

EULAV Asset Management

Investment Adviser to the Value Line Funds

FORM ADV, PART 2A BROCHURE

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Form ADV, Part 2; 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

There are no material changes to EAM's business since the last update. This brochure replaces the brochure dated October 31, 2013.

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.

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.

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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 other Trustees are Robert Rice, Avi Aronovitz, Richard Berenger, and R. Alastair Short. 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 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 existing Value Line Funds and receives the Value Line Proprietary Ranking information without charge or expense.

EAM’s assets under management as of May 31, 2014 are \$2.3 billion, all discretionary and within the Value Line Funds. EAM offers investment counseling services to private and institutional clients in the form of Separately Managed Accounts (“SMAs”) and model portfolio strategies in the form of Unified Managed Accounts (“UMAs”).

Type of Advisory Services

- Investment Adviser to Mutual Funds
- Unified Managed Accounts – UMAs
- Separately Managed Accounts - SMAs

Investment Adviser to Mutual Funds

EAM acts as investment adviser to ten investment companies constituting the Value Line Family of Mutual Funds. Over the course of six decades, the Value Line Funds have grown into a fund family that includes a wide range of solutions designed to meet virtually any investment goal.

Strategies That Have Stood the Test of Time

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	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.
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).
1986	Value Line Core Bond Fund† seeks to maximize current income.
1987	Value Line Strategic Asset Management Trust* seeks to achieve a high total investment return consistent with reasonable risk.
1993	Value Line Small Cap Opportunities Fund invests in US common stocks of small capitalization companies, 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.

† This strategy changed from High Yield securities to investment grade debt securities in December 2012.

Unified Managed Accounts – UMAs

EAM participats in UMAs offered on third party platforms. In a UMA Program, an accountholder executes a contract with the UMA Program sponsor and the sponsor recommends or directs which sub-advisers will be used in the accountholder's investment program. EAM provides the sponsor with a model portfolio for each discipline (e.g., Value Line Tactical Sector Rotation Strategy.) which has been chosen by the UMA Program sponsor. An updated model portfolio is provided to the sponsor whenever a change is made in the model portfolio, generally monthly, (e.g., adding an investment position, deleting an investment position or increasing/decreasing a position). The sponsor may or may not elect to execute all of the updates to the model portfolio submitted by EAM. EAM does not enter trades, does not receive trade reports, does not perform or have access to recordkeeping, performance data or any client reporting. EAM does not generally interface with sponsor's accountholder but could interface with representatives of the sponsors.

Under UMA programs, the accountholder pays the sponsor a percentage of assets fee and the sponsor, in turn, pays EAM a portion of that fee. In most cases, EAM does not know the fee the accountholder is paying to the sponsor. The fees paid to EAM by the sponsor are based on a

percentage of each sponsor's UMA assets under advisement with EAM. The contractual fee rates vary from platform to platform. Fees are paid quarterly or monthly and either in advance or arrears, as negotiated.

EAM does not offer any additional services to UMA accounts. UMA assets under management are not considered EAM assets under management and are therefore not included in that calculation.

Currently there is one UMA Program sponsor utilizing our models: Placemark Investments.

Separately Managed Accounts - SMAs

EAM 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.

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 Fund and Value Line Income and Growth Fund fees are .70% on the first \$100 million of average daily net assets and .65% of average daily net assets in excess thereof.

Value Line Asset Allocation Fund, Inc. fee is .65% of average net assets.

Value Line Premier Growth Fund, Inc., Value Line Larger Companies Fund, Inc., and Value Line Small Cap Opportunities Fund, Inc. fees are .75% of average net assets.

The Value Line Tax Exempt Fund, Inc., Value Line Centurion Fund, Inc. and Value Line Strategic Asset Management Trust fees are .50% of average net assets.

The Value Line Core Bond Fund, Inc. fee is .40% of average 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, such as commissions, when they buy and sell securities (or "turns over" its portfolio). 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 Schwab and TD Ameritrade, among others. If a Value Line Fund is purchased directly or through a broker-dealer or other financial intermediary, and assets in the Fund increase from that purchase, 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 \$5 million*)
75 basis points on the first \$15 million
65 basis points on assets above \$15 million

Small Cap (*minimum account size \$5 million*)
100 basis points on the first \$15 million
80 basis points on assets above \$15 million

Hybrid (*minimum account size \$5 million*)
75 basis points on the first \$15 million
65 basis points on assets above \$15 million

Fixed Income (*minimum account size \$5 million*)
75 basis points on the first \$5 million
50 basis points on assets above \$5 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.

