the terms and conditions under which EAM shall render its services (each an “Agreement”). Individual client investment constraints, if any, shall be set forth by the client in its Agreement. Investment advisory

services are provided to clients based on the objectives of the client, as established at an initial meeting with EAM or through written investment objectives submitted by the client or client's representative. At any time, clients may impose restrictions on investing in certain securities or types of securities. EAM's clients are advised to promptly notify EAM in writing (or by phone followed up in writing) if there are any changes in their investment objectives or if they wish to impose (or remove) any reasonable restrictions upon EAM's management services.

Currently, EAM has \$0 client assets in SMA accounts.

Item 5 - Fees and Compensation

Fees - Investment Adviser to Mutual Funds

The investment advisory agreement between each of the Value Line Funds and EAM provides for an annual advisory fee (payable monthly) as follows:

The Value Line Mid Cap Focused Fund fee is .65% on the first \$100 million of average daily net assets and .60% of average daily net assets in excess thereof.

The Value Line Capital Appreciation Fund fee is .64% on the first \$100 million of average daily net assets and .63% of average daily net assets in excess thereof.

Value Line Asset Allocation Fund, Inc. fee is .64% of average daily net assets.

Value Line Small Cap Opportunities Fund, Inc. fee is .74% of average daily net assets.

Value Line Premier Growth Fund, Inc., fee is .73% of average daily net assets.

Value Line Larger Companies Focused Fund, Inc., fee is .72% of average daily net assets.

The Value Line Core Bond Fund, Inc., and Value Line Tax Exempt Fund, Inc., fees are .39% of average daily net assets.

The fees for certain Funds shown above may be subject to waivers and/or reimbursements by EAM. Please refer to each Fund's Prospectus. EAM's annual fee is calculated daily and paid in arrears monthly by the Funds' administrator, State Street Bank and Trust Company ("State Street"). Approvals are required by officers of the Funds and State Street prior to payment being sent to EAM. Management fees are reviewed on an annual basis by the Board of Directors/Trustees of the Value Line Funds.

The Funds pay transaction costs when they buy and sell securities. For example, a higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. Please refer to each Fund's Prospectus and SAI for full details.

Shareholders have the opportunity to purchase the Value Line Funds directly through the transfer agent or through other broker-dealers such as Charles Schwab & Co., TD Ameritrade Inc., Pershing, LLC, and Fidelity Brokerage Services LLC (National Financial Services), among others.

If a Value Line Fund is purchased directly or through a broker-dealer or other financial intermediary, EAM will receive advisory fees from that Fund which are based on the Fund's net assets under management. Any fees, custodian charges, or other charges by the broker-dealers or intermediaries to shareholders are not fees of EAM.

Fees - Separately Managed Accounts

The specific manner in which fees are charged by EAM for SMAs is established in a client's written agreement with EAM. EAM offers investment management services for securities portfolios of individuals, trusts, pension and profit sharing funds and other institutions for an advisory fee payable quarterly in advance, with exceptions, in arrears. EAM's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, custodian fees and other related costs and expenses which shall be incurred by the client. EAM shall not receive any portion of the commissions, other fees, or other costs. EAM advisory fees for the strategies below are based on a percentage of assets under management and are negotiable.

Mid Cap & Large Cap (*minimum account size \$1 million*)

75 basis points on the first \$15 million

65 basis points on assets above \$15 million

Small Cap (*minimum account size \$1 million*)

100 basis points on the first \$15 million

80 basis points on assets above \$15 million

Hybrid (*minimum account size \$1 million*)

75 basis points on the first \$15 million

65 basis points on assets above \$15 million

Clients may also elect to be billed directly for fees or to authorize EAM to debit fees directly from their account. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee in accordance with client agreements. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Clients will incur custodian fees payable to their custodians. Clients will also incur any applicable brokerage trading commissions. Client quarterly fees are generally paid in advance. In the event of a termination before the end of the billing period, the unearned fees are refunded on a pro-rata basis. The refund is determined based on the time period from the original billing date to the termination date. For quarterly fees paid in arrears, an account that terminates prior to the billing period will be charged for the earned fees on a pro-rata basis. Notification of termination is generally accepted in writing.

EAM may enter into arrangements where it pays solicitor or referral fees for separately managed accounts. EAM currently does not have any of these types of agreement in place. Please see Item 14 for more information. Clients may purchase other EAM investment products through brokers or agents that are not affiliated with EAM.

No portion of EAM's revenue is derived from commissions and the firm does not charge commissions or mark-ups. Item 12 of Form ADV, Part 2A, further describes the factors that EAM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 - Performance-Based Fees and Side-By-Side Management

EAM does not charge any performance-based advisory fees on a share of the capital gains or capital appreciation of the assets of a client account (so-called performance-based fees).

Item 7 - Types of Clients

EAM offers portfolio management services to:

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Corporate pension and profit-sharing plans
- Foundations, endowments
- Registered mutual funds

Currently EAM's only advisory clients are the Value Line Mutual Funds consisting of eleven registered mutual funds.

Account Minimums

The minimum amount of an initial investment in the Funds vary depending on the class of shares you buy and the type of account. Certain financial intermediaries may impose different restrictions than those described below. For the mutual funds, the minimum initial investment in each Fund is \$1,000 to purchase Investor Class shares and \$100,000 to purchase Institutional Class shares. The Funds reserve the right to reduce or waive the minimum purchase requirements. The Funds offer a free service to their Investor Class shareholders, Valu-Matic[®], through which monthly investments of \$25 or more may be made automatically into the shareholder's Fund account. Refer to each Fund's Prospectus for additional information on account minimums.

