

Tocqueville Asset Management

John Hathaway, Managing Director And Portfolio Manager, Tocqueville Asset Management

John Hathaway has primary responsibility for management of the DSAM Kauthar Gold Fund's portfolio. Mr. Hathaway has 38 years of experience in the investment business, including the last 10 years with Tocqueville Asset Management. Mr. Hathaway is a managing director, portfolio manager, and a member of both the investment committee and the executive committee of Tocqueville where he participates in the management and investment process. Mr. Hathaway manages discretionary "concentrated" portfolios for individual and institutional clients. As an analyst, he is responsible for researching the natural resources sector and special situations.

Prior to joining Tocqueville, Mr. Hathaway spent 8 years with the investment advisory firm of David J. Greene & Co., where he became a partner. He then founded and managed Hudson Capital Advisors, followed by 9 years as the Chief Investment Officer at Oak Hall Advisors. Mr. Hathaway has a B.A. degree from Harvard College and an MBA from the University of Virginia.

The DSAM Kauthar Gold Fund is the first Shariah compliant hedge fund of its kind and the first in a series of commodity-linked funds offered by Dubai Shariah Asset Management (DSAM), a joint venture between Dubai Commodity Asset Management (DCAM), a wholly-owned division of the Dubai Multi Commodities Centre Authority (DMCCA) and Shariah Capital, Inc. DMCCA has invested \$50 million into the Fund as the seed investor. The Fund seeks to produce positive, absolute long-term returns using both long and short strategies in gold and precious metals equities. It invests primarily in the shares of precious metals producers.

Q1. The landscape of Shariah compliant investment products is quite fragmented; do you believe there is sufficient investor appetite for alternative products when even vanilla solutions are hard to come by? In a sense, are we there yet (in terms of investor sophistication)?

I just returned from a trip to the Gulf last month where I met a number of institutions (conventional and Islamic) staffed by senior professionals experienced with hedge funds. I am confident that, over time, their familiarity with hedge funds will translate to investors. We may not be there yet in terms of hedge fund sophistication, but we are moving rapidly in that direction.

A study in April of this year by Bank of New York and Casey, Quirk & Associates expects Middle Eastern investors' share of hedge fund assets to rise almost 30%, to \$194 billion (about 7 ½% of global hedge fund assets), by the end of 2013. That's a very strong indication of appetite for alternative products. No doubt Islamic investors are a healthy part of that demand.

Q2. What issues have you faced in gaining a wider acceptance of your Shariah compliant hedge fund product? Would you compare the perception/information problem to what traditional hedge funds have faced elsewhere?

Interestingly, the issues are very traditional ones. No one has questioned our Shariah guidelines or solutions. Instead, investors want to know: Who you are, what you do, and how you've done. Our 65%+ return in 2009 answers the last question, so my job really is to educate investors about our strategy and my experience. The better investors understand my investment strategy, the better they appreciate the Fund's performance.

Portfolio Interview

9

Q3. You launched the DSAM Kauthar Gold Fund (DSAM Gold) in January of this year, could you provide some background of the pre-launch of the product and what challenges did you face in setting it up (time to market from idea to launch, recalibration of investment methodology, etc)?

Shariah Capital began work on Shariah compliant hedge funds over 7 years ago, so they've really done the heavy lifting, including re-writing prime brokerage documents for Shariah compliance at Barclays Capital. As we moved to opening the portfolio account on the Al Safi Trust platform, it was the volume of legal documents in multiple jurisdictions that caused the delays. Accommodating Shariah was easy. Working with lawyers to resolve non-material legal issues took the bulk of our time.

Q4. DSAM Gold is in turn one of the underlying products of the DSAM Kauthar Commodity Fund of Funds. Since the single manager product shares space with other commodity funds, has it been designed to be considered as a standalone investment or is it optimized to be part of the fund of fund?

The DSAM Kauthar Gold Fund is available as a stand alone investment or as part of the fund-of-funds, the DSAM Kauthar Commodity Fund. With strong Middle Eastern interest in gold, my impression from prospective investors is that they are leaning toward a direct investment in the Gold Fund.