Fees - Unified Managed Accounts

EAM charges a fee for its services based on a sponsor's assets under management in a discipline. For the Value Line Tactical Sector Rotation Strategy, the fee schedule ranges from 50 bps to 75 bps and may include break points based on asset size. Fees are negotiable based on various factors including, but not limited to, larger accounts with breakpoints and multiple accounts within the same client or organization.

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 pays solicitor or referral fees. 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 2, 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 offer any products that charge advisory fees on a share of the capital gains or capital appreciation of the assets of a client account (so-called performance-based fees) at this time. As such, there are no potential side-by-side management conflicts.

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 ten registered mutual funds and UMA sponsored programs.

Account Minimums

For the mutual funds, the minimum initial investment in each Fund is \$1,000. The Funds reserve the right to reduce or waive the minimum purchase requirements. The Funds offer a free service to their 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 \$5,000,000 of assets is generally required to open a Separately Managed Account. There are no minimums for a UMA account. However, Sponsor Platforms may apply their own minimum account size.

EAM reserves the right to accept or maintain accounts below the stated minimums. 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.

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, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

The Value Line Fund, Inc. – To achieve the Fund's investment objectives, EAM invests substantially all of the Fund's net assets in common stocks. While the Fund is actively managed by EAM, EAM relies primarily on the rankings of companies by the Value Line Timeliness™ Ranking System (the "Ranking System") in selecting securities for purchase or sale. 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 95% 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. The Fund's investments principally are selected from common stocks ranked 1, 2 or 3 by the Ranking System at the time of purchase. Apart from the diversification requirements of the Investment Company Act of 1940 (the "1940 Act") applicable to diversified funds (which generally means that it will not invest more than 5% of its total assets in the stocks of any one company), the Fund is not subject to any limit on the percentage of its assets that may be invested in any particular stock. Because EAM relies on the Ranking System in managing the Fund's portfolio, the Fund is not limited to investments according to a company's size.

EAM may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities. As described above, EAM relies primarily on the rankings of companies by the Ranking System 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.

Value Line Larger Companies Fund, Inc. – To achieve the Fund's investment objective, EAM invests substantially all of the Fund's assets in common stock. While the Fund is actively managed by EAM, EAM relies primarily on the rankings of companies by the Value Line TimelinessTM Ranking System (the "Ranking System") in selecting securities for purchase or sale. 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 95% of the market capitalization of all stocks traded on the U.S. securities exchanges, including stocks of foreign companies. The Fund's investments usually, as measured by the number and total value of purchases, are selected from common stocks of the 100 largest companies by capitalization that are ranked 1, 2, or 3 by the Ranking System; EAM usually sells a stock when its rank falls below 3. In addition to selling a stock when its rank falls below 3, EAM may sell securities for other reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities.

As described above, EAM relies primarily on the rankings of companies by the Ranking System in managing the Fund, and the Fund's portfolio will consist primarily of stocks ranked 1, 2, or 3 by the Ranking System. EAM has, however, 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.

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 Lipper Inc.'s definition to determine if a company is a small market capitalization company. Lipper Inc. (an independent firm unaffiliated with EAM) considers a company to have a small market capitalization if its market capitalization is below the 85th percentile of the aggregate capitalization of all the companies in the Russell 3000 Index. Both the market capitalizations of the companies in the index and the composition of the index change with market conditions. A company's categorization is based on its market capitalization at the time of investment by the Fund. The 80% policy can be changed without shareholder approval upon at least 60 days' prior written notice. EAM considers a company to be mid-cap if it has a market capitalization of less than \$13.7 billion and it is not a small market capitalization company.

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 common stocks in which the Fund generally 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.

EAM may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities. 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.

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 in accordance with an asset allocation strategy based primarily on data derived from proprietary computer models for the stock and bond markets developed by Value Line, Inc. (“Value Line”). EAM attempts to achieve the Fund’s investment objective by following an asset allocation strategy 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 (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 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) and debt securities issued or guaranteed by the U.S. government, its agencies and instrumentalities, including mortgage backed securities issued by government sponsored enterprises. 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 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 Fund’s investments usually, as measured by the number and total value of purchase, 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 Income and Growth Fund, Inc. – To achieve the Fund's goals, EAM invests not less than 50% 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, money market securities and investment grade debt securities rated at the time of purchase from the highest (AAA) to medium (BBB) quality. 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 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 common stocks, in which the Fund invests usually, as measured by the number and total value of purchases, are selected from those securities ranked 1, 2 or 3 by either Ranking System at the time of purchase. Although the Fund can invest in companies of any size, it generally invests in U.S. securities issued by larger, more established companies (those with a market capitalization of more than \$5 billion).

