



## Global Small-Caps

### A World of Overlooked Opportunities

#### The Allocators' Conundrum

With bond yields below their historic averages and equity valuations above theirs, asset allocators face the daunting prospect of lower than average returns while still needing to meet the growing challenge of required performance goals. These required rates of return are driven by either mandatory withdrawal rates in the case of retirees, endowments, and foundations or portfolio growth rates for investors still in the accumulation stage. The question this paper seeks to answer is, can global small-caps help allocators square this circle by providing the opportunity for increased returns without a commensurate increase in risk? Our research suggests that the answer to that question is a resounding “yes.” This paper examines how we arrived at this view, which also shows that global small caps are a ‘Goldilocks’ asset class—one with attractive absolute and relative long-term returns that’s demonstrated far less relative risk, we believe, than one may expect.



## Why Allocate to Global Small-Cap Stocks?

In this white paper, we're introducing the global small-cap asset class by detailing its attributes in terms of performance, multiple risk measures, and its relative results in varying economic regimes. We also detail why it offers fertile ground for active management. We frame this analysis by comparing global small-cap's performance with that of global large cap and emerging markets (EM)—the two asset classes most commonly used for public market equity investments.

Those allocators already familiar with global large caps may be pleasantly surprised by the similarity in the risk profiles of global large and small caps. Given this comparable risk profile, we think allocators may also be surprised by the regular **frequency with which global small-caps have historically delivered higher returns than their larger peers.**

The comment we receive most regularly from prospective investors more conversant with emerging markets is, "Why would I consider global small-caps when I can just invest in EM for a beta play on global equities?" We detail the reasons below but offer a summary answer here: emerging market equities have a much higher risk profile than global small-caps, and so EM is a more questionable allocation from a risk-budgeting perspective. Of particular relevance for active managers is the fact that the opportunity set—that is, the number of companies—is more than twice as large in global small-caps compared to emerging markets.

Emerging market equities have a much higher risk profile than global small caps.

The first section compares rolling returns and the frequency of outperformance, risk metrics, and risk-adjusted returns, along with down market and recovery periods, for global small-cap and global large-cap before looking at global small-caps versus emerging markets on the same parameters.<sup>1</sup> We also present regime studies that reveal the environments

that are more and less favorable for each of the three asset classes, comparing them during periods of rising and falling interest rates, increasing and decreasing cyclical activity, narrowing and widening credit spreads, and higher and lower levels of nominal GDP growth. We then show the potential performance benefits of adding global small-caps to a portfolio of global large-caps and to a portfolio of both global large-caps and emerging markets.

We wish to emphasize four key points that make global small-caps worthy of allocators' attention.

### The asset class has historically enjoyed:

- 1 A superior return profile to global large-caps despite a comparable risk profile;
- 2 A meaningfully lower risk profile than emerging market stocks, despite a somewhat better long-term return profile;
- 3 A performance record that suggests portfolios could improve their returns without increasing their risk by including global small-caps; and
- 4 Attributes which indicate the asset class may be a fruitful area for active management.

<sup>1</sup> Throughout this paper, we used the MSCI ACWI Small Cap Index as our proxy for global small-caps, the MSCI ACWI Large Cap Index as our proxy for global large-cap stocks, and the MSCI Emerging Markets Index as our proxy for emerging markets for the data in this paper.  
Past performance is no guarantee of future results.

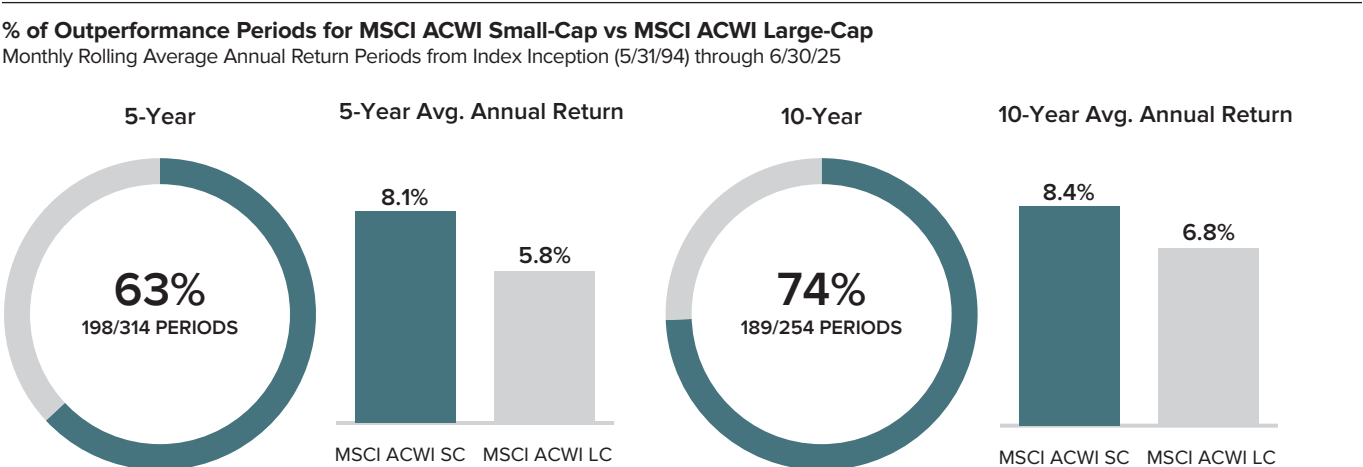
An Undiscovered Country

It seems fair to say that the majority of asset allocators do not evaluate or consider global small-caps, preferring instead to limit their global equity allocation to large-caps and/or emerging market equities. For example, less than 1% of UCITs fund assets are invested in global small-cap portfolios according to Morningstar data—which strikes us as a missed opportunity. Global small-caps are an attractively large asset class—\$9.7 trillion in market cap as of 6/30/25—featuring significantly more companies—more than 6,200—than the global large-cap (1,429) and emerging markets (1,412) indexes combined.

