

ROYCE FOCUS TRUST INC  
Form N-CSRS  
August 30, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT**  
**OF**  
**REGISTERED MANAGEMENT INVESTMENT COMPANIES**  
Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

Address of Registrant: 745 Fifth Avenue  
New York, NY 10151

Name and address of agent for service: John E. Denneen, Esquire  
745 Fifth Avenue  
New York, NY 10151

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

Date of fiscal year end: December 31

Date of reporting period: January 1, 2010 June 30, 2010

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Item 1. Reports to Shareholders.

[Royce Value Trust](#)

[Royce Micro-Cap Trust](#)

[Royce Focus Trust](#)

# SEMIANNUAL REVIEW AND REPORT TO STOCKHOLDERS

[www.roycefunds.com](http://www.roycefunds.com)

## A Few Words on Closed-End Funds

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**Royce & Associates, LLC manages three closed-end funds: Royce Value Trust, the first small-cap value closed-end fund offering; Royce Micro-Cap Trust, the only micro-cap closed-end fund; and Royce Focus Trust, a closed-end fund that invests in a limited number of primarily small-cap companies.**

A closed-end fund is an investment company whose shares are listed and traded on a stock exchange. Like all investment companies, including open-end mutual funds, the assets of a closed-end fund are professionally managed in accordance with the investment objectives and policies approved by the Fund's Board of Directors. A closed-end fund raises cash for investment by issuing a fixed number of shares through initial and other public offerings that may include shelf offerings and periodic rights offerings. Proceeds from the offerings are invested in an actively managed portfolio of securities. Investors wanting to buy or sell shares of a publicly traded closed-end fund after the offerings must do so on a stock exchange, as with any publicly traded stock. This is in contrast to open-end mutual funds, in which the fund sells and redeems its shares on a continuous basis.

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## A Closed-End Fund Offers Several Distinct Advantages Not Available From An Open-End Fund Structure

Since a closed-end fund does not issue redeemable securities or offer its securities on a continuous basis, it does not need to liquidate securities or hold uninvested assets to meet investor demands for cash redemptions, as an open-end fund must.

In a closed-end fund, not having to meet investor redemption requests or invest at inopportune times is ideal for value managers who attempt to buy stocks when prices are depressed and sell securities when prices are high.

A closed-end fund may invest more freely in less liquid portfolio securities because it is not subject to potential stockholder redemption demands. This is particularly beneficial for Royce-managed closed-end funds, which invest in small- and micro-cap securities.

The fixed capital structure allows permanent leverage to be employed as a means to enhance capital appreciation potential.

Unlike Royce's open-end funds, our closed-end funds are able to distribute capital gains on a quarterly basis. In May 2009, the Funds announced the suspension of the quarterly distribution policies for their common stock. Each Fund's Board of Directors will consider lifting the suspension once such Fund's capital loss carryforward has been utilized to offset realized gains. Please see page 19 for more details.

*We believe that the closed-end fund structure is very suitable for the long-term investor who understands the benefits of a stable pool of capital.*

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## Why Dividend Reinvestment Is Important

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A very important component of an investor's total return comes from the reinvestment of distributions. By reinvesting distributions, our investors can maintain an undiluted investment in a Fund. To get a fair idea of the impact of reinvested distributions, please see the charts on pages 13, 15 and 17. For additional information on the Funds' Distribution Reinvestment and Cash Purchase Options and the benefits for stockholders, please see page 19 or visit our website at [www.roycefunds.com](http://www.roycefunds.com).

[This page is not part of the 2010 Semiannual Report to Stockholders](#)

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*For more than 35 years, we have used a value approach to invest in small-cap securities. We focus primarily on the quality of a company's balance sheet, its ability to generate free cash flow and other measures of profitability or sound financial condition. We then use these factors to assess the company's current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company, or what we think the value of the company should be in the stock market.*

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## Performance Table

### NAV Average Annual Total Returns

Through June 30, 2010

|                      | Royce<br>Value Trust | Royce<br>Micro-Cap Trust | Royce<br>Focus Trust | Russell<br>2000 |
|----------------------|----------------------|--------------------------|----------------------|-----------------|
| Second Quarter 2010* | -10.41%              | -8.94%                   | -11.05%              | -9.92%          |
| Year-to-Date 2010*   | -3.03                | -1.57                    | -7.82                | -1.95           |
| One-Year             | 25.43                | 21.50                    | 20.66                | 21.48           |
| Three-Year           | -9.99                | -10.18                   | -7.68                | -8.60           |
| Five-Year            | 1.15                 | 0.96                     | 5.04                 | 0.37            |
| 10-Year              | 6.44                 | 7.32                     | 10.72                | 3.00            |
| 15-Year              | 9.08                 | 9.57                     | n.a.                 | 6.63            |
| 20-Year              | 10.00                | n.a.                     | n.a.                 | 8.16            |
| Since Inception      | 9.92                 | 9.77                     | 9.75                 |                 |
| Inception Date       | 11/26/86             | 12/14/93                 | 11/1/96**            |                 |

### Important Performance and Risk Information

All performance information in this Review and Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at [www.roycefunds.com](http://www.roycefunds.com). The Royce Funds invest primarily in securities of micro-cap, small-cap and mid-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

\* Not annualized

\*\* Date Royce & Associates, LLC assumed investment management responsibility for the Fund.

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## Letter to Our Stockholders

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### Fear and Trembling

*Life can only be understood backwards; but it must be lived forwards.*

Søren Kierkegaard

Thirty-five years ago this summer, the film *Jaws* opened and quickly chomped its way into celluloid history, while also inspiring legions of sweaty beachgoers to stick to the safety of their towels. Yet it is a paraphrase of the ad from the classic Spielberg film's deservedly forgotten sequel—the subtly named *Jaws 2*—that provides the most apt description of investors' attitudes here in the summer of 2010: "Just when you thought it was safe to go back in the market..." After all, in roughly two years, we have moved from a market collapse due in part to a widespread failure to heed Warren Buffett's advice to "beware of geeks bearing formulas" to a market malaise driven by heightened fears about Greeks—to say nothing of Californians or any number of others—bearing debt. In between the financial crisis of late 2008-early 2009 and the market's current struggles (the latter arguably a sequel to the earlier calamity), there was a dynamic market rebound that lasted—at least as of this writing—from the market low on March 9, 2009 through the interim small-cap market high on April 23, 2010. **Unfortunately, equity investors seemed to regard this rally as an all-too-brief respite from a world of ever-declining stock prices and acute economic anxiety.**

We find much to like on a stock-by-stock basis and believe that there is ample proof in the form of strong fundamentals for potentially better days. Investment decisions should not be approached with fear and trembling, but with conviction, confidence and, in our view, an outlook that measures time in years, not months and quarters.

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Charles M. Royce, President

*Using mostly broad brush strokes, indexes offer a very useful picture of the markets (or areas of the market) that they represent at specific moments in time. Like every mutual fund manager, we also use indexes as benchmarks against which we compare our own Funds performances. Comparisons are made not simply to calendar-based periods, but to down market and full market cycle periods. We do this because of our long-held conviction that how a portfolio performs in difficult market environments can have an enormous effect on long-term returns, especially those results achieved over full market cycles, which have generally lasted from two to seven years. We also make use of our various benchmark indexes to compare volatility scores, such as Standard Deviation and Return Efficiency.*

*For each of our closed-end portfolios, we use the small-cap Russell 2000, a broad-based index of domestic small-cap stocks. (Royce Value Trust also uses the S&P SmallCap 600.) As useful and important as benchmark indexes are, they play no role in our portfolio management practices. Their primary significance for us is in providing a measure of how our results stack up vis-à-vis a close approximation to the market in which a particular portfolio invests.*

**Continued on page 6...**

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## Letter to Our Stockholders

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Looking further back to the beginning of this new century, the markets endured the bursting of the Internet bubble, which brings to two the number of historic market implosions that have occurred within the last 11 years. It is no wonder, then, that so many equity investors are choosing to avoid what they regard as the shark-infested waters of the stock market. For many people who first invested in the stock market at the end of 1999, the experience has been most likely unprofitable (depending, of course, on where their money was invested) and highly, perhaps painfully, volatile. **The evidence is compelling for investors recent dissatisfaction with low or negative returns from stocks and their related impatience with risk and volatility.** The Investment Company Institute (ICI) tracks mutual fund asset flows and reported that in 2009 domestic equity funds had net outflows of \$8.8 billion while fixed income funds took in a record

\$375.5 billion. Strategas Research Partners recently published data from the ICI that showed the trend continuing. For the year-to-date period ended May 31, 2010, outflows from domestic equity funds totaled \$3.8 billion, while inflows to bond funds remained brisk, at \$118.7 billion.

So what do equity managers such as ourselves – patient, disciplined, risk-averse types – make of these sobering figures? Not surprisingly, we still believe in equities. Equally important, our contrarian, long-term outlook leads us to see the potential for solid returns for stocks in the years ahead, provided that investors have the stomach for the bumpy road in front of stocks in the short run. We understand the trepidation, just as we sympathize with those investors who feel as though they have lately been presented with a dismal choice between low-risk, potentially profit-less instruments – bonds or money markets – and risky equities that may not only fail to grow or preserve capital but could also erode or even destroy it. **For our part, we are scrutinizing valuations for micro-cap, small-cap and mid-cap securities all over the globe.** We find much to like on a stock-by-stock basis and believe that there is ample proof in the form of strong fundamentals for potentially better days. Investment decisions should not be approached with fear and trembling, but with conviction, confidence and, in our view, an outlook that measures time in years, not months and quarters.

## The Concept of Anxiety

Regardless of the length of one's outlook, recent results for the three major equity indexes were mostly uninspiring and did much to reinforce investors' anxiety. **For the year-to-date period ended June 30, 2010, small-caps, as measured by the Russell 2000 index, owned a performance edge relative to their peers, as the small-cap index was down 1.9%, while the large-cap S&P 500 lost 6.7% and the more tech-oriented Nasdaq Composite fell 7.1%.** These were obviously disappointing results, not merely because of the negative performance, but also because they interrupted the much-needed rally that began with the market low on March 9, 2009. The year opened with a less

damaging correction that the market had shaken off by early February. First-quarter results were positive for all three indexes the Russell 2000 gained 8.9% versus 5.4% for the S&P 500 and 5.7% for the Nasdaq Composite.

The revived rally did not last long, however. Small-cap stock prices peaked on April 23, 2010, and the Russell 2000 slipped 17.6% from that date through the end of June. While the rally had seen other downturns, each had fallen in the range of 9%-10%, making this latest decline easily the most severe for small-caps since the worst days of the financial crisis. These losses lent more than a bearish tint to second-quarter returns, which were negative across the board, putting an end to four consecutive quarters of positive performance for all three domestic indexes. For the second quarter, the Russell 2000 was down 9.9%, the S&P 500 fell 11.4%, and the Nasdaq Composite declined 12.0%.

Markets outside the U.S. fared no better. **The MSCI EAFE (Europe, Australasia and Far East) index was down 13.2% versus a loss of 6.3% for the MSCI World ex USA Small Core index for the six months ended June 30, 2010.** So while returns from the U.S. market bottom on March 9, 2009 through June 30, 2010 remained strong, with each major index up more than 55%, trailing three-year returns ended June 30, 2010 for the three domestic and two non-U.S. indexes were negative, and five-year and 10-year returns were mixed. For the 10-year period, small-caps did best, as the Russell 2000 and MSCI World ex USA Small Core indexes were the top performers.

Within small-cap, growth and value indexes suffered second-quarter losses: the Russell 2000 Value index fell 10.6% versus a loss of 9.2% for the Russell 2000 Growth index. However, year-to-date and one-year results ended June 30, 2010 favored value; three- and five-year results favored growth; and 10-, 15-, 20-, and 25-year results were decidedly won by the Russell 2000 Value index. **Micro-cap companies provided better relative results, outperforming the small-cap index in both the second quarter, in which the Russell Microcap index was down 8.9%, and year-to-date period, when it rose 0.1% through 6/30/10.** Within the micro-cap index, value underperformed in the second quarter (-9.7% versus -7.9%), but outperformed for the six months ended June 30, 2010 (+1.9% versus -1.9%).

## Judge For Yourself!

Year-to-date results for our three closed-end portfolios reflected the high level of market volatility. **While the market's gyrations always play a role in performance to some extent, it was particularly visible in the first half, when a few percentage points made the difference between outperformance versus a Fund's respective benchmark index.** Relative performance was not a consistent strength for the portfolios taken as a group. On an NAV (net asset value) basis, only Royce Micro-Cap Trust (RMT) outperformed its particular benchmark during the first half of 2010.

Looking forward, we believe that volatility will continue to be above average, but that small-cap, both domestic and non-U.S., can provide attractive returns over the next three to five years.

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*However, the investable universe of securities for our portfolios tends to be larger than the number of stocks that constitute an index at any given time, which is why we do not limit ourselves to the stocks that comprise an index.*

*We prefer the freedom of looking for what we think are attractively valued smaller companies wherever we may find them. For example, as of June 30, 2010, the number of U.S.-domiciled companies with market capitalizations up to \$2.5 billion exceeded 4,500 names, according to FactSet, more than twice the number included in the Russell 2000.*

*In addition, indexes are fluid entities just as actively managed mutual fund portfolios are, though generally to a lesser degree. Standard & Poor's rebalances their indexes, including the large-cap S&P 500 and the S&P SmallCap 600, on a quarterly basis, as does MSCI. Russell Investments rebalances, or reconstitutes, as they call it, less frequently doing so on an annual basis.*

*Still, important changes can occur, even in an annual reconstitution. Based on data released from Russell Investments in June 2010, we found some notable changes to the index between June 2009 and June 2010: The index gained an impressive 33.6% for the 12-month period ended May 28, 2010, which helped to increase the index's overall market capitalization 37.9% from 2009 to \$1.2 trillion.*

*Russell went on to report, The median market capitalization for the index increased to \$441.3 million, a 45%*

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Letter to Our Stockholders

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Our own reaction was thus somewhat mixed, as returns ran the gamut from marginally negative to more disappointingly so. Interestingly, Royce Focus Trust (FUND) failed to better the year-to-date return of its benchmark, but lost its performance edge during the far more placid (and positive) first quarter. The Fund did not fall as far as its benchmark from the interim high for domestic small-caps on April 23, 2010 through the end of June, while still finishing the first half with poorer performance. **We would usually prefer that our Funds hold their value relative to the benchmark during a downturn to outshining during a short-term up-market period, even if it causes some discouragement in the short run.**

As might be expected during a period in which volatility was high and returns varied, no single sector or industry stood out during the first half the way that the Natural Resources and Technology sectors mostly did in 2009. However, there were some notable patterns. The disaster in the Gulf of Mexico did not deter many oil and gas companies in Royce Value Trust and RMT from strong results, though that sector's energy services group struggled in all three portfolios. (In FUND, the precious metals and mining group stood out positively in the Natural Resources sector.) Financial and industrial companies tended to do relatively poorly, proving especially sensitive to concerns about a double-dip recession. Many Technology holdings also took a step back after enjoying very strong results in 2009 due in part to similar concerns. The two consumer sectors were generally solid, as was performance for the Health sector. However, in the latter's case net gains were modest. **Micro-caps in general did well, as did dividend-payers, the latter helping to narrow the gap after underperforming their small-cap non-dividend paying peers last year.** Looking forward, we believe that volatility will continue to be above average, but that small-cap, both domestic and non-U.S., can provide attractive returns over the next three to five years.

## An Edifying Discourse

What inspires our confidence in the long-term prospects for stocks? As is often the case, we look to history for some instruction, while keeping in mind that investing must be done looking forward, not backward. We never expect the past to repeat itself, though we do believe that historical patterns are relevant when it comes to the behavior of markets. The current economic situation has already bred comments claiming that the economy and financial markets are not likely to bounce back soon, mostly owing to an ongoing dearth in consumer spending and the staggering weight of deficits. These commentators predict a scenario in which we are headed for a double-dip recession and could be facing a decade of essentially flat economic growth (or worse), calling to mind Japan over the last 20 years or our own stagnating economy of 1974-1982.

**We have a more optimistic outlook. We continue to believe that we have entered a more normalized return environment for equities. We see reason for hope in the fact that many small-cap stocks are reacting positively and negatively to underlying fundamentals not just market sentiment. This has been creating what we regard as attractive short-term opportunities for long-term investors such as ourselves.** To us, a return to a more normalized environment may not bring the outsized gains of 2009, but it could usher in a period of positive long-term returns for equities, with historically normal corrections along the way. This would be close to an ideal environment for active managers with an absolute return orientation. Neither whole sectors nor entire industries are on sale as they were in late 2008 and early 2009, but numerous opportunities have been available on a stock-by-stock basis. By seeking to take advantage of this period of increased volatility, we think that investors should be rewarded when the overall direction of the market reverses. While we always keep an eye on the market and economy as a whole, the current situation has not diminished our faith in the long-term prospects for stocks.

Of course, recent declines have been painful. However, it is important to remember that a correction of 15% or more is quite typical, occurring roughly every three years on average for small-cap stocks. Since the Russell 2000 debuted on December 31, 1978, there have been 10 major corrections of at least 15% through the end of 2009. (Note: In order for a new peak to be established, a drop of 15% from the prior peak must first be recorded.) These peak-to-trough periods have ranged from a decline of 15.4% (10/5/79-10/23/79) to the more recent bear market decline of 58.9% (7/13/07- 3/9/09). Of the 10 major declines prior to 2010, the Russell 2000 on average fell 31.8%. **These declines disrupt markets, they shatter confidence, but they also set the stage for new bull markets.**

Any business that looks to be capable of swimming ahead of the pace of the economy as a whole is going to be in high demand, and we can see that benefiting the kind of small-caps that fit our selection

criteria those that boast strong balance sheets, high returns on invested capital and the ability to generate free cash flow.

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*increase over the median capitalization of \$304 million in 2009. The weighted average market capitalization also increased significantly, jumping 34.7% to \$1.0B from \$0.7B in 2009. The index's composition is also reflective of the growing global nature of the equity world: As a result of Russell's new methodology rule determining country assignment, all companies that are incorporated, headquartered, and traded in the U.S. are eligible for the Russell U.S. Indexes...Ten of the new adds [of which there were a total of 321 in 2010] are due to the new country rule. Indexes change, and, interestingly, they change in an effort to better reflect the market they are meant to represent. In other words, they change their constituents in order not to change their market representation.*

*We have high regard for indexes, especially the efforts they make to remain truly representative of their markets. However, we also see critical differences between the kind of work that we as active, disciplined small-cap managers do and what an index does. We do not focus our efforts on creating representative small-cap portfolios (or micro-cap, mid-cap or global smaller-company portfolios). Our task is to find what we judge to be high-quality companies trading at attractive discounts to our estimate of their worth as a business (or intrinsic value). We see indexes, then, as a bellwether to guide us as we strive to improve our skill as disciplined stock pickers. No more and no less than that.*

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## Letter to Our Stockholders

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Either/Or



Admittedly, our long-term perspective has been even less in style lately than usual. We have recently been witnessing a stampede out of equities and into fixed income to such a degree that we would not be surprised to see a bubble in fixed income investments in the coming months. (Even bond king Bill Gross is bullish on stocks!) **For our part, we remain convinced that stocks should provide stronger returns, particularly inflation-adjusted returns, over the next five-year and 10-year periods. It seems reasonable to us that the current decade will end up with annualized equity returns somewhere in the high single digits.** Taking advantage of current volatility is, for us, critical toward building strong results for the decade, as well as other long-term periods.

For example, we believe that investors should be encouraged, though not too excited, by the recent earnings picture, bearing in mind that recent earnings look strong in relation to where companies were in 2008 and early 2009, when most were coming off an historically terrible period. (In other words, the bar for earnings improvement was set awfully low.) Still, we think that this is encouraging because it shows that many U.S. corporations did what needed to be done they grew leaner and meaner and effectively dealt with a financial crisis, which is being reflected in stronger earnings. **While the perception seems to be that it is once again struggling, we think the economy is on the right track. We are not wildly enthusiastic, but we are optimistic.**

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Part of our reasoning is that we see a slow-growth economy as a favorable backdrop for our disciplined style, especially owing to its emphasis on company quality. **Our expectation is that a slow-growth economy could lead investors to focus on two areas: high-quality companies and fast-growing companies (the latter not normally our cup of tea).** Any business that looks to be capable of swimming ahead of the pace of the economy as a whole is going to be in high demand, and we can see that benefiting the kind of small-caps that fit our selection criteria: those that boast strong balance sheets, high returns on invested capital and the ability to generate free cash flow. It is also important to remember that long-term growth is not a straight-line phenomenon. Short-term setbacks are a common occurrence in the journey to more lasting success. We are ever-cautious, and in our view it is safe to go back in the water.

Sincerely,

It is important to remember that long-term growth is not a straight-line phenomenon. Short-term setbacks are a common occurrence in the journey to more lasting success. We are ever-cautious, and in our view it is safe to go back in the water.

Charles M.  
Royce  
*President*

W. Whitney  
George  
*Vice President*

Jack E. Fockler, Jr.  
*Vice President*

P.S. More than this letter's epigraph comes from the pen of Danish philosopher, Søren Kierkegaard, as each of the headings uses the title from one of his books. We thought that Kierkegaard made an especially appropriate choice for the period under review, with his emphasis on the absurdity of life, the necessity for self-examination and the need to live life looking forward.

July 31, 2010

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## Small-Cap Market Cycle Performance

We believe strongly in the idea that a long-term investment perspective is crucial for determining the success of a particular investment approach. Flourishing in an up market is wonderful. Surviving a bear market by losing less (or not at all) is at least as good. However, the true test of a portfolio's mettle is performance over full market cycle periods, which include both up and down market periods. We believe that providing full market cycle results is more appropriate even than showing three- to five-year standardized returns because the latter periods may not include the up and down phases that constitute a full market cycle.

Since the Russell 2000's inception on 12/31/78, value as measured by the Russell 2000 Value Index outperformed growth as measured by the Russell 2000 Growth Index in six of the small-cap index's eight full market cycles. The most recently concluded cycle, which ran from 3/9/00 through 7/13/07, was the longest in the index's history, and represented what we believe was a return to more historically typical performance in that value provided a significant advantage during its downturn (3/9/00-10/9/02) and for the full cycle. In contrast, the new market cycle that began on 7/13/07 has so far favored growth over value, an unsurprising development when one considers how thoroughly value dominated growth in the previous full cycle.

### Peak-to-Peak (3/9/00-7/13/07)

For the full cycle, value provided a sizeable margin over growth, which finished the period with a loss. Each of our closed-end funds held a sizeable performance advantage over the Russell 2000 on both an NAV (net asset value) and market price basis. On an NAV basis, Royce Focus Trust (+264.2%) was our best performer by a wide margin, followed by Royce Micro-Cap Trust (+175.9%) and Royce Value Trust (+161.3%). The latter two funds in particular benefited from their use of leverage during this, as well as in subsequent bullish periods.

### Peak-to-Current (7/13/07-6/30/10)

During the difficult, volatile decline that ended 3/9/09, both value and growth posted similarly negative returns. Events in the financial markets immediately preceding the end of 2008's third quarter caused the Russell 2000 to decline significantly. After a brief rally at the end of 2008, the index continued to fall, though it has since recovered significantly, gaining 80.9% from 3/9/09 through 6/30/10.

Royce Focus Trust managed to outperform the index during the decline, while Royce Value Trust and Royce Micro-Cap Trust outperformed during the rally from 3/9/09 through 6/30/10.

| ROYCE FUNDS NAV TOTAL RETURNS VS. RUSSELL 2000 INDEX: MARKET CYCLE RESULTS |                                    |                                      |   |  |
|--|------------------------------------|--------------------------------------|---|--|
|  | Peak-to-Peak<br>3/9/00-<br>7/13/07 | Peak-to-Trough<br>7/13/07-<br>3/9/09 | Trough-to-Current<br>3/9/09-<br>6/30/10 | Peak-to-Current<br>7/13/07-<br>6/30/10 |
| <b>Russell 2000</b>  | <b>54.8%</b>                       | <b>-58.9%</b>                        | <b>80.9%</b>                            | <b>-25.6%</b>                          |
| <b>Russell 2000 Value</b>  | <b>189.4</b>                       | <b>-61.1</b>                         | <b>85.0</b>                             | <b>-28.1</b>                           |
| <b>Russell 2000 Growth</b>   | <b>-14.8</b>                       | <b>-56.8</b>                         | <b>76.8</b>                             | <b>-23.6</b>                           |
| Royce Value Trust  | 161.3                              | -65.6                                | 105.9                                   | -29.1                                  |

## Edgar Filing: ROYCE FOCUS TRUST INC - Form N-CSRS

|                             |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|
| Royce<br>Micro-Cap<br>Trust | 175.9 | -66.3 | 110.6 | -29.1 |
| Royce Focus<br>Trust        | 264.2 | -58.3 | 80.3  | -24.7 |

The thoughts concerning recent market movements and future prospects for smaller-company stocks are solely those of Royce & Associates and, of course, there can be no assurance with regard to future market movements. Smaller-company stocks may involve considerably more risk than larger-cap stocks. Past performance is no guarantee of future results. See page 2 for important performance information for all of the above funds.

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**AVERAGE ANNUAL NAV TOTAL RETURNS**

Through 6/30/10

|                            |        |
|----------------------------|--------|
| Jan-June 2010*             | -3.03% |
| One-Year                   | 25.43  |
| Three-Year                 | -9.99  |
| Five-Year                  | 1.15   |
| 10-Year                    | 6.44   |
| 15-Year                    | 9.08   |
| 20-Year                    | 10.00  |
| Since Inception (11/26/86) | 9.92   |

\*Not annualized

**CALENDAR YEAR NAV TOTAL RETURNS**

| Year | RVT   | Year | RVT   |
|------|-------|------|-------|
| 2009 | 44.6% | 2000 | 16.6% |
| 2008 | -45.6 | 1999 | 11.7  |
| 2007 | 5.0   | 1998 | 3.3   |
| 2006 | 19.5  | 1997 | 27.5  |
| 2005 | 8.4   | 1996 | 15.5  |
| 2004 | 21.4  | 1995 | 21.6  |
| 2003 | 40.8  | 1994 | 0.1   |
| 2002 | -15.6 | 1993 | 17.3  |
| 2001 | 15.2  | 1992 | 19.3  |

**TOP 10 POSITIONS**% of Net Assets Applicable  
to Common Stockholders

|                        |      |
|------------------------|------|
| Ash Grove Cement Cl. B | 1.1% |
| Alleghany Corporation  | 1.0  |

|                                |     |
|--------------------------------|-----|
| Sapient Corporation            | 0.9 |
| Coherent                       | 0.9 |
| AllianceBernstein Holding L.P. | 0.9 |
| Sotheby's                      | 0.9 |
| PAREXEL International          | 0.9 |
| SEACOR Holdings                | 0.9 |
| SEI Investments                | 0.9 |
| Cimarex Energy                 | 0.8 |

#### **PORTFOLIO SECTOR BREAKDOWN**

% of Net Assets Applicable to Common Stockholders

|                                  |       |
|----------------------------------|-------|
| Industrial Products              | 22.4% |
| Technology                       | 19.9  |
| Industrial Services              | 14.6  |
| Financial Services               | 12.6  |
| Financial Intermediaries         | 12.1  |
| Natural Resources                | 10.9  |
| Consumer Products                | 8.4   |
| Health                           | 7.5   |
| Consumer Services                | 4.1   |
| Diversified Investment Companies | 0.4   |
| Miscellaneous                    | 4.7   |
| Preferred Stocks                 | 0.2   |
| Cash and Cash Equivalents        | 8.9   |

Royce Value Trust

### Manager's Discussion

Royce Value Trust (RVT) struggled to differentiate itself in the volatile and highly correlated period for equity returns that defined 2010's first half. **For the year-to-date period ended June 30, 2010, RVT lost 3.0% on an NAV (net asset value) basis, and 2.0% based on market price, underperforming its unleveraged small-cap benchmarks, the Russell 2000, which fell 1.9%, and the S&P SmallCap 600, which fell 0.9% for the period.** In the bullish first quarter, which marked a continuation of the strong rally off the lows set in March 2009, the Fund rose 8.2% and 9.8% on an NAV and market price basis, respectively, while the Russell 2000 was up 8.9%, and the S&P SmallCap 600 advanced 8.6%. In the second quarter, when stock prices fell precipitously following new concerns over sovereign finances, specifically in Europe, RVT fell victim to the correlated downward move in stock prices with an NAV decline of 10.4% and a market price loss of 10.8% compared to the Russell 2000's drop of 9.9%, and the S&P SmallCap 600's decline of 8.7%.

While results through the end of June were disappointing on both an absolute and relative basis, over most longer-term time periods the Fund's NAV returns were solid on a relative basis. Absolute NAV returns were more mixed, however. RVT showed strength for the one-, 10-, 15-, 20-year and since inception (11/26/86) periods, but the three-year and five-year periods were more challenging on an absolute basis, falling short of the strong absolute results that we strive to provide. The impact

of the severe bear market of 2008 was the primary contributor to this shortfall. Still, we were very pleased that our style of active, disciplined management allowed RVT to beat the Russell 2000 on an NAV basis for the one-, five-, 10-, 15-, 20-year and since inception periods ended June 30, 2010. The Fund also beat the S&P SmallCap 600 for most of these periods, though it trailed over the difficult three-year span. **RVT's NAV average annual total return since inception was 9.9%.**

In the first half of 2010, sector performance reflected the high degree of individual stock correlation that defined the period. Only three of the Fund's 11 equity sectors managed to contribute positively to returns, though the eight that detracted posted modest net losses. What anchored individual stocks and sectors together was a broad-based increase in negative sentiment that led to chiefly undifferentiated moves among equities of all shapes and sizes. Not surprisingly, defensive sectors such as Health and Consumer Products maintained their gains in the period as investors sought the relative safety of investments less sensitive to cyclical factors and more reliant on non-discretionary consumption.

Positive contributors at the industry level were insurance companies, the software group, and food, beverage and tobacco stocks, the latter accentuating the pervasively defensive theme in the period.

#### GOOD IDEAS THAT WORKED Top Contributors to Performance\* Year-to-Date Through 6/30/10

|                        |       |
|------------------------|-------|
| PAREXEL International  | 0.28% |
| Cimarex Energy         | 0.19  |
| Sapient Corporation    | 0.17  |
| Advisory Board (The)   | 0.16  |
| Richardson Electronics | 0.14  |

\*Includes dividends



**Important Performance and Risk Information**

All performance information reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the most recent month-end may be obtained at [www.roycefunds.com](http://www.roycefunds.com). The market price of the Fund's shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund invests primarily in securities of small and micro-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and deductions for all securities would approximate the Fund's year-to-date performance for 2010.

## Performance and Portfolio Review

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The Industrial Products and Industrial Services sectors made the largest negative impact on performance as investors shunned those areas deemed overly exposed to the growing risks of a soft patch in the economy or, worse, a double-dip recession. Persistently high unemployment, a stubbornly depressed housing market, a pullback in leading economic indicators in the U.S., growing anxiety about the sovereign debt crisis in Europe and risks of a slowdown in the Chinese economy growth all conspired to send investors scrambling for the perceived safe haven of U.S. bonds. Investment management companies and securities brokers, along with metal fabrication and distribution businesses, were among RVT's worst performing industries.

While correlation of individual stocks rose throughout the first half, there still was a healthy dispersion of individual stock returns in the Fund. RVT's top performer in the period was an old favorite, PAREXEL International. This global provider of drug development services focusing on clinical research outsourcing benefited from increased emphasis by the pharmaceutical industry on new drug development. With pipelines depleting, both large and small pharmaceutical companies sought PAREXEL's highly integrated platform of global clinical research to advance new and innovative drug development. Cimarex Energy was another notable gainer as this Denver based oil and gas exploration and production company sported some of the highest production growth in the industry while keeping capital expenditures well below internally generated cash flow.

