

Item 1. Cover Page

Royce Investment Partners

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FORM ADV PART 2A

ADVISORY BROCHURE

December 2, 2024

This Part 2A of Form ADV (referred to herein as this “Advisory Brochure”) provides information about the qualifications and business practices of Royce Investment Partners (“Royce”). If you have any questions about the contents of this Advisory Brochure, please contact us at 212-508-4500. The information in this Advisory Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Royce is registered as an investment adviser with the SEC. Registration of an investment adviser with the SEC does not imply any level of skill or training.

Additional information about Royce also is available on the SEC’s website at <https://www.adviserinfo.sec.gov/>.

Item 2. Summary of Material Changes

This Advisory Brochure has been updated to reflect that Royce's principal office is located at One Madison Avenue, New York, NY 10010, effective as of November 25, 2024.

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Item 4. Advisory Business

Corporate History and Recent Developments

Royce Investment Partners (“Royce”)¹ is a majority-owned subsidiary of Franklin Resources, Inc. (“FRI”). Royce has been investing in smaller-company securities with a value approach for more than 50 years. Royce operates out of its principal office located at One Madison Avenue, New York, New York 10010. FRI, whose principal executive offices are at One Franklin Parkway, San Mateo, California 94403, is a global investment management organization operating, together with its subsidiaries, as Franklin Templeton. As of September 30, 2023, Franklin Templeton’s asset management operations had aggregate assets under management of approximately \$1.374 trillion.

Advisory Services

U.S. Registered Investment Companies, Collective Investment Trusts, Private Investment Funds, Non-U.S. Investment Companies, and Institutional Separate Accounts. Royce provides investment advisory services to U.S. registered investment companies, collective investment trusts, a series of a privately offered limited liability company, non-U.S. investment companies, and an institutional separate account managed for a charitable organization (sometimes collectively referred to as the “Institutional Accounts”). Royce is the investment adviser to a group of 16 U.S. registered investment companies (collectively referred to herein as “The Royce Funds”). The Royce Funds had aggregate net assets of approximately \$9.8 billion as of September 30, 2023. Royce also serves as an investment subadviser to Royce Quant Small-Cap Quality Value ETF (the “Royce ETF”), which operates as an actively managed exchange-traded fund and trades on Nasdaq under the ticker symbol SQLV. The Royce ETF had aggregate net assets of approximately \$26.980 million as of September 30, 2023. In addition, Royce serves as a sub-investment manager to several non-U.S. investment companies, with aggregate net assets of approximately \$1.4 billion as of September 30, 2023. Additionally, Royce provides investment advisory services to two collective investment trusts, a series of a privately offered limited liability company, and an institutional separate account managed for a charitable organization, with aggregate net assets of approximately \$111.5 million as of September 30, 2023. In this Advisory Brochure, the series of the limited liability company and the institutional separate account managed for a charitable organization are together referred to as “privately offered accounts”.

Participation in Certain Retail Separately Managed Accounts as Subadviser to Franklin Templeton Private Portfolio Group. In addition to providing investment advisory services to U.S. registered investment companies, collective investment trusts, non-U.S. investment companies, and privately offered accounts where Royce has discretionary trading authority and responsibility, Royce also participates in various types of US-based retail separately managed account (“SMA”) arrangements. In particular, Royce has been retained as a subadviser by Franklin Templeton Private Portfolio Group (“FTPPG”) to provide investment advisory services in connection with SMA programs for which FTPPG has entered into an agreement with the relevant sponsor. As subadviser to FTPPG, Royce may or may not have security selection discretion and does not, as of the date hereof, have any trading or implementation discretion. Each of Royce and FTPPG is a subsidiary of FRI. As of September 30, 2023, Royce managed approximately \$107.59 million in assets as subadviser to FTPPG under these retail SMA arrangements, of which approximately \$94.88 million consisted of assets managed on a discretionary basis and almost \$12.71 million consisted of assets managed on a non-discretionary basis. ***For a description of these products, please see “Item 4 – Advisory Business” of the combined Form ADV Disclosure Brochure of FTPPG and Royce dated as of December 1, 2023 (referred to herein as the “Combined Brochure”).***

¹ Royce & Associates, LP is a Delaware limited partnership that primarily conducts its business under the name Royce Investment Partners.

Participation in Additional Non-Discretionary Model Portfolio Delivery Arrangements. Royce provides non-discretionary model portfolios for negotiated fees to certain non-affiliated investment advisers or other financial service providers for use in connection with various personalized managed accounts, pooled investment vehicles, and/or other financial products. A model portfolio comprises recommended investments and weightings for such investments, subject to applicable investment restrictions and guidelines for the relevant financial product. Royce offers one investment strategy (i.e., Royce Small-Cap Quality Value) in connection with these non-discretionary model portfolio delivery arrangements. Such investment strategy is also offered through other Royce client accounts. As of September 30, 2023, there were approximately \$148.73 million in net assets attributable to the Royce Small-Cap Quality Value investment strategy under these non-discretionary model portfolio delivery arrangements.

The non-affiliated investment advisers or other financial service providers retain investment discretion over their client accounts and can accept or reject Royce's recommendations. Such non-affiliated investment advisers or other financial service providers are also responsible for effecting trades resulting from these recommendations. In addition, these firms may implement client portfolios by aggregating the model portfolios of multiple non-discretionary money managers, including Royce, and adjusting the combined aggregated model in order to vary certain exposures, to adhere to any portfolio level investment restrictions and guidelines, and for transaction cost management. Royce has no investment discretion over these accounts, has no authority to decide which securities to purchase and sell for the clients of such non-affiliated investment advisers or other financial service providers, and has no authority to effect trades on behalf of the clients of such non-affiliated investment advisers or other financial service providers. As a result, the holdings and performance of accounts under these non-discretionary model portfolio delivery arrangements are likely to differ from the holdings and performance of Royce client accounts that use the Royce Small-Cap Quality Value investment strategy. Please see "Item 12 – Brokerage Practices" of this Advisory Brochure for more detailed information.

As a provider of non-discretionary model portfolios, Royce is not responsible for determining whether a particular investment program or Royce's investment strategy is suitable or advisable for any particular client of the relevant non-affiliated investment adviser or other financial service provider. Rather, such determinations are the responsibility of the relevant non-affiliated investment adviser or other financial service provider and the client (or the client's financial advisor and the client). Likewise, although clients of a non-affiliated investment adviser or other financial service provider may impose reasonable restrictions in connection with the relevant non-discretionary model delivery arrangements, such non-affiliated investment adviser or other financial service provider, and not Royce, is responsible for complying with such restrictions. Royce is responsible only for furnishing a model portfolio that is consistent with the designated Royce investment strategy for implementation by the relevant non-affiliated investment adviser or other financial service provider and does not tailor model portfolios to individual client needs.

As of September 30, 2023, Royce managed approximately \$11.45 billion on a discretionary basis and approximately \$161.4 million on a non-discretionary basis across all of its clients, for a total of approximately \$11.6 billion.

