



Manager Q&A: The Tocqueville Fund

The Tocqueville Fund

Symbol:	TOCQX
Total assets (12/31/13):	\$360.2 M
Inception date:	1/13/87



Robert Kleinschmidt, CFA
Portfolio Manager

Robert Kleinschmidt, CFA, is the President and Chief Investment Officer of Tocqueville Asset Management and has been portfolio manager of the Tocqueville Fund since 1992. He previously held executive positions at the investment management firm David J. Greene & Co. Mr. Kleinschmidt has a BBA from the University of Wisconsin, an MA from the University of Massachusetts and continued post graduate work in Economics at Columbia University. Mr. Kleinschmidt also holds the CFA designation.

Q1: With a banner year for stocks across all market caps in 2014, where are you finding opportunities today as a contrarian manager?

While it is definitely a challenge to find contrarian situations en masse, there are always pockets of opportunity regardless of the market environment. Contrarian investing requires the patience to wait for the market to inevitably present opportunities. Even in the best of markets, such as 2013, a window will appear. For example, the nascent economic recovery has not benefitted all companies equally and we see relatively weak consumer spending negatively impacting the consumer discretionary sector and, in particular, restaurants.

To that end, we have recently added Bob Evans Farms (BOBE) to the portfolio. We believe the company's stock price is trading at a very favorable valuation because investors are focusing only on the restaurant business rather than the company as a whole. The company has little relative debt, owns the real estate associated with the restaurant locations and the packaged food unit is performing well. We believe the company deserves a higher multiple valuation and represents an ideal contrarian investment. Shareholder activists have also taken notice of Bob Evans and are attempting to unlock value through capital restructuring and by separating the restaurant and packaged food operating units.

"We are fundamental, bottom-up investors and evaluate potential portfolio additions based on their own merit rather than the market cap in which they fall."

Q2: As a multi-cap Fund, the portfolio has had a large-cap bias for the past several years. Do large-cap companies still represent the best opportunity relative to mid-cap and small-cap stocks?

We are fundamental, bottom-up investors and evaluate potential portfolio additions based on their own merit rather than the market cap in which they fall. Our current large-cap bias results from companies that were added during the financial crisis. During that time we wanted to own attractively valued companies that could internally finance their operations and did not have to seek financing through banks or the capital markets. Today, our portfolio includes many smaller companies that would be classified in the mid-cap category. We continue to see considerable opportunities with smaller companies and expect that our portfolio will contain several new holdings in the mid-cap range as 2014 progresses.

About Tocqueville

With approximately \$11.4 billion in assets under management as of December 31, 2013, Tocqueville Asset Management, with its founding principals, has 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 its primary investment objective. Tocqueville's value style of investing, coupled with its contrarian spirit, drives it to emphasize absolute rather than relative performance for investors.



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Q3: With cash on corporate balance sheets at all time highs, would you please comment upon the M&A landscape? How may it potentially impact the Fund's holdings?

We are pleased to see companies participate in M&A transactions as long as the rationale is consistent with the company's mission. At Tocqueville, we carefully evaluate how companies utilize their capital and are essentially indifferent with respect to buybacks, dividend increases or M&A deals. Regardless of the method of capital deployment, the outcome should enhance shareholder value through a higher stock price.

We believe that M&A activity will rise in 2014 as companies continue to be challenged by the current economic environment to grow revenue organically. An M&A transaction may not only be accretive in the short run but from a long-term operating perspective may eliminate a competitor or give the acquiring company an entry point into a new market. Generally the Fund has a handful of companies that benefit from M&A transactions each year and we believe that trend will continue in 2014.

Investment Performance (as of 12/31/13)	Average Annual Total Return			
	1 Year	5 Year	10 Year	15 Year
Tocqueville Fund (TOCQX)	33.60%	17.01%	8.19%	7.86%
S&P 500 Index	32.39%	17.94%	7.41%	4.68%
Morningstar Large Blend Funds Category Average	31.50%	17.09%	6.93%	5.03%
Category Rank (%)	30	51	15	10
# of Funds in Category	1559	1215	794	429
Gross Expense Ratio: 1.29%, Net Expense Ratio: 1.26%*				

Source: Morningstar

*The Fund has contractually agreed to "cap" its expense ratio at 1.25% (excluding Acquired Fund Fees and Expenses) until 3/01/15. In the absence of these fee waivers, total returns would be lower.

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-fund/performance>, or by calling 1-800-697-3863. Total returns assume reinvestment of dividends and capital gains.

All investments involve risk, including possible loss of principal. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. You cannot invest directly in an index.

The Fund held 0.83% in net assets of Bob Evans Farms as of 12/31/13. References to securities or investments in this article should not be considered recommendations to buy or sell. Securities that are referenced may be held in other portfolios managed by Tocqueville or owned by principals, employees and associates of Tocqueville, and such references should not be deemed as an understanding of any future position, buying or selling, that may be taken by Tocqueville.

This is not an advertisement or solicitation to subscribe to the Tocqueville 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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