

ROYCE FOCUS TRUST INC  
Form N-Q  
May 26, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q  
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-05379

Name of Fund : Royce Focus Trust, Inc. Fund Address : 745 Fifth Avenue New York, NY 10151

Name and address of agent for service:  
John E. Denneen, Esq.  
Royce & Associates, LLC  
745 Fifth Avenue  
New York, NY 10151

Registrant's telephone number, including area code: (212) 508-4500

Date of fiscal year end: 12/31/2009

Date of reporting period: 3/31/2009

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Item 1 - Schedule of Investments

SCHEDULE OF INVESTMENTS  
ROYCE FOCUS TRUST  
MARCH 31, 2009 (UNAUDITED)

**SHARES    VALUE**

**COMMON STOCKS    95.7%**

**Consumer Products    9.8%**

Apparel, Shoes and Accessories - 3.2%

Fossil a

100,000    \$ 1,570,000

Timberland Company (The) Cl. A a

100,000    1,194,000

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2,764,000

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Food/Beverage/Tobacco - 2.9%

Industrias Bachoco ADR

100,000    1,124,000

Sanderson Farms

35,000    1,314,250

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2,438,250

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Health, Beauty and Nutrition - 1.5%

Nu Skin Enterprises Cl. A

120,000 1,258,800

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Sports and Recreation - 2.2%

Thor Industries

120,000 1,874,400

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**Total**

8,335,450

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**Consumer Services** □ **1.4%**

Retail Stores - 1.4%

Men's Wearhouse (The)

80,000 1,211,200

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**Total**

1,211,200

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**Diversified Investment Companies** □ **1.6%**

Exchange Traded Funds - 1.6%

UltraShort 20+ Year Treasury ProShares a

30,000 1,309,200

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**Total**

1,309,200

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**Financial Intermediaries** □ **4.3%**

Banking - 1.0%

BB Holdings a

400,000    812,297

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Securities Brokers - 3.1%

Knight Capital Group Cl. A a

180,000    2,653,200

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Other Financial Intermediaries - 0.2%

KKR Financial Holdings a

200,000    178,000

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**Total**

3,643,497

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**Financial Services** □ **5.8%**

Investment Management - 5.8%

Endeavour Financial b

600,000 713,832

Franklin Resources

25,000 1,346,750

Sprott

500,000 1,804,410

U.S. Global Investors Cl. A

226,000 1,100,620

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**Total**

4,965,612

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**Health □ 3.3%**

**Drugs and Biotech - 2.9%**

Endo Pharmaceuticals Holdings a

100,000 1,768,000

Lexicon Pharmaceuticals a

500,000 545,000

ULURU a

1,000,009 180,002

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2,493,002

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**Medical Products and Devices - 0.4%**

Caliper Life Sciences a

352,300 348,777

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**Total**

2,841,779

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**Industrial Products ▯ 24.5%**

Building Systems and Components - 1.7%

Simpson Manufacturing

80,000 1,441,600

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Industrial Components - 1.4%

GrafTech International a

200,000 1,232,000

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Machinery - 2.6%

Lincoln Electric Holdings

50,000 1,584,500

Woodward Governor

60,000 670,800

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2,255,300

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Metal Fabrication and Distribution - 11.5%

Kennametal

100,000 1,621,000

Nucor Corporation

25,000 954,250

Reliance Steel & Aluminum

100,000 2,633,000

Schnitzer Steel Industries Cl. A

50,500 1,585,195

Sims Metal Management ADR

250,000 2,980,000

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9,773,445

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Miscellaneous Manufacturing - 1.9%

Rational

20,000 1,595,095

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Pumps, Valves and Bearings - 2.9%

Gardner Denver a

60,000 1,304,400

Pfeiffer Vacuum Technology

20,000 1,183,090

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2,487,490

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Specialty Chemicals and Materials - 2.5%

Mosaic Company (The)

50,000 2,099,000

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**Total**

20,883,930

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**Industrial Services** □ 5.6%

Commercial Services - 2.2%

CRA International a

40,000 755,200

Korn/Ferry International a

120,000 1,087,200

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1,842,400

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Food, Tobacco and Agriculture - 2.3%

CF Industries Holdings

15,000 1,066,950

Intrepid Potash a

50,000 922,500

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1,989,450

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Transportation and Logistics - 1.1%



Arkansas Best

50,000 951,000

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**Total**

4,782,850

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**Natural Resources □ 28.7%**