Strong Long-Term Performance and Consistent Outperformance Versus Global Large Caps

In order to merit inclusion in a globally diversified portfolio, any asset class needs to first pass the performance threshold by exceeding the returns for the asset class it aims to displace. Global small-caps pass this first performance test handily. Based on rolling monthly annualized 5- and 10-year returns since the index’s inception, global small-caps posted a higher return than global large-caps averaging 8.1% versus 5.8% for the rolling five-year periods and 8.4% versus 6.8% for the 10-year periods.

More impressive than the rolling monthly average outperformance was the consistency of global small cap’s relative advantage. As shown in the chart below, global small caps outperformed global large caps in 74% of all 10-year periods and 63% of all five-year periods.

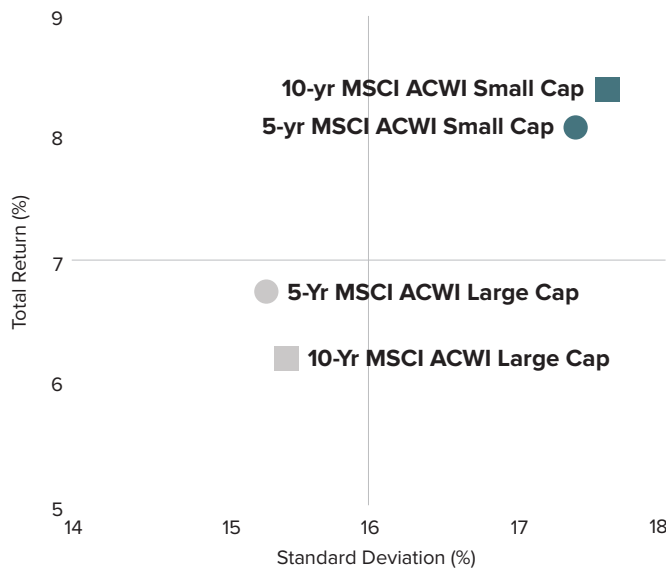


Past performance is no guarantee of future results. The above chart is shown for illustrative purposes only and does not reflect the past performance, or project the future performance, of any investment. The performance of an index, such as those used above, does not represent any particular investment as you can not invest in an index. Source: Bloomberg.

## Lower-Than-Expected Volatility and Higher Risk Adjusted Returns Versus Global Large-Caps

Responsible allocators must always bear risk in mind, and the attractive long-term performance record for global small-caps would mean less if this advantage came with a markedly higher risk

**Average of Monthly Rolling 5- and 10-Year Periods**  
From 5/31/94–6/30/25



The above chart is shown for illustrative purposes only and does not reflect the past performance, or project the future performance, of any investment. The performance of an index, such as those used above, does not represent any particular investment as you can not invest in an index. Past performance is no guarantee of future results. Source: Bloomberg.

profile. Fortunately, **global small-caps' incremental volatility compared with global large-caps is lower than many might think.** Global small-caps have higher volatility based on average five- and 10-year rolling monthly average standard deviation, but only modestly so. Moreover, the relatively low incremental volatility of global small-caps is complemented by the relatively large return spread versus global large-caps, a combination that has produced a superior risk/return trade-off as illustrated by the scatterplot.

As might be expected given this favorable risk/return profile, global small-caps have consistently delivered appreciably better risk-adjusted returns than global large-caps, as measured by Sharpe ratio, as well as an admirably high percentage of outperformance periods.

### Relative Risk Adjusted Returns for Global Small Cap vs. Global Large Cap

Monthly Rolling Sharpe Ratios from 5/31/94-6/30/25

	PERIODS GLOBAL SMALL BEAT GLOBAL LARGE		MSCI ACWI SMALL AVG*	MSCI ACWI LARGE AVG*
Five-Year	193/314 PERIODS	61%	0.46	0.42
10-Year	184/254 PERIODS	72%	0.45	0.36

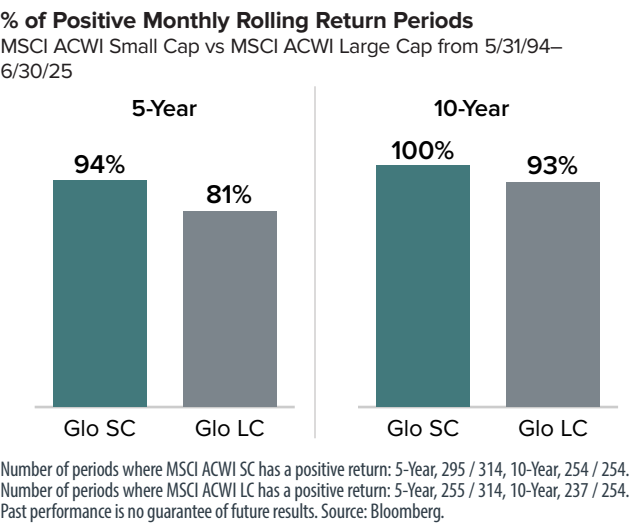
\*Average of monthly rolling sharpe ratios over the specified periods.  
Past performance is no guarantee of future results. Source: Bloomberg.

