



# **TOCQUEVILLE ASSET MANAGEMENT L.P.**

## **BROCHURE**

**March 31, 2021**

**This brochure provides information about the qualifications and business practices of Tocqueville Asset Management L.P. (the “Adviser,” “we” or “Tocqueville”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at 212-698-0800 or at [info@tocqueville.com](mailto:info@tocqueville.com).**

**The information included in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Tocqueville is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

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appears at the end of  
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#### **Item 4.           Advisory Business**

##### *Firm Ownership*

Tocqueville is a registered investment adviser with its principal place of business in New York, New York, that commenced investment adviser operations as a subsidiary of Tucker, Anthony & R.L. Day in 1985 and became the independent firm of Tocqueville Asset Management L.P. on October 12, 1989. It has been registered with the SEC since April 27, 1990. The firm's business and affairs are managed by Tocqueville Management Corp ("TMC"), its General Partner ("GP"), which owns 86.6% of the capital of Tocqueville Asset Management. Employees of TMC are the owners of the GP. The Limited Partnership capital interests in TAM are held by John Hathaway (1.7%) and a dynasty trust settled by Robert Kleinschmidt, CEO and CIO of TAM, for the benefit of his children (11.7%)

##### *Advisory Services*

The Adviser provides investment advisory services on both a discretionary and non-discretionary basis to individuals, mutual funds, private investment vehicles and institutional investors, including employer-sponsored ERISA accounts. Accounts are managed in accordance with the investment objectives or guidelines specifically discussed and reviewed with the client and without regard to outside factors such as the client's other assets or personal and family obligations.

Tocqueville generally offers two types of individual discretionary managed account services: first, separately managed accounts for individuals with substantial wealth and institutions with substantial assets having a minimum account size of \$5 million; and second, accounts intended to offer asset allocation and fund selection services for individuals and institutions investing less than \$5 million.

In appropriate circumstances, we will offer supervisory services to clients on either a discretionary or non-discretionary basis. With respect to these clients, our investment professionals (and other personnel) meet periodically with the client to review his or her investment accounts, overall financial needs and position, periodic changes in relevant information, and the relationship between the client's assets under management with Tocqueville and any other investments, in an effort to meet the individual client's financial objectives generally. In connection with our investment supervisory services, we may also analyze and provide recommendations with respect to the client's investments that are not managed by Tocqueville. Fees in addition to the investment management fees described in Item 5 may be charged for such supervisory services.

Unless otherwise instructed or directed by a client, Tocqueville has the discretionary authority generally to: (i) determine the securities to be purchased and sold for the account of a client (subject to restrictions on advisory activities set forth in the applicable advisory agreement and any written investment guidelines); (ii) determine the amount of securities to be purchased or sold for the account of a client; (iii) determine the broker to be used to effect a client's securities transactions; and (iv) determine the commission rates to be paid in connection with a client's securities transactions in connection with both typical discretionary investment management services and investment supervisory services. Tocqueville also has the authority to vote all proxies solicited by or with respect to issuers of securities in which assets of a client's account are invested from time to time, and to participate in or consent on a client's behalf with respect to any class action, plan of reorganization, merger, combination, consolidation, liquidation or similar plan with respect to any issuers of securities in which assets in a client's account are invested which are eligible and for which Tocqueville has the pertinent information necessary to participate.

Tocqueville may, while addressing the client's needs and goals, also discuss matters not related to securities or investments. Such discussions may relate to, among other matters, estate planning; retirement and pension planning; real estate; college financing; charitable gifts; inheritance taxes; medical casualty and life insurance needs; and pension distributions including IRA and Keogh plans. Since we do not offer legal or accounting advice, we will also recommend that the client consult with an attorney or accountant before implementing many of these matters. At the request of the client, we may provide contact information for such professionals who will then be engaged directly by the client on an as needed basis. Tocqueville may also assist clients in analyzing potential investment opportunities in various business entities that have been proposed to the clients by third parties, including investments in limited partnerships, partnerships, joint ventures and corporations. The Adviser will also analyze these investment opportunities from a tax and economic perspective in order to assist clients.

From time to time, Tocqueville may give advice regarding investments in illiquid or other securities (such as restricted securities), which are not readily marketable. In addition, we may proffer advice to clients when requested on potential forms of investment not presently anticipated, including advice as to pre-existing positions in a client's portfolio.

Item 5 and Item 8 provide additional information concerning our method(s) of analysis and investment strategy/strategies.

#### *Tailored Relationships*

As described above, Tocqueville provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, we may agree to tailor advisory services to the individual needs of clients. Currently, the Adviser tailors its advisory services by permitting clients to impose restrictions on investing in certain securities or certain types of securities.

#### *Mutual Funds – Series of the Tocqueville Trust*

Tocqueville provides investment management and advisory services to each series of the Tocqueville Trust. The Tocqueville Trust is registered with the SEC as an open-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), and is comprised of the following series: the Tocqueville Fund, the Tocqueville Opportunity Fund and the Tocqueville Phoenix Fund (each a "Fund" and collectively, the "Funds"). Tocqueville receives from each Fund an advisory fee, which is set forth in each Fund's prospectus. An affiliate of the Adviser, Tocqueville Securities L.P., is the distributor of the Funds.

#### *WRAP Fee and Third Party Sponsored Programs*

Tocqueville provides investment advisory services as a portfolio manager in connection with WRAP fee and third-party managed account programs sponsored by broker-dealers and other financial institutions not affiliated with Tocqueville. In these programs, our investment management services are available to individuals and other clients subject to account minimums specified in the program's documentation. For its services in connection with each program, Tocqueville receives a portion of the total program fee charged by the program sponsor or a separate investment management fee, each of which is based upon the value of the assets under management by Tocqueville.

Under Tocqueville's policies and procedures, WRAP and other third-party sponsored program accounts may not participate in initial public offerings ("IPO") made available to Tocqueville and its other clients. In addition, each program's accounts are treated as a group for purposes of Tocqueville's trade rotation procedures. Item 12 and Item 16 provide additional information concerning our IPO and trade rotation procedures.

#### *Sub-Advisory Services*

Tocqueville may provide sub-advisory services to U.S. registered investment companies (mutual funds), private funds and foreign UCITS, each of which is not affiliated with Tocqueville. As an example, Tocqueville provides investment management services as a sub-Adviser to the American Beacon Tocqueville International Fund ("ABT International"). American Beacon is registered with the SEC as an open-end management investment company under the 1940 Act and is comprised of a series of funds including the ABT International. For its services in connection with ABT International, Tocqueville receives an investment management fee, which is based on the value of the assets of the fund sub-advised by Tocqueville.

#### *Assets Under Management*

As of February 28, 2021, Tocqueville had regulatory assets under management of \$9,074,092,136. On a discretionary basis the Adviser managed \$9,033,435,508 and provided supervisory services on an additional \$40,656,628 on a non-discretionary basis.

## Item 5. Fees and Compensation

### *Asset-Based Compensation*

Compensation for Tocqueville investment management services is based on a negotiable fee scale up to an annual rate of 2.0% of the client's assets under management, subject in certain instances to a minimum fee.

The basic fee schedule of Tocqueville for separately managed accounts, whether discretionary or non-discretionary, is the following:

Assets in the Account	Investment Management Fee (As an Annual % of Assets)
Up to \$ 5,000,000	1.25%
\$ 5,000,001 to \$ 15,000,000	1.00%
\$ 15,000,001 to \$ 25,000,000	0.75%
Over \$25,000,000	Negotiable

Clients transferring management of an account to Tocqueville as a result of their previous investment adviser having joined or merged with Tocqueville may continue to be charged fees in accordance with their prior billing arrangements for a period of up to two years, after which they will be charged according to the Tocqueville billing schedule in force at that time. Tocqueville may offer lesser or different fee schedules to clients based on a variety of factors including, but not limited to, the nature of the investments, length of relationship with the Adviser or a pooling of family assets.