Client Investment Guidelines and Restrictions

Although many Royce investment strategies are available to both retail and institutional clients, some are not. Royce manages the assets of its discretionary clients in accordance with applicable laws, rules, and regulations and, as applicable, each client's investment guidelines and restrictions, as set forth in the relevant prospectus and statement of additional information (in the case of the U.S. registered investment companies); offering documents (in the case of the series of the limited liability company, and all but two non-U.S. investment companies); investment policy statement (in the case of the collective investment trusts); and investment management agreement (in the case of the institutional separate account, two non-U.S. investment companies, and, to the extent applicable, any discretionary SMAs for which Royce has trading discretion). Royce is responsible for complying with any additional reasonable restrictions that are imposed by its institutional separate account clients relating to the types of securities and/or individual companies in which account assets may be invested. Although clients of a non-affiliated investment adviser or other financial service provider may impose reasonable restrictions in connection with the relevant non-discretionary model delivery arrangements, such non-affiliated investment adviser or other financial service provider, and not Royce, is responsible for complying with such restrictions. In Royce's management of its client accounts, Royce is not responsible for, and does not consider, any circumstances outside of a client's specific investment with Royce. For example, Royce does not consider other securities, cash, or investments owned by the client, other client investment objectives, and the like.

In the event that Royce makes a trade error for one of its client accounts for which it has trading discretion, Royce's Trade Error Policies and Procedures require that such trade error be: (i) corrected by Royce as soon as practicable following the discovery of the error and in such a manner that the client incurs no net loss; and (ii) reported to the appropriate supervisory personnel of Royce.

Item 5. Fees and Compensation

Investment Company and Collective Investment Trust Accounts

Royce is generally entitled to receive fees that are payable as of the end of each month or quarter, as applicable, for the investment advisory services that it provides to U.S. registered management investment companies, collective investment trusts, and a non-U.S. investment company under compensation formulas ranging from 0.5% up to 1.5% per year of their respective average net assets. For two of the closed-end U.S. registered management investment companies, these fees are subject to upward or downward adjustments of up to 0.5% per year based on the investment performance of such investment companies relative to the investment record of a specific equity index.

Royce also serves as sub-investment manager to various non-U.S. investment companies for which an affiliated entity serves as investment manager. Such affiliated investment manager: (i) receives an advisory fee as of the end of each month or quarter, as applicable, from the relevant non-U.S. investment company based on such non-U.S. investment company's net assets and the applicable per annum fee rate; and (ii) allocates a portion of such advisory fee to Royce as a subadvisory fee in accordance with the terms of the Sub-Adviser Agreement between such affiliated investment manager and Royce.

Royce typically bills investment company and collective investment trust accounts on a monthly or quarterly basis in arrears, consistent with each fund's investment advisory agreement.

Limited Liability Company and Institutional Separate Accounts

These privately offered accounts usually compensate Royce for its investment advisory services at the end of each month or quarter and the compensation may be payable in advance or in arrears. The amount of the compensation is generally based on the market value of each account's net assets at the end of the month or quarter. The investment advisory agreements for accounts that compensate Royce in advance on a quarterly basis may be terminated through written notice to Royce in accordance with the terms of such agreements. If Royce stops managing the relevant account before the end of a calendar quarter, Royce will refund a prorated portion of the advisory fee for the period in which it was not managing the account. Royce does not have a basic investment advisory fee schedule for its privately offered accounts; its investment advisory fees for such accounts are generally negotiable and set forth in the applicable investment advisory agreement.

Non-Discretionary Model Portfolio Delivery Arrangements

As noted above under "Item 4 – Advisory Business," Royce provides model portfolios to certain non-affiliated investment advisers or other financial service providers. When doing so, Royce is compensated through a contractually agreed-upon fee schedule. The fee schedules and arrangements with these firms may vary depending on several factors. These factors include, but are not limited to, the amount of assets under management, client servicing requirements, client type, and the investment strategy for which investment management or advisory services are provided.

Other Fees and Expenses

Accounts for which Royce provides investment advisory services, including SMA programs in which Royce participates as subadviser to FTPPG and accounts held under non-discretionary model delivery arrangements, may be subject to other fees and expenses in addition to the investment advisory or subadvisory fees referenced above. Such fees and expenses may include (without limitation):

- custody fees, administration fees, and all other fees charged by service providers providing services related to a such an account that are levied by the custodian, the administrator, or other service providers for such account, including fees for security transfers and wire transfers;
- legal, tax, bookkeeping, and accounting expenses, including expenses for preparation of annual audited financial statements, tax return preparation, routine tax and legal advice, and legal costs and expenses associated with indemnity, litigation, claims, and settlements;
- brokerage commissions, mark-ups, mark-downs, and other commission equivalents as well as spreads and/or transaction costs related to transactions effected for such accounts (please also see the section entitled "Brokerage Practices" in this Advisory Brochure for more information regarding these practices);
- insurance and fidelity bonding premiums (which premiums may cover numerous accounts, in which case participating accounts may be responsible for a share of such premiums);
- professional fees;
- SEC fees, transfer taxes, other governmental charges based on securities transactions, or other taxes (other than income taxes);
- acquired fund fees and expenses (*e.g.*, investment advisory fees and other expenses of any pooled investment vehicle in which a client account invests);
- expenses related to the preparation and distribution of reports and notices to investors;
- fees and expenses related to the organization, offering of interests, and/or registration of such account;
- vendor charges and out-of-pocket expenses charged in connection with SMA programs; and
- license and other fees and expenses charged in connection with non-discretionary model delivery arrangements.

Item 6. Performance Based Fees and Side-By-Side Management Where Royce Has Investment and Trading Discretion

As set forth under “Fees and Compensation,” Royce receives an investment advisory or subadvisory fee equal to an annualized percentage of the net assets of each Institutional Account other than two closed-end U.S. registered management investment companies. These types of fees are often referred to as “asset-based investment advisory fees.” For each of the two closed-end U.S. registered management investment companies, Royce receives an asset-based investment advisory fee that is subject to upward or downward adjustment based upon the investment performance of such closed-end investment company relative to the investment record of a specific equity index. Because the investment advisory fees paid to Royce are based, in part, upon the capital appreciation (or depreciation) of such closed-end investment companies relative to some metric of investment performance, such fees are often referred to as “performance-based investment advisory fees.”

Royce's portfolio managers generally manage more than one client account. Some Royce portfolio managers may manage client accounts that are subject to performance-based investment advisory fees as well as substantially similar client accounts that are subject to asset-based investment advisory fees. Among other forms of compensation, Royce portfolio managers who manage client accounts that are subject to performance-based investment advisory fees receive quarterly Portfolio-Related Variable Compensation that is based, in part, on performance-based fee revenues, as well as quarterly Firm-Related Variable Compensation that is based on Royce's net revenues. A conflict of interest and/or the appearance of a conflict of interest may arise in this context because Royce related persons, including Royce portfolio managers, could have an incentive to maximize revenues to Royce and thereby increase their own compensation by: (i) favoring accounts subject to performance-based investment advisory fees over accounts subject to asset-based investment advisory fees as to the allocation and timing of trades; or (ii) pursuing higher risk investments for accounts subject to performance-based investment advisory fees compared to accounts subject to asset-based investment advisory fees. Royce's portfolio managers may also have a conflict of interest due to significant personal investment in a particular client account that may incentivize the portfolio manager to favor that account.

Royce seeks to mitigate these conflicts of interest in the following ways. First, Royce discloses actual and potential conflicts of interest to ensure that clients and potential clients are aware of the risks. Second, Royce has adopted and implemented policies and procedures designed to deter and detect any actual and potential conflicts of interest that might arise (please see also “Code of Ethics,” “Ownership” and “Allocation for Accounts over Which Royce Exercises Trading Discretion” below) in connection with its provision of investment advisory services to a client account. Among other things, these policies and procedures require monitoring of client accounts so that Royce can determine whether accounts that pay performance-based investment advisory fees receive more favorable pricing or trade allocations than Royce client accounts that pay asset-based investment advisory fees.

Item 7. Types of Clients

Royce offers investment advisory services to U.S. registered investment companies, non-U.S. investment companies, collective investment trusts, a series of a privately offered limited liability company, and an institutional separate account managed for a charitable organization. Generally, Royce has not accepted institutional separate accounts with assets of less than \$10 million.