### Alternative Risk Metrics

While volatility is the most common way of measuring risk, we use two additional measures that are helpful in understanding the potential risks of investing in global small-caps. First, one intuitive definition of risk is the probability of a capital loss. While that probability cannot be known with certainty about a future investment, we suspect that most allocators would be surprised by the percentage of multi-year holding periods when global small-caps experienced a loss, compared with the loss experienced by global large-caps.

Global small-caps had fewer periods of negative or flat returns than global large-caps over rolling 5-year periods. Notably, global small-caps had no negative return experiences over 10-year holding periods, while global large-caps had 17, or 7% of the time.

Another useful risk metric is the depth of down market declines. On this measure, global small-caps had deeper declines than global large-caps, as shown by the prior eight declines since the index's inception.



## Global Small-Cap's Superiority to Global Large-Cap

To summarize: global small-caps have historically delivered higher average returns than global large-caps over multiple time periods, have enjoyed a notably high frequency of beating their larger siblings, and delivered superior risk-adjusted results—more than compensating for the modest increase in volatility. The asset class accomplished all of this while also experiencing fewer multi-year periods of losses, in large part by recovering quickly after market declines. This impressive collection of positive attributes would seem to merit, in our view, the addition or increase of a global small-cap allocation.

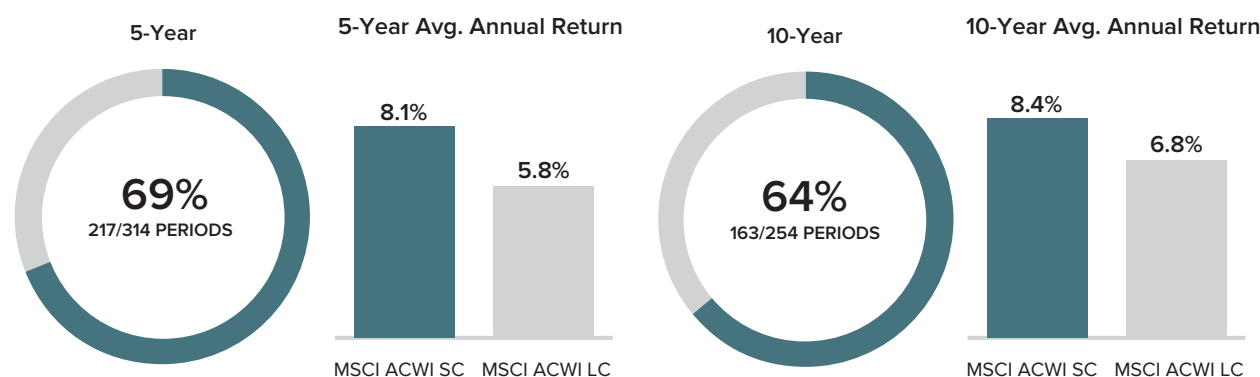
## A Surprising Performance Advantage Over Emerging Market Equities

Our conversations with investors have revealed two fundamental misunderstandings about global small-caps compared with emerging market equities. First, many are surprised that global small caps own the long-term historical performance edge over the MSCI Emerging Markets Index—based on rolling monthly five- and 10-year periods since the inception of the global small-cap index in May 1994. Global small-caps also outperformed emerging market equities for a majority of the rolling periods—in 69% of all five-year periods and 64% of all 10-year periods.

The performance spread for global small-caps was narrower versus emerging market equities than it was versus global large-caps, though we have found that any performance advantage for global small-caps tends to come as a surprise, particularly to emerging market equity investors.

### % of Outperformance Periods for MSCI ACWI Small Index vs MSCI EM Index

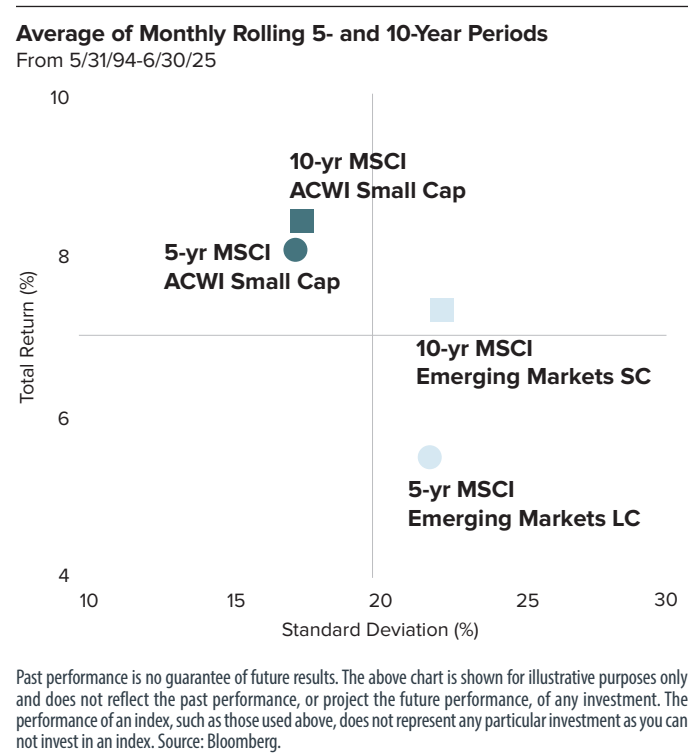
Monthly Rolling Average Annual Return Periods from Index Inception (5/31/94) through 6/30/25



Past performance is no guarantee of future results. The above chart is shown for illustrative purposes only and does not reflect the past performance, or project the future performance, of any investment. The performance of an index, such as those used above, does not represent any particular investment as you can not invest in an index. Source: Bloomberg.