On the negative front, a notable loser came from our favored asset management industry. Artio Global Investors is a global asset manager offering both fixed income and equity funds with a primary emphasis in international equity. Although it was hurt by the substantial dislocation in Europe following the Greek debt crisis, we remain optimistic about the firm's long-term potential in a recovering global stock market. Vaisala is a Finnish technology company serving a global niche market in measurement systems for a variety of environmental sciences. The company suffered depressed margins after issuing a profit warning due to delivery problems in a new IT system. Recent investments in growth initiatives will also need more time to develop. With a strong balance sheet and healthy dividend yield, we are comfortable being patient.

### GOOD IDEAS AT THE TIME Top Detractors from Performance\* Year-to-Date Through 6/30/10

|                                 |        |
|---------------------------------|--------|
| Artio Global Investors<br>Cl. A | -0.15% |
| Vaisala Cl. A                   | -0.15  |
| Ritchie Bros.<br>Auctioneers    | -0.15  |
| Preformed Line<br>Products      | -0.15  |
| Lazard Cl. A                    | -0.13  |

\*Net of dividends

### MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (11/26/86) through 6/30/10

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## Edgar Filing: ROYCE FOCUS TRUST INC - Form N-CSRS

Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception (\$10.00 IPO), reinvested all annual distributions as indicated and fully participated in primary subscriptions of the Fund's rights offerings.

<sup>2</sup>Reflects the actual market price of one share as it traded on the NYSE.

### FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

|                                |                 |
|--------------------------------|-----------------|
| Average Market Capitalization* | \$1,073 million |
|--------------------------------|-----------------|

|                              |       |
|------------------------------|-------|
| Weighted Average P/E Ratio** | 15.7x |
|------------------------------|-------|

|                            |      |
|----------------------------|------|
| Weighted Average P/B Ratio | 1.7x |
|----------------------------|------|

|  |        |
|--|--------|
| U.S. Investments (% of Net Assets applicable to Common Stockholders) | 101.5% |
|--|--------|

|  |       |
|--|-------|
| Non-U.S. Investments (% of Net Assets applicable to Common Stockholders) | 16.5% |
|--|-------|

|                       |                 |
|-----------------------|-----------------|
| Fund Total Net Assets | \$1,044 million |
|-----------------------|-----------------|

|              |     |
|--------------|-----|
| Net Leverage | 18% |
|--------------|-----|

|               |     |
|---------------|-----|
| Turnover Rate | 13% |
|---------------|-----|

|                    |     |
|--------------------|-----|
| Number of Holdings | 689 |
|--------------------|-----|

|              |       |
|--------------|-------|
| Symbol       |       |
| Market Price | RVT   |
| NAV          | XRVTX |

\*Geometrically calculated

\*\*The Fund's P/E ratio calculation excludes companies with zero or negative earnings (15% of portfolio holdings as of 6/30/10).

Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets, excluding preferred stock.

### CAPITAL STRUCTURE

Publicly Traded Securities Outstanding at 6/30/10 at NAV or Liquidation Value

|  |               |
|--|---------------|
| 66.0 million shares<br>of Common Stock | \$824 million |
|--|---------------|

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|                                     |               |
|-------------------------------------|---------------|
| 5.90% Cumulative<br>Preferred Stock | \$220 million |
|-------------------------------------|---------------|

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**DOWN MARKET PERFORMANCE  
COMPARISON**

All Down Periods of 7.5% or Greater  
Over the Last 10 Years, in  
Percentages(%)

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**AVERAGE ANNUAL NAV TOTAL RETURNS**

Through 6/30/10

|                            |        |
|----------------------------|--------|
| Jan-June 2010*             | -1.57% |
| One-Year                   | 21.50  |
| Three-Year                 | -10.18 |
| Five-Year                  | 0.96   |
| 10-Year                    | 7.32   |
| 15-Year                    | 9.57   |
| Since Inception (12/14/93) | 9.77   |

\*Not annualized

**CALENDAR YEAR NAV TOTAL RETURNS**

| Year | RMT   | Year | RMT   |
|------|-------|------|-------|
| 2009 | 46.5% | 2001 | 23.4% |
| 2008 | -45.5 | 2000 | 10.9  |
| 2007 | 0.6   | 1999 | 12.7  |
| 2006 | 22.5  | 1998 | -4.1  |
| 2005 | 6.8   | 1997 | 27.1  |
| 2004 | 18.7  | 1996 | 16.6  |
| 2003 | 55.5  | 1995 | 22.9  |
| 2002 | -13.8 | 1994 | 5.0   |

**TOP 10 POSITIONS**

% of Net Assets Applicable to Common Stockholders

|                         |      |
|-------------------------|------|
| Kennedy-Wilson Holdings | 2.7% |
| Sapient Corporation     | 2.1  |
| Seneca Foods            | 1.8  |
| iGATE Corporation       | 1.3  |

|                           |     |
|---------------------------|-----|
| Tennant Company           | 1.3 |
| Pegasystems               | 1.1 |
| Epoch Holding Corporation | 1.0 |
| SFN Group                 | 1.0 |
| Richardson Electronics    | 0.9 |
| Advisory Board (The)      | 0.9 |

#### **PORTFOLIO SECTOR BREAKDOWN**

% of Net Assets Applicable to Common Stockholders

|                                  |       |
|----------------------------------|-------|
| Industrial Products              | 23.2% |
| Technology                       | 18.4  |
| Industrial Services              | 13.8  |
| Natural Resources                | 12.1  |
| Financial Intermediaries         | 9.8   |
| Financial Services               | 9.8   |
| Health                           | 9.6   |
| Consumer Products                | 9.1   |
| Consumer Services                | 3.4   |
| Diversified Investment Companies | 1.3   |
| Miscellaneous                    | 4.9   |
| Preferred Stock                  | 0.6   |
| Cash and Cash Equivalents        | 9.1   |

## Royce Micro-Cap Trust

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### **Manager's Discussion**

Royce Micro-Cap Trust's (RMT) broadly diversified portfolio of micro-cap stocks began 2010 with the same luster that had led to distinguished returns in

2009, only to fall victim to the precipitous drop in equity prices that occurred beginning in late April. **RMT lost 1.6% on an NAV (net asset value) basis for the first half of 2010, and 0.4% based on market price, slightly outperforming its unleveraged small-cap benchmark, the Russell 2000, which declined 1.9%, and underperforming the Russell Microcap index, which rose a modest 0.1% for the same period.** The Fund managed to keep pace in the bullish first quarter as stocks extended their gains off the March 2009 low. For the quarter, RMT gained 8.1% on an NAV basis and 11.1% based on market price, compared to respective advances of 8.9% and 9.9% for the Russell 2000 and Russell Microcap indexes. When stock prices rolled over and began their sharp descent in the second quarter, the Fund lost 8.9% on an NAV basis and 10.4% on a market price basis. For the same period, the Russell 2000 fell 9.9%, and the Russell Microcap lost 8.9%.

The market decline that began on April 23, 2010 and continued through the end of the period was as severe as it was unwelcome. During this period, RMT was unable to break from the market's grasp and fell largely in line with its benchmarks. Declines for the Fund were 16.4% (NAV) and 18.9% (market price) compared to losses of 17.6% for the Russell 2000 and 18.1% for the Russell Microcap index. So while the Fund gave up a bit of ground from the market low on March 9, 2009 through June 30, 2010, it maintained its impressive lead, up 110.6% (NAV) and 115.9% (market price) compared to the Russell 2000, which was up 80.9% and the Russell Microcap index which rose 86.2%.

More importantly, we continue to be pleased with the Fund's long-term NAV performances on a relative basis. RMT beat the Russell Microcap index for the one-, three-, five- and 10-year periods ended June 30, 2010, while outpacing the Russell 2000 for the one-, five-, 10-, 15-year and since inception (12/14/93) periods ended June 30, 2010. (Data for the Russell Microcap index goes back only to 2000.)

**The Fund's NAV average annual total return since inception was 9.8%.**

For the first half of 2010, six of the Fund's 10 equity sectors made positive contributions to performance, with Technology being the main bright spot. Within that sector, the components and systems industry and semiconductors and equipment group each benefited

**GOOD IDEAS THAT WORKED**  
Top Contributors to Performance\*  
Year-to-Date Through 6/30/10

|                              |       |
|------------------------------|-------|
| Sapient Corporation          | 0.39% |
| Hardinge                     | 0.39  |
| Virage Logic                 | 0.38  |
| Thomas Weisel Partners Group | 0.29  |
| Richardson Electronics       | 0.25  |

\*Includes dividends

**Important Performance and Risk Information**

All performance information reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the most recent month-end may be obtained at [www.roycefunds.com](http://www.roycefunds.com). The market price of the Fund's shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund normally invests in micro-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and deductions for all securities would approximate the Fund's year-to-date performance for 2010.





## Performance and Portfolio Review

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from the thawing of some IT budgets. Interestingly, machinery was the best performing industry in the period even though it hails from within the economically challenged Industrial Products sector. Detractors from first-half results came mostly from the more cyclical sectors of the market and reflected growing concerns that the initial phase of the economic recovery was giving way to a more uncertain pace. Inventory restocking in the industrial and retail segments of the economy, which had added a pleasant tailwind to orders as we entered the year, appeared to have run its course with new order activity perceived to be ever more reliant on suspect end-market demand. Reflecting this dynamic, Industrial Services and Natural Resources struggled, as did Consumer Services. At the industry level, energy services companies led all decliners, as the impact of the temporary ban on deep-water drilling following BP's Gulf oil spill hurt the short-term prospects of these businesses.

The Fund's top performer was Sapient Corporation, a leading business consulting and technology services firm that was a direct beneficiary of improved technology and marketing spending from its corporate customers. Another performer of note was Hardinge, a manufacturer of metal cutting lathes and other tooling machinery and accessories that received an unsolicited takeover offer from Industrias Romi, a global leader in machine tools. We chose to reduce our position into the resulting improvement in its share price as we were somewhat skeptical of the potential outcome.

### GOOD IDEAS AT THE TIME

Top Detractors from Performance\*  
Year-to-Date Through 6/30/10

|                     |        |
|---------------------|--------|
| Willbros Group      | -0.57% |
| FBR Capital Markets | -0.35  |
| Stein Mart          | -0.30  |
| Charming Shoppes    | -0.26  |
| Cowen Group Cl. A   | -0.24  |

On the negative side, the stock price of Willbros Group, an engineering and construction company primarily serving the oil and gas industry, fell sharply as concerns regarding project delays, another result of the Gulf spill, weighed on its shares. We chose to weigh the firm's limited direct exposure to offshore construction projects and attractive valuation and used the weakness to add to our position. FBR Capital Markets provides a range of investment banking, institutional brokerage and asset management activities. Depressed levels of capital markets activity and delayed equity offerings led to a quarterly revenue and earnings miss that then drove down its share price.

\*Net of dividends

### MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (12/14/93) through 6/30/10

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<sup>1</sup>Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception (\$7.50 IPO),

## Edgar Filing: ROYCE FOCUS TRUST INC - Form N-CSRS

reinvested distributions as indicated and fully participated in the primary subscription of the 1994 rights offering.

<sup>2</sup>Reflects the actual market price of one share as it traded on the NYSE and, prior to 12/1/03, on Nasdaq.

### FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

|                                |               |
|--------------------------------|---------------|
| Average Market Capitalization* | \$290 million |
|--------------------------------|---------------|

|                            |      |
|----------------------------|------|
| Weighted Average P/B Ratio | 1.4x |
|----------------------------|------|

|   |        |
|---|--------|
| U.S. Investments<br>(% of Net Assets applicable to Common Stockholders) | 107.6% |
|---|--------|

|   |      |
|---|------|
| Non-U.S. Investments<br>(% of Net Assets applicable to Common Stockholders) | 8.3% |
|---|------|

|                       |               |
|-----------------------|---------------|
| Fund Total Net Assets | \$299 million |
|-----------------------|---------------|

|                |     |
|----------------|-----|
| Net Leverage** | 16% |
|----------------|-----|

|               |     |
|---------------|-----|
| Turnover Rate | 10% |
|---------------|-----|

|                    |     |
|--------------------|-----|
| Number of Holdings | 358 |
|--------------------|-----|

|              |       |
|--------------|-------|
| Symbol       |       |
| Market Price | RMT   |
| NAV          | XOTCX |

\*Geometrically calculated

\*\*Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets, excluding preferred stock.

### CAPITAL STRUCTURE

Publicly Traded Securities Outstanding  
at 6/30/10 at NAV or Liquidation Value

|  |               |
|--|---------------|
| 27.3 million shares<br>of Common Stock | \$239 million |
|--|---------------|

|                                     |              |
|-------------------------------------|--------------|
| 6.00% Cumulative<br>Preferred Stock | \$60 million |
|-------------------------------------|--------------|

### DOWN MARKET PERFORMANCE COMPARISON

All Down Periods of 7.5% or Greater  
Over the Last 10 Years, in Percentages(%)

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**AVERAGE ANNUAL NAV TOTAL RETURNS**

Through 6/30/10

|                             |        |
|-----------------------------|--------|
| Jan-June 2010*              | -7.82% |
| One-Year                    | 20.66  |
| Three-Year                  | -7.68  |
| Five-Year                   | 5.04   |
| 10-Year                     | 10.72  |
| Since Inception (11/1/96)** | 9.75   |

\*Not annualized

\*\*Royce &amp; Associates assumed investment management responsibility for the Fund on 11/1/96.

**CALENDAR YEAR NAV TOTAL RETURNS**

| Year | FUND  | Year | FUND   |
|------|-------|------|--------|
| 2009 | 54.0% | 2002 | -12.5% |
| 2008 | -42.7 | 2001 | 10.0   |
| 2007 | 12.2  | 2000 | 20.9   |
| 2006 | 16.3  | 1999 | 8.7    |
| 2005 | 13.3  | 1998 | -6.8   |
| 2004 | 29.2  | 1997 | 20.5   |
| 2003 | 54.3  |      |        |

**TOP 10 POSITIONS**

% of Net Assets Applicable to Common Stockholders

|                          |      |
|--------------------------|------|
| Berkshire Hathaway Cl. B | 4.9% |
| Seabridge Gold           | 3.6  |
| Sanderson Farms          | 3.3  |
| Kennedy-Wilson Holdings  | 3.1  |

|                           |     |
|---------------------------|-----|
| Buckle (The)              | 3.0 |
| GrafTech International    | 2.8 |
| ENSCO ADR                 | 2.7 |
| Reliance Steel & Aluminum | 2.5 |
| Mosaic Company (The)      | 2.4 |
| Trican Well Service       | 2.4 |

#### PORTFOLIO SECTOR BREAKDOWN

% of Net Assets Applicable  
to Common Stockholders

|                           |       |
|---------------------------|-------|
| Natural Resources         | 29.7% |
| Industrial Products       | 19.7  |
| Consumer Products         | 12.1  |
| Financial Services        | 11.0  |
| Technology                | 7.9   |
| Financial Intermediaries  | 7.0   |
| Consumer Services         | 5.8   |
| Industrial Services       | 5.1   |
| Health                    | 1.3   |
| Miscellaneous             | 0.9   |
| Cash and Cash Equivalents | 18.7  |

## Royce Focus Trust

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### Manager's Discussion

**Royce Focus Trust (FUND) fell 7.8% on an NAV (net asset value) basis and 9.3% on a market price basis for the year-to-date period ended June 30, 2010, in each case underperforming its small-cap benchmark, the Russell 2000, which was down 1.9% for the same period.** This was a discouraging result, not just because negative returns are unwelcome or because we never enjoy being outpaced by the Russell 2000, but also because it disrupted the momentum that the Fund had established with a terrific showing in 2009. Still, we do not put too much

emphasis on short-term results even when they are notable on both an absolute and relative basis because the Fund's focus is on longer-term time spans of three years or more.

The rally that enlivened much of 2009 stalled as the new year began, with stock prices tumbling through January and into early February before stock prices revived. This meant a mostly strong first quarter for equities. The limited portfolio of mostly small-cap stocks in Royce Focus Trust was up 3.6% on an NAV basis and 5.4% on a market price basis for 2010's opening quarter, in each case behind its small-cap benchmark, the Russell 2000, which was up 8.9%. Although the market was doing well as the second quarter began in April, a more severe and lasting correction had set in by the end of the month, one that continued through the end of June. For the second quarter, FUND was down 11.1% on an NAV basis and 13.9% on a market prices basis versus a decline of 9.9% for the Russell 2000.

The Fund's NAV performance was stronger than its market price results during the correction that followed the interim small-cap high in late April. From April 23, 2010 through June 30, 2010, FUND lost 15.7% on an NAV basis and 19.5% on a market price basis compared to a loss of 17.6% for its benchmark. The Fund fell behind the Russell 2000 from the March 9, 2009 market low through June 30, 2010, rising 80.3% on an NAV basis and 68.3% on a market price basis while the small-cap index gained 80.9%. However, FUND outpaced the Russell 2000 on an NAV basis for the three-, five-, 10-year and since inception of our management (11/1/96) periods ended June 30, 2010, and for each of these periods except the three year span on a market price basis. **The Fund's NAV average annual total return since inception was 9.8%.**

The Industrial Products sector detracted most from performance through the end of June. A top-10 position, The Mosaic Company produces concentrated phosphate and potash crop nutrients for the agriculture industry. Its share price grew at a healthy rate in 2009, in part because takeover rumors ran rampant through its industry. We like its business, its balance sheet and its high returns on invested capital, so we added to our position in May. As investors fled the stock market, as well as other capital markets, the performance of many

**GOOD IDEAS THAT WORKED**  
Top Contributors to Performance\*  
Year-to-Date Through 6/30/10

|                          |       |
|--------------------------|-------|
| Seabridge Gold           | 0.55% |
| Berkshire Hathaway Cl. B | 0.49  |
| Allied Nevada Gold       | 0.40  |
| Sanderson Farms          | 0.39  |
| KKR Financial Holdings   | 0.34  |

\*Includes dividends

**Important Performance and Risk Information**

All performance information reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the most recent month-end may be obtained at [www.roycefunds.com](http://www.roycefunds.com). The market price of the Fund's shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund normally invests primarily in small-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and deductions for all securities would approximate the Fund's year-to-date performance for 2010.

## Performance and Portfolio Review

financial stocks was hampered, which helped to make investment management companies the portfolio's poorest-performing industry group. Western Digital, one of the top three global manufacturers of computer hard drives, boasts a strong balance sheet, competitive positioning and, thanks to its recent share price decline, a highly attractive valuation. Conditions in its industry grew more challenging, as the company ceded some market share to defend pricing, so we built a large enough stake to make it FUND's 17th largest holding at the end of June.

U.S. Global Investors manages equity and fixed income mutual funds, investing primarily in the public equity, fixed income, gold and natural resources markets across the globe. We think its expertise in asset management is a key strength. Long-time Royce favorite Thor Industries also hit the high-speed lane in 2009 before stalling in this year's first half. The stock of this RV (recreational vehicle) and small- and mid-sized bus manufacturer plummeted mostly as a result of a delayed 10-Q filing based on an auditor's review of its past accounting policies. However, the auditor signed off on the filing without requiring any changes or restatements. Sales were also slow after months of recovery, though we think its dominant position in its industry will allow it to return to the fast lane over the long haul. Major Drilling Group International is a leading provider of contract drilling services for metals miners. The company, which provides specialized contract drilling services for metals miners, suffered through reduced levels of activity from larger mining companies in the last months of 2009. Although activity was picking up in 2010, with the company offering an optimistic outlook, it was not enough to sway most investors.

### GOOD IDEAS AT THE TIME Top Detractors from Performance\* Year-to-Date Through 6/30/10

|                                       |        |
|---------------------------------------|--------|
| Mosaic Company (The)                  | -0.95% |
| Western Digital                       | -0.68  |
| U.S. Global Investors<br>Cl. A        | -0.64  |
| Thor Industries                       | -0.53  |
| Major Drilling Group<br>International | -0.52  |

\*Net of dividends

Canadian gold mining business, Seabridge Gold, enjoyed success as reserves in a mine in British Columbia were verified and drilling commenced, which helped to drive up its stock price. It was the Fund's second-largest holding at the end of June. In January, we initiated a position in the Fund's largest holding at the end of the first half, Berkshire Hathaway, a familiar name to many investors as the company associated with Warren Buffett. We admire his expertise as well and were pleased to see the stock climb during 2010's first six months.

### MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (11/1/96)<sup>1</sup> through 6/30/10

<sup>1</sup>Royce & Associates assumed investment management responsibility for the Fund on 11/1/96.

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<sup>2</sup>Reflects the cumulative total return experience of a continuous common stockholder who reinvested all distributions as indicated and fully participated in the primary subscription of the 2005 rights offering.

<sup>3</sup>Reflects the actual market price of one share as it traded on Nasdaq.

### FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

|                                |                 |
|--------------------------------|-----------------|
| Average Market Capitalization* | \$2,358 million |
|--------------------------------|-----------------|

|                              |       |
|------------------------------|-------|
| Weighted Average P/E Ratio** | 12.9x |
|------------------------------|-------|

|                            |      |
|----------------------------|------|
| Weighted Average P/B Ratio | 1.6x |
|----------------------------|------|

|   |       |
|---|-------|
| U.S. Investments<br>(% of Net Assets applicable to Common Stockholders) | 84.5% |
|---|-------|

|   |       |
|---|-------|
| Non-U.S. Investments<br>(% of Net Assets applicable to Common Stockholders) | 15.9% |
|---|-------|

|                       |               |
|-----------------------|---------------|
| Fund Total Net Assets | \$155 million |
|-----------------------|---------------|

|              |    |
|--------------|----|
| Net Leverage | 1% |
|--------------|----|

|               |     |
|---------------|-----|
| Turnover Rate | 20% |
|---------------|-----|

|                    |    |
|--------------------|----|
| Number of Holdings | 60 |
|--------------------|----|

|              |       |
|--------------|-------|
| Symbol       |       |
| Market Price | FUND  |
| NAV          | XFUNX |

\*Geometrically calculated

\*\*The Fund's P/E ratio calculation excludes companies with zero or negative earnings (24% of portfolio holdings as of 6/30/10).

Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets, excluding preferred stock.

### CAPITAL STRUCTURE



Publicly Traded Securities Outstanding  
at 6/30/10 at NAV or Liquidation Value

---

|  |               |
|--|---------------|
| 19.8 million shares<br>of Common Stock | \$130 million |
|--|---------------|

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|                                     |              |
|-------------------------------------|--------------|
| 6.00% Cumulative<br>Preferred Stock | \$25 million |
|-------------------------------------|--------------|

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**DOWN MARKET PERFORMANCE  
COMPARISON**

All Down Periods of 7.5% or Greater  
Over the Last 10 Years, in Percentages(%)

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## History Since Inception

The following table details the share accumulations by an initial investor in the Funds who reinvested all distributions (including fractional shares) and participated fully in primary subscriptions for each of the rights offerings. Full participation in distribution reinvestments and rights offerings can maximize the returns available to a long-term investor. This table should be read in conjunction with the Performance and Portfolio Reviews of the Funds.

| History                      |                                  | Amount Invested  | Purchase Price <sup>1</sup> | Shares        | NAV Value <sup>2</sup> | Market Value <sup>2</sup> |
|------------------------------|----------------------------------|------------------|-----------------------------|---------------|------------------------|---------------------------|
| <b>Royce Value Trust</b>     |                                  |                  |                             |               |                        |                           |
| 11/26/86                     | Initial Purchase                 | \$ 10,000        | \$ 10.000                   | 1,000         | \$ 9,280               | \$ 10,000                 |
| 10/15/87                     | Distribution \$0.30              |                  | 7.000                       | 42            |                        |                           |
| 12/31/87                     | Distribution \$0.22              |                  | 7.125                       | 32            | 8,578                  | 7,250                     |
| 12/27/88                     | Distribution \$0.51              |                  | 8.625                       | 63            | 10,529                 | 9,238                     |
| 9/22/89                      | Rights Offering                  | 405              | 9.000                       | 45            |                        |                           |
| 12/29/89                     | Distribution \$0.52              |                  | 9.125                       | 67            | 12,942                 | 11,866                    |
| 9/24/90                      | Rights Offering                  | 457              | 7.375                       | 62            |                        |                           |
| 12/31/90                     | Distribution \$0.32              |                  | 8.000                       | 52            | 11,713                 | 11,074                    |
| 9/23/91                      | Rights Offering                  | 638              | 9.375                       | 68            |                        |                           |
| 12/31/91                     | Distribution \$0.61              |                  | 10.625                      | 82            | 17,919                 | 15,697                    |
| 9/25/92                      | Rights Offering                  | 825              | 11.000                      | 75            |                        |                           |
| 12/31/92                     | Distribution \$0.90              |                  | 12.500                      | 114           | 21,999                 | 20,874                    |
| 9/27/93                      | Rights Offering                  | 1,469            | 13.000                      | 113           |                        |                           |
| 12/31/93                     | Distribution \$1.15              |                  | 13.000                      | 160           | 26,603                 | 25,428                    |
| 10/28/94                     | Rights Offering                  | 1,103            | 11.250                      | 98            |                        |                           |
| 12/19/94                     | Distribution \$1.05              |                  | 11.375                      | 191           | 27,939                 | 24,905                    |
| 11/3/95                      | Rights Offering                  | 1,425            | 12.500                      | 114           |                        |                           |
| 12/7/95                      | Distribution \$1.29              |                  | 12.125                      | 253           | 35,676                 | 31,243                    |
| 12/6/96                      | Distribution \$1.15              |                  | 12.250                      | 247           | 41,213                 | 36,335                    |
| 1997                         | Annual distribution total \$1.21 |                  | 15.374                      | 230           | 52,556                 | 46,814                    |
| 1998                         | Annual distribution total \$1.54 |                  | 14.311                      | 347           | 54,313                 | 47,506                    |
| 1999                         | Annual distribution total \$1.37 |                  | 12.616                      | 391           | 60,653                 | 50,239                    |
| 2000                         | Annual distribution total \$1.48 |                  | 13.972                      | 424           | 70,711                 | 61,648                    |
| 2001                         | Annual distribution total \$1.49 |                  | 15.072                      | 437           | 81,478                 | 73,994                    |
| 2002                         | Annual distribution total \$1.51 |                  | 14.903                      | 494           | 68,770                 | 68,927                    |
| 1/28/03                      | Rights Offering                  | 5,600            | 10.770                      | 520           |                        |                           |
| 2003                         | Annual distribution total \$1.30 |                  | 14.582                      | 516           | 106,216                | 107,339                   |
| 2004                         | Annual distribution total \$1.55 |                  | 17.604                      | 568           | 128,955                | 139,094                   |
| 2005                         | Annual distribution total \$1.61 |                  | 18.739                      | 604           | 139,808                | 148,773                   |
| 2006                         | Annual distribution total \$1.78 |                  | 19.696                      | 693           | 167,063                | 179,945                   |
| 2007                         | Annual distribution total \$1.85 |                  | 19.687                      | 787           | 175,469                | 165,158                   |
| 2008                         | Annual distribution total \$1.72 |                  | 12.307                      | 1,294         | 95,415                 | 85,435                    |
| 3/11/09                      | Distribution \$0.32 <sup>3</sup> |                  | 6.071                       | 537           | 137,966                | 115,669                   |
| <b>6/30/10</b>               |                                  | <b>\$ 21,922</b> |                             | <b>10,720</b> | <b>\$133,786</b>       | <b>\$113,310</b>          |
| <b>Royce Micro-Cap Trust</b> |                                  |                  |                             |               |                        |                           |
| 12/14/93                     | Initial Purchase                 | \$ 7,500         | \$ 7.500                    | 1,000         | \$ 7,250               | \$ 7,500                  |
| 10/28/94                     | Rights Offering                  | 1,400            | 7.000                       | 200           |                        |                           |
| 12/19/94                     | Distribution \$0.05              |                  | 6.750                       | 9             | 9,163                  | 8,462                     |
| 12/7/95                      | Distribution \$0.36              |                  | 7.500                       | 58            | 11,264                 | 10,136                    |
| 12/6/96                      | Distribution \$0.80              |                  | 7.625                       | 133           | 13,132                 | 11,550                    |
| 12/5/97                      | Distribution \$1.00              |                  | 10.000                      | 140           | 16,694                 | 15,593                    |
| 12/7/98                      | Distribution \$0.29              |                  | 8.625                       | 52            | 16,016                 | 14,129                    |
| 12/6/99                      | Distribution \$0.27              |                  | 8.781                       | 49            | 18,051                 | 14,769                    |
| 12/6/00                      | Distribution \$1.72              |                  | 8.469                       | 333           | 20,016                 | 17,026                    |
| 12/6/01                      | Distribution \$0.57              |                  | 9.880                       | 114           | 24,701                 | 21,924                    |
| 2002                         | Annual distribution total \$0.80 |                  | 9.518                       | 180           | 21,297                 | 19,142                    |
| 2003                         | Annual distribution total \$0.92 |                  | 10.004                      | 217           | 33,125                 | 31,311                    |
| 2004                         | Annual distribution total \$1.33 |                  | 13.350                      | 257           | 39,320                 | 41,788                    |

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|                          |                                  |                 |          |              |                  |                  |
|--------------------------|----------------------------------|-----------------|----------|--------------|------------------|------------------|
| 2005                     | Annual distribution total \$1.85 |                 | 13.848   | 383          | 41,969           | 45,500           |
| 2006                     | Annual distribution total \$1.55 |                 | 14.246   | 354          | 51,385           | 57,647           |
| 2007                     | Annual distribution total \$1.35 |                 | 13.584   | 357          | 51,709           | 45,802           |
| 2008                     | Annual distribution total \$1.19 |                 | 8.237    | 578          | 28,205           | 24,807           |
| 3/11/09                  | Distribution \$0.22 <sup>3</sup> |                 | 4.260    | 228          | 41,314           | 34,212           |
| <b>6/30/10</b>           |                                  | <b>\$ 8,900</b> |          | <b>4,642</b> | <b>\$ 40,664</b> | <b>\$ 34,072</b> |
| <b>Royce Focus Trust</b> |                                  |                 |          |              |                  |                  |
| 10/31/96                 | Initial Purchase                 | \$ 4,375        | \$ 4.375 | 1,000        | \$ 5,280         | \$ 4,375         |
| 12/31/96                 |                                  |                 |          |              | 5,520            | 4,594            |
| 12/5/97                  | Distribution \$0.53              |                 | 5.250    | 101          | 6,650            | 5,574            |
| 12/31/98                 |                                  |                 |          |              | 6,199            | 5,367            |
| 12/6/99                  | Distribution \$0.145             |                 | 4.750    | 34           | 6,742            | 5,356            |
| 12/6/00                  | Distribution \$0.34              |                 | 5.563    | 69           | 8,151            | 6,848            |
| 12/6/01                  | Distribution \$0.14              |                 | 6.010    | 28           | 8,969            | 8,193            |
| 12/6/02                  | Distribution \$0.09              |                 | 5.640    | 19           | 7,844            | 6,956            |
| 12/8/03                  | Distribution \$0.62              |                 | 8.250    | 94           | 12,105           | 11,406           |
| 2004                     | Annual distribution total \$1.74 |                 | 9.325    | 259          | 15,639           | 16,794           |
| 5/6/05                   | Rights offering                  | 2,669           | 8.340    | 320          |                  |                  |
| 2005                     | Annual distribution total \$1.21 |                 | 9.470    | 249          | 21,208           | 20,709           |
| 2006                     | Annual distribution total \$1.57 |                 | 9.860    | 357          | 24,668           | 27,020           |
| 2007                     | Annual distribution total \$2.01 |                 | 9.159    | 573          | 27,679           | 27,834           |
| 2008                     | Annual distribution total \$0.47 |                 | 6.535    | 228          | 15,856           | 15,323           |
| 3/11/09                  | Distribution \$0.09 <sup>3</sup> |                 | 3.830    | 78           | 24,408           | 21,579           |
| <b>6/30/10</b>           |                                  | <b>\$ 7,044</b> |          | <b>3,409</b> | <b>\$ 22,499</b> | <b>\$ 19,568</b> |

<sup>1</sup> Beginning with the 1997 (RVT), 2002 (RMT) and 2004 (FUND) distributions through 2008, the purchase price of distributions is a weighted average of the distribution reinvestment prices for the year.