Through its subadvisory relationship with FTPPG, Royce also provides discretionary or non-discretionary investment advisory services through participation in SMA programs. ***For a description of the clients for these products, please***

see “Item 7 – Types of Clients” of the Combined Brochure.

Royce also provides model portfolios to certain non-affiliated investment advisers or other financial service providers. Because Royce does not have investment discretion or trading discretion in connection with the relevant non-discretionary model portfolio delivery arrangements, Royce does not consider itself to have an investment advisory relationship with the clients of the relevant non-affiliated investment advisers or other financial service providers.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Method of Analysis for All Royce Client Accounts

Royce uses various methods primarily rooted in the valuation of each stock and an evaluation of each company in managing client accounts. Royce’s security selection process puts primary emphasis on the quality of a company’s balance sheet and other measures of a company’s financial condition and profitability, such as the history and/or potential for improvement in cash flow generation, internal rates of return, and sustainable earnings. Royce may also consider other factors, such as a company’s unrecognized asset values, its future growth prospects, or its turnaround potential following an earnings disappointment or other business difficulties. As part of its investment research process, Royce may meet with management of companies in which it has invested or in which Royce is considering an investment. These meetings may be organized by Royce directly or by a third party, such as an investment research provider. Depending on the venue and context, other parties, often including other investment firms, may be present in these meetings. While having others present can be valuable, in that the meeting may then be more efficient for the companies, multiple points of view can add to the discussion, etc., Royce also recognizes the need in those circumstances to take steps to protect the confidentiality of its investment decisions. Royce’s policies and procedures prohibit Royce’s officers, Board members and employees from disclosing any non-public information relating to Royce or its securities transactions, or plans regarding future securities transactions, to any person outside Royce. These policies and procedures also include specific requirements for managing information transmission risks associated with the use by a number of third parties, including other investment firms, of Royce’s office space. For certain client accounts, Royce may also select some portfolio securities using a proprietary investment model, which employs quantitative factors similar to those used by Royce in its other accounts to take long positions and to determine when to sell the long positions. These proprietary investment models are refined/adjusted from time to time.

Royce believes certain material Environmental, Social, and Governance (“ESG”) factors have the potential to contribute to a stock’s long-term performance, and therefore Royce may evaluate potential ESG considerations when assessing a company’s financial condition and profitability. This analysis allows Royce’s portfolio managers to determine whether a company’s ESG profile poses a material financial risk or creates an opportunity for investment. Investments in cash and cash equivalents and any securities lending activities will not be assessed for ESG factors. Evaluation of ESG risk is only one component of Royce’s assessment of potential investments and, as with its consideration of other factors and risks, may not be a determinative factor in any decision to purchase, sell, or hold a security. In addition, where ESG factors are considered, the weight given to ESG factors may vary among Royce client accounts and across different types of investments, sectors, industries, regions, and issuers; and ESG factors and weights considered may change over time. Royce may not assess every investment for ESG factors and, when it does, not every ESG factor may be identified or evaluated. Royce’s assessment of a company’s ESG factors is subjective and may differ from that of institutional investors, third-party service providers (e.g., ratings providers), and/or other funds, and may be dependent on the availability of timely, complete, and accurate ESG data reports

from issuers and/ or third-party research providers, the timeliness, completeness, and accuracy of which is outside of Royce's control. ESG factors are often not uniformly measured or defined, which could impact Royce's ability to evaluate a company. While Royce views certain ESG factors as having the potential to contribute to a stock's long-term performance, there is no guarantee that such results will be achieved.

Investment Strategies for Institutional Accounts

Royce invests clients' assets primarily in the equity securities of U.S. and foreign companies at all capitalization levels using its disciplined valuation-based investment approach. A significant portion of such clients' assets are invested by Royce in the securities of micro- and small-cap companies. Royce generally defines small-cap companies as those that have market capitalizations not greater than that of the largest company in the Russell 2000® Index at the time of its most recent reconstitution. Within small-cap, Royce generally defines companies that have market capitalizations not greater than that of the largest company in the Russell Microcap® Index at the time of its most recent reconstitution as micro-cap.

Royce's investment approach is generally based on its belief that the securities of certain micro- and small-cap companies may sell at a discount from its estimate of the "current worth" of these companies. Royce attempts to identify and invest in these companies with the expectation that the value discount will narrow over time and thus provide capital appreciation for its clients.

Royce's investments for its clients' accounts may include purchases of securities offered in initial public offerings, secondary offerings, private placements, long positions in U.S. and non-U.S. publicly issued and non-public common stocks, ADRs, preferred stocks, stock warrants and rights, bonds of all types, including (without limitation) distressed and defaulted bonds, notes or other debentures, debt participations or bank debt, convertible securities, repurchase agreements, distressed securities, partnership interests, participation notes, structured notes, and other securities or financial instruments.

Royce may also invest a portion of the assets of certain accounts in exchange-traded funds, closed-end funds, money market funds and other pooled investment vehicles. Royce generally will receive its applicable management fee on such amounts even though these types of funds usually are subject to their own management fees and other expenses.

Royce portfolio managers may sell securities held by Institutional Accounts to, among other things, secure gains, limit losses, redeploy assets into what they deem to be more promising opportunities.

Royce Small-Cap Quality Value Investment Strategy

(Non-Discretionary Model Portfolio Delivery Arrangements Only)

The Royce Small-Cap Quality Value portfolios seek long-term growth of capital and current income. Each portfolio focuses primarily on dividend-paying securities of small-cap companies that the portfolio managers believe are trading below their estimate of their current worth. Small-cap companies are those that have a market capitalization not greater than that of the largest company in the Russell 2000® Index at the time of its most recent reconstitution. In addition, the majority of securities recommended for each portfolio are expected to fall within the capitalization range of the Russell 2500 Value Index.

The portfolio managers believe that regular dividend payments, and/or other methods of returning capital to shareholders such as issuer share repurchases, are often a positive signal that may indicate attractive attributes, including a stable business model, shareholder friendly management, disciplined capital allocation practices, and a

conservative financial culture. The portfolio managers seek to achieve the investment objectives for the Royce Small-Cap Quality Value portfolios by focusing primarily on companies that pay regular dividends and/or return capital to shareholders. The portfolio managers favor companies that fall into one of three investment themes: “Compounder” companies possess what they believe are outstanding business models, strong financial characteristics, and above-average growth potential. “Quality Value” companies have attractive profit margins, strong free cash flows, high returns on invested capital, and low leverage that also trade at what the portfolio managers believe are attractive valuations. “Special Situations” are companies that may have complex business models and/or require a catalyst for growth, such as spin offs, turnarounds, and/or unrecognized asset values.

At least 65% of the net assets of each portfolio will be allocated to dividend-paying equity securities, under normal circumstances. In addition, at least 80% of the net assets of each portfolio will be allocated to securities of small-cap companies, under normal circumstances. Although each portfolio generally focuses on securities of U.S. companies, up to 25% of the net assets of each portfolio (measured at the time of transmission of a model portfolio) may be allocated to American Depositary Receipts, American Depositary Shares, Global Depositary Receipts, and common stock for which the primary exchange is outside the United States. Security positions may be reduced or eliminated from a portfolio to, among other things, secure gains, limit losses, and/or redeploy assets into what the portfolio managers deem to be more promising opportunities.

Investment Strategies for Retail SMAs Where Royce Serves as Subadviser to FTPPG.