An account can be closed by a Fund if its balance falls below a defined account minimum.

A minimum of \$1,000,000 of assets is generally required to open a Separately Managed Account.

EAM reserves the right to accept or maintain accounts below the stated minimums for SMAs. EAM also reserves the right to waive and/or negotiate other conditions for managing accounts as detailed above.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis used by EAM may include:

Fundamental analysis may include, where relevant, a review of each company's competitive position (within its industry and relative to the market as a whole), an evaluation of its return on

capital and/or cash flow generation and use, its valuation, any regulatory concerns surrounding the company or its industry, insider ownership, etc.

Quantitative analysis identifies the characteristics that are predictive of future price out-performance by sectors and stocks. These characteristics are then monitored to support decisions on the relative weighting of sectors and stocks within the portfolios. The characteristics researched may include, but are not limited to, various measures of valuation, business momentum, and productivity of the company's operations.

Macro-economic analysis attempts to evaluate securities, industries and sectors with an emphasis on how they perform at different points in the business and/or interest rate cycles by looking at historical experience, as well as attempting to handicap the current environment for any meaningful differences relative to those prior period comparisons.

Technical analysis may include, but is not limited to, a review of price charts, relative price charts and trading activity, including volume and changes therein.

EAM may use the following sources of information for its analysis:

- Financial newspapers and magazines;
- Research materials prepared by others;
- Corporate rating services;
- Annual reports;
- Prospectuses;
- Filings with the SEC; and
- Data services such as Bloomberg, FactSet and Thompson

EAM also relies, in part, on material which appears in the Value Line Investment Survey and other publications published by Value Line as well as its proprietary Value Line research and Ranking Systems for both Timeliness™ and Safety™. The Timeliness ranking system represents an “at-a-glance” forecast of the near-term (6-12 months) relative price movements for a far-reaching universe of U.S. stocks. These stocks are rated on a scale of 1 (highest) to 5 (lowest). Timeliness rankings are further refined by the dependable Safety and Technical rankings, which are designed to measure volatility and short-term statistical signals, respectively.

The Value Line Timeliness rank measures probable relative price performance of approximately 1,700 stocks during the next six to twelve months on a scale from 1 (highest) to 5 (lowest). The components of the Timeliness Ranking System are the 10-year trend of relative earnings and prices, recent earnings and price changes, and earnings surprises. A computer program, using all actual and known data, combines these elements into a forecast of the price change of each stock, relative to all of the approximately 1,700 stocks for the six to twelve months ahead. Changes in the Timeliness ranks can be caused by, but are not limited to: (i) new earnings reports; (ii) changes in the price movement of one stock relative to the approximately 1,700 other stocks in the publication; or (iii) shifts in the relative positions of other stocks.

The Value Line Safety Ranks is a second investment criterion in which Value Line assigns a safety rank to each of the approximately 1,700 stocks. This rank measures the total risk of a stock relative

to the approximately 1,700 other stocks. It is derived from a stock's Price Stability rank and from the Financial Strength rating of a company. Safety ranks are also given on a scale from 1 (safest) to 5 (riskiest). Stocks with high Safety ranks are often associated with large, financially sound companies as these same companies also often have somewhat less-than-average growth prospects because their primary markets tend to be growing slowly or not at all. Stocks with low Safety ranks are often associated with companies that are smaller and/or have weaker-than-average finances as these smaller companies sometimes have above-average growth prospects because they start with a lower revenue and earnings base.

Value Line Funds' Investment Strategies

Value Line Premier Growth Fund, Inc. – To achieve the Fund's goal, the Fund's investment adviser, EAM, invests at least 80% of the Fund's net assets in a diversified portfolio of U.S. equity securities with favorable growth prospects. In selecting securities for purchase or sale, EAM generally analyzes the issuer of a security using fundamental factors such as growth potential and earnings estimates and quantitative factors such as historical earnings, earnings momentum and price momentum. The Fund may invest in small, mid or large capitalization companies, including foreign companies. There are no set limitations of investments according to a company's size, or to a sector weighting.

EAM may sell securities for a variety of reasons, including when a company's business fundamentals deteriorate or a company's valuation has become less attractive in relationship to the company's future growth prospects. Other reasons include to secure gains, limit losses or redeploy assets into more promising investment opportunities.

Value Line Mid Cap Focused Fund, Inc. – To achieve the Fund's investment objectives, EAM invests substantially all of the Fund's net assets in common stocks. Under normal circumstances, EAM invests at least 80% of the Fund's assets in common stocks and other equity securities of mid-sized companies (the "80% Policy"). The Fund considers companies to be mid-sized if they have market capitalizations between \$3 billion and \$20 billion at the time of purchase. The 80% policy can be changed without shareholder approval upon at least 60 days, prior written notice. Under normal circumstances, EAM expects that the Fund's portfolio will generally consist of positions in 25 to 50 companies. The Fund is actively managed by EAM, which seeks to purchase mid-cap growth companies that have fundamentally strong market positions in growing industries that may enable those companies to increase future sales and earnings at an above average pace in the coming years. There are no set limitations on the sector weightings of the Fund's investments. During the investment selection process, EAM performs fundamental and quantitative analysis on each company and utilizes the rankings of companies by the Value Line Timeliness™ Ranking System (the "Ranking System") to assist in selecting securities for purchase. The Ranking System is a proprietary quantitative system that compares an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe followed by the Ranking System consists of stocks of approximately 1,700 companies accounting for approximately 90% of the market capitalization of all stocks traded on the U.S. securities exchanges. All the stocks followed by the Ranking System are listed on U.S. stock exchanges or traded in the U.S. over-the-counter markets.

