

ANGEION CORP/MN  
Form SC 13D  
June 23, 2008

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934  
(Amendment No.)

Angeion Corporation  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

03462H404  
(CUSIP Number)

Scott A. Shuda  
BlueLine Partners, LLC  
402 Railroad Avenue, Suite 201  
Danville, California 94526

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

June 10, 2008  
(Date of Event which Requires Filing  
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1 (e), Rule 13d-1(f) or Rule 13d-1(g), check the following box .

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CUSIP No. 03462H404

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1. Name of Reporting Person  
I.R.S. Identification No. of Above Person (Entities Only).  
  
BlueLine Capital Partners II, L.P.

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2. Check the Appropriate Box If a Member of Group (See Instructions) (a)   
(b)

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3. SEC Use Only

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4. Source of Funds (See Instructions)  
  
WC

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5. Check Box If Disclosure of Legal Proceedings is Required Pursuant to  
Items 2(d) or 2(e)

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6. Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned By Each Reporting Person With	7. Sole Voting Power	0
	8. Shared Voting Power	89,104
	9. Sole Dispositive Power	0
	10. Shared Dispositive Power	89,104

11. Aggregate Amount Beneficially Owned by Each Reporting Person

216,475

12. Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.3%

14. Type of Reporting Person (See Instructions)

PN

CUSIP No. 03462H404

1. Name of Reporting Person  
I.R.S. Identification No. of Above Person (Entities Only).

BlueLine Capital Partners III, L.P.

2. Check the Appropriate Box If a Member of Group (See Instructions)

(a)   
(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

WC

5. Check Box If Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned By Each Reporting Person With	7. Sole Voting Power	0
	8. Shared Voting Power	127,371
	9. Sole Dispositive Power	0
	10. Shared Dispositive Power	127,371

11. Aggregate Amount Beneficially Owned by Each Reporting Person

216,475

12. Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.3%

14. Type of Reporting Person (See Instructions)

PN

CUSIP No. 03462H404

1. Name of Reporting Person  
I.R.S. Identification No. of Above Person (Entities Only).

BlueLine Capital Partners, L.L.C.

2. Check the Appropriate Box If a Member of Group (See Instructions)

(a)   
(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

WC

5. Check Box If Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

California

Number of Shares Beneficially Owned By Each Reporting Person With	7. Sole Voting Power	0
	8. Shared Voting Power	89,104
	9. Sole Dispositive Power	0
	10. Shared Dispositive Power	89,104

11. Aggregate Amount Beneficially Owned by Each Reporting Person

216,475

12. Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.3%

14. Type of Reporting Person (See Instructions)

OO

CUSIP No. 03462H404

1. Name of Reporting Person  
I.R.S. Identification No. of Above Person (Entities Only).

BlueLine Partners II, L.L.C.

2. Check the Appropriate Box If a Member of Group (See Instructions)

(a)   
(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

WC

5. Check Box If Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

California

Number of Shares Beneficially Owned By Each Reporting Person With	7. Sole Voting Power	0
	8. Shared Voting Power	127,371
	9. Sole Dispositive Power	0
	10. Shared Dispositive Power	127,371
11. Aggregate Amount Beneficially Owned by Each Reporting Person		
		216,475
12. Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		<input type="checkbox"/>
13. Percent of Class Represented by Amount in Row (11)		
		5.3%
14. Type of Reporting Person (See Instructions)		
		OO

**Item 1. Security and Issuer**

This Schedule 13D relates to Common Stock (the Common Stock ) of Angeion Corporation ( Angeion or the Company ) with its principal executive offices located at 350 Oak Grove Parkway Saint Paul, MN 55127.

**Item 2. Identity and Background**

- (a)-(b) This statement is filed on behalf of BlueLine Capital Partners II, LP ("BCP II"), BlueLine Capital Partners III, LP ("BCP III"), BlueLine Partners, L.L.C. ("BLP I") and BlueLine Partners II, L.L.C. ("BLP II" and, together with BCP II, BCP III and BLP I, "BlueLine" or the "Reporting Entities"). BLP I is the sole general partner of BCP II and BLP II is the sole general partner of BCP III. Scott Shuda and Timothy Bacci are each Managing Directors of BLP I and BLP II. Messrs. Shuda and Bacci each disclaims beneficial ownership for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Act"). The address of the principal business office of each of the Reporting Entities and Messrs. Shuda and Bacci is 402 Railroad Avenue, Suite 201, Danville, California 94526.
- (c) Each of BCP II and BCP III is a private investment limited partnership. The principal business of each of BLP I and BLP II is to serve as investment manager to a variety of private investment funds, including BCP II and BCP III, and to control the investing and trading in securities of these private investment funds. The principal business of Messrs. Shuda and Bacci is to act as Managing

Directors of BLP I and BLP II.

- (d) None of the Reporting Entities or Messrs. Shuda and Bacci has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) None of the Reporting Entities or Messrs. Shuda and Bacci has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
- (f) Each of BCP II and BCP III is a Delaware limited partnership. Each of BLP I and BLP II is a Delaware limited liability company. Messrs. Shuda and Bacci are each U.S. citizens.

**Item 3. Source and Amount of Funds**

As of the date hereof, the Reporting Entities may, in the aggregate, be deemed to beneficially own 216,475 shares of the Common Stock (the Shares ). The Shares were purchased in the open market with the investment capital of BCP II and BCP III.

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**Item 4. Purpose of the Transaction**

BlueLine invests in healthcare and technology companies that are undervalued, typically as a result of some negative news or event where investors have over-reacted and where the share price no longer reflects the Company's underlying fundamentals. As part of its investment strategy, BlueLine seeks to work with the management teams, boards of directors and other stakeholders of the companies in which it invests, in order to address issues affecting performance and valuation and thereby assist in the value creation process.

In the case of Angeion, BlueLine believes the market has been prone to overreactions. During fiscal year 2006, the Company's stock price rose from \$5.00 per share to \$18.00 per share presumably based upon revenue and earnings increases related to a single large clinical customer order. While that order was significant and for a time contributed a third of Angeion's revenue, it was understood to be a single order and investors were unwarranted in driving the price as high as they did. As business from the order declined and additional clinical orders failed to materialize, the Company's shares have plummeted. With a current share price below \$6.00, Angeion now has a market capitalization of less than \$25 million. Taking into account the Company's cash holdings of more than \$7 million, the market is currently valuing Angeion's ongoing business at less than \$20 million. This seems clearly wrong for a company whose core business is generating quarterly revenues of \$7.0 million with 50% gross margins and positive cash-flow. BlueLine believes the market has grossly over-corrected the share price, and at current levels, Angeion represents compelling value.

BlueLine believes the Company's product line is competitive in its space, and that management's strategy is sound:

- continued focus on product innovation / enhancements in the core MedGraphics line of non-invasive cardiorespiratory diagnostic systems;

- increased emphasis on international distribution to tap largely under-penetrated markets overseas;

- invest in additional marketing programs, such as the new Physician Office Program to raise awareness of Chronic Obstructive Pulmonary Disease (COPD), currently the fourth leading cause of death in the USA; and

- enabling multiple web-based applications for its product suites which will enable greater penetration into the physician office as well as the health and fitness (New Leaf) markets.

Operationally, BlueLine is encouraged by recent cost reductions that have lowered the company's breakeven point. In addition, we believe the hiring of a new CFO with public company experience has improved the Company's investor relations practices as evidenced by the recent first-ever quarterly investor earnings call.

An area where BlueLine believes Angeion still requires improvement is in setting and communicating policies around employee compensation. During fiscal year 2007, the

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Company's stockholders rejected a proposal to implement a large new employee stock option plan. Rather than heed the message that they were asking for too much, Angeion's management and board of directors pursued a work-around by pursuing smaller option shares increases in successive years. That strategy worked and the Company got most of the shares it wanted, but the message communicated to shareholders was that their interests would be subordinated to those of the Company's insiders. Having received this message, investors might reasonably be concerned about the 2008 Management Incentive Bonus Plan recently adopted by the Company and disclosed in an SEC filing. While BlueLine absolutely agrees with rewarding a management team for success, we believe the potential incentive payout of up to \$1.1 million under the plan is out of proportion for a company that reported net income of \$1.06 million in its last fiscal year and \$1.44 million in the prior year. The large increases to the Company's option plan and the size of the 2008 Bonus Plan seem poorly timed in light of Angeion's recent stock performance. Together these actions communicate that considering the interests of stockholders is not currently a priority at the Company—a message that BlueLine believes has contributed to the recent stock price decline. This is one of the issues we plan to address with the Company.

Depending on market conditions, general economic conditions and other factors, BlueLine may purchase additional shares of Common Stock in the open market or in private transactions, or may dispose of all or a portion of the shares of Common Stock that it presently owns or may hereafter acquire.

#### **Item 5. Interest in Securities of the Issuer**

- (a) As of the date of this Schedule 13D, each of the Reporting Entities may be deemed to own 216,475 shares of Common Stock. These shares represent approximately 5.3% of the shares of Common Stock outstanding based on 4,089,803 shares of the Company's Common Stock outstanding as reported in the Company's Form 10-Q for the Company's fiscal quarter ended April 30, 2008 as filed with the Securities and Exchange Commission on June 13, 2008.

The Reporting Entities are making this single, joint filing because they may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act. Each Reporting Entity expressly disclaims beneficial ownership of any of the shares of Common Stock other than those reported herein as being owned by it.

- (b) As of the date of this Schedule 13D, BCP II and BCP III beneficially own 216,475 shares of Common Stock with which the Reporting Entities have shared voting power and shared dispositive power.
- (c) Information concerning transactions in the Common Stock effected by the Reporting Entities during the past sixty days is set forth in Exhibit B hereto and is incorporated by this reference. All of the transactions set forth in Exhibit B were open market transactions for cash.
- (d) No person (other than the Reporting Entities) is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares.
- (e) Not applicable.

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#### **Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

Pursuant to Rule 13d-1(k) promulgated under the Act, the Reporting Entities have entered into an agreement with respect to the joint filing of this statement, and any amendment or amendments hereto, which is attached hereto as Exhibit A.

**Item 7. Materials to be Filed as Exhibits**

1. Exhibit A - Joint Filing Agreement dated June 23, 2008, signed by each of the Reporting Entities in order to confirm that this Schedule 13D is being filed on behalf of each of the Reporting Entities.
2. Exhibit B - Transactions in the Common Stock by the Reporting Entities during the past 60 days.

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**SIGNATURES**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: June 23, 2008

BlueLine Capital Partners, L.P.

By: BlueLine Partners, L.L.C.  
Its: General Partner

By: /s/ Scott Shuda  
Name: Scott Shuda  
Title: Managing Director

BlueLine Capital Partners II, L.P.

By: BlueLine Partners, L.L.C.  
Its: General Partner

By: /s/ Scott Shuda  
Name: Scott Shuda  
Title: Managing Director

BlueLine Partners, L.L.C.

By: /s/ Scott Shuda

SIGNATURES



Name: Scott Shuda  
Title: Managing Director

BlueLine Partners II, L.L.C.

By: /s/ Scott Shuda  
Name: Scott Shuda  
Title: Managing Director

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EXHIBIT A

Joint Filing Agreement

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent it knows or has reason to believe that such information is inaccurate. This Joint Filing Agreement may be executed in any number of counterparts and all of such counterparts taken together shall constitute one and the same instrument.

Date: June 23, 2008

BlueLine Capital Partners, L.P.

By: BlueLine Partners, L.L.C.  
Its: General Partner

By: /s/ Scott Shuda  
Name: Scott Shuda  
Title: Managing Director

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BlueLine Capital Partners II, L.P.

By: BlueLine Partners, L.L.C.

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Its: General Partner

By: /s/ Scott Shuda  
 Name: Scott Shuda  
 Title: Managing Director

BlueLine Partners, L.L.C.

By: /s/ Scott Shuda  
 Name: Scott Shuda  
 Title: Managing Director

BlueLine Partners II, L.L.C.

By: /s/ Scott Shuda  
 Name: Scott Shuda  
 Title: Managing Director

Transactions in the Common Stock effected by the Reporting Entities during the past sixty days.

Date	BCP II		BCP III	
	No. of Shares	Price per Share	No. of Shares	Price per Share
4/28/2008	1,000	\$6.70		
5/6/2008	3,000	\$6.56		
5/7/2008	1,000	\$6.50		
5/9/2008	2,000	\$6.25		
5/14/2008	639	\$6.23		
5/15/2008	2,000	\$6.01	2,000	\$6.01
5/19/2008	4,300	\$5.70	4,000	\$5.78
5/20/2008	2,000	\$5.63	1,400	\$5.60
5/21/2008			405	\$5.65
5/22/2008	1,300	5.72		
6/9/2008	180	\$5.45		
6/10/2008	1,500	\$5.43	1,200	\$5.43
6/16/2008	2,100	\$5.42	2,000	\$5.50
6/17/2008	2,000	\$5.43		
6/18/2008	1,000	\$5.44		
6/19/2008	1,000	\$5.41	600	\$5.41
6/20/2008	2,000	\$5.41		

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**DISTRIBUTIONS TO COMMON STOCKHOLDERS:**

Net investment income

(0.11) (0.17) (0.08) (0.03)

Net realized gain on investments and foreign currency

(2.08) (0.63) (0.43)

Return of capital

(0.27) (0.32)

Quarterly distributions<sup>1</sup>

(0.62)

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Total distributions to common stockholders

(0.62) (2.19) (0.80) (0.78) (0.03) (0.32)

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**CAPITAL STOCK TRANSACTIONS:**

Effect of reinvestment of distributions by Common Stockholders

(0.04) (0.05) (0.06) (0.06) (0.00) (0.02)

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Total capital stock transactions

(0.04) (0.05) (0.06) (0.06) (0.00) (0.02)

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**NET ASSET VALUE, END OF PERIOD** \$18.00 \$18.17 \$15.40 \$14.18 \$16.73 \$12.87

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**MARKET VALUE, END OF PERIOD** \$16.00 \$16.01 \$13.42 \$12.27 \$14.54 \$10.79

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**TOTAL RETURN:**<sup>2</sup> Market Value 3.90%<sup>3</sup> 35.63% 16.22% (10.46)% 35.05% 35.39% Net Asset  
Value 3.00%<sup>3</sup> 34.14% 15.41% (10.06)% 30.27% 44.59%

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

SIGNATURES

Investment advisory fee expense<sup>4</sup>

0.46%<sup>5</sup> 0.54% 0.56% 0.86% 0.11% 0.00%

Other operating expenses

0.16%<sup>5</sup> 0.25% 0.15% 0.12% 0.12% 0.16% Total expenses (net)<sup>6</sup> 0.62%<sup>5</sup> 0.79% 0.71% 0.98% 0.23% 0.16% Expenses net of fee waivers and excluding interest expense 0.56%<sup>5</sup> 0.65% 0.68% 0.98% 0.23% 0.16% Expenses prior to fee waivers and balance credits 0.62%<sup>5</sup> 0.79% 0.71% 0.98% 0.23% 0.16% Expenses prior to fee waivers 0.62%<sup>5</sup> 0.79% 0.71% 0.98% 0.23% 0.16% Net investment income (loss) 0.61%<sup>5</sup> 0.70% 1.57% 0.63% 1.69% 1.66% **SUPPLEMENTAL DATA:** Net Assets Applicable to Common Stockholders,

End of Period (in thousands)

\$1,317,465 \$1,307,829 \$1,082,426 \$966,640 \$1,105,879 \$849,777

Liquidation Value of Preferred Stock, End of Period (in thousands)

	\$220,000	\$220,000	\$220,000	Portfolio Turnover Rate	20%	33%	25%	26%	30%	31%	<b>PREFERRED</b>
<b>STOCK:</b>	Total shares outstanding				8,800,000	8,800,000	8,800,000	8,800,000	Asset coverage per		
share	\$134.88	\$150.67	\$121.57	Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	Average month-end		
market value per share	\$25.37	\$25.06	\$23.18	<b>REVOLVING CREDIT AGREEMENT:</b>				Asset			
coverage	3028%	1289%	822%	Asset coverage per \$1,000	\$30,277	\$12,889	\$8,216				

<sup>1</sup> To be allocated to net investment income, net realized gains and/or return of capital at year end.