For descriptions of the Royce investment strategies offered in connection with retail SMA programs where Royce serves as subadviser to FTPPG, please see “Item 8 – Method of Analysis, Investment Strategies and Risk of Loss – Investment Management Portfolios: Descriptions and Main Risks – Portfolios Subadvised by Royce” of the Combined Brochure.

Risk of Loss for All Royce Client Accounts

Royce’s estimate of a company’s current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses or underperformance relative to similar pooled investment vehicles or accounts. Securities held in a Royce client account may not increase as much as the market as a whole and some securities may continue to be undervalued for long periods of time or may never reach what Royce believes are their full market values.

No assurance can be given that Royce’s approach will be successful or that its clients’ desired investment objectives will be achieved. Investments in securities involve a high degree of risk and there is no guarantee against losses. Royce client accounts are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

The risks described immediately below apply to all Royce client accounts.

Equity risk—includes the risk that the prices of equity securities held by a client account will fall due to perceptions regarding the industries in which the companies issuing such securities participate, and the issuer company’s particular circumstances, or that Royce’s judgment about the attractiveness or value of, or market trends affecting, such securities or a particular industry, sector, or region, is incorrect.

Market risk—the possibility that common stock prices will decline over short and/or extended periods of time due

to overall market, financial, and economic conditions, trends, or events, governmental or central bank actions or interventions, changes in investor sentiment, armed conflicts, economic sanctions and countermeasures in response to sanctions, market disruptions caused by trade disputes or other factors, political developments, major cybersecurity events and acts of terrorism, the global and domestic effects of a pandemic or epidemic, contagion effects on the finance sector and the overall economy from banking industry instability, and other factors that may or may not be directly related to the issuer of a security held by a Royce client account. Economies and financial markets throughout the world are increasingly interconnected, and economic, financial, or political events in one country or region could have profound impacts on global economies or markets. The COVID-19 pandemic and its subsequent variants, Russia's invasion of Ukraine, Middle East conflicts, and banking industry instability may adversely affect global economies, markets, industries, and individual companies in ways that cannot necessarily be foreseen. As a result, the value of a Royce client account will fluctuate, sometimes sharply and unpredictably, and clients could lose money over short and/or long periods of time.

Cybersecurity risk—Cybersecurity incidents may allow an unauthorized party to gain access to Royce client account assets, client data (including private shareholder information), or proprietary information, or cause Royce or a client account and/or one of their service providers (including, but not limited to, accountants, auditors, custodians, sub-custodians, transfer agents, prime brokers, administrators, and financial intermediaries) to suffer data breaches, data corruption or lose operational functionality.

Investment Style Risks—Different investment styles (e.g., “value,” “growth,” or “quantitative”) tend to shift in and out of favor depending upon market and economic conditions as well as investor sentiment. Royce client accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.

The risks described immediately below apply to some, but not all, Royce client accounts depending on the type of client account as well as the investment strategies, policies, restrictions and other terms of the applicable investment management agreement, prospectus, statement of additional information, and/or other offering documents.

Smaller-company risk—the prices of micro-cap, small-cap and mid-cap securities are generally more volatile than those of larger-cap securities. In addition, because these securities tend to have significantly lower trading volumes than larger-cap securities, Royce may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what it believes they are worth. Therefore, investments in these securities may involve considerably more risk of loss and returns may differ significantly from investments in larger-cap companies or other asset classes.

Foreign investment risk—investment in foreign securities involves risks that may not be found in U.S. investments, including adverse political, social, economic, or other developments that are unique to a particular region or country. Prices of foreign securities in particular countries or regions may at times move in a different direction and/or be more volatile than those of U.S. securities. Because Royce does not intend to hedge clients' foreign currency exposure, the U.S. dollar value of clients' investments may be harmed by declines in the value of foreign currencies in relation to the U.S. dollar. This may occur even if the value of the investment in the currency's home country has not declined but the dollar rises in value. These risk factors may affect the prices of foreign securities issued by companies headquartered in developing countries more than those headquartered in developed countries. For example, many developing countries have experienced high rates of inflation or have sharply devalued their currencies against the U.S. dollar, causing a decline in the value of investments in companies located in those countries. Transaction costs are often

higher in developing countries, and there may be delays in settlement procedures. These risks are heightened in connection with investments in emerging market securities.

Limited portfolio risk—a limited portfolio (e.g., one that invests more than 75% of its net assets in less than 75 issuers, one that holds the securities of less than 100 issuers, or one that invests a substantial portion of its assets in a particular sector or industry or in a limited number of sectors or industries, etc.) may involve more risk to investors than a more broadly diversified portfolio of securities because it may be more susceptible to any single corporate, economic, political, regulatory or market event.

Liquidity risk—certain assets held by a Royce client account may be impossible or difficult to sell, particularly during times of market turmoil or extended market holidays. These illiquid assets may also be difficult to value. If a Royce client account is forced to sell an illiquid asset to meet redemption requests or other cash needs, such account may be forced to sell the illiquid asset at a loss.

The risks described immediately below apply to the Royce ETF.

Quantitative model risk—No assurance can be given by Royce or the Royce ETF that the quantitative methodology used by Royce to determine the composition of the Royce ETF's investment portfolio will achieve its intended results, maximize returns, or mitigate risks. When a model or data used in managing the Royce ETF contains an error, is incorrect, or incomplete, any investment decision made in reliance on the model or data may not produce the desired results and the Royce ETF may realize losses. Royce may use information and data from third-party providers, which may be incomplete, inaccurate, or unavailable, and different third-party providers may provide different or inconsistent information and data.

The risks described immediately below apply to the collective investment trusts, the privately offered accounts, the non-U.S. investment companies, and SMA programs.

Absence of Protections Afforded by the Investment Company Act of 1940—the collective investment trusts, the privately offered accounts, the non-U.S. investment companies, and SMA programs are not registered with the SEC as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"). As a result, certain provisions of the Investment Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require custodied securities to be segregated, regulate the relationship and transactions between the investment company, its investment adviser, and the investment adviser's affiliates, and require shareholder approval before fundamental investment policies can be changed or contractual investment advisory fee rates can be increased) will not apply to such client accounts or their investors.

For more specific information relating to a particular Royce-managed investment vehicle, please see the applicable prospectus, statement of additional information, and/or offering documents. The prospectuses and statements of additional information for The Royce Funds that operate as open-end investment companies can be found at <https://www.royceinvest.com/>.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

Our Limited Purpose Broker-Dealer

Royce Fund Services, LLC ("RFS"), a wholly owned subsidiary of Royce, is a broker-dealer that is registered with the SEC and the Financial Industry Regulatory Authority, Inc. RFS is the distributor of The Royce Fund and Royce Capital Fund, two open-end U.S. registered management investment companies with 13 separate series between them. RFS does not execute any securities transactions for client portfolios. All principals and registered persons of RFS are affiliated with Royce. Certain members of Royce's management are registered representatives of RFS.