- For accounts with assets valued at less than \$3 million, it is the basic investment philosophy and general recommendation of Tocqueville that a substantial percentage of the assets in such accounts be invested in shares of one or more of the Funds managed by TAM or the fund sub-advised by TAM. Tocqueville receives from each such fund an advisory or sub-advisory fee, which is set forth in each fund's prospectus. The investment management agreement of Tocqueville with respect to client assets being invested in such funds provides that advisory fees (at the rates set forth above) will not be charged on that portion of the account invested in such funds. Please refer to Item 10 for more information about this practice.
- The fees charged to institutional and/or ERISA clients are generally established pursuant to a negotiated management contract with, and specific to, such clients.
- The limited partnerships and other private funds for which the Adviser serves as investment manager typically pay an annual management fee to Tocqueville based on a specified percentage of the fund's assets under management. In addition, investors in such a fund may be subject to an incentive allocation or a performance fee based upon a specified percentage of the investor's profits in any fiscal year. Tocqueville or a related person of Tocqueville may receive all or a portion of such allocation or fee. These fees are typically non-negotiable and payable in arrears. These compensation arrangements are disclosed in the partnership agreements and private placement memoranda for each fund or partnership.
- The principals and staff of the Adviser may carry on personal investment activities for their own account and for family members. The investment advice to such persons may differ from advice given to, or securities recommended or purchased for the Funds, private funds or limited partnerships even though their investment objectives or strategy may be the same or similar.
- Tocqueville offers certain institutional clients the opportunity to invest their accounts in accordance with certain pre-constructed, equity-focused model portfolios developed and maintained to achieve defined investment objectives. Depending upon their specific investment objectives and strategies, these client accounts are invested based on model portfolios that are maintained by the Adviser. The Adviser generally

charges a fee for advisory services in connection with these model portfolio accounts based on a percentage of the client's net assets under management. Depending on the size of the account, the type of account and other factors, Tocqueville and the client will negotiate and agree upon the management fee and payment terms for such accounts pursuant to written contract.

- Occasionally various related client accounts may be grouped together to qualify for a reduced advisory fee ("family billing"). Some advisory accounts are managed at reduced fees or no fees. These fee arrangements may be amended from time to time with the written consent of the client.

Advisory fees are usually payable either monthly or quarterly in arrears and are computed based on the total market value of assets under management in the client account as of the end of each month. If a new client account is established during a month or a client makes an addition to its account during a month, the investment management fee will be prorated for the number of days remaining in the month. If a client's investment management agreement is terminated or a liquidation withdrawal is made from a client account during a month, the fee payable to the Adviser will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the month in which the investment management arrangement was in effect or such amount was in the account.

#### *Performance-Based Compensation*

As noted above, with certain client arrangements, Tocqueville may also receive performance-based compensation, which is compensation based on a share of capital gains on or capital appreciation of the assets of a client (most often such a client is a hedge fund or other pooled investment vehicle). This compensation may be paid to Tocqueville or to a related person and is generally from 10% to 20% of the gain or appreciation. Under certain circumstances, receipt of performance-based compensation may be subject to a hurdle rate. Performance-based fees are currently not negotiable.

#### *Fee Payments*

Clients may select the method by which they would like to pay the investment management fee. Unless otherwise provided for in the investment management agreement or contract, Tocqueville deducts the investment management fee from client accounts by instructing the client's custodian to do so. However, some clients may prefer to be billed directly for the investment management fee, which can be provided for in the investment management agreement or contract. The frequency of fee payment will be as agreed to by the client and Tocqueville, however, unless otherwise provided for in the investment management agreement or contract, fees are payable monthly. For some clients, in accordance with their investment management agreement, the advisory fee is payable quarterly, in arrears, and is calculated based on the total market value of assets under management in the client account as of the end of each month.

Certain clients of Tocqueville pay investment management fees in advance. If the investment management agreement is terminated early, Tocqueville will refund any unearned fee.

#### *Other Account Expenses*

In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, client accounts will also be subject to other expenses that are not paid to Tocqueville. These additional expenses can include custodial charges, brokerage commissions and related costs. Client accounts may also be subject to interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and, costs, expenses and fees (including investment advisory and other fees charged by other investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts.

Assets of qualified clients may be invested in pooled investment vehicles. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales

expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses.

Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, unless otherwise provided, the client will bear its pro rata share of the investment management fee and other fees of the investment, which are in addition to the investment management fee paid to the Adviser.

Please refer to Item 10 and Item 12 for additional information concerning the Adviser's use of its affiliated broker-dealer to execute client transactions, certain benefits received by the Adviser in connection with its use of funds made available by Pershing LLC, and the Adviser's brokerage practices.

The Adviser or certain of its supervised persons receive compensation indirectly in connection with the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds (e.g., where the Adviser has an affiliated broker-dealer, and the affiliated broker-dealer receives commissions or other compensation in connection with the sale of the securities or other investment products).

Tocqueville Securities, L.P. ("TSLP") is a limited partnership 99% owned by the Adviser as the limited partner. The remaining 1% of TSLP is owned by Tocqueville Management Corp. as the general partner. As a result, TSLP is an affiliated broker-dealer of the Adviser and deemed to be a related person of the Adviser.

Many clients direct the Adviser to use the brokerage services of TSLP. The Adviser effects such directed transactions through TSLP, which retains commissions in connection with the transactions, even though the total brokerage commission for the transaction may be higher than that which might have been charged by another broker for the same transaction. When not directed by a client to use TSLP or another specified broker, the Adviser seeks to adhere to its best execution obligations and related policies and procedures. Please refer to Item 10 and Item 12 for more information regarding TSLP and the brokerage practices of Tocqueville.

Clients have the option to purchase investment products that the Adviser recommends through other brokers or agents that are not affiliated with the Adviser.

As noted above, the Adviser or its related persons may receive performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle). As a result of this additional compensation, there is a conflict of interest because the Adviser or its supervised person(s) have an incentive to recommend these securities or other investment products based on the compensation received, rather than on a client's needs. The Adviser has adopted and implemented policies and procedures to monitor frequency of trading and the allocation of investment opportunities to address these conflicts. Please see Items 12 and 16 for more information regarding allocation of investment opportunities.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5, Tocqueville has differing fee arrangements for its clients. In some instances, Tocqueville receives only an asset-based fee from client accounts. In other instances, Tocqueville receives both a performance-based fee and an asset-based fee from client accounts. In addition, certain of the Adviser's investment personnel are compensated on a basis that includes a performance-based component. These differing fee and compensation arrangements raise potential conflicts of interest for Tocqueville and its personnel. Tocqueville has, for example, a financial incentive in allocating securities to accounts to favor client accounts that pay both a performance-based fee and asset-based fee over client accounts that pay only asset-based fees. Tocqueville has adopted investment allocation and aggregation policies, which include a trade rotation process, to address this conflict.

Tocqueville manages client accounts with differing investment objectives and strategies. Certain client accounts engage in short selling of securities while other accounts are prohibited from short selling. These differing objectives and strategies raise potential conflicts of interest for Tocqueville. Tocqueville could, for example, engage in a "short" sale of security for one client account in which the same security is held "long" by another client account. Under procedures adopted to address this conflict, the Chief Compliance Officer ("CCO") is notified when a portfolio

manager has engaged in any short sale of a security held “long” in any client account. The CCO will then request a written explanation from the portfolio manager that the short sale will not disadvantage the “long” client accounts and justifying the short sale. Only short sales that are deemed to not disadvantage “long” client accounts will be permitted.

Tocqueville personnel review investment decisions for the purpose of determining whether accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also periodically compared to determine whether there are any unexplained significant discrepancies. In addition, Tocqueville has also adopted various policies, including its allocation, aggregation, trade rotation and managing multiple account policies, to address these conflicts and to ensure that client accounts are treated equitably. Tocqueville has also adopted procedures requiring the objective allocation of securities made available in limited opportunities such as IPOs and private placements, which seek to ensure fair and equitable allocation among all advisory accounts participating in such opportunities. These policies and procedures are monitored by Tocqueville’s CCO, the Head of Trading and the portfolio managers.

#### **Item 7. Types of Clients**

Tocqueville clients include individuals, high net worth individuals, registered investment companies (mutual funds), SICAVS, private (hedge) funds, WRAP fee and third-party sponsored programs, pooled investment funds, state and municipal public pension plans, IRAs, Taft-Hartley pension plans, ERISA governed plans, profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. The Adviser, however, is not precluded from advising other types of clients that are not listed above.

Tocqueville prefers, but does not require, that a client invest a minimum of \$5 million for separately managed accounts. However, based on the nature of the investments, the length of the client relationship with Tocqueville, a pooling of family assets and related accounts, and other factors, Tocqueville generally imposes a minimum dollar requirement for accounts under management of \$250,000, subject to appropriate exceptions at the discretion of Tocqueville. There are limited exceptions to this policy when accounts through withdrawals or market depreciation may have fallen below the minimum. If the account falls below the minimum requirement due to market fluctuations only, a client will not be required to invest additional funds with Tocqueville to meet the minimum account size.

Minimum investment requirements for the Funds are set forth in each Fund’s prospectus and SAI. The minimum investment requirements of each pooled investment vehicle or private fund are set forth in the fund’s respective offering memorandum.