<sup>2</sup> Other than for initial purchase and June 30, 2010, values are stated as of December 31 of the year indicated, after reinvestment of distributions.

<sup>3</sup> Includes a return of capital.

## Distribution Reinvestment and Cash Purchase Options

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### **Why did the Funds suspend their managed distribution policies for common stockholders?**

The Boards of Directors suspended the Funds' quarterly distribution policies in December, 2009 because of the potentially adverse tax consequences that could occur if the policies were to continue. In certain circumstances, returns of capital could be taxable for federal income tax purposes, and all or a portion of the Funds' capital loss carryforwards from prior years could effectively be forfeited. The Funds intend the suspension to continue until such time as they can again regularly distribute net realized gains, which should occur after they have utilized their capital loss carryforwards. Until such time, the Funds will distribute any net investment income on an annual basis in December.

### **Why should I reinvest my distributions?**

By reinvesting distributions, a stockholder can maintain an undiluted investment in the Fund. The regular reinvestment of distributions has a significant impact on stockholder returns. In contrast, the stockholder who takes distributions in cash is penalized when shares are issued below net asset value to other stockholders.

### **How does the reinvestment of distributions from the Royce closed-end funds work?**

The Funds automatically issue shares in payment of distributions unless you indicate otherwise. The shares are generally issued at the lower of the market price or net asset value on the valuation date.

### **How does this apply to registered stockholders?**

If your shares are registered directly with a Fund, your distributions are automatically reinvested unless you have otherwise instructed the Funds' transfer agent, Computershare, in writing. A registered stockholder also has the option to receive the distribution in the form of a stock certificate or in cash if Computershare is properly notified.

### **What if my shares are held by a brokerage firm or a bank?**

If your shares are held by a brokerage firm, bank, or other intermediary as the stockholder of record, you should contact your brokerage firm or bank to be certain that it is automatically reinvesting distributions on your behalf. If they are unable to reinvest distributions on your behalf, you should have your shares registered in your name in order to participate.

### **What other features are available for registered stockholders?**

The Distribution Reinvestment and Cash Purchase Plans also allow registered stockholders to make optional cash purchases of shares of a Fund's common stock directly through Computershare on a monthly basis, and to deposit certificates representing your Fund shares with Computershare for safekeeping. The Funds' investment adviser is absorbing all commissions on optional cash purchases under the Plans through December 31, 2010.

### **How do the Plans work for registered stockholders?**

Computershare maintains the accounts for registered stockholders in the Plans and sends written confirmation of all transactions in the account. Shares in the account of each participant will be held by

Computershare in non-certificated form in the name of the participant, and each participant will be able to vote those shares at a stockholder meeting or by proxy. A participant may also send other stock certificates held by them to Computershare to be held in non-certificated form. There is no service fee charged to participants for reinvesting distributions. If a participant elects to sell shares from a Plan account, Computershare will deduct a \$2.50 fee plus brokerage commissions from the sale transaction. If a nominee is the registered owner of your shares, the nominee will maintain the accounts on your behalf.

**How can I get more information on the Plans?**

You can call an Investor Services Representative at (800) 221-4268 or you can request a copy of the Plan for your Fund from Computershare. All correspondence (including notifications) should be directed to: [Name of Fund] Distribution Reinvestment and Cash Purchase Plan, c/o Computershare, PO Box 43010, Providence, RI 02940-3010, telephone (800) 426-5523.

## Royce Value Trust

### Schedule of Investments

|   | SHARES    | VALUE      |
|---|-----------|------------|
| <b>COMMON STOCKS 117.6%</b>                       |           |            |
| <b>Consumer Products 8.4%</b>                     |           |            |
| Apparel, Shoes and Accessories - 2.2%             |           |            |
| Anta Sports Products                              | 98,200    | \$ 176,802 |
| Bosideng International Holdings                   | 2,224,000 | 596,019    |
| Burberry Group                                    | 90,000    | 1,014,878  |
| China Dongxiang Group                             | 145,000   | 95,721     |
| Columbia Sportswear                               | 59,600    | 2,781,532  |
| Daphne International Holdings                     | 699,500   | 709,737    |
| Hengdeli Holdings                                 | 400,300   | 172,862    |
| K-Swiss Cl. A <sup>a</sup>                        | 163,600   | 1,837,228  |
| Lazare Kaplan International <sup>a,b</sup>        | 95,437    | 143,155    |
| Luk Fook Holdings (International)                 | 604,000   | 758,041    |
| Stella International Holdings                     | 418,900   | 805,856    |
| Timberland Company (The) Cl. A <sup>a</sup>       | 17,500    | 282,625    |
| Van De Velde                                      | 20,000    | 781,271    |
| Volcom <sup>a,c</sup>                             | 77,594    | 1,440,921  |
| Warnaco Group (The) <sup>a</sup>                  | 58,500    | 2,114,190  |
| Weyco Group                                       | 97,992    | 2,232,258  |
| Wolverine World Wide                              | 100,000   | 2,522,000  |
| Yue Yuen Industrial Holdings                      | 17,000    | 52,706     |
|   |           | 18,517,802 |
| <b>Collectibles - 0.1%</b>                        |           |            |
| Kid Brands <sup>a</sup>                           | 96,600    | 679,098    |
| <b>Consumer Electronics - 0.7%</b>                |           |            |
| Dolby Laboratories Cl. A <sup>a</sup>             | 56,200    | 3,523,178  |
| DTS <sup>a</sup>                                  | 64,100    | 2,106,967  |
|   |           | 5,630,145  |
| <b>Food/Beverage/Tobacco - 1.6%</b>               |           |            |
| American Italian Pasta Cl. A <sup>a</sup>         | 11,000    | 581,570    |
| Asian Citrus Holdings                             | 292,000   | 213,809    |
| Binggrae Company                                  | 14,050    | 578,099    |
| Cal-Maine Foods                                   | 89,300    | 2,851,349  |
| China Yurun Food Group                            | 45,000    | 140,866    |
| Hershey Creamery                                  | 709       | 1,196,083  |
| HQ Sustainable Maritime Industries <sup>a,c</sup> | 28,200    | 141,000    |
| Huabao International Holdings                     | 953,000   | 1,216,022  |
| J.M. Smucker Company (The)                        | 6,300     | 379,386    |
| KT&G Corporation                                  | 15,900    | 781,796    |
| Ralcorp Holdings <sup>a</sup>                     | 1,800     | 98,640     |
| Seneca Foods Cl. A <sup>a</sup>                   | 110,000   | 3,548,600  |
| Seneca Foods Cl. B <sup>a</sup>                   | 13,251    | 429,863    |
| Thai Beverage                                     | 1,052,000 | 209,565    |

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|                         |        |            |
|-------------------------|--------|------------|
| Tootsie Roll Industries | 53,560 | 1,266,694  |
|                         |        | 13,633,342 |

Health, Beauty and Nutrition - 0.2%

|                              |           |           |
|------------------------------|-----------|-----------|
| Amorepacific Corporation     | 915       | 777,735   |
| LG Household & Health Care   | 1,280     | 362,801   |
| Sa Sa International Holdings | 1,219,000 | 923,400   |
|                              |           | 2,063,936 |

Home Furnishing and Appliances - 2.1%

|                       |         |           |
|-----------------------|---------|-----------|
| American Woodmark     | 123,335 | 2,109,029 |
| Ekorner               | 30,000  | 584,945   |
| Ethan Allen Interiors | 345,800 | 4,837,742 |
| Hunter Douglas        | 30,000  | 1,090,614 |

|  | SHARES    | VALUE        |
|--|-----------|--------------|
| <b>Consumer Products (continued)</b>       |           |              |
| Home Furnishing and Appliances (continued) |           |              |
| Kimball International Cl. B                | 286,180   | \$ 1,582,575 |
| Mohawk Industries <sup>a</sup>             | 113,200   | 5,180,032    |
| Samson Holding                             | 1,100,000 | 153,972      |
| Universal Electronics <sup>a</sup>         | 10,000    | 166,300      |
| Woongjin Coway                             | 41,700    | 1,394,035    |
|  |           | 17,099,244   |
| Sports and Recreation - 1.4%               |           |              |
| All American Group <sup>a</sup>            | 47,700    | 21,465       |
| Beneteau <sup>a</sup>                      | 36,000    | 460,884      |
| RC2 Corporation <sup>a</sup>               | 132,600   | 2,136,186    |
| Sturm, Ruger & Company                     | 245,600   | 3,519,448    |
| Thor Industries                            | 110,900   | 2,633,875    |
| Winnebago Industries <sup>a</sup>          | 247,500   | 2,460,150    |
|  |           | 11,232,008   |
| Other Consumer Products - 0.1%             |           |              |
| Societe BIC                                | 9,000     | 638,390      |
|  |           | 69,493,965   |
| <b>Total (Cost \$60,765,399)</b>           |           |              |
| Consumer Services 4.1%                     |           |              |
| Direct Marketing - 0.3%                    |           |              |
| Manutan International                      | 24,906    | 1,258,433    |
| Takkt                                      | 125,000   | 1,289,108    |
|  |           | 2,547,541    |
| Leisure and Entertainment - 0.0%           |           |              |
| Kangwon Land                               | 10,000    | 150,771      |
|  |           |              |
| Online Commerce - 0.2%                     |           |              |

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|  |           |            |
|--|-----------|------------|
| Systemax                               | 121,000   | 1,823,470  |
| <hr/>                                  |           |            |
| <b>Restaurants and Lodgings - 0.6%</b> |           |            |
| Ajisen China Holdings                  | 1,906,200 | 2,117,414  |
| Benihana <sup>a,c</sup>                | 3,300     | 20,988     |
| Cafe de Coral Holdings                 | 97,000    | 248,569    |
| CEC Entertainment <sup>a</sup>         | 64,100    | 2,260,166  |
| <hr/>                                  |           |            |
|  |           | 4,647,137  |
| <hr/>                                  |           |            |
| <b>Retail Stores - 2.2%</b>            |           |            |
| Abercrombie & Fitch Cl. A              | 3,000     | 92,070     |
| Advance Auto Parts                     | 4,500     | 225,810    |
| Aeropostale <sup>a</sup>               | 59,500    | 1,704,080  |
| American Eagle Outfitters              | 10,300    | 121,025    |
| Bed Bath & Beyond <sup>a</sup>         | 4,650     | 172,422    |
| CarMax <sup>a</sup>                    | 160,000   | 3,184,000  |
| Charming Shoppes <sup>a</sup>          | 321,900   | 1,207,125  |
| Dover Saddlery <sup>a</sup>            | 17,821    | 55,780     |
| Dress Barn (The) <sup>a</sup>          | 68,280    | 1,625,747  |
| Golden Eagle Retail Group              | 631,000   | 1,323,832  |
| Lewis Group                            | 225,000   | 1,722,242  |
| New World Department Store<br>China    | 85,000    | 77,228     |
| O Reilly Automotive <sup>a</sup>       | 6,200     | 294,872    |
| QKL Stores <sup>a,c</sup>              | 16,260    | 68,292     |
| Ramayana Lestari Sentosa               | 2,075,000 | 218,291    |
| Stein Mart <sup>a</sup>                | 182,800   | 1,138,844  |
| Tiffany & Co.                          | 90,200    | 3,419,482  |
| West Marine <sup>a</sup>               | 131,100   | 1,426,368  |
| <hr/>                                  |           |            |
|  |           | 18,077,510 |
| <hr/>                                  |           |            |



June 30, 2010 (unaudited)

|                                       | SHARES    | VALUE        |
|---------------------------------------|-----------|--------------|
| <b>Consumer Services (continued)</b>  |           |              |
| Other Consumer Services - 0.8%        |           |              |
| Anhanguera Educacional Participacoes  | 120,000   | \$ 1,814,294 |
| Apollo Group Cl. A <sup>a</sup>       | 4,100     | 174,127      |
| Cambium Learning Group <sup>a,c</sup> | 84,466    | 304,077      |
| ChinaCast Education <sup>a</sup>      | 35,000    | 207,900      |
| ITT Educational Services <sup>a</sup> | 17,000    | 1,411,340    |
| MegaStudy Company                     | 19,000    | 2,506,839    |
| Raffles Education <sup>a</sup>        | 1,083,900 | 219,223      |
| Universal Travel Group <sup>a</sup>   | 15,000    | 88,200       |
|                                       |           | 6,726,000    |
| <b>Total</b> (Cost \$31,493,888)      |           | 33,972,429   |

|  |         |           |
|--|---------|-----------|
| <b>Diversified Investment Companies 0.4%</b> |         |           |
| Closed-End Funds - 0.4%                      |         |           |
| Central Fund of Canada Cl. A                 | 211,500 | 3,187,305 |
|  |         | 3,187,305 |
| <b>Total</b> (Cost \$1,694,963)              |         | 3,187,305 |

|   |         |           |
|---|---------|-----------|
| <b>Financial Intermediaries 12.1%</b>       |         |           |
| Banking - 2.9%                              |         |           |
| Ameriana Bancorp                            | 40,000  | 167,600   |
| Banca Finnat Euramerica                     | 867,500 | 570,736   |
| Banca Generali                              | 86,000  | 820,427   |
| Bank of N.T. Butterfield & Son <sup>a</sup> | 942,504 | 1,319,506 |
| Bank Sarasin & Cie Cl. B                    | 33,120  | 1,326,934 |
| Banque Privee Edmond de Rothschild          | 23      | 508,195   |
| BCB Holdings <sup>a</sup>                   | 598,676 | 827,396   |
| Center Bancorp                              | 44,868  | 340,099   |
| Centrue Financial <sup>a</sup>              | 82,200  | 164,400   |
| CFS Bancorp                                 | 75,000  | 364,500   |
| Chuo Mitsui Trust Holdings                  | 118,000 | 415,544   |
| CNB Financial                               | 11,116  | 122,054   |
| Commercial National Financial               | 54,900  | 886,635   |
| Farmers & Merchants Bank of Long Beach      | 1,200   | 4,860,000 |
| Fauquier Bankshares                         | 160,800 | 2,452,200 |
| Hawthorn Bancshares                         | 48,023  | 573,875   |
| HopFed Bancorp                              | 104,500 | 943,635   |
| Jefferson Bancshares <sup>a</sup>           | 32,226  | 127,937   |
| Kearny Financial                            | 50,862  | 465,896   |
| Mauritius Commercial Bank                   | 40,000  | 178,056   |
| Mechanics Bank                              | 200     | 2,200,000 |

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|                                 |         |           |
|---------------------------------|---------|-----------|
| Old Point Financial             | 25,000  | 325,500   |
| Peapack-Gladstone Financial     | 10,500  | 122,850   |
| State Bank of Mauritius         | 46,000  | 113,919   |
| Timberland Bancorp <sup>d</sup> | 469,200 | 1,538,976 |
| Vontobel Holding                | 20,400  | 540,572   |
| Whitney Holding Corporation     | 41,500  | 383,875   |
| Wilber Corporation (The)        | 122,685 | 729,976   |
| Wilmington Trust                | 43,500  | 482,415   |

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23,873,708

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Insurance - 5.4%

|   |         |           |
|---|---------|-----------|
| <b>Alleghany Corporation</b> <sup>a</sup> | 28,657  | 8,405,098 |
| Amil Participacoes                        | 100,000 | 811,634   |
| Argo Group International Holdings         | 64,751  | 1,980,733 |
| Aspen Insurance Holdings                  | 47,000  | 1,162,780 |

**SHARES**      **VALUE**

**Financial Intermediaries**

**(continued)**

Insurance (continued)

|   |         |            |
|---|---------|------------|
| China Taiping Insurance Holdings <sup>a</sup> | 45,000  | \$ 145,429 |
| CNA Surety <sup>a</sup>                       | 100,600 | 1,616,642  |
| CoreLogic                                     | 44,000  | 777,040    |
| Discovery Holdings                            | 250,000 | 1,139,490  |
| E-L Financial                                 | 7,400   | 3,162,839  |
| Enstar Group <sup>a</sup>                     | 20,217  | 1,343,218  |
| <b>Erie Indemnity Cl. A</b>                   | 131,800 | 5,996,900  |
| Independence Holding                          | 317,658 | 1,896,418  |
| Leucadia National <sup>a</sup>                | 44,940  | 876,780    |
| Markel Corporation <sup>a</sup>               | 6,200   | 2,108,000  |
| Montpelier Re Holdings                        | 32,000  | 477,760    |
| NYMAGIC                                       | 202,200 | 3,900,438  |
| Platinum Underwriters Holdings                | 63,000  | 2,286,270  |
| ProAssurance Corporation <sup>a</sup>         | 22,000  | 1,248,720  |
| RLI   | 90,724  | 4,763,917  |
| Validus Holdings                              | 6,291   | 153,626    |

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44,253,732

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Real Estate Investment Trusts -  
0.1%

|                      |        |         |
|----------------------|--------|---------|
| Gladstone Commercial | 30,000 | 490,200 |
|----------------------|--------|---------|

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Securities Brokers - 3.1%

|  |         |           |
|--|---------|-----------|
| Close Brothers Group                         | 43,000  | 442,115   |
| Cowen Group Cl. A <sup>a</sup>               | 708,600 | 2,905,260 |
| Daewoo Securities                            | 5,000   | 81,430    |
| DundeeWealth                                 | 33,300  | 422,917   |
| Egyptian Financial Group-Hermes<br>Holding   | 401,500 | 2,065,690 |
| FBR Capital Markets <sup>a</sup>             | 249,600 | 831,168   |
| GFI Group                                    | 166,247 | 927,658   |
| Gleacher & Co. <sup>a</sup>                  | 293,000 | 747,150   |
| HQ   | 40,000  | 283,841   |
| Interactive Brokers Group Cl. A <sup>a</sup> | 100,000 | 1,660,000 |
| Investcorp Bank GDR <sup>a</sup>             | 27,000  | 128,250   |
| KBW <sup>a</sup>                             | 70,058  | 1,502,044 |
| Kim Eng Holdings                             | 240,000 | 272,046   |
| Lazard Cl. A                                 | 109,300 | 2,919,403 |
| MF Global Holdings <sup>a</sup>              | 225,000 | 1,284,750 |

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|  |         |            |
|--|---------|------------|
| Mirae Asset Securities                       | 38,850  | 1,702,148  |
| Mizuho Securities                            | 492,300 | 1,091,144  |
| Oppenheimer Holdings Cl. A                   | 75,000  | 1,796,250  |
| Paris Orleans et Cie                         | 183,785 | 4,181,245  |
| Phatra Securities                            | 775,000 | 428,649    |
| UOB-Kay Hian Holdings                        | 190,000 | 201,013    |
| Woori Investment & Securities                | 11,000  | 140,443    |
|  |         | <hr/>      |
|  |         | 26,014,614 |
|  |         | <hr/>      |
| <b>Securities Exchanges - 0.1%</b>           |         |            |
| Hellenic Exchanges                           | 100,000 | 526,979    |
|  |         | <hr/>      |
| <b>Other Financial Intermediaries - 0.5%</b> |         |            |
| KKR & Company (Guernsey) L.P.                | 105,000 | 979,768    |
| KKR Financial Holdings                       | 481,404 | 3,591,274  |
|  |         | <hr/>      |
|  |         | 4,571,042  |
|  |         | <hr/>      |
| <b>Total</b> (Cost \$126,804,852)            |         | 99,730,275 |
|  |         | <hr/>      |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2010 Semiannual Report to  
Stockholders | 21

## Royce Value Trust

### Schedule of Investments

|   | SHARES  | VALUE        |
|---|---------|--------------|
| <b>Financial Services 12.6%</b>             |         |              |
| Diversified Financial Services - 0.4%       |         |              |
| Encore Capital Group <sup>a</sup>           | 68,000  | \$ 1,401,480 |
| Franco-Nevada Corporation                   | 10,000  | 304,354      |
| IOOF Holdings                               | 123,592 | 614,189      |
| Ocwen Financial <sup>a</sup>                | 123,600 | 1,259,484    |
|   |         | 3,579,507    |
| Information and Processing - 2.3%           |         |              |
| Altisource Portfolio Solutions <sup>a</sup> | 41,199  | 1,019,263    |
| Interactive Data                            | 112,300 | 3,748,574    |
| MoneyGram International <sup>a</sup>        | 228,500 | 559,825      |
| Morningstar <sup>a</sup>                    | 109,800 | 4,668,696    |
| <b>SEI Investments</b>                      | 350,400 | 7,134,144    |
| Total System Services                       | 137,500 | 1,870,000    |
|   |         | 19,000,502   |
| Insurance Brokers - 1.0%                    |         |              |
| Brown & Brown                               | 287,400 | 5,500,836    |
| Crawford & Company Cl. B <sup>a,c</sup>     | 1,160   | 3,666        |
| Gallagher (Arthur J.) & Co.                 | 111,200 | 2,711,056    |
|   |         | 8,215,558    |
| Investment Management - 7.1%                |         |              |
| A.F.P. Provida ADR                          | 22,100  | 933,946      |
| ABG Sundal Collier Holding                  | 115,000 | 108,608      |
| Affiliated Managers Group <sup>a</sup>      | 42,800  | 2,600,956    |
| <b>AllianceBernstein Holding L.P.</b>       | 284,600 | 7,354,064    |
| AP Alternative Assets L.P.                  | 233,200 | 1,428,857    |
| Artio Global Investors Cl. A                | 150,000 | 2,361,000    |
| Ashmore Group                               | 545,500 | 1,962,656    |
| Azimut Holding                              | 72,183  | 595,382      |
| BKF Capital Group <sup>a</sup>              | 130,000 | 120,900      |
| BT Investment Management                    | 207,000 | 423,850      |
| Coronation Fund Managers                    | 526,000 | 749,728      |
| Eaton Vance                                 | 125,300 | 3,459,533    |
| Endeavour Financial <sup>c</sup>            | 300,000 | 619,980      |
| Endeavour Financial (Warrants) <sup>a</sup> | 75,000  | 57,771       |
| Equity Trustees                             | 34,176  | 436,171      |
| Evercore Partners Cl. A                     | 132,700 | 3,098,545    |
| F&C Asset Management                        | 60,000  | 46,380       |
| Federated Investors Cl. B                   | 204,700 | 4,239,337    |
| Fiducian Portfolio Services                 | 227,000 | 235,025      |
| GAMCO Investors Cl. A                       | 110,575 | 4,113,390    |
| GIMV  | 18,000  | 813,679      |
| GP Investments BDR <sup>a</sup>             | 15,604  | 52,042       |

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|                                 |         |           |
|---------------------------------|---------|-----------|
| Investec                        | 118,000 | 793,635   |
| MVC Capital                     | 384,200 | 4,963,864 |
| MyState                         | 152,000 | 398,685   |
| Onex Corporation                | 50,000  | 1,201,916 |
| Partners Group Holding          | 15,400  | 1,858,280 |
| Perpetual                       | 13,078  | 308,186   |
| Platinum Asset Management       | 149,000 | 581,387   |
| Rathbone Brothers               | 35,400  | 420,470   |
| Reinet Investments <sup>a</sup> | 53,127  | 745,882   |
| RHJ International <sup>a</sup>  | 102,500 | 758,797   |
| Schroders                       | 41,100  | 739,665   |
| SHUAA Capital <sup>a</sup>      | 485,000 | 137,751   |
| SPARX Group <sup>a</sup>        | 1,320   | 115,796   |

|   | SHARES    | VALUE       |
|---|-----------|-------------|
| <b>Financial Services (continued)</b>             |           |             |
| Investment Management<br>(continued)              |           |             |
| Sprott  | 269,600   | \$ 906,644  |
| Teton Advisors Cl. A <sup>a</sup>                 | 723       | 6,507       |
| Treasury Group                                    | 51,500    | 218,302     |
| Trust Company                                     | 97,283    | 450,203     |
| Value Partners Group                              | 5,281,800 | 3,326,196   |
| VZ Holding  | 8,500     | 687,032     |
| Waddell & Reed Financial Cl. A                    | 139,300   | 3,047,884   |
| Westwood Holdings Group                           | 23,460    | 824,619     |
|   |           | <hr/>       |
|   |           | 58,303,501  |
|   |           | <hr/>       |
| Special Purpose Acquisition<br>Corporation - 0.1% |           |             |
| Liberty Acquisition Holdings <sup>a,c</sup>       | 66,455    | 658,569     |
| Westway Group <sup>a</sup>                        | 31,500    | 128,520     |
|   |           | <hr/>       |
|   |           | 787,089     |
|   |           | <hr/>       |
| Specialty Finance - 0.8%                          |           |             |
| Credit Acceptance <sup>a</sup>                    | 62,801    | 3,062,805   |
| World Acceptance <sup>a</sup>                     | 85,700    | 3,283,167   |
|   |           | <hr/>       |
|   |           | 6,345,972   |
|   |           | <hr/>       |
| Other Financial Services - 0.9%                   |           |             |
| E-House China Holdings ADR <sup>c</sup>           | 189,500   | 2,806,495   |
| Hilltop Holdings <sup>a</sup>                     | 290,400   | 2,906,904   |
| Kennedy-Wilson Holdings <sup>a</sup>              | 150,000   | 1,515,000   |
|   |           | <hr/>       |
|   |           | 7,228,399   |
|   |           | <hr/>       |
| <b>Total</b> (Cost \$104,464,179)                 |           | 103,460,528 |
|   |           | <hr/>       |
| <b>Health 7.5%</b>                                |           |             |
| Commercial Services - 1.0%                        |           |             |
| Affymetrix <sup>a</sup>                           | 10,000    | 59,000      |
| Chindex International <sup>a,c</sup>              | 41,600    | 521,248     |
| OdontoPrev  | 15,000    | 522,715     |
| <b>PAREXEL International <sup>a</sup></b>         | 332,400   | 7,206,432   |
|   |           | <hr/>       |
|   |           | 8,309,395   |

Drugs and Biotech - 1.9%

|  |           |           |
|--|-----------|-----------|
| American Oriental Bioengineering       |           |           |
| <u>a,c</u>                             | 53,300    | 134,316   |
| Biogen Idec <u>a</u>                   | 7,080     | 335,946   |
| BioMarin Pharmaceutical <u>a,c</u>     | 9,100     | 172,536   |
| Boiron                                 | 20,000    | 703,703   |
| Bukwang Pharmaceutical                 | 15,000    | 170,927   |
| China Nuokang                          |           |           |
| Bio-Pharmaceutical ADR <u>a,c</u>      | 27,500    | 123,750   |
| China Shineway Pharmaceutical          |           |           |
| Group                                  | 47,400    | 144,239   |
| Daewoong Pharmaceutical                | 2,884     | 108,847   |
| Endo Pharmaceuticals Holdings <u>a</u> | 158,300   | 3,454,106 |
| Green Cross                            | 13,500    | 1,539,400 |
| LG Life Sciences <u>a</u>              | 8,500     | 331,931   |
| Luminex Corporation <u>a,c</u>         | 20,000    | 324,400   |
| Pharmaceutical Product                 |           |           |
| Development                            | 100,000   | 2,541,000 |
| Pharmacyclics <u>a</u>                 | 158,746   | 1,057,248 |
| Simcere Pharmaceutical Group           |           |           |
| ADR <u>a</u>                           | 60,300    | 499,284   |
| Sino Biopharmaceutical                 | 2,176,600 | 841,653   |
| Sinovac Biotech <u>a</u>               | 141,900   | 656,997   |
| Sunesis Pharmaceuticals <u>a,c</u>     | 211,500   | 99,405    |
| 3SBio ADR <u>a</u>                     | 122,700   | 1,427,001 |
| Virbac                                 | 7,500     | 796,720   |

June 30, 2010 (unaudited)

|   | SHARES    | VALUE             |
|---|-----------|-------------------|
| <b>Health (continued)</b>                   |           |                   |
| Drugs and Biotech (continued)               |           |                   |
| Warner Chilcott Cl. A <sup>a,c</sup>        | 4,600     | \$ 105,110        |
|   |           | <u>15,568,519</u> |
| <b>Health Services - 2.1%</b>               |           |                   |
| Advisory Board (The) <sup>a</sup>           | 128,500   | 5,520,360         |
| Albany Molecular Research <sup>a</sup>      | 85,000    | 439,450           |
| Bangkok Chain Hospital                      | 1,185,000 | 181,009           |
| Cross Country Healthcare <sup>a</sup>       | 30,000    | 269,700           |
| eResearchTechnology <sup>a</sup>            | 67,624    | 532,877           |
| HMS Holdings <sup>a</sup>                   | 50,000    | 2,711,000         |
| ICON ADR <sup>a</sup>                       | 95,500    | 2,758,995         |
| On Assignment <sup>a</sup>                  | 375,400   | 1,888,262         |
| Raffles Medical Group                       | 563,100   | 685,860           |
| Res-Care <sup>a</sup>                       | 90,460    | 873,844           |
| Sonic Healthcare                            | 2,000     | 17,421            |
| VCA Antech <sup>a</sup>                     | 60,500    | 1,497,980         |
|   |           | <u>17,376,758</u> |
| <b>Medical Products and Devices - 2.5%</b>  |           |                   |
| Allied Healthcare Products <sup>a</sup>     | 180,512   | 617,351           |
| Atrion Corporation                          | 15,750    | 2,127,037         |
| Biosensors International Group <sup>a</sup> | 1,260,000 | 687,957           |
| C.R. Bard                                   | 1,800     | 139,554           |
| Carl Zeiss Meditec                          | 135,000   | 1,846,256         |
| CONMED Corporation <sup>a</sup>             | 81,500    | 1,518,345         |
| DiaSorin                                    | 12,000    | 437,918           |
| Edwards Lifesciences <sup>a</sup>           | 2,600     | 145,652           |
| IDEXX Laboratories <sup>a</sup>             | 55,201    | 3,361,741         |
| Kinetic Concepts <sup>a</sup>               | 6,300     | 230,013           |
| Kossan Rubber Industries                    | 100,300   | 234,935           |
| Shandong Weigao Group Medical Polymer       | 139,800   | 609,050           |
| St. Shine Optical                           | 98,700    | 786,704           |
| Straumann Holding                           | 5,000     | 1,081,795         |
| Techne Corporation                          | 71,000    | 4,078,950         |
| Teleflex                                    | 3,900     | 211,692           |
| Urologix <sup>a,c</sup>                     | 445,500   | 481,140           |
| Young Innovations                           | 62,550    | 1,760,782         |
| Zoll Medical <sup>a</sup>                   | 400       | 10,840            |
|   |           | <u>20,367,712</u> |
| <b>Total</b> (Cost \$43,567,233)            |           | <u>61,622,384</u> |

