

ROYCE FOCUS TRUST INC

Form N-Q

November 16, 2007

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: 1414 Avenue of the Americas

New York, NY 10019

Name and address of agent for service:

John E. Denneen, Esq.

Royce & Associates, LLC

1414 Avenue of the Americas

New York, NY 10019

Registrant's telephone number, including area code: (212) 486-1445

Date of fiscal year end: 12/31/2007

Date of reporting period: 9/30/2007

Item 1 - Schedule of Investments

SCHEDULE OF INVESTMENTS

ROYCE FOCUS TRUST

SEPTEMBER 30, 2007 (UNAUDITED)

**COMMON STOCKS - 81.7%**

**Consumer Products - 8.8%**

Apparel and Shoes - 0.8%

Timberland Company Cl. A <sup>a</sup>

**SHARES**

**VALUE**

75,000

\$ 1,422,000

Home Furnishing and Appliances - 1.6%

Rational

15,000

2,885,837

Sports and Recreation - 4.6%

Thor Industries

120,000

5,398,800

Winnebago Industries

125,000

2,985,000

8,383,800

Other Consumer Products - 1.8%

Fossil <sup>a</sup>

90,000

3,362,400

**Total**

16,054,037

**Consumer Services - 3.8%**

Direct Marketing - 1.8%

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Nu Skin Enterprises Cl. A	200,000	3,232,000
Other Consumer Services - 2.0%		
Corinthian Colleges <sup>a</sup>	120,000	1,909,200
Universal Technical Institute <sup>a</sup>	100,100	1,801,800
		3,711,000
<b>Total</b>		6,943,000
<b>Financial Intermediaries - 5.3%</b>		
Securities Brokers - 2.6%		
Knight Capital Group Cl. A <sup>a</sup>	400,000	4,784,000
Other Financial Intermediaries - 2.7%		
KKR Financial	286,632	4,829,749
<b>Total</b>		9,613,749
<b>Health - 4.7%</b>		
Drugs and Biotech - 3.0%		
Alpharma Cl. A <sup>a</sup>	50,000	1,068,000
Endo Pharmaceuticals Holdings <sup>a</sup>	90,000	2,790,900
Lexicon Pharmaceuticals <sup>a</sup>	499,400	1,727,924
		5,586,824
Medical Products and Devices - 1.7%		
Caliper Life Sciences <sup>a</sup>	302,300	1,735,202
Possis Medical <sup>a</sup>	100,000	1,355,000
		3,090,202
<b>Total</b>		8,677,026
<b>Industrial Products - 21.6%</b>		
Building Systems and Components - 2.1%		
Simpson Manufacturing	120,000	3,822,000
Machinery - 7.1%		
Kennametal	30,000	2,519,400
Lincoln Electric Holdings	70,000	5,432,700
Pfeiffer Vacuum Technology	13,879	1,265,329
Woodward Governor	59,898	3,737,635
		12,955,064
Metal Fabrication and Distribution - 12.4%		
Dynamic Materials	75,000	3,591,750
Metal Management	100,000	5,420,000
Reliance Steel & Aluminum	100,000	5,654,000
Schnitzer Steel Industries Cl. A	110,000	8,061,900
		22,727,650
<b>Total</b>		39,504,714

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**Industrial Services - 6.5%**

Commercial Services - 3.5%

BB Holdings <sup>a</sup>	400,000	1,698,178
CRA International <sup>a</sup>	40,000	1,927,600
LECG Corporation <sup>a</sup>	180,000	2,682,000

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6,307,778

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Food and Tobacco Processors - 1.6%

Sanderson Farms	70,100	2,921,067
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Transportation and Logistics - 1.4%

Arkansas Best	80,000	2,612,800
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**Total**

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11,841,646

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**Natural Resources - 24.2%**

Energy Services - 8.1%

Ensign Energy Services	240,000	4,531,443
Pason Systems	180,000	2,692,807
Tesco Corporation <sup>a</sup>	100,000	2,715,000
Trican Well Service	240,000	4,886,141

