TOCQUEVILLE

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 $10.9 billion in assets under management as of June 30, 2012, 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: With Europe in a state of sovereign turmoil, what are your broad views on the situation and how have these events impacted the Fund's portfolio structure?

With consensus sentiment having gone to negative extremes, and investors having cut their allocations to Europe, the prices and valuations of European stocks have become cheap in absolute and relative terms and have diverged from the prices and valuations of comparable U.S. stocks to an extent unprecedented in recent history. The S&P 500 is currently trading at approximately 2X book value whereas the Bloomberg European 500 Index is trading at only 1.2X book. Similarly, the S&P 500 yield is in the 2% range whereas the Bloomberg European 500 counterpart is over 4%.

Shares in Europe have been priced to reflect a deep and protracted recession with some probability of default by Spain and Italy. We think the reality is likely to be better than that. The package of measures put forward at the recent European summit represents the first serious and comprehensive attempt to address the interrelated problems of bank and government finances, investor confidence, and economic growth. It provides a clear signal that Germany is prepared to move towards closer fiscal integration and to relax its stance on fiscal austerity. The measures taken together should help to restore business and consumer confidence and begin to create the conditions for a return to growth. To make it all work, it will be necessary for the European Central Bank to find a mechanism to provide a great deal more stimulus. And without substantial structural reform of labor markets and entitlements, Europe as a whole will remain structurally handicapped. Our view is that Europe will survive and remain a growth challenged region.

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We are net buyers of Europe. We favor European multinational companies that have global businesses and global cash flows, in many cases with substantial exposure to emerging economies, and are discounted because of the address of their headquarters. We also have added to stocks of companies with domestic businesses in the northern countries because they were too cheap to ignore. We did sell all of our positions in Spain earlier this year because we recognized that not only is the unemployment and growth issue very severe, but also Spanish companies that rely on bank financing from undercapitalized Spanish banks were going to have trouble.

Q2: The Fund has a significant weighting, nearly 40% as of June 30, in France and Japan. What do you find so attractive about these two countries?

Because we find good companies at great prices. It is not that we find the countries per se so attractive. From a macroeconomic standpoint, they both have their challenges. The reason we are invested in those countries is that we find plenty of very attractive stocks there on a bottom up basis. Stocks of strong businesses with limited financial debt that are out of favor for the wrong reasons and therefore cheap to intrinsic value. They just so happen to be located in France and Japan.

(Q&A continued on next page)

(Q&A continued)

Let's go a level deeper and ask why that would be. First of all, both France and Japan have strong engineering cultures and they have created world class industrial companies that export all over the world. We like those sorts of companies. Second, both countries have a conservative financial culture where individuals and companies do not like to borrow money. We like companies with little debt or with excess cash. Third, both countries are perceived as having structural macroeconomic problems which helps explain why companies there can be out of favor and cheap, even though the companies may do business all over the world.

In the case of France, the stock market today is almost exactly where it was 15 years ago. No appreciation for 15 years. During those 15 years, French companies have grown their earnings by roughly 2X. The same is true for the Japanese market. In view of our investment discipline, it stands to reason that we would find plenty of good bottom up ideas in France and Japan.

Q3: In the U.S., companies reported generally strong earnings in Q1 2012. How did international companies fare in Q1 and what are your thoughts on Q2?

Earnings in Europe were down around 15% in Q1 and are likely to be down a similar amount in Q2. The second half of 2012 will not be much better and could even be a bit worse. But I think these kind of results are already baked into share prices; that is, expectations for economic and earnings growth came down earlier in the year. U.S. earnings have held up better thus far, though they will be up only a bit in Q2. Second half earnings expectations for the U.S. may need to come down a bit more, in part because companies here will be feeling the effects of the slowdown in Europe. Earnings in Japan are up a lot, but remember that last year Japan was negative impacted by the tsunami and the floods in Thailand. Earnings in Japan should continue to improve. Asia and Latin America have slowed down, and are likely to pick up a bit later this year as monetary easing there gets traction and in particular if China injects stimulus into its economy as we expect.

Of course, as bottom up investors, we buy stocks based on individual company fundamentals and valuations. So, though we have a view on markets, our decision making process is driven by intensive research on individual companies

Q4: In the most recent Morningstar risk rating the Fund garnered a "low" risk rating for the past 5 and 10 year periods ended June 30, 2012. As a multi-cap manager, how do you keep the Fund's risk profile so low relative to your peer group?

Our investment discipline. Though our Fund is categorized as a Foreign Large Value Fund by Morningstar, we do have a meaningful exposure to small and mid-cap companies. As contrarian value investors who think about capital protection, we believe we can best serve our investors by looking across the market cap spectrum to find the best risk/reward opportunities. Our goal is to own the best companies that we can find at the best prices. Of course smaller companies are considered more risky and indeed tend to have higher "betas", a measure of volatility and risk.

The reason we are classified as low risk is that our historical performance is less volatile than the market and we have done better than the market when markets decline. This is a result of our investment discipline. We aim to buy businesses with good returns on capital and good cash generation characteristics. Importantly, we buy businesses that do not have a lot of debt; debt increases volatility and risk. As value investors, we typically invest in boring old world companies in mature industries. And we buy them when they are out of favor with investors. We use this selection discipline regardless of the size of the company. We subject all of our companies to the same rigorous quantitative and qualitative analysis. Lower risk is purely a byproduct of our process. That we have been able to achieve high alpha with low risk means we have met our own expectations in how to best serve our investors.

The Tocqueville International Value Fund (TIVFX)

Overall MORNINGSTAR® Rating

★★★★★

Among 322 Foreign Large Value Funds as of 6/30/12

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 4 stars for the 3-year period and 5 stars for the 5- and 10-year periods ended 6/30/12 among 322, 257 and 145 Foreign Large Value Funds, respectively.

Symbol:	TIVFX
Total assets (6/30/12):	$210.0M
Inception date:	8/1/94

Sales Desk: 1-888-826-0004

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Investment Performance *(as of 6/30/12)*

	Average Annual Total Return			
	1 Year	**3 Year**	**5 Year**	**10 Year**
Tocqueville International Value Fund	**-18.17%**	**8.59%**	**-2.42%**	**7.48%**
MSCI EAFE Index	-13.38%	6.45%	-5.63%	5.62%
S&P 500 Index	5.45%	16.40%	0.22%	5.33%
Morningstar Foreign Large Value Funds Category Average	-15.34%	5.12%	-7.05%	4.75%
Category Rank (%)	80	10	3	6
# of Funds in Category	366	322	257	145
Morningstar Risk	**NA**	**Below Average**	**Low**	**Low**
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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