



Manager Q&A: Tocqueville Gold Fund

Tocqueville Gold Fund

Symbol: TGLDX
 Total assets (12/31/14): \$1.2 billion
 Inception date: 6/29/98

Overall Rating



Among 71 Equity Precious Metals Funds as of 12/31/14



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 frequent lecturer and writer on gold and gold-linked 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 2014, the price of gold declined slightly in U.S. dollar terms. Would you please discuss the performance of gold-linked equities as well as the various factors that may lift gold prices in 2015?

It is notable that in 2014, even though gold fell in U.S. dollar terms, the metal rose in other major currencies, including the euro, pound, yen, and yuan, despite the media's overly negative coverage. Nonetheless, negative sentiment surrounding gold weighed heavily on the performance of gold-mining equities, with the Philadelphia Stock Exchange Gold/Silver Index (XAU) declining 17.3% in 2014.

We believe the bear market of the last few years may be exhausted, with several factors potentially driving gold higher, including:

1. Additional quantitative easing in Europe and Japan
2. Negative interest rates in nominal terms in most developed countries
3. Lower confidence in the U.S. stock market

Q2. Gold miners rallied in the first few weeks of January. What factors lead you to believe this rally could be sustainable?

We believe several positive factors are currently at work. First, a higher gold price has a fundamental impact on gold mining stocks. A second factor is lower oil prices. While most production costs are relatively fixed, mining companies are large energy users. We expect lower energy prices will lead to better earnings from gold miners as they benefit from a decline in overall production costs.

An additional, yet overlooked, driver of a sustainable rally is the stronger dollar. A stronger dollar lowers the cost of production (i.e. labor costs) as a significant amount of gold comes from non-dollar economies, such as Australia and Canada.

Q3. Would you please discuss your evaluation of gold demand and supply over the next few years?

Based on our proprietary research, we believe gold production will likely peak this year. It generally takes 5 to 10 years to bring a gold mine on stream. With gold prices declining over the past few years, returns on capital have been lower and many mining projects were put on hold. Therefore, there could be a significant lag in time before global gold production experiences a meaningful increase in volume.

Meanwhile, demand for physical gold has been steadily growing. Central banks continue to buy gold which may indicate concerns about the U.S. dollar as a reserve asset. In Asia, physical gold consumption from India and China remains strong, exceeding global gold production last year. Given this imbalance between supply and demand, a renewed interest in physical gold from Western investors would likely exacerbate the shortage in gold supplies.



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Q4. Why should an investor consider an actively managed fund that invests in gold-linked equities?

The gold-mining industry is not a monolith; some companies are well-managed and able to create value despite the difficult gold market of the past few years. Other companies seem to destroy value. The Tocqueville Gold Fund focuses on companies that we believe can add value by building reserves, constructing mines and executing accretive M&A transactions, regardless of the gold price environment.

We believe this focus has rewarded Fund shareholders on a relative basis: Over the 1, 5, 10 and 15 year periods as of December 31, 2014, the Fund has outperformed the XAU and its Morningstar Equity Precious Metals Fund Category.

About Tocqueville

With \$12 billion in assets under management as of December 31, 2014, Tocqueville Asset Management and its founding principals have been managing private fortunes for more than 30 years, and has served as the advisor to the Tocqueville Trust since its inception. In working with financial planning professionals and their clients, Tocqueville considers the preservation of capital their primary investment objective. Tocqueville's value style of investing, coupled with their contrarian spirit, drives them to emphasize absolute rather than relative performance for investors.

Investment Performance (as of 12/31/14)	Average Annual Total Return			
	1 Year	5 Year	10 Year	15 Year
Tocqueville Gold Fund (TGLDX)	-2.67%	-9.92%	3.90%	10.09%
Phila Stock Exch Gold/Silver Index	-17.29%	-15.08%	-2.36%	1.48%
S&P 500 Index	13.69%	15.45%	7.67%	4.24%
Morningstar Equity Precious Metals Funds Category Average	-10.03%	-14.02%	0.76%	6.82%
Category Rank (%)	11	2	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-, 5- and 10-year periods ended 12/31/14 among 71, 65 and 51 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.

The views of John Hathaway and Doug Groh are current as of the date of this article, and are subject to change at any time.

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