**Energy Services - 10.8%**

Ensign Energy Services

250,000 2,165,292

Major Drilling Group International

120,000 1,149,746

Pason Systems

180,000 1,359,137

Tesco Corporation a

160,000 1,251,200

Trican Well Service

240,000 1,225,888

Unit Corporation a

100,300 2,098,276

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9,249,539

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**Oil and Gas - 1.2%**

Exxon Mobil

15,000 1,021,500

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Precious Metals and Mining - 15.6%

Alamos Gold a

250,000 1,798,461

Allied Nevada Gold a

200,000 1,170,000

Fresnillo

200,000 1,311,243

Gammon Gold a

250,000 1,617,500

Ivanhoe Mines a

300,000 1,845,000

Pan American Silver a

180,000 3,135,600

Silver Standard Resources a

150,000 2,418,000

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13,295,804

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Real Estate - 1.1%

PICO Holdings a

30,000 902,100

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**Total**

24,468,943

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**Technology** □ **9.0%**

Aerospace and Defense - 1.7%

Ceradyne a

|        |           |
|--------|-----------|
| 80,000 | 1,450,400 |
|--------|-----------|

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Components and Systems - 3.6%

Microsoft Corporation

|        |           |
|--------|-----------|
| 70,000 | 1,285,900 |
|--------|-----------|

MKS Instruments a

|         |           |
|---------|-----------|
| 120,000 | 1,760,400 |
|---------|-----------|

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|           |
|-----------|
| 3,046,300 |
|-----------|

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Semiconductors and Equipment - 1.4%

Sigma Designs a

|         |           |
|---------|-----------|
| 100,325 | 1,248,043 |
|---------|-----------|

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Telecommunications - 2.3%

ADTRAN

|         |           |
|---------|-----------|
| 120,000 | 1,945,200 |
|---------|-----------|

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**Total**

7,689,943

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**Miscellaneous c** 1.7%

**Total**

1,435,332

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**TOTAL COMMON STOCKS**

(Cost \$115,234,383)

81,567,736

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**PREFERRED STOCK** 6.9%

Kennedy-Wilson Conv. d,e

(Cost \$9,000,000)

9,000 5,892,849

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**REPURCHASE AGREEMENT** 25.9%

State Street Bank & Trust Company,

0.13% dated 3/31/09, due 4/1/09,

maturity value \$22,075,080 (collateralized

by obligations of various U.S. Government

Agencies, 5.25% due 6/12/09, valued at

\$22,630,578)

(Cost \$22,075,000)

22,075,000

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**COLLATERAL RECEIVED FOR SECURITIES LOANED □ 0.2%**

Money Market Funds

Federated Government Obligations Fund

(7 day yield-0.371%)

(Cost \$113,476)

113,476

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**TOTAL INVESTMENTS □ 128.7%**

(Cost \$146,422,859)

109,649,061

**CASH AND OTHER ASSETS LESS LIABILITIES □ 0.6%**

555,810

**PREFERRED STOCK □ (29.3)%**

(25,000,000 )

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**NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS □ 100.0%**

**\$ 85,204,871**

a Non-income producing. b

All or a portion of these securities were on loan at March 31, 2009. Total market value of loaned securities at March 31, 2009 was \$108,238.

c Includes securities first acquired in 2009 and less than 1% of net assets applicable to Common Stockholders. d

A security for which market quotations are not readily available represents 6.9% of net assets. This security has been valued at its fair value under procedures established by the Fund's Board of Directors.

e

This security, and the common stock into which the security is convertible, are not and will not be registered under the Securities Act of 1933 and related rules (restricted security). Accordingly, such securities may not be offered, sold, transferred or delivered, directly or indirectly, unless (i) such shares are registered under the Securities Act and any other applicable state securities laws, or (ii) an exemption from registration under the Securities Act and any other applicable state securities laws is available.

| Number<br>Cost | Acquisition<br>3/31/2009 | Fair Value at<br>Assets Received | Percent of Net | Distributions | Security | of Shares | Date |
|----------------|--------------------------|----------------------------------|----------------|---------------|----------|-----------|------|
|----------------|--------------------------|----------------------------------|----------------|---------------|----------|-----------|------|

|                      |       |      |             |             |      |           |  |
|----------------------|-------|------|-------------|-------------|------|-----------|--|
| Kennedy-Wilson Conv. | 9,000 | 5/08 | \$9,000,000 | \$5,892,849 | 6.9% | \$157,500 |  |
|----------------------|-------|------|-------------|-------------|------|-----------|--|

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$146,422,859. At March 31, 2009, net unrealized depreciation for all securities was \$(36,773,798), consisting of aggregate gross unrealized appreciation of \$5,737,082 and aggregate gross unrealized depreciation of \$42,510,880. The primary difference between book and tax basis cost is the timing of the recognition of losses on securities sold.

