ROYCE VALUE TRUST INC
Form N-CSR
March 08, 2010

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-04875

Name of Registrant: Royce Value Trust, Inc.

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

Name and address of agent for service: John E. Denneen, Esquire
745 Fifth Avenue
New York, NY 10151
Registrant s telephone number, including area code: (212) 508-4500
Date of fiscal year end: December 31
Date of reporting period: January 1, 2009 December 31, 2009

Item 1. Reports to Shareholders.

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

ANNUAL
REVIEW AND REPORT

TO STOCKHOLDERS

www.roycefunds.com

A Few Words on Closed-End Funds

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

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

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

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

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

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

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

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

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

Why Dividend Reinvestment Is Important

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

This page is not part of the 2009 Annual Report to Stockholders

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Annual Review

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

Performance Table

NAV Average Annual Total Returns

Through December 31, 2009

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
Fourth Quarter 2009*	6.19%	3.85%	7.19%	3.87%
July-December 2009*	29.35	23.44	30.90	23.90
One-Year	44.59	46.47	53.95	27.17
Three-Year	-6.18	-7.01	-0.34	-6.07
Five-Year	1.36	1.00	5.44	0.51
10-Year	7.57	8.64	11.72	3.51
15-Year	10.19	10.56	n.a.	7.73
20-Year	10.34	n.a.	n.a.	8.34
Since Inception	10.29	10.20	10.82	
Inception Date	11/26/86	12/14/93	11/1/96**	

Important Performance and Risk Information

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

* Not annualized

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

Letter to Our Stockholders

Good Day Sunshine

It would be easy, and more than a little tempting, to tell the story of the stock market in 2009 as a stirring tale of triumph over adversity, the saga of plucky equities battling back to positive returns from near certain defeat in the wake of almost total undoing. Undoubtedly, it was a healthy development for share prices to climb back upward almost unimpeded from early March through the end of the year, especially during those times when the bullish phase was accompanied by improved news on the economic front. **Moreover, it was a worldwide rally that lifted stock prices in all asset classes and nearly every sector and industry.** So why aren t we feeling cheerier about the Great Rally of 2009?

Part of the explanation is that the stuff of catchy soundbites and headlines too often fails to account for perspective, such as the longer-term view of things that we assume here at Royce. We were very pleased with the performance of the market and our Funds in 2009, but the year s heady returns must be placed in the larger context of what occurred not only in late 2008, but in the market cycle that began with the respective peaks for small-cap (in July 2007) and large-cap (in October 2007) stocks, peaks that neither index has come close to

We were very pleased with the performance of the market and our Funds in 2009, but the year s heady returns must be placed in the larger context of what occurred not only in late 2008, but in the market cycle that began with the respective peaks for small-cap (in July 2007) and large-cap stocks (in October 2007), peaks that neither index has come close to passing as of this writing.

Charles M. Royce, President

The idea of establishing a margin of safety in an investment is a widely shared tenet of value investors, and one that we take very seriously in our security selection processes here at Royce. When we look at small-cap companies, we are always thinking about risk preserving capital in difficult periods is as important to our portfolio managers as making it grow in healthy ones. With each company, we ask ourselves, What is the risk of permanent capital impairment? How well-insulated is this firm from bankruptcy? What are the risks compared to the potential reward?

We try to answer these questions by taking the company through rigorous fundamental analysis, which typically begins with the balance sheet, as financial risk is probably the most important to us. One general guideline that we use is to look for a better than two-to-one ratio of assets to stockholders equity for non-financial companies. This represents our primary margin of safety measure, providing, in our view, reasonably sufficient financial flexibility for the company to survive difficult periods for its business and/or industry.

Once comfortable with the balance sheet, we move our analysis to an

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Letter to Our Stockholders

passing as of this writing. (And this does not include the long-term travails of the Nasdaq, still not recovered from its dot.com hangover in 2000). Seen from this admittedly more downbeat vantage point, the shine of the rally loses some luster. For our own purposes of managing assets and thinking about where the market may be headed next, this more sobering perspective is necessary. Recalling that overall equity returns still have some ground to cover before results for periods longer than one year are respectably in the black does not diminish the good news of 2009; it just places it in a different, less glaring light in which we think it can be better understood. On that issue (and others), we have more to say below.

Of course, the passing of 2009 is notable because it marks not just the end of a year, but of a decade. And what a decade it was. Though it ended with a bang, it left most investors whimpering. Perhaps the best way of summing up the last 10 years is to point out that when the decade to which it has most commonly been compared is the 1930s, it was not a good decade. The Aughts (or Zeroes, if you prefer) saw more than their share of significant incidents, whether one s purview is the stock market or the entire globe. To briefly tick off just a few of the major market events, we saw the bursting of the tech bubble, the proliferation of ETFs (exchange-traded funds), the growth of international investing, and one of the most destructive bear markets since the Great Depression. All of this took place amid horrific terrorist attacks, the bursting of the real estate bubble and a global recession that we are, hopefully, emerging from with the advent of the new decade. If nothing else, they were interesting times, even as many investors are happy to see them go.