**Industrial Products 22.4%**

## Automotive - 1.7%

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Gentex Corporation                    | 77,000    | 1,384,460 |
| <b>LKQ Corporation</b> <sup>a</sup>   | 300,000   | 5,784,000 |
| Minth Group                           | 198,000   | 234,240   |
| Nokian Renkaat                        | 60,000    | 1,469,434 |
| Norstar Founders Group <sup>a,b</sup> | 524,000   | 24,562    |
| SORL Auto Parts <sup>a,c</sup>        | 35,723    | 297,215   |
| Superior Industries International     | 40,000    | 537,600   |
| Tianneng Power International          | 2,236,000 | 754,056   |
| WABCO Holdings <sup>a</sup>           | 103,800   | 3,267,624 |
| Wonder Auto Technology <sup>a,c</sup> | 17,945    | 131,357   |

|   | SHARES  | VALUE      |
|---|---------|------------|
| <b>Industrial Products (continued)</b>  |         |            |
| Automotive (continued)                  |         |            |
| Xinyi Glass Holdings                    | 400,000 | \$ 149,372 |
|   |         | <hr/>      |
|   |         | 14,033,920 |
|   |         | <hr/>      |
| Building Systems and Components         |         |            |
| - 1.6%                                  |         |            |
| Armstrong World Industries <sup>a</sup> | 133,200 | 4,019,976  |
| Decker Manufacturing                    | 6,022   | 139,409    |
| NCI Building Systems <sup>a</sup>       | 2,780   | 23,269     |
| Preformed Line Products                 | 91,600  | 2,560,220  |
| <b>Simpson Manufacturing</b>            | 258,400 | 6,343,720  |
|   |         | <hr/>      |
|   |         | 13,086,594 |
|   |         | <hr/>      |
| Construction Materials - 1.3%           |         |            |
| <b>Ash Grove Cement Cl. B</b>           |         |            |
| Duralex                                 | 50,518  | 8,891,168  |
| USG Corporation <sup>a,c</sup>          | 156,464 | 1,421,612  |
|   | 50,000  | 604,000    |
|   |         | <hr/>      |
|   |         | 10,916,780 |
|   |         | <hr/>      |
| Industrial Components - 2.4%            |         |            |
| AMETEK                                  | 6,300   | 252,945    |
| Bel Fuse Cl. A                          | 36,672  | 608,755    |
| CLARCOR                                 | 92,500  | 3,285,600  |
| Donaldson Company                       | 92,800  | 3,957,920  |
| GrafTech International <sup>a</sup>     | 309,690 | 4,527,668  |
| II-VI <sup>a</sup>                      | 13,500  | 400,005    |
| Mueller Water Products Cl. A            | 72,500  | 268,975    |
| PerkinElmer                             | 185,800 | 3,840,486  |
| Powell Industries <sup>a</sup>          | 92,400  | 2,526,216  |
| Precision Castparts                     | 2,300   | 236,716    |
|   |         | <hr/>      |
|   |         | 19,905,286 |
|   |         | <hr/>      |
| Machinery - 5.1%                        |         |            |
| Astec Industries <sup>a</sup>           | 25,000  | 693,250    |
| Baldor Electric                         | 62,900  | 2,269,432  |
| Burckhardt Compression Holding          | 12,000  | 2,114,732  |
| Burnham Holdings Cl. B                  | 36,000  | 518,400    |
| China High Speed Transmission           |         |            |
| Equipment Group                         | 44,200  | 92,952     |
| China Valves Technology <sup>a,c</sup>  | 20,000  | 186,600    |
| Columbus McKinnon <sup>a</sup>          | 95,000  | 1,327,150  |



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|   |         |            |
|---|---------|------------|
| Duoyuan Global Water ADR <sup>a,c</sup>         | 25,000  | 440,000    |
| Duoyuan Printing <sup>a,c</sup>                 | 49,300  | 380,596    |
| Franklin Electric                               | 104,600 | 3,014,572  |
| Hardinge  | 105,345 | 897,540    |
| Hollysys Automation Technologies <sup>a,c</sup> | 11,535  | 103,930    |
| Jinpan International                            | 39,500  | 598,820    |
| Lincoln Electric Holdings                       | 104,180 | 5,312,138  |
| Nordson Corporation                             | 102,100 | 5,725,768  |
| <b>Rofin-Sinar Technologies <sup>a</sup></b>    | 313,700 | 6,531,234  |
| Spirax-Sarco Engineering                        | 40,000  | 809,682    |
| Takatori Corporation <sup>a</sup>               | 12,100  | 67,902     |
| Wabtec Corporation                              | 106,725 | 4,257,260  |
| Wasion Group Holdings                           | 119,000 | 74,721     |
| Williams Controls <sup>a</sup>                  | 37,499  | 339,366    |
| <b>Woodward Governor</b>                        | 231,600 | 5,912,748  |
|   |         | <hr/>      |
|   |         | 41,668,793 |
|   |         | <hr/>      |
| Metal Fabrication and Distribution -<br>3.6%    |         |            |
| Central Steel & Wire                            | 6,062   | 3,997,889  |
| Commercial Metals                               | 36,600  | 483,852    |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2010 Semiannual Report to  
Stockholders | 23

## Royce Value Trust

### Schedule of Investments

|   | SHARES  | VALUE        |
|---|---------|--------------|
| <b>Industrial Products (continued)</b>            |         |              |
| Metal Fabrication and Distribution<br>(continued) |         |              |
| CompX International Cl. A                         | 185,300 | \$ 1,825,205 |
| Fushi Copperweld <sup>a</sup>                     | 13,145  | 107,526      |
| Haynes International                              | 24,000  | 739,920      |
| Kennametal  | 155,000 | 3,941,650    |
| NN <sup>a</sup>                                   | 197,100 | 985,500      |
| Nucor Corporation                                 | 54,350  | 2,080,518    |
| RBC Bearings <sup>a</sup>                         | 47,000  | 1,362,530    |
| Reliance Steel & Aluminum                         | 152,220 | 5,502,753    |
| Schnitzer Steel Industries Cl. A                  | 100,000 | 3,920,000    |
| Sims Metal Management ADR                         | 241,375 | 3,417,870    |
| Sung Kwang Bend                                   | 75,200  | 1,216,414    |
|   |         | 29,581,627   |
| Miscellaneous Manufacturing -<br>3.2%             |         |              |
| AZZ   | 36,273  | 1,333,758    |
| Barnes Group                                      | 20,000  | 327,800      |
| Brady Corporation Cl. A                           | 124,600 | 3,105,032    |
| China Automation Group                            | 244,800 | 158,803      |
| Matthews International Cl. A                      | 37,000  | 1,083,360    |
| Mettler-Toledo International <sup>a</sup>         | 33,500  | 3,739,605    |
| PMFG <sup>a</sup>                                 | 344,900 | 5,225,235    |
| Rational  | 6,000   | 926,645      |
| Raven Industries                                  | 96,200  | 3,242,902    |
| Semperit AG Holding                               | 58,500  | 2,000,213    |
| Synalloy Corporation                              | 198,800 | 1,661,968    |
| Valmont Industries                                | 43,000  | 3,124,380    |
|   |         | 25,929,701   |
| Paper and Packaging - 0.9%                        |         |              |
| Greif Cl. A                                       | 84,499  | 4,693,074    |
| Mayr-Melnhof Karton                               | 25,000  | 2,226,024    |
| Taiwan Hon Chuan Enterprise                       | 360,285 | 659,817      |
|   |         | 7,578,915    |
| Pumps, Valves and Bearings -<br>1.3%              |         |              |
| FAG Bearings India                                | 13,300  | 162,985      |
| Gardner Denver                                    | 65,500  | 2,920,645    |
| Graco   | 116,376 | 3,280,639    |
| IDEX Corporation                                  | 67,400  | 1,925,618    |
| Pfeiffer Vacuum Technology                        | 30,000  | 2,209,416    |
| Rotork  | 25,000  | 472,486      |

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10,971,789

Specialty Chemicals and Materials -

1.1%

|                                  |         |           |
|----------------------------------|---------|-----------|
| Agrium                           | 3,700   | 181,078   |
| Chemspec International ADR       | 35,000  | 252,350   |
| China BlueChemical               | 158,400 | 87,870    |
| China XD Plastics <sup>a,c</sup> | 39,000  | 265,200   |
| FMC Corporation                  | 2,300   | 132,089   |
| Gulf Resources <sup>a,c</sup>    | 40,000  | 343,600   |
| Hawkins                          | 186,178 | 4,483,166 |
| Huchems Fine Chemical            | 10,285  | 219,271   |
| Kingboard Chemical Holdings      | 16,900  | 72,341    |
| OM Group <sup>a</sup>            | 90,000  | 2,147,400 |
| Victrex                          | 60,000  | 974,854   |

9,159,219

Textiles - 0.1%

|                           |         |         |
|---------------------------|---------|---------|
| Pacific Textiles Holdings | 670,000 | 330,126 |
|---------------------------|---------|---------|

SHARES VALUE

Industrial Products (continued)

Textiles (continued)

|                    |         |            |
|--------------------|---------|------------|
| Texwinca Holdings  | 275,000 | \$ 266,623 |
| Unifi <sup>a</sup> | 121,000 | 462,220    |

1,058,969

Other Industrial Products - 0.1%

|  |        |         |
|--|--------|---------|
| China Fire & Security Group <sup>a,c</sup> | 11,300 | 103,734 |
| Cooper Industries                          | 7,800  | 343,200 |
| Harbin Electric <sup>a,c</sup>             | 25,835 | 430,153 |

877,087

Total (Cost \$123,523,575)

184,768,680

Industrial Services 14.6%

Advertising and Publishing - 0.3%

|                                      |         |           |
|--------------------------------------|---------|-----------|
| Lamar Advertising Cl. A <sup>a</sup> | 51,000  | 1,250,520 |
| SinoMedia Holding                    | 350,000 | 79,653    |
| ValueClick <sup>a</sup>              | 145,000 | 1,550,050 |

2,880,223

Commercial Services - 7.3%

|   |         |           |
|---|---------|-----------|
| Animal Health International <sup>a</sup>    | 17,000  | 42,160    |
| Brink's Company (The)                       | 127,200 | 2,420,616 |
| Cintas Corporation                          | 84,500  | 2,025,465 |
| Convergys Corporation <sup>a</sup>          | 121,000 | 1,187,010 |
| Copart <sup>a</sup>                         | 85,600  | 3,065,336 |
| Corinthian Colleges <sup>a,c</sup>          | 242,900 | 2,392,565 |
| CRA International <sup>a</sup>              | 47,087  | 886,648   |
| Diamond Management & Technology Consultants | 80,400  | 828,924   |
| Fidelity National Information Services      | 9,800   | 262,836   |
| Forrester Research <sup>a</sup>             | 40,300  | 1,219,478 |

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|   |           |            |
|---|-----------|------------|
| FTI Consulting <sup>a</sup>                 | 7,850     | 342,182    |
| Gartner <sup>a</sup>                        | 213,000   | 4,952,250  |
| Global Sources <sup>a,c</sup>               | 19,936    | 156,298    |
| Hackett Group <sup>a</sup>                  | 655,000   | 1,840,550  |
| Hewitt Associates Cl. A <sup>a</sup>        | 126,720   | 4,366,771  |
| Landauer                                    | 75,500    | 4,596,440  |
| Manpower                                    | 69,300    | 2,992,374  |
| <b>MAXIMUS</b>                              | 110,900   | 6,417,783  |
| Michael Page International                  | 175,000   | 965,960    |
| Monster Worldwide <sup>a</sup>              | 60,800    | 708,320    |
| Pico Far East Holdings                      | 4,477,000 | 815,199    |
| RINO International <sup>a,c</sup>           | 11,000    | 137,610    |
| <b>Ritchie Bros. Auctioneers</b>            | 337,700   | 6,152,894  |
| Robert Half International                   | 94,000    | 2,213,700  |
| SFN Group <sup>a</sup>                      | 62,800    | 342,888    |
| Singapore Airport Terminal Services         | 275,000   | 523,523    |
| <b>Sotheby s</b>                            | 319,400   | 7,304,678  |
| Sound Global <sup>a</sup>                   | 50,000    | 27,419     |
| TeleTech Holdings <sup>a</sup>              | 13,000    | 167,570    |
| Universal Technical Institute <sup>a</sup>  | 43,100    | 1,018,884  |
|   |           | 60,374,331 |
| <b>Engineering and Construction - 1.1%</b>  |           |            |
| Desarrolladora Homex ADR <sup>a</sup>       | 14,100    | 355,884    |
| Integrated Electrical Services <sup>a</sup> | 355,400   | 1,240,346  |
| Jacobs Engineering Group <sup>a</sup>       | 6,400     | 233,216    |

June 30, 2010 (unaudited)

|   | SHARES    | VALUE        |
|---|-----------|--------------|
| <b>Industrial Services (continued)</b>      |           |              |
| Engineering and Construction<br>(continued) |           |              |
| KBR   | 180,000   | \$ 3,661,200 |
| NVR <sup>a</sup>                            | 5,000     | 3,275,150    |
|   |           | <hr/>        |
|   |           | 8,765,796    |
|   |           | <hr/>        |
| Food, Tobacco and Agriculture -<br>0.8%     |           |              |
| Alico <sup>a,c</sup>                        | 27,000    | 620,460      |
| Chaoda Modern Agriculture                   | 178,872   | 173,433      |
| China Green (Holdings)                      | 1,216,000 | 1,219,146    |
| Genting Plantations                         | 50,000    | 102,500      |
| Hanfeng Evergreen <sup>a</sup>              | 69,700    | 380,402      |
| Intrepid Potash <sup>a</sup>                | 91,427    | 1,789,226    |
| MGP Ingredients <sup>a,c</sup>              | 127,400   | 844,662      |
| Origin Agritech <sup>a,c</sup>              | 87,500    | 642,250      |
| Yuhe International <sup>a</sup>             | 28,286    | 202,528      |
| Zhongpin <sup>a,c</sup>                     | 32,900    | 386,904      |
|   |           | <hr/>        |
|   |           | 6,361,511    |
|   |           | <hr/>        |
| Industrial Distribution - 0.8%              |           |              |
| Lawson Products                             | 161,431   | 2,741,098    |
| MSC Industrial Direct Cl. A                 | 75,400    | 3,819,764    |
|   |           | <hr/>        |
|   |           | 6,560,862    |
|   |           | <hr/>        |
| Transportation and Logistics -<br>4.3%      |           |              |
| Alexander & Baldwin                         | 60,000    | 1,786,800    |
| C. H. Robinson Worldwide                    | 60,000    | 3,339,600    |
| Forward Air                                 | 209,750   | 5,715,687    |
| Frozen Food Express Industries <sup>a</sup> | 286,635   | 1,003,223    |
| Hub Group Cl. A <sup>a</sup>                | 174,400   | 5,233,744    |
| Kirby Corporation <sup>a</sup>              | 83,000    | 3,174,750    |
| Landstar System                             | 145,400   | 5,669,146    |
| Patriot Transportation Holding <sup>a</sup> | 70,986    | 5,743,477    |
| Universal Truckload Services <sup>a</sup>   | 129,476   | 1,803,601    |
| UTi Worldwide                               | 175,000   | 2,166,500    |
|   |           | <hr/>        |
|   |           | 35,636,528   |
|   |           | <hr/>        |
| <b>Total</b> (Cost \$94,888,582)            |           | 120,579,251  |
|   |           | <hr/>        |

**Natural Resources 10.9%**

Energy Services - 5.3%

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|   |           |           |
|---|-----------|-----------|
| Cal Dive International <sup>a</sup>             | 50,000    | 292,500   |
| Calfrac Well Services                           | 80,000    | 1,469,166 |
| CARBO Ceramics                                  | 59,700    | 4,309,743 |
| China Power New Energy Development <sup>a</sup> | 3,260,000 | 289,723   |
| Core Laboratories                               | 10,000    | 1,476,100 |
| ENSCO ADR                                       | 15,000    | 589,200   |
| Ensign Energy Services                          | 225,100   | 2,647,365 |
| Exterran Holdings <sup>a</sup>                  | 103,600   | 2,673,916 |
| Frontier Oil <sup>a</sup>                       | 60,000    | 807,000   |
| Helmerich & Payne                               | 57,300    | 2,092,596 |
| ION Geophysical <sup>a</sup>                    | 361,500   | 1,258,020 |
| Lufkin Industries                               | 62,000    | 2,417,380 |
| <b>Oil States International <sup>a</sup></b>    | 165,000   | 6,530,700 |
| Pason Systems                                   | 178,800   | 1,899,608 |
| <b>SEACOR Holdings <sup>a</sup></b>             | 101,300   | 7,157,858 |
| ShawCor Cl. A                                   | 77,000    | 1,942,088 |
| TETRA Technologies <sup>a</sup>                 | 68,000    | 617,440   |

|  | SHARES  | VALUE        |
|--|---------|--------------|
| <b>Natural Resources (continued)</b>     |         |              |
| <b>Energy Services (continued)</b>       |         |              |
| Tidewater                                | 36,000  | \$ 1,393,920 |
| Trican Well Service                      | 99,900  | 1,279,073    |
| Unit Corporation <sup>a</sup>            | 46,000  | 1,867,140    |
| Willbros Group <sup>a</sup>              | 103,800 | 768,120      |
|  |         | <hr/>        |
|  |         | 43,778,656   |
|  |         | <hr/>        |
| <b>Oil and Gas - 1.1%</b>                |         |              |
| Bill Barrett <sup>a</sup>                | 50,000  | 1,538,500    |
| China Integrated Energy <sup>a,c</sup>   | 37,000  | 307,100      |
| <b>Cimarex Energy</b>                    | 95,490  | 6,835,174    |
| EQT Corporation                          | 6,000   | 216,840      |
| Questar Corporation                      | 10,400  | 473,096      |
|  |         | <hr/>        |
|  |         | 9,370,710    |
|  |         | <hr/>        |
| <b>Precious Metals and Mining - 3.1%</b> |         |              |
| Aquarius Platinum                        | 270,000 | 1,309,817    |
| Cliffs Natural Resources                 | 40,000  | 1,886,400    |
| Etruscan Resources <sup>a</sup>          | 745,900 | 308,296      |
| Fresnillo                                | 110,000 | 1,589,189    |
| Gammon Gold <sup>a</sup>                 | 198,300 | 1,082,718    |
| Hecla Mining <sup>a,c</sup>              | 528,600 | 2,759,292    |
| Hochschild Mining                        | 520,000 | 2,361,504    |
| IAMGOLD Corporation                      | 95,620  | 1,690,562    |
| Kimber Resources <sup>a</sup>            | 560,000 | 453,600      |
| Major Drilling Group International       | 183,200 | 3,732,664    |
| New Gold <sup>a</sup>                    | 510,000 | 3,156,900    |
| Northam Platinum                         | 325,000 | 1,909,252    |
| Northgate Minerals <sup>a</sup>          | 160,000 | 480,000      |
| Pan American Silver                      | 41,000  | 1,036,480    |
| Royal Gold                               | 34,400  | 1,651,200    |
| Zhaojin Mining Industry                  | 15,000  | 35,180       |
|  |         | <hr/>        |
|  |         | 25,443,054   |
|  |         | <hr/>        |
| <b>Real Estate - 1.2%</b>                |         |              |
| Consolidated-Tomoka Land                 | 13,564  | 386,574      |
| Midland Holdings                         | 732,700 | 598,906      |

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|  |           |            |
|--|-----------|------------|
| PICO Holdings <sup>a</sup>                             | 106,100   | 3,179,817  |
| Shimao Property Holdings                               | 27,500    | 42,676     |
| St. Joe Company (The) <sup>a</sup>                     | 48,000    | 1,111,680  |
| Tejon Ranch <sup>a,c</sup>                             | 195,496   | 4,512,048  |
|  |           | <hr/>      |
|  |           | 9,831,701  |
|  |           | <hr/>      |
| <b>Other Natural Resources - 0.2%</b>                  |           |            |
| China Forestry Holdings                                | 2,700,000 | 968,548    |
| Hidili Industry International Development <sup>a</sup> | 60,000    | 43,947     |
| Sino-Forest Corporation <sup>a,c</sup>                 | 11,900    | 169,130    |
|  |           | <hr/>      |
|  |           | 1,181,625  |
|  |           | <hr/>      |
| <b>Total</b> (Cost \$66,288,920)                       |           | 89,605,746 |
|  |           | <hr/>      |
| <b>Technology 19.9%</b>                                |           |            |
| <b>Aerospace and Defense - 1.7%</b>                    |           |            |
| AerCap Holdings <sup>a</sup>                           | 45,000    | 467,100    |
| Ducommun   | 117,200   | 2,004,120  |
| FLIR Systems <sup>a</sup>                              | 75,000    | 2,181,750  |
| Goodrich Corporation                                   | 3,800     | 251,750    |
| <b>HEICO Corporation</b>                               | 134,625   | 4,835,730  |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2010 Semiannual Report to  
Stockholders | 25

## Royce Value Trust

### Schedule of Investments

|  | SHARES  | VALUE        |
|--|---------|--------------|
| <b>Technology (continued)</b>                        |         |              |
| Aerospace and Defense<br>(continued)                 |         |              |
| <b>HEICO Corporation Cl. A</b>                       | 67,875  | \$ 1,829,231 |
| Hexcel Corporation <sup>a</sup>                      | 47,500  | 736,725      |
| L-3 Communications Holdings                          | 2,800   | 198,352      |
| Mercury Computer Systems <sup>a</sup>                | 40,500  | 475,065      |
| Moog Cl. A <sup>a</sup>                              | 25,000  | 805,750      |
|  |         | 13,785,573   |
| <b>Components and Systems - 4.8%</b>                 |         |              |
| AAC Acoustic Technologies<br>Holdings                | 194,100 | 276,312      |
| Analogic Corporation                                 | 40,135  | 1,826,544    |
| Belden   | 57,800  | 1,271,600    |
| Benchmark Electronics <sup>a</sup>                   | 165,200 | 2,618,420    |
| Checkpoint Systems <sup>a</sup>                      | 56,060  | 973,202      |
| China Digital TV Holding Company<br>ADR <sup>a</sup> | 5,000   | 27,300       |
| Diebold  | 151,600 | 4,131,100    |
| Dionex Corporation <sup>a</sup>                      | 52,900  | 3,938,934    |
| Electronics for Imaging <sup>a</sup>                 | 8,517   | 83,041       |
| Energy Conversion Devices <sup>a,c</sup>             | 84,500  | 346,450      |
| EVS Broadcast Equipment                              | 30,000  | 1,205,945    |
| Hana Microelectronics                                | 305,000 | 253,186      |
| Intermec <sup>a</sup>                                | 23,000  | 235,750      |
| Newport Corporation <sup>a</sup>                     | 483,500 | 4,380,510    |
| Otsuka Corporation                                   | 3,200   | 203,711      |
| Paragon Technologies                                 | 116,800 | 289,572      |
| Perceptron <sup>a</sup>                              | 357,700 | 1,573,880    |
| Plexus Corporation <sup>a</sup>                      | 215,700 | 5,767,818    |
| Richardson Electronics                               | 520,712 | 4,686,408    |
| Shin Zu Shing  | 74,500  | 224,762      |
| Technitrol   | 286,200 | 904,392      |
| Teradata Corporation <sup>a</sup>                    | 30,000  | 914,400      |
| Vaisala Cl. A  | 116,000 | 2,635,174    |
| VTech Holdings                                       | 24,050  | 255,122      |
| Western Digital <sup>a</sup>                         | 8,950   | 269,932      |
|  |         | 39,293,465   |
| <b>Distribution - 1.0%</b>                           |         |              |
| Aglysys <sup>a</sup>                                 | 165,125 | 1,104,686    |
| Anixter International <sup>a</sup>                   | 61,795  | 2,632,467    |
| Avnet <sup>a</sup>                                   | 8,000   | 192,880      |
| China 3C Group <sup>a</sup>                          | 6,600   | 1,987        |
| Cogo Group <sup>a</sup>                              | 51,965  | 324,261      |
| Tech Data <sup>a</sup>                               | 86,500  | 3,081,130    |
| WPG Holdings   | 299,500 | 552,875      |



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7,890,286

Internet Software and Services -

0.1%

|                              |         |         |
|------------------------------|---------|---------|
| NetEase.com ADR <sup>a</sup> | 3,500   | 110,985 |
| Perficient <sup>a</sup>      | 10,000  | 89,100  |
| RealNetworks <sup>a</sup>    | 245,400 | 809,820 |
| Sohu.com <sup>a</sup>        | 4,000   | 164,360 |

1,174,265

IT Services - 2.4%

|  |         |           |
|--|---------|-----------|
| AsiaInfo Holdings <sup>a</sup>           | 14,900  | 325,714   |
| Black Box                                | 43,798  | 1,221,526 |
| ManTech International Cl. A <sup>a</sup> | 35,400  | 1,506,978 |
| <b>Sapient Corporation</b>               | 756,602 | 7,671,944 |
| SRA International Cl. A <sup>a</sup>     | 248,800 | 4,893,896 |

SHARES VALUE

Technology (continued)

IT Services (continued)

|                                   |         |              |
|-----------------------------------|---------|--------------|
| Syntel                            | 122,379 | \$ 4,154,767 |
| Yucheng Technologies <sup>a</sup> | 89,840  | 327,018      |

20,101,843

Semiconductors and Equipment - 3.8%

|   |         |           |
|---|---------|-----------|
| Analog Devices                            | 19,104  | 532,237   |
| ASM Pacific Technology                    | 9,000   | 69,981    |
| BE Semiconductor Industries <sup>a</sup>  | 58,000  | 249,400   |
| Brooks Automation <sup>a</sup>            | 5,152   | 39,825    |
| Chroma ATE                                | 186,315 | 357,108   |
| Cognex Corporation                        | 236,200 | 4,152,396 |
| <b>Coherent <sup>a</sup></b>              | 215,500 | 7,391,650 |
| Comba Telecom Systems Holdings            | 203,247 | 223,847   |
| Cymer <sup>a</sup>                        | 77,500  | 2,328,100 |
| Delta Electronics                         | 204,400 | 654,309   |
| Diodes <sup>a</sup>                       | 252,450 | 4,006,381 |
| Exar Corporation <sup>a</sup>             | 157,576 | 1,092,002 |
| Himax Technologies ADR <sup>a</sup>       | 80,500  | 234,255   |
| Image Sensing Systems <sup>a</sup>        | 8,310   | 108,861   |
| Integrated Device Technology <sup>a</sup> | 395,000 | 1,955,250 |
| International Rectifier <sup>a</sup>      | 120,000 | 2,233,200 |
| Intevac <sup>a</sup>                      | 57,450  | 612,991   |
| Power Integrations                        | 49,000  | 1,577,555 |
| Seoul Semiconductor                       | 8,200   | 289,406   |
| TTM Technologies <sup>a</sup>             | 221,400 | 2,103,300 |
| Vimicro International ADR <sup>a</sup>    | 240,000 | 1,084,800 |

31,296,854

Software - 3.8%

|                                       |         |           |
|---------------------------------------|---------|-----------|
| ACI Worldwide <sup>a</sup>            | 201,150 | 3,916,391 |
| Activision Blizzard                   | 23,100  | 242,319   |
| <b>Advent Software <sup>a,c</sup></b> | 130,300 | 6,118,888 |
| ANSYS <sup>a</sup>                    | 100,000 | 4,057,000 |
| Aspen Technology <sup>a</sup>         | 42,100  | 458,469   |
| Aveva Group                           | 40,000  | 669,757   |
| Avid Technology <sup>a</sup>          | 176,000 | 2,240,480 |
| Blackbaud                             | 41,890  | 911,945   |

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|   |           |            |
|---|-----------|------------|
| CA                                      | 8,100     | 149,040    |
| DynaVox Cl. A <sup>a,c</sup>            | 55,000    | 880,550    |
| Epicor Software <sup>a</sup>            | 79,900    | 638,401    |
| Fair Isaac                              | 44,500    | 969,655    |
| JDA Software Group <sup>a</sup>         | 49,900    | 1,096,802  |
| Majesco Entertainment <sup>a,c</sup>    | 36,255    | 25,741     |
| National Instruments                    | 167,900   | 5,335,862  |
| NCSoft Corporation                      | 1,700     | 280,264    |
| Net 1 UEPS Technologies <sup>a</sup>    | 50,000    | 670,500    |
| Novell <sup>a</sup>                     | 309,284   | 1,756,733  |
| Parametric Technology <sup>a</sup>      | 59,300    | 929,231    |
| THQ <sup>a</sup>                        | 20,000    | 86,400     |
|   |           | <hr/>      |
|   |           | 31,434,428 |
|   |           | <hr/>      |
| <b>Telecommunications - 2.3%</b>        |           |            |
| Adaptec <sup>a</sup>                    | 1,568,800 | 4,533,832  |
| ADTRAN                                  | 65,000    | 1,772,550  |
| Citic 1616 Holdings                     | 8,286,500 | 2,218,304  |
| Comtech Telecommunications <sup>a</sup> | 68,627    | 2,054,006  |
| Globecom Systems <sup>a</sup>           | 233,700   | 1,928,025  |



|   |                |                       |
|---|----------------|-----------------------|
| <b>LIABILITIES LESS CASH AND OTHER ASSETS</b>       | <b>(1.7)%</b>  |                       |
| <b>PREFERRED STOCK</b>                              | <b>(26.7)%</b> | <b>(220,000,000)</b>  |
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b> |                | <b>\$ 824,112,418</b> |

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New additions in 2010.

- <sup>a</sup> Non-income producing.
- <sup>b</sup> Securities for which market quotations are not readily available represent 0.2% of net assets. These securities have been valued at their fair value under procedures established by the Fund's Board of Directors.
- <sup>c</sup> All or a portion of these securities were on loan at June 30, 2010. Total market value of loaned securities at June 30, 2010 was \$11,334,559.
- <sup>d</sup> At June 30, 2010, the Fund owned 5% or more of the Company's outstanding voting securities thereby making the Company an Affiliated Company as that term is defined in the Investment Company Act of 1940. See notes to financial statements.
- <sup>e</sup> Includes securities first acquired in 2010 and less than 1% of net assets applicable to Common Stockholders.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2010 market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$941,004,426. At June 30, 2010, net unrealized appreciation for all securities was \$117,419,657, consisting of aggregate gross unrealized appreciation of \$259,955,293 and aggregate gross unrealized depreciation of \$142,535,636. The primary difference between book and tax basis cost is the timing of losses on securities sold.

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**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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## Royce Value Trust

June 30, 2010 (unaudited)

## Statement of Assets and Liabilities

**ASSETS:**

|   |                |
|---|----------------|
| Investments at value (including collateral on loaned securities)* |                |
| Non-Affiliated Companies (Cost \$858,979,256)                     | \$ 981,524,107 |
| Affiliated Companies (Cost \$5,738,316)                           | 1,538,976      |

|   |             |
|---|-------------|
| Total investments at value                | 983,063,083 |
| Repurchase agreements (at cost and value) | 75,361,000  |
| Cash and foreign currency                 | 162,891     |
| Receivable for investments sold           | 2,273,632   |
| Receivable for dividends and interest     | 835,402     |
| Prepaid expenses and other assets         | 370,703     |

|              |               |
|--------------|---------------|
| Total Assets | 1,062,066,711 |
|--------------|---------------|

**LIABILITIES:**

|  |            |
|--|------------|
| Payable for collateral on loaned securities      | 12,049,430 |
| Payable for investments purchased                | 5,347,224  |
| Preferred dividends accrued but not yet declared | 288,449    |
| Accrued expenses                                 | 269,190    |

|                   |            |
|-------------------|------------|
| Total Liabilities | 17,954,293 |
|-------------------|------------|

**PREFERRED STOCK:**

|  |             |
|--|-------------|
| 5.90% Cumulative Preferred Stock - \$0.001 par value, \$25 liquidation value per share; 8,800,000 shares outstanding | 220,000,000 |
|--|-------------|

|                       |             |
|-----------------------|-------------|
| Total Preferred Stock | 220,000,000 |
|-----------------------|-------------|

|   |                       |
|---|-----------------------|
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b> | <b>\$ 824,112,418</b> |
|---|-----------------------|

**ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:**

|   |                |
|---|----------------|
| Common Stock paid-in capital - \$0.001 par value per share; 66,023,310 shares outstanding (150,000,000 shares authorized) | \$ 783,354,589 |
| Undistributed net investment income (loss)  | 9,323,557      |
| Accumulated net realized gain (loss) on investments and foreign currency  | (80,099,704)   |
| Net unrealized appreciation (depreciation) on investments and foreign currency  | 118,312,425    |
| Unallocated and accrued distributions   | (6,778,449)    |

|  |                |
|--|----------------|
| Net Assets applicable to Common Stockholders (net asset value per share - \$12.48) | \$ 824,112,418 |
|--|----------------|

|   |                |
|---|----------------|
| *Investments at identified cost (including \$12,049,430 of collateral on loaned securities) | \$ 864,717,572 |
| Market value of loaned securities   | 11,334,559     |

## Royce Value Trust

Six Months Ended June 30, 2010 (unaudited)

**Statement of Operations****INVESTMENT INCOME:**

Income:

Dividends\*

Non-Affiliated Companies \$ 7,450,392

Affiliated Companies 4,692

Interest 119,464

Securities lending 143,451

|              |           |
|--------------|-----------|
| Total income | 7,717,999 |
|--------------|-----------|

Expenses:

Investment advisory fees

Custody and transfer agent fees 167,495

Stockholder reports 133,620

Administrative and office facilities 60,991

Directors fees 55,803

Professional fees 37,701

Other expenses 74,794

|                |         |
|----------------|---------|
| Total expenses | 530,404 |
|----------------|---------|

|                              |      |
|------------------------------|------|
| Compensating balance credits | (51) |
|------------------------------|------|

|              |         |
|--------------|---------|
| Net expenses | 530,353 |
|--------------|---------|

|                              |           |
|------------------------------|-----------|
| Net investment income (loss) | 7,187,646 |
|------------------------------|-----------|

**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:**

Net realized gain (loss):

Investments 25,603,414

Foreign currency transactions (91,514)

Net change in unrealized appreciation (depreciation):

Investments and foreign currency translations (51,842,304)

Other assets and liabilities denominated in foreign currency (31,572)

|   |              |
|---|--------------|
| Net realized and unrealized gain (loss) on investments and foreign currency | (26,361,976) |
|---|--------------|

|   |                     |
|---|---------------------|
| <b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b> | <b>(19,174,330)</b> |
|---|---------------------|

|  |                    |
|--|--------------------|
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS</b> | <b>(6,490,000)</b> |
|--|--------------------|

**NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS**

\$ (25,664,330)

\* Net of foreign withholding tax of \$320,164.