EAM may sell securities for a variety of reasons, including when a company's business fundamentals deteriorate or a company's valuation has become less attractive in relationship to the company's future growth prospects. Other reasons include to secure gains, limit losses or redeploy assets into more promising investment opportunities. EAM has discretion in managing the Fund, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. EAM will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness taking into account the potential risk and reward of each investment.

Value Line Larger Companies Focused Fund, Inc. – To achieve the Fund's investment objective, EAM invests substantially all of the Fund's assets in common stock. Under normal circumstances, EAM expects that the Fund's portfolio will generally consist of positions in 25 to 50 companies. EAM considers companies with market capitalization of greater than \$10 billion to be larger companies. The Fund is actively managed by EAM, which seeks to purchase growth companies that have fundamentally strong market positions in growing industries that may enable those companies to increase future sales and earnings at an above average pace in the coming years. There are no set limitations on the sector weightings of the Fund's investments. During the investment selection process, EAM performs fundamental and quantitative analysis on each company and utilizes the rankings of companies by the Value Line Timeliness™ Ranking System (the "Ranking System") to assist in selecting securities for purchase. The Ranking System is a proprietary quantitative system that compares an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of stocks of approximately 1,700 companies under review by the Ranking System accounting for approximately 90% of the market capitalization of all stocks traded on the U.S. securities exchanges, including stocks of foreign companies. EAM may sell securities for a variety of reasons including when a company's business fundamentals deteriorate or a company's valuation has become less attractive in relationship to the company's future growth prospects. Other reasons include to secure gains, limit losses or redeploy assets into more promising investment opportunities.

EAM has discretion in managing the Fund, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. EAM will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness taking into account the potential risk and reward of each investment.

Value Line Small Cap Opportunities Fund, Inc. – Under normal circumstances, EAM invests at least 80% of the Fund's assets in stocks of U.S. companies with small market capitalizations (the "80% Policy"). A portion of the Fund's assets may also be invested in stocks of U.S. mid-market capitalization companies. EAM defines "stocks of U.S. companies" as companies that do business in the U.S., are organized in the U.S. or whose stock is traded on a U.S. exchange or over-the-counter market. Although there is not a universal definition of a "small market capitalization company," EAM uses Morningstar Inc.'s definition to determine if a company is a small market capitalization company. Morningstar Inc. (an independent firm unaffiliated with EAM) considers

companies in the bottom 10% of the capitalization of the U.S. equity market to be defined as small cap. Small-growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. A company's categorization is based on its market capitalization at the time of investment by the Fund and, as of September 30, 2017, the small market capitalization ceiling is \$4.3 billion. The 80% policy can be changed without shareholder approval upon at least 60 days' prior written notice.

While the Fund is actively managed by EAM, EAM relies generally on the rankings of companies by the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System (the "Ranking Systems") in selecting securities for purchase or sale. The Ranking Systems are proprietary quantitative systems that compare an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of approximately 1,700 stocks of large-, mid- and small-market capitalization companies for the Value Line Timeliness Ranking System and approximately 2,900 stocks of smaller and mid-sized capitalization companies for the Value Line Performance Ranking System. The common stocks in which the Fund generally, as measured by the number and total value of purchases, invests are selected from those U.S. securities ranked 1, 2 or 3 by either Ranking System, but the Fund may also invest in other common stocks which evidence strong earnings or stock price momentum.

As described above, EAM relies generally on the rankings of companies by the Ranking Systems in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. EAM will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness taking into account the potential risk and reward of each investment. EAM may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

Value Line Asset Allocation Fund, Inc. – To achieve the Fund's investment objective, EAM invests in a broad range of common stocks, bonds and money market instruments. EAM attempts to achieve the Fund's investment objective by following an asset allocation strategy based upon Value Line Inc.'s proprietary stock market model and other factors that enables EAM to periodically shift the assets of the Fund among three types of securities: (a) common stocks, (b) debt securities with maturities of more than one year that are principally rated investment grade, and (c) money market instruments which the Fund defines as debt securities with maturities of less than one year. There are no limits on the percentage of the Fund's assets that can be invested in common stocks, debt or money market securities.

The debt securities in which the Fund invests are principally, as measured by the number and total value of purchases, investment grade debt securities issued by U.S. corporations rated within one of the four highest categories of a nationally recognized statistical rating organization ("NRSRO") (that is, rated BBB or higher by Standard & Poor's Rating Group or an equivalent rating by another rating organization, or, if not rated, believed by EAM to be of equivalent credit quality). On

occasion, the Fund may invest in debt securities rated below BBB (commonly referred to as “junk” bonds) which may have certain speculative characteristics and in debt securities issued or guaranteed by the U.S. government, its agencies and instrumentalities, including mortgage backed securities issued by government sponsored enterprises. In selecting debt securities, EAM evaluates the credit quality of the debt security and its value relative to comparable securities as well as its historic trading level. The Fund may, but need not, sell a debt security if its rating falls below the four highest categories. The Fund may invest in debt securities with either fixed or variable reset terms.

