



Manager Q&A: Tocqueville Gold Fund

Tocqueville Gold Fund

Symbol: TGLDX
 Total assets (9/30/14): \$1.3 billion
 Inception date: 6/29/98

Overall Rating



Among 71 Equity Precious Metals Funds as of 9/30/14



Named by Lipper as the Best Fund in the Precious Metals Category for the Past 5 Years ended 12/31/13.



John Hathaway, CFA
Co-Portfolio Manager

John C. Hathaway has been the portfolio manager of the Gold Fund since 1998. With more than 40 years of investment industry experience, Mr. Hathaway is a nationally recognized authority on Gold and Gold-Related Equities.



Doug Groh
Co-Portfolio Manager

Doug Groh is co-portfolio manager of the Gold Fund. Mr. Groh has worked closely with Mr. Hathaway on the Fund since joining the Firm in 2003 as a senior research analyst.

Q1. In light of the recent pullback in gold, how much of the decline may be attributed to the strong dollar compared to negative sentiment?

The recent weakness in gold's price happened to coincide with the strengthening of the U.S. dollar relative to the euro and the Japanese yen. Often when this scenario occurs many traders tend to short gold. However, we believe that the hard-and-fast relationship between a rising dollar and a decline in gold's price is actually a misconception.

While we believe the dollar's current "strength" reflects the weakness of alternate reserve currencies and flight of speculative capital, it is negative sentiment rather than the dollar's strength that is responsible for the decline in gold's price. Historically, there have been periods when the dollar and gold rose in unison and

periods that have been marked by a weakening dollar and falling gold prices. We believe the perceived current correlation instead should be viewed as coincidental rather than an absolute time-tested relationship.

Q2. What impact will the end of the Federal Reserve's quantitative easing program have on the price of gold?

Because of its low correlation to the equity markets, we believe that gold plays a valuable role in a diversified portfolio allocation. We believe the end of quantitative easing may have an adverse impact on the value of financial assets. Aided by massive stimulus programs over the past few years, equities seem to have represented only a one-way ride to the upside. The recent decline in equity prices at the end of September may once again remind investors that volatility is a natural part of investing. Economic uncertainty and market volatility often represent positive catalysts for gold.

Q3. Would you please explain the importance of China with respect to the global gold market?

China has become a critical element when discussing the global gold market. Physical demand for gold remains high, as reflected by a shift in gold bars from the vaults of Western financial capitals to Asia, and, in particular, China. In 2013, Chinese demand was about 70% of total global gold production. However, this demand did not result in a rising price for gold as the impact was negated by falling Western demand. We believe that if Western demand reverses course and Chinese consumption continues at current levels, the gold market would be much tighter and bode well for higher gold prices.

In addition, the new, yuan-based Shanghai Gold Exchange may likely provide a challenge to the U.S. dollar as the world's reserve currency over the next several years. China has arranged a number of bilateral deals with countries all over the world to trade away from the dollar. We believe as the Chinese currency becomes more important, countries will want to sell their surplus of dollar reserves, causing dollar weakness and possibly a stronger gold price.

Q4. What is the state of the mining industry with the recent weakness in gold?

At current prices, the mining industry as a whole is just making ends meet. However, should the price of gold remain at these levels, new mines are not expected to come online, thus setting up a potential future supply crunch.

Our strategy for the Fund has been to find companies that are adding value even in a low gold price environment. As a result, we tend to focus on smaller companies and steer clear of larger companies that have either experienced operational



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(Q4 continued...)

challenges or have lower levels of reserves in their portfolio. We believe having smaller companies in the portfolio has been an important contributor to the Fund's outperformance relative to its benchmark and the Morningstar Equity Precious Metals Funds Category over time.

Q5. Would you please discuss the appeal of investing in gold equities rather than bullion?

Investing in gold bullion is basically a passive strategy to ensure wealth against the destruction of paper currencies. Gold mining equities are operating companies that represent an option on gold's price. Gold mining equities will tend to perform much better than gold in a rising gold market and, conversely, fall more in a declining market.

Our proprietary research has enabled the Fund to identify smaller companies that have added value even in a declining gold environment through the construction of new mines or the discovery of new ore bodies. We believe our portfolio is well positioned to capitalize on a potential rebound in gold's price and the current low valuations of equity miners represent an attractive proposition for investors seeking gold exposure.

| Investment Performance (as of 9/30/14) | Average Annual Total Return | | | |
|---|-----------------------------|---------------|--------------|---------------|
| | 1 Year | 5 Year | 10 Year | 15 Year |
| Tocqueville Gold Fund (TGLDX) | -5.66% | -5.47% | 5.19% | 10.39% |
| Phila Stock Exch Gold/Silver Index | -12.05% | -11.98% | -1.00% | 1.47% |
| S&P 500 Index | 19.73% | 15.70% | 8.11% | 4.87% |
| Morningstar Equity Precious Metals Funds Category Average | -11.10% | -10.39% | 2.08% | 6.95% |
| Category Rank (%) | 2 | 1 | 4 | 1 |
| # of Funds in Category | 76 | 65 | 51 | 31 |
| Expense Ratio: 1.35% | | | | |

Source: Morningstar

Performance data represents past performance and does not guarantee future performance.

The investment return and principal value of an investment will fluctuate and the investor's shares, when redeemed, may be worth more or less than their original cost; and current performance may be lower or higher than the performance data quoted. Fund performance current to the most recent month-end may be obtained by visiting our website at <http://tocqueville.com/mutual-funds/tocqueville-gold-fund/performance>, or by calling 1-800-697-3863. Total returns assume reinvestment of dividends and capital gains.

The Fund invests in gold, which involves additional risks, such as the possibility for substantial price fluctuations over a short period of time. The Fund also may invest in foreign securities, which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.

The Philadelphia Stock Exchange Gold/Silver Index (with income) is a good indicator of the performance of the common stock of companies in the gold and silver mining industry. It does not incur fees and expenses. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. Returns are adjusted for the reinvestment of capital gains distributions and income dividends. You cannot invest directly in an index.

Star ratings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The overall rating is a weighted average of the 3-, 5-, and 10-year (if applicable) returns. 5 stars = top 10% of funds in a category; 4 stars = next 22.5% of funds; 3 stars = middle 35%; 2 stars = next 22.5%; 1 star = bottom 10%. Ratings are subject to change monthly. The Fund received 4 stars for the 3- and 10-year periods and 5 stars for the 5-year period ended 9/30/14 among 71, 51 and 65 Equity Precious Metals Funds, respectively.

Lipper Fund Awards are given to the fund with the highest Lipper Leader for Consistent Return value within each eligible classification over three, five or ten year periods. For a more detailed explanation of the methodology, please review the Lipper Fund Awards 2013 - Methodology document on <http://www.lipperweb.com/Awards/FundAwards.aspx>. The Precious Metals Lipper Fund Award presented to the Tocqueville Gold Fund (TGLDX) was judged against 18 funds over a 5 year time period ending 12/31/13. ©2013, Reuters, All Rights Reserved.

This is not an advertisement or solicitation to subscribe to the Tocqueville Gold Fund, which may only be made by prospectus. Before investing, consider the Fund's investment objectives, risks, charges and expenses. Contact 1-800-697-3863 or visit www.tocqueville.com/mutual-funds for a prospectus containing this information and other information. Read it carefully before investing.

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