Everybody Had a Good Year...

That sentiment may be more true for large-cap investors than others, as the S&P 500 s return for the decade was notably negative. Large-caps did, however, enjoy a more than respectable showing in 2009. **In fact, results for all three major indexes were outstanding, with the small-cap Russell 2000, S&P 500 and the Nasdaq Composite each posting their strongest calendar year performances since 2003 the Russell 2000 gained 27.2%, compared to 26.5% for the S&P 500 and 43.9% for the Nasdaq Composite.** After beginning the year with the most substantial losses, small-caps rallied hardest, leading from the market low on March 9, 2009. From that early March trough through the end of 2009, the Russell 2000 climbed 84.5% versus respective gains of 67.8% and 78.9% for the S&P 500 and Nasdaq Composite.

While each major index performed very well from the March bottom, all three remained well shy of their respective peaks. From their previous highs in 2007, the Russell 2000 and S&P 500 were off 24.2% and 24.0%, respectively, through December 31, 2009, while the more tech-oriented Nasdaq Composite remained 55.1% below its high, made during March 2000. Unsurprisingly, then, each index s stellar one-year result was not enough to put respective three-year returns in positive territory, while their five-year results were only slightly positive. For the decade as a whole, results were equally dismal. The decade was the worst on record for both the small-cap and large-cap indexes. The average annual total return for the 10-year period was 3.5% for the Russell 2000 and -1.0% for the S&P 500. The Nasdaq performed most poorly, losing 5.7% on an average annual total return basis for the decade.

For the calendar year, the MSCI EAFE (Europe, Australasia and Far East) index gained 31.8% and the MSCI World ex USA Small Core index rose 50.8%. Both indexes posted negative returns for the three-year period. However, five-year and 10-year results were positive and ahead of the Russell 2000 for the international small-cap index.

Within small-cap, growth substantially outperformed value in 2009 the Russell 2000 Growth index rose 34.5% versus 20.6% for the Russell 2000 Value index. Small-cap growth also held the performance edge in the three-year and five-year periods ended December 31, 2009. However, small-cap value outperformed in 2009 s rally. From the market low on March 9, 2009 through December 31, 2009, the Russell 2000 Value index was up 88.1% versus 81.0% for the Russell 2000 Growth index. Small-cap value also outpaced its growth sibling for the 10-, 15-, 20- and 25-year periods ended December 31, 2009. Micro-cap results were also very strong for calendar 2009, with the Russell Microcap index up 27.5%. Within micro-cap, growth outperformed value for the one-, three- and five-year periods ended December 31, 2009.

Yesterday

We were very pleased with the calendar-year performances for Royce Value Trust, Royce Micro-Cap Trust and Royce Focus Trust. Each of our closed-end portfolios outperformed their respective benchmarks on both an NAV (net asset value) and market price basis. However, it was more important to us that each portfolio posted strong absolute NAV returns, with each portfolio returning in excess of 35% for the calendar year. We also remain very pleased that the Funds returns in 2009 were a combination of strong relative

We expect investors to become more discriminating in the next market phase as the economy stabilizes and valuations are no longer at the fire-sale levels of late 2008 and early 2009. Such an environment should favor quality stocks that is, those companies that have strong balance sheets, steady earnings and high returns on invested capital in all asset classes.

assessment of the company s internal rates of return, particularly its return on invested capital, which gives us a strong sense of the sustainability of the company s success. This analysis provides an indication of whether or not the company s operations are likely to generate returns above and beyond the cost of capital, leading to increases in shareholder value. The ability to generate free cash flow and use it productively to grow the business and reward shareholders through dividends and share repurchases is one of the key attributes in our definition of a high-quality business. We like companies with little or no debt, but it s just as important for the business to be operating in a way that suggests it can maintain the same or a similar level of financial well-being over the long term, consistent with our own investment time horizon.

A third element that our portfolio managers and analysts seek are companies trading for at least a 30% discount to our estimate of their worth as a business, though our preferred discount is 50% to this estimate of intrinsic value. We operate on the assumption that under historically normal operating conditions the discount will narrow, but typically over the course of years, not months. In fact, if all works out according to plan, our investment in a small-cap stock trading at a 50% discount to its current worth would double over time, providing an average annual total return over four years of 18.9%. Purchasing shares at a 30% discount

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Letter to Our Stockholders

performance in the downturn that opened the year, as well as terrific showings during the rally that began in March. As always, we are as committed to capital preservation as we are to capital appreciation, our results in 2008 notwithstanding.