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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Stockholders | 29

## Royce Value Trust

### Statement of Changes in Net Assets Applicable to Common Stockholders

|  | Six months ended<br>6/30/10<br>(unaudited) | Year ended<br>12/31/09 |
|--|--|------------------------|
| <b>INVESTMENT OPERATIONS:</b>  |  |                        |
| Net investment income (loss)   | \$ 7,187,646                               | \$ 11,139,693          |
| Net realized gain (loss) on investments and foreign currency   | 25,511,900                                 | (81,218,148)           |
| Net change in unrealized appreciation (depreciation) on investments and foreign currency                                   | (51,873,876)                               | 340,204,807            |
| Net increase (decrease) in net assets from investment operations   | (19,174,330)                               | 270,126,352            |
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>  |  |                        |
| Net investment income  |  | (11,909,351)           |
| Net realized gain on investments and foreign currency  |  |                        |
| Return of capital  |  | (1,070,649)            |
| Unallocated distributions*   | (6,490,000)                                |                        |
| Total distributions to Preferred Stockholders  | (6,490,000)                                | (12,980,000)           |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b>                  | (25,664,330)                               | 257,146,352            |
| <b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Net investment income  |  |                        |
| Net realized gain on investments and foreign currency  |  |                        |
| Return of capital  |  | (20,600,435)           |
| Total distributions to Common Stockholders   |  | (20,600,435)           |
| <b>CAPITAL STOCK TRANSACTIONS:</b>   |  |                        |
| Reinvestment of distributions to Common Stockholders   |  | 9,996,769              |
| Total capital stock transactions   |  | 9,996,769              |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b>   | (25,664,330)                               | 246,542,686            |
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Beginning of period  | 849,776,748                                | 603,234,062            |
| End of period (including undistributed net investment income (loss) of \$9,323,557 at 6/30/10 and \$2,135,911 at 12/31/09) | \$ 824,112,418                             | \$ 849,776,748         |

\* To be allocated to net investment income, net realized gains and/or return of capital at year end.

## Royce Value Trust

### Financial Highlights

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

|   | Six months<br>ended<br>June 30, 2010<br>(unaudited) | Years ended December 31, |          |          |          |          |
|---|---|--------------------------|----------|----------|----------|----------|
|   |   | 2009                     | 2008     | 2007     | 2006     | 2005     |
| <b>NET ASSET<br/>VALUE,<br/>BEGINNING OF<br/>PERIOD</b>   | \$ 12.87  | \$ 9.37                  | \$ 19.74 | \$ 20.62 | \$ 18.87 | \$ 18.95 |
| <b>INVESTMENT<br/>OPERATIONS:</b>   |   |                          |          |          |          |          |
| Net investment<br>income (loss)   | 0.11  | 0.17                     | 0.14     | 0.09     | 0.13     | 0.01     |
| Net realized and<br>unrealized gain<br>(loss) on<br>investments and<br>foreign currency   | (0.40)  | 3.87                     | (8.50)   | 1.13     | 3.63     | 1.75     |
| Total investment<br>operations  | (0.29)  | 4.04                     | (8.36)   | 1.22     | 3.76     | 1.76     |
| <b>DISTRIBUTIONS<br/>TO PREFERRED<br/>STOCKHOLDERS:</b>   |   |                          |          |          |          |          |
| Net investment<br>income  |   | (0.18)                   | (0.01)   | (0.01)   | (0.02)   |          |
| Net realized gain on<br>investments and<br>foreign currency   |   |                          | (0.20)   | (0.21)   | (0.21)   | (0.24)   |
| Return of capital   |   | (0.02)                   |          |          |          |          |
| Unallocated<br>distributions*   | (0.10)  |                          |          |          |          |          |
| Total distributions to<br>Preferred<br>Stockholders   | (0.10)  | (0.20)                   | (0.21)   | (0.22)   | (0.23)   | (0.24)   |
| <b>NET INCREASE<br/>(DECREASE) IN<br/>NET ASSETS<br/>APPLICABLE TO<br/>COMMON<br/>STOCKHOLDERS<br/>FROM<br/>INVESTMENT<br/>OPERATIONS</b> | (0.39)  | 3.84                     | (8.57)   | 1.00     | 3.53     | 1.52     |



**DISTRIBUTIONS  
TO COMMON  
STOCKHOLDERS:**

|   |        |        |        |        |        |  |
|---|--------|--------|--------|--------|--------|--|
| Net investment income                                 |        | (0.06) | (0.09) | (0.14) |        |  |
| Net realized gain on investments and foreign currency |        | (1.18) | (1.76) | (1.64) | (1.61) |  |
| Return of capital                                     | (0.32) | (0.48) |        |        |        |  |

|  |        |        |        |        |        |  |
|--|--------|--------|--------|--------|--------|--|
| Total distributions to Common Stockholders | (0.32) | (1.72) | (1.85) | (1.78) | (1.61) |  |
|--|--------|--------|--------|--------|--------|--|

**CAPITAL STOCK  
TRANSACTIONS:**

|  |        |        |        |        |      |  |
|--|--------|--------|--------|--------|------|--|
| Effect of reinvestment of distributions by Common Stockholders | (0.02) | (0.08) | (0.03) | (0.00) | 0.01 |  |
|--|--------|--------|--------|--------|------|--|

|                                  |        |        |        |        |      |  |
|----------------------------------|--------|--------|--------|--------|------|--|
| Total capital stock transactions | (0.02) | (0.08) | (0.03) | (0.00) | 0.01 |  |
|----------------------------------|--------|--------|--------|--------|------|--|

**NET ASSET  
VALUE, END OF  
PERIOD**

|    |       |    |       |    |      |    |       |    |       |    |       |
|----|-------|----|-------|----|------|----|-------|----|-------|----|-------|
| \$ | 12.48 | \$ | 12.87 | \$ | 9.37 | \$ | 19.74 | \$ | 20.62 | \$ | 18.87 |
|----|-------|----|-------|----|------|----|-------|----|-------|----|-------|

**MARKET VALUE,  
END OF PERIOD**

|    |       |    |       |    |      |    |       |    |       |    |       |
|----|-------|----|-------|----|------|----|-------|----|-------|----|-------|
| \$ | 10.57 | \$ | 10.79 | \$ | 8.39 | \$ | 18.58 | \$ | 22.21 | \$ | 20.08 |
|----|-------|----|-------|----|------|----|-------|----|-------|----|-------|

**TOTAL RETURN**

|                 |                        |        |          |         |        |       |
|-----------------|------------------------|--------|----------|---------|--------|-------|
| <b>(a):</b>     |                        |        |          |         |        |       |
| Market Value    | (2.04)% <sup>***</sup> | 35.39% | (48.27)% | (8.21)% | 20.96% | 6.95% |
| Net Asset Value | (3.03)% <sup>***</sup> | 44.59% | (45.62)% | 5.04%   | 19.50% | 8.41% |

**RATIOS BASED  
ON AVERAGE NET  
ASSETS  
APPLICABLE TO  
COMMON  
STOCKHOLDERS:**

|                                     |                     |       |       |       |       |       |
|-------------------------------------|---------------------|-------|-------|-------|-------|-------|
| Total expenses (b,c)                | 0.12% <sup>**</sup> | 0.16% | 1.39% | 1.38% | 1.29% | 1.49% |
| Investment advisory fee expense (d) | 0.00% <sup>**</sup> | 0.00% | 1.27% | 1.29% | 1.20% | 1.37% |
| Other operating expenses            | 0.12% <sup>**</sup> | 0.16% | 0.12% | 0.09% | 0.09% | 0.12% |
| Net investment income (loss)        | 1.63% <sup>**</sup> | 1.66% | 0.94% | 0.43% | 0.62% | 0.03% |

**SUPPLEMENTAL  
DATA:**

|  |    |         |    |         |    |         |    |           |    |           |    |           |
|--|----|---------|----|---------|----|---------|----|-----------|----|-----------|----|-----------|
| Net Assets Applicable to Common Stockholders, End of Period (in thousands) | \$ | 824,112 | \$ | 849,777 | \$ | 603,234 | \$ | 1,184,669 | \$ | 1,180,428 | \$ | 1,032,120 |
| Liquidation Value of Preferred Stock,                                      |    |         |    |         |    |         |    |           |    |           |    |           |

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|  |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
| End of Period (in thousands)             | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 |
| Portfolio Turnover Rate                  | 13%        | 31%        | 25%        | 26%        | 21%        | 31%        |
| <b>PREFERRED STOCK:</b>                  |            |            |            |            |            |            |
| Total shares outstanding                 | 8,800,000  | 8,800,000  | 8,800,000  | 8,800,000  | 8,800,000  | 8,800,000  |
| Asset coverage per share                 | \$ 118.65  | \$ 121.57  | \$ 93.55   | \$ 159.62  | \$ 159.14  | \$ 142.29  |
| Liquidation preference per share         | \$ 25.00   | \$ 25.00   | \$ 25.00   | \$ 25.00   | \$ 25.00   | \$ 25.00   |
| Average month-end market value per share | \$ 24.82   | \$ 23.18   | \$ 22.51   | \$ 23.68   | \$ 23.95   | \$ 24.75   |

- (a) The Market Value Total Return is calculated assuming a purchase of Common Stock on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.
- (b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 0.10%, 0.12%, 1.13%, 1.17%, 1.08% and 1.22% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005 respectively.
- (c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees and after earnings credits would have been 0.12%, 0.16%, 1.39%, 1.38%, 1.29% and 1.49% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005, respectively.
- (d) The investment advisory fee is calculated based on average net assets over a rolling 60-month basis, while the above ratios of investment advisory fee expenses are based on the average net assets applicable to Common Stockholders over a 12-month basis.

\* To be allocated to net investment income, net realized gains and/or return of capital at year end.

\*\* Annualized.

\*\*\* Not annualized.

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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## Royce Value Trust

### Notes to Financial Statements (unaudited)

#### Summary of Significant Accounting Policies:

Royce Value Trust, Inc. (the Fund), was incorporated under the laws of the State of Maryland on July 1, 1986 as a diversified closed-end investment company. The Fund commenced operations on November 26, 1986.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Under the Fund's organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

#### Valuation of Investments:

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.

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 June 30, 2010:

|                  | Level 1        | Level 2        | Level 3    | Total          |
|------------------|----------------|----------------|------------|----------------|
| Common stocks    | \$ 783,907,625 | \$ 185,300,216 | \$ 167,717 | \$ 969,375,558 |
| Preferred stocks |                |                | 1,638,095  | 1,638,095      |
| Cash equivalents | 12,049,430     | 75,361,000     |            | 87,410,430     |

Level 3

Reconciliation:

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|                     | Balance as of<br>12/31/09 | Purchases | Transfers<br>In | Sales   | Realized<br>and<br>Unrealized<br>Gain<br>(Loss) <sup>(1)</sup> | Balance as<br>of<br>6/30/10 |
|---------------------|---------------------------|-----------|-----------------|---------|--|-----------------------------|
| Common<br>stocks    | \$ 215,542                | \$        | \$              | \$ 56   | \$ (47,769)  | \$ 167,717                  |
| Preferred<br>stocks | 1,826,055                 | 48,157    |                 | 482,781 | 246,664  | 1,638,095                   |

<sup>(1)</sup> The net change in unrealized appreciation (depreciation) is included in the accompanying Statement of Operations. Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized. Net realized gain (loss) from investments and foreign currency transactions is included in the accompanying Statement of Operations.

## Royce Value Trust

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### Notes to Financial Statements (unaudited) (continued)

#### 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.

#### Foreign Currency:

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, expiration of currency forward contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, including investments in securities at the end of the reporting period, as a result of changes in foreign currency exchange rates.

#### Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral for the Fund on all securities loaned 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.

#### Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption Tax Information.

#### Distributions:

Effective May 18, 2009, the Fund pays any dividends and capital gain distributions annually in December on the Fund's Common Stock. Prior to that date, the Fund paid quarterly distributions on the Fund's Common Stock at the annual rate of 9% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 2.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are accrued daily and paid quarterly and distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income are first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income are allocated to both Preferred and Common Stockholders, the tax character of such allocations is proportional. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

#### Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on an accrual basis. Premium and discounts on debt securities are amortized using the effective yield-to-maturity method. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

#### Expenses:

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The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Fund's operations, while expenses applicable to more than one of the Royce Funds are allocated equitably. Certain personnel, occupancy costs and other administrative expenses related to The Royce Funds are allocated by Royce & Associates, LLC ( Royce ) under an administration agreement and are included in administrative and office facilities and professional fees. The Fund has adopted a deferred fee agreement that allows the Directors to defer the receipt of all or a portion of Directors' Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

### **Compensating Balance Credits:**

The Fund has an arrangement with its custodian bank, whereby a portion of the custodian's fee is paid indirectly by credits earned on the Fund's cash on deposit with the bank. This deposit arrangement is an alternative to purchasing overnight investments. Conversely, the Fund pays interest to the custodian on any cash overdrafts, to the extent they are not offset by credits earned on positive cash balances.

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## Royce Value Trust

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### Notes to Financial Statements (unaudited) (continued)

#### Capital Stock:

The Fund issued 1,646,914 shares of Common Stock as reinvestment of distributions by Common Stockholders for the year ended December 31, 2009.

At June 30, 2010, 8,800,000 shares of 5.90% Cumulative Preferred Stock were outstanding. The Fund, at its option, may redeem the Cumulative Preferred Stock, in whole or in part, at the redemption price. The Cumulative Preferred Stock is classified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements in accordance with accounting for redeemable equity instruments, that requires preferred securities that are redeemable for cash or other assets to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer.

The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody's, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of \$25.00 per share, plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Cumulative Preferred Stock.

#### Investment Advisory Agreement:

As compensation for its services under the Investment Advisory Agreement, Royce receives a fee comprised of a Basic Fee (Basic Fee) and an adjustment to the Basic Fee based on the investment performance of the Fund in relation to the investment record of the S&P SmallCap 600 Index (S&P 600).

The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets applicable to Common Stockholders, plus the liquidation value of Preferred Stock, for the rolling 60-month period ending with such month (the performance period). The Basic Fee for each month is increased or decreased at the rate of 1/12 of .05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the S&P 600 for the performance period by more than two percentage points. The performance period for each such month is a rolling 60-month period ending with such month. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of .5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the S&P 600 by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of .5% and is payable if the percentage change in the investment record of the S&P 600 exceeds the investment performance of the Fund by 12 or more percentage points for the performance period.

Notwithstanding the foregoing, Royce is not entitled to receive any fee for any month when the investment performance of the Fund for the rolling 36-month period ending with such month is negative. In the event that the Fund's investment performance for such a performance period is less than zero, Royce will not be required to refund to the Fund any fee earned in respect of any prior performance period.

Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund's Preferred Stock for any month in which the Fund's average annual NAV total return since issuance of the Preferred Stock fails to exceed the applicable Preferred Stock's dividend rate.

For each of the six rolling 36-month periods ended June 30, 2010, the Fund had negative investment performance and, accordingly, paid no investment advisory fee.

#### Purchases and Sales of Investment Securities:

For the six months ended June 30, 2010, the costs of purchases and proceeds from sales of investment securities, other than short-term securities and collateral received for securities loaned, amounted to \$129,995,181 and \$130,884,494, respectively.

#### Transactions in Affiliated Companies:

An Affiliated Company as defined in the Investment Company Act of 1940, is a company in which a fund owns 5% or more of the company's outstanding voting securities at any time during the period. The Fund effected the following transactions in shares of such companies for the six months ended June 30, 2010:

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| <b>Affiliated Company</b> | <b>Shares</b>   | <b>Market Value</b> | <b>Cost of Purchases</b> | <b>Cost of Sales</b> | <b>Realized Gain (Loss)</b> | <b>Dividend Income</b> | <b>Shares</b>  | <b>Market Value</b> |
|---------------------------|-----------------|---------------------|--------------------------|----------------------|-----------------------------|------------------------|----------------|---------------------|
|                           | <b>12/31/09</b> | <b>12/31/09</b>     |                          |                      |                             |                        | <b>6/30/10</b> | <b>6/30/10</b>      |
| Timberland Bancorp        | 469,200         | \$2,083,248         |                          |                      |                             | \$4,692                | 469,200        | \$1,538,976         |
|                           |                 | \$2,083,248         |                          |                      |                             | \$4,692                |                | \$1,538,976         |

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## Royce Micro-Cap Trust

June 30, 2010 (unaudited)

## Schedule of Investments

|  | SHARES    | VALUE      |
|--|-----------|------------|
| <b>COMMON STOCKS 115.4%</b>                          |           |            |
| <b>Consumer Products 9.1%</b>                        |           |            |
| Apparel, Shoes and Accessories -<br>2.2%             |           |            |
| K-Swiss Cl. A <sup>a</sup>                           | 72,400    | \$ 813,052 |
| Luk Fook Holdings (International)                    | 748,300   | 939,143    |
| Movado Group <sup>a</sup>                            | 132,814   | 1,418,454  |
| Steven Madden <sup>a</sup>                           | 15,450    | 486,984    |
| True Religion Apparel <sup>a</sup>                   | 19,300    | 425,951    |
| Weyco Group  | 48,000    | 1,093,440  |
| Yamato International                                 | 40,000    | 149,989    |
|  |           | <hr/>      |
|  |           | 5,327,013  |
|  |           | <hr/>      |
| Consumer Electronics - 0.7%                          |           |            |
| DTS <sup>a</sup>                                     | 50,000    | 1,643,500  |
|  |           | <hr/>      |
| Food/Beverage/Tobacco - 2.8%                         |           |            |
| Asian Citrus Holdings                                | 1,060,000 | 776,156    |
| Bingrae Company                                      | 19,100    | 785,886    |
| Cal-Maine Foods                                      | 22,500    | 718,425    |
| Heckmann Corporation <sup>a,b</sup>                  | 200,000   | 928,000    |
| HQ Sustainable Maritime<br>Industries <sup>a,b</sup> | 72,800    | 364,000    |
| Seneca Foods Cl. A <sup>a</sup>                      | 51,400    | 1,658,164  |
| Seneca Foods Cl. B <sup>a</sup>                      | 42,500    | 1,378,700  |
|  |           | <hr/>      |
|  |           | 6,609,331  |
|  |           | <hr/>      |
| Health, Beauty and Nutrition -<br>0.4%               |           |            |
| NutriSystem  | 38,500    | 883,190    |
|  |           | <hr/>      |
| Home Furnishing and Appliances -<br>2.8%             |           |            |
| American Woodmark                                    | 72,000    | 1,231,200  |
| Ethan Allen Interiors                                | 66,600    | 931,734    |
| Flexsteel Industries                                 | 172,500   | 1,897,500  |
| Koss Corporation                                     | 73,400    | 386,084    |
| Lumber Liquidators Holdings <sup>a,b</sup>           | 23,900    | 557,587    |
| Natuzzi ADR <sup>a</sup>                             | 409,800   | 1,208,910  |
| Universal Electronics <sup>a</sup>                   | 33,000    | 548,790    |
|  |           | <hr/>      |
|  |           | 6,761,805  |
|  |           | <hr/>      |
| Sports and Recreation - 0.1%                         |           |            |
| Sturm, Ruger & Company                               | 12,300    | 176,259    |
|  |           | <hr/>      |

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Other Consumer Products - 0.1%  
 CSS Industries 20,243 334,010

**Total** (Cost \$16,417,987) 21,735,108

**Consumer Services 3.4%**  
 Media and Broadcasting - 0.5%

Ascent Media Cl. A <sup>a</sup> 41,500 1,048,290

Online Commerce - 0.3%

CryptoLogic <sup>a,b</sup> 88,300 169,536

PetMed Express 33,600 598,080

767,616

Retail Stores - 2.6%

**America's Car-Mart** <sup>a</sup> 92,800 2,100,064

Charming Shoppes <sup>a</sup> 266,200 998,250

DSW Cl. A <sup>a</sup> 1,800 40,428

Le Chateau Cl. A 27,900 332,583

Lewis Group 57,000 436,301

QKL Stores <sup>a,b</sup> 38,740 162,708

Stein Mart <sup>a</sup> 178,900 1,114,547

**SHARES VALUE**

**Consumer Services (continued)**

Retail Stores (continued)

West Marine <sup>a</sup> 86,000 \$ 935,680

Wet Seal (The) Cl. A <sup>a</sup> 50,000 182,500

6,303,061

**Total** (Cost \$7,884,791) 8,118,967

**Diversified Investment**

**Companies 1.3%**

Closed-End Funds - 1.3%

ASA 30,000 811,200

**Central Fund of Canada Cl. A** 131,700 1,984,719

Urbana Corporation <sup>a</sup> 237,600 334,789

**Total** (Cost \$1,534,612) 3,130,708

**Financial Intermediaries 9.8%**

Banking - 4.7%

Alliance Bancorp, Inc. of Pennsylvania 50,420 418,486

Banca Finnat Euramerica 910,000 598,697

BCB Holdings <sup>a</sup> 806,207 1,114,213

**Bofl Holding** <sup>a,b</sup> 136,000 1,920,320

Cass Information Systems 15,000 513,750

Centrue Financial <sup>a</sup> 66,600 133,200

CFS Bancorp 75,000 364,500

Chemung Financial 40,000 806,400

Commercial National Financial 20,000 323,000

**Fauquier Bankshares** 135,800 2,070,950

Financial Institutions 36,000 639,360

First Bancorp 40,200 527,826

HopFed Bancorp 55,000 496,650

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|   |         |            |
|---|---------|------------|
| LCNB Corporation                                      | 30,000  | 352,500    |
| Mechanics Bank  | 5       | 55,000     |
| Wilber Corporation (The)                              | 137,908 | 820,553    |
|   |         | <hr/>      |
|   |         | 11,155,405 |
|   |         | <hr/>      |
| <b>Insurance - 0.8%</b>                               |         |            |
| Greenlight Capital Re Cl. A <sup>a</sup>              | 9,500   | 239,305    |
| Independence Holding                                  | 95,800  | 571,926    |
| Presidential Life                                     | 132,100 | 1,202,110  |
|   |         | <hr/>      |
|   |         | 2,013,341  |
|   |         | <hr/>      |
| <b>Real Estate Investment Trusts - 1.0%</b>           |         |            |
| <b>Colony Financial</b>                               | 124,717 | 2,107,717  |
| Vestin Realty Mortgage II <sup>a,b</sup>              | 214,230 | 291,353    |
|   |         | <hr/>      |
|   |         | 2,399,070  |
|   |         | <hr/>      |
| <b>Securities Brokers - 2.7%</b>                      |         |            |
| Cowen Group Cl. A <sup>a</sup>                        | 377,834 | 1,549,119  |
| Diamond Hill Investment Group                         | 24,479  | 1,387,715  |
| FBR Capital Markets <sup>a</sup>                      | 326,600 | 1,087,578  |
| International Assets Holding Corporation <sup>a</sup> | 17,310  | 276,960    |
| Sanders Morris Harris Group                           | 199,000 | 1,104,450  |
| Thomas Weisel Partners Group <sup>a</sup>             | 176,200 | 1,037,818  |
|   |         | <hr/>      |
|   |         | 6,443,640  |
|   |         | <hr/>      |
| <b>Securities Exchanges - 0.6%</b>                    |         |            |
| Bolsa Mexicana de Valores                             | 948,500 | 1,490,253  |
|   |         | <hr/>      |
| <b>Total</b> (Cost \$28,960,782)                      |         | 23,501,709 |
|   |         | <hr/>      |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2010 Semiannual Report to  
Stockholders | 35

## Royce Micro-Cap Trust

### Schedule of Investments

|  | SHARES  | VALUE      |
|--|---------|------------|
| <b>Financial Services 9.8%</b>                 |         |            |
| Diversified Financial Services - 0.2%          |         |            |
| Encore Capital Group <sup>a</sup>              | 22,000  | \$ 453,420 |
| Information and Processing - 0.2%              |         |            |
| Value Line                                     | 32,487  | 589,314    |
| Insurance Brokers - 0.1%                       |         |            |
| Western Financial Group                        | 148,000 | 353,126    |
| Investment Management - 5.3%                   |         |            |
| BKF Capital Group <sup>a</sup>                 | 130,200 | 121,086    |
| Cohen & Steers                                 | 27,900  | 578,646    |
| Dundee Corporation Cl. A <sup>a</sup>          | 140,200 | 1,602,775  |
| Endeavour Financial <sup>2</sup>               | 618,200 | 1,277,573  |
| Endeavour Financial (Warrants) <sup>a</sup>    | 50,000  | 38,514     |
| <b>Epoch Holding Corporation</b>               | 196,500 | 2,411,055  |
| Evercore Partners Cl. A                        | 13,200  | 308,220    |
| JZ Capital Partners                            | 293,999 | 1,193,234  |
| MVC Capital                                    | 126,200 | 1,630,504  |
| Queen City Investments                         | 948     | 1,028,580  |
| Sceptre Investment Counsel                     | 78,000  | 482,119    |
| Sprott Resource <sup>a</sup>                   | 70,000  | 264,337    |
| U.S. Global Investors Cl. A                    | 91,500  | 507,825    |
| VZ Holding                                     | 15,000  | 1,212,410  |
|  |         | 12,656,878 |
| Special Purpose Acquisition Corporation - 0.4% |         |            |
| Westway Group <sup>a</sup>                     | 220,000 | 897,600    |
| Specialty Finance - 0.5%                       |         |            |
| NGP Capital Resources                          | 68,080  | 488,134    |
| World Acceptance <sup>a,b</sup>                | 16,500  | 632,115    |
|  |         | 1,120,249  |
| Other Financial Services - 3.1%                |         |            |
| Hilltop Holdings <sup>a</sup>                  | 101,400 | 1,015,014  |
| <b>Kennedy-Wilson Holdings <sup>a</sup></b>    | 631,766 | 6,380,836  |
|  |         | 7,395,850  |
| <b>Total</b> (Cost \$21,005,886)               |         | 23,466,437 |

**Health 9.6%**

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Commercial Services - 0.7%

|                                    |        |           |
|------------------------------------|--------|-----------|
| PAREXEL International <sup>a</sup> | 40,000 | 867,200   |
| PDI <sup>a</sup>                   | 96,800 | 801,504   |
|                                    |        | 1,668,704 |

Drugs and Biotech - 1.6%

|   |         |           |
|---|---------|-----------|
| Adolor Corporation <sup>a,b</sup>                   | 460,500 | 501,945   |
| American Oriental Bioengineering <sup>a,b</sup>     | 100,400 | 253,008   |
| China Nuokang Bio-Pharmaceutical ADR <sup>a,b</sup> | 11,147  | 50,161    |
| Hi-Tech Pharmacal <sup>a</sup>                      | 17,700  | 405,507   |
| Lannett Company <sup>a,b</sup>                      | 34,410  | 157,254   |
| Simcere Pharmaceutical Group ADR <sup>a</sup>       | 25,700  | 212,796   |
| Sinovac Biotech <sup>a</sup>                        | 90,400  | 418,552   |
| Strategic Diagnostics <sup>a</sup>                  | 150,000 | 271,500   |
| Theragenics Corporation <sup>a</sup>                | 306,900 | 352,935   |
| 3SBio ADR <sup>a</sup>                              | 58,880  | 684,774   |
| ViroPharma <sup>a</sup>                             | 37,000  | 414,770   |
|   |         | 3,723,202 |

|  | SHARES  | VALUE        |
|--|---------|--------------|
| <b>Health (continued)</b>                |         |              |
| Health Services - 2.4%                   |         |              |
| <b>Advisory Board (The) <sup>a</sup></b> | 51,700  | \$ 2,221,032 |
| Genoptix <sup>a</sup>                    | 6,173   | 106,176      |
| Gentiva Health Services <sup>a</sup>     | 23,000  | 621,230      |
| HMS Holdings <sup>a</sup>                | 11,900  | 645,218      |
| On Assignment <sup>a</sup>               | 41,100  | 206,733      |
| PharMerica Corporation <sup>a</sup>      | 40,000  | 586,400      |
| Psychemedics Corporation                 | 37,500  | 305,250      |
| Res-Care <sup>a</sup>                    | 80,620  | 778,789      |
| U.S. Physical Therapy <sup>a</sup>       | 10,000  | 168,800      |
|  |         | 5,639,628    |
| Medical Products and Devices - 4.9%      |         |              |
| Allied Healthcare Products <sup>a</sup>  | 226,798 | 775,649      |
| Atrion Corporation                       | 5,500   | 742,775      |
| CAS Medical Systems <sup>a</sup>         | 62,600  | 110,802      |
| <b>Exactech <sup>a</sup></b>             | 121,000 | 2,066,680    |
| Kensley Nash <sup>a</sup>                | 33,981  | 805,690      |
| Medical Action Industries <sup>a</sup>   | 147,950 | 1,773,920    |
| Mesa Laboratories                        | 48,267  | 1,159,373    |
| NMT Medical <sup>a</sup>                 | 198,500 | 104,153      |
| Quidel <sup>a,b</sup>                    | 25,000  | 317,250      |
| STRATEC Biomedical Systems               | 14,000  | 465,568      |
| Syneron Medical <sup>a,b</sup>           | 69,200  | 711,376      |
| Utah Medical Products                    | 42,300  | 1,054,962    |
| Young Innovations                        | 61,450  | 1,729,818    |
|  |         | 11,818,016   |
| <b>Total (Cost \$19,324,616)</b>         |         | 22,849,550   |

**Industrial Products 23.2%**

**Automotive - 0.9%**

|                                       |         |         |
|---------------------------------------|---------|---------|
| Fuel Systems Solutions <sup>a,b</sup> | 10,000  | 259,500 |
| Norstar Founders Group <sup>a,c</sup> | 771,500 | 36,163  |
| SORL Auto Parts <sup>a,b</sup>        | 68,277  | 568,065 |
| US Auto Parts Network <sup>a</sup>    | 160,900 | 965,400 |
| Wonder Auto Technology <sup>a,b</sup> | 39,550  | 289,506 |
| Xinyi Glass Holdings                  | 424,800 | 158,633 |

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2,277,267

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**Building Systems and Components**

**- 2.7%**

|                                   |        |           |
|-----------------------------------|--------|-----------|
| AAON                              | 73,000 | 1,701,630 |
| Apogee Enterprises                | 57,900 | 627,057   |
| Drew Industries <sup>a</sup>      | 90,000 | 1,818,000 |
| LSI Industries                    | 79,812 | 389,483   |
| NCI Building Systems <sup>a</sup> | 8,400  | 70,308    |
| Preformed Line Products           | 22,800 | 637,260   |
| WaterFurnace Renewable Energy     | 45,200 | 1,132,388 |

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6,376,126

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**Construction Materials - 1.9%**

|                           |        |           |
|---------------------------|--------|-----------|
| Ash Grove Cement          | 8,000  | 1,408,000 |
| Monarch Cement            | 52,303 | 1,367,723 |
| Trex Company <sup>a</sup> | 90,000 | 1,808,100 |