As discussed above in Item 5, with respect to managed accounts with assets of less than \$3 million, while each portfolio manager has investment discretion for their individual clients, Tocqueville generally recommends that, depending on a client’s investment objectives, a substantial portion of such accounts be invested in shares of one or more of the Funds or a fund sub-advised by TAM. Tocqueville believes that doing so affords smaller accounts the diversification, investment selection, transactional efficiencies, and overall management advantages Tocqueville believes an investment in one or more of such funds provides, as compared with direct investments in the underlying equity stocks or bonds for an individual portfolio of this size. Advisory fees will not be charged on that portion of the client account invested in such funds.

#### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser employs a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, as well as the use of quantitative tools and investment approaches. Tocqueville utilizes various software and databases in connection with the preparation of specific internal reports as well as in conjunction with investment analysis regularly performed as part of account management.

For specific investment strategies or products, Tocqueville has developed a structure of Investment Teams, each with an independent Investment Committee. These are comprised of portfolio managers, each a highly experienced and seasoned investment professional with strong fundamental research background, and research analysts who focus on the Team’s specific market sector and strategy. Each Investment Committee is responsible for designing the investment outlook and strategy as well as analyzing the market sector and securities/investments through extensive



research to establish the list of securities used in their portfolios. There is a Chairman of each Investment Committee who serves as the lead portfolio manager of the group. While there are equal voices among the Team members, the Chairman is the ultimate decision maker, or the tiebreaker in some cases, on investment decisions. Currently there are seven Investment Teams that meet regularly to discuss strategy and investment opportunities:

Investment Teams

Investment Committee Chairmen

Multi Cap Equity	Robert Kleinschmidt
International Multi-Cap Equity	James Hunt
Global Equity	James Hunt
Small Cap Value Equity	James Maxwell
Small-Mid Cap Value Equity	James Maxwell
Small-Mid Cap Growth Equity	Paul Lambert
Fixed Income/Balanced	Heather Perlmutter

The following is a summary of the primary investment strategies employed by Tocqueville for the above noted products:

- **Multi Cap Equity**

The Multi Cap Equity strategy seeks to achieve capital preservation and growth through long-term investment in equity and equity-related securities. The strategy's objective is to produce competitive returns with limited risk through careful selection of undervalued securities. Portfolios are constructed utilizing this strategy through a bottom-up selection process based on fundamental security analysis, and do not seek to replicate a benchmark. Security selection is based on intensive proprietary research and a disciplined investment process. The Tocqueville approach is contrarian and value-oriented, and seeks securities that are depressed in price, out of favor with investors, and trading at a substantial discount to intrinsic value. Security analysis and valuation emphasize free cash flow generation and balance sheet quality, as well as the fundamental strength of a business franchise. This strategy seeks to identify the most attractive risk/reward proposition for the clients/investors across the spectrum of market capitalizations. The strategy is focused primarily on the securities of U.S. issuers listed on the New York Stock Exchange but frequently invests in ADRs of non-U.S. issuers. The portfolio typically contains 40-60 positions. The portfolios managed in accordance with this strategy seek to be well diversified to achieve their investment objectives.

- **International Multi Cap Equity**

The International Multi Cap strategy seeks capital preservation and long-term capital growth primarily through investment in publicly traded equity securities of non-U.S. issuers. The strategy's investment objective is to produce above average returns and limit risk through careful selection of undervalued securities. Portfolios are constructed through a bottom-up selection process based on fundamental security analysis and do not seek to replicate a benchmark. Security selection is based on intensive proprietary research and a disciplined investment process. We seek securities of good businesses that are out of favor with investors and misunderstood, causing them to trade at a substantial discount to intrinsic value. Our fundamental analysis emphasizes the durability of a business franchise, normalized free cash flow generation, balance sheet strength and the track record of management in capital allocation. The portfolio typically contains 40-60 positions.

- **Global Equity**

The Global Equity strategy seeks capital preservation and long-term capital growth primarily through investment in publicly traded equity securities on a global basis. The strategy's investment objective is to produce above average returns and limit risk through careful selection of undervalued securities. Portfolios are constructed through a bottom-up selection process based on fundamental security analysis and do not seek to replicate a benchmark. Security selection is based on intensive proprietary research and a disciplined investment process. We seek securities of good businesses that are out of favor with investors and misunderstood, causing them to trade at a substantial discount to intrinsic value. Our fundamental analysis emphasizes the durability of a business franchise, normalized free cash flow generation, balance sheet strength and the track record of management in capital allocation. The portfolio typically contains 25-35 positions.

- **Small Cap Value Equity**

The investment team for the Small Cap Value strategy believes a value-based approach to fundamental research of special situations in the equity markets can provide investors the opportunity to earn premiums to the broad equity market over time. The team seeks to preserve capital and enhance growth for clients through a conservative investment posture designed to limit market risk through careful stock selection by buying only at measured prices and concentrating on uncovering special situations and depressed investments. The market cap parameters for this strategy are the rolling 12-month smallest and largest of the Russell 2000 Index. The team invests primarily in companies within this market cap range that have little premium in their price for positive investor expectations. The team seeks to anticipate why perceptions might change for the better in the future. Investments are held until they appreciate to a point where there is an unacceptable degree of market risk or until something happens to change the team's view that the company is an attractive investment.

- **Small-Mid Cap Value Equity**

Small-Mid Cap Value Equity portfolios are constructed based on fundamental research predicated on a value-based special situations approach. The investment team seeks to preserve and grow capital for clients through a conservative investment posture. The team also attempts to limit market risk through careful stock selection made only at measured prices. As a result of this risk-averse, contrarian approach to individual stock selection, investments may be made in undervalued companies that are generally under temporary price pressure, are misunderstood, or unwanted. The strategy does not invest to mimic a specific benchmark, but rather to develop a portfolio based on independent research. The investment approach is driven by bottom-up value analysis with an emphasis on uncovering special situations and undervalued investments. Money is managed on the premise that internally generated proprietary research and a focus on smaller capitalization companies not generally followed by Wall Street will produce superior returns over a market cycle. The investment team's investment process focuses on assessing value in relation to earnings power, emphasizing free cash flow, and evaluating management philosophy, capability, and commitment.

- **Small-Mid Cap Growth Equity**

Small-Mid Cap Growth Equity portfolios are built around a stock selection methodology in which earnings and sales growth, valuation, and profitability are assessed through fundamental-based research. The investment team seeks companies which are market leaders in growth industries, have a strong brand name, and whose sales and earnings have increased at a consistent rate. The investment approach includes the analysis of company financial statements.

- **Fixed Income/Balanced**

The Tocqueville fixed-income investment strategy primarily focuses on investing in the fixed-income market when suited for the preservation and prudent growth of core wealth by seeking value among investment grade securities. In certain portfolios where the investment guidelines permit, Tocqueville will look beyond investment grade securities in seeking capital appreciation as well as income where the risk reward profile in debt securities is deemed superior to other tranches in an issuer's capital structure. However, there are circumstances when it is considered appropriate to simultaneously invest in both the debt securities as well as the equity securities of an issuer. Tocqueville manages taxable and tax-exempt fixed income portfolios for individual and institutional clients with a total return investment horizon and comparable to several well-known benchmarks, as appropriate to the stated investment strategy. Each fixed-income portfolio is uniquely structured to fit the client's specific tax situation and risk guidelines. Portfolios can be structured to provide income and to fund short-term cash flow needs. When appropriate, based on market conditions and client circumstances, portfolios can be managed to produce a higher yield than currently available in traditional investment grade bonds and lower volatility than the S&P 500 Index. In order to be less correlated to the bond market in a persistently low interest rate environment, non-traditional assets may be used. These assets include income-oriented equities; master limited partnerships (MLPs); fixed-to-floating rate preferred stocks and bonds; emerging market debt; high yield bonds and bank loans; and real estate investment trusts (REITs).

The portfolio managers and analysts of Tocqueville meet weekly as a group to share and evaluate new investment opportunities, as well as discuss existing portfolio investments of Tocqueville's managed accounts. These meetings

serve as a forum for debate where investment ideas are discussed, analyzed and critiqued by Investment Team members, other portfolio managers and equity analysts. The meetings also serve as a forum to discuss general economic, political, market and other influences that might impact the Tocqueville investment strategy, and to develop broad guidelines for Tocqueville's investment policy. While encouraged to participate in the process, portfolio managers, which in some cases are individuals and in other cases an Investment Team of managers focused on a specific strategy or product, have full discretion over their client accounts and may implement recommended investment ideas, as they deem appropriate, in accordance with their professional opinion and the requirements of individual clients. The investment styles at Tocqueville range from traditional value to conservative growth, however, there is neither an expectation nor a demand that portfolio managers radically modify or change their investment management style upon joining Tocqueville.