The rally has thus far been attractively egalitarian in nature, bestowing generous favor not only on stocks in all asset classes, but also to most sectors and industries. Of course, some areas did better than others. For the portfolios taken as a whole, the strongest sectors were Natural Resources (for Micro-Cap and Focus Trust) and Technology (in Value and Micro-Cap Trust). The former sector includes precious metals and mining companies as well as energy services stocks and oil and gas companies, all of which have exhibited considerable strength through the rally. The recovery for tech stocks, long overdue in our estimation, was keyed by the productivity and, in many cases, profitability of many tech businesses. In addition, much early M&A (merger & acquisition) activity during the downturn was focused on technology stocks, which seemed to attract investors.

One curious occurrence has been the thus-far relatively disappointing showing of small-cap companies that pay a dividend, one of our key identifiers of company quality. According to Bank of America-Merrill Lynch, dividend-paying small-cap stocks lagged their dividend-deficient small-cap peers by a wide margin. In 2009, these stocks were up 11.1% versus a gain of 40.0% for those small-cap stocks with no dividend yield. We anticipate that the market will move into a less feverishly bullish phase, one that should help dividend-paying small-caps to somewhat narrow this performance gap during the next year or so, as investors grow more concerned with quality. We are also expecting frequent and regular leadership rotation between small-cap and large-cap in a return environment that will look more historically typical than what we saw in 2008 and 2009.

Tomorrow Never Knows

The stock market has survived a number of difficulties severe bear markets, scandals, and indirectly related events such as those of 9/11. So while the past decade was very tough, going forward we are confident that equities will not just survive, but prosper that is, creating returns in excess of inflation. We fully anticipate that stocks will remain consistent with their historical role of building wealth over the long term and that diversified equity investments are the soundest method for investors to try to realize their goals. **While the economic outlook is uncertain, and many investors are still anxious, we accept the idea that, as much as we would like them to be infrequent, bear markets, even historically awful ones, remain a fact of investment life.** The best we can do is to act responsibly when they happen, trying to turn their declines to our long-term advantage. So while no one wants a recurrence of the sort of the near-disaster of 2008, we look to the future knowing that there are no guarantees. The only sure thing that we can see is the consistent presence of volatility.

Whatever else the new decade brings, the history of previous decades suggests that if returns are at or fall below historical levels, small-caps are likely to lead (as they did in the just-concluded decade); if returns exceed historical levels, large-caps are apt to be out in front. This has been the historical pattern regardless of whether an asset class had previously been underperforming. **In any case, it seems reasonable to expect better returns in the new decade.** The period will likely see its share of worrisome declines and exciting rallies and, as mentioned, several bouts of rotating market leadership between small-cap and large-cap stocks.

As the economic and financial crises move further back in time, we see the market entering a period of more historically typical returns, with annualized returns somewhere in the high single digits. Although it remains early to pronounce with complete confidence, the market appears to be moving out of the initial recovery phase that began with the early rally in March 2009. This bull phase has been very dynamic and particularly good for non-dividend payers, non-earners and very low-priced stocks. In other words, it was a bull run in which few investors were paying attention to risk. We expect investors to become more discriminating in the next market phase as the economy stabilizes and valuations are no longer at the fire-sale levels of late 2008 and early 2009. Such an environment should favor quality stocks that is, those companies that have strong balance sheets, steady earnings and high returns on invested capital in all asset classes.

Our approach has always centered on three qualities: ample attention to risk; a concentration on absolute returns; and a long-term investment horizon.

would yield a 9.4% average annual total return over four years if the market discount gap were to close.

At times, more patience than we originally thought is required. There are also those times when our security selections simply do not work out according to plan. While our margin of safety is designed to help us manage business risk, the vagaries of markets and economies can conspire to make these efforts ineffective. Numerous factors can and will get in the way, including the inaccuracy of our estimate and unforeseen changes to the business, its management or its industry, to name just a few. These potential obstacles notwithstanding, we are content to try to get it right, even as we know there have been numerous times in which we have gotten it wrong (as well as those wonderful instances in which our expectations are exceeded).

This is why entry and exit price are so crucial to our total return experience with any stock. Our estimate of the worth of a business helps us to determine an ideal entry price. However, prices move around quite a bit in the course of a single trading day, so we choose not a single price but a range of prices that we are happy to pay for a given stock. Ever cautious, we usually use a dollar-cost-averaging model, which equates to a slow wade into the shallow end of the pool. We tend to use the same practice when selling shares as well. Importantly, any long-term success to which we can lay claim depends on always being cognizant of the need to maintain that margin of safety.

Any Time At All

We would happily welcome more investors eager to embrace quality in 2010, though our own time-tested, quality-centric style will remain in place regardless of the market s direction. We remain confident in our consistent, disciplined approach, a confidence rooted in close to four full decades managing small-cap portfolios. **This nearly 40-year period, which has seen more than its share of booms and busts, encompasses the life span of one Royce closed-end fund with more than 20 years of history, one with more than 15, and a third with more than 10 years of performance history.** We believe that each represents an example of helping investors to build wealth over the long term in a variety of market climates.