<sup>2</sup> 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. 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.

<sup>3</sup> Not annualized

<sup>4</sup> 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.

<sup>5</sup> Annualized

<sup>6</sup> Expense ratios based on total average net assets including liquidation value of Preferred Stock were 0.60%, 0.82%, 0.18% and 0.12% for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.

# Royce Value Trust

## Notes to Financial Statements (unaudited)

### Summary of Significant Accounting Policies:

Royce Value Trust, Inc. (the Fund), is a diversified closed-end investment company that was incorporated under the laws of the State of Maryland on July 1, 1986. 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.

### 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 highest 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 in accordance with the provisions of the 1940 Act, under procedures approved by the Fund's Board of Directors, and are reported as Level 3 securities. As a general principle, the fair value of a security is the amount which the Fund might reasonably expect to receive for the security upon its current sale. However, in light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security will be the amount which the Fund might be able to receive upon its current sale. 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). The table below includes all Level 2 securities. Level 2 securities with values based on quoted prices for similar securities are noted in the Schedule of Investments.

Level 3 significant unobservable inputs (including last trade price before trading was suspended, or at a discount thereto for lack of marketability or otherwise, market price information regarding other securities, information received from the company and/or published documents, including SEC filings and financial statements, or other publicly available information).

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, 2014. For a detailed breakout of common stocks by sector classification, please refer to the Schedule of Investments.

	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 1,253,133,220	\$ 33,924,227	\$ 270,024	\$ 1,287,327,471
Preferred Stocks			1,377,000	1,377,000

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Cash Equivalents 78,623,000 78,623,000

Level 3 Reconciliation:

	<b>Balance as of 12/31/13</b>	<b>Sales</b>	<b>Realized and Unrealized Gain (Loss)<sup>1</sup></b>	<b>Balance as of 6/30/14</b>
Common Stocks	\$ 131,709	\$	\$ 138,315	\$ 270,024
Preferred Stocks	1,578,555	72,406	(129,149)	1,377,000

<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 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.

#### 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.

#### Capital Gains Taxes:

The Fund is subject to a tax imposed on short-term capital gains on securities of issuers domiciled in certain countries. The Fund records an estimated deferred tax liability for these securities that have been held for less than one year. This amount, if any, is reported as deferred capital gains tax in the accompanying Statement of Assets and Liabilities, assuming those positions were disposed of at the end of the period, and accounted for as a reduction in the market value of the security.

#### Distributions:

The Fund pays quarterly distributions on the Fund's Common Stock at the annual rate of 7% 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 1.75% of the rolling average or the distribution required by IRS regulations. The Board of Directors approved an increase in the annual rate of distributions under its managed distribution policy for Common Stockholders from 5% to 7%, effective for 2014. Prior to November 15, 2012, distributions to Preferred Stockholders were accrued daily and paid quarterly. Distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income were first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income were allocated to both Preferred and Common Stockholders, the tax character of such allocations was 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.

On June 19, 2013, the Fund purchased 10,160 common shares of Royce Global Value Trust, Inc. ( RGT ) for \$100,076. On October 18, 2013, the Fund contributed \$99,899,924 in cash and securities in exchange for shares of RGT, and on the same date distributed all shares of RGT valued at \$100,000,000 to Fund stockholders of record as of October 10, 2013, at the rate of one share of RGT for every seven shares of the Fund's Common Stock outstanding. In connection with the spinoff of RGT, the securities contributed included \$15,972,444 in unrealized depreciation.

#### 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 & 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.



## Royce Value Trust

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

#### 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 1,235,634 and 1,699,025 shares of Common Stock as reinvestment of distributions for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

#### Borrowings:

The Fund had entered into a \$150,000,000 revolving credit agreement (the credit agreement) with BNP Paribas Prime Brokerage Inc. (BNPP) on November 14, 2012 and reduced this line to \$45,000,000 on June 26, 2014. The Fund pays a commitment fee of 0.50% per annum on the unused portion of the credit agreement. The credit agreement has a 360-day rolling term that resets daily; however, if the Fund exceeds certain net asset value triggers, the credit agreement may convert to a 60-day rolling term that resets daily. The Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding and has granted a security interest in the securities pledged to, and in favor of, BNPP as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the credit agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the credit agreement necessitating the sale of portfolio securities at potentially inopportune times. The credit agreement also permits, subject to certain conditions, BNPP to rehypothecate portfolio securities pledged by the Fund up to the amount of the loan balance outstanding. The Fund continues to receive payments in lieu of dividends and interest on rehypothecated securities. The Fund also has the right under the credit agreement to recall the rehypothecated securities from BNPP on demand. If BNPP fails to deliver the recalled security in a timely manner, the Fund will be compensated by BNPP for any fees or losses related to the failed delivery or, in the event a recalled security will not be returned by BNPP, the Fund, upon notice to BNPP, may reduce the loan balance outstanding by the amount of the recalled security failed to be returned. The Fund will receive a portion of the fees earned by BNPP in connection with the rehypothecation of portfolio securities.

As of June 30, 2014, the Fund has outstanding borrowings of \$45,000,000. During the six months ended June 30, 2014, the Fund borrowed an average daily balance of \$72,403,315 at a weighted average borrowing cost of 1.18%. As of June 30, 2014, the aggregate value of rehypothecated securities was \$42,949,178. During the six months ended June 30, 2014, the Fund earned \$159,190 in fees from rehypothecated securities.

#### 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 outstanding 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.

For the six rolling 60-month periods ended June 2014, the Fund's investment performance ranged from 8% to 32% below the investment performance of the S&P 600. Accordingly, the net investment advisory fee consisted of a Basic Fee of \$5,500,946 and a net downward adjustment of \$2,571,484 for the performance of the Fund relative to that of the S&P 600. For the six months

ended June 30, 2014, the Fund accrued and paid Royce investment advisory fees totaling \$2,929,462.

**Purchases and Sales of Investment Securities:**

For the six months ended June 30, 2014, the costs of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to \$286,608,878 and \$248,950,479, respectively.

## Royce Value Trust

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

#### 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, 2014:

<b>Affiliated Company</b>	<b>Shares 12/31/13</b>	<b>Market Value 12/31/13</b>	<b>Cost of Purchases</b>	<b>Cost of Sales</b>	<b>Realized Gain (Loss)</b>	<b>Dividend Income</b>	<b>Shares 6/30/14</b>	<b>Market Value 6/30/14</b>
Stanley Furniture	50,000	\$ 192,000	\$2,549,923				1,012,235	\$2,712,790
Timberland Bancorp	444,200	4,273,204				\$35,536	444,200	4,681,868
		\$4,465,204				\$35,536		\$7,394,658

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Royce Micro-Cap  
Trust

June 30, 2014  
(unaudited)

**Schedule of Investments**

	SHARES	VALUE
<b>COMMON STOCKS 99.8%</b>		
<b>Consumer Discretionary 15.3%</b>		
Auto Components - 1.8%		
China Zenix Auto International ADR <sup>1</sup>	50,000	\$ 112,000
<b>Drew Industries</b>	85,600	4,280,856
Fuel Systems Solutions <sup>1</sup>	76,000	846,640
Motorcar Parts of America <sup>1</sup>	53,900	1,312,465
Spartan Motors	55,500	251,970
Standard Motor Products	26,000	1,161,420
		<hr/> 7,965,351 <hr/>
Automobiles - 0.0%		
Winnebago Industries <sup>1</sup>	3,100	78,058
		<hr/>
Distributors - 0.6%		
Core-Mark Holding Company	25,200	1,149,876
Weyco Group	59,600	1,633,636
		<hr/> 2,783,512 <hr/>
Diversified Consumer Services - 0.8%		
American Public Education <sup>1</sup>	5,500	189,090
Capella Education	2,700	146,853
Collectors Universe	82,700	1,620,093
Lincoln Educational Services	342,200	1,536,478
Spectrum Group International <sup>1,2</sup>	7	3,885
		<hr/> 3,496,399 <hr/>
Hotels, Restaurants & Leisure - 0.1%		
Monarch Casino & Resort <sup>1</sup>	31,997	484,434
		<hr/>
Household Durables - 3.9%		
Cavco Industries <sup>1</sup>	3,091	263,662
Ethan Allen Interiors <sup>3</sup>	81,600	2,018,784
<b>Flexsteel Industries</b>	125,700	4,192,095
iRobot Corporation <sup>1</sup>	15,000	614,250
Koss Corporation	73,400	231,944
Lifetime Brands	204,594	3,216,218
Skyline Corporation <sup>1</sup>	183,400	753,774
Stanley Furniture <sup>1</sup>	93,468	250,494
Turtle Beach <sup>1,3,4</sup>	97,300	899,052

SIGNATURES

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<b>Universal Electronics</b> <sup>1</sup>	92,100	4,501,848
		<hr/>
		16,942,121
		<hr/>
Internet & Catalog Retail - 0.5%		
dELiA*s <sup>1</sup>	23,300	17,946
FTD Companies <sup>1</sup>	69,700	2,215,763
Geeknet <sup>1</sup>	1,500	18,705
		<hr/>
		2,252,414
		<hr/>
Leisure Products - 0.9%		
Arctic Cat	29,564	1,165,413
LeapFrog Enterprises Cl. A <sup>1,3</sup>	67,100	493,185
Nautilus <sup>1</sup>	186,100	2,063,849
Smith & Wesson Holding Corporation <sup>1</sup>	20,700	300,978
		<hr/>
		4,023,425
		<hr/>
Media - 1.5%		
Rentrak Corporation <sup>1</sup>	58,600	3,073,570
Saga Communications Cl. A	12,100	516,912
Value Line	169,000	2,840,890
		<hr/>
		6,431,372
		<hr/>
Multiline Retail - 0.3%		
Tuesday Morning <sup>1</sup>	61,400	1,094,148
		<hr/>
Specialty Retail - 3.1%		
Aeropostale <sup>1</sup>	65,000	226,850
America's Car-Mart <sup>1,3</sup>	83,500	3,302,425
Cache <sup>1</sup>	340,800	548,688
Destination Maternity	80,100	1,823,877
Kirkland's <sup>1</sup>	12,300	228,165
Le Chateau Cl. A <sup>1</sup>	685,000	1,129,844
Lewis Group	57,000	347,306
Shoe Carnival <sup>3</sup>	41,228	851,358
Stage Stores <sup>3</sup>	25,000	467,250
Stein Mart <sup>3</sup>	178,900	2,484,921
Systemax <sup>1,3</sup>	44,000	632,280
Tandy Leather Factory <sup>1</sup>	44,233	402,520
TravelCenters of America LLC <sup>1</sup>	12,500	111,000
West Marine <sup>1</sup>	101,600	1,042,416
		<hr/>
		13,598,900
		<hr/>
Textiles, Apparel & Luxury Goods - 1.8%		
Crown Crafts	255,759	1,992,363
Culp	44,500	774,745
G-III Apparel Group <sup>1,3</sup>	1,600	130,656
J.G. Boswell Company <sup>2</sup>	2,490	2,524,860
Marimekko	25,300	336,386
Movado Group <sup>3</sup>	44,374	1,849,065
		<hr/>
		7,608,075

SIGNATURES

<b>Total</b> (Cost \$48,134,182)		<u>66,758,209</u>
<b>Consumer Staples 1.6%</b>		
Beverages - 0.1%		
Crimson Wine Group <sup>1,2</sup>	58,124	<u>525,441</u>
Food Products - 1.3%		
Calavo Growers <sup>3</sup>	1,800	60,894
Farmer Bros. <sup>1</sup>	62,400	1,348,464
John B. Sanfilippo & Son	3,500	92,645
<b>Seneca Foods Cl. A</b> <sup>1</sup>	51,400	1,572,840
<b>Seneca Foods Cl. B</b> <sup>1</sup>	42,500	1,266,500
SunOpta <sup>1</sup>	63,000	887,040
Waterloo Investment Holdings <sup>1,5</sup>	806,207	<u>306,359</u>
		<u>5,534,742</u>
Household Products - 0.0%		
Orchids Paper Products	2,000	<u>64,080</u>
Personal Products - 0.2%		
Inter Parfums <sup>3</sup>	24,800	<u>732,840</u>
<b>Total</b> (Cost \$4,195,360)		<u>6,857,103</u>
<b>Energy 2.6%</b>		
Energy Equipment & Services - 2.0%		
Dawson Geophysical	53,213	1,524,553
Geospace Technologies <sup>1,3,4</sup>	16,200	892,296
Global Geophysical Services <sup>1,2</sup>	35,000	1,400
Gulf Island Fabrication	29,116	626,576

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

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# Royce Micro-Cap Trust

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## Schedule of Investments

	SHARES	VALUE
<b>Energy (continued)</b>		
Energy Equipment & Services (continued)		
Matrix Service <sup>1,3</sup>	12,100	\$ 396,759
Newpark Resources <sup>1</sup>	64,500	803,670
North American Energy Partners	50,000	402,500
Nuverra Environmental Solutions <sup>1,3,4</sup>	10,000	201,100
Pioneer Energy Services <sup>1,3</sup>	57,500	1,008,550
Tesco Corporation <sup>3</sup>	58,000	1,237,720
Willbros Group <sup>1</sup>	131,100	1,619,085
		<hr/> 8,714,209 <hr/>
Oil, Gas & Consumable Fuels - 0.6%		
Approach Resources <sup>1,3</sup>	12,000	272,760
Harvest Natural Resources <sup>1</sup>	13,176	65,748
Resolute Energy <sup>1,3,4</sup>	102,100	882,144
Sprott Resource <sup>1</sup>	91,800	271,860
StealthGas <sup>1</sup>	74,500	826,950
VAALCO Energy <sup>1,3</sup>	79,200	572,616
		<hr/> 2,892,078 <hr/>
<b>Total (Cost \$8,729,315)</b>		<hr/> 11,606,287 <hr/>
 <b>Financials 16.0%</b>		
Banks - 1.7%		
Bank of N.T. Butterfield & Son	438,100	871,819
BCB Holdings <sup>1</sup>	906,207	205,492
Bryn Mawr Bank	25,000	728,000
Chemung Financial	31,000	915,740
Fauquier Bankshares	140,200	2,234,788
First Bancorp (The)	40,200	701,892
First Internet Bancorp	28,500	587,100
Peapack-Gladstone Financial	53,606	1,136,983
		<hr/> 7,381,814 <hr/>
Capital Markets - 7.5%		
ASA Gold and Precious Metals	206,150	3,020,098
Cowen Group <sup>1</sup>	353,900	1,493,458
<b>Diamond Hill Investment Group</b>	31,879	4,071,586
Equity Trustees	42,229	835,420
Fiera Capital	78,000	935,664
INTL FCStone <sup>1,3,4</sup>	26,310	524,095
JZ Capital Partners	253,999	1,919,173
Manning & Napier Cl. A	37,000	638,620
<b>MVC Capital</b>	387,400	5,016,830
NGP Capital Resources	185,034	1,152,762
Queen City Investments <sup>2</sup>	948	1,042,800
RHJ International <sup>1</sup>	348,000	1,694,969