While the Fund is actively managed by EAM, EAM relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System (the “Ranking Systems”) in selecting equity securities for purchase or sale. The Ranking Systems are proprietary quantitative systems that compare an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of approximately 1,700 stocks of large-, mid- and small-market capitalization companies for the Value Line Timeliness Ranking System and approximately 2,900 stocks of smaller and mid-sized capitalization companies for the Value Line Performance Ranking System. The Fund’s investments usually, as measured by the number and total value of purchases, are selected from common stocks issued by companies that are ranked 1, 2 or 3 by either Ranking System at the time of purchase. There are no set limitations of investments in any category or according to a company’s size. EAM relies primarily on the rankings of companies by the Ranking Systems in selecting stocks for the Fund, but has discretion, including whether and which ranked stocks to include within the Fund’s portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund’s portfolio. EAM analyzes the stocks provided by the Ranking Systems and determines those in which the Fund shall invest and in what amounts such investments shall be made taking into account the potential risk and reward of each investment.

Value Line Capital Appreciation Fund, Inc. (Previously the Value Line Income and Growth Fund, Inc.) – To achieve the Fund’s goals, EAM invests not less than 70% of the Fund’s net assets in common or preferred stocks or securities convertible into common stock which may or may not pay dividends. The balance of the Fund’s net assets are primarily invested in U.S. government securities, investment grade debt securities rated at the time of purchase from the highest (AAA) to medium (BBB) quality, other fixed income securities or cash equivalents. The Fund is actively managed by EAM, which seeks to purchase companies that have fundamentally strong market positions in growing industries that may enable those companies to increase future sales and earnings at an above average pace in the coming years. There are no set limitations on the sector weightings of the Fund’s investments. During the investment selection process, EAM performs fundamental and quantitative analysis on each company and utilizes the rankings of companies by the Value Line Timeliness™ Ranking System or the Value Line Performance™ Ranking System (the “Ranking Systems”) to assist in selecting securities for purchase or sale. The Ranking Systems are proprietary quantitative systems that compare an estimate of the probable market performance of each stock within a universe during the next six to twelve months to that of all stocks within that universe and ranks stocks on a scale of 1 (highest) to 5 (lowest). The universe consists of approximately 1,700 stocks of large-, mid- and small-market capitalization companies for the

Value Line Timeliness Ranking System and approximately 2,900 stocks of smaller and mid-sized capitalization companies for the Value Line Performance Ranking System.

EAM may sell securities for a variety of reasons, including when a company's business fundamentals deteriorate or a company's valuation has become less attractive in relationship to the company's future growth prospects. Other reasons include to secure gains, limit losses or redeploy assets into more promising investment opportunities. EAM has discretion, including whether and which ranked stocks to include within the Fund's portfolio, whether and when to buy or sell stocks based upon changes in their rankings, and the frequency and timing of rebalancing the Fund's portfolio. EAM will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness taking into account the potential risk and reward of each investment.

Incidental to its primary investment strategy, the Adviser may seek to hedge the Fund's interest rate exposure, or to profit from anticipated movements in interest rates, by investing in futures contracts on U.S. government securities and sovereign debt (such as interest rate futures on government bonds issued by the U.S., the U.K., Japan and Germany). The Adviser is not registered with the Commodity Futures Trading Commission as a commodity trading advisor or commodity pool operator and limits the aggregate amount of the Fund's investments in commodity interests (such as futures contracts) to comply with an exemption from such registration. The Adviser does not intend to hedge the Fund's foreign currency exposure associated with futures contracts on sovereign debt. Accordingly, changes in foreign currency exchange rates will affect the value of such futures contracts.

Value Line Core Bond Fund – The Fund invests primarily in a diversified portfolio of primarily investment grade bonds and other debt instruments. Under normal circumstances, the Fund invests at least 80% of its assets (including borrowings for investment purposes) in bonds and other debt instruments (“80% Policy”). The Fund's 80% Policy may be changed without shareholder approval. However, shareholders will be given notice at least 60 days prior to any such change. The Fund may invest in bonds and debt instruments of any type, including corporate bonds, securities issued or guaranteed by the U.S. government, its agencies or instrumentalities (U.S. government securities), securities issued or guaranteed by non-U.S. governments or their agencies or instrumentalities (sovereign debt), securities issued by supranational agencies, mortgage-backed securities, asset-backed securities, and other fixed income securities.

The Fund invests principally in debt obligations issued or guaranteed by the U.S. government and by U.S. corporations. The U.S. government securities in which the Fund may invest include a variety of securities that are issued or guaranteed as to the payment of principal and interest by the U.S. government, and by various agencies or instrumentalities that have been established or sponsored by the U.S. government. The corporate debt obligations in which the Fund may invest include, but are not limited to, bonds, notes, debentures, and commercial paper of U.S. companies.

The Fund's assets may also be invested in mortgage-backed securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, or by government-sponsored corporations. Other mortgage-backed securities in which the Fund may invest are issued by certain private, non-

government entities. The Fund may also invest in securities that are backed by assets such as receivables on home equity and credit card loans, automobile, mobile home, recreational vehicle and other loans and leases.

EAM invests at least 80% of the Fund's assets (including borrowings for investment purposes) in debt securities that are investment grade at the time of purchase, but may invest up to 20% of the Fund's assets in debt securities that are below investment grade (commonly called "high yield" or "junk" bonds). Investment grade debt securities are rated within the four highest grades by at least one major rating agency, such as Standard & Poor's (at least BBB-), Moody's (at least Baa3) or Fitch (at least BBB-), or are determined by EAM to be of comparable credit quality. The Fund estimates that the average credit quality rating of Fund assets will be investment grade.

