

The Delafield Fund

October 16, 2017

Dear Fellow Shareholders:

During the quarter, the Delafield Fund's net asset value increased 2.61% versus increases of 4.48% in the Standard & Poor's 500 and 5.67% in the Russell 2000, each on a total return basis. The Fund's net asset value as of September 30th was \$26.38 per share. The total net asset value amounted to \$382,256,520, of which 73.55% was invested in equities with the balance held in reserves.

We will not bore you with a repetition of our political and economic concerns. Suffice it to say that from our perspective, the world is fraught with uncertainties. Therefore we will continue to hold substantially larger than normal reserves in order to safeguard against potential adversity, while trusting in our investments to increase our net worth.

While our performance has trailed the popular indices thus far in 2017, we note that our niche, value investing, is the antithesis of momentum investing, which has propelled the market this year. However, over time, we believe we will outperform, as we have in the past. Virtually all of our investments have strong management teams and generate copious amounts of free cash flow, which should inevitably lead to an increase in their value. Nonetheless, special situations often take considerable time to develop. A year ago we wrote of the Diebold, Incorporated merger with Wincor Nixdorf AG. The process of combining these two companies is in full progress and the savings from the synergies are now expected to reach \$240 million when fully implemented in 2019, as opposed to the \$160 million anticipated at this time last year. We believe our patience with Diebold will reward us as it has with Harsco Corporation, about which we also wrote, and which has since shown a remarkable improvement in operations and seen its value double. Similar progress has taken place at Korn/Ferry International and Hewlett Packard Enterprise Company, also discussed last October. We recognize, of course, that turnarounds do not always succeed rapidly, as has been the case with Xerium Technologies, Inc. which has continued to struggle, though we believe improvement is on the horizon.

While late last year investors focused on the potential for economic improvement under a new administration and the glass seemed half full, more recently, with little political progress made to date, the glass is perceived as half empty. Should the recent efforts to modify the tax code, especially potential changes to the corporate tax rate and repatriation of profit rules, actually succeed; we would expect a meaningful benefit to a number of our industrial holdings which have substantial cash trapped overseas. However, as is our nature, we are not counting on exogenous factors such as these.

As usual the balance of this letter will be devoted to brief commentaries on several of our investments.

* *The performance data quoted above represents past performance. Past performance does not guarantee future results. The investment return and principle value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. The current performance may be lower or higher than performance data quoted.*

Please visit our website (www.tocquevillefunds.com/mutual-funds/delafield-fund/performance.com) to obtain the most recent month-end performance data.

In late September, Calgon Carbon Corporation announced that it had accepted an offer to be acquired by Kuraray Co., Ltd., a Japan based global specialty chemical company. The all-cash deal of \$21.50 per share represented a 62% premium to Calgon's prior day closing price and in excess of 13 times our estimate for 2017 EBITDA, which we considered to be a fair valuation. Thus we sold our holdings.

Electro Scientific Industries, Inc. (ESIO) has been a very successful investment buoyed by quarterly results which corroborated that the transformation initiated by CEO Michael Burger last year has begun to yield tangible improvements. Only six months after announcing a corporate restructuring program, ESIO has successfully reduced its annual operating costs by about \$10 million. Further, owing to favorable end market demand, the Company enjoyed a nearly 50% quarter over quarter sales increase, which combined with benefits of the aforementioned cost savings, resulted in a roughly \$11 million swing in adjusted quarterly profits. In addition to the P&L improvements, Mr. Burger has also largely completed his planned leadership changes, with new VPs of engineering, marketing, and global sales and service all hired within the last six months. ESIO's new products strategy could also be on the cusp of a long awaited ramp, with multi-unit orders of two new tools having been announced during the latest quarter. These signs of progress are encouraging and we believe are the result of management's more focused strategy aimed at better internal resource allocation, sustainable topline growth and free cash flow generation. Nevertheless this is a very cyclical business, and speed bumps along the way should be expected.

