



# RVFIX

# Very Attractive Rating

## Royce Fund: Royce Small-Cap Value Fund

- [Predictive Ratings](#) are based on the aggregation of our models for the fund's holdings, all of the fund's expenses, & the fund's overall rank.
- Stock-picking ([Portfolio Management](#)) and fund expenses ([Total Annual Costs](#)) drive fund performance.

### Investment Recommendation

- We strongly recommend investors buy RVFIX.
- Despite poor past performance, we expect the fund to significantly outperform the market on a total return basis.
- RVFIX's Portfolio Management rating justifies its Total Annual Costs.

### Fund Rankings

- 93rd percentile of the 7000+ equity funds we cover.
- 3 out of 255 Small Cap Value funds.
- None of the 19 ETFs in the same category rank better.
- See rankings for all US equity funds on our [fund screener](#).

### Portfolio Management Rating Details

- RVFIX receives our Neutral Portfolio Management rating because its aggregate holdings are expected to perform in line with the aggregate holdings of IWN.
- IWN, RVFIX's benchmark, receives our Dangerous rating.
- Our fund analytics are based on aggregating our models and ratings for each fund's holdings.
- Our [top-ranked](#) stock ratings leverage key data from the financial footnotes for unrivaled research quality.

### Portfolio Management Rating Breakdown

#### Quality of Earnings Components: Ratings & Values

Attractive	Economic vs Reported EPS	Positive EE
Neutral	Return on Invested Capital (ROIC)	10%

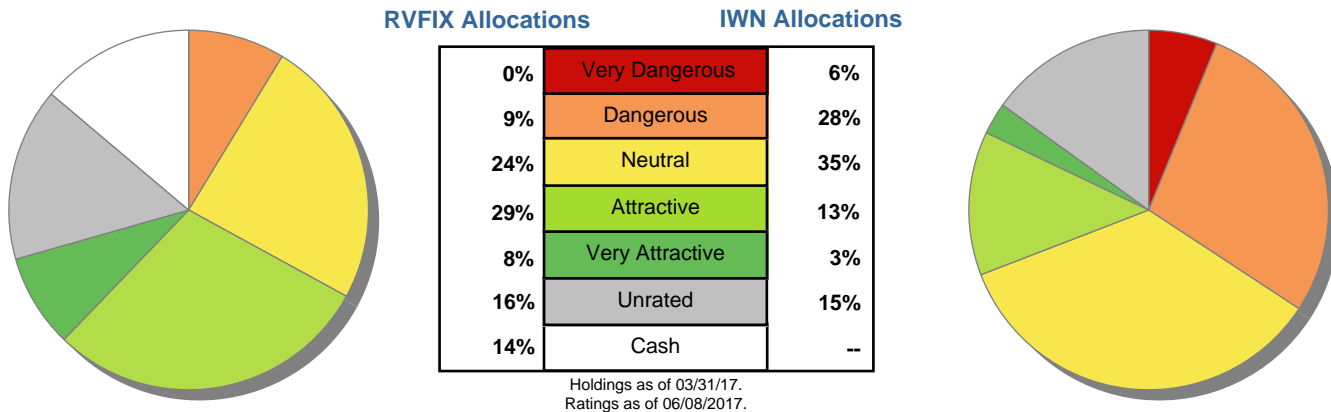
#### Valuation Components: Ratings & Values

Attractive	Free Cash Flow Yield	4%
Attractive	Price to Economic Book Value Ratio	1.2
Attractive	Growth Appreciation Period	10 year(s)

#### Fund Asset Allocation: Rating & Value

Dangerous	Cash Allocation	14% cash
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### Stock and Cash Rating Allocations vs Benchmark - iShares Trust: iShares Russell 2000 Value ETF (IWN)



### Active Management Commentary

- RVFIX allocates 9% of its value to Dangerous-or-worse-rated stocks while IWN allocates 34%.
- RVFIX allocates 38% of its value to Attractive-or-better-rated stocks while IWN allocates 16%.
- Investors should expect funds with higher Total Annual Costs to allocate more value to Attractive and Very Attractive Stocks and less to Dangerous and Very Dangerous stocks than alternative funds with lower costs.
- Active portfolio management of RVFIX adds value versus its ETF benchmark IWN.