Significantly Lower Volatility and Attractive Risk-Adjusted Returns Versus Emerging Markets

The second misperception relates to the degree of difference in the volatility between the two asset classes. Emerging market equity investors often contend that the two asset classes must have comparable risk profiles. Yet, their return histories show that emerging market equity has a meaningfully higher volatility profile than global small caps. We think that the higher returns and lower volatility of global small caps versus emerging market equities create an attractive risk/reward profile for the former, as shown in the scatterplot.



In light of both its strong relative performance history and lower volatility, it comes as no surprise that global small caps have a record of consistently higher risk-adjusted returns than emerging markets.

Relative Risk Adjusted Returns for Global Small Caps vs. Emerging Markets				
Monthly Rolling Sharpe Ratios from 5/31/94-6/30/25				
	PERIODS GLOBAL SMALL BEAT EMERGING MARKETS		MSCI ACWI SMALL AVG*	MSCI EM AVG*
Five-Year	218/314 PERIODS	69%	0.46	0.29
10-Year	179/254 PERIODS	70%	0.46	0.32

\*Average of monthly rolling sharpe ratios over the specified periods.  
Past performance is no guarantee of future results. Source: Bloomberg.

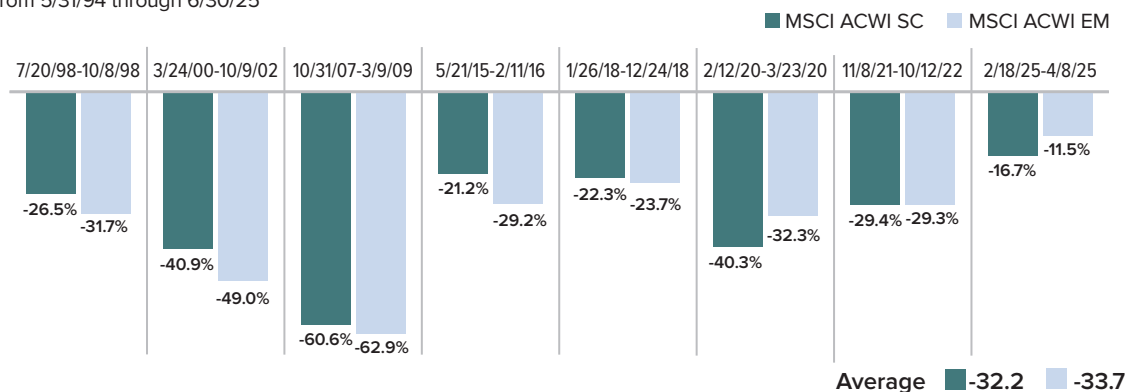
## Frequency of Loss and Down Market Comparisons Versus Emerging Markets

Extending our risk analysis of the two asset classes to include additional risk measures confirms our earlier observations. Global small-caps had fewer periods when they experienced a loss than emerging market equities over rolling 5- and 10-year periods while posting higher average returns. The disparities are startling. Over five-year rolling monthly return periods, the MSCI ACWI Small Cap had 19 negative return periods--while the MSCI EM Index had 74. The global small-cap index had no negative monthly 10-year rolling return periods; emerging markets had seven.

Global small-caps also experienced less severe declines than emerging market equities, beating them in five of the seven major downturns of 20% or more since the inception of the global small-cap index on 5/31/94.

### Down Market Performance Comparison

From 5/31/94 through 6/30/25

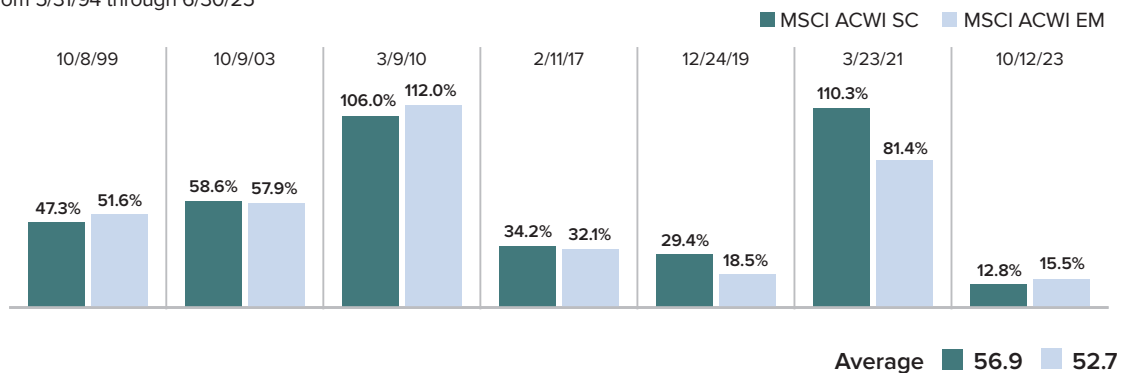


Past performance is no guarantee of future results. Source: Bloomberg.

Recovery periods were equally favorable for global small-caps, which had an average return in the subsequent recoveries, averaging 56.9% (as mentioned below) one year after the market trough, compared to 52.7% for emerging markets. Putting the decline and first year of recovery together shows a decided performance advantage for global small-cap stocks.