During the quarter, Tesco Corporation entered into an agreement with Nabors Industries Ltd. to combine with Nabors in a stock-for-stock transaction. Tesco shareholders are to receive 0.68 shares of Nabors stock when the deal closes in the fourth quarter of 2017. When announced, the transaction represented a moderate premium to Tesco's then current trading price. However, we believe the value actually attained by Tesco's board was disappointing. With few options for recourse we decided to sell our shares.

In September, H.B. Fuller Company announced the intention to acquire Royal Adhesives & Sealants for \$1.575 billion. This sizable acquisition complements Fuller's presence in North America, Europe and China while adding \$650 million and \$138 million to Fuller's revenue and EBITDA, respectively. Royal's product set is similar to Fuller's and we believe the moderate cost synergy estimate of \$35 million will be attained. With the contribution of the expected accretion from the deal we believe it even more likely that Fuller can deliver on their ambitious 2020 year plans so we continue to hold the shares.

Team, Inc. underperformed in the quarter. Since acquiring Qualspec and Furmanite in 2015 and 2016, respectively, market demand for Team's services have been muted. Management had been anticipating that downstream maintenance spending at refineries and petrochemical companies would improve from record low levels in 2016, but this has proven to be incorrect and in July the company was forced to issue a \$230 million convertible note to satisfy debt covenants with lending groups. In addition to weak end markets, the company has also struggled to integrate Furmanite while rolling out a new company wide enterprise resource planning system. The underperforming shares recently caught the attention of an activist investor which led to the ouster of the CEO in September. He has been replaced on an interim basis by a board member while the company searches for permanent new leadership to improve performance. We believe the company's prospects will be brighter in the future as they continue to benefit from a highly fragmented industry, aging customer assets and cheap feedstocks that are driving maximum production levels at customers. Maintenance budgets cannot be deferred indefinitely, and a new focus on operating execution should deliver improved results.

We have followed A. Schulman, Inc. for many years. In March 2015 Schulman acquired Citadel, a specialty engineered plastics company. This proved a terrible acquisition, both operationally and due to heavy debt loads shouldered. In late 2016 Schulman's CEO was replaced by the retired former CEO Joe Gingo who promised a turnaround. When earnings disappointed in July 2017 we took a small position hoping to increase it at lower levels. However, in August of this year Cruiser Capital Advisors LLC filed a 13D indicating their intention to engage with the company to improve its valuation. Subsequently, two additional directors were agreed upon and added to the Board of Directors. Also, Dr. William H. Joyce, former Chief Executive Officer of Nalco, Hercules and Union Carbide, was appointed senior adviser to the board and a consultant to the company. Even more recently the Wall Street Journal has reported that the company is working with investment bankers at Citigroup Inc. on a process to sell the company. We will monitor this situation as closely as we are able.

In July we purchased shares in Acacia Communications, Inc. an optical component supplier with 2016 sales of approximately \$480 million. Acacia's components are embedded into complete network systems that are operated by telecommunication and data center companies such as Verizon, China Telecom, Amazon and Google. Acacia's components convert electrical current to light signals which transmit data that enable both fixed line and cellular networks to operate at high speed. Acacia is widely considered a technology leader in the optical components industry and is focused exclusively on silicon based components. Using a silicon based approach to integrating multiple discrete functions enables the company to significantly reduce the cost of their products compared to traditional approaches, and benefit from expected

advancements in general semiconductor manufacturing. Almost 85% of Acacia's products are sold as modules that include a Digital Signal Processor Application Specific Integrated Circuit (DSP-ASIC) and a silicon Photonic Integrated Circuit (PIC). Acacia's development cycle for DSP-ASIC's is much faster than peers and they are one of a few companies that will sell their DSP on a merchant basis to other module vendors. Currently, about 70% of network equipment manufacturers still design their own DSPs. However, we believe that the increasing capital costs associated with doing so will ultimately drive many of them to rely on their component suppliers, which should meaningfully expand the market for Acacia's DSP merchant sales. During the third quarter Acacia's stock was weak due to what we perceive was a pause in orders from Chinese equipment manufacturers as they digest inventory of components, as well as a manufacturing issue at one of their contract manufacturers. The manufacturing issue has now been resolved and we believe the softness in China is temporary as the government is committed to build out their metro internet network. In addition, we are increasingly excited about the growing market emerging from large internet companies (Amazon, Google, Facebook, Microsoft) buying optical equipment to directly connect their data centers to improve connectivity speeds. We believe that once Acacia returns to growth the stock will respond favorably as incremental profit margins are very high.