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<b>Silvercrest Asset Management Group Cl. A</b>	234,700	4,039,187
Sprott	622,200	1,766,802
U.S. Global Investors Cl. A	651,254	2,292,414
Urbana Corporation	237,600	405,259
Westwood Holdings Group <sup>3</sup>	31,600	1,897,264
		32,746,401
<b>Consumer Finance - 1.1%</b>		
EZCORP Cl. A <sup>1</sup>	194,400	2,245,320
JGWPT Holdings Cl. A <sup>1</sup>	160,000	1,801,600
Regional Management <sup>1</sup>	51,400	795,158
		4,842,078
<b>Diversified Financial Services - 1.1%</b>		
Banca Finnat Euramerica	1,310,000	835,365
GAIN Capital Holdings	25,000	196,750
HF2 Financial Management Cl. A <sup>1</sup>	207,700	2,139,310
PICO Holdings <sup>1,3</sup>	45,700	1,085,832
Warsaw Stock Exchange	52,900	677,950
		4,935,207
<b>Insurance - 2.0%</b>		
Hallmark Financial Services <sup>1</sup>	138,000	1,483,500
Independence Holding Company	105,380	1,489,019
National Western Life Insurance Cl. A <sup>3,4</sup>	8,033	2,003,511
State Auto Financial <sup>3,4</sup>	109,264	2,560,055
United Fire Group <sup>3</sup>	38,603	1,131,840
		8,667,925
<b>Real Estate Investment Trusts (REITs) - 0.4%</b>		
BRT Realty Trust <sup>1</sup>	228,681	1,687,666
<b>Real Estate Management &amp; Development - 2.1%</b>		
AV Homes <sup>1</sup>	36,400	595,140
Consolidated-Tomoka Land	50,146	2,301,702
Forestar Group <sup>1,3</sup>	53,000	1,011,770
Griffin Land & Nurseries	47,746	1,408,507
<b>Tejon Ranch <sup>1,3,4</sup></b>	112,162	3,610,495
<b>Tejon Ranch (Warrants) <sup>1</sup></b>	16,567	48,541
ZipRealty <sup>1</sup>	25,000	75,750
		9,051,905
<b>Thrifts &amp; Mortgage Finance - 0.1%</b>		
Alliance Bancorp, Inc. of Pennsylvania	41,344	653,235
<b>Total (Cost \$58,013,676)</b>		69,966,231
<b>Health Care 8.3%</b>		
Biotechnology - 1.4%		
Achillion Pharmaceuticals <sup>1</sup>	2,262	17,123
Amicus Therapeutics <sup>1</sup>	191,400	639,276
ARIAD Pharmaceuticals <sup>1</sup>	154,102	981,630

SIGNATURES



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ArQule <sup>1</sup>	70,000	108,500
Celsion Corporation <sup>1</sup>	115,555	400,976
ChemoCentryx <sup>1</sup>	70,000	409,500
Coronado Biosciences <sup>1</sup>	360,000	619,200
Infinity Pharmaceuticals <sup>1</sup>	100,300	1,277,822
Rigel Pharmaceuticals <sup>1</sup>	152,392	553,183
Synthetic Biologics <sup>1</sup>	226,000	388,720
ZIOPHARM Oncology <sup>1,3,4</sup>	210,000	846,300

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6,242,230

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Health Care Equipment & Supplies - 4.4%

Allied Healthcare Products <sup>1</sup>	131,772	317,571
AngioDynamics <sup>1,3</sup>	104,800	1,711,384
<b>Atrion Corporation</b>	12,497	4,074,022
CryoLife	54,473	487,533
Cynosure Cl. A <sup>1</sup>	3,500	74,375

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

June 30, 2014 (unaudited)

	SHARES	VALUE
<b>Health Care (continued)</b>		
Health Care Equipment & Supplies (continued)		
Derma Sciences <sup>1</sup>	30,000	\$ 346,800
DynaVox Cl. A <sup>1,2</sup>	20,000	1,300
<b>Exactech</b> <sup>1</sup>	170,800	4,309,284
Invacare Corporation <sup>3</sup>	132,500	2,434,025
STRATEC Biomedical	14,000	722,621
Symmetry Medical <sup>1</sup>	11,900	105,434
Synergetics USA <sup>1,3</sup>	219,285	679,783
Syneron Medical <sup>1</sup>	69,200	714,144
Trinity Biotech ADR Cl. A	42,200	971,866
Utah Medical Products	42,300	2,175,912
		<hr/>
		19,126,054
		<hr/>
Health Care Providers & Services - 2.1%		
Addus HomeCare <sup>1</sup>	59,400	1,335,312
Bio-Reference Laboratories <sup>1,3</sup>	19,500	589,290
CorVel Corporation <sup>1,3</sup>	40,000	1,807,200
Cross Country Healthcare <sup>1</sup>	277,900	1,811,908
PDI <sup>1</sup>	65,383	286,378
PharMerica Corporation <sup>1,3</sup>	40,000	1,143,600
Psychemedics Corporation	77,900	1,103,064
U.S. Physical Therapy	33,257	1,137,057
		<hr/>
		9,213,809
		<hr/>
Health Care Technology - 0.2%		
Computer Programs and Systems		
HealthStream <sup>1</sup>	5,000	318,000
	24,227	588,716
		<hr/>
		906,716
		<hr/>
Life Sciences Tools & Services - 0.2%		
Affymetrix <sup>1</sup>	90,000	801,900
		<hr/>
<b>Total</b> (Cost \$27,274,942)		36,290,709
		<hr/>
<b>Industrials 25.5%</b>		
Aerospace & Defense - 2.1%		
Astronics Corporation <sup>1</sup>	6,444	363,764
Astronics Corporation Cl. B <sup>1,2</sup>	420	23,604
Breeze-Eastern Corporation <sup>1</sup>	24,233	308,971
CPI Aerostructures <sup>1</sup>	96,709	1,225,303
Ducommun <sup>1</sup>	115,800	3,025,854
Innovative Solutions and Support <sup>1</sup>	142,828	1,062,640
	72,324	564,127

SIGNATURES

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Kratos Defense & Security Solutions <sup>1</sup>		
SIFCO Industries	45,800	1,428,960
Spartan Corporation <sup>1</sup>	35,700	990,318
		<hr/>
		8,993,541
		<hr/>
Air Freight & Logistics - 0.2%		
Echo Global Logistics <sup>1</sup>	36,800	705,456
		<hr/>
Building Products - 3.4%		
AAON <sup>3,4</sup>	97,650	3,273,228
American Woodmark <sup>1,3</sup>	64,800	2,065,176
Apogee Enterprises	57,900	2,018,394
Burnham Holdings Cl. A <sup>2</sup>	118,109	2,149,584
Griffon Corporation <sup>3</sup>	36,300	450,120
Insteel Industries	39,000	766,350
Trex Company <sup>1,3,4</sup>	51,400	1,481,348
Water Furnace Renewable Energy	100,000	2,840,541
		<hr/>
		15,044,741
		<hr/>
Commercial Services & Supplies - 1.5%		
CompX International Cl. A	107,500	1,123,375
<b>Heritage-Crystal Clean</b> <sup>1</sup>	208,163	4,086,240
Team <sup>1,3,4</sup>	35,000	1,435,700
		<hr/>
		6,645,315
		<hr/>
Construction & Engineering - 3.3%		
Ameresco Cl. A <sup>1</sup>	295,700	2,078,771
<b>Integrated Electrical Services</b> <sup>1,6</sup>	930,511	6,085,542
Layne Christensen <sup>1,3</sup>	82,500	1,097,250
MYR Group <sup>1,3,4</sup>	107,100	2,712,843
Orbit Garant Drilling <sup>1</sup>	1,512,500	2,055,316
Pike Corporation <sup>1,3</sup>	40,500	362,880
		<hr/>
		14,392,602
		<hr/>
Electrical Equipment - 1.9%		
AZZ	16,494	760,043
Encore Wire <sup>3</sup>	15,000	735,600
Global Power Equipment Group	111,049	1,794,552
Jinpan International	35,000	235,900
LSI Industries	93,012	742,236
Orion Energy Systems <sup>1</sup>	100,000	407,000
Powell Industries <sup>3,4</sup>	36,550	2,389,639
Preformed Line Products	18,143	976,638
Vicor <sup>1</sup>	30,000	251,400
		<hr/>
		8,293,008
		<hr/>
Industrial Conglomerates - 0.7%		
Raven Industries <sup>3</sup>	93,400	3,095,276
		<hr/>

SIGNATURES

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Machinery - 6.1%		
Alamo Group	14,200	768,078
CB Industrial Product Holding	146,800	200,244
CIRCOR International <sup>3</sup>	15,100	1,164,663
Columbus McKinnon	9,650	261,033
Douglas Dynamics	50,000	881,000
Eastern Company (The)	39,750	613,740
Foster (L.B.) Company <sup>3,4</sup>	59,200	3,203,904
<b>Graham Corporation</b> <sub>--</sub>	100,550	3,500,146
Hurco Companies	57,266	1,614,901
Kadant	27,900	1,072,755
Luxfer Holdings ADR	45,100	854,645
<b>NN</b>	164,300	4,202,794
PMFG <sup>1</sup>	223,245	1,176,501
Sarine Technologies	299,700	617,715
Standex International <sup>3</sup>	18,900	1,407,672
Sun Hydraulics	19,900	807,940
<b>Tennant Company</b> <sup>3,4</sup> <sub>--</sub>	59,000	4,502,880

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26,850,611

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Marine - 0.2%		
Clarkson	21,000	860,748

Professional Services - 2.9%		
Acacia Research	58,800	1,043,700
CBIZ <sup>1</sup>	47,000	424,410
Exponent <sup>3,4</sup> <sub>--</sub>	40,765	3,021,094

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

2014 Semiannual Report to  
Stockholders | 39

# Royce Micro-Cap Trust

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## Schedule of Investments

	SHARES	VALUE
<b>Industrials (continued)</b>		
Professional Services (continued)		
Franklin Covey <sup>1</sup>	70,100	\$ 1,411,113
GP Strategies <sup>1,3</sup>	25,385	656,964
Heidrick & Struggles International	112,468	2,080,658
ICF International <sup>1</sup>	15,700	555,152
Kforce <sup>3</sup>	69,600	1,506,840
Mistras Group <sup>1</sup>	4,100	100,532
Resources Connection	17,200	225,492
RPX Corporation <sup>1</sup>	104,900	1,861,975
		<hr/> 12,887,930 <hr/>
Road & Rail - 1.8%		
Contrans Group Cl. A	35,000	468,722
Marten Transport	5,200	116,220
<b>Patriot Transportation Holding <sup>1</sup></b>	111,681	3,905,485
Universal Truckload Services	134,200	3,403,312
		<hr/> 7,893,739 <hr/>
Trading Companies & Distributors - 1.1%		
Aceto Corporation	72,219	1,310,052
Houston Wire & Cable	162,075	2,011,351
Lawson Products <sup>1</sup>	50,269	818,882
MFC Industrial	70,000	535,500
		<hr/> 4,675,785 <hr/>
Transportation Infrastructure - 0.3%		
Touax	53,197	1,306,069
		<hr/>
<b>Total</b> (Cost \$70,160,166)		<hr/> 111,644,821 <hr/>
<b>Information Technology 19.2%</b>		
Communications Equipment - 1.1%		
Bel Fuse Cl. A	67,705	1,664,189
CalAmp Corporation <sup>1</sup>	28,800	623,808
Ceragon Networks <sup>1</sup>	29,700	75,438
ClearOne <sup>1</sup>	25,000	245,750
Extreme Networks <sup>1</sup>	245,000	1,087,800
KVH Industries <sup>1</sup>	8,900	115,967
Oplink Communications <sup>1</sup>	35,251	598,209
PCTEL	44,100	356,769
Sandvine Corporation <sup>1</sup>	22,700	76,585
Sierra Wireless <sup>1</sup>	4,700	94,799
		<hr/> 4,939,314 <hr/>

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Electronic Equipment, Instruments & Components - 6.4%		
Agilysys <sup>1</sup>	170,587	2,401,865
Deswell Industries	544,371	1,121,404
DTS <sup>1</sup>	73,900	1,360,499
Inficon Holding	3,600	1,173,207
LRAD Corporation <sup>1</sup>	557,256	1,147,947
Maxwell Technologies <sup>1</sup>	17,594	266,197
Mercury Systems <sup>1</sup>	10,900	123,606
<b>Mesa Laboratories</b>	52,589	4,415,373
Newport Corporation <sup>1,3,4</sup>	115,400	2,134,900
Orbotech <sup>1</sup>	73,500	1,115,730
PC Connection	59,000	1,220,120
Perceptron	9,000	114,750
Pulse Electronics <sup>1</sup>	251,793	629,483
<b>Richardson Electronics</b>	330,900	3,464,523
<b>Rogers Corporation</b> <sup>1,3,4</sup>	54,200	3,596,170
TTM Technologies <sup>1,3</sup>	139,400	1,143,080
Vishay Precision Group <sup>1</sup>	154,000	2,534,840

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27,963,694

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Internet Software & Services - 2.8%		
GTT Communications <sup>1</sup>	232,660	2,375,458
Marchex Cl. B	95,000	1,141,900
Mediabistro <sup>1,2</sup>	75,000	48,750
Move <sup>1</sup>	51,700	764,643
QuinStreet <sup>1</sup>	218,600	1,204,486
RealNetworks <sup>1</sup>	225,200	1,718,276
Reis	25,000	527,000
Stamps.com <sup>1</sup>	3,100	104,439
Support.com <sup>1</sup>	631,563	1,711,536
Textura Corporation <sup>1</sup>	101,700	2,404,188
United Online <sup>1</sup>	19,400	201,760

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12,202,436

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IT Services - 2.0%		
Cass Information Systems <sup>3</sup>	29,150	1,442,342
Computer Task Group <sup>3</sup>	140,400	2,310,984
CSE Global	554,700	271,367
eClerx Services	1,100	21,252
ExlService Holdings <sup>1</sup>	2,800	82,460
Forrester Research <sup>3</sup>	61,700	2,337,196
Hackett Group (The)	145,500	868,635
Higher One Holdings <sup>1</sup>	17,500	66,675
Innodata <sup>1</sup>	362,139	1,166,087
Sykes Enterprises <sup>1</sup>	6,300	136,899

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8,703,897

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Semiconductors & Semiconductor Equipment - 4.3%		
Advanced Energy Industries <sup>1,3</sup>	41,200	793,100
Amtech Systems <sup>1</sup>	155,900	1,906,657
Audience <sup>1</sup>	8,700	104,052
Brooks Automation	187,300	2,017,221
CEVA <sup>1</sup>	98,122	1,449,262
Entropic Communications <sup>1</sup>	235,247	783,373
Exar Corporation <sup>1,3,4</sup>	233,208	2,635,250
Integrated Silicon Solution <sup>1</sup>	26,967	398,303
IXYS Corporation	18,800	231,616

SIGNATURES

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Kulicke & Soffa Industries <sup>1</sup>	67,900	968,254
Miraial	22,030	400,130
MoSys <sup>1</sup>	182,275	572,344
Nanometrics <sup>1</sup>	50,800	927,100
PDF Solutions <sup>1</sup>	6,050	128,381
Photronics <sup>1</sup>	145,000	1,247,000
Rubicon Technology <sup>1,3,4</sup>	76,899	672,866
Rudolph Technologies <sup>1,3</sup>	52,500	518,700
Silicon Image <sup>1</sup>	160,600	809,424
Silicon Motion Technology ADR	62,900	1,285,047
Ultra Clean Holdings <sup>1</sup>	68,800	622,640
Xcerra Corporation <sup>1</sup>	22,400	203,840

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18,674,560

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Software - 1.3%		
Actuate Corporation <sup>1</sup>	140,800	671,616

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Stockholders

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL  
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June 30, 2014 (unaudited)

