ROYCE FOCUS TRUST INC
Form N-CSRS
September 03, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

Address of Registrant: 1414 Avenue of the Americas
New York, NY 10019

Name and address of agent for service: **John E. Denneen, Esquire**
1414 Avenue of the Americas
New York, NY 10019

Registrant s telephone number, including area code: (212) 486-1445
Date of fiscal year end: December 31
Date of reporting period: January 1, 2008 June 30, 2008

Item 1. Reports to Stockholders

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

SEMIANNUAL 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. Each of the Funds has adopted a quarterly distribution policy for its common stock.

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.

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For more than 30 years, we have used a value approach to invest in smaller-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. At times, we may also look at other factors, such as a company's unrecognized asset values, its future growth prospects or its turnaround potential following an earnings disappointment or other business difficulties. 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 June 30, 2008

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
Second Quarter 2008*	-1.12%	-1.21%	8.03%	**0.58%**
Year-to-Date 2008*	-11.67	-11.70	2.28	**-9.37**
One-Year	-15.53	-18.64	-1.01	**-16.19**
Three-Year	7.05	5.62	17.18	**3.79**
Five-Year	12.55	12.44	20.52	**10.29**
10-Year	9.49	9.70	12.83	**5.53**
15-Year	11.68	n/a	n/a	**8.92**
20-Year	12.06	n/a	n/a	**9.48**
Since Inception	11.65	12.08	13.73	
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 small-cap and/or micro-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

The thoughts expressed in this *Review and Report to Stockholders* concerning recent market movements and future prospects for small-company stocks are solely the opinion of Royce at June 30, 2008, 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 Royces investment intentions with respect to those securities reflect Royces opinions as of June 30, 2008 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this *Review and Report to Stockholders* will be included in any Royce-managed portfolio in the future.

*Not annualized.
**Date Royce & Associates, LLC assumed investment management responsibility for the Fund.

Letter to Our Stockholders

Ballad of a Thin Market

The first six months of 2008 gave even the most serene investor cause for anxiety, if not outright panic. First, a long list of worries ushered in the new year: the credit crisis, housing bubble, subprime implosion, falling dollar, stumbling equity prices, and an economy in either a full-blown recession or merely stalled. By the end of June, one could add to this list rapidly rising oil prices and associated energy costs. And we would be remiss if we did not also mention that smaller-company stock prices, after rallying from mid- March through early June, spent most of that latter month swooning. Indeed, share price declines throughout the market were so severe that on July 1 several media outlets were trotting out comparisons to the 1930s, since June saw the worst respective one-month losses for both the Dow Jones Industrial Average and the S&P 500 since the Great Depression.

Each of the formidable problems besetting the economy and financial markets remained unsolved as the year crept nervously to its midpoint, with little in the way of solutions on the immediate horizon. For anyone expecting good news soon about these matters, we can offer only sympathy. **It will probably take some time before genuine improvement begins. We do not mean to imply that we like being where we are, only that a measured look at the current landscape suggests that most equities will need**

Both domestically and internationally, we
have seen a large number of what we believe
are superb values emerge in our asset class.
As is often the case with value investing,
patience and discipline will be critical as we
wait for the markets to rebound.

Letter to Our Stockholders

We are contrarians. To us, the term has always been synonymous with value investor. Our research screens include searches for well-run businesses whose stock prices have fallen, which typically leads us to companies, and often entire industries, that others have recently fled or are otherwise happy to ignore.

Searching among the neglected and broken in the smaller-company world for new investment ideas not only helps us to find potential hidden gems, it also helps to lower portfolio risk. Companies whose stock prices have been beaten up by mass sell-offs often carry very low expectations (and price risk), especially once the smoke has cleared and former stockholders have moved on. Although there's always the risk of additional stock price erosion if a company's fortunes worsen or an industry's prospects grow dimmer, we try to use falling stock prices to our advantage; it is common for us to add to positions at such times

to log a few more miles of volatility and poor short-term performance prior to a sustained recovery. The fact that this is not surprising does not make the news any easier to bear. What it does mean for smaller-company bargain-hunters such as ourselves is opportunity. Both domestically and internationally, we have seen a large number of what we believe are superb values emerge in our asset class. As is often the case with value investing, patience and discipline will be critical as we wait for the markets to rebound.