In implementing the foregoing strategies for clients, the Adviser, through an individual portfolio manager or a Team, may employ one or more the following strategies:

- *Buy and Hold.* In implementing the strategy, a client, the Adviser, or team may buy securities and hold them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.
- *Leverage.* In implementing the strategy for a client, the Adviser or team may borrow funds from brokerage firms, banks, and other institutions in order to be able to increase the amount of capital available for investment.
- *Short Selling.* In implementing the strategy for a client, the Adviser or team may engage in short sales of securities. In a short sale, the Adviser sells a security for a client that it does not own in anticipation that the market price of that security will decline.
- *Option Trading.* In implementing the strategy for a client, the Adviser or team may engage in various investments whose ultimate value is determined from the value of the underlying investment. In most cases this underlying investment is the common stock of a listed company, but synthetic options can be structured around a variety of financial instruments. The Adviser engages in the following types of option trading strategies:
  - 1) Bullish options strategies are employed when the portfolio manager expects the underlying investment, the stock price, to move upwards.
  - 2) Bearish options strategies are employed when the portfolio manager expects the underlying stock price to move downwards.
  - 3) Neutral strategies, or non-directional options strategies, are employed when the portfolio manager is uncertain if the price of the underlying investment rise or fall. Non-directional strategies are most often designed to take advantage of the expected volatility of the underlying stock price.
- *Hard Assets.* In implementing the Real Asset Equity Strategies for a client, the Adviser may invest in gold bullion.
- *Special Situations.* In implementing the strategy for a client, the Adviser may employ a group of trading strategies including event-driven strategies, capital -structure arbitrage, risk arbitrage, distressed, and spin-offs. Depending on the specifics of the situation, the trading strategy may involve hedging.

These methods, strategies and investments involve risk of loss to clients, and clients must be prepared to bear the loss of their entire contribution/investment. The material risks relating to the foregoing investment strategies include the following:

- *Market.* All the strategies have market risk, which is the risk that the market value of a security will fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than it was at

the time of purchase. Market risk may affect an individual security, a particular sector or the entire market.

- *Buy and Hold* brings specific risks to a securities portfolio because the Adviser may not take advantage of short-term gains in a security that could be profitable to a client. Moreover, if the Adviser's predictions are incorrect, a security may decline sharply in value before the security is sold.
- *Hedging* provides no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.
- *Leverage* may result in more volatile performance of the client's account.
- *Short Selling Risk* exposes the client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- *Liquidity in Positions and Markets* may increase the volatility of the client portfolio as the result of investment in positions in less liquid or non-exchange traded securities, including equities and fixed income securities. These positions entail risks including increased transaction costs and potential difficulty in exiting the position.
- *Concentration of Positions* exposes the client to the risk of the portfolio being concentrated in a relatively small number of positions. This concentration can lead to more volatility than might be the case in a more diversified portfolio.

The Adviser invests in various securities and financial instruments in connection with its investment strategies, including equity securities and fixed-income securities of U.S. and non-U.S. issuers. In connection with managing certain accounts, the Adviser or its supervised persons may also invest in other securities and instruments, including commodities, hard assets and derivatives. The following risks are those most associated with the types of securities and other financial instruments that are recommended to clients.

- *Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market. Terrorism and related geo-political risks as well as global pandemic disease or virus have led, and may in the future lead, to increased short-term market volatility and could have adverse long-term effects on world economies and markets generally.
- *Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.
- *Debt Securities.* Investment in debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest

rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Investments in lower-rated debt securities will also subject the investments to the risk that the securities may fluctuate more in price and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

- *Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.
- *Commodities.* Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's portfolio and the value of its investments. In addition, the value of the Adviser's portfolio may fluctuate as the general level of interest rates fluctuates.
- *Derivatives.* Derivative instruments, including options, warrants, forwards, futures and swaps, in which the funds invest are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments may require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

The Prospectus and SAI of the Tocqueville Trust managed by the Adviser describes the strategies and risks of investing in each Fund of the Trust.

#### Additional Risks Relating to the Adviser

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and Tocqueville's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events could result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Tocqueville and its service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and duration of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

*Cybersecurity Risk.* The information and technology systems of Tocqueville and of key service providers to Tocqueville and its clients may be subject to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons or security breaches, usage errors by employees, power outages or catastrophic events such as fires or hurricanes. In the unlikely event that these systems are compromised, become inoperable for extended periods of time, or cease to function properly there could be

significant interruptions in the operations of Tocqueville or its client accounts or a compromise of the security, confidentiality, or privacy of sensitive data, including personal information.

Tocqueville has implemented various measures and uses computer systems to manage a broad range of data, including confidential information about our clients, and has adopted risk-based policies and implements controls reasonably designed to manage the risks of cyber events and protect these systems from unauthorized access. Specifically, Tocqueville employs technology, including firewalls, intrusion detection and pattern recognition appliances and software to secure the internal computer network; employees are trained to identify cybersecurity threats; and encryption technologies and access controls are utilized within the firewalls to further protect sensitive information. Despite these controls and programs, there is always the risk that Tocqueville will experience a breach of its systems that could impact its operations or compromise data that it maintains. If necessary, Tocqueville is prepared to respond with the appropriate resources to contain and remediate any breach and to restore its operations. Should a breach of our systems result in the material compromise of confidential client information, Tocqueville will undertake reasonable efforts to notify any affected client.

*Systems and Operational Risk.* Tocqueville relies on certain financial, accounting, data processing and other operational systems and services that are employed by Tocqueville and/or by third party service providers, including prime brokers, third party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Tocqueville and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked or accounted for or related to other similar disruptions in the clients' operations. In addition, as noted above, despite certain measures established by Tocqueville and third-party service providers to safeguard information in these systems, they are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss, or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, and liability under applicable law, regulatory intervention or reputational damage.

*Valuation of Portfolio Holdings.* Conflicts of interest may be heightened when assets do not have readily ascertainable market values. Higher valuations of client assets could result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. In addition, inflated valuations could result in better performance which could assist in marketing for the Adviser. Tocqueville addresses such conflicts using a Valuation Committee with responsibility for establishing methodologies for setting the "fair valuation" of any security that does not have a readily ascertainable market value. Each "fair valued" security is periodically reviewed by the Valuation Committee to determine whether modification of the valuation is warranted.

## **Item 9. Disciplinary Information**

This Item is inapplicable.

## **Item 10. Other Financial Industry Activities and Affiliations**

Certain of the Adviser's management persons are registered representatives of TSLP.

As noted in Item 5, when Tocqueville has brokerage discretion to select broker-dealers to effect securities transactions for clients, Tocqueville will utilize TSLP to effect a portion of such transactions when it is determined that best execution can be achieved. Clients may also direct the Adviser to transact trades through TSLP.

TSLP is an introducing broker only. Pershing LLC ("Pershing"), an unaffiliated, registered broker-dealer, serves as the clearing broker to TSLP and carries accounts for TSLP clients on a fully-disclosed basis. Client funds and securities are custodied at Pershing unless otherwise instructed by the client. For its services, Pershing receives a portion of any compensation paid to TSLP for effecting securities transactions. TSLP may utilize floor brokers on the New York Stock Exchange, Inc., electronic communication networks ("ECNs"), ATSS, Dark Pools and other broker-dealers to execute trades. The broker-dealers, ECNs, ATSS and Dark Pools utilized by TSLP may be compensated by TSLP.

TSLP retains commissions in connection with execution of transactions for advisory accounts. Such remuneration will be paid by the client in addition to advisory fees paid to Tocqueville. The use of TSLP by Tocqueville when it has brokerage discretion varies by client and by the types of securities held in the client's account and, in some cases, may represent a significant percentage of the client's overall transactions during any given period. TSLP is not used to execute securities transactions on behalf of advisory accounts that are subject to ERISA or for Individual Retirement Accounts (IRAs) unless otherwise directed by the client.

On a quarterly basis, the Adviser engages an independent consulting group to evaluate the execution quality and transaction costs of all brokers used by TAM, including TSLP. This transaction cost analysis is reviewed and monitored by the Best Execution Committee of the Adviser.

A portion of Tocqueville's non-ERISA clients' cash is invested in shares of certain money market funds offered through Pershing, the clearing firm for TSLP. In addition to receiving an advisory fee from these clients, Tocqueville receives money market rebates from certain of these funds, which creates a conflict for Tocqueville because it is incentivized to invest client assets in shares of these funds providing rebates to it.