	SHARES	VALUE
<b>Information Technology (continued)</b>		
Software (continued)		
American Software Cl. A	141,496	\$ 1,397,981
BSQUARE Corporation <sup>1</sup>	193,875	620,400
Ellie Mae <sup>1</sup>	10,300	320,639
Envivio <sup>1</sup>	470,000	1,128,000
SeaChange International <sup>1</sup>	224,000	1,794,240
		<hr/> 5,932,876 <hr/>
Technology Hardware, Storage & Peripherals - 1.3%		
Intevac <sup>1</sup>	262,200	2,100,222
Qumu Corporation <sup>1</sup>	202,200	2,828,778
TransAct Technologies	78,600	814,296
		<hr/> 5,743,296 <hr/>
<b>Total (Cost \$69,578,738)</b>		<hr/> 84,160,073 <hr/>
<b>Materials 7.5%</b>		
Chemicals - 2.4%		
Balchem Corporation <sup>3,4</sup>	63,375	3,394,365
Hawkins <sup>3</sup>	29,697	1,102,946
KMG Chemicals	58,300	1,048,234
Landec Corporation <sup>1</sup>	75,610	944,369
<b>Quaker Chemical</b>	52,800	4,054,512
		<hr/> 10,544,426 <hr/>
Construction Materials - 0.7%		
Ash Grove Cement <sup>2</sup>	8,000	1,840,000
Monarch Cement	52,303	1,370,339
		<hr/> 3,210,339 <hr/>
Containers & Packaging - 0.2%		
UFP Technologies <sup>1</sup>	28,617	689,383
		<hr/>
Metals & Mining - 4.2%		
AuRico Gold	91,250	388,725
Central Steel & Wire <sup>2</sup>	788	587,060
Comstock Mining <sup>1</sup>	375,000	626,250
Exeter Resource <sup>1</sup>	196,500	139,515
Geodrill <sup>1</sup>	252,300	193,886
Haynes International <sup>3</sup>	48,801	2,761,649
Hecla Mining	44,518	153,587
Horsehead Holding Corporation <sup>1,3</sup>	53,488	976,691

SIGNATURES



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Imdex <sup>1</sup>	633,900	376,573
MAG Silver <sup>1</sup>	74,750	707,135
Major Drilling Group International	316,000	2,301,036
Materion Corporation	50,000	1,849,500
Midway Gold <sup>1</sup>	345,000	310,500
Olympic Steel	103,100	2,551,725
Pretium Resources <sup>1</sup>	120,000	993,018
RTI International Metals <sup>1,3,4</sup>	25,000	664,750
Universal Stainless & Alloy Products <sup>1</sup>	80,900	2,627,632

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18,209,232

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Paper & Forest Products -  
0.0%

Qunxing Paper Holdings <sup>1,5</sup>	1,500,000	19,354
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**Total** (Cost \$24,371,602) 32,672,734

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**Utilities 0.1%**

Independent Power &  
Renewable Electricity Producer  
- 0.1%

Alterra Power <sup>1</sup>	450,000	147,603
China Hydroelectric ADS <sup>1</sup>	73,100	250,733

**Total** (Cost \$754,614) 398,336

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**Miscellaneous <sup>7</sup> 3.7%**

**Total** (Cost \$16,736,059) 16,280,934

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**TOTAL COMMON STOCKS**

(Cost \$327,948,654) 436,635,437

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**PREFERRED STOCK 0.3%**

**Seneca Foods Conv.** <sup>1,2</sup>

(Cost \$578,719) 45,409 1,441,736

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**REPURCHASE AGREEMENT**

**7.4%**

Fixed Income Clearing  
Corporation,  
0.00% dated 6/30/14, due  
7/1/14,  
maturity value \$32,127,000  
(collateralized  
by obligations of various U.S.  
Government  
Agencies, 0.25% due  
12/2/14-3/31/15, valued at  
\$32,771,594)  
(Cost \$32,127,000)

32,127,000

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SIGNATURES

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**TOTAL INVESTMENTS**

**107.5%**

(Cost \$360,654,373)

470,204,173

**LIABILITIES LESS CASH  
AND OTHER ASSETS**

**(7.5)%**

(32,876,895)

**NET ASSETS 100.0%**

**\$ 437,327,278**

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL  
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2014 Semiannual Report to  
Stockholders | 41

# Royce Micro-Cap Trust

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June 30, 2014  
(unaudited)

## Schedule of Investments

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New additions in 2014.

<sup>1</sup> Non-income producing.

<sup>2</sup> These securities are defined as Level 2 securities due to fair value being based on quoted prices for similar securities. See Notes to Financial Statements.

<sup>3</sup> All or a portion of these securities were pledged as collateral in connection with the revolving credit agreement at June 30, 2014. Total market value of pledged securities at June 30, 2014, was \$89,134,278.

<sup>4</sup> At June 30, 2014, a portion of these securities were rehypothecated in connection with the Fund's revolving credit agreement in the aggregate amount of \$42,934,332.

<sup>5</sup> Securities for which market quotations are not readily available represent 0.1% of net assets. These securities have been valued at their fair value under procedures approved by the Fund's Board of Directors. These securities are defined as Level 3 securities due to the use of significant unobservable inputs in the determination of fair value. See Notes to Financial Statements.

<sup>6</sup> At June 30, 2014, 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>7</sup> Includes securities first acquired in 2014 and less than 1% of net assets.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2014, market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$361,445,882. At June 30, 2014, net unrealized appreciation for all securities was \$108,758,291, consisting of aggregate gross unrealized appreciation of \$130,140,926 and aggregate gross unrealized depreciation of \$21,382,635. The primary difference between book and tax basis cost is the timing of the recognition of losses on securities sold.

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## Royce Micro-Cap Trust

June 30, 2014 (unaudited)

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

Investments at value	
Non-Affiliated Companies (cost \$326,761,578)	\$ 431,991,631
Affiliated Companies (cost \$1,765,795)	6,085,542

Total investments at value	438,077,173
Repurchase agreements (at cost and value)	32,127,000
Receivable for investments sold	16,290,734
Receivable for dividends and interest	249,184
Prepaid expenses and other assets	27,576

Total Assets	486,771,667
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**LIABILITIES:**

Revolving credit agreement	45,000,000
Payable to custodian for cash overdrawn and foreign currency	3,431,466
Payable for investments purchased	581,062
Payable for investment advisory fee	340,654
Payable for interest expense	5,923
Accrued expenses	85,284

Total Liabilities	49,444,389
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Net Assets	\$ 437,327,278
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**ANALYSIS OF NET ASSETS:**

Paid-in capital - \$0.001 par value per share; 31,187,368 shares outstanding (150,000,000 shares authorized)	\$ 258,787,536
Undistributed net investment income (loss)	(940,300)
Accumulated net realized gain (loss) on investments and foreign currency	84,411,789
Net unrealized appreciation (depreciation) on investments and foreign currency	109,551,923
Quarterly distributions	(14,483,670)

Net Assets (net asset value per share - \$14.02)	\$ 437,327,278
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Investments at identified cost	\$ 328,527,373
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**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

2014 Semiannual Report to  
Stockholders | 43

## Royce Micro-Cap Trust

Six Months Ended June 30, 2014 (unaudited)

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

Income:	
Dividends	\$ 2,118,459
Foreign withholding tax	(54,289)
Rehypotheccation income	71,576

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Total income	2,135,746
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Expenses:	
Investment advisory fees	1,966,064
Interest expense	267,440
Stockholder reports	62,763
Custody and transfer agent fees	52,470
Directors fees	41,116
Professional fees	24,022
Administrative and office facilities	21,381
Other expenses	28,494

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Total expenses	2,463,750
Compensating balance credits	(31)

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Net expenses	2,463,719
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Net investment income (loss)	(327,973)
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**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:**

Net realized gain (loss):	
Investments in Non-Affiliated Companies	61,203,329
Investments in Affiliated Companies	17,045
Foreign currency transactions	(13,573)
Net change in unrealized appreciation (depreciation):	
Investments and foreign currency translations	(48,527,434)
Other assets and liabilities denominated in foreign currency	(1,678)

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Net realized and unrealized gain (loss) on investments and foreign currency	12,677,689
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<b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b>	<b>\$ 12,349,716</b>
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StockholdersTHE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL  
STATEMENTS.

## Royce Micro-Cap Trust

### Statement of Changes in Net Assets

	Six months ended 6/30/14 (unaudited)	Year ended 12/31/13
<b>INVESTMENT OPERATIONS:</b>		
Net investment income (loss)	\$ (327,973)	\$ 290,965
Net realized gain (loss) on investments and foreign currency	61,206,801	56,051,091
Net change in unrealized appreciation (depreciation) on investments and foreign currency	(48,529,112)	80,679,878
Net increase (decrease) in net assets from investment operations	12,349,716	137,021,934
<b>DISTRIBUTIONS:</b>		
Net investment income		(933,371)
Net realized gain on investments and foreign currency		(39,825,192)
Quarterly distributions <sup>1</sup>	(14,483,670)	
Total distributions	(14,483,670)	(40,758,563)
<b>CAPITAL STOCK TRANSACTIONS:</b>		
Reinvestment of distributions	6,340,052	18,312,849
Total capital stock transactions	6,340,052	18,312,849
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>4,206,098</b>	<b>114,576,220</b>
<b>NET ASSETS:</b>		
Beginning of period	433,121,180	318,544,960
End of period (including undistributed net investment income (loss) of \$(940,300) at 6/30/14 and \$(612,327) at 12/31/13)	\$437,327,278	\$433,121,180

<sup>1</sup> 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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Stockholders | 45

## Royce Micro-Cap Trust

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### Statement of Cash Flows

#### CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase (decrease) in net assets from investment operations	\$ 12,349,717
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by operating activities:	
Purchases of long-term investments	(89,209,122)
Proceeds from sales and maturities of long-term investments	109,613,432
Net purchases, sales and maturities of short-term investments	(15,726,000)
Net (increase) decrease in dividends and interest receivable and other assets	347,471
Net increase (decrease) in interest expense payable, accrued expenses and other liabilities	7,171
Net change in unrealized appreciation (depreciation) on investments	48,527,434
Net realized gain on investments and foreign currency	(61,206,801)

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Cash provided by operating activities	4,703,302
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#### CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions	(14,483,670)
Reinvestment of distributions	6,340,052

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Cash used for financing activities	(8,143,618)
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<b>INCREASE (DECREASE) IN CASH:</b>	<b>(3,440,316)</b>
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Cash and foreign currency at beginning of period	8,850
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Cash and foreign currency at end of period	\$ (3,431,466)
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## 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 ended	Years ended December 31,				
	June 30, 2014 (unaudited)	2013	2012	2011	2010	2009
<b>NET ASSET VALUE, BEGINNING OF PERIOD</b>	\$ 14.12	\$ 10.93	\$ 9.86	\$ 11.34	\$ 8.90	\$ 6.39
<b>INVESTMENT OPERATIONS:</b>						
Net investment income (loss)	(0.01)	0.01	0.15	0.04	0.08	0.00
Net realized and unrealized gain (loss) on investments and foreign currency	0.41	4.64	1.58	(0.82)	2.58	2.88
Total investment operations	0.40	4.65	1.73	(0.78)	2.66	2.88
<b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>						
Net investment income			(0.02)	(0.02)	(0.10)	(0.04)
Net realized gain on investments and foreign currency			(0.09)	(0.11)	(0.03)	
Return of capital						(0.09)
Total distributions to Preferred Stockholders			(0.11)	(0.13)	(0.13)	(0.13)
<b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b>	0.40	4.65	1.62	(0.91)	2.53	2.75
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>						
Net investment income		(0.03)	(0.08)	(0.05)	(0.06)	
Net realized gain on investments and foreign currency		(1.35)	(0.43)	(0.24)	(0.02)	



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Return of capital				(0.24)		(0.22)
Quarterly distributions <sup>1</sup>	(0.47)					
<hr/>						
Total distributions to Common Stockholders	(0.47)	(1.38)	(0.51)	(0.53)	(0.08)	(0.22)
<hr/>						
<b>CAPITAL STOCK TRANSACTIONS:</b>						
Effect of reinvestment of distributions by Common Stockholders	(0.03)	(0.08)	(0.04)	(0.04)	(0.01)	(0.02)
<hr/>						
Total capital stock transactions	(0.03)	(0.08)	(0.04)	(0.04)	(0.01)	(0.02)
<hr/>						
<b>NET ASSET VALUE, END OF PERIOD</b>	\$ 14.02	\$ 14.12	\$ 10.93	\$ 9.86	\$ 11.34	\$ 8.90
<hr/>						
<b>MARKET VALUE, END OF PERIOD</b>	\$ 12.62	\$ 12.61	\$ 9.45	\$ 8.77	\$ 9.80	\$ 7.37
<hr/>						
<b>TOTAL RETURN: <sup>2</sup></b>						
Market Value	3.87% <sup>3</sup>	49.42%	13.95%	(4.99)%	34.10%	37.91%
Net Asset Value	3.06% <sup>3</sup>	44.66%	17.23%	(7.69)%	28.50%	46.47%
<b>RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:</b>						
Investment advisory fee expense <sup>4</sup>	0.93% <sup>5</sup>	0.82%	1.12%	0.97%	0.97%	1.38%
Other operating expenses	0.24% <sup>5</sup>	0.29%	0.18%	0.15%	0.15%	0.21%
Total expenses (net) <sup>6</sup>	1.17% <sup>5</sup>	1.11%	1.30%	1.12%	1.12%	1.59%
Expenses net of fee waivers and excluding interest expense	1.04% <sup>5</sup>	0.96%	1.27%	1.12%	1.12%	1.59%
Expenses prior to fee waivers and balance credits	1.17% <sup>5</sup>	1.11%	1.32%	1.15%	1.17%	1.74%
Expenses prior to fee waivers	1.17% <sup>5</sup>	1.11%	1.32%	1.15%	1.17%	1.74%
Net investment income (loss)	(0.16)% <sup>5</sup>	0.08%	1.46%	0.40%	0.84%	0.02%
<b>SUPPLEMENTAL DATA:</b>						
Net Assets Applicable to Common Stockholders, End of Period (in thousands)	\$ 437,327	\$ 433,121	\$ 318,545	\$ 279,292	\$ 311,279	\$ 243,156
Liquidation Value of Preferred Stock, End of Period (in thousands)				\$ 60,000	\$ 60,000	\$ 60,000
Portfolio Turnover Rate	20%	29%	28%	30%	27%	30%
<b>PREFERRED STOCK:</b>						
Total shares outstanding				2,400,000	2,400,000	2,400,000
Asset coverage per share				\$ 141.37	\$ 154.70	\$ 126.32
Liquidation preference per share				\$ 25.00	\$ 25.00	\$ 25.00
Average month-end market value per share				\$ 25.41	\$ 25.11	\$ 23.47

**REVOLVING CREDIT  
AGREEMENT:**

Asset coverage	1072%	1062%	808%
Asset coverage per \$1,000	\$ 10,718	\$ 10,625	\$ 8,079

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<sup>1</sup> To be allocated to net investment income, net realized gains and/or return of capital at year end.

<sup>2</sup> 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. 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.

<sup>3</sup> Not annualized

<sup>4</sup> 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.

<sup>5</sup> Annualized

<sup>6</sup> Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.10%, 0.93%, 0.91%, and 1.21% for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.

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

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## Royce Micro-Cap Trust

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### Notes to Financial Statements (unaudited)

#### Summary of Significant Accounting Policies:

Royce Micro-Cap Trust, Inc. (the Fund), is a diversified closed-end investment company that was incorporated under the laws of the State of Maryland on September 9, 1993. 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.

#### 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 highest 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 in accordance with the provisions of the 1940 Act, under procedures approved by the Fund's Board of Directors, and are reported as Level 3 securities. As a general principle, the fair value of a security is the amount which the Fund might reasonably expect to receive for the security upon its current sale. However, in light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security will be the amount which the Fund might be able to receive upon its current sale. 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). The table below includes all Level 2 securities. Level 2 securities with values based on quoted prices for similar securities are noted in the Schedule of Investments.