We are aware that many shareholders have not been receiving our quarterly letter since it is not distributed to those who are not direct shareholders of the Fund. Accordingly, anyone who wishes to be on our mailing list should either call Cleo Kotis (212-698-0750) or write to us and we will be happy to add you to the distribution list.

With very best wishes.

Sincerely,



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P.S. The net asset value per share of the Fund is determined as of the close of regular trading on the New York Stock Exchange (normally 4:00 P.M., Eastern Time) on each Fund Business Day (as fully described in the Fund prospectus). In addition to the Fund's published NASDAQ listing (symbol: DEFIX), you may check its net asset value by calling 800.697.3863 to speak directly to a Fund representative during the normal business hours of 8:00 A.M.-7:00 P.M., Central Standard Time. During off business hours, you may use the same telephone numbers for a pre-recorded message. The 3-digit code number for The Delafield Fund is 924.

Our website address is: www.tocquevillefunds.com

This discussion reflects the views of the authors as of the date or dates cited and may change at any time. The information should not be construed as investment advice. No representation is made concerning the accuracy of cited data, nor is there any guarantee that any projection, forecast or opinion will be realized.

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TOTAL RETURN WITH INCOME*

<u>Cumulative</u>	<u>Delafield Fund**</u>	<u>S&P 500 Total Index†</u>	<u>Russell 2000 Total Index†</u>
Quarter ended September 30, 2017	2.61%	4.48%	5.67%
Nine months ended September 30, 2017	6.97	14.24	10.94
Inception, November 19, 1993 to September 30, 2017	1,033.71	769.85	720.45
Annual Average			
One year ended September 30, 2017	14.55	18.61	20.74
Three years ended September 30, 2017	2.57	10.81	12.18
Five years ended September 30, 2017	7.58	14.22	13.79
Ten years ended September 30, 2017	5.71	7.44	7.85
Inception, November 19, 1993 to September 30, 2017	10.71	9.49	9.22

TEN LARGEST HOLDINGS‡

<u>Security Name</u>	<u>% of Total Assets</u>
TTM Technologies, Inc.	4.40%
Diebold Nixdorf, Inc.	3.89%
Eastman Chemical Co.	3.55%
U.S. Concrete, Inc.	3.39%
TrueBlue, Inc.	2.64%
Korn/Ferry International	2.58%
HB Fuller Co.	2.28%
G-III Apparel Group Ltd.	2.28%
Horizon Global Corp.	2.19%
Flex Ltd.	2.17%
TOTAL	29.37%

FEES(a)

<u>Shareholder Fees</u>	
<i>(fees paid directly from your investment)</i>	
Maximum Sales Charge Imposed on Purchases	None
Maximum Deferred Sales Charge	None
Maximum Sales Charge Imposed on Reinvested Dividends/Distributions	None
Exchange Fee	None
<u>Annual Fund Operating Expenses</u>	
<i>(expenses that are deducted from Fund assets)</i>	
Management Fees	0.77%
Distribution and Service (12b-1) Fee	0.25%
Other Expenses	0.28%
Total Annual Fund Operating Expenses	1.30%
Less: Fee Waiver/Expense Reimbursement	-0.04%
Total Annual Fund Operating Expenses after Fee Waiver/Expense Reimbursement	1.26%

ASSET MIX

	<u>9/30/17</u>	<u>6/30/17</u>	<u>3/31/17</u>	<u>12/31/16</u>	<u>9/30/16</u>
Equities	73.55	78.27	76.87	76.54	80.42
Corporate Bonds	0.00	0.00	0.00	0.00	0.00
Real Estate Investment Trust	0.00	0.00	0.00	0.00	0.00
Cash Equivalents	26.45	21.73	23.13	23.46	19.58
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

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The Delafield Fund may invest in the stocks of smaller companies which carry special risks including narrower markets, limited financial and management resources, less liquidity, and greater volatility than the stocks of larger companies. The Fund's investments, which are often value or special situations, are likely to not correlate with the overall market averages. Hence, there may be periods when the Fund's performance may lag these measures.