Also, as noted above in Item 5, for client accounts with assets less than \$3.0 million, it is the basic investment philosophy and general recommendation of the Adviser that a substantial percentage of assets in such accounts be invested in shares of one or more of the Funds managed by Tocqueville. The Adviser receives investment advisory fees from the Funds for its management services to the Funds. TSLP serves as distributor of shares of the Funds and receives Rule 12b-1 fees from the Funds for the distribution services that it provides. These arrangements represent a conflict of interest because they provide an economic incentive for Tocqueville and its portfolio managers to recommend investments in shares of the Funds. For advisory accounts where investment in the Funds is contemplated the investment management agreement of Tocqueville provides that advisory fees will not be charged as to that portion of the managed account invested in shares of one or more of the Funds. Moreover, no sales load or deferred compensation charge is paid with respect to investments made by clients in any Fund.

#### *Private Funds*

Tocqueville Partners, LLC, a related person of the Adviser, is the general partner to private funds organized as limited partnerships: in particular, Tocqueville Global Partners, L.P. ("Global Partners"). Tocqueville Partners, LLC is also the managing member of a limited liability corporation that is the general partner of a private fund organized as a limited partnership, JKM Fundamental Value, LP ("JKM"). Tocqueville serves as the investment adviser to each of these funds. Tocqueville is also the investment adviser to another private fund organized as a limited partnership: Taubenpost L.P. ("Taubenpost"). This is a Delaware limited partnership. As described below, these private funds may pursue investment strategies that are similar to those used in separate accounts managed by Tocqueville and they may invest in the same or similar securities. Certain of these private funds may also use leverage and short selling of securities as part of the investment strategy. Some of these private funds may charge a performance-based fee in addition to the customary management fee.

Global Partners seeks to achieve capital preservation and growth through long-term investment in equity and equity-related securities globally. The strategy's objective is to produce superior returns and limit risk through careful selection of undervalued securities. Portfolios are constructed through a bottom-up selection process based on fundamental security analysis, and we do not seek to replicate a benchmark. Security selection is based on intensive proprietary research and a disciplined investment process. The approach is contrarian and value-oriented, seeking securities that are depressed in price, out of favor with investors or misunderstood, causing them to trade at a substantial discount to intrinsic value. The fundamental analysis emphasizes the durability of a business franchise, normalized free cash flow generation, balance sheet strength and a track record of management in capital allocation. This strategy seeks to identify the most attractive opportunities for the investors across the spectrum of market capitalizations. The portfolio typically contains 25-35 positions.

Taubenpost's primary objective is to achieve long-term, after-tax capital appreciation. The principal investment medium is common stock, but at times it may invest in cash equivalents and various forms of debt when these appear to offer attractive returns. The managers look for opportunities in three primary areas: broken high-quality growth stocks, special situations (such as bankruptcies, spin-offs, liquidations, large stock buybacks, levered

recapitalizations/equity stubs, and asset restructurings) and micro-cap stocks, defined as \$200 million or less in market capitalization. Research is conducted on a bottom-up basis to identify the specific companies that fit into the investment theme. The managers use various methods to gather this information including extensive management interviews and on-site visits, customer contacts through tradeshows and referrals, reading of trade magazines, competitive benchmarking and research, and use of industry consultants.

JKM invests primarily in “mispriced” publicly traded micro and small capitalization equity securities (defined as between \$75 million and \$4 billion in market capitalization) utilizing a fundamental, value-based and research-intensive process to discover such opportunities. “Mispriced” stocks often have a catalyst for change such as shifts in corporate or capital allocation strategies, management turnover, merger and acquisition activity, and operational restructuring that may be misunderstood or overlooked and, therefore, be incorrectly valued by the market. It is these types of opportunities that the managers will pursue. The managers believe that these special situation opportunities can lead to fundamental changes in companies that are often not obvious to other investors and that can enable a company’s operations, as well as its stock price, to prosper, regardless of macro factors. While JKM will focus on these types of investment opportunities, the managers will also, at times, opportunistically invest in securities that have experienced severe price declines due to temporary factors, such as earnings results shortfalls.

Each of the limited partnerships or private funds for which Tocqueville or its related person serves as general partner, managing member or investment adviser has and may in the future enter into agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or LLC. For example, such terms and conditions may provide for special rights to make future investments in the partnership or LLC, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a reduction or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership or LLC on a more frequent basis or that include information not provided to other shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or LLC and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or LLC and may, among other things, be based on the size of the limited partners or shareholder’s investment in the partnership, LLC or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or LLC for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or LLC.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Tocqueville has adopted a Code of Ethics (the “Code”) that requires, with limited exceptions, its “access persons” to obtain preclearance of personal securities transactions. An “access person” is anyone who (i) has access to nonpublic information regarding any clients’ purchase or sale of securities, or nonpublic information regarding portfolio holdings of any Reportable Fund; or (ii) is involved in making securities recommendations to clients (which in accordance with SEC interpretation includes selecting securities on behalf of clients); or (iii) is involved in researching or analyzing securities or who has access to such recommendations or research that are nonpublic. For purposes of the Code, all officers, directors, partners and employees of Tocqueville as well as temporary interns and certain third-party consultants are deemed access persons and are required to comply with applicable federal securities laws. The Code contains other restrictions and reporting requirements designed to limit potential conflicts of interest. Securities accounts of Tocqueville access persons and their immediate families are reviewed to determine compliance with the restrictions. Clients or prospective clients may obtain a copy of the Code by contacting the firm at [info@tocqueville.com](mailto:info@tocqueville.com) or by telephone at 1-800-355-7307.

Tocqueville, during its investment management activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures (including a restricted list of securities) that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from



communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, because of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place personal trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices could also harm clients by adversely affecting the price at which the clients' trades are executed. Tocqueville has adopted the following procedures to minimize such conflicts:

- Access persons must pre-clear all transactions in their personal accounts with the CCO or other designee, who may deny permission to execute the transaction if such transactions will have any adverse economic impact on any of its clients.
- Access persons are required to have duplicate confirmations and account statements delivered to the Compliance unit and must disclose and certify their securities transactions on a quarterly basis.
- Access persons must report all personal securities holdings on an annual basis and provide an annual certification of such holdings.
- Access persons are prohibited from executing personal securities transactions of any kind in any securities on the restricted securities list maintained by the CCO.
- Access persons may not participate in Initial Public Offerings ("IPO") or follow-on offerings.
- Access persons' personal trades in a security are aggregated with client trades in the same security on the same day, resulting in all aggregated trades getting the same average price.
- Personal trading is reviewed daily by the CCO or other designee and compared with pre-clearance requests on file as well as with transactions for the client accounts and against the restricted securities list.
- To the extent that Tocqueville has authority to vote proxies, all clients' proxies are voted according to predetermined guidelines rather than subject to the Adviser's (or its related persons') discretion. Please refer to Item 17 for further information regarding the proxy voting policy and procedures of Tocqueville.

The Adviser or a related person for its own account from time to time invests in private entities that are controlled by an advisory client of the Adviser or in which an advisory client has a significant ownership interest. The Adviser or a related person from time to time recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or related person buys or sells the same securities for its own account in accordance with the procedures described above and below in Item 12. These procedures minimize the conflicts stemming from situations where the contemporaneous trading might result in an economic benefit for the Adviser or its related person to the detriment of the client. Further, the personal trades of access persons are not of a value significant or volume enough to affect the value of individual securities or the securities markets. In addition, the Adviser has adopted trade rotation and aggregation policies and procedures, discussed in Item 12, which further address the conflicts.

## **Item 12. Brokerage Practices**

### *Affiliated Broker*

TSLP is the affiliated broker-dealer of Tocqueville. Many advisory clients of Tocqueville direct the use of TSLP for the execution of trades in their accounts as described below under Directed Brokerage. As a result, all securities transactions for these clients are executed with TSLP as directed by the client.

Unless otherwise instructed or directed by a client for which it has discretion, Tocqueville has the authority generally to determine the broker to be used to effect a client's securities transactions and the commission rates to be paid in connection with a client's securities transactions. When exercising its discretion to select broker-dealers to execute securities transactions for clients, Tocqueville selects brokers in accordance with its obligation to seek best execution as further described below.