Incidental to its primary investment strategy, EAM may seek to hedge the Fund's interest rate exposure, or to profit from anticipated movements in interest rates, by investing in futures contracts on U.S. government securities and sovereign debt (such as interest rate futures on government bonds issued by the U.S., the U.K., Japan and Germany). EAM is not registered with the Commodity Futures Trading Commission as a commodity trading advisor or commodity pool operator and limits the aggregate amount of the Fund's investments in commodity interests (such as futures contracts) to comply with an exemption from such registration. EAM does not intend to hedge the Fund's foreign currency exposure associated with futures contracts on sovereign debt. Accordingly, changes in foreign currency exchange rates will affect the value of such futures contracts.

The Fund invests in debt securities of any maturity, and there is no limit on the Fund's maximum average portfolio maturity. The Fund estimates that the weighted average maturity of its portfolio will range between three to fifteen years. In deciding which securities to buy, hold or sell, EAM considers a number of factors, including the issuer's creditworthiness, economic prospects and interest rate trends as well as the security's credit rating.

The Value Line Tax Exempt Fund, Inc. – To achieve the Fund's investment objectives, under normal conditions EAM invests at least 80% of the Fund's assets in securities the income of which is exempt from regular federal income taxation and will not subject non-corporate shareholders to the alternative minimum tax. The Fund invests primarily in investment grade municipal bonds and expects to maintain an average maturity of between 7 and 20 years.

The Fund buys and sells municipal bonds with a view towards seeking a high level of current income exempt from federal income taxes. In selecting municipal bonds for purchase, EAM considers, among other things, the bond's credit quality and yield potential.

Risk of Loss

All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective.

Depending on the type of securities in which you invest, your risk of loss includes (among other things) loss of principal (invested amount), a reduction in earnings (including interest, dividends

and other distributions), loss of any profits that have not been realized (the securities were not sold to “lock in” the profit), and the loss of future earnings. Such risks include market risk, interest rate risk, issuer risk and general economic risk. Each investor should be prepared to bear the risk of loss.

Although it is illegal and exceptionally rare, there is also a risk that company management of a security that we own may engage in fraudulent, deceptive or manipulative conduct, such as the stock market experienced with Enron and Worldcom in the last decade. In most cases, these practices are difficult to identify through traditional fundamental analysis, no matter how rigorous. Clients should be aware of this remote possibility and the associated risk of loss. Examples of fraudulent conduct include, but are not limited to, misrepresentations to stockholders or misappropriation of funds.

As you may know, stock and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have shown, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be beyond our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Securities are:

- Not FDIC insured;
- Not a deposit;
- May lose value;
- Not bank guaranteed; and
- Not insured by any federal government entity.

The value of a specific security can be more volatile than the market as a whole and can perform differently from the market as a whole. The value of securities of smaller sized issuers can be more volatile than that of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.

Description of Material Risks

Active Management Risk: Because the Funds are actively managed, their investment returns depend on the ability of EAM to manage the portfolios successfully. There can be no guarantee that EAM’s investment strategies will produce the desired results.

Asset Allocation Risk: The risk that the Fund’s selection and weighting of different asset classes within its portfolio will favor an asset class that performs poorly relative to other asset classes. Because the Fund’s weightings among different asset classes are expected to change over time, the risks of investing in the Fund may vary substantially depending upon the mix of stocks, debt securities and money market securities in its portfolio.

Below Investment Grade Credit Risk. Below investment grade securities (commonly called “high yield” or “junk” bonds) are speculative and involve a greater risk of default and price change due to changes in the issuer’s creditworthiness or the risky nature of an investment for which limited

or no recourse to the issuer is provided. The market prices of these debt securities usually fluctuate more than that of investment grade debt securities and may decline more significantly in periods of general economic difficulty.

Credit Risk: Credit risk is the risk that the issuer of a debt security will be unable to make interest or principal payments on time. A debt security's credit rating reflects the credit risk associated with the debt obligation. Generally, higher-rated debt securities involve lower credit risk than lower-rated debt securities. Credit risk is greater for corporate, mortgage-backed, asset-backed, and foreign government debt securities than for U.S. government debt securities.

Credit Ratings Reliance Risk: Ratings by a nationally recognized statistical rating organization represent the organization's opinion as to credit quality of a security but is not an absolute standard of quality or guarantee as to the creditworthiness of an issuer. Ratings of nationally recognized statistical rating organization present an inherent conflict of interest because such organizations are paid by the entities whose securities they rate. The credit rating of a security does not necessarily address its market risk (that is, the risk that the value of a security will be adversely affected due to movements in the overall financial markets or changes in the level of interest rates). In addition, ratings may not be revised promptly to reflect developments in the issuer's financial condition.

Cyber Security Risk: As the use of technology becomes more prevalent in the course of business, the Funds and their service providers have become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Funds or their service providers can result in, among other things, financial losses to the Funds and their shareholders, the inability to process transactions with shareholders or other parties and the release of private shareholder information or confidential Fund information. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since a Fund does not directly control the cyber security measures of its service providers, financial intermediaries and companies in which it invests or with which it does business.

Derivatives Risk: Investing in derivatives, including U.S. and foreign interest rate futures contracts, may increase the Fund's volatility and risk of loss. Derivative positions typically are established with a small amount of cash relative to the total amount of investment exposure they generate, so the magnitude of any loss can be much greater than the amount originally invested by the Fund. The success of the Fund's investments in interest rate futures contracts is dependent on the EAM's ability to correctly forecast the movement of interest rates in a given country. Even if EAM forecasts correctly, however, the success of the investment also depends on adequate correlation between the change in the relevant interest rate and the change in the value of the futures contract to the Fund. To the extent the Fund is investing in derivatives as a hedge, the success further depends on adequate correlation between the change in value of the futures contract and the change in the value of the portfolio position being hedged.