Sub-Investment Management for Franklin Templeton Entities

Royce is a sub-investment manager to: (i) FTFG Royce U.S. Small Cap Opportunity Fund, FTFG Royce U.S. Smaller Companies Fund, and FTGF Royce Global Small Cap Premier Fund, each a series of Franklin Templeton Global Funds plc, an investment company organized under the laws of Ireland; and (ii) FTF Royce U.S. Smaller Companies Fund, a series of Franklin Templeton Funds, an investment company organized under the laws of the United Kingdom (collectively, the "FT European Funds"). Franklin Templeton International Services S.a.r.l. serves as the investment manager of the Irish investment company while Franklin Templeton Fund Management Limited serves as the authorized corporate director of the U.K. investment company. In addition, Royce is a sub-investment manager to FT Global Premier Small-Cap Equity Fund. Franklin Templeton (Japan) Co., Ltd is the investment manager of FT Global Premier Small-Cap Equity Fund. Royce is also a sub-investment manager to Royce Global Small Cap Premier Fund, a registered managed investment scheme that is an unlisted Australian unit trust. Franklin Templeton Australia Limited is the responsible entity for such Australian fund. Further, Royce is a sub-investment manager to Franklin Royce Global Small Cap Premier Fund, a Canadian mutual fund. Franklin Templeton Investments Corp. is the investment manager for such Canadian mutual fund. Each of Franklin Templeton International Services S.a.r.l., Franklin Templeton Fund Management Limited, Franklin Templeton (Japan) Co., Ltd, Franklin Templeton Australia Limited, and Franklin Templeton Investments Corp. is a subsidiary of FRI, Royce's ultimate parent company.

Royce serves as investment subadviser to the Royce ETF, an actively managed exchange-traded fund offered by Legg Mason ETF Equity Trust. Royce utilizes a quantitative methodology to determine the composition of the investment portfolio of the Royce ETF. Franklin Templeton Fund Adviser, LLC (formerly Legg Mason Partners Fund Advisor, LLC) is the investment manager for the Royce ETF while Franklin Distributors, LLC serves as the distributor of creation units for the Royce ETF on an agency basis. Each of Franklin Templeton Fund Adviser, LLC and Franklin Distributors, LLC is a subsidiary of FRI.

SMA Programs and FTPPG

Royce participates in various types of SMA arrangements, including FTPPG-implemented SMA programs, FTPPG discretionary model delivery SMA programs, and FTPPG non-discretionary model delivery SMA programs. Royce participates in such retail SMA programs as subadviser to its affiliate, FTPPG. FTPPG is a subsidiary of FRI, Royce's ultimate parent company.

Under FTPPG-implemented model delivery arrangements, Royce forwards its investment instructions in the form of a model portfolio to FTPPG, which entity is obligated to implement such instructions with respect to client accounts, subject to any implementation protocols or rules agreed to by FTPPG and Royce. Royce has security selection discretion and FTPPG has trading discretion under these types of model delivery arrangements.

Under FTPPG discretionary model delivery arrangements, Royce or its designee (FTPPG) forwards Royce's investment instructions in the form of a model portfolio to the SMA program sponsor or its designee, which entity is obligated to implement such instructions with respect to client accounts, subject to any implementation protocols or rules of such sponsor or designee. Royce generally has security selection discretion, but not trading discretion, under these types of discretionary model delivery arrangements.

Under FTPPG non-discretionary model delivery arrangements, Royce or its designee (FTPPG) forwards Royce's non-discretionary investment recommendations in the form of a model portfolio to the SMA program sponsor or its designee for implementation, subject to the discretion of such sponsor or designee. Royce generally has neither security selection discretion nor trading discretion under these types of non-discretionary model delivery arrangements.

Other Related Person Relationships

Various U.S. registered investment companies and non-U.S. investment companies for which Royce serves as investment adviser and the Royce ETF may serve as investment options for asset allocation models established by Franklin Advisers, Inc., a subsidiary of FRI, Royce's ultimate parent company.

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

Code of Ethics

The Royce Funds, Royce, and RFS have adopted a Code of Ethics (the "Code") that covers interested trustees/directors, officers, and most employees of The Royce Funds and Royce-related persons (other than non-management members of the Board of Managers of Royce). The Code stipulates that such persons are generally prohibited from personal trading in any security that is then being purchased or sold by any client account of Royce, with the exception of securities with market capitalizations of \$20 billion or more at the time of purchase. In addition, these individuals may engage in other personal securities transactions if the securities involved are:

- certain debt securities;
- money market instruments/funds;
- issued by passively managed investment companies;
- other baskets of securities or commodities;
- notes issued by banks, brokers, or other financial institutions, or options to purchase or sell such securities or notes, and whose investment return relates to the performance of an index of securities or the price of one or more commodities or commodities indices;
- shares of registered open-end investment companies;
- shares of unit investment trusts that invest solely in registered open-end investment companies; or
- shares acquired from an issuer in a rights offering or under an automatic investment plan, including among other things, dividend reinvestment plans or employee-approved automatic payroll deduction cash purchase plans.

These individuals also may engage in transactions that are either non-volitional or are effected in an account over which such person has no direct or indirect influence or control. If an individual wants to trade any other security, such person must receive pre-approval from both a Royce compliance officer and either an executive officer or a Co-Chief Investment Officer of Royce.

The Code contains standards for the granting of such permission. The Code does not restrict most transactions effected by Royce for its privately offered accounts.

The Code establishes standards of business conduct for all persons subject to the Code and requires such persons to comply with applicable federal securities laws. Copies of the Code are available to Royce's clients or any prospective client of Royce upon request by calling 212-508-4500.

As described above, the interested trustees/directors, officers and most employees of The Royce Funds and Royce-related persons (other than non-management members of the Board of Managers of Royce) are generally prohibited from personal trading in any security that is then being purchased or sold or considered for purchase or sale by any account of Royce under the Code. Because they are designed to be fair to all of Royce's accounts, including those in which Royce and/or Royce-related persons have an interest, the foregoing restrictions do not prevent: (i) Royce's investment decisions concerning a security for accounts in which Royce and Royce-related persons have no interest from affecting the price of the same security held in an account in which Royce and/or a Royce-related person has an interest; (ii) the allocation to an account in which Royce and/or a Royce-related person has an interest, or the purchase by such an account from Royce's other accounts, of securities of limited availability; or (iii) the sale by an account in which Royce and/or a Royce related person has an interest to Royce's other accounts of securities with limited trading volumes.

Ownership

Royce-related persons personally invest in shares of the registered open-end and closed-end investment companies comprising The Royce Funds. Such persons may own substantial amounts of the outstanding shares of one or more of these investment companies or their separate series, representing in several cases 5% or significantly more of the outstanding shares of such investment company or separate series or any share class of such investment company or separate series.

Allocation for Accounts over Which Royce Exercises Trading Discretion

Royce seeks to avoid either advantaging or disadvantaging Royce client accounts in which Royce-related persons may have a financial interest vis-à-vis other Royce client accounts in which Royce-related persons have no such interest or less of such interest. To that end, Royce uses the restrictions and internal procedures described below for conflicts of interest in discretionary client transactions in which Royce or a Royce-related person may participate or have an interest.

Each Royce client account is managed independently and, although one or more client accounts may have the same or similar investment goals and strategies, Royce may or may not buy or sell the same investments for such client accounts and the performance of such accounts will likely differ based upon various factors, including the amount and timing of cash flows available for investment and redemptions or withdrawals requiring sales of portfolio securities. Nevertheless, Royce does frequently purchase or sell the same securities for more than one client account because the same security is deemed suitable for more than one client account. Such purchases and sales of the same security are generally effected pursuant to Royce's Trade Allocation Guidelines and Procedures.

Royce's portfolio manager(s) generally pre-allocate the majority of Royce's purchase and sale orders to one or more Royce client accounts. Partial fills of such orders are generally allocated to the participating accounts involved in the same ratios as set forth in the pre-allocation order, subject to Royce's minimum ticket size requirements.