Tocqueville believes that TSLP offers ease and quality of execution, access and administrative efficiencies not afforded by unaffiliated broker-dealers. Because of the affiliation between TSLP and Tocqueville, TSLP and its personnel have a familiarity with the execution requirements of the portfolio managers of Tocqueville and, for accounts in custody with Pershing through TSLP, have ready access to account information of clients of Tocqueville. TSLP and Tocqueville have in place a direct computer link-up that expedites and simplifies the retrieval of essential data regarding client accounts.

Although Tocqueville believes that TSLP's commission rates are generally competitive with that of unaffiliated broker-dealers providing comparable services and overall qualitative execution, Tocqueville does not represent to clients that it will necessarily obtain the lowest possible commission charge on every trade. Tocqueville effects all transactions through TSLP on an agency basis. Tocqueville believes that this ensures the best execution for its clients by using TSLP's clearing agent's trading facilities as well as other broker-dealers that provide access to securities markets.

### *Best Execution*

In selecting brokers, Tocqueville considers several relevant factors including, but not limited to, execution capability, responsiveness and commission rates; research and other services offered by a broker; and the size and type of the transaction. The Best Execution Committee of Tocqueville reviews quarterly the execution performance and commission charges of brokers used to execute trades, including TSLP. In connection with this process, the Committee reviews reports, and analyses prepared by independent third parties evaluating the execution performance and commission costs of all brokers used by the Adviser.

In connection with its best execution obligations to its registered investment company clients, Tocqueville is prohibited from considering the promotion and sale of shares of a registered investment company when selecting a broker-dealer to effect portfolio securities transactions on behalf of a registered investment company. This prohibition is in accordance with the provisions of Rule 12b-1(h) of the 1940 Act.

### *Soft Dollar Arrangements*

Tocqueville also utilizes brokers providing research and brokerage services even though lower commissions may be charged by TSLP or brokers not offering such services. Tocqueville utilizes what are commonly referred to "soft dollar" arrangements to acquire brokerage and research services that provide lawful and appropriate assistance to Tocqueville in carrying out its investment decision-making responsibilities. Under these arrangements, rather than spending cash ("hard dollars") Tocqueville obtains brokerage and research services from a broker in exchange for commissions. Tocqueville intends for these arrangements to comply with Section 28(e) of the Securities Exchange Act of 1934. In addition, client commission arrangements ("CCA") and commission sharing arrangements ("CSA") have been implemented with specific brokers by which Tocqueville contracts for brokerage services at a specified commission rate with a portion of the commissions generated being deposited in a separate commission "pool". Tocqueville will periodically direct the CCA/CSA vendor to pay specified dollar amounts from that pool for 28(e) eligible research services rendered by another service provider. Payment to the research provider is not conditioned,

directly or indirectly, on the execution of any particular transaction(s) in securities that are analyzed by the research service. Further, the research service provider does not perform other functions typically characteristic of broker-dealer activity (i.e., execute, clear, or settle securities transactions). The determination as to Section 28(e) eligibility and the value of the research service received is the sole independent responsibility of Tocqueville under its soft dollar arrangement procedures.

In this regard, Tocqueville may receive and use the following brokerage services: (i) communication services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, including: (A) dedicated lines between broker-dealers and Tocqueville's order management system, (B) lines between broker-dealers and order management systems operated by third party vendors, (C) dedicated lines providing direct dial-up service between Tocqueville and the trading desk at broker-dealers, and (D) message services used to transmit orders to broker-dealers for execution; (ii) trading software operated by a broker-dealer to route orders to market centers; (iii) software that provides algorithmic trading strategies; (iv) software used to transmit orders to direct market access systems; (v) clearance and settlement in connection with a trade; (vi) short-term custody related to effecting a trade; (vii) electronic communication of allocation instructions between institutions and broker-dealers; (viii) routing settlement instructions to custodian banks and broker-dealers' clearing agents; (ix) post trade matching of trade information; and (x) services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

During the past year, Tocqueville received all the brokerage services listed above.

Tocqueville may receive and use the following research services: (i) research reports (including market research); (ii) certain specialized financial newsletters and trade journals; (iii) software providing analysis of securities portfolios; (iv) attendance at certain seminars and conferences; (v) discussions with research analysts; (vi) data services (including services providing market data such as stock quotes, last sales prices and trading volumes; company financial data; and economic data such as unemployment and inflation rates or GDP figures); and (vii) advice from brokers on order execution.

During the past year, Tocqueville received all the research services listed above.

The use of client commissions to obtain research and brokerage products and services raises conflicts of interest. For example, Tocqueville will not have to pay for the products and services itself. This creates an incentive for Tocqueville to select or recommend a broker-dealer based on its interest in receiving those products and services.

To monitor this conflict, the Best Execution Committee periodically reviews the brokerage and research products Tocqueville obtains from brokers and the commissions charged with respect to such products to determine whether the commissions are reasonable in relation to the value of the brokerage and research products. This determination will be viewed in terms of either the specific transaction or Tocqueville's overall responsibilities to the accounts or portfolios over which Tocqueville exercises investment discretion. The benefits derived from a broker in return for commission business may be used in serving some or all of Tocqueville's clients. In addition, some research or other benefits may not necessarily be used by Tocqueville in servicing the clients whose commission dollars provided for the benefit or research.

At times, Tocqueville uses a product or service determined to be of "mixed-use", meaning that a portion of the product or service is used to provide *bona fide* research as part of the investment decision-making process and the other portion of product is used for non-research purposes. In these situations, Tocqueville will make an allocation of the cost of such product or service based on its evaluation of the research and non-research uses of the product or service. The non-research portion will be paid for by the Adviser with hard dollars. This evaluation represents a conflict of interest for Tocqueville because the cost of the product or service will be paid using both hard and soft dollars, the hard dollars being paid by Tocqueville for the non-research portion and soft dollars for the research portion. For any research product or service that is used by or shared with an affiliate of Tocqueville, the affiliate will be responsible for a hard dollar payment of that portion of the product's expense that is equal to the percentage of the value of its clients' assets to the aggregate value of its clients' assets and the assets of Tocqueville's clients.

### *Directed Brokerage*

When a client directs Tocqueville to use a specified broker, including TSLP, to execute all or a portion of the client's securities transactions, Tocqueville treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion Tocqueville would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions generally for the client's account. Although Tocqueville attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case Tocqueville will continue to comply with the client's instructions. The client, therefore, should consider whether under its direction, commissions, execution, clearance and settlement capabilities and fees for custodial or other services provided to the client by the directed broker-dealer (as applicable) will be comparable to those otherwise obtainable. A client making such a direction also should understand that it could lose the possible advantage that non-designating clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security. However, transactions in the same security for accounts that have directed the use of the same broker will be aggregated. The client who directs Tocqueville to use a specific broker may pay higher commissions or receive less favorable execution on some transactions at least in part because the directed broker may maintain a higher commission schedule or provide less favorable service or because such transactions may be excluded from combined orders and any corresponding economies of scale. In addition, such client may not be able to participate in an allocation of shares of a new issue if another broker sells those shares. When the directed broker is unable to execute a trade, Tocqueville will select brokers other than the directed broker to effect client securities transactions.

Under certain wrap and third-party sponsored programs, Tocqueville is not directed by clients in the program to execute trades through the program's sponsor or its affiliate. Clients in these programs have, however, pre-paid commissions to the program's sponsor for securities transactions. Consistent with its best execution obligations, Tocqueville may, but is not required to, utilize the program's sponsor or its broker-dealer affiliate to execute securities transactions for clients in the program.

### *Trade Aggregation & Allocation*

Trade orders submitted to Tocqueville's trading desk separately by different portfolio managers at different times will be executed using the portfolio manager's instruction (e.g., market order, limit order etc.) until completed. When completed, the trade will be fully allocated and processed in accordance with the allocation statement received by the trading desk at the time the trade order was submitted. Prices will be bundled to the extent possible. Commissions will be determined for each client account on an individual basis.

Tocqueville will aggregate orders when possible. As a result of this general aggregation policy, two or more orders that are submitted to the trading desk simultaneously (or within a reasonable time frame of each other) for the same security will be aggregated together and allocated in accordance with the allocation request provided by the portfolio managers who submitted the orders included in the aggregated order. If the aggregated order is partially filled the following procedures will apply:

- (i) At the portfolio manager's discretion, the trading desk will fill small accounts first up to 100% of each such account's allocation (for this purpose small accounts are generally considered those client accounts with \$3 million or less in assets or those accounts that will receive 1,000 shares or less in a 100% allocation);
- (ii) The trading desk will allocate the balance of the partial fill pro-rata for larger accounts (rounded to the nearest round lot size) based on the initial order size, subject to the minimum allocation described above; and
- (iii) Orders for client accounts with special handling will be completed with the main allocation when possible.