Our approach has always centered on three qualities: ample attention to risk; a concentration on absolute returns; and a long-term investment horizon. In order for an investment approach to be successful, we have always believed it must devote significant attention to risk; failing to do so can erode or eradicate returns. Our emphasis on absolute, not relative, returns allows us to offer what we think are more realistic return expectations, especially during very volatile or dynamic short-term periods. Over the long or short run, beating the market is never our objective; it is instead a happy byproduct of successfully executing our investment discipline. **Finally, the habit of looking beyond the current quarter or year greatly enhances our ability**

to develop an effective investment thesis in a world too often pre-occupied with short-term results. We find that it is far easier to have an idea of *what s* going to happen than it is to know *when* it s going to happen. We seek to turn our patience into potential profit.

We have always believed in the critical importance of focusing on what we know and not concerning ourselves about what we cannot control. Our dedication to a disciplined process is the best way to give our shareholders and ourselves the greatest opportunities to build wealth.

Sincerely,

Over the long or short run, beating the market
is never our objective; it is instead a happy byproduct of successfully executing our investment discipline.

Charles M. Royce *President*	W. Whitney George *Vice President*	Jack E. Fockler, Jr. *Vice President*

January 31, 2010

Small-Cap Market Cycle Performance

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

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

Peak-to-Peak

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

Peak-to-Current

During the difficult, volatile decline that ended 3/9/09, both value and growth posted similarly negative returns. Events in the financial markets immediately preceding the end of 2008 s third quarter caused the Russell 2000 to decline significantly. After a brief rally at the end of 2008, the index continued to fall. Since then the index recovered significantly, gaining 84.5% from 3/9/09 through 12/31/09.

Royce Focus Trust managed to slightly outperform the index during the decline, while all three of our closed-end funds outperformed during the rally from 3/9/09 through 12/31/09.

ROYCE FUNDS NAV TOTAL RETURNS VS. RUSSELL 2000 INDEX: MARKET CYCLE RESULTS

	Peak-to-Peak 3/9/00-7/13/07	Peak-to-Trough 7/13/07-3/9/09	Trough-to-Current 3/9/09-12/31/09	Peak-to Current 7/13/07-12/31/09
Russell 2000	**54.9%**	**-58.9%**	**84.5%**	**-24.2%**
Russell 2000 Value	**189.5**	**-61.1**	**88.1**	**-26.9**
Russell 2000 Growth	**-14.8**	**-56.8**	**81.0**	**-21.8**
Royce Value Trust	161.3	-65.6	112.4	-26.9
	175.9	-66.3	113.9	-28.0

Royce Micro-Cap Trust				
Royce Focus Trust	264.2	-58.3	95.6	-18.3

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

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Annual Report to Stockholders

Managers Discussions of Fund Performance

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 12/31/09

Fourth Quarter 2009*	6.19%
July-December 2009*	29.35
One-Year	44.59
Three-Year	-6.18
Five-Year	1.36
10-Year	7.57
15-Year	10.19
20-Year	10.34
Since Inception (11/26/86)	10.29

*Not annualized

CALENDAR YEAR NAV TOTAL RETURNS

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

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Simpson Manufacturing	1.0%
Alleghany Corporation	0.9
SEACOR Holdings	0.9
Ritchie Bros. Auctioneers	0.9
Sotheby s	0.9
Oil States International	0.9
AllianceBernstein Holding L.P.	0.9
Ash Grove Cement Cl. B	0.9
Reliance Steel & Aluminum	0.9
HEICO Corporation	0.8

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable to Common Stockholders

Industrial Products	22.4%
Technology	19.2
Industrial Services	16.5
Financial Services	12.9
Financial Intermediaries	12.4
Natural Resources	10.5
Health	7.7
Consumer Products	7.2
Consumer Services	3.3
Diversified Investment Companies	0.3
Miscellaneous	4.9
Preferred Stock	0.2
Cash and Cash Equivalents	8.4

Royce Value Trust

Manager s Discussion

Royce Value Trust s (RVT) portfolio of small-cap and micro-cap stocks enjoyed strong results on both an NAV (net asset value) and market price basis in 2009. **For the calendar year, RVT gained 44.6% on an NAV basis, and 35.4% based on market price, outpacing both of its unleveraged small-cap benchmarks, the Russell 2000, which was up 27.2%, and the S&P SmallCap 600, which rose 25.6%, for the same period.** The Fund s solid relative showing in the bearish first quarter was gratifying. During this period, the Fund was down 13.5% and 11.4% on an NAV and market price basis, respectively, while the Russell 2000 fell 15.0%, and the S&P SmallCap 600 declined 16.8%. During the second quarter, when stock prices rose precipitously, RVT held its advantage with impressive gains of 29.2% (NAV) and 19.1% (market price), compared to the Russell 2000 s increase of 20.7%, and the S&P SmallCap 600 s of 21.1%. With the suspension of the Fund s quarterly distribution policy having a negative impact on its market price returns, we were pleased with the Fund s strong first-half rebound.