While we wait, it is worth noting that many observers, including some for whom we have enormous respect, are arguing that the events of the past year—particularly the housing crisis, the credit crunch and the slowing economy—signal the end of the era of low interest rates and low-to-moderate inflation that began following the 1982 recession and ran, with some notable interruptions, through the stock market peaks in 2007. We agree in large part with this assessment. It seems plain to us that we have entered a period that will be characterized by higher inflation and rising interest rates. However, there is little agreement as to how pronounced an effect these changes will have on the U.S. economy and stock markets. So these recent travails put all of us in the position of Dylan's Mr. Jones: there is something happening here, but we don't know what it is. **Our take is that the short term will be challenging at best, but that solid recoveries for both the economy and equities will come in the next three to five years.** As is our habit, we first look at history for future direction. In a Royce Fund 1989 *Annual Report*, we recalled a "full-blown recession" that led to a robust economic expansion, "an epic crash in 1987 and mini-crash in 1989," and a market that saw "speculative binges in oil, precious metals and real estate as well as stocks." In other words, it seems to us that nothing about the '90s or the current decade is unprecedented.

Subterranean Small-Cap Blues

As might be expected in such a tumultuous period, the current market leadership question also looks unsettled. Domestic small-caps, as measured by the Russell 2000 index, finished the year-to-date period ended 6/30/08 with a loss of 9.4%, which was better than the large-cap S&P 500 index (-11.9%), the more tech-laden Nasdaq Composite (-13.6%) and the global MSCI EAFE (Europe, Australasia and Far East) index (-11.0%). Small-cap's performance advantage over large-cap stocks thus far in 2008 was primarily attributable to its advantage in the second quarter, in particular its strong relative showing in May, when the Russell 2000 gained 4.6% versus 1.3% for the S&P 500. (Smaller stocks finished the second quarter just barely in positive territory, up 0.6% versus -2.7% for their large-cap peers.) The strong rally from the current small-cap trough on 3/10/08 was followed by an almost equally strong decline in June that collapsed share prices across the globe. During the month, the Russell 2000 lost 7.7%, the S&P 500 fell 8.4%, the Nasdaq Composite was down 9.1% and the MSCI EAFE declined 8.2%.

The relative resilience of smaller companies during June was a welcome development. Although it did not decisively shift market leadership back to our chosen asset class, it certainly helped the Russell 2000 lose less during the highly volatile first half of 2008.

(provided, of course, that our long-term outlook for the company remains positive).

While our hope is that any subsequent drops in share prices are temporary, it is also why we look for companies

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However, the S&P 500 was slightly ahead of its small-cap counterpart in the first quarter of 2008 (-9.5% versus -9.9%) and decidedly better in the second half of 2007. **These outperformance periods allowed the S&P 500 to stay ahead of the Russell 2000 for both the one-year (-13.1% versus -16.2%) and three-year (+4.4% versus +3.8%) periods ended 6/30/08, while over longer-term periods, smaller stocks held serve; the Russell 2000 beat the S&P 500 for the five-, 10- and 15-year periods ended 6/30/08.**

While large-cap stocks had to wait until early July to officially enter a bear market (traditionally defined as a price decline of 20% or more from a previous peak), the seeming inevitability of its arrival put the phrase bear market on the lips of most investors before the end of June. The Dow Jones Industrial Average finished the second quarter with a price 19.9% below its 10/9/07 all-time peak. After making a cyclical high in May, the S&P 500 fell more than 10% to close the quarter within a single percentage point of its cycle low on 3/10/08. The Russell 2000 rallied to a new cyclical high in early June before it fell 9.5% by the end of the quarter. **However, the small-cap index also managed to retain more of its gain, staying 7.6% above its current cycle low on 3/10/08.**

We expect more volatility and lower, possibly negative returns for much of the market in the coming months. Although we once believed that large-cap would have an advantage, we now believe that quality-oriented companies, regardless of market cap, should outperform and that smaller companies may provide an edge during short-term market upswings. We also suspect that smaller stocks should lead when share prices eventually show some sustained recovery. This, however, is likely to take some time before materializing. Putting aside for a moment the challenges that must be worked through in the economy as well as in the credit and housing markets, the Russell 2000 also enjoyed a mostly uninterrupted run from its trough on 10/9/02 through its most recent peak on 7/13/07. **Nearly five years of primarily rising stock prices does not correct itself quickly or, unfortunately, without pain.** *(For more on recent small-cap market cycles, see page 10).*

Although we once believed that large-cap would have an advantage, we now believe that quality-oriented companies, regardless of market cap, should outperform and that smaller companies may provide an edge during short-term market upswings. We also suspect that smaller stocks should lead when share prices eventually show some sustained recovery.