Client accounts (as well as any access person's trades) participating in an aggregated order will receive the average price for the security. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client account. Tocqueville uses this procedure to avoid any preferential treatment among client accounts or to access persons.

To the extent that trades cannot be aggregated, Tocqueville will utilize its trade rotation policy. The trade rotation policy is designed to provide an impartial process for executing trade orders for client accounts subject to the policy. The objectives of the policy are achieved by rotating the order in which trades are entered into the market among the different client groups, including, but not limited to, institutional accounts, WRAP programs, separately managed accounts and mutual funds. The rotation will determine the order of execution for those client accounts placed into a sequentially numbered group on the trade rotation list.

On rare occasions, Tocqueville or TSLP may execute transactions in which a client's securities are sold to or bought from a brokerage customer of TSLP or another client of Tocqueville. Normally there is no brokerage commission charged on such transactions. Such transactions, when they occur, shall be affected in compliance with Rule 206(3)-2 under the Investment Advisers Act of 1940, as amended, and, as applicable, Rule 17a-7 and Rule 17e-1 under the 1940 Act.

### **Item 13. Review of Accounts**

The portfolio managers or investment team members review client accounts regularly; often daily. Holdings are monitored considering trading activity, significant corporate developments and other activities that may dictate a change in portfolio positions. If a portfolio manager plans to implement purchases or sales of a holding, a review is conducted of the accounts managed holding such security prior to selling or purchasing the security for such accounts. Accounts are also reviewed periodically by the portfolio managers from the standpoint of specific investment objectives of the client or as particular situations may dictate. All accounts will be reviewed in their entirety every quarter. Significant market events affecting the price of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients may trigger reviews of client accounts on other than a periodic basis.

Tocqueville furnishes clients with statements, at least quarterly, regarding their accounts, which set forth the investments, held as of the date of the statement (with cost, market value, and quarterly income information); realized gains and losses in the account to date; income collected and/or distributed; and all principal transactions effected for the account. Some clients request to receive monthly statements or reports. Investors in any private funds or registered investment companies receive reports as described in the applicable offering memorandum or prospectus. Clients are encouraged to review and compare the statements received from the Adviser with those received from the client's custodian.

### **Item 14. Client Referrals and Other Compensation**

As noted above, Tocqueville receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for Tocqueville to select or recommend broker-dealers based on our interest in receiving the research or other products or services and may result in the selection of a broker-dealer based on considerations that are not limited to the lowest commission rates and could result in higher transaction costs than would otherwise be obtainable on behalf of clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices, including its procedures for addressing conflicts of interest that arise from such practices.

Tocqueville does not receive cash or other benefits (other than research services) from a non-client in connection with giving advice to clients, except as otherwise disclosed herein.

Tocqueville may arrange for clients to purchase certain fixed-income securities with maturities of more than one year in periodic auctions conducted at intervals of less than one year through which interest rates may be adjusted and holders of the securities may offer their securities for purchase by other investors. TSLP may receive a sales commission from unaffiliated brokers in connection with these auctions. There can be no assurance that the auctions at which these securities are purchased and sold, and interest rates are adjusted, will be successful; in which case a holder of the securities may not be able to sell them and may continue to hold them while receiving an interest rate that is less than the interest rate prevailing in the market for securities of the same maturity.

Tocqueville has entered into solicitation agreements with unaffiliated individuals or entities for the purpose of introducing prospective advisory clients to the Adviser in return for a fee. Tocqueville has also entered into agreements

with certain employees of the GP for the referral of advisory clients to Tocqueville. The unaffiliated solicitors do not manage client portfolios, which is only done by the Adviser. Prior to entering into any investment advisory contract with a client referred by an unaffiliated solicitor or employee of the GP, the Adviser must receive a signed and dated acknowledgement of receipt of this Brochure and a Disclosure Statement affirming that the client is aware of the solicitation or referral fee arrangement. Each solicitor or employee of the GP that refers advisory clients is paid a portion of the investment management fee charged to the client by Tocqueville after payment of the fee has been received by Tocqueville. These arrangements are neither intended to nor do they result in a higher advisory fee than would customarily be charged to clients.

#### **Item 15. Custody**

Managed account client assets are held at qualified, independent custodians, including Pershing LLC. Tocqueville does not act as a qualified custodian of assets.

Managed account clients receive account statements from their qualified custodian, and clients should carefully review those statements. As noted above in Item 13, Tocqueville also sends account statements, at least quarterly, directly to clients in addition to those sent by the qualified custodian. Clients should compare any quarterly statements they receive from the custodian with those statements received from Tocqueville.

Under the provisions of the SEC Custody Rule, there are circumstances when Tocqueville or a related person is deemed to have “constructive” custody of client assets even though it does not have physical possession of such assets. When such “custody” is deemed present, Tocqueville must be subjected to an annual “surprise audit” of those accounts deemed to be custodial. The audit is to be conducted by an independent auditing firm and the results reported directly to the SEC. In addition, a related person of the Adviser is deemed to have custody of client assets due to serving as the general partner to a limited partnership or managing member of a limited liability company and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

#### **Item 16. Investment Discretion**

Prior to assuming discretion in managing a client’s assets, Tocqueville enters into an investment management agreement or other agreement that sets forth the scope of Tocqueville’s discretion. Unless otherwise instructed or directed by a discretionary client, Tocqueville has the authority generally to determine the securities to be purchased and sold for the account of a client (subject to restrictions set forth in the applicable advisory agreement and any written investment guidelines) and the amount of securities to be purchased or sold for the account of a client. Please see Item 4 for a description of any limitations that clients may place on Tocqueville’s discretionary authority.

Furthermore, Tocqueville has the authority to (i) vote all proxies solicited by or with respect to issuers of securities in which assets of the account are invested and (ii) participate in or consent on the client’s behalf with respect to any class action, plan of reorganization, merger, combination, consolidation, liquidation or similar plan with respect to any issuers of securities in which assets of the account are invested (which are eligible and for which Tocqueville has the pertinent information necessary to participate). The authority provided in items (i) and (ii) of the immediately preceding sentence can be withdrawn at any time by providing written notice to Tocqueville.

Tocqueville allocates securities purchased or sold for its clients pursuant to its trading, allocation and aggregation policies. In allocating securities among clients, it is Tocqueville’s policy to treat all clients fairly. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may, however, be differences among clients in invested positions and securities held. The portfolio managers submit an allocation statement to Tocqueville’s trading desk describing the allocation of trades to (or from) client accounts for each trade/order submitted by means of an automated Order Management System. In allocating trades among clients, the portfolio managers may consider the following:

- (i) client investment objectives and strategies;
- (ii) client risk profiles;

- (iii) tax status and restrictions placed on a client's portfolio by client or by applicable law;
- (iv) size of client account;
- (v) nature and liquidity of the security to be allocated;
- (vi) size of available position;
- (vii) current market conditions; and
- (viii) account liquidity, account requirements for liquidity and timing of cash flows.

These factors may lead a portfolio manager to allocate trades to client accounts in varying amounts. Even accounts that are typically managed on a proportional or equal basis may from time to time receive differing allocations of securities. Because of their *de minimis* nature, any allocation of trades to client accounts of a portfolio manager involving 1,000 shares or fewer may be allocated to eligible accounts in any manner deemed appropriate by the portfolio manager under the circumstances.

Securities acquired by Tocqueville for its clients through IPOs and secondary offerings will be allocated pursuant to the procedures set forth in Tocqueville's allocation policy. In general, and subject to the *de minimis* exception described above:

- (i) if Tocqueville receives a full allocation of securities in an IPO, the securities will be allocated by the head trader to eligible/participating client accounts in accordance with the proposed allocations provided to the head trader by each portfolio manager, or
- (ii) if Tocqueville receives less than a full allocation of securities in an IPO, the securities will be allocated pro rata by the head trader to eligible/participating client accounts based upon the account size of each participating account.

Each portfolio manager will determine the proposed allocations of IPO securities after considering the factors described above with respect to general allocations of securities. Only those client accounts that have established their eligibility to participate in IPOs with Tocqueville can participate in such allocations. WRAP fee program clients may not participate in an IPO. Non-managed, non-discretionary accounts at TSLP may not participate in an IPO offered to advisory clients of Tocqueville. Access Persons of the Adviser are prohibited from participating in any IPO.

Securities acquired by Tocqueville portfolio managers for clients through a limited offering will be allocated pursuant to the procedures set forth in Tocqueville's allocation policy. In general, and subject to the *de minimis* exception described above, the portfolio manager will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and those client accounts eligible to hold such securities. Eligibility will be based on the legal status of the client and the client's investment objectives and strategies.