When Royce is purchasing or selling the same security for more than one Royce client account managed by the same primary portfolio manager on the same trading day, Royce generally seeks to average the transactions as to price and allocate them as to amount in a manner that Royce believes to be equitable to each Royce client account. Although Royce's portfolio managers generally pre-allocate the majority of Royce's purchase or sale orders to one or more Royce client accounts, under Royce's Trade Allocation Guidelines and Procedures, Royce portfolio managers may place and execute unallocated orders with broker-dealers during the trading day and then allocate the securities purchased or sold in such transactions to one or more Royce client accounts at or shortly following the close of trading, generally using the average net price obtained by client accounts with the same primary portfolio manager. Royce allocates based on a number of judgmental factors that it believes should result in fair and equitable treatment to each of its client accounts for which the securities may be deemed suitable, subject to Royce's minimum ticket size requirements. Among other things, these factors may include (among others): (i) cash available for investment relative to total assets; (ii) applicable investment restrictions/limitations for the account(s) involved; (iii) the specific investment focus and/or grouping of the account(s) involved (e.g., small-cap vs. micro-cap; concentrated vs. more diversified; etc.); (iv) Royce's concentration, position limits, size of position, and number of position goals for the account(s) involved (this may sometimes be referred to as portfolio rebalancing); and (v) tax-related considerations. Trades for Royce client accounts that are managed by different portfolio managers, or trades placed using Royce's quantitative models, are not generally so averaged as to price. Under certain circumstances, Royce may allocate trades in a manner other than that described above if it determines that the allocation is fair and equitable under the circumstances. In some cases, this procedure may adversely affect the price paid or received by a client account or the size of the position obtained for a client account. In addition, on a limited, infrequent basis, and in accordance with written procedures, Royce may change initial allocations from one Royce client account to another Royce client account prior to the booking of the trade on the day after trade date when: (i) it is determined that a security is unsuitable or inappropriate for a particular Royce client account in the original allocation; (ii) there is insufficient cash in a Royce client account to which a security is initially allocated; (iii) there is a client-imposed restriction on the purchase of the security being allocated; or (iv) the portfolio manager has decided to change the initial allocation for some other reason. Such rebookings are subject to review by Royce's compliance department.

Initial Public Offerings or New Issues for Accounts over Which Royce Exercises Trading Discretion

Initial public offerings ("new issues") that Royce purchases for permitted client accounts and expects to hold for "investment" purposes are allocated among those client accounts in the same way as other portfolio purchases – i.e., according to Royce's Trade Allocation Guidelines and Procedures. (Certain Royce accounts, including, without limitation, the FT European Funds and the SMA client accounts, are prohibited from purchasing new issues). Certain other Royce client accounts may be managed by portfolio managers who do not actively pursue allocations of new issues from underwriters as part of their investment strategy and therefore these accounts may not generally participate in purchases of new issues). New issues expected to be quickly sold or otherwise not identified by the portfolio manager who has obtained the allocation as being held for "investment purposes" will be allocated among those client accounts that are not prohibited from purchasing them managed by such person and by the other participating portfolio managers on a pro-rata basis – i.e., in the same proportions, as nearly as may be practicable, as the accounts' relative net asset levels.

Cross Transactions for Accounts over Which Royce Exercises Trading Discretion

Royce may cause certain of its non-ERISA accounts to purchase and sell portfolio securities to one another. Whether or not one of Royce's U.S. registered investment company accounts is involved, such transactions are effected in accordance with the procedures and requirements of Rule 17a-7 under the Investment Company Act and applicable SEC

guidance.

Item 12. Brokerage Practices

Institutional Accounts. Royce is responsible for selecting the brokers who effect the purchases and sales of portfolio securities for all of its Institutional Accounts. Royce does not select a broker to effect securities transactions for its Institutional Accounts unless Royce believes the broker is capable of obtaining “best execution” for the security involved. Several factors in addition to transaction price comprise best execution, including the liquidity of the market for the security, the commission charged, the promptness and reliability of execution, priority accorded to the order and other factors affecting the overall benefit obtained.

In addition to considering a broker's execution capability, Royce generally considers the research and brokerage services that the broker has provided to it, including any research relating to the security involved in the transaction and/or to other securities. Royce may use commission dollars generated by agency transactions for Institutional Accounts to pay for such services. These types of arrangements are generally referred to as “soft dollar” arrangements. Royce uses traditional soft dollar arrangements in which the executing broker charges a bundled commission that includes both the cost of execution and the cost of the additional proprietary or third-party research. Royce also uses Client Commission Arrangements (“CCAs”). In a CCA, the executing broker charges an unbundled commission that separates the costs of trade execution from those of research. CCAs allow for the creation of pools of credits that Royce directs the executing broker to use to compensate research providers. Notwithstanding the foregoing, Royce reimburses the FT European Funds to the extent commission dollars generated by agency transactions for the FT European Funds are used to pay for research services. Because Royce does not have any trading or implementation discretion with respect to any SMA program for which it serves as subadviser to FTPPG or with respect to any personalized managed account, pooled investment vehicle, and/or other financial product for which it provides non-discretionary model portfolios to certain non-affiliated investment advisers or other financial service providers, such accounts do not generate commission dollars that may be used to pay for research services.

Research services that may be paid for in this way assist Royce in fulfilling applicable responsibilities for all of its investment advisory mandates, including the FT European Funds, the SMA programs for which it serves as subadviser to FTPPG, and the personalized managed accounts, pooled investment vehicles, and/or other financial products for which it provides non-discretionary model portfolios to certain non-affiliated investment advisers or other financial service providers. These research services may include, without limitation, general economic research, market and statistical information, industry and technical research, strategy and company research, advice as to the availability of securities or purchasers or sellers of a particular security, and research related to performance measurement. This information may be written or oral. Brokerage services that may be paid for in this way include effecting securities transactions and incidental functions, such as clearance, settlement, and custody.

In accordance with Section 28(e) of the Exchange Act and under the investment advisory agreements for its Institutional Accounts, Royce is authorized to pay brokerage commissions in excess of those that another broker might have charged for effecting the same transaction in recognition of the value of research and brokerage services provided to Royce by the broker. As a result, Institutional Accounts generally pay higher commissions to those brokers who provide both research and brokerage services than they do to those who provide only execution services. Royce determines the overall reasonableness of brokerage commissions paid based on prevailing commission rates for similar transactions and the value it places on the research and/or brokerage services the broker provides, viewed in terms of either the particular transaction or Royce's overall responsibilities with respect to its discretionary accounts. Royce

does not consider liquidity rebates and payments for order flow to be significant factors when selecting brokers and setting broker commission rates.

Royce may use research and brokerage services furnished by brokers in connection with the effecting of securities transactions for a particular account in fulfilling applicable responsibilities for all of its investment advisory mandates, including the FT European Funds, the SMA programs for which it serves as subadviser to FTPPG, and the personalized managed accounts, pooled investment vehicles, and/or other financial products for which it provides non-discretionary model portfolios to certain non-affiliated investment advisers or other financial service providers (each of which has special circumstances as described above). Furthermore, the particular account that generated the applicable research or brokerage services is typically not the sole beneficiary (and, as to a particular service, potentially may not be a beneficiary at all); this is in part because some accounts regularly benefit from research or other services generated by trading by other accounts while themselves generating few or no commissions associated with such services. Royce does not attempt to allocate these kinds of benefits proportionately among clients or, except in limited circumstances, to track the benefits of research and brokerage services to the commissions associated with a particular account or group of accounts. Royce's receipt of these services also does not reduce the investment advisory fees payable to Royce, even though Royce might have otherwise been required to purchase some of those services for cash. The arrangements thus present various conflicts of interest for Royce. Because research and other services paid for by client trading can reduce Royce's costs, Royce has an incentive both to prefer trades and brokers whose commissions pay for such services over potentially less expensive alternatives and to prefer higher volumes of trading over lower volumes. Those incentives also can be heightened when acting for clients with different trading profiles. Limited opportunities to generate commissions from trading by some clients (e.g., Royce's less frequent trading clients or those, like the SMAs for which it serves as subadviser to FTPPG and the personalized managed accounts, pooled investment vehicles, and/or other financial products for which it provides non-discretionary model portfolios to certain non-affiliated investment advisers or other financial service providers where Royce has no trading or implementation discretion) increases the incentive to generate commissions from trading by Royce's other clients. Notwithstanding these incentives, it is Royce's judgment that the research and brokerage services it obtains benefit both Royce and its clients and are reasonable on an overall basis in light of the considerations outlined in the preceding paragraph.