Equity Securities Risk: Equity securities represent ownership in a corporation and their prices fluctuate for a number of reasons including issuer-specific events, market perceptions and general movements in the equity markets. The resulting fluctuation in the price of equity securities may

take the form of a drastic movement or a sustained trend. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds will take precedence over the claims of owners of common stocks. Historically, the prices of equity securities have fluctuated more than bond prices.

Focused Portfolio Risk: Because the Fund may invest a significant portion of its assets in a small number of securities, the Fund's net asset value may be more volatile and investing in the Fund may involve more risk than investing in a fund that holds a greater number of securities.

Foreign Currency Risk: The Fund's investments in foreign interest rate futures contracts, which are denominated in foreign currencies, are subject to the risk that such currencies will decline in value relative to the U.S. dollar.

Foreign Investments Risk: An underlying fund may invest in foreign securities, either directly or by purchasing American Depositary Receipts ("ADRs") or other investment companies that hold foreign securities or ADRs. Investing in foreign securities entail certain risks. The performance of foreign securities can be adversely affected by the different political, regulatory and economic environments in countries where the Funds invest, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities. Also, emerging markets tend to be more volatile than the U.S. market or developed foreign markets. Additionally, there may be less information publicly available about a foreign company than about a U.S. company, and foreign companies generally are not subject to accounting, auditing and financial reporting standards and practices comparable to those in the U.S.

Government Actions Risk: Government actions could have an adverse effect on municipal bond prices. The IRS has announced that holders of tax-exempt bonds have risks that their tax-exempt income may be reclassified as taxable if the bonds that they own were issued in an abusive transaction. There is a risk that a bond purchased by the Fund that was issued as tax-exempt may be reclassified by the IRS as taxable, creating taxable rather than tax-exempt income. New federal or state legislation also may adversely affect the tax-exempt status of securities held by the Fund or the financial ability of municipalities to repay these obligations. Although distributions of interest income from the Fund's tax-exempt securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions and any gains on the sale of your shares, are not. You should consult a tax adviser about whether an alternative minimum tax applies to you and about state and local taxes on your Fund distributions.

Government Securities Risk: The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Certain U.S. government securities purchased by the Fund are not backed by the full faith and credit of the U.S., and are neither issued nor guaranteed by the U.S. Treasury. The maximum potential liabilities of the instrumentalities that issue some U.S. government securities may exceed the current resources of such instrumentalities, including their legal right to receive support from the U.S. Treasury. Consequently, although such instruments are U.S. government securities, it is possible that these issuers will not have the funds to meet their payment obligations in the future. Even securities that are backed by the full faith and credit of the U.S. may be adversely affected as to market prices and yields if the long-term sovereign credit rating of the U.S. is further downgraded, as it was by Standard & Poor's in 2011.

Inflation Risk: The market price of the Fund's debt securities generally falls as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received by the Fund. Debt securities (excluding inflation-indexed securities) are subject to long-term erosion in purchasing power, and such erosion may exceed any return received by the Fund with respect to a debt security. Debt securities that pay a fixed rather than variable interest rate are especially vulnerable to inflation risk because interest rates on variable rate debt securities may increase as inflation increases.

Interest Rate and Reinvestment Risk: The income on and market price of debt securities fluctuate with changes in interest rates. When interest rates rise, the market prices of the debt securities the Fund owns usually decline. When interest rates fall, the market prices of debt securities usually increase, but the Fund's income tends to decline. Such decline follows quickly for most variable rate securities and eventually for fixed rate securities as the Fund must reinvest the proceeds it receives from existing investments (upon their maturity, prepayment, buy-back, call, etc.) at a lower rate of interest or return. Generally, the market price of debt securities with longer durations or fixed rates of return will fluctuate more in response to changes in interest rates than the market price of shorter-term securities or variable rate debt securities, respectively.

Liquidity Risk: The risk that certain securities in which an underlying fund invests, including shares of closed-end funds, may be difficult or impossible to sell at an attractive time and price resulting in liquidity risk to the underlying fund and the Funds.

- The Securities and Exchange Commission (the "SEC") recently adopted Rule 22e-4 under the Investment Company Act of 1940 (the "1940 Act"), which mandates that the Funds implement certain liquidity risk management practices by June 2019. The precise impact the rule will have on the Funds and on the open-end fund industry has not yet been determined, but any related changes may negatively affect the Funds' expenses, yield and return potential.

Market Risk: The value of an account will fluctuate based on changes in the value of the securities in which the strategy invests. The strategy may invest in securities that may be more volatile and carry more risk than some other forms of investment. The price of securities may rise or fall because of economic or political changes. Market risk may affect a single issuer, an industry, a sector of the economy, or the market as a whole. Security prices, in general, may decline over short or even extended periods of time. Market prices of securities in broad market segments may be adversely affected by a prominent issuer having experienced losses or by the lack of earnings or such an issuer's failure to meet the market's expectations with respect to new products or services, or even by factors wholly unrelated to the value or condition of the issuer, such as changes in interest rates.