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14,825,391

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Oil and Gas - 2.1%

Unit Corporation <sup>a</sup>	80,000	3,872,000
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Precious Metals and Mining - 14.0%

Endeavour Mining Capital	400,000	3,868,698
Fronteer Development Group <sup>a</sup>	320,000	3,353,600
Gammon Gold <sup>a</sup>	300,000	3,552,000
Ivanhoe Mines <sup>a</sup>	350,000	4,567,500
Meridian Gold <sup>a</sup>	50,000	1,655,000
Pan American Silver <sup>a</sup>	140,000	4,046,000
Silver Standard Resources <sup>a</sup>	120,000	4,474,800

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25,517,598

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**Total**

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44,214,989

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**Technology - 6.8%**

Semiconductors and Equipment - 2.1%

MKS Instruments <sup>a</sup>	200,000	3,804,000
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Software - 2.0%

DivX <sup>a,b</sup>	150,000	2,230,500
ManTech International Cl. A <sup>a</sup>	39,953	1,437,509

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3,668,009

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Telecommunications - 2.7%

ADTRAN	75,000	1,727,250
Foundry Networks <sup>a</sup>	180,100	3,200,377

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4,927,627

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<b>Total</b>		12,399,636
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<b>TOTAL COMMON STOCKS</b> (Cost \$106,873,391)		149,248,796
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<b>GOVERNMENT BONDS - 12.3%</b>	<b>PRINCIPAL AMOUNT</b>	
(Principal Amount shown in local currency)		
Australia Government Bond 7.50% due 9/15/09	10,000,000	9,044,945
New Zealand Government Bond 6.00% due 7/15/08	10,000,000	7,514,756
Republic of South Africa Government Bond 10.00% due 2/28/09	40,000,000	5,862,094
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<b>TOTAL GOVERNMENT BONDS</b> (Cost \$20,561,821)		22,421,795
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<b>REPURCHASE AGREEMENTS - 19.6%</b>		
State Street Bank & Trust Company, 4.75% dated 9/28/07, due 10/1/07, maturity value \$10,754,255 (collateralized by obligations of various U.S. Government Agencies, valued at \$11,022,244) (Cost \$10,750,000)		10,750,000
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Lehman Brothers (Tri-Party), 4.55% dated 9/28/07, due 10/1/07, maturity value \$25,009,479 (collateralized by obligations of various U.S. Government Agencies, valued at \$25,511,180) (Cost \$25,000,000)		25,000,000
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<b>TOTAL REPURCHASE AGREEMENTS</b> (Cost \$35,750,000)		35,750,000
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<b>COLLATERAL RECEIVED FOR SECURITIES LOANED - 0.6%</b>		
Money Market Funds State Street Navigator Securities Lending Prime Portfolio (7 day yield-5.23%)		1,162,500
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(Cost \$1,162,500)		1,162,500
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<b>TOTAL INVESTMENTS - 114.2%</b> (Cost \$164,347,712)		208,583,091
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<b>LIABILITIES LESS CASH AND OTHER ASSETS - (0.5)%</b>		(884,240)
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<b>PREFERRED STOCK - (13.7)%</b>		(25,000,000)
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<b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS - 100.0%</b>		<b>\$ 182,698,851</b>
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- a Non-income producing.
- b All or a portion of these securities were on loan at September 30, 2007. Total market value of loaned securities at September 30, 2007 was \$1,115,250.

**INCOME TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$164,637,769. At September 30, 2007, net unrealized appreciation for all securities was \$43,945,322, consisting of aggregate gross unrealized appreciation of \$51,035,894 and aggregate gross unrealized depreciation of \$7,090,572. The primary difference in 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. 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. The Fund values its non-U.S. securities in U.S. dollars on the basis of foreign currency exchange rates provided to the Fund by its custodian, State Street Bank and Trust Company. 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. Bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services. Investments in money market funds are valued at net asset value per share.

**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 the 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

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custodian. The collateral is equal to 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.

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)).

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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.

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: November 15, 2007

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: November 15, 2007

By:

/s/ John D. Diederich

John D. Diederich  
Treasurer, Royce Focus Trust, Inc.  
Date: November 15, 2007