In some cases, Royce may receive a service from a broker that has both a "research/brokerage" and a "non-research/non-brokerage" use or a "mixed use." When this occurs, Royce makes a good faith allocation between the research/brokerage and non-research/non-brokerage use of the service. Only the portion of the service that Royce uses for research/brokerage purposes may be paid for with commission dollars from Institutional Accounts.

Brokerage firms that provide research and brokerage services to Royce may also promote the sale of shares of The Royce Funds, and Royce and/or RFS may separately compensate them for doing so. Such brokerage business is placed by Royce on the basis of brokerage and research services provided by the relevant broker and is not based on any sales of the shares of The Royce Funds. RFS does not effect portfolio security transactions for Royce client accounts or others.

Personal and family relationships are not factors in the selection of broker-dealers to execute transactions for Royce clients. However, based on its broker selection criteria described above, Royce may select a broker-dealer that happens to employ a relative of someone employed by Royce. When Royce is aware of such circumstances, Royce will take steps to ensure that neither the Royce employee nor the employee's relative benefits from any such trade by requesting the broker-dealer to ensure that no compensation resulting from transactions for Royce clients is paid to the relative of the

Royce employee.

Collective Investment Trusts. The collective investment trusts advised by Royce may use the same investment strategies that are offered or utilized through its U.S. registered investment companies. Royce will not effect portfolio transactions for certain collective investment trusts until the investment performance for such collective investment trusts deviates from that of the corresponding U.S. registered investment company account beyond certain thresholds established by Royce. Thus, the investment composition of such collective investment trusts will not always be identical to that of the relevant U.S. registered investment company. As a result, performance and other information relating to Royce's services for its U.S. registered investment company accounts is generally provided in respect of such collective investment trusts for informational purposes only, and may not be representative of the results or experience of such collective investment trusts.

Aggregation of Orders. Please see the section entitled "Allocation for Accounts over Which Royce Exercises Trading Discretion" above for information concerning aggregation of orders for client accounts over which Royce exercises trading discretion.

Non-Discretionary Model Portfolio Delivery Arrangements. As noted above under the heading "Item 4 – Advisory Business", Royce provides model portfolios for negotiated fees to certain non-affiliated investment advisers or other financial service providers for use in connection with various personalized managed accounts, pooled investment vehicles, and/or other financial products. The non-affiliated investment advisers or other financial service providers retain investment discretion over their client accounts and can accept or reject Royce's recommendations. Such non-affiliated investment advisers or other financial service providers are also responsible for effecting trades resulting from these recommendations. In addition, these firms may implement client portfolios by aggregating the model portfolios of multiple non-discretionary money managers, including Royce, and adjusting the combined aggregated model in order to vary certain exposures, to adhere to any portfolio level investment restrictions and guidelines, and for transaction cost management. Royce has no investment discretion over these accounts, has no authority to decide which securities to purchase and sell for the clients of such non-affiliated investment advisers or other financial service providers, and has no authority to effect trades on behalf of the clients of such non-affiliated investment advisers or other financial service providers.

Royce offers one investment strategy (i.e., Royce Small-Cap Quality Value) in connection with these non-discretionary model portfolio delivery arrangements. The Royce Small-Cap Quality Value investment strategy is used in several institutional pooled investment vehicles, including Royce Small-Cap Total Return Fund and Royce Small-Cap Total Return CIT. Royce will transmit one model portfolio for the Royce Small-Cap Quality Value investment strategy to the relevant non-affiliated investment advisers or other financial service providers per business day. As a result, Royce will have effected trades in one or more institutional pooled investment vehicles and accounts within the Royce Small-Cap Quality Value investment strategy before: (i) communicating any recommended changes to the model portfolio to the relevant non-affiliated investment advisers or other financial service providers and (ii) such non-affiliated investment advisers or other financial service providers, subject to their investment and trading discretion, effect trades to implement such recommended changes to the model portfolio. Given that the values of investments change with market conditions, such timing differences may cause the returns of accounts utilizing the Royce Small-Cap Quality Value investment strategy under these non-discretionary model portfolio delivery arrangements to be lower than those of other Royce client accounts that use such strategy.

For the foregoing reasons, the holdings and performance of accounts under these non-discretionary model portfolio delivery arrangements are likely to differ from the holdings and performance of other Royce client accounts that use the Royce Small-Cap Quality Value strategy.

As a provider of non-discretionary model portfolios, Royce is not responsible for determining whether a particular investment program or Royce's investment strategy is suitable or advisable for any particular client of the relevant non-affiliated investment adviser or other financial service provider. Rather, such determinations are the responsibility of the relevant non-affiliated investment adviser or other financial service provider and the client (or the client's financial advisor and the client). Likewise, although clients of a non-affiliated investment adviser or other financial service provider may impose reasonable restrictions in connection with the relevant non-discretionary model delivery arrangements, such non-affiliated investment adviser or other financial service provider, and not Royce, is responsible for complying with such restrictions. Royce is responsible only for furnishing a model portfolio that is consistent with the designated Royce investment strategy for implementation by the relevant non-affiliated investment adviser or other financial service provider and does not tailor model portfolios to individual client needs.

Because Royce does not have investment or trading discretion in connection with such non-discretionary model portfolio delivery arrangements, it does not consider itself to have an investment advisory relationship with clients of the relevant non-affiliated investment advisers or other financial service providers. To the extent that this Advisory Brochure is delivered to such clients of a non-affiliated investment adviser or other financial service provider with whom Royce does not have an investment advisory relationship, or under circumstances where it is not legally required to be delivered, it is provided for informational purposes only.

*SMA*s in Which Royce Participates as Subadviser to FTPPG. As noted above under the heading "Item 10 – Other Financial Industry Activities and Affiliations – SMA Programs and FTPPG", Royce participates in various types of SMA arrangements as subadviser to FTPPG, including FTPPG-implemented SMA programs, FTPPG discretionary model delivery SMA programs, and non-FTPPG discretionary model delivery SMA programs. FTPPG is a subsidiary of FRI, Royce's ultimate parent company. ***For a description of the practices followed by Royce in connection with the transmission of model portfolio revisions for these types of SMA programs, please see "Item 12 – Brokerage Practices – Royce" of the Combined Brochure.***

Item 13. Review of Accounts

One or more of Royce's senior investment staff reviews the investment performance and composition of Royce client accounts on a monthly or more frequent basis. Christopher D. Clark serves as Chief Executive Officer, President, and Co-Chief Investment Officer, and Francis D. Gannon serves as Co-Chief Investment Officer and Managing Director, of Royce. Each is responsible for supervising Royce's investment management activities and participates in these reviews.

Royce's investment staff includes the following portfolio managers and assistant portfolio managers: Charles M. Royce, Charles R. Dreifus, James A. Skinner, III, Jay S. Kaplan, Lauren A. Romeo, James J. Harvey, George Necakov, Steven G. McBoyle, James P. Stoeffel, Brendan J. Hartman, Mark Rayner, Andrew S. Palen, Miles Lewis, Mark Fischer, Kavitha Venkatraman, and Joseph Hintz.