### Subsequent 1-Year Periods after Down Market Performance Comparison

From 5/31/94 through 6/30/25



Past performance is no guarantee of future results. Source: Bloomberg.



## Global Small-Cap Results in Different Environments

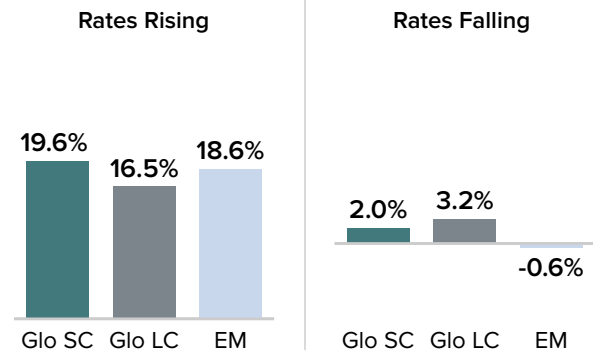
To further examine the superior performance record for global small-caps versus global large-caps and emerging market equities, we analyzed different economic regimes based on four indicators to see which led to the most favorable and unfavorable returns for each of the three asset classes. The four regime conditions were: interest rates, using the 10-year U.S. Treasury yield; cyclical activity, using the U.S. ISM Manufacturing Index; credit spreads, using U.S. high yield spreads; and the level of economic activity, using nominal U.S. GDP growth. For two of the four indicators, we calculated rolling one-year returns from 5/31/94 and compared the results. (We note that data for high-yield spreads only goes back to 12/31/96.)

Looking at interest rates, we found a **positive correlation for all three asset classes with rising interest rates**, perhaps a surprising result for some. All three asset classes had average one-year returns in rising rate periods that exceeded their overall average one-year returns. Global small-caps outperformed global large-caps in 58% of the observations by an average of 309 basis points. Global small-caps also beat emerging market stocks in 55% of the periods, with an average spread of 97 basis points. When the 10-year Treasury yield was falling, global large-caps fared best, with an average gain of 3.2% while small-caps averaged 2.0%, and emerging markets declined -0.6% on average. It seems likely that the three asset classes did not advance solely because interest rates were rising but because other positive factors, such as economic acceleration, were coincident.

Looking next to cyclical activity, the return patterns were similar—**all three asset classes had average returns that exceeded their overall average one-year returns for periods with rising U.S. ISM readings**. Global small-caps outperformed global large-caps in 62% of the observations by an average of 330 basis points, while global small-caps underperformed emerging market equities by 122 basis points and had lower returns in 56% of the periods. During periods of falling ISM measures, global large caps beat both global small-caps and emerging markets the majority of the time, with an average gain of 3.5% versus an average gain of 1.8% for global small-caps and a loss of -2.9% for emerging markets.

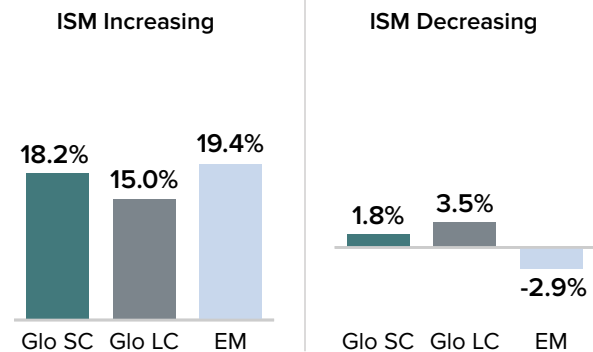
### Interest Rate Environments

Monthly Rolling Trailing 1-year Periods from 5/31/94 through 6/30/25



### ISM Environments

Monthly Rolling Trailing 1-year Periods from 5/31/94 through 6/30/25

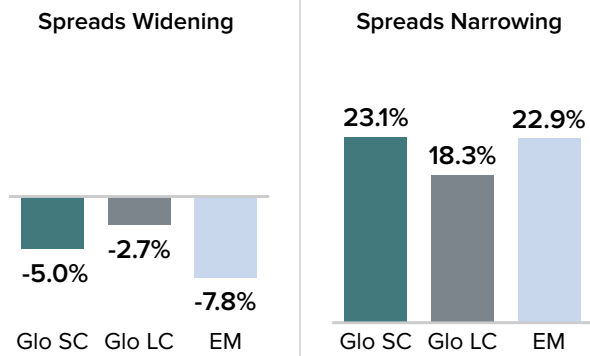


Past performance is no guarantee of future results. Global SC is the MSCI ACWI SC Index, Global Large Cap is the MSCI ACWI LC Index, and EM is the MSCI EM Index. Source: Bloomberg

Our next test was to see the results for periods in which credit spreads were widening. Global large-caps beat global small-caps in 37% of widening credit spread periods—in which each averaged a negative return—by an average of 217 bps. However, global small-caps beat emerging market stocks by an average of 294 basis points in 69% of the periods.

#### Credit Spread Environments

Monthly Rolling Trailing 1-year Periods from 5/31/94-6/30/25

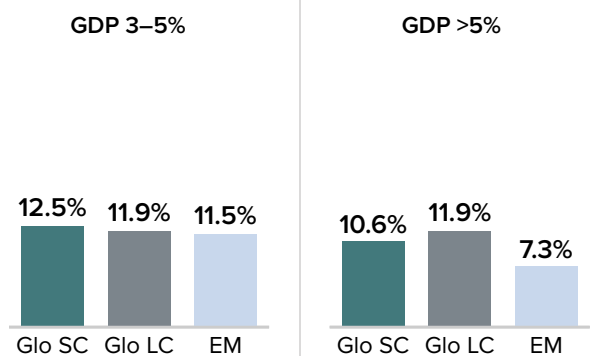


**During periods when credit spreads were narrowing, global small-caps outperformed global large-caps**, by an average of 485 basis points over 69% of the periods—advancing on average 23.1% versus 18.3% for global large caps. Global small-caps enjoyed a slimmer advantage over emerging markets in periods of tightening spreads, leading by an average of 23 basis points in 47% of the periods.