This pattern continued in the equally dynamic third quarter, in which RVT gained 21.8% on an NAV basis and 22.9% on a market price basis, outpacing each of its small-cap benchmarks between July and September, the Russell 2000 and the S&P SmallCap 600 climbed 19.3% and 18.7%, respectively. The fourth quarter saw a considerable slowdown in the pace of the rally, though returns remained positive for smaller companies. RVT rose 6.2% on an NAV basis and 4.4% on a market price basis in 2009 s closing quarter, compared to a 3.9% increase for the Russell 2000 and a 5.1% gain for the S&P SmallCap 600.

The rally that began on March 9, 2009, though it stalled a bit in June and October, rolled on mostly unimpeded through the end of the year. From that early March low through December 31, 2009, the Fund s results were strong, up 112.4% (NAV) and 118.4% (market price), while the Russell 2000 was up 84.5% and the S&P SmallCap 600 rose 85.1%. The Fund s ability to leverage clearly helped its recent NAV returns. However, we want to offer a word of caution that the bull phase remains a short one for now and in any case has not yet made back the losses incurred during 2008 or since the small-cap peak on July 13, 2007. (For more on the RVT s results over recent market cycles, please see page 10.)

GOOD IDEAS THAT WORKED
Top Contributors to 2009 Performance*

Diodes	1.08%
Evercore Partners Cl. A	1.00
Sotheby s	0.95
Credit Acceptance	0.91
Advent Software	0.81

*Includes dividends

Over longer-term time periods, the Fund s NAV returns were solid on a relative basis, with absolute NAV returns showing strength for the one-year and 10-year or longer periods. We were very pleased that our style of active, disciplined management enabled RVT to beat the Russell 2000 on an NAV basis for the one-, five-, 10-, 15-, 20-year and since inception (11/26/86) periods ended December 31, 2009. The Fund beat the S&P SmallCap 600 for each of these periods save the five-year span. **RVT s NAV average annual total return since inception was 10.3%.**

Important Performance and Risk Information

All performance information reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than

performance quoted. Returns as of the recent month-end may be obtained at www.roycefunds.com. The market price of the Fund s shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund invests primarily in securities of small- and micro-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and detractions for all securities would approximate the Fund s performance for 2009.

Performance and Portfolio Review

For the full year, all but two of the Fund s equity sectors made positive contributions to performance, led by Technology. Strong showings also came from Industrial Products, Financial Services and Natural Resources. Returns at the industry level were equally diverse, with investment management, retail stores, software and energy services leading a diverse field of contributors.

Holding its place from the first half of 2009 as the Fund s top performer was Diodes, a semiconductor manufacturer with products touching the communications, computing, industrial and consumer electronics markets. Early strength in the company s Asian markets drove better-than-expected earnings for the year and increases in management s guidance for revenues and earnings going forward also helped. Evercore Partners, a financial services company focused on investment management and corporate advisory activities, led a broad contribution from its industry. Improved investor confidence and a gradual resumption in positive fund flows were the primary catalysts for the group s strong stock performance. Investment management remains an important area of focus for the Fund. Sotheby s is a leader in the highly consumer-sensitive niche of fine art, antique and collectible auctions. Its stock performed handsomely off the lows as investors bid its price higher, refocusing on the company s durable competitive advantage and valuable brand identity in the high-end auction space. Credit Acceptance is a specialty finance company principally involved in financing a range of activities for automobile dealers and their customers. Credit availability from traditional lenders remained extremely tight throughout the year, so the company was able to increase its market share and improve funding terms as auto sales activity gradually improved from low levels.

Bermuda-based Bank of N.T. Butterfield & Son continued to suffer amid the ongoing struggles of banking stocks and, while we remain cautious generally toward this industry, the company s strong core business and enviable market position give us the comfort to wait for an improved operating environment in the future. Ash Grove Cement was another disappointment, as this manufacturer of cement and limestone struggled under the weight of poor residential and commercial construction markets.

GOOD IDEAS AT THE TIME
Top Detractors from 2009 Performance*

Bank of N.T. Butterfield & Son	-0.86%
Ash Grove Cement Cl. B	-0.58
Woodward Governor	-0.50
Lawson Products	-0.48
Crawford & Company Cl. B	-0.47

*Net of dividends

MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (11/26/86) through 12/31/09

[1] Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception ($10.00 IPO), reinvested all annual distributions as indicated and fully participated in

primary subscriptions of the Fund s rights offerings.
[2] Reflects the actual market price of one share as it traded on the NYSE.

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$1,111 million
Weighted Average P/E Ratio**	18.7x
Weighted Average P/B Ratio	1.8x
Fund Total Net Assets	$1,070 million
Net Leverage	17%
Turnover Rate	31%
Number of Holdings	635
Symbol Market Price NAV	 RVT XRVTX

*Geometrically calculated

**The Fund s P/E ratio calculation excludes companies with zero or negative earnings (25% of portfolio holdings as of 12/31/09).