Royce generally furnishes its clients with quarterly and/or semiannual and annual reports on their accounts covering performance information, fees and other expenses and portfolio composition. The limited liability company agreements for Royce's limited liability company accounts set forth the nature and frequency of the reports on their members' investments.

Item 14. Client Referrals and Other Compensation

Royce compensates one solicitor for a prospect introduced by the solicitor to Royce that became an institutional separate account client of Royce.

Item 15. Custody

Royce does not intend to maintain physical custody of its clients' assets. However, under the provisions of Rule 206(4)-2 under the Advisers Act, Royce may be deemed to have custody of a client's assets because Royce, or its affiliates, acts as investment adviser and/or managing member for a client that is a pooled investment vehicle. The series of the privately offered limited liability company is audited at least annually, or upon liquidation, by an independent public accountant registered with the Public Company Accounting Oversight Board and distribute its audited financial statements prepared in accordance with U.S. generally accepted accounting principles to all limited partners, members, or other beneficial owners within 120 days of their respective fiscal year end or upon completion of a liquidation audit, as applicable. Royce's institutional separate account clients select their own custodians to hold the cash and securities in their accounts. A client custodian may be a broker-dealer, bank, or other financial institution that satisfies the SEC's definition of "qualified custodian". Royce is not a qualified custodian and does not provide custody services.

Limited liability company members will receive quarterly account statements from their qualified custodian(s). These statements should be reviewed carefully and compared to statements provided by Royce.

Item 16. Investment Discretion

Royce generally has discretionary authority over client accounts pursuant to its investment advisory agreements with such clients. At the time an investment advisory agreement is negotiated with a client, the investment guidelines that will govern the investment management of the account are agreed to in writing. These guidelines are reviewed and discussed with the client prior to commencement of Royce's management of the account. Royce generally will not commence the management of a client account without a signed investment advisory agreement that contains related investment guidelines.

Royce does not have discretionary authority when it delivers model portfolios to non-affiliated investment advisers or other financial service providers because such entities may, but are not required to, follow such model portfolio recommendations. The relevant non-affiliated investment adviser or other financial service provider (and not Royce) is responsible for investment decisions and implementing trades in these types of accounts in accordance with applicable investment guidelines.

For a description of the extent to which Royce has discretionary authority with respect to SMA programs for which it serves as a subadviser to FTPPG, please see "Item 10 – Other Financial Industry Activities and Affiliations – SMA Programs and FTPPG" of this Advisory Brochure.

Item 17. Voting Client Securities

Royce has adopted written proxy voting policies and procedures (the "Proxy Voting Procedures") for itself and client accounts for which Royce is responsible for voting proxies. Royce is generally granted proxy voting authority at the inception of its management of each client account. Proxy voting authority is generally either (i) specifically authorized in the applicable investment management agreement or other instrument; or (ii) where not specifically authorized, is granted to Royce where general investment discretion is given to Royce in the applicable investment management agreement. Although Royce does not have proxy voting authority in connection with its delivery of non-discretionary model portfolios to non-affiliated investment advisers or other financial service providers, it may, upon written request of such entities, provide its recommendations regarding voting or engagement in relation to portfolio securities held by an underlying account.

In voting proxies, Royce is guided by general fiduciary principles. Royce's goal is to act prudently, solely in the best interest of the beneficial owners of the accounts it manages. Royce attempts to consider all factors of its vote that could affect the value of the investment and will vote proxies in the manner it believes will be consistent with efforts to enhance and/or protect stockholder value. When a client has authorized Royce to vote proxies on its behalf, Royce will generally not accept instructions from the client regarding how to vote proxies.

Royce's personnel are responsible for monitoring receipt of all proxies and seeking to ensure that proxies are received for all securities for which Royce has proxy voting authority. Royce is not responsible for voting proxies it does not receive. Royce divides proxies into "regularly recurring" and "non-regularly recurring" matters. Examples of regularly recurring matters include non-contested elections of directors and non-contested approvals of independent auditors. Royce's personnel are responsible for developing and maintaining a list of matters Royce treats as "regularly recurring" and for ensuring that instructions from a Royce Co-Chief Investment Officer are followed when voting those matters on behalf of Royce clients. Non-regularly recurring matters are all other proxy matters and are brought to the attention of the relevant portfolio manager(s) for the applicable account(s). After giving consideration to advisories

provided by an independent third-party research firm with respect to such non-regularly recurring matters, the portfolio manager(s) directs that such matters be voted in a way that he or she believes should better protect or enhance the value of the investment. Certain Royce portfolio managers may provide instructions that they do not want regularly recurring matters to be voted in accordance with the standing instructions for their accounts and individual voting instructions on all matters, both regularly recurring and non-regularly recurring, will be obtained from such portfolio managers.

Notwithstanding the above, all matters identified by an independent third-party research firm as being ESG proposals are brought to the attention of the portfolio manager(s) for the account(s) involved by Royce personnel. After giving consideration to the recommendation from the independent third-party research firm, the portfolio manager will direct that such matters be voted in a way he or she believes appropriately takes into account environmental and social issues alongside traditional financial measures to provide a more comprehensive view of the value, risk, and return potential of an investment. When Royce portfolio managers cast votes on ESG proposals, they take into account the risk that companies may face significant financial, legal, and reputational risks resulting from poor environmental and social practices, or negligent oversight of environmental or social issues.

Under certain circumstances, Royce may also vote against a proposal from the issuer's board of directors or management. These would include, among others, excessive compensation, unusual management stock options, preferential voting, and poison pills. Royce's portfolio managers decide these issues on a case-by-case basis. In addition, a Royce portfolio manager may, on occasion, decide to abstain from voting a proxy or a specific proxy item when such person concludes that the potential benefit of voting is outweighed by the cost or when it is not in the client's best interest to vote. From time to time, it is also possible that one Royce portfolio manager will decide: (i) to vote shares held in client accounts he or she manages differently from the vote of another Royce portfolio manager whose client accounts hold the same security or (ii) to abstain from voting on behalf of client accounts he or she manages when another Royce portfolio manager is casting votes on behalf of other Royce client accounts.

There may be circumstances where Royce may not be able to vote proxies in a timely manner, including, but not limited to, (i) when certain securities that are out on loan are not recalled prior to the record date; (ii) when administrative or operational constraints impede Royce's ability to cast a timely vote, such as late receipt of proxy voting information; and/or (iii) when systems, administrative or processing errors occur (including errors by Royce or third party vendors).

To further Royce's goal to vote proxies in the best interests of its client, Royce follows specific procedures outlined in the Proxy Voting Procedures to identify, assess, and address material conflicts that may arise between Royce's interests and those of its clients before voting proxies on behalf of such clients. In the event such a material conflict of interest is identified, the proxy will be voted by Royce in accordance with the recommendation given by an independent third-party research firm. In addition, certain securities that are held in portfolios that are managed using a quantitative strategy are voted by Royce in accordance with the recommendation given by an independent third-party research firm.

You may obtain a copy of the Proxy Voting Procedures at <http://www.royceinvest.com/> or by calling 212-508-4500. Additionally, you can obtain information on how your securities were voted by calling 212-508- 4500.

Item 18. Financial Information

Royce is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. Royce has not been the subject of a bankruptcy petition at any time during the past ten years.

About this Advisory Brochure

This Advisory Brochure: (i) is designed to respond to the specific requirements of Form ADV under the Advisers Act, (ii) is qualified by reference to the more complete information found in the relevant client offering documents and agreements, and (iii) does not constitute an offering of any kind.