Kindly consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. Please contact us to obtain a prospectus, which should be read carefully before investing. The Tocqueville Mutual Funds may be offered only to persons in the United States and by way of a prospectus. This letter should not be considered a solicitation or offering of any investment products or services to investors residing outside of the United States.

The Delafield Fund is distributed by Tocqueville Securities L.P., 40 West 57th Street, 19th Floor, New York, NY 10019.

** The Delafield Fund performance is stated after fees.

Returns for the periods prior to 9/27/09 reflect the performance of Delafield Fund, Inc. (the "Predecessor Delafield Fund"), which was reorganized into the Delafield Fund on 9/28/09. The Predecessor Delafield Fund had the same Portfolio Managers, investment objectives and investment strategies as the Delafield Fund. Performance since 9/28/09 reflects actual Delafield Fund performance.

† The S&P 500 Index is an unmanaged broad market-weighted average of U.S. blue-chip companies and the Russell 2000 Index is an unmanaged, market-weighted index, with dividends reinvested, of 2,000 small companies, formed by taking the largest 3,000 companies and eliminating the largest 1,000 of those companies. You may not invest directly in the S&P 500 Index or the Russell 2000 Index and, unlike the Fund, they do not incur fees and expenses.

‡ Holdings are expressed as a percentage of total investments and will vary over time. Because the Fund is actively managed there can be no assurances the Fund continues to invest in the securities referenced. Additionally, references to specific securities or industries should not be considered a recommendation for investors.

(a) Represents information from the prospectus, dated February 28, 2017. Effective November 1, 2016, the Advisor has contractually agreed to waive management fees and/or reimburse expenses in order to ensure that Fund's expense ratio does not exceed 1.25% (excluding taxes, interest expense, acquired fund fees and expenses, or extraordinary expenses such as litigation) until at least 3/1/2018. In the absence of these fee waivers, total returns would be lower.

STATEMENT OF NET ASSETS

September 30, 2017

(Unaudited)