Our last test looked at performance in the context of nominal U.S. GDP growth. Previous research showed better correlations of small-cap returns with nominal, rather than real, U.S. GDP growth, as small-caps tend to benefit from both increased inflation and increased real economic growth. We looked at periods of 3-5% nominal U.S. GDP growth compared with periods that grew by more than 5%. The return gap was notable in that global small-caps beat global large-caps 51% of the time by an average of 70 basis points when nominal GDP growth was in the 3-5% range. However, **global small-caps underperformed their large-cap siblings by an average of 80 basis points in 68% of the periods when nominal GDP growth was 5% or greater.** Somewhat counterintuitively, global small-caps beat emerging markets stocks during these

#### Nominal U.S. GDP Environments

Quarterly Rolling Trailing 1-year Periods from 6/30/05-6/30/25

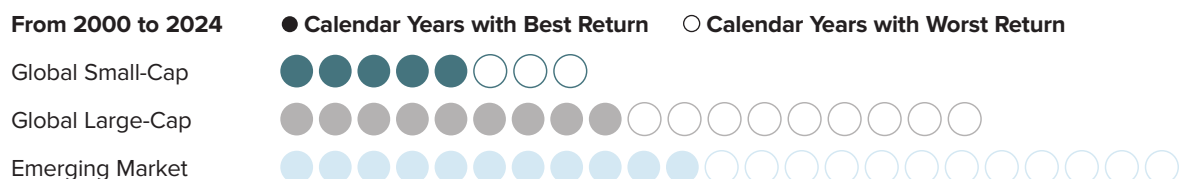


Past performance is no guarantee of future results. Global SC is the MSCI ACWI SC Index, Global Large Cap is the MSCI ACWI LC Index, and EM is the MSCI EM Index. Source: Bloomberg

more robust, 5%-plus periods, beating them 74% of the time, with an average return of 10.6% versus 7.3% for emerging markets.

There seem to be clear patterns of relative performance advantages among the three asset classes through different environments. A simplified way to show the same diverse tendencies is to look at returns in each of the past 25 calendar years for the three asset classes, sorted by best return.

The graphic below shows the number of years in which each index finished first or last:



Past performance is no guarantee of future results. Global SC is the MSCI ACWI SC Index, Global Large Cap is the MSCI ACWI LC Index, and EM is the MSCI EM Index. Source: Bloomberg.

These varying results suggest that it might be productive to include these asset classes together in a portfolio, but we think the more salient point is that **global small-cap enjoyed fewer years with the lowest return of the three asset classes**. In fact, global small-caps had an even number of calendar years with the highest and lowest return. We think this offers a major support for our argument that global small-caps are the ‘Goldilocks’ asset class among the three.

Portfolio Examples

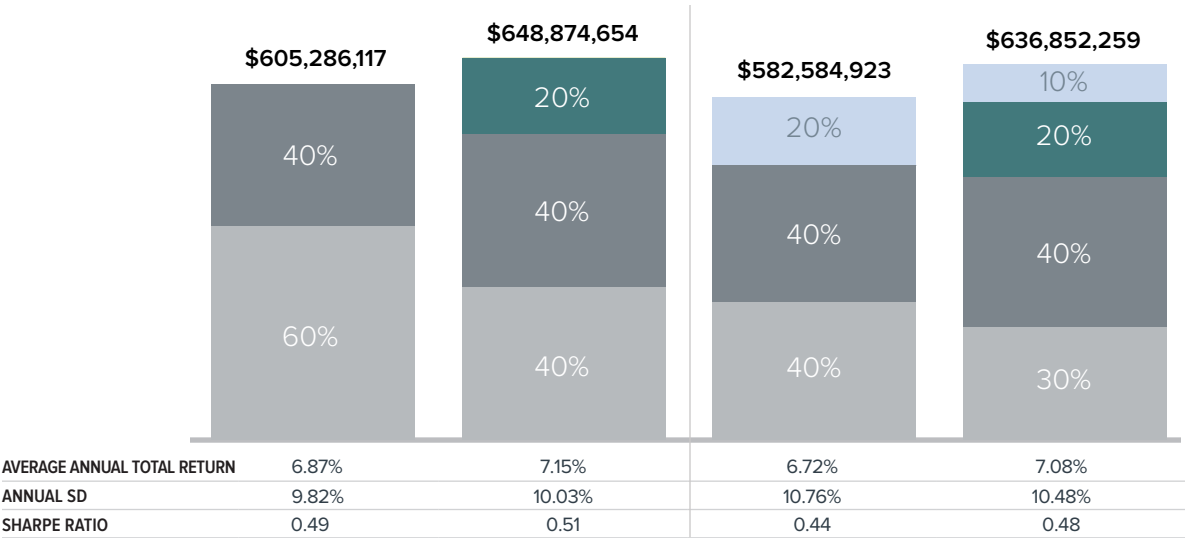
Returning to the original challenge for the global allocator—how to best structure a portfolio for attractive returns without assuming undue risk, we made two simplified comparisons designed to highlight the benefits of adding global small-caps to a multi-asset portfolio. For each portfolio, we calculated hypothetical results (based on an initial \$100 million portfolio), standard deviation, and Sharpe ratio. In the first comparison, we calculated returns for a 60/40 Global Large-Cap/Global Fixed Income portfolio compared to a 40% Global Large-Cap, 20% Global Small-Cap, and 40% Global Fixed Income portfolio. Both portfolios were rebalanced quarterly and encompassed the same time period, 5/31/94-6/30/25.

