



# Manager Q&A:

## Tocqueville International Value Fund

### Tocqueville International Value Fund

Symbol: TIVFX  
 Total assets (12/31/13): \$270.8 M  
 Inception date: 8/1/94

### Overall Rating



Among 306 Foreign Large Value Funds as of 1/31/14



**James Hunt**  
 Portfolio Manager

Mr. Hunt has been a 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.

### Q1: The Fund had approximately a 50% weighting in European companies at year end. How is the European recovery progressing?

Economic data towards the end of 2013 suggested growth at the center of Europe is improving and in the peripheral markets has gone from negative to positive. The most recent data that came out this year shows growth in Europe and is better than expectations.

In general, Europe is lagging the U.S. recovery by a couple of years. In our opinion, the European market, taken as a whole, is priced about 20% cheaper than the U.S. We believe Europe has been repriced to reflect diminished risk of a negative tail event, such as bank failures. But it hasn't been repriced to capture the possibility of a multi-year improvement in earnings. As a result, we see a number of opportunities throughout the continent in both businesses that focus domestically in their respective countries and exporters. We are finding opportunities in broad areas such as Information Technology, Building Materials and Chemicals.

*“As a value-oriented fundamental manager, we are seeing opportunities in companies where a management’s change has led to an increased focus on improving operating margins and shareholder returns.”*

### Q2: The Fund has held a sizable position in Japan for the past few years. With the Japanese market advancing over 50% in yen terms in 2013 has the market become too expensive?

From a top-down perspective, Japan is experiencing a period of significant change. Prime Minister Shinzo Abe has crafted a multi-faceted program to counter deflation, stimulate growth and restore confidence. So far the program has been working and Japan is in the early stages of a transformation that will likely span a period of years. Importantly, this includes changes in corporate management’s attitude towards shareholder returns and capital allocation.

That said, the market has risen substantially in the past year. Viewed from a bottom-up perspective, we see Japan as a stock picker’s market. As a value-oriented fundamental manager, we are seeing opportunities in companies where a management’s change has led to an increased focus on improving operating margins and shareholder returns. For example, we have recently added FUJIFILM which trades at a low multiple of free cash flow and where management is focused on improving on returns and capital allocation.

### 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: The Emerging Markets seem to have lost their luster with investors. What changed sentiment so quickly?

The Emerging Markets were the first economies to recover from the global crisis and their equity markets were quickly rewarded. In general, they became too expensive from a valuation perspective. Now many of these fast-growing economies are experiencing slowing growth and currency weakness triggered by rising rates in the U.S. With the developed world in various stages of recovery, investors have shifted their attention to these developed regions. As a contrarian manager, during periods of dislocation, such as the current situation in emerging markets, we tend to find opportunity. Currently, we are looking at ideas in several emerging markets, and we have a bias towards countries that are linked to U.S. growth and have a current account surplus, which makes them less vulnerable to an increase in global interest rates if that were to occur.

### Q4: As an all-cap international manager, do you have a market cap “sweet spot” that guides your stock selection?

As a fundamental manager, we find opportunity across the market cap spectrum and include large-, mid- and small-cap companies in the portfolio. That said, we believe our investing “sweet spot” is companies in the \$2-10 billion market cap range that aren't followed as much by analysts. In this space, we believe our proprietary research process can add significant value by uncovering opportunities that often go unnoticed by other, more large-cap dominated, international funds.

Investment Performance (as of 12/31/13)	Average Annual Total Return			
	1 Year	5 Year	10 Year	15 Year
<b>Tocqueville International Value Fund</b>	<b>22.06%</b>	<b>14.38%</b>	<b>8.35%</b>	<b>8.29%</b>
MSCI EAFE Index	23.29%	12.96%	7.39%	4.96%
S&P 500 Index	32.39%	17.94%	7.41%	4.68%
Morningstar Foreign Large Value Funds Category Average	20.81%	11.43%	6.47%	5.75%
<b>Category Rank (%)</b>	<b>44</b>	<b>10</b>	<b>11</b>	<b>5</b>
# of Funds in Category	338	267	140	90
Gross Expense Ratio: 1.56%, Net Expense Ratio: 1.25%*				

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.

**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](http://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.

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 1/31/14 among 306, 267 and 140 Foreign Large Value Funds, respectively.

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 country in which the Fund invests may cause the value of the Fund's investments to decline.

The Fund held 1.71% in net assets of FUJIFILM 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.

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