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4,583,823

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**Industrial Components - 2.1%**

|                           |         |           |
|---------------------------|---------|-----------|
| Bel Fuse Cl. A            | 67,705  | 1,123,903 |
| <b>Deswell Industries</b> | 564,371 | 2,088,173 |

June 30, 2010 (unaudited)

|  | SHARES  | VALUE      |
|--|---------|------------|
| <b>Industrial Products (continued)</b>           |         |            |
| Industrial Components (continued)                |         |            |
| Graham Corporation                               | 48,500  | \$ 727,015 |
| Powell Industries <sup>a</sup>                   | 36,800  | 1,006,112  |
|  |         | 4,945,203  |
| <b>Machinery - 6.5%</b>                          |         |            |
| Burckhardt Compression Holding                   | 2,100   | 370,078    |
| Burnham Holdings Cl. A                           | 113,000 | 1,627,200  |
| Columbus McKinnon <sup>a</sup>                   | 25,100  | 350,647    |
| Duoyuan Printing <sup>a,b</sup>                  | 70,900  | 547,348    |
| Eastern Company (The)                            | 39,750  | 582,735    |
| FreightCar America                               | 52,800  | 1,194,336  |
| Hardinge   | 77,151  | 657,327    |
| Hollysys Automation Technologies <sup>a,b</sup>  | 162,292 | 1,462,251  |
| Hurco Companies <sup>a</sup>                     | 52,366  | 777,635    |
| Jinpan International                             | 90,224  | 1,367,796  |
| Rofin-Sinar Technologies <sup>a</sup>            | 37,000  | 770,340    |
| Sun Hydraulics                                   | 65,425  | 1,534,870  |
| <b>Tennant Company</b>                           | 92,300  | 3,121,586  |
| Williams Controls <sup>a</sup>                   | 125,000 | 1,131,250  |
|  |         | 15,495,399 |
| <b>Metal Fabrication and Distribution - 3.0%</b> |         |            |
| Central Steel & Wire                             | 1,088   | 717,536    |
| CompX International Cl. A                        | 107,500 | 1,058,875  |
| Encore Wire                                      | 15,000  | 272,850    |
| Foster (L.B.) Company Cl. A <sup>a</sup>         | 20,900  | 541,728    |
| Fushi Copperweld <sup>a</sup>                    | 29,483  | 241,171    |
| Horsehead Holding Corporation <sup>a</sup>       | 57,300  | 433,188    |
| Ladish Company <sup>a</sup>                      | 45,000  | 1,022,400  |
| NN <sup>a</sup>                                  | 114,300 | 571,500    |
| Olympic Steel                                    | 22,000  | 505,340    |
| RBC Bearings <sup>a</sup>                        | 6,500   | 188,435    |
| RTI International Metals <sup>a</sup>            | 69,900  | 1,685,289  |
|  |         | 7,238,312  |
| <b>Miscellaneous Manufacturing - 2.8%</b>        |         |            |
| AZZ  | 15,000  | 551,550    |
| China Automation Group                           | 341,700 | 221,663    |
| Griffon Corporation <sup>a</sup>                 | 89,500  | 989,870    |
| <b>PMFG <sup>a</sup></b>                         | 143,800 | 2,178,570  |
| <b>Raven Industries</b>                          | 58,400  | 1,968,664  |
| Semperit AG Holding                              | 12,500  | 427,396    |

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|   |        |           |
|---|--------|-----------|
| Synalloy Corporation                            | 58,200 | 486,552   |
|   |        | 6,824,265 |
| <b>Pumps, Valves and Bearings - 0.3%</b>        |        |           |
| CIRCOR International                            | 28,000 | 716,240   |
| <b>Specialty Chemicals and Materials - 2.7%</b> |        |           |
| Aceto Corporation                               | 72,219 | 413,815   |
| Balchem Corporation                             | 63,375 | 1,584,375 |
| China XD Plastics <sup>a,b</sup> <sub>--</sub>  | 86,000 | 584,800   |
| Gulf Resources <sup>a,b</sup> <sub>--</sub>     | 12,250 | 105,227   |
| Hawkins   | 69,866 | 1,682,373 |
| Park Electrochemical                            | 15,400 | 375,914   |
| Rogers Corporation <sup>a</sup> <sub>-</sub>    | 58,400 | 1,621,768 |
|   |        | 6,368,272 |

|   | SHARES  | VALUE      |
|---|---------|------------|
| <b>Industrial Products (continued)</b>                        |         |            |
| <b>Textiles - 0.1%</b>  |         |            |
| Interface Cl. A   | 27,000  | \$ 289,980 |
| <b>Other Industrial Products - 0.2%</b>                       |         |            |
| MTS Systems   | 10,000  | 290,000    |
| Research Frontiers <sup>a,b</sup> <sub>--</sub>               | 50,000  | 221,000    |
|   |         | 511,000    |
| <b>Total</b> (Cost \$39,763,605)                              |         | 55,625,887 |
| <b>Industrial Services 13.8%</b>                              |         |            |
| <b>Commercial Services - 5.8%</b>                             |         |            |
| Acacia Research-Acacia Technologies <sup>a</sup> <sub>-</sub> | 65,290  | 929,077    |
| ATC Technology <sup>a</sup> <sub>-</sub>                      | 32,000  | 515,840    |
| CBIZ <sup>a</sup> <sub>-</sub>                                | 47,000  | 298,920    |
| Diamond Management & Technology Consultants                   | 138,100 | 1,423,811  |
| Exponent <sup>a</sup> <sub>-</sub>                            | 58,400  | 1,910,848  |
| Forrester Research <sup>a</sup> <sub>-</sub>                  | 54,900  | 1,661,274  |
| Global Sources <sup>a,b</sup> <sub>--</sub>                   | 29,015  | 227,477    |
| Heidrick & Struggles International                            | 10,000  | 228,200    |
| Heritage-Crystal Clean <sup>a</sup> <sub>-</sub>              | 113,301 | 912,073    |
| Kforce <sup>a</sup> <sub>-</sub>                              | 60,000  | 765,000    |
| Rentrak Corporation <sup>a</sup> <sub>-</sub>                 | 63,300  | 1,540,089  |
| <b>SFN Group <sup>a</sup> <sub>-</sub></b>                    | 426,600 | 2,329,236  |
| Spectrum Group International <sup>a,b</sup> <sub>--</sub>     | 6,925   | 12,673     |
| Team <sup>a</sup> <sub>-</sub>                                | 93,940  | 1,225,917  |
|   |         | 13,980,435 |
| <b>Engineering and Construction - 1.7%</b>                    |         |            |
| Cavco Industries <sup>a</sup> <sub>-</sub>                    | 12,491  | 439,434    |
| Comfort Systems USA   | 22,600  | 218,316    |
| Insituform Technologies Cl. A <sup>a</sup> <sub>-</sub>       | 34,300  | 702,464    |



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|   |         |           |
|---|---------|-----------|
| Integrated Electrical Services <sup>a</sup> | 132,000 | 460,680   |
| Layne Christensen <sup>a</sup>              | 13,900  | 337,353   |
| MYR Group <sup>a</sup>                      | 28,500  | 475,665   |
| Skyline Corporation                         | 62,100  | 1,118,421 |
| Sterling Construction <sup>a</sup>          | 25,000  | 323,500   |
|   |         | <hr/>     |
|   |         | 4,075,833 |
|   |         | <hr/>     |
| <b>Food, Tobacco and Agriculture - 1.2%</b> |         |           |
| Farmer Bros.                                | 51,400  | 775,626   |
| Hanfeng Evergreen <sup>a</sup>              | 85,100  | 464,451   |
| Origin Agritech <sup>a</sup>                | 121,488 | 891,722   |
| Yuhe International <sup>a</sup>             | 46,314  | 331,608   |
| Zhongpin <sup>a,b</sup>                     | 42,600  | 500,976   |
|   |         | <hr/>     |
|   |         | 2,964,383 |
|   |         | <hr/>     |
| <b>Industrial Distribution - 0.8%</b>       |         |           |
| Houston Wire & Cable                        | 67,375  | 731,019   |
| Lawson Products                             | 63,269  | 1,074,307 |
|   |         | <hr/>     |
|   |         | 1,805,326 |
|   |         | <hr/>     |
| <b>Printing - 0.7%</b>                      |         |           |
| Bowne & Co.                                 | 68,989  | 774,057   |
| Courier Corporation                         | 30,450  | 371,794   |
| Domino Printing Sciences                    | 80,000  | 542,042   |
|   |         | <hr/>     |
|   |         | 1,687,893 |
|   |         | <hr/>     |
| <b>Transportation and Logistics - 2.9%</b>  |         |           |
| Dynamex <sup>a</sup>                        | 86,000  | 1,049,200 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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## Royce Micro-Cap Trust

### Schedule of Investments

|   | SHARES  | VALUE        |
|---|---------|--------------|
| <b>Industrial Services (continued)</b>      |         |              |
| Transportation and Logistics<br>(continued) |         |              |
| Forward Air                                 | 50,700  | \$ 1,381,575 |
| Frozen Food Express Industries <sup>a</sup> | 157,000 | 549,500      |
| Pacer International <sup>a</sup>            | 35,000  | 244,650      |
| Patriot Transportation Holding <sup>a</sup> | 19,000  | 1,537,290    |
| Transat A.T. Cl. B <sup>a</sup>             | 31,800  | 301,705      |
| Universal Truckload Services <sup>a</sup>   | 134,200 | 1,869,406    |
|   |         | 6,933,326    |
| Other Industrial Services - 0.7%            |         |              |
| US Ecology                                  | 112,500 | 1,639,125    |
|   |         | 33,086,321   |
| <b>Total</b> (Cost \$29,535,968)            |         |              |
| <b>Natural Resources 12.1%</b>              |         |              |
| Energy Services - 4.3%                      |         |              |
| CE Franklin <sup>a</sup>                    | 90,450  | 581,594      |
| Dawson Geophysical <sup>a</sup>             | 53,213  | 1,131,841    |
| Dril-Quip <sup>a</sup>                      | 22,500  | 990,450      |
| Global Geophysical Services <sup>a,b</sup>  | 35,000  | 243,950      |
| Gulf Island Fabrication                     | 29,116  | 451,880      |
| ION Geophysical <sup>a</sup>                | 50,000  | 174,000      |
| Lamprell                                    | 202,400 | 644,120      |
| Lufkin Industries                           | 2,000   | 77,980       |
| North American Energy Partners <sup>a</sup> | 50,000  | 441,500      |
| OYO Geospace <sup>a</sup>                   | 7,130   | 345,662      |
| Pason Systems                               | 139,200 | 1,478,890    |
| Pioneer Drilling <sup>a</sup>               | 57,500  | 326,025      |
| T-3 Energy Services <sup>a</sup>            | 39,150  | 1,092,285    |
| Tesco Corporation <sup>a</sup>              | 50,000  | 614,000      |
| Willbros Group <sup>a</sup>                 | 183,600 | 1,358,640    |
| World Energy Solutions <sup>a</sup>         | 72,920  | 210,739      |
|   |         | 10,163,556   |
| Oil and Gas - 0.6%                          |         |              |
| Approach Resources <sup>a</sup>             | 12,000  | 82,560       |
| China Integrated Energy <sup>a,b</sup>      | 65,000  | 539,500      |
| GeoMet <sup>a</sup>                         | 75,000  | 85,500       |
| GeoResources <sup>a</sup>                   | 30,000  | 417,900      |
| VAALCO Energy <sup>a</sup>                  | 70,400  | 394,240      |
|   |         | 1,519,700    |
| Precious Metals and Mining - 3.8%           |         |              |
| Alamos Gold                                 | 47,100  | 722,505      |

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|   |         |           |
|---|---------|-----------|
| <b>Allied Nevada Gold</b> <sup>a</sup>  | 108,700 | 2,139,216 |
| Aurizon Mines <sup>a</sup>              | 197,000 | 973,180   |
| Brush Engineered Materials <sup>a</sup> | 27,000  | 539,460   |
| Chesapeake Gold <sup>a</sup>            | 20,000  | 147,480   |
| Exeter Resource <sup>b</sup>            | 140,000 | 882,000   |
| Extorre Gold Mines <sup>a,b</sup>       | 140,000 | 352,449   |
| Gammon Gold <sup>a</sup>                | 83,836  | 457,745   |
| Midway Gold <sup>a</sup>                | 345,000 | 158,800   |
| Minefinders Corporation <sup>a</sup>    | 36,000  | 320,760   |
| New Gold <sup>a</sup>                   | 141,200 | 874,028   |
| Northgate Minerals <sup>a</sup>         | 270,000 | 810,000   |
| Seabridge Gold <sup>a</sup>             | 16,700  | 516,865   |
| Victoria Gold <sup>a</sup>              | 200,000 | 123,996   |

|   | SHARES  | VALUE      |
|---|---------|------------|
| <b>Natural Resources (continued)</b>          |         |            |
| Precious Metals and Mining<br>(continued)     |         |            |
| Vista Gold <sup>a,b</sup>                     | 50,000  | \$ 85,000  |
|   |         | <hr/>      |
|   |         | 9,103,484  |
|   |         | <hr/>      |
| Real Estate - 2.6%                            |         |            |
| Avatar Holdings <sup>a</sup>                  | 18,104  | 347,234    |
| Consolidated-Tomoka Land                      | 41,950  | 1,195,575  |
| PICO Holdings <sup>a</sup>                    | 45,700  | 1,369,629  |
| Pope Resources L.P.                           | 57,205  | 1,462,160  |
| Tejon Ranch <sup>a</sup>                      | 80,749  | 1,863,687  |
| ZipRealty <sup>a</sup>                        | 25,000  | 65,250     |
|   |         | <hr/>      |
|   |         | 6,303,535  |
|   |         | <hr/>      |
| Other Natural Resources - 0.8%                |         |            |
| China Hydroelectric ADS <sup>a,b</sup>        | 83,100  | 624,081    |
| J.G. Boswell Company                          | 2,490   | 1,332,150  |
|   |         | <hr/>      |
|   |         | 1,956,231  |
|   |         | <hr/>      |
| <b>Total</b> (Cost \$23,123,730)              |         | 29,046,506 |
|   |         | <hr/>      |
| <b>Technology 18.4%</b>                       |         |            |
| Aerospace and Defense - 2.1%                  |         |            |
| Applied Signal Technology                     | 25,000  | 491,250    |
| Ducommun                                      | 72,100  | 1,232,910  |
| HEICO Corporation                             | 42,000  | 1,508,640  |
| Innovative Solutions and Support <sup>a</sup> | 100,000 | 440,000    |
| Integral Systems <sup>a</sup>                 | 138,222 | 877,710    |
| SIFCO Industries                              | 45,800  | 490,060    |
|   |         | <hr/>      |
|   |         | 5,040,570  |
|   |         | <hr/>      |
| Components and Systems - 3.2%                 |         |            |
| Frequency Electronics <sup>a</sup>            | 269,898 | 1,255,026  |
| Hana Microelectronics                         | 500,000 | 415,058    |
| Methode Electronics                           | 66,223  | 645,012    |
| Newport Corporation <sup>a</sup>              | 80,900  | 732,954    |
| <b>Richardson Electronics</b>                 | 250,900 | 2,258,100  |
| Rimage Corporation <sup>a</sup>               | 79,200  | 1,253,736  |
| Technitrol                                    | 150,000 | 474,000    |

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|  |         |           |
|--|---------|-----------|
| TransAct Technologies <sup>a</sup>           | 78,600  | 573,780   |
|  |         | <hr/>     |
|  |         | 7,607,666 |
|  |         | <hr/>     |
| <b>Distribution - 0.5%</b>                   |         |           |
| Agilysys <sup>a</sup>                        | 90,000  | 602,100   |
| Cogo Group <sup>a</sup>                      | 88,115  | 549,838   |
| ScanSource <sup>a</sup>                      | 7,600   | 189,468   |
|  |         | <hr/>     |
|  |         | 1,341,406 |
|  |         | <hr/>     |
| <b>Internet Software and Services - 1.7%</b> |         |           |
| ActivIdentity Corporation <sup>a</sup>       | 160,000 | 305,600   |
| Internet Capital Group <sup>a</sup>          | 135,000 | 1,026,000 |
| iPass <sup>a</sup>                           | 210,000 | 224,700   |
| Marchex Cl. B                                | 95,000  | 365,750   |
| Support.com <sup>a</sup>                     | 390,000 | 1,622,400 |
| WebMediaBrands <sup>a</sup>                  | 525,000 | 472,500   |
|  |         | <hr/>     |
|  |         | 4,016,950 |
|  |         | <hr/>     |
| <b>IT Services - 4.8%</b>                    |         |           |
| Computer Task Group <sup>a</sup>             | 236,100 | 1,525,206 |
| <b>iGATE Corporation</b>                     | 248,400 | 3,184,488 |
| <b>Sapient Corporation</b>                   | 500,000 | 5,070,000 |
| Syntel                                       | 43,300  | 1,470,035 |

June 30, 2010 (unaudited)

|   | SHARES  | VALUE      |
|---|---------|------------|
| <b>Technology (continued)</b>                     |         |            |
| IT Services (continued)                           |         |            |
| Yucheng Technologies <sup>a</sup>                 | 50,960  | \$ 185,494 |
|   |         | 11,435,223 |
| Semiconductors and Equipment -<br>2.4%            |         |            |
| ATMI <sup>a</sup>                                 | 6,400   | 93,696     |
| Exar Corporation <sup>a</sup>                     | 121,208 | 839,971    |
| Inficon Holding                                   | 3,600   | 464,165    |
| Mentor Graphics <sup>a</sup>                      | 22,400  | 198,240    |
| Micrel  | 60,000  | 610,800    |
| Microtune <sup>a</sup>                            | 362,000 | 771,060    |
| PLX Technology <sup>a</sup>                       | 80,000  | 335,200    |
| TTM Technologies <sup>a</sup>                     | 114,400 | 1,086,800  |
| Virage Logic <sup>a</sup>                         | 120,000 | 1,426,800  |
|   |         | 5,826,732  |
| Software - 3.0%                                   |         |            |
| ACI Worldwide <sup>a</sup>                        | 69,600  | 1,355,112  |
| Actuate Corporation <sup>a</sup>                  | 81,100  | 360,895    |
| American Software Cl. A                           | 104,500 | 482,790    |
| Bottomline Technologies <sup>a</sup>              | 12,300  | 160,269    |
| Convio <sup>a,b</sup>                             | 15,000  | 110,100    |
| DynaVox Cl. A <sup>a,b</sup>                      | 20,000  | 320,200    |
| Fundtech <sup>a</sup>                             | 51,000  | 529,890    |
| Geeknet <sup>a,b</sup>                            | 875,000 | 1,085,000  |
| <b>Pegasystems</b>                                | 84,000  | 2,697,240  |
|   |         | 7,101,496  |
| Telecommunications - 0.7%                         |         |            |
| Anaren <sup>a</sup>                               | 8,000   | 119,520    |
| Atlantic Tele-Network                             | 14,700  | 607,110    |
| Diguang International<br>Development <sup>a</sup> | 230,000 | 69,230     |
| Novatel Wireless <sup>a</sup>                     | 35,000  | 200,900    |
| PC-Tel <sup>a</sup>                               | 44,100  | 222,264    |
| Zhone Technologies <sup>a</sup>                   | 266,320 | 396,817    |
|   |         | 1,615,841  |
| <b>Total</b> (Cost \$29,178,166)                  |         | 43,985,884 |
| Miscellaneous <sup>d</sup> 4.9%                   |         |            |
| <b>Total</b> (Cost \$12,381,786)                  |         | 11,741,379 |

**TOTAL COMMON STOCKS**

(Cost \$229,111,929)

276,288,456

|   | SHARES | VALUE                |
|---|--------|----------------------|
| <b>PREFERRED STOCK 0.6%</b><br><b>Seneca Foods Conv. <sup>a</sup></b><br>(Cost \$578,719)   | 45,409 | \$ 1,321,402         |
| <b>REPURCHASE AGREEMENT 9.1%</b><br>State Street Bank & Trust<br>Company,<br>0.005% dated 6/30/10, due<br>7/1/10,<br>maturity value \$21,826,003<br>(collateralized<br>by obligations of various U.S.<br>Government<br>Agencies, 0.875% due 1/31/11,<br>valued at<br>\$22,376,575)<br>(Cost \$21,826,000) |        | 21,826,000           |
| <b>COLLATERAL RECEIVED FOR<br/>SECURITIES LOANED 3.5%</b><br>Money Market Funds<br>Federated Government<br>Obligations Fund<br>(7 day yield-0.0409%)<br>(Cost \$8,497,916)  |        | 8,497,916            |
| <b>TOTAL INVESTMENTS 128.6%</b><br>(Cost \$260,014,564)   |        | 307,933,774          |
| <b>LIABILITIES LESS CASH AND<br/>OTHER ASSETS (3.5)%</b>  |        | (8,526,025)          |
| <b>PREFERRED STOCK (25.1)%</b>  |        | (60,000,000)         |
| <b>NET ASSETS APPLICABLE TO<br/>COMMON STOCKHOLDERS<br/>100.0%</b>  |        | <b>\$239,407,749</b> |

New additions in 2010.

<sup>a</sup> Non-income producing.

<sup>b</sup> All or a portion of these securities were on loan at June 30, 2010. Total market value of loaned securities at June 30, 2010 was \$8,100,965.

<sup>c</sup> A security for which market quotations are not readily available represents 0.0% of net assets. This security has been valued at its fair value under procedures established by the Fund's Board of Directors.

<sup>d</sup> Includes securities first acquired in 2010 and less than 1% of net assets applicable to Common Stockholders.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2010 market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$260,492,746. At June 30, 2010, net unrealized appreciation for all securities was \$47,441,028, consisting of aggregate gross unrealized appreciation of \$82,620,054 and aggregate gross unrealized depreciation of \$35,179,026. The primary difference

between book and tax basis cost is the timing of the recognition of losses on securities sold.

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**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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## Royce Micro-Cap Trust

June 30, 2010 (unaudited)

## Statement of Assets and Liabilities

**ASSETS:**

|   |                    |
|---|--------------------|
| Total investments at value (including collateral on loaned securities)* | \$ 286,107,774     |
| Repurchase agreements (at cost and value)                               | 21,826,000         |
| Cash and foreign currency   | 1,077              |
| Receivable for investments sold   | 142,781            |
| Receivable for dividends and interest                                   | 238,568            |
| Prepaid expenses and other assets                                       | 26,551             |
| <b>Total Assets</b>   | <b>308,342,751</b> |

**LIABILITIES:**

|  |                  |
|--|------------------|
| Payable for collateral on loaned securities      | 8,497,916        |
| Payable for investments purchased                | 26,777           |
| Payable for investment advisory fee              | 208,098          |
| Preferred dividends accrued but not yet declared | 80,000           |
| Accrued expenses                                 | 122,211          |
| <b>Total Liabilities</b>                         | <b>8,935,002</b> |

**PREFERRED STOCK:**

|  |                   |
|--|-------------------|
| 6.00% Cumulative Preferred Stock - \$0.001 par value, \$25 liquidation value per share; 2,400,000 shares outstanding | 60,000,000        |
| <b>Total Preferred Stock</b>   | <b>60,000,000</b> |

**NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS** **\$ 239,407,749**

**ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:**

|   |                       |
|---|-----------------------|
| Common Stock paid-in capital - \$0.001 par value per share; 27,333,915 shares outstanding (150,000,000 shares authorized) | \$ 225,210,492        |
| Undistributed net investment income (loss)  | (1,516,649)           |
| Accumulated net realized gain (loss) on investments and foreign currency  | (30,304,699)          |
| Net unrealized appreciation (depreciation) on investments and foreign currency  | 47,898,605            |
| Unallocated and accrued distributions   | (1,880,000)           |
| <b>Net Assets applicable to Common Stockholders (net asset value per share - \$8.76)</b>                                  | <b>\$ 239,407,749</b> |

|  |                |
|--|----------------|
| *Investments at identified cost (including \$8,497,916 of collateral on loaned securities) | \$ 238,188,564 |
| Market value of loaned securities  | 8,100,965      |



## Royce Micro-Cap Trust

Six Months Ended June 30, 2010 (unaudited)

## Statement of Operations

**INVESTMENT INCOME:**

|   |                       |
|---|-----------------------|
| Income:   |                       |
| Dividends*  | \$ 1,920,678          |
| Interest  | 7,885                 |
| Securities lending  | 81,008                |
| <b>Total income</b>   | <b>2,009,571</b>      |
| Expenses:   |                       |
| Investment advisory fees  | 1,380,281             |
| Stockholder reports   | 43,933                |
| Custody and transfer agent fees   | 41,579                |
| Directors fees  | 27,850                |
| Professional fees   | 22,703                |
| Administrative and office facilities  | 17,365                |
| Other expenses  | 29,756                |
| <b>Total expenses</b>   | <b>1,563,467</b>      |
| Compensating balance credits  | (15)                  |
| Fees waived by investment adviser   | (72,500)              |
| <b>Net expenses</b>   | <b>1,490,952</b>      |
| <b>Net investment income (loss)</b>   | <b>518,619</b>        |
| <b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:</b>                           |                       |
| Net realized gain (loss):   |                       |
| Investments   | 6,788,606             |
| Foreign currency transactions   | 7,301                 |
| Net change in unrealized appreciation (depreciation):   |                       |
| Investments and foreign currency translations   | (9,247,776)           |
| Other assets and liabilities denominated in foreign currency  | (15,121)              |
| <b>Net realized and unrealized gain (loss) on investments and foreign currency</b>                        | <b>(2,466,990)</b>    |
| <b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b>                                   | <b>(1,948,371)</b>    |
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS</b>  | <b>(1,800,000)</b>    |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b> | <b>\$ (3,748,371)</b> |

\* Net of foreign withholding tax of \$22,843.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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## Royce Micro-Cap Trust

### Statement of Changes in Net Assets Applicable to Common Stockholders

|  | Six months ended<br>6/30/10<br>(unaudited) | Year ended<br>12/31/09 |
|--|--|------------------------|
| <b>INVESTMENT OPERATIONS:</b>  |  |                        |
| Net investment income (loss)   | \$ 518,619                                 | \$ 37,740              |
| Net realized gain (loss) on investments and foreign currency   | 6,795,907                                  | (8,011,984)            |
| Net change in unrealized appreciation (depreciation) on investments and foreign currency                                       | (9,262,897)                                | 87,498,482             |
| Net increase (decrease) in net assets from investment operations   | (1,948,371)                                | 79,524,238             |
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>  |  |                        |
| Net investment income  |  | (1,009,948)            |
| Net realized gain on investments and foreign currency  |  | (2,590,052)            |
| Return of capital  |  | (2,590,052)            |
| Unallocated distributions*   | (1,800,000)                                |                        |
| Total distributions to Preferred Stockholders  | (1,800,000)                                | (3,600,000)            |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b>                      |  |                        |
|  | (3,748,371)                                | 75,924,238             |
| <b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Net investment income  |  |                        |
| Net realized gain on investments and foreign currency  |  |                        |
| Return of capital  |  | (5,846,946)            |
| Total distributions to Common Stockholders   |  | (5,846,946)            |
| <b>CAPITAL STOCK TRANSACTIONS:</b>   |  |                        |
| Reinvestment of distributions to Common Stockholders   |  | 3,224,397              |
| Total capital stock transactions   |  | 3,224,397              |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b>   |  |                        |
|  | (3,748,371)                                | 73,301,689             |
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Beginning of period  | 243,156,120                                | 169,854,431            |
| End of period (including undistributed net investment income (loss) of \$(1,516,649) at 6/30/10 and \$(2,035,268) at 12/31/09) | \$ 239,407,749                             | \$ 243,156,120         |

\* To be allocated to net investment income, net realized gains and/or return of capital at year end.



## Royce Micro-Cap Trust

### Financial Highlights

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

|   | Six months<br>ended<br>June 30, 2010<br>(unaudited) | Years ended December 31, |          |          |          |          |
|---|---|--------------------------|----------|----------|----------|----------|
|   |   | 2009                     | 2008     | 2007     | 2006     | 2005     |
| <b>NET ASSET VALUE, BEGINNING OF PERIOD</b>   | \$ 8.90   | \$ 6.39                  | \$ 13.48 | \$ 14.77 | \$ 13.43 | \$ 14.34 |
| <b>INVESTMENT OPERATIONS:</b>   |   |                          |          |          |          |          |
| Net investment income (loss)  | 0.02  | 0.00                     | 0.02     | (0.00)   | 0.01     | (0.03)   |
| Net realized and unrealized gain (loss) on investments and foreign currency                               | (0.09)  | 2.88                     | (5.70)   | 0.24     | 3.04     | 1.14     |
| Total investment operations   | (0.07)  | 2.88                     | (5.68)   | 0.24     | 3.05     | 1.11     |
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>   |   |                          |          |          |          |          |
| Net investment income   |   | (0.04)                   | (0.01)   | (0.01)   | (0.02)   |          |
| Net realized gain on investments and foreign currency   |   |                          | (0.13)   | (0.14)   | (0.14)   | (0.17)   |
| Return of capital   |   | (0.09)                   |          |          |          |          |
| Unallocated distributions*  | (0.07)  |                          |          |          |          |          |
| Total distributions to Preferred Stockholders   | (0.07)  | (0.13)                   | (0.14)   | (0.15)   | (0.16)   | (0.17)   |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b> | (0.14)  | 2.75                     | (5.82)   | 0.09     | 2.89     | 0.94     |

**DISTRIBUTIONS  
TO COMMON  
STOCKHOLDERS:**

|   |        |        |        |        |        |  |
|---|--------|--------|--------|--------|--------|--|
| Net investment income                                 |        | (0.09) | (0.08) | (0.20) |        |  |
| Net realized gain on investments and foreign currency |        | (0.83) | (1.27) | (1.35) | (1.85) |  |
| Return of capital                                     | (0.22) | (0.27) |        |        |        |  |

|  |        |        |        |        |        |  |
|--|--------|--------|--------|--------|--------|--|
| Total distributions to Common Stockholders | (0.22) | (1.19) | (1.35) | (1.55) | (1.85) |  |
|--|--------|--------|--------|--------|--------|--|

**CAPITAL STOCK  
TRANSACTIONS:**

|  |        |        |        |        |      |  |
|--|--------|--------|--------|--------|------|--|
| Effect of reinvestment of distributions by Common Stockholders | (0.02) | (0.08) | (0.03) | (0.00) | 0.00 |  |
|--|--------|--------|--------|--------|------|--|

|                                  |        |        |        |        |      |  |
|----------------------------------|--------|--------|--------|--------|------|--|
| Total capital stock transactions | (0.02) | (0.08) | (0.03) | (0.00) | 0.00 |  |
|----------------------------------|--------|--------|--------|--------|------|--|

**NET ASSET  
VALUE, END OF  
PERIOD**

|    |      |    |      |    |      |    |       |    |       |    |       |
|----|------|----|------|----|------|----|-------|----|-------|----|-------|
| \$ | 8.76 | \$ | 8.90 | \$ | 6.39 | \$ | 13.48 | \$ | 14.77 | \$ | 13.43 |
|----|------|----|------|----|------|----|-------|----|-------|----|-------|

**MARKET VALUE,  
END OF PERIOD**

|    |      |    |      |    |      |    |       |    |       |    |       |
|----|------|----|------|----|------|----|-------|----|-------|----|-------|
| \$ | 7.34 | \$ | 7.37 | \$ | 5.62 | \$ | 11.94 | \$ | 16.57 | \$ | 14.56 |
|----|------|----|------|----|------|----|-------|----|-------|----|-------|

**TOTAL RETURN**

|                 |                        |        |          |          |        |       |
|-----------------|------------------------|--------|----------|----------|--------|-------|
| <b>(a):</b>     |                        |        |          |          |        |       |
| Market Value    | (0.41)% <sup>***</sup> | 37.91% | (45.84)% | (20.54)% | 26.72% | 8.90% |
| Net Asset Value | (1.57)% <sup>***</sup> | 46.47% | (45.45)% | 0.64%    | 22.46% | 6.75% |

**RATIOS BASED  
ON AVERAGE NET  
ASSETS  
APPLICABLE TO  
COMMON  
STOCKHOLDERS:**

|                                     |                     |       |       |         |       |         |
|-------------------------------------|---------------------|-------|-------|---------|-------|---------|
| Total expenses (b,c)                | 1.17% <sup>**</sup> | 1.59% | 1.55% | 1.56%   | 1.64% | 1.63%   |
| Investment advisory fee expense (d) | 1.03% <sup>**</sup> | 1.38% | 1.39% | 1.44%   | 1.49% | 1.43%   |
| Other operating expenses            | 0.14% <sup>**</sup> | 0.21% | 0.16% | 0.12%   | 0.15% | 0.20%   |
| Net investment income (loss)        | 0.41% <sup>**</sup> | 0.02% | 0.15% | (0.07)% | 0.05% | (0.27)% |

**SUPPLEMENTAL  
DATA:**

|  |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Assets Applicable to Common Stockholders, End of Period (in thousands) | \$239,408 | \$243,156 | \$169,854 | \$331,476 | \$343,682 | \$293,719 |
| Liquidation Value of Preferred Stock,                                      |           |           |           |           |           |           |

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| End of Period (in thousands)             | \$60,000  | \$60,000  | \$60,000  | \$60,000  | \$60,000  | \$60,000  |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Portfolio Turnover Rate                  | 10%       | 30%       | 42%       | 41%       | 34%       | 46%       |
| <b>PREFERRED STOCK:</b>                  |           |           |           |           |           |           |
| Total shares outstanding                 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| Asset coverage per share                 | \$ 124.75 | \$ 126.32 | \$ 95.77  | \$ 163.11 | \$ 168.20 | \$ 147.38 |
| Liquidation preference per share         | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  |
| Average month-end market value per share | \$ 24.98  | \$ 23.47  | \$ 23.08  | \$ 24.06  | \$ 24.15  | \$ 24.97  |

- (a) The Market Value Total Return is calculated assuming a purchase of Common Stock on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.
- (b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 0.95%, 1.21%, 1.26%, 1.33%, 1.38% and 1.35% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005, respectively.
- (c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.23%, 1.74% and 1.58% for the periods ended June 30, 2010 and December 31, 2009 and 2008, respectively; before waiver of fees and after earnings credits would have been 1.23%, 1.74%, 1.58%, 1.56%, 1.64% and 1.63% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005, respectively.
- (d) The investment advisory fee is calculated based on average net assets over a rolling 36-month basis, while the above ratios of investment advisory fee expenses are based on the average net assets applicable to Common Stockholders over a 12-month basis.