Common Stocks - 73.55%	Shares	Value	Common Stocks - 73.55%	Shares	Value
Aerospace & Defense - 1.59%			Media - 1.83%		
Ducommun, Inc. (a)	190,000	\$ 6,089,500	TEGNA, Inc.	525,000	\$ 6,998,250
Auto Components - 3.23%			Metals & Mining - 0.77%		
Genlex Corp.	200,000	3,960,000	Real Industry, Inc. (a)(c)	225,000	405,000
Horizon Global Corp. (a)	475,000	8,379,000	Schnitzer Steel Industries, Inc. - Class A	90,000	2,533,500
		12,339,000			2,938,500
Chemicals - 10.57%			Oil, Gas & Consumable Fuels - 3.29%		
A Schulman, Inc.	30,000	1,024,500	Boardwalk Pipeline Partners LP	475,000	6,982,500
Eastman Chemical Co.	150,000	13,573,500	Marathon Petroleum Corp.	100,000	5,608,000
GCP Applied Technologies, Inc. (a)	120,000	3,684,000			12,590,500
HB Fuller Co.	150,000	8,709,000	Professional Services - 5.22%		
Minerals Technologies, Inc.	85,000	6,005,250	Korn/Ferry International	250,000	9,857,500
PolyOne Corp.	185,000	7,405,550	TrueBlue, Inc. (a)	450,000	10,102,500
		40,401,800			19,960,000
Commercial Services & Supplies - 1.86%			Specialty Retail - 0.47%		
Pitney Bowes, Inc.	150,000	2,101,500	Ascena Retail Group, Inc. (a)	725,000	1,776,250
Team, Inc. (a)	375,000	5,006,250			1,776,250
		7,107,750	Technology Hardware, Storage & Peripherals - 4.94%		
Communications Equipment - 0.68%			Diebold Nixdorf, Inc.	650,000	14,852,500
Acacia Communications, Inc. (a)	55,000	2,590,500	Hewlett Packard Enterprise Co.	275,000	4,045,250
		2,590,500			18,897,750
Construction & Engineering - 3.15%			Textiles, Apparel & Luxury Goods - 5.37%		
Aegion Corp. (a)	305,000	7,100,400	G-III Apparel Group Ltd. (a)	300,000	8,706,000
KBR, Inc.	275,000	4,917,000	Hanesbrands, Inc.	140,000	3,449,600
		12,017,400	PVH Corp.	47,000	5,924,820
Construction Materials - 3.39%			Sequential Brands Group, Inc. (a)	815,000	2,436,850
U.S. Concrete, Inc. (a)	170,000	12,971,000			20,517,270
		12,971,000	Trading Companies & Distributors - 3.75%		
Electronic Equipment, Instruments & Components - 10.29%			Rush Enterprises, Inc. - Class A (a)	140,000	6,480,600
Avnet, Inc.	50,000	1,965,000	WESCO International, Inc. (a)	135,000	7,863,750
Electro Scientific Industries, Inc. (a)	265,000	3,688,800			14,344,350
Fabrinet (a)(b)	125,000	4,632,500	Total Common Stocks		
Flex Ltd. (a)(b)	500,000	8,285,000	(Cost \$207,798,600)		281,143,452
Plexus Corp. (a)	70,000	3,925,600			
TTM Technologies, Inc. (a)	1,095,000	16,830,150			
		39,327,050			
Energy Equipment & Services - 1.25%					
Aspen Aerogels, Inc. (a)	600,000	2,610,000			
McDermott International, Inc. (a)(b)	300,000	2,181,000			
		4,791,000			
Health Care Equipment & Supplies - 2.90%					
Abbott Laboratories	100,000	5,336,000			
Invacare Corp.	365,000	5,748,750			
		11,084,750			
Industrial Conglomerates - 0.74%					
Honeywell International, Inc.	20,000	2,834,800			
		2,834,800			
Internet Software & Services - 1.37%					
Cars.com, Inc. (a)	196,666	5,233,282			
		5,233,282			
Machinery - 6.89%					
Barnes Group, Inc.	90,000	6,339,600			
Crane Co.	75,000	5,999,250			
Harsco Corp. (a)	365,000	7,628,500			
Stanley Black & Decker, Inc.	20,000	3,019,400			
Xerium Technologies, Inc. (a)(c)	700,000	3,346,000			
		26,332,750			

STATEMENT OF NET ASSETS, continued

September 30, 2017

(Unaudited)

Short-Term Investments - 26.50%	Shares	Value
Money Market Fund - 4.93%		
STIT - Treasury Portfolio - Institutional		
Class - 0.900% (d)	18,854,200	\$ 18,854,200
		Principal
		Amount
Money Market Deposit Account - 21.57%		
U.S. Bank Money Market		
Deposit Account, 0.300% (e)	\$82,436,211	82,436,211
Total Short-Term Investments		101,290,411
(Cost \$101,290,411)		
Total Investments		382,433,863
(Cost \$309,089,011) - 100.05%		
Liabilities in Excess		
of Other Assets - (0.05)%		(177,343)
Total Net Assets - 100.00%		\$ 382,256,520

Percentages are stated as a percent of net assets.

(a) Non-income producing security.

(b) Foreign issued security. Foreign concentration was as follows: Cayman Islands 1.2%; Panama 0.6%; Singapore 2.2%.

(c) Affiliated company.

(d) Rate listed is the 7-day effective yield.

(e) Variable rate security. The rate listed is as of 09/30/2017.

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TQ-Delafield:TQDelafieldShareholderLTR 09/17