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

CAPITAL STRUCTURE
Publicly Traded Securities Outstanding at 12/31/09 at NAV or Liquidation Value

66.0 million shares of Common Stock	$850 million
5.90% Cumulative Preferred Stock	$220 million

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

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 12/31/09

Fourth Quarter 2009*	3.85%
July-December 2009*	23.44
One-Year	46.47
Three-Year	-7.01
Five-Year	1.00
10-Year	8.64
15-Year	10.56
Since Inception (12/14/93)	10.20

*Not annualized

CALENDAR YEAR NAV TOTAL RETURNS

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

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Kennedy-Wilson Holdings	2.3%
Sapient Corporation	1.7

Seneca Foods	1.3
Pegasystems	1.2
Willbros Group	1.1
iGATE Corporation	1.1
Spherion Corporation	1.0
America s Car-Mart	1.0
Universal Truckload Services	1.0
Tennant Company	1.0

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable to Common Stockholders

Industrial Products	21.4%
Technology	18.4
Industrial Services	13.7
Natural Resources	11.3
Health	9.7
Financial Intermediaries	9.3
Financial Services	9.2
Consumer Products	8.0
Consumer Services	3.5
Diversified Investment Companies	0.9
Miscellaneous	4.9
Preferred Stock	0.4
Cash and Cash Equivalents	14.0

Manager s Discussion

After a red-hot first half, the portfolio of carefully selected micro-cap stocks that make up Royce Micro-Cap Trust (RMT) showed few signs of slowing down in the second half of 2009, which added up to a stellar year on both an absolute and relative basis. **RMT gained 46.5% on an NAV (net asset value) basis in 2009, and 37.9% based on market price, outpacing both of its unleveraged small-cap benchmark, the Russell 2000, which was up 27.2%, and the Russell Microcap index, which rose 27.5%, for the same period.** The Fund enjoyed a strong relative showing in the first-quarter downturn, losing 11.8% on an NAV basis and 5.9% based on market price, compared to respective declines of 15.0% and 15.2% for the Russell 2000 and Russell Microcap indexes. When stock prices began their ascent in the second quarter, the Fund gained 34.5% on an NAV basis and 19.5% on a market price basis. For the same period, the Russell 2000 was up 20.7%, and the Russell Microcap rose 25.0%. We were quite pleased with the Fund s mid-year results, especially with the suspension of the Fund s quarterly distribution policy, which had a negative impact on its market price returns during the second quarter.

The strength of the rally lasted through the third quarter, in which RMT gained 18.9% on an NAV basis and 21.5% on a market price basis, versus respective gains of 19.3% and 20.9% for the Russell 2000 and Russell Microcap indexes.

The fourth quarter was a more subdued, but still bullish period. RMT gained 3.9% on an NAV basis and 1.0% on a market price basis in the final quarter of 2009, compared to a 3.9% rise for the Russell 2000 and a loss of 0.5% for the Russell Microcap index.

The rally that kicked off in early March helped to spur the Fund s calendar-year performance. From the market low on March 9, 2009 through December 31, 2009, the Fund s showing was very strong, up 113.9% (NAV) and 116.8% (market price), while the Russell 2000 was up 84.5% and the Russell Microcap index rose 86.0%. We were very happy with the Fund s results, while RMT s ability to leverage clearly had a positive impact on recent NAV returns. However, we remain acutely aware that recent gains have not yet erased the losses in the current market cycle that began with the small-cap market peak on July 13, 2007.

GOOD IDEAS THAT WORKED

Top Contributors to 2009 Performance*

Pegasystems	2.74%
Spherion Corporation	1.91
Stein Mart	1.48
Sapient Corporation	1.44
Willbros Group	1.32

*Includes dividends

(For more on the RMT s results over recent market cycles, please see page 10.) Still, we were pleased with the Fund s long-term NAV performances on a relative basis. RMT beat the Russell Microcap index (for which data goes back only to 2003) for the one-, three- and five-year periods ended December 31, 2009, and it outpaced the Russell 2000 for the one-, five-, 10-, 15-year and since inception (12/14/93) periods ended December 31, 2009. **The Fund s NAV average annual total return since inception was 10.2%.**

Important Performance and Risk Information

All performance information reflects past performance, is presented on a

total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the recent month-end may be obtained at www.roycefunds.com. The market price of the Fund s shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund normally invests in micro-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and detractions for all securities would approximate the Fund s performance for 2009.

Performance and Portfolio Review

For the full year, all of the Fund s equity sectors made positive contributions to performance, with Technology and Industrial Products providing especially strong results. Natural Resources and Consumer Services also made strong showings, highlighting the remarkable breadth of the market s rally off the March lows. Within these sectors were four industry groups that merit mention for their own contributions. Net gains in Technology were driven by the software and IT Services industries, as previously restrained business investment returned first to those areas that enhance savings and improve productivity. Retail stores bounced back as tight inventory management and intelligent merchandising helped to offset decreased consumer activity. Finally, the precious metals and mining industry continued its winning ways within Natural Resources, as both underlying commodity prices and the operating metrics of individual companies improved steadily throughout the year.