\* To be allocated to net investment income, net realized gains and/or return of capital at year end.

\*\* Annualized. \*\*\* Not annualized.

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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## Royce Micro-Cap Trust

### Notes to Financial Statements (unaudited)

#### Summary of Significant Accounting Policies:

Royce Micro-Cap Trust, Inc. (the "Fund"), was incorporated under the laws of the State of Maryland on September 9, 1993 as a diversified closed-end investment company. The Fund commenced operations on December 14, 1993.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Under the Fund's organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

#### Valuation of Investments:

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.

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 June 30, 2010:

|                  | Level 1        | Level 2       | Level 3   | Total          |
|------------------|----------------|---------------|-----------|----------------|
| Common stocks    | \$ 244,985,967 | \$ 31,266,326 | \$ 36,163 | \$ 276,288,456 |
| Preferred stocks |                | 1,321,402     |           | 1,321,402      |
| Cash equivalents | 8,497,916      | 21,826,000    |           | 30,323,916     |

Level 3

Reconciliation:

| Balance as of | Transfers |     |       | Realized and Unrealized    | Balance as of |
|---------------|-----------|-----|-------|----------------------------|---------------|
| 12/31/09      | Purchases | Out | Sales | Gain (Loss) <sup>(1)</sup> | 6/30/10       |



---

|                  |          |    |           |    |           |          |
|------------------|----------|----|-----------|----|-----------|----------|
| Common<br>stocks | \$73,019 | \$ | \$386,084 | \$ | \$349,228 | \$36,163 |
|------------------|----------|----|-----------|----|-----------|----------|

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<sup>(1)</sup> The net change in unrealized appreciation (depreciation) is included in the accompanying Statement of Operations. Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized. Net realized gain (loss) from investments and foreign currency transactions is included in the accompanying Statement of Operations.

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## Royce Micro-Cap Trust

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### Notes to Financial Statements (unaudited) (continued)

#### 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.

#### Foreign Currency:

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, expiration of currency forward contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, including investments in securities at the end of the reporting period, as a result of changes in foreign currency exchange rates.

#### Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral for the Fund on all securities loaned 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.

#### Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption "Tax Information".

#### Distributions:

Effective May 18, 2009, the Fund pays any dividends and capital gain distributions annually in December on the Fund's Common Stock. Prior to that date, the Fund paid quarterly distributions on the Fund's Common Stock at the annual rate of 9% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 2.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are accrued daily and paid quarterly and distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income are first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income are allocated to both Preferred and Common Stockholders, the tax character of such allocations is proportional. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

#### Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on an accrual basis. Premium and discounts on debt securities are amortized using the effective yield-to-maturity method. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

#### Expenses:

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The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Fund's operations, while expenses applicable to more than one of the Royce Funds are allocated equitably. Certain personnel, occupancy costs and other administrative expenses related to The Royce Funds are allocated by Royce & Associates, LLC ( Royce ) under an administration agreement and are included in administrative and office facilities and professional fees. The Fund has adopted a deferred fee agreement that allows the Directors to defer the receipt of all or a portion of Directors' Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

### **Compensating Balance Credits:**

The Fund has an arrangement with its custodian bank, whereby a portion of the custodian's fee is paid indirectly by credits earned on the Fund's cash on deposit with the bank. This deposit arrangement is an alternative to purchasing overnight investments. Conversely, the Fund pays interest to the custodian on any cash overdrafts, to the extent they are not offset by credits earned on positive cash balances.

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## Royce Micro-Cap Trust

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### Notes to Financial Statements (unaudited) (continued)

#### Capital Stock:

The Fund issued 756,901 shares of Common Stock as reinvestment of distributions by Common Stockholders for the year ended December 31, 2009.

At June 30, 2010, 2,400,000 shares of 6.00% Cumulative Preferred Stock were outstanding. The Fund, at its option, may redeem the Cumulative Preferred Stock, in whole or in part, at the redemption price. The Cumulative Preferred Stock is classified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements in accordance with accounting for redeemable equity instruments, that requires preferred securities that are redeemable for cash or other assets to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer.

The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody's, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of \$25.00 per share, plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Cumulative Preferred Stock.

#### Investment Advisory Agreement:

As compensation for its services under the Investment Advisory Agreement, Royce receives a fee comprised of a Basic Fee (Basic Fee) and an adjustment to the Basic Fee based on the investment performance of the Fund in relation to the investment record of the Russell 2000.

The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets applicable to Common Stockholders, plus the liquidation value of Preferred Stock, for the rolling 36-month period ending with such month (the "performance period"). The Basic Fee for each month is increased or decreased at the rate of 1/12 of .05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the Russell 2000 for the performance period by more than two percentage points. The performance period for each such month is a rolling 36-month period ending with such month. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of .5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the Russell 2000 by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of .5% and is payable if the percentage change in the investment record of the Russell 2000 exceeds the investment performance of the Fund by 12 or more percentage points for the performance period.

Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund's Preferred Stock for any month in which the Fund's average annual NAV total return since issuance of the Preferred Stock fails to exceed the applicable Preferred Stock's dividend rate.

For six rolling 36-month periods in 2010, the Fund's investment performance ranged from 3% to 6% below the investment performance of the Russell 2000. Accordingly, the net investment advisory fee consisted of a Basic Fee of \$1,607,248 and a net downward adjustment of \$226,967 for the performance of the Fund relative to that of the Russell 2000. Additionally, Royce voluntarily waived a portion of its investment advisory fee (\$72,500) attributable to issues of the Fund's Preferred Stock for those months in which the Fund's average annual NAV total return failed to exceed the applicable Preferred Stock's dividend rate. For the six months ended June 30, 2010, the Fund accrued and paid Royce investment advisory fees totaling \$1,307,781.

#### Purchases and Sales of Investment Securities:

For the six months ended June 30, 2010, the costs of purchases and proceeds from sales of investment securities, other than short-term securities and collateral received for securities loaned, amounted to \$39,640,409 and \$28,703,637, respectively.

## Royce Focus Trust

June 30, 2010 (unaudited)

## Schedule of Investments

|  | SHARES    | VALUE             |
|--|-----------|-------------------|
| <b>COMMON STOCKS</b> 100.5%                    |           |                   |
| <b>Consumer Products</b> 12.1%                 |           |                   |
| Apparel, Shoes and Accessories - 2.6%          |           |                   |
| Coach  | 50,000    | \$ 1,827,500      |
| Timberland Company (The) Cl. A <sup>a</sup>    | 100,000   | 1,615,000         |
|  |           | <u>3,442,500</u>  |
| Food/Beverage/Tobacco - 6.7%                   |           |                   |
| <b>Cal-Maine Foods</b>                         | 80,000    | 2,554,400         |
| Industrias Bachoco ADR                         | 105,000   | 1,802,850         |
| <b>Sanderson Farms</b>                         | 85,000    | 4,312,900         |
|  |           | <u>8,670,150</u>  |
| Health, Beauty and Nutrition - 1.2%            |           |                   |
| Nu Skin Enterprises Cl. A                      | 60,000    | 1,495,800         |
|  |           | <u>1,495,800</u>  |
| Sports and Recreation - 1.6%                   |           |                   |
| Thor Industries                                | 90,000    | 2,137,500         |
|  |           | <u>2,137,500</u>  |
| <b>Total</b> (Cost \$15,606,436)               |           | <u>15,745,950</u> |
| <b>Consumer Services</b> 5.8%                  |           |                   |
| Retail Stores - 5.8%                           |           |                   |
| <b>Buckle (The)</b>                            | 120,000   | 3,890,400         |
| GameStop Corporation Cl. A <sup>a</sup>        | 120,000   | 2,254,800         |
| Men's Wearhouse (The)                          | 75,000    | 1,377,000         |
|  |           | <u>7,522,200</u>  |
| <b>Total</b> (Cost \$7,671,643)                |           | <u>7,522,200</u>  |
| <b>Financial Intermediaries</b> 7.0%           |           |                   |
| Insurance - 4.9%                               |           |                   |
| <b>Berkshire Hathaway Cl. B <sup>a</sup></b>   | 80,000    | 6,375,200         |
|  |           | <u>6,375,200</u>  |
| Securities Brokers - 2.1%                      |           |                   |
| <b>Knight Capital Group Cl. A <sup>a</sup></b> | 200,000   | 2,758,000         |
|  |           | <u>2,758,000</u>  |
| <b>Total</b> (Cost \$8,654,100)                |           | <u>9,133,200</u>  |
| <b>Financial Services</b> 11.0%                |           |                   |
| Investment Management - 7.9%                   |           |                   |
| Artio Global Investors Cl. A                   | 80,300    | 1,263,922         |
| Endeavour Financial                            | 1,100,000 | 2,273,261         |
| <b>Franklin Resources</b>                      | 30,000    | 2,585,700         |
| Partners Group Holding                         | 15,000    | 1,810,013         |

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|                             |         |            |
|-----------------------------|---------|------------|
| Sprott                      | 450,000 | 1,513,315  |
| U.S. Global Investors Cl. A | 147,849 | 820,562    |
|                             |         | <hr/>      |
|                             |         | 10,266,773 |
|                             |         | <hr/>      |

|   |         |           |
|---|---------|-----------|
| <b>Other Financial Services - 3.1%</b>      |         |           |
| <b>Kennedy-Wilson Holdings <sup>a</sup></b> | 400,771 | 4,047,787 |
|   |         | <hr/>     |

|                                  |  |            |
|----------------------------------|--|------------|
| <b>Total</b> (Cost \$16,382,721) |  | 14,314,560 |
|                                  |  | <hr/>      |

|  |        |           |
|--|--------|-----------|
| <b>Health 1.3%</b>                         |        |           |
| <b>Drugs and Biotech - 1.3%</b>            |        |           |
| Endo Pharmaceuticals Holdings <sup>a</sup> | 80,000 | 1,745,600 |
|  |        | <hr/>     |

|                                 |  |           |
|---------------------------------|--|-----------|
| <b>Total</b> (Cost \$1,121,094) |  | 1,745,600 |
|                                 |  | <hr/>     |

|   |        |           |
|---|--------|-----------|
| <b>Industrial Products 19.7%</b>              |        |           |
| <b>Building Systems and Components - 2.6%</b> |        |           |
| Simpson Manufacturing                         | 65,000 | 1,595,750 |

|  | SHARES  | VALUE        |
|--|---------|--------------|
| <b>Industrial Products (continued)</b>             |         |              |
| <b>Building Systems and Components (continued)</b> |         |              |
| WaterFurnace Renewable Energy                      | 70,000  | \$ 1,753,699 |
|  |         | <hr/>        |
|  |         | 3,349,449    |
|  |         | <hr/>        |
| <b>Industrial Components - 2.8%</b>                |         |              |
| <b>GrafTech International <sup>a</sup></b>         | 250,000 | 3,655,000    |
|  |         | <hr/>        |
| <b>Machinery - 1.4%</b>                            |         |              |
| Lincoln Electric Holdings                          | 35,000  | 1,784,650    |
|  |         | <hr/>        |
| <b>Metal Fabrication and Distribution - 7.5%</b>   |         |              |
| Kennametal   | 30,000  | 762,900      |
| <b>Nucor Corporation</b>                           | 75,000  | 2,871,000    |
| <b>Reliance Steel &amp; Aluminum</b>               | 90,000  | 3,253,500    |
| <b>Schnitzer Steel Industries Cl. A</b>            | 75,000  | 2,940,000    |
|  |         | <hr/>        |
|  |         | 9,827,400    |
|  |         | <hr/>        |
| <b>Miscellaneous Manufacturing - 0.9%</b>          |         |              |
| Rational   | 8,000   | 1,235,526    |
|  |         | <hr/>        |
| <b>Pumps, Valves and Bearings - 2.1%</b>           |         |              |
| Gardner Denver                                     | 30,000  | 1,337,700    |
| Pfeiffer Vacuum Technology                         | 20,000  | 1,472,944    |
|  |         | <hr/>        |
|  |         | 2,810,644    |
|  |         | <hr/>        |
| <b>Specialty Chemicals and Materials - 2.4%</b>    |         |              |

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|   |           |            |
|---|-----------|------------|
| <b>Mosaic Company (The)</b>                 | 80,000    | 3,118,400  |
|   |           | <hr/>      |
| <b>Total</b> (Cost \$20,003,122)            |           | 25,781,069 |
|   |           | <hr/>      |
| <b>Industrial Services 5.1%</b>             |           |            |
| Commercial Services - 1.1%                  |           |            |
| Korn/Ferry International <sup>a</sup>       | 100,000   | 1,390,000  |
|   |           | <hr/>      |
| Engineering and Construction - 1.4%         |           |            |
| Jacobs Engineering Group <sup>a</sup>       | 50,000    | 1,822,000  |
|   |           | <hr/>      |
| Food, Tobacco and Agriculture - 0.7%        |           |            |
| Intrepid Potash <sup>a</sup>                | 50,000    | 978,500    |
|   |           | <hr/>      |
| Transportation and Logistics - 1.9%         |           |            |
| Patriot Transportation Holding <sup>a</sup> | 30,000    | 2,427,300  |
|   |           | <hr/>      |
| <b>Total</b> (Cost \$7,167,862)             |           | 6,617,800  |
|   |           | <hr/>      |
| <b>Natural Resources 29.7%</b>              |           |            |
| Energy Services - 10.8%                     |           |            |
| <b>ENSCO ADR</b>                            | 90,000    | 3,535,200  |
| Pason Systems                               | 180,000   | 1,912,357  |
| <b>Tesco Corporation <sup>a</sup></b>       | 210,000   | 2,578,800  |
| <b>Trican Well Service</b>                  | 240,000   | 3,072,848  |
| <b>Unit Corporation <sup>a</sup></b>        | 75,000    | 3,044,250  |
|   |           | <hr/>      |
|   |           | 14,143,455 |
|   |           | <hr/>      |
| Oil and Gas - 1.3%                          |           |            |
| Exxon Mobil                                 | 30,000    | 1,712,100  |
|   |           | <hr/>      |
| Precious Metals and Mining - 15.9%          |           |            |
| Alamos Gold                                 | 120,000   | 1,840,778  |
| Allied Nevada Gold <sup>a</sup>             | 80,000    | 1,574,400  |
| Centamin Egypt <sup>a</sup>                 | 1,000,000 | 2,432,953  |
| Fresnillo                                   | 120,000   | 1,733,660  |
| Ivanhoe Mines <sup>a</sup>                  | 108,400   | 1,413,536  |
| <b>Major Drilling Group</b>                 |           |            |
| <b>International</b>                        | 120,000   | 2,444,977  |
| <b>Pan American Silver</b>                  | 100,000   | 2,528,000  |
| <b>Seabridge Gold <sup>a</sup></b>          | 150,000   | 4,642,500  |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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## Royce Focus Trust

June 30, 2010 (unaudited)

## Schedule of Investments

|  | SHARES    | VALUE              |
|--|-----------|--------------------|
| <b>Natural Resources (continued)</b>               |           |                    |
| Precious Metals and Mining<br>(continued)          |           |                    |
| Silver Standard Resources <sup>a</sup>             | 120,000   | \$ 2,142,000       |
|  |           | <u>20,752,804</u>  |
| Real Estate - 0.7%                                 |           |                    |
| PICO Holdings <sup>a</sup>                         | 30,000    | 899,100            |
|  |           | <u>1,249,354</u>   |
| Other Natural Resources - 1.0%                     |           |                    |
| Magma Energy <sup>a</sup>                          | 1,000,000 | 1,249,354          |
|  |           | <u>38,756,813</u>  |
| <b>Total</b> (Cost \$31,202,292)                   |           |                    |
| <b>Technology 7.9%</b>                             |           |                    |
| Components and Systems - 2.0%                      |           |                    |
| Western Digital <sup>a</sup>                       | 85,000    | 2,563,600          |
|  |           | <u>3,250,653</u>   |
| Semiconductors and Equipment -<br>2.5%             |           |                    |
| MKS Instruments <sup>a</sup>                       | 120,000   | 2,246,400          |
| Sigma Designs <sup>a</sup>                         | 100,325   | 1,004,253          |
|  |           | <u>2,301,000</u>   |
|  |           | <u>10,296,853</u>  |
| Software - 1.7%                                    |           |                    |
| Microsoft Corporation                              | 100,000   | 2,301,000          |
|  |           | <u>2,181,600</u>   |
| Telecommunications - 1.7%                          |           |                    |
| ADTRAN   | 80,000    | 2,181,600          |
|  |           | <u>1,191,500</u>   |
| <b>Total</b> (Cost \$11,044,942)                   |           |                    |
| <b>Miscellaneous <sup>b</sup> 0.9%</b>             |           |                    |
| <b>Total</b> (Cost \$1,334,725)                    |           | <u>1,191,500</u>   |
| <b>TOTAL COMMON STOCKS</b><br>(Cost \$120,188,937) |           | <u>131,105,545</u> |

## VALUE

**REPURCHASE AGREEMENT 18.7%**  
State Street Bank & Trust Company,  
0.005% dated 6/30/10, due 7/1/10,  
maturity value \$24,442,003  
(collateralized  
by obligations of various U.S.  
Government



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|  |                       |
|--|-----------------------|
| Agencies, 0.875% due 1/31/11, valued at<br>\$25,056,525<br>(Cost \$24,442,000) | \$ 24,442,000         |
| <b>TOTAL INVESTMENTS</b> 119.2%<br>(Cost \$144,630,937)                        | 155,547,545           |
| <b>LIABILITIES LESS CASH<br/>AND OTHER ASSETS</b> (0.0)%                       | (97,162)              |
| <b>PREFERRED STOCK</b> (19.2)%   | (25,000,000)          |
| <b>NET ASSETS APPLICABLE TO<br/>COMMON<br/>STOCKHOLDERS</b> 100.0%             | <b>\$ 130,450,383</b> |

New additions in 2010.

<sup>a</sup> Non-income producing.

<sup>b</sup> Includes securities first acquired in 2010 and less than 1% of net assets applicable to Common Stockholders.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2010 market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$144,630,937. At June 30, 2010 net unrealized appreciation for all securities was \$10,916,608, consisting of aggregate gross unrealized appreciation of \$24,562,832 and aggregate gross unrealized depreciation of \$13,646,224.

## Royce Focus Trust

June 30, 2010 (unaudited)

**Statement of Assets and Liabilities****ASSETS:**

|   |                |
|---|----------------|
| Total investments at value*               | \$ 131,105,545 |
| Repurchase agreements (at cost and value) | 24,442,000     |
| Cash and foreign currency                 | 240            |
| Receivable for dividends and interest     | 113,016        |
| Prepaid expenses and other assets         | 28,143         |

|                     |                    |
|---------------------|--------------------|
| <b>Total Assets</b> | <b>155,688,944</b> |
|---------------------|--------------------|

**LIABILITIES:**

|  |         |
|--|---------|
| Payable for investment advisory fee              | 134,091 |
| Preferred dividends accrued but not yet declared | 33,327  |
| Accrued expenses                                 | 71,143  |

|                          |                |
|--------------------------|----------------|
| <b>Total Liabilities</b> | <b>238,561</b> |
|--------------------------|----------------|

**PREFERRED STOCK:**

|  |            |
|--|------------|
| 6.00% Cumulative Preferred Stock - \$0.001 par value, \$25 liquidation value per share; 1,000,000 shares outstanding | 25,000,000 |
|--|------------|

|                              |                   |
|------------------------------|-------------------|
| <b>Total Preferred Stock</b> | <b>25,000,000</b> |
|------------------------------|-------------------|

|   |                       |
|---|-----------------------|
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b> | <b>\$ 130,450,383</b> |
|---|-----------------------|

**ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:**

|   |                |
|---|----------------|
| Common Stock paid-in capital - \$0.001 par value per share; 19,759,064 shares outstanding (150,000,000 shares authorized) | \$ 129,051,196 |
| Undistributed net investment income (loss)  | (1,310,065)    |
| Accumulated net realized gain (loss) on investments and foreign currency  | (7,422,970)    |
| Net unrealized appreciation (depreciation) on investments and foreign currency  | 10,915,555     |
| Unallocated and accrued distributions   | (783,333)      |

|  |                       |
|--|-----------------------|
| <b>Net Assets applicable to Common Stockholders (net asset value per share - \$6.60)</b> | <b>\$ 130,450,383</b> |
|--|-----------------------|

|                                 |                |
|---------------------------------|----------------|
| *Investments at identified cost | \$ 120,188,937 |
|---------------------------------|----------------|

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

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Stockholders | 49

## Royce Focus Trust

Six Months Ended June 30, 2010 (unaudited)

**Statement of Operations****INVESTMENT INCOME:**

|                    |            |
|--------------------|------------|
| Income:            |            |
| Dividends*         | \$ 785,134 |
| Interest           | 6,765      |
| Securities lending | 7,245      |

|              |         |
|--------------|---------|
| Total income | 799,144 |
|--------------|---------|

## Expenses:

|                                      |         |
|--------------------------------------|---------|
| Investment advisory fees             | 835,101 |
| Stockholder reports                  | 29,937  |
| Custody and transfer agent fees      | 29,496  |
| Professional fees                    | 19,626  |
| Directors fees                       | 16,358  |
| Administrative and office facilities | 9,393   |
| Other expenses                       | 36,025  |

|                |         |
|----------------|---------|
| Total expenses | 975,936 |
|----------------|---------|

|                              |           |
|------------------------------|-----------|
| Net investment income (loss) | (176,792) |
|------------------------------|-----------|

**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:**

|  |              |
|--|--------------|
| Net realized gain (loss):                                    |              |
| Investments  | 4,303,499    |
| Foreign currency transactions                                | (3,484)      |
| Net change in unrealized appreciation (depreciation):        |              |
| Investments and foreign currency translations                | (14,418,315) |
| Other assets and liabilities denominated in foreign currency | (1,553)      |

|   |              |
|---|--------------|
| Net realized and unrealized gain (loss) on investments and foreign currency | (10,119,853) |
|---|--------------|

|   |                     |
|---|---------------------|
| <b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b> | <b>(10,296,645)</b> |
|---|---------------------|

|  |                  |
|--|------------------|
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS</b> | <b>(750,000)</b> |
|--|------------------|

|   |                        |
|---|------------------------|
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b> | <b>\$ (11,046,645)</b> |
|---|------------------------|

\* Net of foreign withholding tax of \$48,845.

## Royce Focus Trust

### Statement of Changes in Net Assets Applicable to Common Stockholders

|  | Six months ended<br>6/30/10<br>(unaudited) | Year ended<br>12/31/09 |
|--|--|------------------------|
| <b>INVESTMENT OPERATIONS:</b>  |  |                        |
| Net investment income (loss)   | \$ (176,792)                               | \$ 547,725             |
| Net realized gain (loss) on investments and foreign currency   | 4,300,015                                  | (10,501,276)           |
| Net change in unrealized appreciation (depreciation) on investments and foreign currency                                       | (14,419,868)                               | 61,002,195             |
| Net increase (decrease) in net assets from investment operations   | (10,296,645)                               | 51,048,644             |
| <b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>  |  |                        |
| Net investment income  |  | (1,500,000)            |
| Net realized gain on investments and foreign currency  |  |                        |
| Unallocated distributions*   | (750,000)                                  |                        |
| Total distributions to Preferred Stockholders  | (750,000)                                  | (1,500,000)            |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b>                      | <b>(11,046,645)</b>                        | <b>49,548,644</b>      |
| <b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Net investment income  |  | (76,678)               |
| Net realized gain on investments and foreign currency  |  |                        |
| Return of capital  |  | (1,674,712)            |
| Total distributions to Common Stockholders   |  | (1,751,390)            |
| <b>CAPITAL STOCK TRANSACTIONS:</b>   |  |                        |
| Reinvestment of distributions to Common Stockholders   |  | 1,150,102              |
| Total capital stock transactions   |  | 1,150,102              |
| <b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS</b>   | <b>(11,046,645)</b>                        | <b>48,947,356</b>      |
| <b>NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:</b>   |  |                        |
| Beginning of period  | 141,497,028                                | 92,549,672             |
| End of period (including undistributed net investment income (loss) of \$(1,310,065) at 6/30/10 and \$(1,133,274) at 12/31/09) | \$ 130,450,383                             | \$ 141,497,028         |

\* To be allocated to net investment income, net realized gains and/or return of capital at year end.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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## Royce Focus Trust

### Financial Highlights

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

|  | Six months<br>ended<br>June 30,<br>2010<br>(unaudited) | Years ended December 31, |         |         |         |         |
|--|--|--------------------------|---------|---------|---------|---------|
|  |  | 2009                     | 2008    | 2007    | 2006    | 2005    |
| <b>NET ASSET<br/>VALUE,<br/>BEGINNING OF<br/>PERIOD</b>  | \$ 7.16  | \$ 4.76                  | \$ 8.92 | \$ 9.75 | \$ 9.76 | \$ 9.75 |
| <b>INVESTMENT<br/>OPERATIONS:</b>  |  |                          |         |         |         |         |
| Net investment<br>income (loss)  | (0.01)   | 0.03                     | 0.07    | 0.15    | 0.16    | 0.06    |
| Net realized and<br>unrealized gain<br>(loss) on<br>investments and<br>foreign currency                                    | (0.51)   | 2.54                     | (3.67)  | 1.12    | 1.50    | 1.44    |
| Total investment<br>operations   | (0.52)   | 2.57                     | (3.60)  | 1.27    | 1.66    | 1.50    |
| <b>DISTRIBUTIONS<br/>TO PREFERRED<br/>STOCKHOLDERS:</b>  |  |                          |         |         |         |         |
| Net investment<br>income   |  | (0.08)                   | (0.01)  | (0.02)  | (0.01)  | (0.01)  |
| Net realized gain on<br>investments and<br>foreign currency  |  |                          | (0.07)  | (0.07)  | (0.09)  | (0.11)  |
| Unallocated<br>distributions*  | (0.04)   |                          |         |         |         |         |
| Total distributions to<br>Preferred<br>Stockholders  | (0.04)   | (0.08)                   | (0.08)  | (0.09)  | (0.10)  | (0.12)  |
| <b>NET INCREASE<br/>(DECREASE) IN<br/>NET ASSETS<br/>APPLICABLE TO<br/>COMMON<br/>STOCKHOLDERS<br/>FROM<br/>INVESTMENT</b> | (0.56)   | 2.49                     | (3.68)  | 1.18    | 1.56    | 1.38    |

**OPERATIONS****DISTRIBUTIONS  
TO COMMON  
STOCKHOLDERS:**

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Net investment income                                 | (0.00) | (0.07) | (0.44) | (0.20) | (0.06) |
| Net realized gain on investments and foreign currency |        | (0.37) | (1.57) | (1.37) | (1.15) |
| Return of capital                                     | (0.09) | (0.03) |        |        |        |

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Total distributions to Common Stockholders | (0.09) | (0.47) | (2.01) | (1.57) | (1.21) |
|--|--------|--------|--------|--------|--------|

**CAPITAL STOCK  
TRANSACTIONS:**

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Effect of reinvestment of distributions by Common Stockholders | (0.00) | (0.01) | (0.00) | (0.00) | (0.03) |
| Effect of rights offering                                      |        |        |        |        | (0.13) |

|                                  |        |        |        |        |        |
|----------------------------------|--------|--------|--------|--------|--------|
| Total capital stock transactions | (0.00) | (0.01) | (0.00) | (0.00) | (0.16) |
|----------------------------------|--------|--------|--------|--------|--------|

**NET ASSET  
VALUE, END OF  
PERIOD**

|    |      |    |      |    |      |    |      |    |      |    |      |
|----|------|----|------|----|------|----|------|----|------|----|------|
| \$ | 6.60 | \$ | 7.16 | \$ | 4.76 | \$ | 8.92 | \$ | 9.75 | \$ | 9.76 |
|----|------|----|------|----|------|----|------|----|------|----|------|

**MARKET VALUE,  
END OF PERIOD**

|    |      |    |      |    |      |    |      |    |       |    |      |
|----|------|----|------|----|------|----|------|----|-------|----|------|
| \$ | 5.74 | \$ | 6.33 | \$ | 4.60 | \$ | 8.97 | \$ | 10.68 | \$ | 9.53 |
|----|------|----|------|----|------|----|------|----|-------|----|------|

**TOTAL RETURN**

|                 |                        |        |          |        |        |        |
|-----------------|------------------------|--------|----------|--------|--------|--------|
| <b>(a):</b>     |                        |        |          |        |        |        |
| Market Value    | (9.32)% <sup>***</sup> | 40.84% | (44.94)% | 3.02%  | 30.50% | 3.03%  |
| Net Asset Value | (7.82)% <sup>***</sup> | 53.95% | (42.71)% | 12.22% | 16.33% | 13.31% |

**RATIOS BASED  
ON AVERAGE NET  
ASSETS****APPLICABLE TO  
COMMON****STOCKHOLDERS:**

|                                 |                       |       |       |       |       |       |
|---------------------------------|-----------------------|-------|-------|-------|-------|-------|
| Total expenses (b,c)            | 1.37% <sup>**</sup>   | 1.42% | 1.34% | 1.32% | 1.36% | 1.48% |
| Investment advisory fee expense | 1.17% <sup>**</sup>   | 1.16% | 1.13% | 1.14% | 1.16% | 1.21% |
| Other operating expenses        | 0.20% <sup>**</sup>   | 0.26% | 0.21% | 0.18% | 0.20% | 0.27% |
| Net investment income (loss)    | (0.25)% <sup>**</sup> | 0.49% | 0.72% | 1.13% | 1.54% | 0.63% |

**SUPPLEMENTAL  
DATA:**

|   |           |           |          |           |           |           |
|---|-----------|-----------|----------|-----------|-----------|-----------|
| Net Assets Applicable to Common Stockholders, End of Period (in | \$130,450 | \$141,497 | \$92,550 | \$165,807 | \$158,567 | \$143,244 |
|---|-----------|-----------|----------|-----------|-----------|-----------|

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|  |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| thousands)   |           |           |           |           |           |           |
| Liquidation Value of Preferred Stock, End of Period (in thousands) | \$25,000  | \$25,000  | \$25,000  | \$25,000  | \$25,000  | \$25,000  |
| Portfolio Turnover Rate  | 20%       | 46%       | 51%       | 62%       | 30%       | 42%       |
| <b>PREFERRED STOCK:</b>  |           |           |           |           |           |           |
| Total shares outstanding   | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Asset coverage per share   | \$ 155.45 | \$ 166.48 | \$ 117.55 | \$ 190.81 | \$ 183.57 | \$ 168.24 |
| Liquidation preference per share                                   | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  | \$ 25.00  |
| Average month-end market value per share                           | \$ 25.21  | \$ 23.56  | \$ 22.89  | \$ 24.37  | \$ 24.98  | \$ 25.38  |

- (a) The Market Value Total Return is calculated assuming a purchase of Common Stock on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.
- (b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.17%, 1.16%, 1.14%, 1.15%, 1.17% and 1.22% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005, respectively.
- (c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.48% and 1.39% for the years ended December 31, 2009 and 2008, respectively; before waiver of fees and after earnings credits would have been 1.37%, 1.48%, 1.39%, 1.31%, 1.36% and 1.48% for the periods ended June 30, 2010 and December 31, 2009, 2008, 2007, 2006 and 2005, respectively.