EAM may sell securities for a variety of reasons, such as to secure gains, limit losses or redeploy assets into more promising opportunities. As described above, 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 will determine the percentage of the Fund's assets invested in each stock based on the stock's relative attractiveness.

Value Line Core Bond Fund, Inc. - The Fund invests primarily in a diversified portfolio of primarily investment grade bonds and other debt instruments. Sovereign debt, or securities issued or secured by non-U.S. governments, as well as securities issued by supranational agencies, may be held by the Fund, provided the investments are U.S. dollar-denominated. Under normal circumstances, the Fund invests at least 80% of its assets 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 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), 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, wholesale dealer floor plans, and leases. EAM invests at least 80% of the Fund's assets 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.

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 the bond's credit quality and yield potential.

UMA Strategies

Value Line Tactical Sector Rotation Strategy - The strategy begins by clustering Value Line's 98 Industry groups into 10. Each Sector contains 3 to 21 Value Line Industry groups. The attractiveness of a Sector is determined by the composite ranking of the stocks within it. Stocks are weighted so as to give the issues that are most preferred a larger impact on the portfolio. Stocks with a Value Line Timeliness Ranking of 1 (the most recommended group) are given a weighting of 2x, those with a 2 are given a weighting of 1.5x, those with a 3 are given a weighting of 1x, while those with a ranking of 4 or 5 (the least recommended group) are given a weighting of 0. A composite ranking for each Sector is then determined and a weighting of 200% to 0% of their normal market weighting is assigned depending on their level of attractiveness. Individual stock selection within each Sector is actively managed with the portfolio primarily

consisting of stocks in the highest three categories in the proprietary Value Line Timeliness Ranking System™. The Portfolio is typically made up of 30- 45 stocks and is rebalanced monthly.

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.

Small and Medium Capitalization Stock Risk: The value of a small or medium capitalization company securities may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. These companies may have narrower markets, limited product lines, fewer financial resources, and they may be dependent on a limited management group. Investing in lesser-known, small and medium

capitalization companies involves greater risk of volatility than is customarily associated with larger, more established companies. Often small and medium capitalization companies and the industries in which they are focused are still evolving and, while this may offer better growth potential than larger, more established companies, it also may make them more sensitive to changing market conditions.

Turnover Risk: A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce a return. Active trading of securities may also increase realized capital gains or losses, which may increase the taxes you pay if held in a taxable account.

Foreign Investing Risk: Investing in securities of foreign issuers may involve more risks than investing in U.S. companies. These risks can increase the potential for losses and may include, among others, the effect of currency devaluations, currency risks (fluctuations in currency exchange rates), country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information and limited trading markets. Foreign investments may experience greater volatility than U.S. investments. Additionally, investments in securities denominated in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. A decline in the value of foreign currencies relative to the U.S. dollar will reduce the value of securities denominated in those currencies.

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. 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.

Temporary Investments: 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. We are obligated to disclose any disciplinary event that would be material to you 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 generally 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 for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, 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, 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. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of 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 an 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 non-UMA 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 or 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 Chief Compliance Officer, Chief Executive 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.

It is the policy of EAM that no advisory client will be favored over any other advisory client when processing orders, and it does not execute transactions with its affiliated broker/dealer. EAM does not engage in the practice of soft dollars.

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 and UMA's

EAM has entered into agreements with independent marketers. The agreements 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 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.

Item 15 – Custody

EAM does not maintain custody over client funds or securities. Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. 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. 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 stated investment objectives for the particular client account. Clients must provide investment guidelines and any restrictions to EAM in writing.

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 Investor Communication Solutions, Inc ("Broadridge") the authority to vote proxies on behalf of all of the EAM's clients, except for topics in which Broadridge seeks specific guidance from EAM. For items not given specific instructions by EAM, therefore, any topics in which Broadridge seeks specific guidance from EAM will be sent to EAM for additional instructions. Shareholders may obtain information from EAM about how it voted such proxies by writing to EULAV Asset Management at 7 Times Square, 21st Floor, New York, NY 10036 or by calling (212) 907-1900. 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.

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.

Item 18 - Financial Information

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.

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.

-- END OF ADV PART 2A --