Long-time holding Pegasystems, which manufactures and licenses business process management software, was the Fund s top individual contributor. The company benefited from suddenly flush IT budgets, particularly in the financial services space from which it derives more than 50% of its total revenues. Spherion Corporation, a staffing and placement services company, rebounded from highly depressed levels as investors appeared to take a more pragmatic view of employment trends, looking past the current malaise to the potential for improved profitably driven by increased economic activity. Stein Mart, the retailer of value-priced designer and branded apparel and merchandise, saw its stock price improve dramatically as the company began realizing better margins from a powerful operating turnaround that included management changes, improved merchandising and store level supply chain initiatives.

Detractors from the Fund s performance included Quixote Corporation, which manufactures highway and transportation safety products. The recession severely constrained municipal outlays, the primary driver of the company s business. We reduced our position in 2009 s first quarter. The first quarter also found us selling our stake in NYMAGIC, a property and casualty insurer with a specialty in ocean marine insurance. While we liked its specialty underwriting franchise and solid reserves, we thought that there were better opportunities elsewhere in the market.

GOOD IDEAS AT THE TIME
Top Detractors from 2009 Performance*

Bank of N.T. Butterfield & Son	-0.81%
NYMAGIC	-0.54
Avatar Holdings	-0.51
Integral Systems	-0.46
Ash Grove Cement	-0.45

*Net of dividends

MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (12/14/93) through 12/31/09

[1] Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception ($7.50 IPO), reinvested distributions as indicated and fully participated in the primary subscription of the 1994 rights offering.

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

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$286 million
Weighted Average P/B Ratio	1.4x
Fund Total Net Assets	$303 million
Net Leverage	11%
Turnover Rate	30%
Number of Holdings	334
Symbol Market Price NAV	 RMT XOTCX

*Geometrically calculated

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

CAPITAL STRUCTURE

Publicly Traded Securities Outstanding at 12/31/09 at NAV or Liquidation Value

27.3 million shares of Common Stock	$243 million
6.00% Cumulative Preferred Stock	$60 million

DOWN MARKET PERFORMANCE COMPARISON

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

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 12/31/09

Fourth Quarter 2009*	7.19%
July-December 2009*	30.90
One-Year	53.95
Three-Year	-0.34
Five-Year	5.44
10-Year	11.72
Since Inception (11/1/96)	10.82

*Not annualized

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

CALENDAR YEAR NAV TOTAL RETURNS

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

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Mosaic Company (The)	3.0%
Kennedy-Wilson Holdings	2.9
Reliance Steel & Aluminum	2.8

Unit Corporation	2.7
Nucor Corporation	2.6
Ivanhoe Mines	2.6
Silver Standard Resources	2.6
Buckle (The)	2.5
Sanderson Farms	2.4
Major Drilling Group International	2.3

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable to Common Stockholders

Natural Resources	30.3%
Industrial Products	24.4
Financial Services	9.6
Consumer Products	9.0
Industrial Services	7.8
Technology	7.0
Consumer Services	3.6
Financial Intermediaries	3.0
Diversified Investment Companies	2.1
Health	1.6
Miscellaneous	0.7
Cash and Cash Equivalents	18.6

Royce Focus Trust

Manager s Discussion

Royce Focus Trust (FUND) rose an eye-catching 54.0% on an NAV (net asset value) basis and 40.8% on a market price basis in 2009, on both scores

trouncing the 27.2% mark posted by its small-cap benchmark, the Russell 2000, for the same period. We were pleased to see such strong performance, but it was more than just full participation in the rally that began in March. The bear market was alive and well through much of the first quarter, and during this down period the Fund lost 7.3% on an NAV basis and only 1.7% on a market price basis, while the Russell 2000 fell 15.0%. Stock prices began to pick up before the end of the first quarter. FUND rose 26.9% on an NAV basis and 17.7% on a market price basis during the more bullish second quarter compared to a gain of 20.7% for the small-cap index. (Note: the Fund s market price return may have been dampened somewhat by the suspension of the Fund s quarterly distribution).

FUND was very strong on an NAV basis in the equally bullish third quarter, gaining 22.1% on an NAV basis and 14.0% on a market price basis, thus again beating its small-cap benchmark, the Russell 2000 (+19.3%), on an NAV basis. The fourth quarter was a much more quietly bullish period for the market as a whole, with the pace of the rally slowing considerably. During this period, the Fund continued to show strength, gaining 7.2% (NAV) and 6.7% (market price), in both instances ahead of the Russell 2000 s gain of 3.9% for the same period.