To be allocated to net investment income, net realized gains and/or return of capital at year end.

\*\* Annualized.

\*\*\* Not annualized.

## Royce Focus Trust

### Notes to Financial Statements (unaudited)

#### Summary of Significant Accounting Policies:

Royce Focus Trust, Inc. (the "Fund"), is a diversified closed-end investment company incorporated under the laws of the State of Maryland. The Fund commenced operations on March 2, 1988 and Royce & Associates, LLC ( Royce ) assumed investment management responsibility for the Fund on November 1, 1996.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Under the Fund's organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

At June 30, 2010, officers, employees of Royce, Fund directors, the Royce retirement plans and other affiliates owned 25% of the Fund.

#### Valuation of Investments:

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.

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 June 30, 2010:

|                  | Level 1        | Level 2       | Level 3 | Total          |
|------------------|----------------|---------------|---------|----------------|
| Common stocks    | \$ 106,359,860 | \$ 24,745,685 |         | \$ 131,105,545 |
| Cash equivalents |                | 24,442,000    |         | 24,442,000     |



**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.

**Foreign Currency:**

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, expiration of currency forward contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, including investments in securities at the end of the reporting period, as a result of changes in foreign currency exchange rates.

## Royce Focus Trust

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### Notes to Financial Statements (unaudited) (continued)

#### Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral for the Fund on all securities loaned 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.

#### Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption Tax Information .

#### Distributions:

Effective May 18, 2009, the Fund pays any dividends and capital gain distributions annually in December on the Fund's Common Stock. Prior to that date, the Fund paid quarterly distributions on the Fund's Common Stock at the annual rate of 5% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 1.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are accrued daily and paid quarterly and distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income are first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income are allocated to both Preferred and Common Stockholders, the tax character of such allocations is proportional. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

#### Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on an accrual basis. Premium and discounts on debt securities are amortized using the effective yield-to-maturity method. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

#### Expenses:

The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Fund's operations, while expenses applicable to more than one of the Royce Funds are allocated equitably. Certain personnel, occupancy costs and other administrative expenses related to The Royce Funds are allocated by Royce under an administration agreement and are included in administrative and office facilities and professional fees. The Fund has adopted a deferred fee agreement that allows the Directors to defer the receipt of all or a portion of Directors' Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

#### Compensating Balance Credits:

The Fund has an arrangement with its custodian bank, whereby a portion of the custodian's fee is paid indirectly by credits earned on the Fund's cash on deposit with the bank. This deposit arrangement is an alternative to purchasing overnight investments. Conversely, the Fund pays interest to the custodian on any cash overdrafts, to the extent they are not offset by credits earned on positive cash balances.

**Capital Stock:**

The Fund issued 299,149 shares of Common Stock as reinvestment of distributions by Common Stockholders for the year ended December 31, 2009.

At June 30, 2010, 1,000,000 shares of 6.00% Cumulative Preferred Stock were outstanding. The Fund, at its option, may redeem the Cumulative Preferred Stock, in whole or in part, at the redemption price. The Cumulative Preferred Stock is classified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements in accordance with accounting for redeemable equity instruments, that requires preferred securities that are redeemable for cash or other assets to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer.

The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody's, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred

## Royce Focus Trust

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### Notes to Financial Statements (unaudited) (continued)

#### Capital Stock (continued):

Stock at a redemption price of \$25.00 per share, plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Cumulative Preferred Stock.

#### Investment Advisory Agreement:

The Investment Advisory Agreement between Royce and the Fund provides for fees to be paid at an annual rate of 1.0% of the Fund's average daily net assets applicable to Common Stockholders plus the liquidation value of Preferred Stock. Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund's Preferred Stock for any month in which the Fund's average annual NAV total return since issuance of the Preferred Stock fails to exceed the applicable Preferred Stock's dividend rate. For the six months ended June 30, 2010, the Fund accrued and paid Royce investment advisory fees totaling \$835,101.

#### Purchases and Sales of Investment Securities:

For the six months ended June 30, 2010, the costs of purchases and proceeds from sales of investment securities, other than short-term securities and collateral received for securities loaned, amounted to \$29,150,349 and \$28,097,820, respectively.

## Directors and Officers

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All Directors and Officers may be reached c/o The Royce Funds, 745 Fifth Avenue, New York, NY 10151

### Charles M. Royce, Director\*, President

Age: 70 | Number of Funds Overseen: 31 | Tenure:  
Since 1986  
Non-Royce Directorships: Director of Technology  
Investment Capital Corp.

Principal Occupation(s) During Past Five Years: President, Co-Chief Investment Officer and Member of Board of Managers of Royce & Associates, LLC ( Royce ), the Trust s investment adviser.

### Mark R. Fetting, Director\*

Age: 55 | Number of Funds Overseen: 44 | Tenure:  
Since 2001  
Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 14 Legg Mason Funds.

Principal Occupation(s) During Past 5 Years: President, CEO, Chairman and Director of Legg Mason, Inc. and Chairman of Legg Mason Funds. Mr. Fetting s prior business experience includes having served as a member of the Board of Managers of Royce; President of all Legg Mason Funds; Senior Executive Vice President of Legg Mason, Inc.; Director and/or officer of various Legg Mason, Inc. affiliates; Division President and Senior Officer of Prudential Financial Group, Inc. and related companies.

### Patricia W. Chadwick, Director

Age: 61 | Number of Funds Overseen: 31 | Tenure:  
Since 2010  
Non-Royce Directorships: Trustee of ING Mutual Funds and Director of Wisconsin Energy Corp.

Principal Occupation(s) During Past 5 Years: Consultant and President of Ravengate Partners LLC (since 2000).

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### Richard M. Galkin, Director

Age: 72 | Number of Funds Overseen: 31 | Tenure:  
Since 1986  
Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Private investor. Mr. Galkin s prior business experience includes having served as President of Richard M. Galkin Associates, Inc., telecommunications consultants, President of Manhattan Cable Television a (subsidiary of Time, Inc.), President of Haverhills Inc. (another Time, Inc. subsidiary), President of Rhode Island Cable Television and Senior Vice President of Satellite Television Corp. (a subsidiary of Comsat).

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### Stephen L. Isaacs, Director

Age: 70 | Number of Funds Overseen: 31 | Tenure:  
Since 1989  
Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: President of The Center for Health and Social Policy (since September 1996); Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs's prior business experience includes having served as Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).

### Arthur S. Mehlman, Director

Age: 68 | Number of Funds Overseen: 44 | Tenure:  
Since 2004

Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 14 Legg Mason Funds and Director of Municipal Mortgage & Equity, LLC.

Principal Occupation(s) During Past Five Years: Director of The League for People with Disabilities, Inc.; Director of University of Maryland Foundation (non-profits). Formerly: Director of University of Maryland College Park Foundation (non-profit) (from 1998 to 2005); Partner, KPMG LLP (international accounting firm) (from 1972 to 2002); Director of Maryland Business Roundtable for Education (from July 1984 to June 2002).

### David L. Meister, Director

Age: 70 | Number of Funds Overseen: 31 | Tenure:  
Since 1986  
Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Consultant. Chairman and Chief Executive Officer of The Tennis Channel (from June 2000 to March 2005). Mr. Meister's prior business experience includes having served as Chief Executive Officer of Seniorlife.com, a consultant to the communications industry, President of Financial News Network, Senior Vice President of HBO, President of Time-Life Films and Head of Broadcasting for Major League Baseball.

### G. Peter O'Brien, Director

Age: 64 | Number of Funds Overseen: 44 | Tenure:  
Since 2001

Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 14 Legg Mason Funds; Director of Technology Investment Capital Corp.

Principal Occupation(s) During Past Five Years: Trustee Emeritus of Colgate University (since 2005); Board Member of Hill House, Inc. (since 1999); Formerly: Trustee of Colgate University (from 1996 to 2005), President of Hill House, Inc. (from 2001 to 2005) and Managing Director/Equity Capital Markets Group of Merrill Lynch & Co. (from 1971 to 1999).

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[John D. Diederich, Vice President and Treasurer](#)

Age: 58 | Tenure: Since 2001

Principal Occupation(s) During Past Five Years: Chief Operating Officer, Managing Director and member of the Board of Managers of Royce; Chief Financial Officer of Royce; Director of Administration of the Trust; and President of RFS, having been employed by Royce since April 1993.

[Jack E. Fockler, Jr., Vice President](#)

Age: 51 | Tenure: Since 1995

Principal Occupation(s) During Past Five Years: Managing Director and Vice President of Royce, and Vice President of RFS, having been employed by Royce since October 1989.

[W. Whitney George, Vice President](#)

Age: 52 | Tenure: Since 1995

Principal Occupation(s) During Past Five Years: Co-Chief Investment Officer, Managing Director and Vice President of Royce, having been employed by Royce since October 1991.

[Daniel A. O Byrne, Vice President and Assistant Secretary](#)

Age: 48 | Tenure: Since 1994

Principal Occupation(s) During Past Five Years: Principal and Vice President of Royce, having been employed by Royce since October 1986.

[John E. Denneen, Secretary and Chief Legal Officer](#)

Age: 43 | Tenure: 1996-2001 and Since April 2002

Principal Occupation(s) During Past Five Years: General Counsel, Principal, Chief Legal and Compliance Officer and Secretary of Royce; Secretary and Chief Legal Officer of The Royce Funds.

[Lisa Curcio, Chief Compliance Officer](#)

Age: 50 | Tenure: Since 2004

Principal Occupation(s) During Past Five Years: Chief Compliance Officer of The Royce Funds (since October 2004) and Compliance Officer of Royce (since June 2004); Vice President, The Bank of New York (from February 2001 to June 2004).

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\* Interested Director

Directors will hold office until their successors have been duly elected and qualified or until their earlier resignation or removal. The Statement of Additional Information, which contains additional information about the Trust's directors and officers, is available and can be obtained without charge at [www.roycefunds.com](http://www.roycefunds.com) or by calling (800)





## Notes to Performance and Other Important Information

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The thoughts expressed in this *Review and Report* concerning recent market movements and future prospects for small company stocks are solely the opinion of Royce at June 30, 2010, and, of course, historical market trends are not necessarily indicative of future market movements. Statements regarding the future prospects for particular securities held in the Funds' portfolios and Royce's investment intentions with respect to those securities reflect Royce's opinions as of June 30, 2010 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this *Review and Report* will be included in any Royce-managed portfolio in the future. The Funds invest primarily in securities of micro-, small- and mid-cap companies, which may involve considerably more risk than investments of larger-cap companies. All publicly released material information is always disclosed by the Funds on the website at [www.roycefunds.com](http://www.roycefunds.com).

The Russell 2000 is an index of domestic small-cap stocks. It measures the performance of the 2,000 smallest publicly traded U.S. companies in the Russell 3000 index. The Russell 2000 Value and Growth indices consist of the respective value and growth stocks within the Russell 2000 as determined by Russell Investments. The Russell Microcap Index measures the performance of the smallest 1,000 companies in the Russell 2000. The S&P 500 and S&P SmallCap 600 are indices of U.S. large- and small-cap stocks, respectively, selected by Standard & Poor's based on market size, liquidity and industry grouping, among other factors. The Nasdaq Composite is an index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The MSCI EAFE Index (Europe, Australasia, Far East) is designed to measure the equity market performance of developed equity markets, excluding the U.S. and Canada. The MSCI World ex USA Small Core index represents the small-cap segment in the world's developed equity markets excluding the United States. Returns for the market indices used in this *Review and Report* were based on information supplied to Royce by Russell Investments and Morningstar. Royce has not independently verified the above described information. *The Royce Funds* is a service mark of The Royce Funds.

### Forward-Looking Statements

This material contains forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the Exchange Act), that involve risks and uncertainties, including, among others, statements as to:

- the Funds' future operating results
- the prospects of the Funds' portfolio companies

the impact of investments that the Funds have made or may make  
the dependence of the Funds' future success on the general economy and its impact on the companies and industries in which the Funds invest, and  
the ability of the Funds' portfolio companies to achieve their objectives.

This *Review and Report* uses words such as anticipates, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements for any reason.

The Royce Funds have based the forward-looking statements included in this Review and Report on information available to us on the date of the report, and we assume no obligation to update any such forward-looking statements. Although The Royce Funds undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make through future stockholder communications or reports.

## Authorized Share Transactions

Royce Value Trust, Royce Micro-Cap Trust and Royce Focus Trust may each repurchase up to 5% of the issued and outstanding shares of its respective common stock and up to 10% of the issued and outstanding shares of its respective preferred stock during the year ending December 31, 2010. Any such repurchases would take place at then prevailing prices in the open market or in other transactions. Common stock repurchases would be effected at a price per share that is less than the share's then current net asset value, and preferred stock repurchases would be effected at a price per share that is less than the share's liquidation value.

Royce Value Trust, Royce Micro-Cap Trust and Royce Focus Trust are also authorized to offer their common stockholders an opportunity to subscribe for additional shares of their common stock through rights offerings at a price per share that may be less than the share's then current net asset value. The timing and terms of any such offerings are within each Board's discretion.

## Annual Certifications

As required, the Funds have submitted to the New York Stock Exchange ( NYSE ) for Royce Value Trust and Royce Micro-Cap Trust and to Nasdaq for Royce Focus Trust, respectively, the annual certification of the Funds' Chief Executive Officer that he is not aware of any violation of the NYSE's or Nasdaq's Corporate Governance listing standards. The Funds also have included the certification of the Funds' Chief Executive Officer and Chief Financial Officer required by section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to the Funds' form N-CSR for the period ended December 31, 2009, filed with the Securities and Exchange Commission.

## Proxy Voting

A copy of the policies and procedures that The Royce Funds use to determine how to vote proxies relating to portfolio securities and information regarding how each of The Royce Funds voted proxies relating to portfolio securities during

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the most recent 12-month period ended June 30 is available, without charge, on The Royce Funds' website at [www.roycefunds.com](http://www.roycefunds.com), by calling 1-800-221-4268 (toll-free) and on the website of the Securities and Exchange Commission (SEC), at [www.sec.gov](http://www.sec.gov).

### Form N-Q Filing

The Funds file their complete schedules of investments with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Royce Funds' holdings are also on the Funds' website approximately 15 to 20 days after each calendar quarter end and remain available until the next quarter's holdings are posted. The Funds' Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the SEC at 1-800-732-0330. The Funds' complete schedules of investments are updated quarterly, and are available at [www.roycefunds.com](http://www.roycefunds.com).

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## Board Approval of Investment Advisory Agreements

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At meetings held on June 9-10, 2010, each of the Funds respective Boards of Directors, including all of the non-interested directors, approved the continuance of the Investment Advisory Agreements between Royce & Associates, LLC ( R&A ) and each of Royce Value Trust, Royce Micro-Cap Trust and Royce Focus Trust (the Funds ). In reaching these decisions, the Board reviewed the materials provided by R&A, which included, among other things, information prepared internally by R&A and independently by Morningstar Associates, LLC ( Morningstar ) containing detailed expense ratio and investment performance comparisons for the Funds with other funds in their peer group, information regarding the past performance of Funds managed by R&A and a memorandum outlining the legal duties of the Board prepared by independent counsel to the non-interested directors. R&A also provided the directors with an analysis of its profitability with respect to providing investment advisory services to each of the Funds. In addition, the Board took into account information furnished throughout the year at regular Board meetings, including reports on investment performance, stockholder services, regulatory compliance, brokerage commissions and research, brokerage and execution products and services provided to the Funds. The Board also considered other matters they deemed important to the approval process such as allocation of Fund brokerage commissions and other direct and indirect benefits to R&A and its affiliates, from their relationship with the Funds. The directors also met throughout the year with investment advisory personnel from R&A. The Board, in its deliberations, recognized that, for many of the Funds stockholders, the decision to purchase Fund shares included a decision to select R&A as the investment adviser and that there was a strong association in the minds of Fund stockholders between R&A and each Fund. In considering factors relating to the approval of the continuance of the Investment Advisory Agreements, the non-interested directors received assistance and advice from, and met separately with, their independent counsel. While the Investment Advisory Agreements for the Funds were considered at the same Board meetings, the Board dealt with each agreement separately. Among other factors, the directors considered the following:

*The nature, extent and quality of services provided by R&A:*

The Board considered the following factors to be of fundamental importance to their consideration of whether to approve the continuance of the Funds Investment Advisory Agreements: (i) R&A s more than 35 years of value investing experience and track record; (ii) the history of long-tenured R&A portfolio managers managing the Funds; (iii) R&A s focus on mid-cap, small-cap and micro-cap value investing; (iv) the consistency of R&A s approach to managing both the Funds and open-end mutual funds over more than 35 years; (v) the integrity and high ethical standards adhered to at RA (vi) R&A s specialized experience in the area of trading small- and micro-cap securities; (vii) R&A s historical ability to attract and retain portfolio management talent and (viii) R&A s focus

on stockholder interests as exemplified by its voluntary fee waiver policy on preferred stock assets in certain circumstances where the Funds' total return performance from the issuance of the preferred does not exceed the coupon rate on the preferred, and expansive stockholder reporting and communications. The Board reviewed the services that R&A provides to the Funds, including, but not limited to, managing each Fund's investments in accordance with the stated policies of each Fund. The Board considered the fact that R&A provided certain administrative services to the Funds at cost pursuant to the Administration Agreement between the Funds and R&A which went into effect on January 1, 2008. The Board determined that the

services to be provided to each Fund by R&A would be the same as those it previously provided to the Funds. They also took into consideration the histories, reputations and backgrounds of R&A's portfolio managers for the Funds, finding that these would likely have an impact on the continued success of the Funds. Lastly, the Board noted R&A's ability to attract and retain quality and experienced personnel. The directors concluded that the services provided by R&A to each Fund compared favorably to services provided by R&A to other R&A client accounts, including other funds, in both nature and quality, and that the scope of services provided by R&A would continue to be suitable for each Fund.

*Investment performance of the Funds and R&A:* In light of R&A's risk averse approach to investing, the Board believes that risk-adjusted performance continues to be an appropriate measure of each Fund's investment performance. One measure of risk-adjusted performance the Board has historically used in their review of the Funds' performance is the Sharpe Ratio. The Sharpe Ratio is a risk-adjusted measure of performance developed by Nobel Laureate William Sharpe. It is calculated by dividing a fund's annualized excess returns by its annualized standard deviation to determine reward per unit of risk. The higher the Sharpe Ratio, the better a fund's historical risk-adjusted performance. The Board attaches primary importance to risk-adjusted performance over relatively long periods of time, typically three to 10 years. Morningstar compared each of the Funds' risk-adjusted performance to that of its applicable open-end fund category. Royce Value Trust's Sharpe Ratio placed in the third quartile within the small blend category assigned by Morningstar for the three- and five-year periods and in the middle quintile for the ten-year period ended December 31, 2009. Royce Micro-Cap Trust's Sharpe Ratio placed in the middle quintile for the three- and five-year period and in the first quartile within the small blend, growth or value category assigned by Morningstar for the ten-year period ended December 31, 2009. Finally, Royce Focus Trust's Sharpe Ratio placed in the top quartile within the small growth category assigned by Morningstar for the three-, five- and ten-year periods ended December 31, 2009.

The Board noted that R&A manages a number of funds that invest in small-cap and micro-cap issuers, many of which were outperforming the Russell 2000 Index and their competitors. Although the Board recognized that past performance is not necessarily an indicator of future results, they found that R&A had the necessary qualifications, experience and track record in managing mid-cap, small-cap and micro-cap securities to manage the Funds. The directors determined that R&A continued to be an appropriate

investment adviser for the Funds and concluded that each Fund's performance supported the renewal of its Investment Advisory Agreement.

*Cost of the services provided and profits realized by R&A from its relationship with each Fund:* The Board considered the cost of the services provided by R&A and profits realized by R&A from its relationship with each Fund. As part of the analysis, the Board discussed with R&A its methodology in allocating its costs to each Fund and concluded that its allocations were reasonable. The Board concluded that R&A's profits were reasonable in relation to the nature and quality of services provided.

*The extent to which economies of scale would be realized as the Funds grow and whether fee levels would reflect such economies of scale:* The Board considered whether there have been economies of scale in respect of the management of the Funds, whether the Funds have appropriately benefited from any economies of scale and whether there is potential for realization of any further economies of scale. The Board noted the time and effort

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involved in managing portfolios of small- and micro-cap stocks and that they did not involve the same efficiencies as do portfolios of large-cap stocks. The Board concluded that the current fee structure for each Fund was reasonable, and that no changes were currently necessary.

*Comparison of services to be rendered and fees to be paid to those under other investment advisory contracts, such as contracts of the same and other investment advisers or other clients:* The Board reviewed the investment advisory fee paid by each Fund and compared both the services to be rendered and the fees to be paid under the Investment Advisory Agreements to other contracts of R&A and to contracts of other investment advisers with registered investment companies investing in small- and micro-cap stocks, as provided by Morningstar. The Board noted that, in the case of Royce Value Trust, the 1.00% basic fee that is subject to adjustment up or down (up to 0.50% in either direction) based on the Fund's performance versus the S&P 600 SmallCap Index, an unmanaged index, over rolling periods of 60 months. The fee is charged on average net assets over those rolling periods. As a result, in a rising market, the fee will be smaller than a fee calculated on the current year's average net assets, and visa versa. The Board determined that the performance adjustment feature continued to serve as an appropriate incentive to R&A to manage the Fund for the benefit of its long-term common stockholders. The Board noted that R&A had also agreed to waive its management fee on Fund assets in an amount equal to the liquidation preference of the Fund's outstanding preferred stock if the Fund's total return from issuance of the preferred on such amount is less than the preferred's fixed dividend rate. The Board also noted that the fee arrangement, includes a provision for no fee in periods where the Fund's trailing three-year performance is negative. Instead of receiving a set fee regardless of its performance, R&A is penalized for poor performance. The Board noted that the Fund's trailing three-year performances earned R&A no fee in 2009.

In the case of Royce Micro-Cap Trust, the directors noted that the Fund has a 1.00% basic fee subject to adjustment up or down (up to 0.50%

either direction) based on the Fund's performance versus the Russell 2000 Index, an unmanaged index, over rolling 36-month periods. The fee is charged on average net assets over those rolling periods. As a result, in a rising market, the fee will be smaller than a fee calculated on the current year's average net assets, and visa versa. The Board determined that the performance adjustment feature continued to serve as an incentive to R&A to manage the Fund for the benefit of its long-term stockholders. The Board also noted R&A's voluntarily waiver of its fee on the liquidation value of the outstanding preferred stock in circumstances where the Fund's total return performance from the issuance of the preferred is less than the fixed dividend rate on the preferred for each month during the year. The Board noted that if the Fund's expense ratio were based on total average net assets including net assets applicable to Preferred Stock, it would rank in the second quartile when compared to its Morningstar-assigned open-end peer group.

Finally, in the case of Royce Focus Trust, the Board noted that R&A had agreed to waive its management fee on the liquidation value of outstanding preferred stock if the Fund's total return from issuance of the preferred is less than the preferred's fixed dividend rate. The Board noted that if the Fund's expense ratio were based on total average net assets including net assets applicable to Preferred Stock, it would place in the first quartile of its Morningstar-assigned open-end peer group.

The Board also considered fees charged by R&A to institutional and other clients and noted that, given the greater levels of services that R&A provides to registered investment companies such as the Funds as compared to other accounts, the Funds' base advisory fees compared favorably to those other accounts.

The entire Board, including all the non-interested directors, approved the renewal of the existing Investment Advisory Agreements, concluding that a contract renewal on the existing terms was in the best interest of the stockholders of each Fund and that each investment advisory fee rate was reasonable in relation to the services provided.



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## How To Swim Upstream, Against The Grain, Away From The Crowd

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*When in Rome, do as the Greeks.*

Kenneth Burke

Here at Royce, we occasionally describe ourselves as contrarian investors. Although we regularly (and affectionately) define our approach as value investing, we realize that the terms value and growth now carry so many varying shades of meaning not all of them necessarily useful or sound. There is also the important factor of one's investment time horizon how long is one willing to wait for other investors to value investing, we also recognize those allegedly sterling qualities that first attracted us to value and growth now carry so many s money and interest? Closely related to this is conviction if the stock price continues to decline, but the company otherwise seems to be in sound financial condition, does an investor have the stomach to stick it out or, in some cases, add value anytime soon, but the position? These are questions a contrarian investor must be able to answer if he or she seeks to successfully go against our daily investment practice. Wall Street's consensus.

*The American Heritage Dictionary* defines contrarian as,

One who takes a contrary view or action, especially an investor who makes decisions that contradict prevailing wisdom, as in buying securities that are unpopular at the time. In defining our own contrarian bent, Royce's Co-Chief Investment Officer, Whitney George, puts it this way: More often than not, being a contrarian means standing alone. It requires an enormous amount of self-confidence to buy securities when the rest of the world is telling us, These are bad ideas. Every day, we might be doing things that other smart people are insisting are wrong, so we have to believe strongly in what we are buying. To us, then, being a contrarian involves far more than a willingness to swim against the current. It's not just a matter of moving in the opposite direction of the market, a strategy that, if applied with no core investment principles of one's own, would almost certainly lead to financial disaster.

Our own habit of being contrarian comes not out of a desire to flout conventional wisdom for its own sake, but from our commitment to doing what we think works best, regardless of what other investors may be buying or selling.

Our own habit of being contrarian comes not out of a desire to flout conventional wisdom for its own sake, but from our commitment to doing what we think works best, regardless of what other investors may be buying or selling. Purchasing small-cap stocks when they are out of favor, when we may not have a firm idea of when their fortunes may be reversed, when it may take years and several more stomach-churning plunges in the stock price for an idea to be successful all of this makes having a high level of conviction about companies an absolute necessity.

The disciplined approach that we have been refining since the 70s focuses on absolute, long-term returns. While we are hardly the only asset manager, even in the small-cap space, to adhere to this standard, much of Wall Street operates on a much narrower calendar, one in which quarterly results matter more than those of the full market or business cycle. Patience is a rare commodity in equity investing, as is the idea that, while beating a benchmark is wonderful, it is still far less important than helping investors to build wealth over long-term time periods.

In fact, as useful as the dictionary definition is, it also leaves important questions unanswered. All value investors are, to some degree, contrarians because every investor who uses a value approach is looking for what they judge to be good

The qualities that we most commonly seek in small-cap companies strong balance sheets, high returns on invested capital

companies selling at attractively low share prices. (Not to belabor the obvious, but for any stock price to be considered attractively low typically means one of two things: that much of the market believes it is not a worthwhile investment or that the majority of investors have failed to even notice the company's existence.) Another issue is that how one determines company quality is likely to vary considerably from manager to manager.

and the ability to generate free cash flow are also not universally sought on Wall Street. Many investors who see the value in these qualities may not be as willing as we are to wait for them to bear fruit in the form of a company's rising share price. This results in a relatively small number of people who share our passion for quality businesses as well as the patience to stick with them, even as others are busy following the pack. Which is exactly how we like it.

[This page is not part of the 2010 Semiannual Report to Stockholders](#)

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**Wealth Of Experience**

With approximately \$29 billion in open- and closed-end fund assets under management, Royce & Associates is committed to the same small-company investing principles that have served us well for more than 35 years. Charles M. Royce, our President and Co-Chief Investment Officer, enjoys one of the longest tenures of any active mutual fund manager. Royce’s investment staff also includes Co-Chief Investment Officer W. Whitney George, 15 Portfolio Managers, 11 assistant portfolio managers and analysts, and eight traders.

**Multiple Funds, Common Focus**

Our goal is to offer both individual and institutional investors the best available small-cap value portfolios. Unlike a lot of mutual fund groups with broad product offerings, we have chosen to concentrate on small-company value investing by providing investors with a range of funds that take full advantage of this large and diverse sector.

**Consistent Discipline**

Our approach emphasizes paying close attention to risk and maintaining the same discipline, regardless of market movements and trends. The price we pay for a security must be significantly below our appraisal of its current worth. This requires a thorough analysis of the financial and business dynamics of an enterprise, as though we were purchasing the entire company.

**Co-Ownership Of Funds**

It is important that our employees and shareholders share a common financial goal; our officers, employees and their families currently have approximately \$99 million invested in *The Royce Funds*.

745 Fifth Avenue | New York, NY 10151 | (800) 221-4268 | [www.roycefunds.com](http://www.roycefunds.com)

| <b>General Information</b>                                       | <b>RIA Services</b>  | <b>Broker/Dealer Services</b>                                    | <b>Computershare</b>                        |
|--|--|--|---|
| Additional Report Copies and Prospectus Inquiries (800) 221-4268 | Fund Materials and Performance Updates (800) 33-ROYCE (337-6923) | Fund Materials and Performance Updates (800) 59-ROYCE (597-6923) | Transfer Agent and Registrar (800) 426-5523 |



**Item 2. Code(s) of Ethics.** Not applicable to this semi-annual report.

**Item 3. Audit Committee Financial Expert.** Not applicable to this semi-annual report.

**Item 4. Principal Accountant Fees and Services.** Not applicable to this semi-annual report.

**Item 5. Audit Committee of Listed Registrants.** Not applicable to this semi-annual report.

**Item 6. Investments.**

(a) See Item 1.

(b) Not applicable.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.** Not applicable to this semi-annual report.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.** Not applicable to this semi-annual report.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.** Not applicable.

**Item 10. Submission of Matters to a Vote of Security Holders.** Not applicable.

**Item 11. Controls and Procedures.**

(a) Disclosure Controls and Procedures. The Principal Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on their evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) Internal Control over Financial Reporting. There were no significant changes in Registrant's internal control over financial reporting or in other factors that could significantly affect this control subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses during the second fiscal quarter of the period covered by this report.

**Item 12. Exhibits.** Attached hereto.

(a)(1) Not applicable to this semi-annual report.

(a)(2) Separate certifications by the Registrant's Principal Executive Officer and Principal Financial Officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

(a)(3) Not applicable.

(b) Separate certifications by the Registrant's Principal Executive Officer and Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and required by Rule 30a-2(b) under the Investment Company Act of 1940.

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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**

Date: August 27, 2010

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.

**ROYCE FOCUS TRUST, INC.**

BY: /s/ Charles M. Royce

**Charles M. Royce**

**President**

Date: August 27, 2010

**ROYCE FOCUS TRUST, INC.**

BY: /s/ John D. Diederich

**John D. Diederich**

**Chief Financial Officer**

Date: August 27, 2010