

Royce Global Small-Cap Premier Quality Strategy



Steven McBoyle
Mark Rayner, CA
Lauren Romeo, CFA®
Mark Fischer

Small-Cap
Core
Approach¹

MSCI ACWI SC
Benchmark

Total Strategy
AUM²

\$251M

Average
Market Cap^{3,4}

\$2,830M

Active Share⁵

98%

Available
Vehicles

Separate Account
UCIT

Why invest in the Royce Global Small-Cap Premier Quality Strategy?

- Global small-cap core strategy that seeks to invest in premier small-cap companies, those Royce sees having discernible competitive advantages, high returns on capital, and a sustainable franchise.
- Focuses on leading quality companies, those with low debt, the ability to generate excess cash flow, and attractive prospects that are selling at prices Royce believes do not fully reflect these attributes.
- Seeks to identify companies with notable strengths in industry structure, competitive positioning, operational efficiency, financial track record, and corporate governance.

Performance

Average Annual Total Return through 3/31/24 (%)

	1Q24*	YTD*	1-YR	3-YR	5-YR	SINCE INCEPT. (12/31/18)
GSCQ (Gross)	1.27	1.27	5.25	0.51	7.24	10.05
GSCQ (Net)	0.86	0.86	3.57	-0.97	5.89	8.68
MSCI ACWI SC	3.91	3.91	16.46	1.62	8.00	10.17

*Not Annualized

Important Performance Information

Performance for the Royce Global Small-Cap Premier Quality Strategy is represented by the Royce Global Small-Cap Premier Quality Composite performance (see GIPS Composite Report). The net-of-fees performance for the Royce Global Small-Cap Premier Quality Strategy would be lower than the gross performance of the account. All net-of-fees performance information reflects past performance, is presented on a total return basis, reflects the reinvestment of distributions, and does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Net-of-fees performance for the Royce Global Small-Cap Premier Quality Strategy is represented by the Royce Global Small-Cap Premier Quality Composite net-of-fees performance (see GIPS Composite Report). Past performance does not guarantee future results.

Portfolio Diagnostics

Number of Holdings 74

Portfolio Company Characteristics

Weighted Average ROIC ⁶	15.8%
Operating Margin ⁷	14.7%
Asset/Equity ⁸	1.9x
Capitalization Rate (EBIT/Enterprise Value) ⁹	5.9x

We use an all-weather investment approach by focusing on durable business models that have strong histories of high and persistent returns on invested capital, consistent free cash flow generation, and strong balance sheets.

—Steven McBoyle

All Portfolio Characteristics calculations exclude Cash (2.8% of GSCQ as of 3/31/24), all non-equity securities, and investment companies. **1.** Royce classifies a client account as 'Core' because it anticipates the client account equity holdings will have a weighted average price-to-book ratio or weighted average normalized price-to-earnings ratio that is similar to, or somewhat higher than, its general asset class. **2.** Strategy assets for Global Small-Cap Premier Quality include Franklin Templeton Global Premier Small Cap Equity Mother Fd USD, Royce Global Small-Cap Premier Fund - USD, Franklin Royce Global Small Cap Premier Fund - USD, and FTGF Royce Global Small Cap Premier Fund. **3. Geometric Average.** This weighted calculation uses each portfolio holding's market cap in a way designed to not skew the effect of very large or small holdings; instead, it aims to better identify the portfolio's center, which Royce believes offers a more accurate measure of average market cap than a simple mean or median. **4. Market Capitalization** is calculated by multiplying a company's share price by its shares outstanding. **5. Active Share** is the sum of the absolute values of the different weightings of each holding in the portfolio versus each holding in the benchmark, divided by two. **6. Return on Invested Capital** is calculated by dividing a company's past 12 months of operating income (earnings before interest and taxes) by its average invested capital (total equity, less cash and cash equivalents, plus total debt, minority interest, and preferred stock). The portfolio calculation is a simple weighted average that excludes cash, all non-equity securities, investment companies, and securities in the Financials sector with the exceptions of the asset management & custody banks and insurance brokers sub-industries. The portfolio calculation also eliminates outliers by applying the inter-quartile method of outlier removal. As of 3/31/24, 9% of Portfolio holdings were excluded. **7. Operating Margin** is calculated by dividing a company's past 12 months of operating income (earnings before interest and taxes) by its revenue in the most recent year. As of 3/31/24, 0% of Portfolio holdings were excluded. **8. The Asset/Equity Ratio** is calculated by dividing a company's total assets by stockholder's equity (0% of Portfolio holdings were excluded as of 3/31/24). This ratio is one measurement that can be used to evaluate a company's leverage on its balance sheet. **9. Capitalization Rate** is calculated by dividing a company's past 12 months of operating income (earnings before interest and taxes) by its enterprise value (market cap, less cash and cash equivalents, plus total debt, minority interest, and preferred stock). The portfolio calculation eliminates outliers by applying the inter-quartile method of outlier removal. As of 3/31/24, 0% of Portfolio holdings were excluded.