### Return - Annual

Year to Date	-5.7%
1 Year	8.7%
3 Year	0.1%
5 Year	8.2%
Inception	5.5%

### Top 5 Holdings

PC Connection Inc
Spirit Airlines Inc
Korn/Ferry International
Vishay Intertechnology Inc
Gentex Corp

### Key Mutual Fund Statistics

CNXN	Net Assets(mm)	\$364.70	Category	Small Cap Value
SAVE	NAV	\$9.46	Mgmt Co	Royce & Associates LLC
KFY	Benchmark	IWN	Manager	Jay S. Kaplan
VSH	# of Holdings	67	Tenure	2013
GNTX	Initial Min	\$1,000,000	Inception	06/01/2006

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

Details on Total Annual Costs Rating are on page 2.

## Total Annual Costs Rating and Ranking

Rating	Total Annual Costs	Fund Universe % Rank	Category Rank
Neutral	1.70%	44%	94 of 255

This rating reflects all expenses, loads, fees, and transaction costs in a single value that is comparable across all funds.

## Reported Costs vs Benchmark: as of 05/01/2017

	RVFIX	Benchmark: IWN
Front-End Load	0.00%	--
Expense Ratio	1.08%	0.25%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--

## Total Annual Costs Breakdown

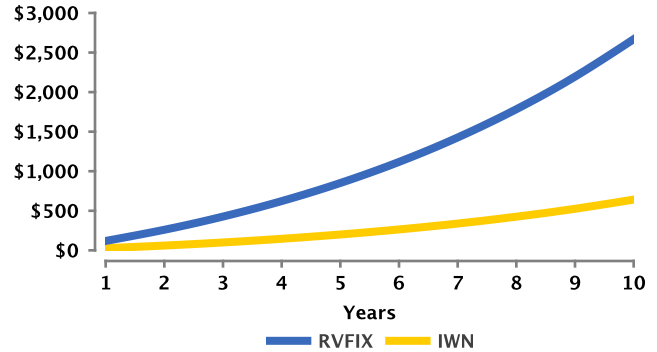
All Cost Types	Annualized Values	
	RVFIX	Benchmark: IWN
Front-End Load	0.00%	--
Expense Ratio	1.20%	0.28%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.50%	--
<b>Total Annual Costs</b>	<b>1.70%</b>	<b>0.28%</b>

- To justify its higher Total Annual Costs, RVFIX must outperform its ETF benchmark before all costs by 1.42% annually over 3 years or 1.42% annually over 10 years.
- This analysis assumes a 3-year holding period, the average for all funds.
- Transaction costs are estimated using the fund's annual portfolio turnover ratio of 56%.

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

## Accumulated Total Costs vs Benchmark

Accumulated Total Costs represent the dollar value of costs investors incur during a 10-yr holding period. Assumes a \$10,000 investment and a 10% annual return for the fund and its benchmark.



- 3-year Accumulated Total Costs are \$426.60 for RVFIX and \$99.58 for IWN. 10-year Accumulated Total Costs are \$2,668.95 for RVFIX and \$641.19 for IWN.

## Overview of Our Predictive Mutual Fund Rating System

New Constructs' [Predictive Fund Ratings](#) enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the [best by Barron's](#). Next, we measure and rank the all-in costs of investing in a fund. Finally, we rank the fund compared to all other funds to identify the best and worst funds in the market.

Intuitively, there are two drivers of future fund performance.

- 1) New stock-picking ([Portfolio Management Rating](#)) and
- 2) Fund expenses ([Total Annual Costs Rating](#)) drive investment performance

The figure below details the criteria that drive our Predictive Rating system for funds. The drivers of our predictive rating system are Portfolio Management and Total Annual Costs. The Portfolio Management Rating (details [here](#)) is the same as our Stock Rating (details [here](#)) except that we incorporate Asset Allocation (details [here](#)) in the Portfolio Management Rating. The Total Annual Costs Rating (details [here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all mutual fund investors.

Predictive Rating	Portfolio Management Rating						Total Annual Costs Rating
	Quality of Earnings		Valuation			Asset Allocation	
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period (yrs)	Cash %	
Very Dangerous	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Dangerous	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%

## New Constructs® - Research to Fulfill the Fiduciary Duty of Care

Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

### To fulfill the Duty of Care, research should be:

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

### Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing with Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.

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