Mid-Sized Company Risk: The equity securities of mid-sized companies typically involve greater investment risks than larger, more established companies because they often have greater price volatility, lower trading volume, and less liquidity, especially over the short term. As compared to larger companies, mid-sized companies may have limited management experience or depth, limited ability to generate or borrow capital needed for growth, and limited products or services, or operate in markets that have not yet been established. Accordingly, mid-sized company

securities tend to be more sensitive to changing economic, market and industry conditions, Mid-sized companies also may fall out of favor relative to larger companies in certain market cycles, causing the Fund to incur losses or underperform.

Mortgage-Backed/Asset-Backed Securities Risk: Investing in mortgage-backed and asset-backed securities poses additional risks, principally with respect to increased interest rate risk, prepayment risk and extension risk.

Prepayment and Extension Risk: Many debt securities give the issuer the option to prepay principal prior to maturity. During periods of falling interest rates, prepayments may accelerate and the Fund may be forced to reinvest the proceeds at a lower interest rate. When interest rates rise, the term of a debt security is at greater risk of extension because rates of prepayments fall and rates of late payments and defaults rise. Extending the duration of a security “locks in” lower interest rates if the extension occurs in a rising interest rate environment.

Ranking System Risk: EAM’s use of the results of the Ranking Systems in managing a Fund involves the risk that the Ranking Systems may not have the predictive qualities anticipated by EAM or that over certain periods of time the price of securities not covered by the Ranking Systems, or lower ranked securities, may appreciate to a greater extent than those securities in the Fund’s portfolio.

Sector Allocation Risk: A sector is a group of selected industries within the economy, such as technology. The Fund may, from time to time, be overweighted or underweighted in certain sectors, which may cause the Fund’s performance to be more or less sensitive, respectively, to developments affecting those sectors.

Small Capitalization Companies and Newer Companies Risk: Investing in the securities of a small or micro capitalization or newer company poses greater risk than investing in larger, more established companies. Small or micro capitalization or newer companies often have more volatile market prices, less capital, a shorter history of operations, and less experienced management than larger companies.

Temporary Investments Risk: When dictated by EAM or client profiles, some of the strategies will invest its portfolio in cash and cash equivalents for temporary defensive purposes. The cash equivalents include but are not limited to: commercial paper, certificates of deposit, bankers' acceptances, U.S. Government securities and repurchase agreements. While the strategy is in a defensive position, the opportunity to achieve its investment objective will be limited. The strategy may also invest a substantial portion of its assets in such instruments at any time to maintain liquidity or pending selection of investments in accordance with its policies.

Item 9 - Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report to you. Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation when evaluating us to initiate a Client/Adviser relationship, or to continue a Client/Adviser relationship with us. This statement applies to EAM and every employee providing investment advice to Clients.

Item 10 - Other Financial Industry Activities and Affiliations

EAM owns EULAV Securities, LLC, a registered broker-dealer. EULAV Securities, LLC is the principal underwriter and distributor of the Value Line Mutual Funds.

EAM acts as investment adviser to each of the Funds, which are registered under the Investment Company Act of 1940 as diversified, open-end management investment companies.

EAM does not recommend or select other investment advisers for its clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

EAM has adopted a Code of Ethics and Insider Trading Policy for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Insider Trading Policy is reasonably designed to deter misconduct, conflicts of interest and to detect and prevent EAM's officers, directors and employees from trading on material non-public information. The Code of Ethics also includes provisions relating to the confidentiality of client information, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and personal securities trading procedures, among other things. All supervised persons at EAM must acknowledge the terms of the Code of Ethics annually, or as amended.

EAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which EAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which EAM, its affiliates and/or clients, directly or indirectly, have a position of interest. EAM's employees and persons associated with EAM are required to follow EAM's Code of Ethics. Subject to satisfying this policy and applicable laws and regulations, EAM, officers, directors and employees of EAM and its affiliates may trade for their own accounts securities which are recommended to and/or purchased for EAM's clients. EAM's trading policies and procedures as well as the Code of Ethics is designed to assure that the personal securities transactions, activities and interests of EAM, and the employees of EAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of EAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, in order to reasonably prevent conflicts of interest between EAM and its clients.

EAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Compliance Department.

It is EAM's policy that it will not affect any principal or agency cross securities transactions for client accounts. EAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where EAM, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 - Brokerage Practices

Since EAM manages all client accounts on a discretionary basis, it has general authority to determine which securities will be bought and sold, the amount to be bought or sold, the broker-dealer to be used and the commission rate to be paid, without obtaining client consent. However, in all cases, EAM will exercise its discretionary authority based on any written investment policies or restrictions established in writing by a client. In addition, in cases in which the Applicant acts as an investment manager within the meaning of the Employees Retirement Income Act of 1974, the client has the authority to select the broker or brokers.

EAM selects brokerage firms, which, in its judgment, can execute a specific transaction at a cost which is the most favorable under the circumstances. EAM takes into account execution capability, commission rate, and responsiveness. EAM has a Best Execution Committee that meets on a monthly basis to review trade execution practices in order to ensure trading practices are appropriate. The committee is comprised of the Adviser Chief Compliance Officer, Fund Chief Compliance Officer, Head of Trading and the Portfolio Managers.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with EAM's best execution obligation. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. EAM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the trade.

EAM seeks to treat all accounts fairly and equitably over time and EAM maintains policies and procedures for investment allocation and trade rotation to help ensure this occurs. It is the policy of EAM that no advisory client, including mutual funds and SMAs, will be favored over any other advisory client when processing orders, and EAM does not execute transactions with its affiliated broker-dealer.

EAM does not engage in the practice of soft dollars.