While both portfolios showed strong standard and risk-adjusted performance, the portfolio with the global small-cap allocation had higher absolute and risk-adjusted returns as well as comparable volatility.

Four Hypothetical Growth of \$1,000,000 by Portfolio Allocations

Quarterly Rebalanced from 5/31/94-6/30/25 (Monthly Data)

● Global Large-Cap ● Global Fixed Income ● Global Small-Cap ● Emerging Market



Past performance is no guarantee of future results. The charts above are shown for illustrative purposes only are hypothetical and do not reflect the past performance, or project the future performance, of any actual investment. The performance of an index, such as those used above, does not represent any particular investment as you cannot invest in an index. “Global Small-Cap” is represented by the MSCI ACWI x USA SC, “Global Large-Cap” is represented by the MSCI ACWI LC, “Global Fixed Income” is represented by the Bloomberg Barclays Global Aggregate Bond Index and “Emerging Markets” is represented by the MSCI EM. Source: Bloomberg.

## The Case for Active Management in Global Small-Caps

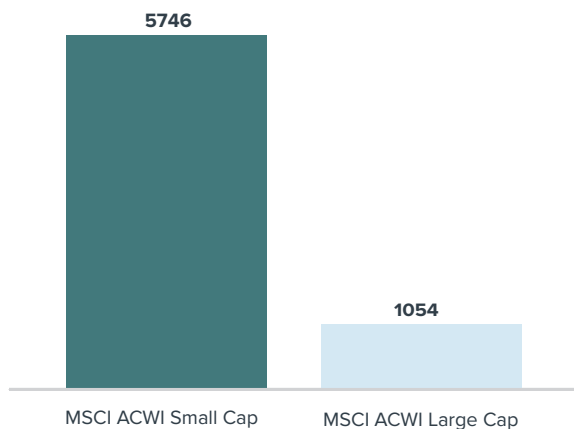
Do the attractive attributes of global small caps also offer the potential for active managers to improve on these results? We believe they do, based on the following observations.

### A Large and Inefficient Asset Class

As we have noted previously, global small-caps are a large opportunity set with more than 5,800 stocks in the MSCI ACWI Small Cap Index—which is more than four times as many companies as in the MSCI ACWI Large Cap Index and four times as many companies as in the MSCI EM Index. More important for active managers, the research coverage of global small-caps is far less extensive than it is for global large-caps, with 18% of global small-cap companies (roughly 1050) having one—or no—analyst coverage, compared with only 1.4% of global large-caps with similarly scant coverage. This observation indicates, at least to us, that global small-caps are a very attractive hunting ground for active managers.

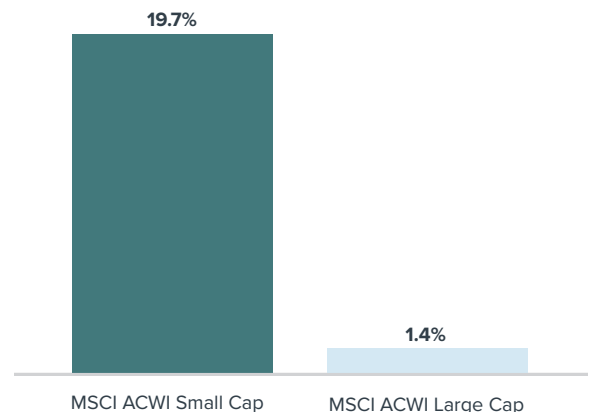
#### A Large Opportunity Set

Number of global small cap vs. large cap companies as of 6/30/25



#### An Inefficient Asset Class

% of global stocks with coverage from <1 analyst as of 6/30/25



Source: FactSet

Past performance is no guarantee of future results.

### High ROIC Companies

Additional support for the case for active management derives from showing that some filters active managers can use have produced historically superior results. For example, the subset of companies within global small-caps with high profitability, based on ROIC (return on invested capital), have delivered returns that markedly exceeded those for the index as a whole. The average annual total return for the top ROIC decile of global small-cap stocks was 14.8% from 3/31/03-6/30/25, compared to 10.5% for the overall index over the same period. This suggests to us that an active management approach focusing on companies with higher profitability can enhance the potential for higher returns.

## Conclusion

Our goal in this paper was to introduce the global small-cap asset class and present research findings which support the idea that global allocators should consider adding the asset class to their multi-asset portfolios. In our view, global small-cap's combination of strong absolute and relative performance, lower-than-expected volatility, relatively strong down market results, and strong results in several different market environments makes a very strong case for including this asset class in a globally diversified portfolio. A meaningful weighting in global small-caps can also improve both the standard and risk-adjusted returns of a global large-cap portfolio. Allocators who have solely used global large-caps and emerging market equities have the opportunity to consider the potential benefits of adding an allocation to global small-caps.

We suggest that global allocators also consider the potential advantages active management can offer within this asset class based on both the historical strength of certain filters and the overall inefficiency of this large opportunity set of global small-cap stocks.