Level 3 significant unobservable inputs (including last trade price before trading was suspended, or at a discount thereto for lack of marketability or otherwise, market price information regarding other securities, information received from the company and/or published documents, including SEC filings and financial statements, or other publicly available information).

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, 2014. For a detailed breakout of common stocks by sector classification, please refer to the Schedule of Investments.

	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 427,561,041	\$ 8,748,683	\$ 325,713	\$ 436,635,437
Preferred Stocks		1,441,736		1,441,736
Cash Equivalents		32,127,000		32,127,000

For the six months ended June 30, 2014, certain securities have transferred in and out of Level 1 and Level 2 measurements as a result of the fair value pricing procedures for international equities. The Fund recognizes transfers between levels as of the end of the reporting period. At June 30, 2014, securities valued at \$50,150 were transferred from Level 1 to Level 2 within the fair value hierarchy.

Level 3 Reconciliation:

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	<b>Balance as of 12/31/13</b>	<b>Unrealized Gain (Loss)<sup>1</sup></b>	<b>Balance as of 6/30/14</b>
Common Stocks	\$139,469	\$186,244	\$325,713

<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.

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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.

#### 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:

The Fund pays quarterly distributions on the Fund's Common Stock at the annual rate of 7% 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 1.75% of the rolling average or the distribution required by IRS regulations. The Board of Directors approved an increase in the annual rate of distributions under its managed distribution policy for Common Stockholders from 5% to 7%, effective for 2014. Prior to November 15, 2012, distributions to Preferred Stockholders were accrued daily and paid quarterly. Distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income were first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income were allocated to both Preferred and Common Stockholders, the tax character of such allocations was 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 & 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.

**Capital Stock:**

The Fund issued 507,523 and 1,542,544 shares of Common Stock as reinvestment of distributions for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

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## Royce Micro-Cap Trust

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

#### Borrowings:

The Fund has entered into a \$45,000,000 revolving credit agreement (the credit agreement) with BNP Paribas Prime Brokerage Inc. (BNPP). The Fund pays a commitment fee of 0.50% per annum on the unused portion of the credit agreement. The credit agreement has a 360-day rolling term that resets daily; however, if the Fund exceeds certain net asset value triggers, the credit agreement may convert to a 60-day rolling term that resets daily. The Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding and has granted a security interest in the securities pledged to, and in favor of, BNPP as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the credit agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the credit agreement necessitating the sale of portfolio securities at potentially inopportune times. The credit agreement also permits, subject to certain conditions, BNPP to rehypothecate portfolio securities pledged by the Fund up to the amount of the loan balance outstanding. The Fund continues to receive payments in lieu of dividends and interest on rehypothecated securities. The Fund also has the right under the credit agreement to recall the rehypothecated securities from BNPP on demand. If BNPP fails to deliver the recalled security in a timely manner, the Fund will be compensated by BNPP for any fees or losses related to the failed delivery or, in the event a recalled security will not be returned by BNPP, the Fund, upon notice to BNPP, may reduce the loan balance outstanding by the amount of the recalled security failed to be returned. The Fund will receive a portion of the fees earned by BNPP in connection with the rehypothecation of portfolio securities.

As of June 30, 2014, the Fund has outstanding borrowings of \$45,000,000. During the six months ended June 30, 2014, the Fund borrowed an average daily balance of \$45,000,000 at a weighted average borrowing cost of 1.18%. As of June 30, 2014, the aggregate value of rehypothecated securities was \$42,934,332. During the six months ended June 30, 2014, the Fund earned \$71,576 in fees from rehypothecated securities.

#### 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 outstanding 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.

For the six rolling 36-month periods ended June 2014, the Fund's investment performance ranged from 1% to 5% above the investment performance of the Russell 2000. Accordingly, the net investment advisory fee consisted of a Basic Fee of \$1,842,731 and a net upward adjustment of \$123,333 for the performance of the Fund relative to that of the Russell 2000. For the six months ended June 30, 2014, the Fund accrued and paid Royce investment advisory fees totaling \$1,966,064.

#### Purchases and Sales of Investment Securities:

For the six months ended June 30, 2014, the costs of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to \$88,922,632 and \$112,482,092, 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, 2014:

Affiliated Company	Shares 12/31/13	Market Value 12/31/13	Cost of Purchases	Cost of Sales	Realized Gain (Loss)	Dividend Income	Shares 6/30/14	Market Value 6/30/14
Integrated Electrical Services	934,200	\$5,035,338		\$6,825	\$17,045		930,511	\$6,085,542

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\$5,035,338

\$17,045

\$6,085,542

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Royce Focus  
Trust

June 30, 2014  
(unaudited)

**Schedule of  
Investments**

	SHARES	VALUE
<b>COMMON STOCKS</b> 97.1%		
<b>Consumer Discretionary</b> 8.1%		
Automobiles - 2.8%		
<b>Thor Industries</b>	105,000	\$ 5,971,350
Household Durables - 1.1%		
Garmin	40,000	2,436,000
Specialty Retail - 4.2%		
Buckle (The)	100,000	4,436,000
<b>GameStop Corporation Cl. A</b>	110,000	4,451,700
		8,887,700
<b>Total</b> (Cost \$11,660,238)		17,295,050
<b>Consumer Staples</b> 6.6%		
Food Products - 4.7%		
Cal-Maine Foods	40,000	2,972,800
<b>Industrias Bachoco ADR</b>	85,000	4,570,450
Sanderson Farms	25,000	2,430,000
		9,973,250
Personal Products - 1.9%		
Nu Skin Enterprises Cl. A	55,000	4,067,800
<b>Total</b> (Cost \$8,206,663)		14,041,050
<b>Energy</b> 13.4%		
Energy Equipment & Services - 10.6%		
<b>Helmerich &amp; Payne</b>	40,000	4,644,400
Pason Systems	150,000	4,217,235
<b>TGS-NOPEC Geophysical</b>	160,000	5,115,221
<b>Trican Well Service</b>	320,000	5,167,143
Unit Corporation <sup>1</sup>	50,000	3,441,500
		22,585,499
Oil, Gas & Consumable Fuels - 2.8%		
<b>Exxon Mobil</b>	60,000	6,040,800

SIGNATURES

<b>Total</b> (Cost \$18,595,226)		28,626,299
<b>Financials 16.5%</b>		
Capital Markets - 10.9%		
<b>Ashmore Group</b>	800,000	5,065,743
Federated Investors Cl. B	95,000	2,937,400
<b>Franklin Resources</b>	130,000	7,519,200
<b>Sprott</b>	1,750,000	4,969,308
Value Partners Group	4,000,000	2,678,572
		23,170,223
Diversified Financial Services - 3.0%		
<b>Berkshire Hathaway Cl. B</b> <sup>1</sup>	50,000	6,328,000
Real Estate Management & Development - 2.6%		
<b>Kennedy-Wilson Holdings</b>	210,000	5,632,200
<b>Total</b> (Cost \$24,450,949)		35,130,423
<b>Health Care 5.7%</b>		
Biotechnology - 4.4%		
<b>Myriad Genetics</b> <sup>1,2</sup>	240,000	9,340,800
Pharmaceuticals - 1.3%		
Medicines Company (The) <sup>1</sup>	100,000	2,906,000
<b>Total</b> (Cost \$8,982,808)		12,246,800
<b>Industrials 7.8%</b>		
Construction & Engineering - 1.2%		
Jacobs Engineering Group <sup>1</sup>	50,000	2,664,000
Machinery - 4.2%		
AGCO Corporation	40,000	2,248,800
Lincoln Electric Holdings	25,000	1,747,000
<b>Semperit AG Holding</b>	80,000	4,902,095
		8,897,895
Marine - 0.9%		
Clarkson	50,000	2,049,401
Road & Rail - 1.5%		
Patriot Transportation Holding <sup>1</sup>	90,000	3,147,300
<b>Total</b> (Cost \$12,470,682)		16,758,596

**Information Technology****18.4%**

Semiconductors &amp; Semiconductor

Equipment - 4.9%

<b>Cirrus Logic</b> <sup>1</sup>	270,000	6,139,800
MKS Instruments	140,000	4,373,600

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10,513,400

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Software - 2.4%

<b>Microsoft Corporation</b>	120,000	5,004,000
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Technology Hardware, Storage &  
Peripherals - 11.1%

<b>Apple</b>	84,000	7,806,120
<b>SanDisk Corporation</b>	60,000	6,265,800
<b>Western Digital</b>	105,000	9,691,500

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23,763,420

<b>Total</b> (Cost \$24,052,153)		39,280,820
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**Materials 20.6%**

Chemicals - 4.1%

<b>Mosaic Company (The)</b>	90,000	4,450,500
Westlake Chemical	50,000	4,188,000

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8,638,500

Metals &amp; Mining - 15.5%

Alamos Gold	160,000	1,617,919
Franco-Nevada Corporation	60,000	3,440,400
Fresnillo	200,000	2,984,681
Globe Specialty Metals	200,000	4,156,000
Hochschild Mining <sup>1</sup>	400,000	1,093,584
Major Drilling Group International	250,000	1,820,440
Pan American Silver	220,000	3,377,000
Pretium Resources <sup>1</sup>	200,000	1,655,030
Randgold Resources ADR	50,000	4,230,000
Reliance Steel & Aluminum	60,000	4,422,600
Schnitzer Steel Industries Cl. A	75,000	1,955,250
Seabridge Gold <sup>1</sup>	250,000	2,345,000

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33,097,904

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

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Royce Focus  
Trust

June 30, 2014  
(unaudited)

**Schedule of  
Investments**

	SHARES	VALUE
<b>Materials (continued)</b>		
Paper & Forest Products - 1.0% Stella-Jones	80,000	\$ 2,196,710
<b>Total</b> (Cost \$39,961,072)		<u>43,933,114</u>
<b>TOTAL COMMON STOCKS</b> (Cost \$148,379,791)		<u>207,312,152</u>
<b>REPURCHASE AGREEMENT</b>		
<b>3.3%</b>		
Fixed Income Clearing Corporation, 0.00% dated 6/30/14, due 7/1/14, maturity value \$7,026,000 (collateralized by obligations of various U.S. Government Agencies, 1.625% due 4/30/19, valued at \$7,170,675) (Cost \$7,026,000)		
		<u>7,026,000</u>
<b>COLLATERAL RECEIVED FOR SECURITIES LOANED 4.4%</b>		
Money Market Funds Federated Government Obligations Fund (7 day yield-0.0099%) (Cost \$9,442,175)		
		<u>9,442,175</u>
<b>TOTAL INVESTMENTS</b> <b>104.8%</b> (Cost \$164,847,966)		223,780,327
<b>LIABILITIES LESS CASH AND OTHER ASSETS (4.8)%</b>		<u>(10,292,155)</u>
<b>NET ASSETS 100.0%</b>		<u>\$ 213,488,172</u>

New additions in 2014. <sup>1</sup>Non-income producing.

2

All or a portion of these securities were on loan at June 30, 2014. Total market value of loaned securities at June 30, 2014, was \$9,245,018.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2014, market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$164,847,966. At June 30, 2014, net unrealized appreciation for all securities was \$58,932,361, consisting of aggregate gross unrealized appreciation of \$65,235,468 and aggregate gross unrealized depreciation of \$6,303,107.

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## Royce Focus Trust

June 30, 2014 (unaudited)

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

Total investments at value (including collateral on loaned securities)	\$ 216,754,327
Repurchase agreements (at cost and value)	7,026,000
Cash and foreign currency	683
Receivable for investments sold	871,903
Receivable for dividends and interest	197,209
Prepaid expenses and other assets	18,227

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Total Assets	224,868,349
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**LIABILITIES:**

Payable for collateral on loaned securities	9,442,175
Payable for investments purchased	1,699,758
Payable for investment advisory fee	172,007
Accrued expenses	66,237

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Total Liabilities	11,380,177
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Net Assets	\$ 213,488,172
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**ANALYSIS OF NET ASSETS:**

Paid-in capital - \$0.001 par value per share; 22,357,291 shares outstanding (150,000,000 shares authorized)	\$ 144,755,992
Undistributed net investment income (loss)	1,059,426
Accumulated net realized gain (loss) on investments and foreign currency	13,168,934
Net unrealized appreciation (depreciation) on investments and foreign currency	58,931,054
Quarterly distributions	(4,427,234)

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Net Assets (net asset value per share - \$9.55)	\$ 213,488,172
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Investments at identified cost (including \$9,442,175 of collateral on loaned securities)	\$ 157,821,966
Market value of loaned securities	9,245,018

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

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## Royce Focus Trust

Six Months Ended June 30, 2014 (unaudited)

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

Income:	
Dividends	\$ 2,044,849
Foreign withholding tax	(121,335)
Securities lending	237,059

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Total income	2,160,573
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Expenses:	
Investment advisory fees	983,312
Stockholder reports	38,447
Custody and transfer agent fees	30,821
Directors fees	26,391
Professional fees	19,308
Administrative and office facilities	9,836
Other expenses	16,440

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Total expenses	1,124,555
Compensating balance credits	(18)

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Net expenses	1,124,537
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Net investment income (loss)	1,036,036
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**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:**

Net realized gain (loss):	
Investments	10,831,539
Foreign currency transactions	(15,534)
Net change in unrealized appreciation (depreciation):	
Investments and foreign currency translations	12,175,928
Other assets and liabilities denominated in foreign currency	(2,458)

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Net realized and unrealized gain (loss) on investments and foreign currency	22,989,475
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<b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b>	<b>\$ 24,025,511</b>
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## Royce Focus Trust

### Statement of Changes in Net Assets

	Six months ended 6/30/14 (unaudited)	Year ended 12/31/13
<b>INVESTMENT OPERATIONS:</b>		
Net investment income (loss)	\$ 1,036,036	\$ 1,106,843
Net realized gain (loss) on investments and foreign currency	10,816,005	8,575,534
Net change in unrealized appreciation (depreciation) on investments and foreign currency	12,173,470	21,821,027
Net increase (decrease) in net assets from investment operations	24,025,511	31,503,404
<b>DISTRIBUTIONS:</b>		
Net investment income		(993,984)
Net realized gain on investments and foreign currency		(7,656,872)
Quarterly distributions <sup>1</sup>	(4,427,234)	
Total distributions	(4,427,234)	(8,650,856)
<b>CAPITAL STOCK TRANSACTIONS:</b>		
Reinvestment of distributions	2,454,269	4,994,934
Total capital stock transactions	2,454,269	4,994,934
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>22,052,546</b>	<b>27,847,482</b>
<b>NET ASSETS:</b>		
Beginning of period	191,435,626	163,588,144
End of period (including undistributed net investment income (loss) of \$1,059,426 at 6/30/14 and \$23,390 at 12/31/13)	\$ 213,488,172	\$ 191,435,626

<sup>1</sup> 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 ended June 30, 2014 (unaudited)	Years ended December 31,				
		2013	2012	2011	2010	2009
<b>NET ASSET VALUE, BEGINNING OF PERIOD</b>	\$ 8.68	\$ 7.66	\$ 7.36	\$ 8.72	\$ 7.16	\$ 4.76
<b>INVESTMENT OPERATIONS:</b>						
Net investment income (loss)	0.05	0.05	0.06	0.02	(0.01)	0.03
Net realized and unrealized gain (loss) on investments and foreign currency	1.03	1.40	0.81	(0.86)	1.65	2.54
Total investment operations	1.08	1.45	0.87	(0.84)	1.64	2.57
<b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:</b>						
Net investment income			(0.01)		(0.05)	(0.08)
Net realized gain on investments and foreign currency			(0.06)	(0.07)	(0.03)	
Total distributions to Preferred Stockholders			(0.07)	(0.07)	(0.08)	(0.08)
<b>NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS</b>	1.08	1.45	0.80	(0.91)	1.56	2.49
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>						
Net investment income		(0.05)	(0.04)			(0.00)
Net realized gain on investments and foreign currency		(0.35)	(0.42)	(0.29)		(0.09)
Return of capital				(0.12)		(0.09)
Quarterly distributions <sup>1</sup>	(0.20)					
	(0.20)	(0.40)	(0.46)	(0.41)		(0.09)