As discussed in Item 15. below, EAM does not maintain custody of its clients' assets and therefore your assets must be maintained in an account at a qualified custodian/broker-dealer. For SMA's, EAM has entered into an agreement with Schwab Advisor Services™ ("Schwab"), a registered

broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. EAM is not affiliated with Schwab. Schwab will provide EAM's SMA clients with access to Schwab's trading, custody, reporting, and related services. EAM may recommend that clients establish brokerage accounts with Schwab. Schwab does not charge you separately for custody services, but is compensated by charging you commission or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab may charge you a flat dollar amount as a "prime-broker" or "trade-away" fee for each trade that they have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commission or other compensation you pay the executing broker-dealer. You can minimize your trading costs, by having Schwab execute most trades for your account.

Schwab also makes available to EAM other products and services that benefit EAM but may not directly benefit clients' accounts. Many of these products and services may be used to service all or a substantial number of client accounts, including accounts not maintained at Schwab. These products and services that assist EAM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) provide research, pricing and other market data; (iii) facilitate payment of our fees from clients' accounts; and (iv) assist with back-office functions, recordkeeping and client reporting.

EAM may also receive other services from Schwab intended to assist EAM to manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and access to various conferences on practice management; and (iii) access to educational events. EAM has determined that receipt of certain services and products has not created a material conflict of interest.

Item 13 - Review of Accounts

Senior management of EAM is responsible for reviewing the strategic investment plan, the client's overall financial situation and the performance of the client's portfolio. The performance of the Value Line Funds are reviewed with each portfolio manager generally monthly and reviewed quarterly with the Board of Directors/Trustees of the Value Line Funds. Performance reports of each mutual fund are generated semi-annually for shareholders in addition to quarterly statements.

SMA accounts are reviewed on a quarterly basis, which include the delivery of written performance reports to clients. These reports provide a review of the client's investment portfolio, including a review of asset allocation, performance comparisons for the client's against an agreed upon benchmark and commentary on general market conditions.

Item 14 - Client Referrals and Other Compensation

SMA's

EAM may enter into agreements with independent marketers. These agreements would provide for the representative to receive a fee from EAM that is based upon a portion of EAM's investment management fees if the representative is responsible for introducing the client to EAM. The fee

paid to a representative varies depending on the agreement but in no instance does the fee arrangement increase the fee that the client pays. These agreements may contain provisions to ensure compliance with applicable provisions of the Investment Advisers Act of 1940 and specifically Rule 206(4)-3 thereunder. Such agreements provide for full disclosure to the client of any fee-sharing arrangements. EAM currently does not have any of these types of agreement in place.

Item 15 – Custody

EAM does not maintain custody over client funds or securities. Clients should receive an official custodial account statement at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets either by email or the postal mailing address provided to the financial institution. EAM urges you to carefully review such statements and compare such official custodial records to your own records.

EAM's Agreement and/or the separate agreement with the financial institution(s) may authorize EAM, through the Financial Institution(s), to debit the client's account for the amount of EAM's fee and to directly remit that management fee to EAM in accordance with applicable custody rules. The Financial Institution(s) have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to EAM. Clients should carefully review these statements.

If clients also receive an account statement from EAM, clients are urged to compare the two statements. Please note that the information provided from EAM is based on trades entered as of the trade date and information provided from the custodian will likely be based on trades entered as of the settlement date. This could cause for some discrepancies between the two statements, for example, if a trade was placed on the last day of the month in which the statement was created, it will appear on the EAM statement, but will likely not appear on the custodian's statement.

Item 16 - Investment Discretion

EAM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In each case, however, such discretion is to be exercised in a manner consistent with the client's stated investment objectives for the particular client account. Further, clients may limit/change or amend such authority by providing the Adviser with written instructions. In addition, clients may change their personal investment objectives and impose reasonable restrictions with EAM in writing at any time.

When selecting securities and determining amounts, EAM observes the investment policies, limitations and restrictions of its clients. For registered investment companies, EAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Item 17 - Voting Client Securities

EAM has delegated to Broadridge Financial Solutions, Inc ("Broadridge") the authority to vote proxies on behalf of all of EAM's clients, except for topics in which Broadridge seeks specific

guidance from EAM. For any topics or items not given specific instructions by EAM, whereby Broadridge seeks specific guidance from EAM, Broadridge will send to EAM additional instructions. Broadridge will make a recommendation to EAM consistent with the Proxy Voting Policy and Policies with respect to each proxy that it receives for EAM's clients. On matters involving corporate governance, Broadridge will provide recommendations generated by the independent proxy advisory firm, Glass, Lewis & Co., LLC.

Generally, EAM will support management on routine corporate matters and will support any management proposal that is clearly in the interest of all shareholders. EAM generally will vote against social and political issues but will consider supporting proposals that seek to protect shareholder rights or minimize risks to shareholder value. EAM supports shareholder rights and recapitalization measures duly undertaken by boards of directors, unless such measures may reduce shareholder rights or shareholder value. Although EAM has delegated its proxy voting responsibilities to Broadridge, EAM retains final authority and fiduciary responsibility for proxy voting for all of EAM's clients.

Shareholders may obtain information from EAM about how it voted proxies on behalf of their account(s) by writing to EULAV Asset Management at 7 Times Square, 21st Floor, New York, NY 10036 or by calling the Chief Compliance Officer at (212) 907-1862. EAM will provide a copy of its Proxy Voting Policy and Procedures to the shareholder upon request to the address or phone number indicated above.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. EAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. In addition, EAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and, therefore, is not required to include a balance sheet with this Brochure.

-- END OF ADV PART 2A --