Tocqueville could from time to time execute trades between client accounts. This might include rebalancing transactions undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Such trades will be effected either by trading the security in the open market or by a direct transfer between client accounts. In either case, such trade will be effected at the independent market price of the security subject to the trade. Tocqueville has a potentially conflicting division of loyalties and responsibilities regarding both parties to effect such transactions. Tocqueville does not charge brokerage commissions on such trades.

Cross trades between client accounts are not permitted if they would constitute principal trades or trades for which Tocqueville or its affiliates are compensated as brokers unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. Cross trades will not be conducted for private benefit plan client accounts that are subject to ERISA. Cross trades will be conducted for registered

investment companies (mutual funds) for which Tocqueville serves as investment adviser (or sub-adviser) only in accordance with the Rule 17a-7 procedures duly adopted by the directors/trustees of the registered investment company and when the President and CCO of the registered investment company has approved the cross trade in writing.

If it appears that a trade error has occurred, Tocqueville will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors or breaches of investment guidelines and restrictions occur, Tocqueville's error correction procedure is designed to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. Tocqueville has discretion to resolve an error in any appropriate manner that is consistent with the above-stated policy.

## **Item 17. Voting Client Securities**

As a registered adviser, Tocqueville has a fiduciary responsibility to maximize investment returns for our clients consistent with the investment objectives specified. Investment in corporate equities entitles the owner to vote a proxy on any issue presented to the shareholders for consideration and approval. As noted above in Item 16, our investment discretion and our fiduciary responsibility are extended to include the voting of proxies and our primary concern in doing so is to maximize shareholder value and to vote in a manner that reflects the best economic interest of our clients. The SEC promulgated rules formalizing for all registered advisers much of what constituted Tocqueville's practices in voting proxies in the best interest of our clients. This notification of our proxy voting policies and process is provided pursuant to and in conformance with those rules.

Exercising investment decisions in the exclusive best interest of its clients has been the sole objective and continuing practice of the firm. We believe the inclusion of proxy voting as a value producing and protecting activity is a natural extension of our fiduciary responsibility to all our clients. We have instituted the procedures necessary to insure the accurate and timely voting of proxies and we have adopted proxy voting guidelines that we believe represent the best opportunity for enhancing the economic value of client investments.

Although relatively a rare occurrence, a proxy may not be voted if the cost or difficulty of exercising the proxy vote outweighs the beneficial consequence of the resolution being voted. This occurs most often when voting in certain foreign jurisdictions. We are assisted in this program with the services of an unaffiliated third-party vendor, specializing in the mechanics of voting, to coordinate the voting for all advisory clients. A record of every vote cast is maintained for five years.

### **Proxy Voting Guidelines**

To maintain a relative consistency of proxy votes, Tocqueville has adopted *Proxy Voting Policy Guidelines* (summarized below) that address most issues currently presented by either management or shareholder proponents. In addition, we have engaged the services of an unaffiliated third-party to assist us in researching the financial and other implications of proxy proposals. The goal of the *Guidelines* is to exercise the right of shareholders in support of sound corporate governance and ethical responsibility within the companies in which Tocqueville has invested. Accordingly, the *Guidelines* seek to promote accountability of corporate management and directors, align the economic interests of management with those of shareholders, and enhance the disclosure of a company's business and operations. The *Guidelines* are reviewed and revised periodically, as appropriate. Annually the third-party vendor is provided the proxy voting guidelines that are prepopulated in the vendor's database. As a Tocqueville client you may obtain a copy of the Proxy Voting Procedure and Policy Guidelines and/or a record of the votes cast on your behalf by contacting our Proxy Unit at our Vero Beach office address or by telephone at 1-800-355-7307.

- ❖ **Directors, auditors and independence.** Generally, Tocqueville will support the election of directors provided that 75% of the board is non-management independent directors and that all major committees (audit, compensation & nominating) of the board are composed of only independent directors. Special circumstances such as the repeated failure of the board to act in response to the persistent underperformance of management; repeated refusal to adopt proposals supported by a majority of shareholders; and a director engaged in multiple (more than four) directorships may result in the withholding of election support. Independence from conflict is also important in the ratification of auditors. Tocqueville prefers the separation



of consulting businesses from auditing functions and further supports the rotation of audit firms every ten years as an added element of maintaining independence.

- ❖ **Corporate structure and shareowner rights.** Recognizing that management requires significant latitude to conduct the business of the corporation, Tocqueville does not condone any policy or action that may sacrifice or limit shareowner rights. The adoption or expansion of devices designed to perpetuate directors or disenfranchise shareowners will result in a negative vote by Tocqueville. Thus, we support the annual election of all directors and oppose the creation or continuation of a staggered board. We support the election of directors by a standard of majority vote rather than plurality. We favor cumulative voting and oppose supermajority provisions. We are decidedly against poison pills and other management entrenchment devices. We generally vote against proposals seeking authorization to increase shares since these are often the precursor of new stock option programs and are dilutive to shareholders.
- ❖ **Executive and director compensation.** We strongly believe that management has been hired to work for the owners of the company, the shareholders. They should be well compensated for their efforts and rewarded for their success, but they are not entitled to expropriate shareholder wealth. Management proposals to adopt or amend executive compensation plans are reviewed on a case-by-case basis with a bias against stock options and omnibus plans that link multiple and varied benefits into one bundled program. Tocqueville supports fair and competitive compensation linked to stated performance standards and equity ownership but is opposed to preferential treatment, excessive dilution of share ownership and exorbitant severance packages. Tocqueville also supports the annual “say on pay” by shareholders. Shareholder proposals on the topic of executive compensation are varied in resolve and are generally supported by Tocqueville unless the proposal seeks to establish an absolute prohibition or cap on a form of compensation. We believe the independence of the board’s compensation committee is vital in effectuating balanced, fair and competitive awards for management performance.
- ❖ **Social responsibility issues.** Due to the precatory, non-binding nature of most shareholder proposals, unless totally unreasonable, duplicative of current company policy or deemed to result in a negative economic impact on corporate profitability or shareholder value, Tocqueville generally supports proposals such as those that request expanded disclosure, the adoption of principles establishing minimum standards of conduct for U.S. corporations operating in foreign jurisdictions and the prohibition of discrimination based on race, creed, color or sexual orientation.

Although highly unlikely and consciously avoided, there is the potential for a material conflict of interest to arise between Tocqueville and the interest of its clients in the proxy voting process. Should a material conflict of interest arise it will be resolved in a manner that is in the best interest of the clients.

- Historically the business interests of Tocqueville have not resulted in a situation where it was pressured to vote in a manner that was not in the best interest of the client. Yet it is understood that the value of a business relationship could possibly create a material conflict. If the possibility of such a conflict of interest is identified, Tocqueville will determine whether to engage in one of the following courses of action.
  - Disclose the nature and extent of the conflict to client(s) affected and seek guidance from the client(s) on how that corporate proxy should be voted on their behalf. A notation will be entered in the proxy voting records explaining the conflict and the client directed vote.
  - Disclose the nature and extent of the conflict, advise the clients of the intended vote and await client consent to vote in that manner.
  - Vote in accordance with the pre-determined policy guideline without discretion, thus effectively negating the conflict.
- In the event a client is the proponent of a shareholder proposal or a candidate in a proxy contest that is opposed by the corporate management, Tocqueville will review and analyze the proposal pursuant to the *Guidelines* and vote the shares of the other Tocqueville clients as determined to be in their best economic interest. However, the client proponent of the proposal will be permitted to vote the proxy on the shares owned by that client. A notation will be entered in the proxy voting records explaining this situation.

- In the event a Tocqueville officer or a TMC employee has a personal or business relationship with corporate directors, candidates for corporate director or participants in a proxy contest being voted on by Tocqueville, that officer or employee will be prohibited from any participation in the voting process for that particular company.
- Ownership by Tocqueville officers or TMC employees of corporate shares is not a conflict of interest resulting in exclusion from the participation in the voting process. However, the personal views of the officer or employee in voting their individual shares shall neither influence nor affect the voting of shares by Tocqueville in accordance with the *Proxy Voting Procedures and Policy Guidelines*.

**Item 18. Financial Information**

This Item is inapplicable.

**Item 19. Requirements for State-Registered Advisers**

This Item is inapplicable.

**Appendix. Item 2. Material Changes**

The ownership of the Adviser has changed.

The Real Asset Equity Investment Team is no longer with the Adviser.

The Adviser is no longer the investment advisor to the Private Fund RAEIF, LP.