Top 10 Positions

% of Net Assets (Subject to Change)

FirstService Corporation	2.7
Quaker Houghton	2.3
Innospec	2.2
MKS Instruments	2.2
Colliers International Group	2.1
Hansen Technologies	2.1
Arcosa	2.0
Haemonetics Corporation	1.9
Marlowe	1.9
TKC Corporation	1.9

Portfolio Regional Breakdown

% of Net Assets¹

	GSCQ	MSCI ACWI SMALL CAP
North America	50.9	56.2
Western Europe	25.7	14.8
Asia Pacific (Developed)	17.8	20.6
Latin America & Caribbean	1.5	1.1
Eastern Europe	1.4	0.5
Asia Pacific (Emerging)	—	4.7
Middle East & Africa	—	2.0

¹Securities are categorized by the country of their headquarters.

Portfolio Country Breakdown

% of Net Assets^{1,2}

	GSCQ	MSCI ACWI SMALL CAP
United States	46.1	53.1
United Kingdom	15.1	4.5
Japan	10.8	10.4
Canada	4.8	3.2
Australia	4.6	2.8

¹Represents countries that are 3% or more of net assets.

²Securities are categorized by the country of their headquarters.

Portfolio Sector Breakdown

% of Net Assets (Subject to Change)

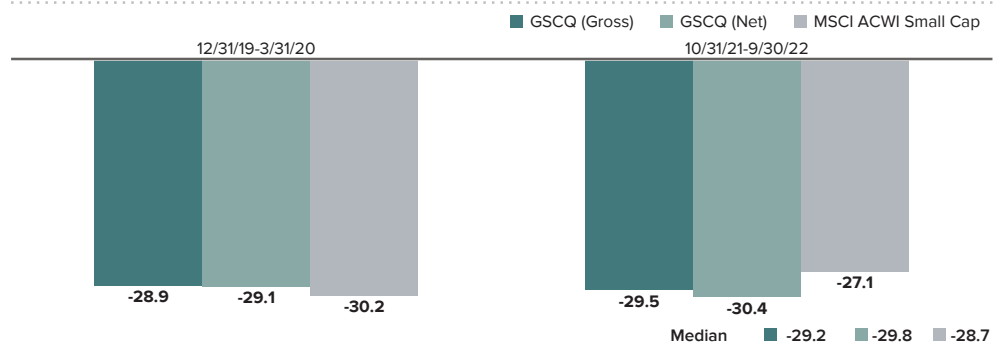
	GSCQ	MSCI ACWI SC
Industrials	40.5	20.2
Information Technology	15.6	12.1
Health Care	9.5	9.6
Consumer Discretionary	8.4	13.2
Materials	7.9	8.1
Real Estate	6.4	7.5
Financials	4.8	14.3
Communication Services	2.7	2.9
Consumer Staples	1.5	4.9
Energy	—	4.7
Utilities	—	2.5
Cash and Cash Equivalents	2.8	—

Calendar Year Total Returns (%)

YEAR	GSCQ (GROSS)	GSCQ (NET)	MSCI ACWI SC
2023	12.8	11.0	16.8
2022	-21.6	-22.8	-18.7
2021	16.4	15.1	16.1
2020	14.1	13.0	16.3
2019	39.0	37.7	24.7

Down Market Performance Comparison (%)

The Strategy outperformed the MSCI ACWI Small Cap during one out of two downturns of 15% or more from the index's prior historical high since the Strategy's inception.



For Institutional and Financial Professional Use Only. Not for Distribution with the General Public. Portfolio characteristics are based on a representative portfolio managed by Royce Investment Partners since 12/7/18, using the Global Small-Cap Premier Quality Strategy. The account selected to represent the strategy is the oldest account that is currently in the Royce Global Small-Cap Premier Quality Composite. Individual client accounts may differ from the representative accounts. Portfolio holdings and characteristics are subject to change at any time. Portfolio holdings may not be representative of the portfolio manager's current or future investments and are subject to change at any time. The information provided is for informational purposes only and should not be construed as a recommendation to purchase or sell a particular security or be used as the sole basis for an investor to make an investment decision. For illustrative purposes only.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The MSCI ACWI Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks. Index returns include net reinvested dividends and/or interest income. The performance of an index does not represent exactly any particular investment, as you cannot invest directly in an index. Any information, statements, and opinions set forth herein are general in nature, are not directed to or based on the financial situation or needs of any particular investor, and do not constitute, and should not be construed as, investment advice, a forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