Total distributions to  
Common Stockholders

**CAPITAL STOCK  
TRANSACTIONS:**

Effect of reinvestment of  
distributions by Common  
Stockholders

(0.01) (0.03) (0.04) (0.04) (0.00)

Total capital stock  
transactions

(0.01) (0.03) (0.04) (0.04) (0.00)

**NET ASSET VALUE,  
END OF PERIOD**

\$ 9.55 \$ 8.68 \$ 7.66 \$ 7.36 \$ 8.72 \$ 7.16

**MARKET VALUE, END  
OF PERIOD**

\$ 8.55 \$ 7.62 \$ 6.60 \$ 6.30 \$ 7.57 \$ 6.33

**TOTAL RETURN:<sup>2</sup>**

Market Value 14.97%<sup>3</sup> 21.99% 12.14% (11.75)% 19.59% 40.84%  
Net Asset Value 12.74%<sup>3</sup> 19.73% 11.42% (10.51)% 21.79% 53.95%

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

Investment advisory fee  
expense 1.00%<sup>4</sup> 1.00% 1.14% 1.15% 1.17% 1.16%  
Other operating expenses 0.14%<sup>4</sup> 0.17% 0.19% 0.18% 0.20% 0.26%  
Total expenses (net)<sup>5</sup> 1.14%<sup>4</sup> 1.17% 1.33% 1.33% 1.37% 1.42%  
Expenses prior to fee  
waivers and balance  
credits 1.14%<sup>4</sup> 1.17% 1.33% 1.33% 1.37% 1.48%  
Expenses prior to fee  
waivers 1.14%<sup>4</sup> 1.17% 1.33% 1.33% 1.37% 1.48%  
Net investment income  
(loss) 1.05%<sup>4</sup> 0.63% 0.74% 0.27% (0.15)% 0.49%

**SUPPLEMENTAL DATA:**

Net Assets Applicable to  
Common Stockholders,  
End of Period (in  
thousands) \$ 213,488 \$ 191,436 \$ 163,588 \$ 150,856 \$ 172,291 \$ 141,497

Liquidation Value of  
Preferred Stock,  
End of Period (in  
thousands) \$ 25,000 \$ 25,000 \$ 25,000

Portfolio Turnover Rate 13% 23% 16% 33% 36% 46%

**PREFERRED STOCK:**

Total shares outstanding 1,000,000 1,000,000 1,000,000  
Asset coverage per share \$ 175.86 \$ 197.29 \$ 166.48  
Liquidation preference per  
share \$ 25.00 \$ 25.00 \$ 25.00  
Average month-end  
market value per share \$ 25.65 \$ 25.38 \$ 23.56

<sup>1</sup> To be allocated to net investment income, net realized gains and/or return of capital at year end.

<sup>2</sup> 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. 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

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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.

<sup>3</sup> Not annualized

<sup>4</sup> Annualized

<sup>5</sup> Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.17%, 1.16%, 1.17%, and 1.16% for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.

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Stockholders

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

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## Royce Focus Trust

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### 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.

At June 30, 2014, officers, employees of Royce, Fund directors, the Royce retirement plans and other affiliates owned 30% 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 highest 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 in accordance with the provisions of the 1940 Act, under procedures approved by the Fund's Board of Directors, and are reported as Level 3 securities. As a general principle, the fair value of a security is the amount which the Fund might reasonably expect to receive for the security upon its current sale. However, in light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security will be the amount which the Fund might be able to receive upon its current sale. 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). The table below includes all Level 2 securities. Any Level 2 securities with values based on quoted prices for similar securities would be noted in the Schedule of Investments.

Level 3 significant unobservable inputs (including last trade price before trading was suspended, or at a discount thereto for lack of marketability or otherwise, market price information regarding other securities, information received from the company and/or published documents, including SEC filings and financial statements, or other publicly available information).

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, 2014. For a detailed breakout of common stocks by sector classification, please refer to the Schedule of Investments.

	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 207,312,152	\$	\$	\$207,312,152
Cash Equivalents	9,442,175	7,026,000		16,468,175

#### 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.

## Royce Focus Trust

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

#### 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 through a lending agent 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. The Fund's securities lending income consists of the income earned on investing cash collateral, plus any premium payments received for lending certain securities, less any rebates paid to borrowers and lending agent fees associated with the loan. The lending agent is not affiliated with Royce. The following table presents by financial instrument, the Fund's assets and liabilities net of related collateral held by the Fund at June 30, 2014:

	<b>Gross Amount of Assets and Liabilities in the Statements of Assets and Liabilities <sup>1</sup></b>	<b>Collateral Received and Pledged</b>	<b>Net Amount</b>
Securities on Loan/Collateral on Loaned Securities	\$9,442,175	\$(9,442,175)	\$

<sup>1</sup> Absent an event of default, assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

#### 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:

The Fund pays 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. Prior to November 15, 2012, distributions to Preferred Stockholders were accrued daily and paid quarterly. Distributions to Common Stockholders are recorded on ex-dividend date. Distributable capital gains and/or net investment income were first allocated to Preferred Stockholder distributions, with any excess allocable to Common Stockholders. If capital gains and/or net investment income were allocated to both Preferred and Common Stockholders, the tax character of such allocations was 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.

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## Royce Focus Trust

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

#### **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 301,396 and 691,786 shares of Common Stock as reinvestment of distributions for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

#### **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. For the six months ended June 30, 2014, the Fund accrued and paid Royce investment advisory fees totaling \$983,312.

#### **Purchases and Sales of Investment Securities:**

For the six months ended June 30, 2014, the costs of purchases and proceeds from sales of investment securities, other than short-term securities and collateral received for securities loaned, amounted to \$25,288,592 and \$28,242,893, respectively.

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## Royce Global Value Trust

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### Schedule of Investments

	SHARES	VALUE
<b>COMMON STOCKS</b> 99.9%		
<b>Argentina 0.9%</b>		
BBVA Banco Frances ADR <sup>1</sup>	87,700	\$ 1,020,828
<b>Total</b> (Cost \$562,740)		<u>1,020,828</u>
<b>Australia 1.0%</b>		
Collection House	135,000	239,321
Imdex <sup>1</sup>	940,000	558,415
Programmed Maintenance Services	72,400	191,837
TFS Corporation	85,000	132,249
<b>Total</b> (Cost \$1,346,177)		<u>1,121,822</u>
<b>Austria 2.6%</b>		
Mayr-Melnhof Karton	12,300	1,465,457
Semperit AG Holding	23,000	1,409,352
<b>Total</b> (Cost \$2,482,276)		<u>2,874,809</u>
<b>Belgium 1.3%</b>		
EVS Broadcast Equipment	1,800	89,421
RHJ International <sup>1</sup>	145,000	706,237
Van de Velde	10,936	581,766
<b>Total</b> (Cost \$3,168,215)		<u>1,377,424</u>
<b>Bermuda 1.6%</b>		
Lazard Cl. A	30,600	1,577,736
Northern Offshore	100,000	167,921
<b>Total</b> (Cost \$1,424,333)		<u>1,745,657</u>
<b>Brazil 4.1%</b>		
Brasil Brokers Participacoes	292,500	464,664
Brasil Insurance Participacoes e Administracao	17,000	82,711
CETIP - Mercados Organizados	107,000	1,523,037
LPS Brasil Consultoria de Imoveis	179,000	810,138
Totvs	63,000	1,083,503
Valid Solucoes	25,000	433,130

SIGNATURES

<b>Total</b> (Cost \$4,454,031)		4,397,183
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**Canada 8.0%**

Agnico Eagle Mines	20,000	766,000
AirBoss of America	16,200	139,523
Alamos Gold	38,000	384,256
COM DEV International	24,200	96,841
Contrans Group Cl. A	15,000	200,881
E-L Financial	900	591,256
Franco-Nevada Corporation	16,000	917,440
Magellan Aerospace	41,000	452,631
<b>Major Drilling Group</b>		
<b>International</b>	196,500	1,430,865
Pan American Silver	79,600	1,221,860
Ritchie Bros. Auctioneers	50,500	1,244,825
Sprott	430,600	1,222,734

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<b>Total</b> (Cost \$9,513,317)		8,669,112
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**China 2.8%**

ANTA Sports Products	245,000	387,554
China XD Plastics <sup>1,2</sup>	75,000	629,250
Daphne International Holdings <sup>2</sup>	3,154,900	1,237,471
Noah Holdings ADR <sup>1,2</sup>	38,300	541,562
Pacific Online	240,000	132,535
Xtep International Holdings	213,000	89,868

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<b>Total</b> (Cost \$4,439,111)		3,018,240
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**Cyprus 0.4%**

Globaltrans Investment GDR	42,000	480,900
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<b>Total</b> (Cost \$480,518)		480,900
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**Denmark 0.6%**

Chr Hansen	15,000	631,698
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<b>Total</b> (Cost \$548,781)		631,698
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**Finland 1.1%**

Vaisala Cl. A	35,000	1,147,816
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<b>Total</b> (Cost \$1,414,277)		1,147,816
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**France 7.3%**

<b>Gaztransport Et Technigaz</b>	22,300	1,453,790
Manutan International	12,700	812,640
Neurones	6,200	123,779
Nexity	23,000	1,055,518
Paris Orleans	36,155	851,521
Prodware <sup>1</sup>	4,900	58,575
<b>Stallergenes</b>	19,700	1,518,435
<b>Vetoquinol</b>	27,200	1,347,523

SIGNATURES

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Virbac	3,000	693,003
<b>Total</b> (Cost \$7,586,178)		<u>7,914,784</u>

**Germany 2.0%**

Aixtron ADR <sup>1</sup>	53,300	774,982
LPKF Laser & Electronics	46,800	966,375
Nemetschek	2,300	222,064
RIB Software	8,500	153,054
<b>Total</b> (Cost \$2,621,251)		<u>2,116,475</u>

**Greece 0.5%**

Hellenic Exchanges - Athens Stock Exchange	48,000	545,529
<b>Total</b> (Cost \$504,904)		<u>545,529</u>

**Hong Kong 10.3%**

China Metal International Holdings	430,000	159,785
Comba Telecom Systems Holdings <sup>1</sup>	280,000	89,595
First Pacific	10,000	11,251
Giordano International	226,000	133,260

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

June 30, 2014 (unaudited)

	SHARES	VALUE
<b>Hong Kong (continued)</b>		
Goldlion Holdings	375,000	\$ 151,928
Great Eagle Holdings	43,000	155,902
J.T	500,000	175,475
Le Saunda Holdings	234,000	117,447
Luk Fook Holdings (International)	120,100	351,759
Lung Kee (Bermuda) Holdings	250,000	89,673
<b>Midland Holdings</b> <sup>1,2</sup>	3,069,000	1,544,320
<b>New World Department Store</b>		
<b>China</b>	3,159,700	1,271,968
Oriental Watch Holdings	2,223,000	522,019
<b>Pico Far East Holdings</b>	6,399,400	1,486,235
Regent Manner International Holdings	5,311,000	1,158,081
Sitoy Group Holdings	170,000	103,311
<b>Television Broadcasts</b>	246,000	1,596,537
Texwinca Holdings	1,052,000	1,042,444
Value Partners Group	1,546,700	1,035,737
<b>Total</b> (Cost \$12,949,125)		<u>11,196,727</u>
<b>Indonesia 1.5%</b>		
Selamat Sempurna	2,562,000	960,615
Supra Boga Lestari	12,541,000	634,719
<b>Total</b> (Cost \$1,450,036)		<u>1,595,334</u>
<b>Israel 0.1%</b>		
Sarine Technologies	70,000	144,278
<b>Total</b> (Cost \$116,988)		<u>144,278</u>
<b>Italy 1.2%</b>		
Datalogic	5,800	73,145
De Longhi	54,500	1,179,105
<b>Total</b> (Cost \$909,321)		<u>1,252,250</u>
<b>Japan 10.6%</b>		
BML	4,400	170,258
C. Uyemura & Co.	4,800	244,489
<b>EPS Corporation</b>	111,600	1,433,213
FamilyMart	24,700	1,064,266
Freund Corporation	72,200	1,008,469
Itoki Corporation	15,500	119,496
Miraial	39,470	716,893
MISUMI Group	11,600	319,127
Moshi Moshi Hotline	100,000	985,144
Nishikawa Rubber	8,200	142,461
Nitto Kohki	9,100	186,572

SIGNATURES

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Obara Group	5,100	221,006
<b>Relo Holdings</b>	22,000	1,418,094
Santen Pharmaceutical	13,500	759,587
Shimano	9,600	1,065,140
Tokai Corporation/Gifu	4,400	121,917
Trancom	25,200	990,040
YAMADA Consulting Group	6,400	164,004
Zuiko Corporation	5,500	311,090

<b>Total</b> (Cost \$10,808,602)		11,441,266
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**Luxembourg 0.5%**

Ternium ADR	20,000	558,600
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<b>Total</b> (Cost \$593,431)		558,600
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**Malaysia 1.3%**

CB Industrial Product Holding	550,000	750,233
Media Chinese International	2,250,000	672,688

<b>Total</b> (Cost \$1,258,408)		1,422,921
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**Mexico 1.8%**

Bolsa Mexicana de Valores	480,000	1,017,089
Fresnillo	65,000	970,021

<b>Total</b> (Cost \$2,021,396)		1,987,110
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**New Zealand 0.2%**

Trade Me	83,000	255,926
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<b>Total</b> (Cost \$280,441)		255,926
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**Norway 1.7%**

Ekornes	45,000	599,745
Oslo Bors VPS Holding	7,600	90,449
TGS-NOPEC Geophysical	36,500	1,166,910

<b>Total</b> (Cost \$1,902,454)		1,857,104
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**Philippines 1.0%**

GMA Holdings PDR	775,000	131,386
Universal Robina	270,000	954,433

<b>Total</b> (Cost \$930,693)		1,085,819
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**Singapore 2.3%**

Hour Glass (The)	486,000	699,631
Pan-United Corporation	800,000	689,710
Parkson Retail Asia	135,000	86,615
Sheng Siong Group	200,000	104,259
Silverlake Axis	900,000	866,148

SIGNATURES

<b>Total</b> (Cost \$2,093,827)		2,446,363
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**South Africa 5.4%**

Blue Label Telecoms	1,010,400	813,260
Coronation Fund Managers	110,000	987,880
Ellies Holdings <sup>1</sup>	215,000	74,800
JSE	67,500	608,674
<b>Lewis Group</b>	223,000	1,358,759
Metrofile Holdings	400,000	180,536
Nampak	200,000	691,867
Raubex Group	525,300	1,118,763

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<b>Total</b> (Cost \$6,563,986)		5,834,539
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**South Korea 0.5%**

Eugene Technology	11,100	208,989
Handsome	3,400	92,913
Huvis Corporation	22,100	249,002

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<b>Total</b> (Cost \$521,804)		550,904
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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## Royce Global Value Trust June 30, 2014 (unaudited)