#### Valuation of Investments:

Investment transactions are accounted for on the trade date. Securities are valued as of the close of trading on the New York Stock Exchange (NYSE) (generally 4:00 p.m. Eastern time) on the valuation date. Securities that trade on an exchange, and securities traded on Nasdaq's Electronic Bulletin Board, are valued at their last reported sales price or Nasdaq official closing price taken from the primary market in which each security trades or, if no sale is reported for such day, at their bid price. Other over-the-counter securities for which market quotations are readily available are valued at their highest bid price, except in the case of some bonds and other fixed income securities which may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services. The Fund values its non-U.S. dollar denominated securities in U.S. dollars daily at the prevailing foreign currency exchange rates as quoted by a major bank. Securities for which market quotations are not readily available are valued at their fair value under procedures established by the Fund's Board of Directors. In addition, if, between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and may make the closing price unreliable, the Fund may fair value the security. The Fund uses an independent pricing service to provide fair value estimates for relevant non-U.S. equity securities on days when the U.S. market volatility exceeds a certain threshold. This pricing service uses proprietary correlations it has developed between the movement of prices of non-U.S. equity securities and indices of U.S.-traded securities, futures contracts and other indications to estimate the fair value of relevant non-U.S. securities. When fair value pricing is employed, the prices of securities used by the Fund may differ from quoted or published prices for the same security. Investments in money market funds are valued at net asset value per share.

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Various inputs are used in determining the value of the Fund's investments, as noted above. These inputs are summarized in the three broad levels below: Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, foreign securities that may be fair valued and repurchase agreements)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments) The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's investments as of March 31, 2009:

### **Level 1   Level 2   Level 3   Total**

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|              |              |             |               |
|--------------|--------------|-------------|---------------|
| \$65,735,412 | \$38,020,800 | \$5,892,849 | \$109,649,061 |
|--------------|--------------|-------------|---------------|

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Level 3 Reconciliation:

| <b>Change in unrealized appreciation<br/>as of 3/31/09</b> | <b>Balance as of 12/31/08 (depreciation)</b> | <b>Purchases</b> | <b>Balance</b> |
|------------------------------------------------------------|----------------------------------------------|------------------|----------------|
|------------------------------------------------------------|----------------------------------------------|------------------|----------------|

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|             |               |     |             |
|-------------|---------------|-----|-------------|
| \$7,285,707 | \$(1,392,858) | \$0 | \$5,892,849 |
|-------------|---------------|-----|-------------|

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### **Repurchase Agreements:**

The Fund may enter into repurchase agreements with institutions that the Fund's investment adviser has determined are creditworthy. The Fund restricts repurchase agreements to maturities of no more than seven days. Securities pledged as collateral for repurchase agreements, which are held until maturity of the repurchase agreements, are marked-to-market daily and maintained at a value at least equal to the principal amount of the repurchase agreement (including accrued interest). Repurchase agreements could involve certain risks in the event of default or insolvency of the counter-party, including possible delays or restrictions upon the ability of the Fund to dispose of its underlying securities.

### **Securities Lending:**

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral on all securities loaned for the Fund is accepted in cash and cash equivalents and invested temporarily by the custodian. The collateral maintained is at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. The Fund retains the risk of any loss on the securities on loan as well as incurring the potential loss on investments purchased with cash collateral received for securities lending.

Other information regarding the Fund is available in the Fund's most recent Prospectus and Report to Stockholders. This information is available through The Royce Funds ([www.roycefunds.com](http://www.roycefunds.com)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)).

Item 2 - Controls and Procedures

(a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report (as required by Rule 30a-3(b) under the Investment Company Act of 1940 (the "Act")), that the Registrant's disclosure controls and procedures (as defined by Rule 30a-3(c) under the Act) are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Item 3 - Exhibits

Certifications pursuant to Rule 30a-2(a) under the Act are attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Royce Focus Trust, Inc.

By:

/s/ Charles M. Royce

Charles M. Royce

President, Royce Focus Trust, Inc.

Date: May \_\_, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By:

/s/ Charles M. Royce

Charles M. Royce

President, Royce Focus Trust, Inc.

Date: May \_\_, 2009

By:

/s/ John D. Diederich

John D. Diederich

Treasurer, Royce Focus Trust, Inc.

Date: May \_\_, 2009