

Manager Q&A

The Tocqueville International Value Fund (TIVFX)



James Hunt
Portfolio Manager

Mr. Hunt has been portfolio manager or co-portfolio manager of the Tocqueville International Value Fund since 2001. Prior to joining Tocqueville in 2000, Mr. Hunt held senior positions at Lehman Brothers and Warburg Dillon Read and served as an analyst at Delafield Asset Management. He has a BA from Brown University and an MBA from Yale University.

About Tocqueville

With approximately \$10.7 billion in assets under management as of December 31, 2011, 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.

Q1: Global markets were highly volatile and largely influenced in 2011 by headlines from Europe, the slowing emerging market economies, and fiscal woes in the United States. What do you believe will be the key factors driving returns in 2012?

2011 was a year when markets were dominated by macro forces like worries about the sovereign debt situation in Europe, a possible economic slowdown in China, and fiscal issues in the U.S., not to mention surprise events like the earthquake in Japan and floods in Thailand. As a result, price movements in the equity markets were highly correlated, more than at any time in the last 20 years. Company fundamentals and stock valuations were secondary to macro drivers, which was a source of frustration for bottom up stock pickers, including ourselves. In the long term, however, individual company fundamentals and valuations are primary. For 2012, individual company fundamentals should once again become important and serve as the key determinant of stock performance.

Going into 2012, investors remain worried about the possibility of sovereign and bank defaults in Europe, an economic hard landing in China, belligerent behavior in Iran, poor growth prospects in the developed world, budget deficits in the U.S. and the unwillingness of politicians to make hard choices regarding entitlements. These concerns have resulted in a steady stream of net flows out of equity funds, resulting in some of the lowest valuations for stocks in recent decades. We do not think the macro backdrop is great, but we think it may not be as bad as what is generally feared. There are plenty of reasons to be worried, but they are to a large extent priced in.

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Q2: As a contrarian value manager, where do you see pockets of investment opportunity?

What is really out of favor today? Europe. Where have valuations been most penalized? Companies in Europe, and companies outside of Europe that derive a large percentage of revenues from Europe, and particularly medium and smaller sized companies.

As a multi-cap manager, we have the ability to look across the spectrum of market caps to find the most compelling risk/reward propositions. Our Fund normally has a meaningful exposure to small and mid-sized international companies.

(Q&A continued on next page)

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Overall Rating



Among 327 Foreign Large Value Funds as of 12/31/11

The Overall Morningstar Rating™ is based on risk-adjusted returns, derived from a weighted average of the Fund's 3-, 5-, and 10-year (if applicable) Morningstar metrics. 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 5 stars for the 3-, 5- and 10-year periods ended 12/31/11 among 327, 269 and 147 Foreign Large Value Funds, respectively.

Symbol:	TIVFX
Total assets (12/31/11):	\$196.1M
Inception date:	8/1/94

Sales Desk: 1-888-826-0004

(Q&A continued)

At the close of 2011, they were approximately 38% of the Fund's assets. This differs significantly from most international funds, which tend to be own mostly large, behemoth companies that make up the index. Our ability to identify and research international companies that are below the radar screen of most investors and the indices is a competitive advantage compared with most funds. We do a lot of our own research and we have been investing overseas for a long time, which enables us to invest with confidence in smaller companies. Historically this has been one of the ways that we have added value, or alpha, as managers.

In keeping with our contrarian, value approach, we have been putting money to work in quality companies with good balance sheets that have fallen out of favor and become really cheap because of fears about Europe. And most of these companies derive a large portion of their cash flows from outside of Europe, and in emerging markets, so the fears about their earnings tends to be way overdone. We continue to favor smaller cyclical European companies particularly in the media, leisure, materials, industrial and machinery sectors.

We have also increased our exposure to mid-sized Japanese companies that are down because of fears about Chinese growth or the global consumer electronics industry.

We have not been direct buyers of emerging markets stocks recently. We find emerging markets' growth rates attractive generally, but today we find better value and risk reward in developed market stocks, where we have 10 years of audited financials to analyze and management teams we have known for years. Many of these companies have a large exposure to emerging markets in their business and cash flows. We are very focused on producing positive returns, but even more focused on limiting the risk of capital loss.

Q3: The Fund has performed impressively over the past decade (top quartile performance for the 1, 3, 5 and 10 year periods ended December 2011) and does so with "Below Average Risk" as rated by Morningstar. How do you keep the risk levels below average given that the Fund has low portfolio turnover and includes smaller companies?

It comes back to our investment discipline, our proprietary research capabilities and our experience. We buy good businesses when they are out of favor and as a result trading at a large discount to their actual intrinsic value. Our discipline is designed to limit downside risk by buying stocks when they are in our judgment cheap and when any bad news has been more than reflected in the price. And it is designed to produce capital appreciation by investing in good businesses that are creating additional intrinsic value. The fact that we do our own research - a lot of research - enables us to unearth and analyze "hidden gems", be they large or small, and the fact that we have been doing this for a long time means we know a lot of companies well and, importantly, gives us confidence in our judgments about value and business quality. It is also important to remember that we are bottom-up stock pickers and we do not manage to any benchmark. This means that we are free to seek the best values, the most attractive risk reward propositions, wherever they may exist. The result has been strong returns with "below average risk."

“We are very focused on producing positive returns, but even more focused on limiting the risk of capital loss.”

Investment Performance (as of 12/31/11)

	Average Annual Total Return			
	1 Year	3 Year	5 Year	10 Year
Tocqueville International Value Fund	-11.02%	12.28%	-1.33%	9.67%
MSCI EAFE Index	-11.73%	8.16%	-4.26%	5.12%
S&P 500 Index	2.11%	14.11%	-0.25%	2.92%
Morningstar Foreign Large Value Funds Category Average	-12.77%	6.76%	-5.48%	4.74%
Category Rank (%)	24	4	6	1
# of Funds in Category	362	307	258	151
Morningstar Risk	NA	Average	Below Average	Below Average
Expense Ratio: 1.56%				
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 www.tocqueville.com/mutual-funds/tocqueville-international-value-fund/performance, or by calling 1-800-697-3863. Total returns assume reinvestment of dividends and capital gains.

The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. *There are special risks associated with investing in foreign securities, including: the value of foreign currencies may decline relative to the US dollar; a foreign government may expropriate the Fund's assets; and political, social or economic instability in a foreign county in which the Fund invests may cause the value of the Fund's investments to decline.*

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