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### Schedule of Investments

	SHARES	VALUE
<b>Sweden 0.1%</b>		
Nolato Cl. B	4,400	\$ 100,096
<b>Total</b> (Cost \$110,567)		<u>100,096</u>
<b>Switzerland 1.1%</b>		
Forbo Holding	1,150	1,226,122
<b>Total</b> (Cost \$986,998)		<u>1,226,122</u>
<b>Taiwan 0.2%</b>		
Makalot Industrial	20,000	108,179
Silicon Motion Technology ADR	4,600	93,978
<b>Total</b> (Cost \$174,941)		<u>202,157</u>
<b>Turkey 1.3%</b>		
<b>Mardin Cimento Sanayii</b>	575,000	1,384,169
<b>Total</b> (Cost \$2,021,684)		<u>1,384,169</u>
<b>United Arab Emirates 0.7%</b>		
Aramex	880,000	718,798
<b>Total</b> (Cost \$769,812)		<u>718,798</u>
<b>United Kingdom 8.3%</b>		
<b>Ashmore Group</b>	232,500	1,472,232
Clarkson	23,000	942,725
<b>Consort Medical</b>	99,900	1,631,043
E2V Technologies	305,000	871,701
Elementis	134,000	596,940
Jupiter Fund Management	93,600	639,947
Kennedy Wilson Europe Real Estate <sup>1</sup>	44,000	828,317
Latchways	7,700	141,661
Luxfer Holdings ADR	4,500	85,275
Polypipe Group <sup>1</sup>	57,000	243,874
Rotork	8,900	406,680
Severfield <sup>1</sup>	112,000	106,381
Spirax-Sarco Engineering	21,350	998,594
<b>Total</b> (Cost \$8,338,740)		<u>8,965,370</u>

SIGNATURES

**United States 15.6%**

Artisan Partners Asset Management Cl. A	5,000	283,400
Bel Fuse Cl. A	36,672	901,398
Brooks Automation	18,100	194,937
Cabot Corporation	10,200	591,498
Commercial Metals	42,000	727,020
<b>Diebold</b>	31,500	1,265,355
EnerSys	11,000	756,690
<b>Expeditors International of Washington</b>	28,400	1,254,144
Fairchild Semiconductor International <sup>1</sup>	49,200	767,520
Globe Specialty Metals	50,400	1,047,312
GrafTech International <sup>1</sup>	58,600	612,956
Greif Cl. A	17,800	971,168
Hallador Energy	18,600	176,514
Innospec	12,457	537,769
International Rectifier <sup>1</sup>	25,000	697,500
KBR	20,000	477,000
Nanometrics <sup>1</sup>	44,500	812,125
Quaker Chemical	8,400	645,036
Rogers Corporation <sup>1</sup>	12,000	796,200
Schnitzer Steel Industries Cl. A	19,100	497,937
Sensient Technologies	12,100	674,212
Sun Hydraulics	15,139	614,643
Tecumseh Products <sup>1</sup>	69,900	355,791
Tennant Company	7,700	587,664
UTi Worldwide <sup>1</sup>	64,500	666,930

<b>Total</b> (Cost \$17,448,746)		16,912,719
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**TOTAL COMMON STOCKS**

(Cost \$112,798,109)		108,200,849
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**REPURCHASE AGREEMENT****1.4%**

Fixed Income Clearing Corporation,  
0.00% dated 6/30/14, due 7/1/14,  
maturity value \$1,560,000  
(collateralized  
by obligations of various U.S.  
Government  
Agencies, 1.625% due 4/30/19,  
valued at  
\$1,592,925)  
(Cost \$1,560,000)

	1,560,000
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**COLLATERAL RECEIVED FOR SECURITIES****LOANED 2.2%**

Money Market Funds  
Federated Government  
Obligations Fund  
(7 day yield-0.0099%)  
(Cost \$2,429,725)

	2,429,725
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SIGNATURES



<b>TOTAL INVESTMENTS</b>	
<b>103.5%</b>	
(Cost \$116,787,834)	112,190,574
<b>LIABILITIES LESS CASH</b>	
<b>AND OTHER ASSETS (3.5)%</b>	(3,804,995)
<b>NET ASSETS 100.0%</b>	<b>\$108,385,579</b>

New additions in 2014.

<sup>1</sup> Non-income producing.

<sup>2</sup> All or a portion of these securities were on loan at June 30, 2014. Total market value of loaned securities at June 30, 2014, was \$2,295,446. Securities of Global/International Funds are categorized by the country of their headquarters, with the exception of exchange-traded funds.

**Bold indicates the Fund's 20 largest equity holdings in terms of June 30, 2014, market value.**

**TAX INFORMATION:** The cost of total investments for Federal income tax purposes was \$117,420,485. At June 30, 2014, net unrealized depreciation for all securities was \$5,229,911, consisting of aggregate gross unrealized appreciation of \$8,064,414 and aggregate gross unrealized depreciation of \$13,294,325. The primary difference between book and tax basis cost is the timing of the recognition of losses on securities sold.

## Royce Global Value Trust

June 30, 2014 (unaudited)

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

Total investments at value (including collateral on loaned securities)	\$ 110,630,574
Repurchase agreements (at cost and value)	1,560,000
Cash and foreign currency	8,290
Receivable for investments sold	435,515
Receivable for dividends and interest	77,887
Prepaid expenses and other assets	18,034

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Total Assets	112,730,300
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**LIABILITIES:**

Payable for collateral on loaned securities	2,429,725
Payable for investments purchased	1,747,401
Payable for investment advisory fee	109,630
Accrued expenses	57,965

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Total Liabilities	4,344,721
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Net Assets	\$ 108,385,579
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**ANALYSIS OF NET ASSETS:**

Paid-in capital - \$0.001 par value per share; 10,220,251 shares outstanding (150,000,000 shares authorized)	\$ 115,972,444
Undistributed net investment income (loss)	879,572
Accumulated net realized gain (loss) on investments and foreign currency	(3,869,387)
Net unrealized appreciation (depreciation) on investments and foreign currency	(4,597,050)

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Net Assets (net asset value per share - \$10.60)	\$ 108,385,579
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Investments at identified cost (including \$2,429,725 of collateral on loaned securities)	\$ 115,227,834
Market value of loaned securities	2,295,446

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

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## Royce Global Value Trust

Six Months Ended June 30, 2014 (unaudited)

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

Income:	
Dividends	\$ 1,838,433
Foreign withholding tax	(183,373)

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Total income	1,655,060
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Expenses:	
Investment advisory fees	642,081
Custody and transfer agent fees	49,694
Stockholder reports	19,780
Professional fees	15,180
Directors fees	13,066
Administrative and office facilities	5,155
Other expenses	13,591

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Total expenses	758,547
Compensating balance credits	(47)

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Net expenses	758,500
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Net investment income (loss)	896,560
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**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:**

Net realized gain (loss):	
Investments	(3,545,504)
Foreign currency transactions	(49,994)
Net change in unrealized appreciation (depreciation):	
Investments and foreign currency translations	8,399,033
Other assets and liabilities denominated in foreign currency	1,786

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Net realized and unrealized gain (loss) on investments and foreign currency	4,805,321
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<b>NET INCREASE (DECREASE) IN NET ASSETS FROM INVESTMENT OPERATIONS</b>	<b>\$ 5,701,881</b>
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## Royce Global Value Trust

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### Statement of Changes in Net Assets

	Six months ended 6/30/14 (unaudited)	Period ended 12/31/13 <sup>1</sup>
<b>INVESTMENT OPERATIONS:</b>		
Net investment income (loss)	\$ 896,560	\$ (26,704)
Net realized gain (loss) on investments and foreign currency	(3,595,498)	(264,173)
Net change in unrealized appreciation (depreciation) on investments and foreign currency	8,400,819	2,974,575
<hr/>		
Net increase (decrease) in net assets from investment operations	5,701,881	2,683,698
<hr/>		
<b>DISTRIBUTIONS:</b>		
Net investment income		
Net realized gain on investments and foreign currency		
<hr/>		
Total distributions		
<hr/>		
<b>CAPITAL STOCK TRANSACTIONS:</b>		
Common shares issued in spinoff from Royce Value Trust		100,000,000
<hr/>		
Total capital stock transactions		100,000,000
<hr/>		
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>5,701,881</b>	<b>102,683,698</b>
<hr/>		
<b>NET ASSETS:</b>		
Beginning of period	102,683,698	
<hr/>		
End of period (including undistributed net investment income (loss) of \$879,572 at 6/30/14 and \$(16,988) at 12/31/13)	\$ 108,385,579	\$ 102,683,698

<sup>1</sup> The Fund commenced operations on October 18, 2013.

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

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## Royce Global Value Trust

### Financial Highlights

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

	Six months ended June 30, 2014 (unaudited)	Period ended 12/31/13 <sup>1</sup>
<b>NET ASSET VALUE, BEGINNING OF PERIOD</b>	\$ 10.05	\$ 9.78
<b>INVESTMENT OPERATIONS:</b>		
Net investment income (loss)	0.09	(0.00)
Net realized and unrealized gain (loss) on investments and foreign currency	0.46	0.27
Net increase (decrease) in net assets from investment operations	0.55	0.27
<b>DISTRIBUTIONS:</b>		
Net investment income		
Net realized gain on investments and foreign currency		
Total distributions		
<b>NET ASSET VALUE, END OF PERIOD</b>	\$ 10.60	\$ 10.05
<b>MARKET VALUE, END OF PERIOD</b>	\$ 9.41	\$ 8.89
<b>TOTAL RETURN:<sup>2</sup></b>		
Market Value	5.85% <sup>3</sup>	(0.95)% <sup>3</sup>
Net Asset Value	5.47% <sup>3</sup>	2.76% <sup>3</sup>
<b>RATIOS BASED ON AVERAGE NET ASSETS:</b>		
Investment advisory fee expense	1.25% <sup>4</sup>	1.25% <sup>4</sup>
Other operating expenses	0.23% <sup>4</sup>	0.37% <sup>4</sup>
Total expenses (net)	1.48% <sup>4</sup>	1.62% <sup>4</sup>
Expenses prior to fee waivers and balance credits	1.48% <sup>4</sup>	1.62% <sup>4</sup>
Expenses prior to fee waivers	1.48% <sup>4</sup>	1.62% <sup>4</sup>
Net investment income (loss)	1.75% <sup>4</sup>	(0.13)% <sup>4</sup>
<b>SUPPLEMENTAL DATA:</b>		
Net Assets End of Period (in thousands)	\$ 108,386	\$ 102,684
Portfolio Turnover Rate	21%	7%

<sup>1</sup> The Fund commenced operations on October 18, 2013.

<sup>2</sup> 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. 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.

<sup>3</sup> Not annualized

<sup>4</sup> Annualized



# Royce Global Value Trust

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## Notes to Financial Statements (unaudited)

### Summary of Significant Accounting Policies:

Royce Global Value 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 October 18, 2013. The Fund had no operations prior to October 18, 2013, other than the sale of 10,160 common shares for \$100,076 to Royce Value Trust, Inc. ( RVT ). On October 18, 2013, RVT contributed \$99,899,924 in cash and securities in exchange for shares of the Fund, and on the same date distributed such shares to RVT holders of record as of October 10, 2013 at the rate of one share of the Fund for every seven shares of RVT Common Stock outstanding.

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.

### 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 highest 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 in accordance with the provisions of the 1940 Act, under procedures approved by the Fund's Board of Directors, and are reported as Level 3 securities. As a general principle, the fair value of a security is the amount which the Fund might reasonably expect to receive for the security upon its current sale. However, in light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security will be the amount which the Fund might be able to receive upon its current sale. 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). The table below includes all Level 2 securities. Any Level 2 securities with values based on quoted prices for similar securities would be noted in the Schedule of Investments.

Level 3 significant unobservable inputs (including last trade price before trading was suspended, or at a discount thereto for lack of marketability or otherwise, market price information regarding other securities, information received from the company and/or published documents, including SEC filings and financial statements, or other publicly available information).

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, 2014. For a detailed breakout of common stocks by country, please refer to the Schedule of Investments.

	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 108,200,849	\$	\$	\$ 108,200,849
Cash Equivalents	2,429,725	1,560,000		3,989,725

### 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.



## Royce Global Value Trust

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

#### 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 through a lending agent 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. The Fund's securities lending income consists of the income earned on investing cash collateral, plus any premium payments received for lending certain securities, less any rebates paid to borrowers and lending agent fees associated with the loan. The lending agent is not affiliated with Royce.

The following table presents by financial instrument, the Fund's assets and liabilities net of related collateral held by the Fund at June 30, 2014:

	<b>Gross Amount of Assets and Liabilities in the Statements of</b>	<b>Collateral Received and Pledged</b>	<b>Net Amount</b>
	<b>Assets and Liabilities<sup>1</sup></b>		
Securities on Loan/Collateral on Loaned Securities	\$2,429,725	\$(2,429,725)	\$

<sup>1</sup>Absent an event of default, assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

#### Distributions and 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".

The Fund pays any dividends and capital gain distributions annually in December. Because federal income tax regulations differ from generally accepted accounting principles, income and capital gain distributions determined in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Accordingly, the character of distributions and composition of net assets for tax purposes differ from those reflected in the accompanying financial statements.

#### 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 & Associates, LLC (Royce) under an administration agreement and are included in administrative and office facilities and professional fees.

#### 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 10,221,251 shares of Common Stock in spinoff from RVT for the period ended December 31, 2013. Securities contributed by RVT included \$15,972,444 in unrealized depreciation.

**Investment Advisory Agreement:**

The Investment Advisory Agreement between Royce and the Fund provides for fees to be paid at an annual rate of 1.25% of the Fund's average daily net assets. For the six months ended June 30, 2014, the Fund accrued and paid Royce investment advisory fees totaling \$642,081.

**Purchases and Sales of Investment Securities:**

For the six months ended June 30, 2014, the costs of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to \$38,185,385 and \$21,135,147, respectively.

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## 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<sup>1</sup>, President

Age: 74 | Number of Funds Overseen: 34 | Tenure: Since 1982  
Non-Royce Directorships: Director of TICC Capital Corp.

Principal Occupation(s) During Past Five Years: Chief Executive Officer and Chairman of Board of Managers of Royce & Associates, LLC ( Royce ), The Royce Funds investment adviser.

### W. Whitney George, Director<sup>1</sup>, Vice President

Age: 56 | Number of Funds Overseen: 34 | Tenure: Since 2013  
Non-Royce Directorships: None

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

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### Patricia W. Chadwick, Director

Age: 65 | Number of Funds Overseen: 34 | Tenure: Since 2009  
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).

### Richard M. Galkin, Director

Age: 76 | Number of Funds Overseen: 34 | Tenure: Since 1982  
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).

### Stephen L. Isaacs, Director

Age: 74 | Number of Funds Overseen: 34 | Tenure: Since 1989  
Non-Royce Directorships: None

Principal Occupation(s) During Past Five Years: Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs's prior business experience includes having served as President of the Center for Health and Social Policy (from 1996 to 2012); Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).

### Arthur S. Mehlman, Director

Age: 72 | Number of Funds Overseen: 52 | Tenure: Since 2004  
Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 18 Legg Mason Funds.

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 Municipal Mortgage & Equity, LLC (from October 2004 to April 1, 2011); 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: 74 | Number of Funds Overseen: 34 | Tenure: Since 1982  
Non-Royce Directorships: None

SIGNATURES

## Edgar Filing: ANGEION CORP/MN - Form SC 13D

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: 68 | Number of Funds Overseen: 52 | Tenure: Since 2001

Non-Royce Directorships: Director/Trustee of registered investment companies constituting the 18 Legg Mason Funds; Director of TICC 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: 62 | 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 Royce Funds; and President of Royce Fund Services, Inc. ( RFS ), having been employed by Royce since April 1993.

### Jack E. Fockler, Jr., Vice President

Age: 55 | 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.

### Daniel A. O Byrne, Vice President and Assistant Secretary

Age: 52 | 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: 47 | 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: 54 | 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).

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<sup>1</sup> Interested Director.

Directors will hold office until their successors have been duly elected and qualified or until their earlier resignation or removal.