ROYCE INVESTMENT PARTNERS

ROYCE GLOBAL SMALL-CAP PREMIER QUALITY COMPOSITE

GIPS COMPOSITE REPORT

YEAR END	TOTAL FIRM ASSETS (USD) (BILLIONS)	COMPOSITE ASSETS (USD) (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE RETURNS GROSS	COMPOSITE RETURNS NET	BENCHMARK RETURNS	COMPOSITE DISPERSION	COMPOSITE 3-YR STD DEV	BENCHMARK 3-YR STD DEV
2022	11.28	253.46	≤5	-21.63%	-22.84%	-18.67%	N/A ¹	24.85%	23.83%
2021	16.05	379.38	≤5	16.33%	15.01%	16.10%	N/A ¹	22.05%	21.28%
2020	14.55	195.58	≤5	14.11%	13.04%	16.33%	N/A ¹	N/A ²	N/A ²
2019	13.72	196.34	≤5	38.98%	37.68%	24.65%	N/A ¹	N/A ²	N/A ²

NA¹ - Composite dispersion is not presented for periods with five or fewer portfolios in the composite for the entire year.

NA² - The three-year annualized standard deviation is not presented for periods before 36 consecutive months of data is available

Royce Global Small-Cap Premier Quality Composite: The Royce Global Small-Cap Premier Quality Composite contains portfolios that invest primarily in companies with market capitalizations comparable to those of companies included in the MSCI ACWI Small Cap Index (based on free-float adjusted market cap which were between \$25 million and \$14.2 billion as of August 31, 2020) and maintain a weighted-average market capitalization of up to 200% of the weighted-average market capitalization of the securities in the MSCI ACWI Small Cap Index, which as of September 30, 2020 would permit the Fund to maintain a weighted-average market capitalization ranging up to \$6.7 billion. Prior to November 2020 the composite was described as investing primarily in small-cap stocks with market caps up to \$3.0 billion, at the time of purchase. The portfolios generally hold less than 80 stocks and invest global equities. Portfolios follow a high-quality core approach that invests primarily in what Royce believes are “premier” small-cap companies with discernible competitive advantages, high returns on capital, and a sustainable, moat-like franchise. This strategy seeks to identify companies with notable strengths in industry structure, competitive positioning, operational efficiency, financial track record, and corporate governance. This strategy will not invest more than 35% of each portfolio’s net assets in companies headquartered in developing countries, also known as emerging markets. The strategy does not intend to purchase or sell foreign currencies to hedge against declines in the U.S. dollar or to lock in the value of any foreign securities that it purchases. The Royce Global Small-Cap Premier Quality composite is compared against the MSCI ACWI Small Cap Index. The Royce Global Small-Cap Premier Quality composite was created in January 2020 and inception on December 31, 2018.

For the purpose of complying with the GIPS standards, the Firm is defined as Royce & Associates, LP, which primarily conducts its business under the name Royce Investment Partners. Royce is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an investment adviser (SEC File No. 801-8268). Royce has been investing in smaller-company securities with a value approach for more than 40 years. Royce & Associates, LP began primarily conducting its business under the name Royce Investment Partners effective December 16, 2019. The firm’s full list of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request.

Royce claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Royce has been independently verified for the periods January 1, 2008 through December 31, 2022.

A firm that claims compliance with the GIPS standards must establish

policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Royce Global Small-Cap Premier Quality has had a performance examination for the periods January 1, 2019 through December 31, 2022. The verification and performance examination reports are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite and benchmark performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Past performance is not indicative of future results. Returns include the reinvestment of all income.

The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net-of-fee returns are reduced by trading costs and each portfolio’s actual investment management fee. Prior to December 2022, net-of-fee returns were presented net of distribution fees for pooled funds; however, in December 2022 the net-of-fee returns were retroactively adjusted to only be reduced by transaction costs and actual investment management fees. Composite dispersion is measured by the asset-weighted standard deviation of annual gross returns of those portfolios included in the composite for the full year. The 3-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule for separate account investors is tiered at: first \$100mil 0.90%, next \$150mil 0.85%, and above \$250mil 0.80%. Actual investment advisory fees incurred by clients are negotiable and may vary.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Benchmark: MSCI ACWI Small Cap Index - The MSCI ACWI Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks. Index returns include net reinvested dividends and/or interest income.