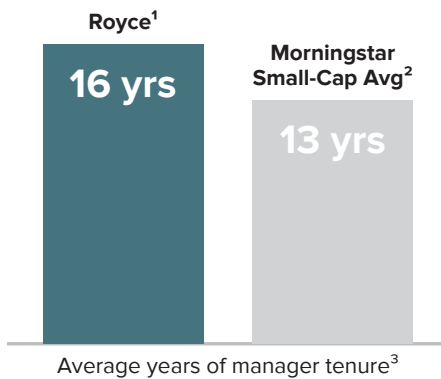
**The performance data and trends outlined in this presentation are presented for illustrative purposes only. Past performance is no guarantee of future results. Historical market trends are not necessarily indicative of future market movements.**

The Sharpe Ratio is calculated for a specified period by dividing a portfolio's average excess returns (portfolio's return minus the 3-Month Treasury Bill yield) by its annualized standard deviation. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. Standard deviation is a statistical measure that qualifies the amount of variation in a data set over time. The greater the standard deviation, the greater a portfolio's volatility. 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). 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. The MSCI ACWI Large Cap Index is an unmanaged, capitalization-weighted index of global large-cap stocks. The MSCI Emerging Markets Index is an unmanaged, capitalization-weighted index of stocks in emerging markets countries. Index returns include net reinvested dividends and/or interest income. The Bloomberg Barclays Global Aggregate Bond Index is a broad-based fixed-income index that measures global investment grade debt from twenty-four local currency markets. The index includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. The ISM Manufacturing Index (ISM) monitors employment, production, inventories, new orders and supplier deliveries. 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. High Yield Spread data uses the ICE BofAML US High Yield Master II Option- Adjusted Spread between an index of below investment grade bonds and the spot Treasury curve. 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 & Associates, LP, the investment advisor of The Royce Fund and Royce Capital Fund, is a limited partnership organized under the laws of Delaware. Royce & Associates, LP primarily conducts its business under the name Royce Investment Partners.

# What Makes Royce Distinctive?

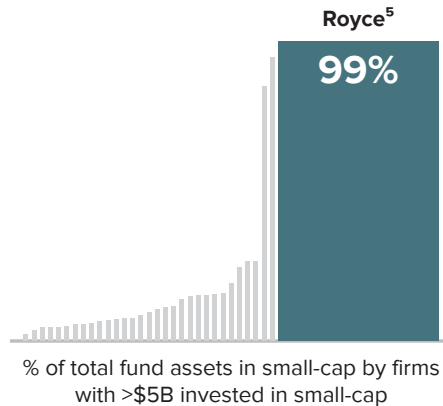
## Portfolio Manager Tenure

We have a seasoned staff of 19 Portfolio Managers



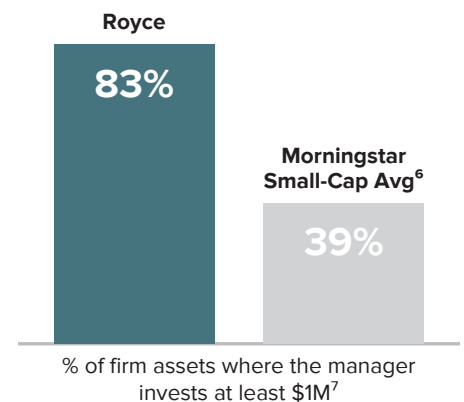
## Small Cap Specialists

32 firms have >\$5B in small-cap fund assets.<sup>4</sup> Only Royce has >95% AUM invested in small cap



## Significant Portfolio Manager Commitment

Portfolio Managers have substantial ownership in the strategies they manage.



Source: Morningstar

<sup>1</sup> Includes all U.S. small-cap open end Royce Funds as categorized by Morningstar (8 Funds as of 6/30/25). <sup>2</sup> Includes all small-cap open end mutual funds as categorized by Morningstar (477 Funds reported data as of 6/30/25). <sup>3</sup> Reflects the manager with the longest tenure on each fund including time spent as an assistant portfolio manager, co-portfolio manager or portfolio manager. <sup>4</sup> Includes Morningstar data of all open-end and closed-end equity funds domiciled in the U.S. as of 6/30/25, narrowing the list to include only those companies with at least one U.S. equity fund. From that group of 579 fund companies, products were included in at least one of the following categories: U.S. Fund Foreign Small/Mid Blend, U.S. Fund Foreign Small/Mid Growth, U.S. Fund Foreign Small/Mid Value, U.S. Fund Small Blend, U.S. CE Small Blend, U.S. Fund Small Growth, U.S. CE Global Small/Mid Stock, U.S. Fund Small Value, U.S. Insurance Small Blend, U.S. Insurance Small Value, and U.S. Insurance Small Growth. This resulted in 232 firms with small-cap assets. We narrowed the list again to include only firms with more than \$5 billion in small-cap assets and more than \$10 billion in total assets, which resulted in 32 firms. <sup>5</sup> Includes all of the Royce Funds U.S. open-end, closed-end, and insurance funds as categorized by Morningstar (14 Funds as of 6/30/25). <sup>6</sup> Includes any fund company with at least one small-cap open-end mutual fund as categorized by Morningstar (203 fund companies reported data as of 6/30/25). <sup>7</sup> The percentage of mutual fund assets with manager investment of more than \$1 million shows the portion on an investment adviser's open-end mutual fund assets where at least one fund manager has invested more than \$1 million in fund shares.

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