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## Board Approval of Investment Advisory Agreements

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At meetings held on June 4-5, 2014, 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, Inc., Royce Micro-Cap Trust, Inc., and Royce Focus Trust, Inc. (each, a Fund and collectively, the Funds ). In reaching these decisions, each 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 respective peer groups, information regarding the past performance of the Funds and other registered investment companies managed by R&A and a memorandum outlining the legal duties of each 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, each 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, and brokerage and execution products and services provided to the Funds. Each Board also considered other matters it deemed important to the approval process, such as allocation of Fund brokerage commissions, soft dollar research services R&A receives and other direct and indirect benefits to R&A and its affiliates, from their relationship with the relevant Fund. The directors also met throughout the year with investment advisory personnel from R&A. Each 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 were considered at the same Board meetings, the Boards dealt with each agreement separately. Among other factors, the directors considered the following:

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

Each Board considered the following factors to be of fundamental importance to its consideration of whether to approve the continuance of the relevant Fund's Investment Advisory Agreement: (i) R&A's more than 40 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 the Funds and open-end mutual funds over more than 40 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 expansive stockholder reporting and communications. Each Board reviewed the services that R&A provides to each Fund, including, but not limited to, managing each Fund's investments in accordance with the stated policies of each Fund. Each 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. Each Board determined that the services to be provided to each Fund by R&A would be the same as those that it previously provided to the relevant Fund. The Boards 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, each Board noted R&A's ability to attract and retain quality and experienced personnel. The directors concluded that the investment advisory 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 the Funds.

### **Investment performance of the Funds and R&A:**

In light of R&A's risk-averse approach to investing, each Board believes that risk-adjusted performance continues to be the most appropriate measure of each Fund's investment performance. One measure of risk-adjusted performance the Boards have 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. Each Board attaches primary importance to risk-adjusted performance over relatively long periods of time, typically 3 to 10 years. Using Morningstar data, the Sharpe Ratio for Royce Value Trust, Inc. ( RVT ) placed in the 4th quartile within the Small Blend category assigned by Morningstar for the 3- and 5-year periods and the 3rd quartile for the 10-year period ended December 31, 2013, as RVT's past use of leverage through preferred stock created higher volatility and worse down market performance. Using Morningstar data, the Sharpe Ratio for Royce Micro-Cap Trust, Inc. ( RMT ) placed in the 3rd quartile, 2nd quartile, and 3rd quartile within the Small Blend category assigned by Morningstar for the 3-, 5- and 10-year periods ended December 31, 2013, respectively, as RMT's past use of leverage through preferred stock created higher volatility and worse down

market performance. Finally, using Morningstar data, the Board noted that the concentrated portfolio and recent overweighting of companies from the metals and mining industry for Royce Focus Trust, Inc. ( RFT ) led to its bottom quartile Sharpe Ratio performance in the Mid Cap Growth category assigned by Morningstar for the 3-year, 5-year, and 10-year periods ended December 31, 2013.

In addition to each Fund's risk adjusted performance, each Board also reviewed and considered each Fund's absolute total returns, down market performance, and long-term performance records over periods of 10 years or longer. Each Board also considered it important to look beyond the current snapshot of performance as of December 31, 2013 and therefore examined extended performance histories for each Fund using monthly rolling average return periods through March 31, 2014.

Each Board noted that R&A manages a number of funds that invest in small-cap and micro-cap issuers, many of which were outperforming their benchmark indexes and their competitors. Although each Board recognized that past performance is not necessarily an indicator of future results, it found that R&A had the necessary qualifications, experience and track record in managing small-cap and micro-cap securities to

## Board Approval of Investment Advisory Agreements (continued)

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manage the relevant Fund. 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 the Funds:**

Each 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, each Board discussed with R&A its methodology in allocating its costs to each Fund and concluded that its allocations were reasonable. Each 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:**

Each Board considered whether there have been economies of scale in respect of the management of each Fund, whether each Fund has appropriately benefited from any economies of scale and whether there is potential for realization of any further economies of scale. Each Board noted the time and effort 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. Each Board concluded that the current fee structure for each Fund was reasonable, that stockholders sufficiently participated in economies of scale 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:**

Each 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 to registered investment companies investing in small- and micro-cap stocks, as provided by Morningstar. In the case of RVT, its Board noted that it had a 1.00% basic fee that is subject to adjustment up or down (up to 0.50% in either direction) based on its performance versus the S&P 600 SmallCap Index over a rolling period of 60 months. The fee is charged on average net assets over that rolling period. 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 vice versa. The Board determined that the performance adjustment feature continued to serve as an appropriate incentive to R&A to manage RVT for the benefit of its long-term common stockholders. The Board also noted that the fee arrangement, which also includes a provision for no fee in periods where RVT's trailing three-year performance is negative, requires R&A to measure RVT's performance monthly against the S&P 600, an unmanaged index. Instead of receiving a set fee regardless of its performance, R&A is penalized for poor performance. The Board noted that RVT's net expense ratio placed it in the 1st percentile within its Morningstar peer group for 2013. In the case of RMT, the Board noted that it also had a 1.00% basic fee subject to adjustment up or down based on its performance versus the Russell 2000 Index over a rolling 36 month period. The fee is charged on average net assets over that rolling period. 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 vice versa. The Board determined that the performance adjustment feature continued to serve as an incentive to R&A to manage RMT for the benefit of its long-term common stockholders. The Board noted that RMT's net expense ratio placed it in the 1st quartile when compared against its Morningstar peer group for 2013. Finally, in the case of RFT, the Board noted that its net expense ratio based on average net assets fell within the 3rd quartile of its Morningstar-assigned open-end peer group, 8 basis points above the Morningstar peer group median.

Each 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 base advisory fee for RVT and RMT and the advisory fee for RFT compared favorably to the advisory fees charged to those other accounts.

It was noted that no single factor was cited as determinative to the decision of the directors. Rather, after weighing all of the considerations and conclusions discussed above, each entire Board, including all of the non-interested directors, approved the continuation of the existing Investment Advisory Agreement, concluding that a contract continuation 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.

### **Investment Advisory Agreement for Royce Global Value Trust:**

At a meeting held on February 16, 2011, the Board of Directors of Royce Global Value Trust, Inc. (the Board), including all of the non-interested directors, approved the Investment Advisory Agreement between Royce & Associates, LLC (R&A) and Royce Global Value Trust, Inc. (RGT or the Fund). In reaching these decisions, the Board reviewed a memorandum from R&A which discussed the management strategies and methodologies to be employed by R&A and the proposed advisory fee. The Board also reviewed a memorandum outlining the Board's legal duties prepared by independent counsel to the non-interested directors. In connection therewith, the Board considered: (i) R&A's qualifications, (ii) the general reputation and financial resources of R&A, (iii) the reasonableness of the management fee, (iv) the controls on the Fund's operating expenses, (v) the nature, extent and quality of the services to be provided by R&A, (vi) the investment performance of other funds managed by R&A, (vii) the cost to R&A of providing the services and the profit to be realized by R&A and (viii) a comparison of the services to be rendered and the fees to be paid by other R&A accounts both that are, and that are not, registered investment companies. The Board also considered the materials previously provided by R&A in connection with this meeting and to the members of the Board at meetings of the other funds managed by R&A during the preceding year, which included, among other things, fee information for funds with profiles similar to those of the Fund, prepared by R&A using data provided by Morningstar Associates, LLC and information regarding the past performance of funds managed by R&A. The non-interested directors also



## Board Approval of Investment Advisory Agreements (continued)

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noted that they had met with investment advisory personnel from R&A. The Board also considered factors relating to both the selection of the investment adviser and the approval of the advisory fee when reviewing the proposed Investment Advisory Agreement. In considering all of the factors relating to the approval of the Investment Advisory Agreement, the non-interested directors received assistance and advice from, and met separately with, their independent counsel. Among other factors, the directors considered the following:

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

The non-interested directors reviewed the services that R&A would provide to the Fund, including, but not limited to, generally managing the Fund's investments in accordance with the stated policies of the Fund. The non-interested directors also discussed with officers of R&A and Charles M. Royce the amount of time R&A would dedicate to the Fund. Additionally, the non-interested directors considered the services provided by R&A to the other R&A-managed Funds.

The non-interested directors determined that the services proposed for RGT by R&A would be similar to those being provided to the other R&A-managed funds. They also took into consideration the favorable history, reputation and background of Charles M. Royce, who will serve as portfolio manager for the Fund, finding that these would likely have an impact on the success of the Fund. Lastly, the non-interested directors noted R&A's ability to attract quality and experienced personnel. The non-interested directors concluded that the proposed services of R&A to the Fund compared favorably to services provided by R&A for other R&A-managed funds and other R&A client accounts in both nature and quality. The non-interested directors concluded that the scope of services provided by R&A would be suitable for RGT.

### **Investment performance of the Fund and R&A:**

Because the Fund was just being formed, the non-interested directors did not consider the investment performance of the Fund. The non-interested directors reviewed R&A's performance for other R&A-managed funds. The non-interested directors recognized that past performance is not an indicator of future performance, but found that R&A had the necessary expertise to manage RGT. The non-interested directors determined that R&A would be an appropriate investment adviser for the Fund.

### **Cost of the services to be provided and profits to be realized by R&A from the relationship with the Fund:**

The non-interested directors considered the anticipated cost of the services to be provided by R&A. Under the Investment Advisory Agreement, RGT would pay 1.25% per annum of the Fund's average net assets (including any preferred stock).

Since the Fund is being formed by a spin-off of a portion of the assets of Royce Value Trust, Inc. (RVT), the non-interested directors considered the fee proposed to be paid by the Fund in comparison with the fee paid by RVT. They noted that the proposed fee to be paid by the Fund is 0.25% higher than the 1.00% base advisory fee rate paid by RVT to R&A. They also noted that RVT has a fee determined by performance that causes RVT's annual fee to adjust up to 0.50% either above or below the base advisory fee. They also noted that pursuant to the RVT investment advisory agreement, R&A is not entitled to receive any fee for any month when the investment performance of RVT for the rolling 36-month period ending with such month is negative. The non-interested directors noted that for this reason, the annual advisory fee proposed for the Fund may be higher or lower than that paid by RVT, and that for the three years ended December 31, 2010, the proposed fee RGT would have been higher than that paid by RVT. The non-interested directors considered the fact that R&A is not proposing a fulcrum fee structure for the Fund like RVT's due to the difficulty in selecting an appropriate international smaller-cap benchmark and the absolute return focus of the Fund. They also noted that RGT will be able to invest all of its assets in non-U.S. securities and that RVT can invest only 25% of its assets in such securities, as well as the fact that the proposed fee for RGT is consistent with the fee charged by R&A for the open-end international and global funds that it manages.

In reviewing the proposed investment advisory fee for RGT, the non-interested directors considered the advisory fees of other similar funds, as provided by Morningstar. The non-interested directors noted that the proposed investment advisory fee was higher than the median of similar funds in the Morningstar materials. The non-interested directors further noted that providing investment advisory services to the Fund that will invest a significant portion of its portfolio in non-U.S., small-cap securities is expected to be considerably more labor intensive and time consuming than providing investment advisory services to funds that invest primarily in non-U.S., larger capitalization securities. The non-interested directors did not consider the profitability of RGT since it was recently formed and had no operating history.

**The extent to which economies of scale would be realized as the Fund grows and whether fee levels would reflect such economies of scale:**

The non-interested directors noted that R&A did not currently expect the Fund to grow to a size that would allow it to experience significant economies of scale.

**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:**

As discussed above, the non-interested directors compared both the services to be rendered and the fees to be paid under the Investment Advisory Agreement to other contracts of R&A and to contracts of other investment advisers to registered investment companies investing in smaller-cap securities.

It was noted that no single factor was determinative to the decision of the Board. Rather, after weighing all of the factors above, the Board, including the non-interested directors, unanimously determined to approve the Fund's Investment Advisory Agreement.

## 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, 2014, 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, 2014 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. Investments in securities of micro-cap, small-cap and/or mid-cap companies may involve considerably more risk than investments in securities 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).

Sector weightings are determined using the Global Industry Classification Standard (GICS). GICS was developed by, and is the exclusive property of, Standard & Poor's Financial Services LLC (S&P) and MSCI Inc. (MSCI). GICS is the trademark of S&P and MSCI. Global Industry Classification Standard (GICS) and GICS Direct are service marks of S&P and MSCI.

All indexes referred to are unmanaged and capitalization weighted. Each index's returns include net reinvested dividends and/or interest income. Russell Investment Group is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group. The Russell 2000 Index 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 2500 is an index of 2,500 smallest publicly traded U.S. companies in the Russell 3000 Index. The Russell Microcap Index includes 1,000 of the smallest securities in the Russell 2000 Index along with the next smallest eligible securities as determined by Russell. The Russell 1000 Index is an index of domestic large-cap stocks. It measures the performance of the 1,000 largest publicly traded companies in the Russell 3000 Index. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. It includes approximately 800 of the smallest securities in the Russell 1000 Index. The Russell Global Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks. The Russell Global ex-U.S. Large Cap Index is an index of global large-cap stocks, excluding the United States. The Russell Global ex-U.S. Small Cap Index is an index of global small-cap stocks, excluding the United States. The CBOE Volatility Index (VIX) measures market expectations of near-term volatility conveyed by S&P 500 stock index option prices. The S&P 500 and SmallCap 600 are indexes 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 performance of an index does not represent exactly any particular investment, as you cannot invest directly in an index. Returns for the market indexes used in this report were based on information supplied to Royce by Russell Investments.

The Price-Earnings, or P/E, Ratio is calculated by dividing a company's share price by its trailing 12-month earnings-per share (EPS). The Price-to-Book, or P/B, Ratio is calculated by dividing a company's share price by its book value per share. The Sharpe Ratio is calculated for a specified period by dividing a fund's annualized excess returns by its annualized standard deviation. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. Standard deviation is a statistical measure within which a fund's total returns have varied over time. The greater the standard deviation, the greater a fund's volatility. The Royce Funds is a service mark of The Royce Funds. Distributor: Royce Fund Services, Inc.

### 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, Royce Focus Trust and Royce Global Value Trust may each repurchase up to 5% of the issued and outstanding shares of its respective common stock during the year ending December 31, 2014. 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.

Royce Value Trust, Royce Micro-Cap Trust, Royce Focus Trust and Royce Global Value 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, 2013, filed with the Securities and Exchange Commission.

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### **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 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 (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 (800) 732-0330. The Funds' complete schedules of investments are updated quarterly, and are available at [www.roycefunds.com](http://www.roycefunds.com).

2014 Semiannual Report to Stockholders

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## About The Royce Funds

### Wealth of Experience

With approximately \$38 billion in total assets under management, Royce & Associates is committed to the same investment principles that have served us well for over 40 years. Chuck Royce, our Chief Executive Officer, enjoys one of the longest tenures of any active mutual fund manager. Royce's investment staff also includes 23 portfolio managers and analysts and nine traders.

### Multiple Funds, Common Focus

Our goal is to offer both individual and institutional investors the best available micro-cap, small-cap, and/or mid-cap portfolios. We have chosen to concentrate on smaller-company 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 more than \$215 million invested in The Royce Funds and are often among the largest individual shareholders.

## Contact Us

<b>General Information</b>	<b>RIA/BD 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 MICRO-CAP TRUST, INC.**

BY: /s/ Charles M. Royce  
**Charles M. Royce**  
**President**

Date: August 26, 2014

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 MICRO-CAP TRUST, INC.**

BY: /s/ Charles M. Royce  
**Charles M. Royce**  
**President**

Date: August 26, 2014

**ROYCE MICRO-CAP TRUST, INC.**

BY: /s/ John D. Diederich  
**John D. Diederich**  
**Chief Financial Officer**

Date: August 26, 2014