Q5. The entire investment and custody is executed exclusively under one prime broker (Barclays Capital). Has this captive relationship presented a risk management issue? In case of credit events, do you have a contingency plan in place for a secondary broker?

Barclays Capital is the exclusive prime broker for the Al Safi Trust platform. Although other prime brokers may be working toward competing Shariah compliant platforms, Al Safi currently is the only operating platform that I'm aware of.

Q6. Do you consider the Arbun approach (from the Al-Safi Trust) as efficient/effective as conventional short-selling? Is the proposition from the Al -Safi trust comparable to conventional prime brokerage relationships in terms of pricing/execution?

At a meeting in Doha last month, I detailed to one client how the arboon short-sale solution developed by Shariah Capital gave me, the portfolio manager, the same economics I have from a conventional short sale. The beauty of the arboon solution is that it allows me to manage my portfolio and balance sheet the

same way I manage my conventional fund. So, yes, the arboon is as efficient and effective as conventional short-selling. And, yes, pricing and execution at Barclays Capital is competitive with other prime brokers.

Q7. DSAM Gold was launched with seed capital of US\$50m, how vital was this in terms of getting the product off the ground? Your AuM has grown to approximately US\$80M - what is your target size and is there a critical size for the long-term viability of the product?

The seed investment was critical. As much as it provided a reasonable level of assets to diversify the portfolio, it was a statement by the Dubai Multi Commodities Centre that a sovereign government is committed to developing and supporting Islamic investment products. It gave the product instant credibility. We've not set an upper limit on the fund at this point. Our strategy is very scalable, so we could accommodate a substantial level of assets. There is no reason why our fund could not sustain \$5 billion or more of assets.

Q8. Would you classify the investment style of DSAM Gold as high conviction? With regards to the particular Shariah compliant screening mechanism does it aid or limit your investment process (as compared to your conventional products)? Is there a bias towards large/small caps or low-gearred stocks?

The Shariah universe of acceptable companies I receive each month automatically screens out companies with high debt levels, so to that extent Shariah precludes my investing in companies that could be negatively affected by excessive leverage. In my case, however, I typically avoid such companies anyway. And, although I have small positions in smaller cap names, the bulk of my exposure is to large cap, highly liquid companies.

Bottom line, the companies in my Shariah portfolio are nearly identical to those in my conventional portfolio. The only real difference between the two: in my conventional portfolio I use modest leverage to enhance overall returns; in my Shariah portfolio, I don't.

Q9. You quote the performance of DSAM Gold next to that of the Philadelphia Gold & Silver Index (XAU). Is this the best comparison available considering that yours is an actively managed and uncorrelated (absolute return) offering? Would a comparison with conventional peers be justified?

A peer comparison would be preferable to the XAU. One problem with a peer comparison, however, is that ours is one of the only

Portfolio Interview

10

strategies focused strictly on gold mining companies. As far as I know, Tocqueville has the most AUM's of any manager focused just on gold companies. Most other managers diversify across a range of mining and metals companies.

For what it's worth, below is a ranking by Barclay Hedge (www.barclayhedge.com), a hedge fund database with over 5800 hedge funds, of the Top 10 Metal and Mining managers based on Sept 2009 performance. I think it's significant that a Shariah compliant fund performed very competitively with these conventional funds.

PERFORMANCE RANKINGS: Hedge Funds

Sector Specific - Metals and Mining – Fund Assets Greater Than \$10 Million as of Month-end Sep 2009.

Hedge Fund Program	Sep 2009 ROR	YTD
AIS Gold Fund L.P.	20.81%	130.80%
SIA Global Mining Value Fund USD	17.36%	226.15%
Front Street Canadian Energy Fund	12.60%	130.11%
<i>DSAM Kauthar Gold Fund Ltd.</i>	11.50%	51.48%
Phoenix Gold Fund	11.44%	106.65%
Hinde Gold Fund Class B USD	11.18%	20.20%
Meridian Global Gold & Resources Fund, Ltd.	4.64%	119.47%
Polar Capital Healthcare Opportunities Fund USD Class	2.64%	6.93%
Wessex Natural Resource Fund Class B	0.90%	39.63%
Passport Materials Fund, L.P.	0.60%	15.54%