



Manager Q&A: The Delafield Fund

The Delafield Fund

Symbol:	DEFIX
Total assets (9/30/13):	\$1.7 billion
Inception date:	11/19/1993



J. Dennis Delafield, CFA
Co-Portfolio Manager

Prior to joining Tocqueville in 2009, Mr. Delafield founded Delafield Asset Management, Inc. in 1980 which became affiliated with Reich & Tang Asset Management, LLC in 1991. He has a BA from Princeton University and holds the CFA designation.



Vincent Sellecchia, CFA
Co-Portfolio Manager

Prior to joining Tocqueville in 2009, Mr. Sellecchia held executive level positions at Reich & Tang Asset Management, LLC and Delafield Asset Management, Inc. He has a BA from Boston College, an MBA from New York University, and holds the CFA designation.

Q1: As a value-oriented manager, what drives your stock selection?

First and foremost, we are bottom-up, fundamentally driven managers. Intensive research guides all that we do and is critical to our stock selection. By the end of our research process, we should have a keen understanding of our companies. Our goal is to know everything there is to know about our companies and be better versed than anyone with respect to these companies.

Our research intensive process includes meeting with company management, a thorough examination of quarterly and annual SEC filings (10Qs and 10Ks), and an assessment of capital allocation and balance sheet management. We also perform in-depth financial analysis that looks at a host of factors including operating margins, detailed segment performance and cash flow generation. As a result of our proprietary research, we know the management teams of our holdings very well, their operating tendencies and the marketability of their assets.

Q2: Does your selection process lead you to favor any particular sectors?

Our bottom-up strategy is company oriented, so sector allocation is a by-product rather than an intentional strategic decision. That said, we are currently heavily weighted towards the industrials and materials sectors. Due to their inherent cyclicity, companies within these sectors tend to experience a number of operating cycles as the economy goes through phases. Often these cycles can lead to the types of special situations that we like.

For example, if a particular business has marginal assets, management could make the decision that those assets should be divested, take the proceeds from the sale, and redeploy it into a stock repurchase. As a result, earnings per share will increase which often lends itself to a higher stock price.

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Q3: When you purchase a new position, what are your appreciation expectations?

In general, our goal is to earn 50% over a two year period. However if a stock moves quickly and our appreciation target is met, we evaluate the company's future runway to determine whether the position should remain in the portfolio or liquidate the position and redeploy the assets to a better opportunity.

We will also sell a holding immediately if our analysis is fundamentally flawed due to an unexpected situation that arises that compromises our view of the company's intrinsic value. However more commonly, we liquidate a position because the stock price has met our target expectations or a special situation has occurred.

About Tocqueville

With approximately \$10.6 billion in assets under management as of September 30, 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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Q4: The Fund has held a cash position of approximately 15 – 20% over the past year. Are mid-cap contrarian opportunities becoming more difficult to find or are you expecting a general decline in the market?

Holding cash is not an asset class decision nor do we target a specific level of cash in our portfolio. Instead cash should be viewed as the residual of us not being able to find the appropriate investment ideas at the right valuation. Valuation drives our stock selection and we don't feel compelled to buy into the market and add to existing names if the price is too high. As a value manager with holding periods measured in years rather than months, patience is necessary in our stock selection process.

Investment Performance (as of 9/30/13)	Average Annual Total Return			
	1 Year	3 Year	5 Year	10 Year
The Delafield Fund (DEFIX)	29.15%	15.18%	12.90%	11.51%
Russell 2000 Index	30.06%	18.29%	11.15%	9.64%
S&P 500 Index	19.34%	16.27%	10.02%	7.57%
Morningstar Mid-Cap Value Funds Category Average	28.32%	16.01%	11.81%	9.49%
Category Rank (%)	41	67	20	6
# of Funds in Category	412	363	303	175
Expense Ratio: 1.23%				

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

¹Performance for periods before 9/27/09 is for Delafield Fund, Inc. (the "Predecessor Fund"), which was reorganized into the Delafield Fund on 9/28/09. The Predecessor Fund had the same Portfolio Managers, investment objectives and strategies as the Delafield Fund. Performance since 9/28/09 reflects actual Delafield Fund performance.

The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility.

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