FUND posted equally stalwart performance in the rally that began following the market low in early March. From the small-cap trough on March 9, 2009 through December 31, 2009, the Fund gained 95.6% on an NAV basis and 85.6% on a market price basis, beating the 84.5% increase for its small-cap benchmark. These results helped the Fund to rebuild its longer-term, absolute return record in the wake of 2008 s severe downturn. (The bear first appeared with the dawn of the current market cycle, which began with the small-cap market peak on July 13, 2007. Please see page 10 for the Fund s recent market cycle results.) We were also very pleased with the Fund s relative results over each of these periods. FUND outpaced the Russell 2000 on an NAV basis for the one-, three-, five-, 10-year and since inception periods of Royce s management (11/1/96) ended December 31, 2009. (It also beat its benchmark on a market price basis for each of these same periods save the three-year span.) **The Fund s NAV average annual total return since inception was 10.8%.**

GOOD IDEAS THAT WORKED
Top Contributors to 2009 Performance*

Ivanhoe Mines	4.66%
Reliance Steel & Aluminum	3.50
Sims Metal Management ADR	2.95
Thor Industries	2.43
Allied Nevada Gold	2.37

*Includes dividends

Natural Resources led all of the Fund s equity sectors by a wide margin in 2009, though Industrial Products, Consumer Products and Financial Services also posted notable net

Important Performance and Risk Information

All performance information reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the recent month-end may be obtained at www.roycefunds.com. The market price of the Fund s shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund normally invests primarily in small-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. The sum of all contributions and detractions for all securities would approximate the Fund s performance for 2009.

Performance and Portfolio Review

gains. Natural Resources is home to two industries in which we have had a long-term interest energy services companies and precious metals and mining stocks. The latter was the Fund s top-performing industry group in 2009, contributing more than any of the Fund s other sectors. Our investments in this industry have been based on the idea that precious metals commodity prices would rise over the long run, and the soaring price of gold was one of the big stories in 2009. Our analysis suggests that the prices of many of these stocks have not yet increased proportionally with the rise in their underlining commodity prices. We also think that as equity investors begin to see these companies as earnings and cash flow entities, and not simply as asset plays, this could help to boost share prices. Our patience with top performer and top-ten holding Ivanhoe Mines was tested as a supposedly imminent agreement with the Mongolian government to approve the firm s copper mining plans took four years and three governments to sign. We reduced our position in the third quarter as its stock price climbed.

Reliance Steel & Aluminum operates metals service centers throughout the U.S. and across the globe. Inventory destocking ran its course, which, combined with renewed demand for steel, especially from Asia, and unprecedented pricing discipline by steel manufacturers, bolstered investor confidence in the firm s prospects. Another large position in a similar business also enjoyed a good year global scrap metal recycling business Sims Metal Management. The firm s earnings have yet to regain their pre-recession levels, but scrap metal prices have begun to stabilize in anticipation of a pick-up in global industrial activity from which Sims looks very well-positioned to benefit.

Although we reduced our stake, we still held a small position in Endo Pharmaceuticals Holdings. We remained dissatisfied with its decision to move away from its core pain management products, which were a large part of our initial interest in the company, into new areas. We parted ways with freight transportation business, Arkansas Best, though it was a somewhat reluctant farewell. We simply saw what we regarded as better opportunities elsewhere while still holding the firm s management in high esteem.

GOOD IDEAS AT THE TIME
Top Detractors from 2009 Performance*

Endo Pharmaceuticals Holdings	-1.32%
Arkansas Best	-0.84
BB Holdings	-0.61
Pason Systems	-0.52
Woodward Governor	-0.43

*Net of dividends

MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (11/1/96)[1] through 12/31/09

[1]Royce & Associates assumed investment management responsibility for the Fund on 11/1/96.
[2]Reflects the cumulative total return experience of a continuous common stockholder who reinvested all distributions as indicated and fully participated in the primary subscription of the 2005 rights offering.

[3]Reflects the actual market price of one share as it traded on Nasdaq.

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$1,938 million
Weighted Average P/B Ratio	2.1x
Fund Total Net Assets	$166 million
Net Leverage	0%
Turnover Rate	46%
Number of Holdings	61
Symbol	
Market Price	FUND
NAV	XFUNX

*Geometrically calculated

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

CAPITAL STRUCTURE

Publicly Traded Securities Outstanding at 12/31/09 at NAV or Liquidation Value

19.8 million shares of Common Stock	$141 million
6.00% Cumulative Preferred Stock	$25 million

DOWN MARKET PERFORMANCE COMPARISON

All Down Periods of 7.5% or Greater, in Percentages(%)

History Since Inception

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

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

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

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

2 Other than for initial purchase, values are stated as of December 31 of the year indicated, after reinvestment of distributions.

3 Includes a return of capital.

Distribution Reinvestment and Cash Purchase Options

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

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

Why should I reinvest my distributions?

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

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

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

How does this apply to registered stockholders?

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

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

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

What other features are available for registered stockholders?

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

How do the Plans work for registered stockholders?

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

How can I get more information on the Plans?

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

Royce Value Trust

Schedule of Investments