Tangled up in Value

Small-cap value stocks, as measured by the Russell 2000 Value index, have felt more than their share of pain recently after dominating the Russell 2000 Growth index during the first seven years of the current decade. During the last full small-cap market cycle, which lasted from 3/9/00 until 7/13/07, the Russell 2000 Value index substantially outperformed the Russell 2000 Growth index (+189.5% versus -14.8%). The small-cap value index also outpaced the small-cap growth index from the small-cap market trough on 10/9/02 through 7/13/07, up 183.9% versus 169.7%. However, the small-cap growth index began to chip away at this lead during 2007, when it beat small-cap value in each of that year's four quarters.

Small-cap growth hung on to its advantage through the year-to-date period ended 6/30/08 (-8.9% versus -9.8% for the small-cap value index), as well as from the recent small-cap peak on 7/13/07. Results for both small-cap style indices were close from

that have the financial strength to survive difficult times for their industry or sector. This remains a cornerstone of our approach because, despite our best intelligence, trouble sometimes lasts longer than we anticipate. Just as we attempt to be opportunistic from a purchase-price standpoint, we like companies that view opportunity through a similar prism. Businesses with strong balance sheets will at times act in a similar fashion, using their financial position to acquire lesser competitors.

Our practice of purchasing low-expectation companies often involves going against the grain of Wall Street. Five years ago, for example, oil was trading at a then-high of $30 per barrel. The Wall Street consensus was that the price of oil had reached a peak and would soon begin to decline. We began to look closely at energy services companies as well as oil and gas businesses because expectations were driving investors away to the point that share prices began to look more and more attractive to us. This, combined with many years of industry consolidation, gave us the conviction to start building positions within the sector.

We were not making a call on the prospects for oil prices or thinking that we knew better than the analysts who devote their careers to the study of energywe simply saw an industry in which we had enjoyed success in the past once again looking

attractively undervalued to us.

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Letter to Our Stockholders

7/13/07 through the new small-cap trough on 3/10/08, a period in which the Russell 2000 Value index fell 25.4% and its small-cap growth sibling lost 23.0%, reversing small-cap values usual edge during downturns. From the small-cap market peak on 7/13/07 through 6/30/08, the small-cap growth index enjoyed a larger performance edge, falling 13.8% versus a loss of 23.1% for the small-cap value index.

While neither index has been exempt from the markets troubles over the past year, investors may be wondering what became of small-cap values typical performance edge in down-market periods. We think that the current reversal is not entirely a surprise when one considers just how thoroughly the Russell 2000 Value index prevailed over the Russell 2000 Growth index both from the previous small-cap market peak on 3/9/00 and from the small-cap market trough on 10/9/02 through the end of the last full market cycle in July 2007. That small-cap value has been struggling of late is therefore not unexpected, both in the context of reversion to the mean and in the context of an indiscriminate bear market. **Of course, just as we spent much of the first several years of the decade looking for high-quality bargains in areas usually populated by smaller-company growth managers, we have spent much of the last year scrutinizing those places where value managers are thought to roam.**

Our Back Pages

Performance during the first half of 2008 for our three closed-end portfolios was decidedly mixed on both an absolute and relative basis, with a particularly wide margin separating the terrific NAV (net asset value) results of Royce Focus Trust and the less inspiring showings for both Royce Value Trust and Royce Micro-Cap Trust (see the chart below). Each Fund looks at a slightly different area of the smaller-company universe: Royce Focus Trust typically holds fewer positions, most of which are selected from the upper tier of the smaller-company world, where market capitalizations run from $500 million to $2.5 billion. Royce Value Trust and Royce Micro-Cap Trust are more diversified and make most of their respective selections

from the micro- and small-cap area (market caps up to $2.5 billion) and micro-cap area (market caps up to $500 million). Thus, we view a certain divergence as a healthy development. Still, we were very disappointed in our two portfolios that struggled on a relative and absolute basis during both the six-month and one-year periods ended 6/30/08.

Much of the strength of Royce Focus Trusts first-half performance came from its greater exposure to both energy and steel companies. These areas did well in all three portfolios, but both Royce Value Trust and Royce Micro-Cap Trust were comparatively underweight in their respective exposure and thus paid the price. They also suffered from having relatively larger exposures to sectors that struggled, such as consumer, technology and financial stocks. Indeed, financials continued to be a drag across the entire equity market. On average, the financial components of the Dow declined 26.6% in the second quarter, versus a 7.4% decline for the index. Within the S&P 500, banking and related industries declined 24.9% on average, versus a 2.7% decline for the index. The Financial Services sector of the Russell 2000 was that indexs worst performer, losing 13.4%, while the index gained 0.6%.

The Times They Are A-Changin

As much as the current bearish period has convinced us that major changes are working their way through the market, it seems to us that there is a significant element to the story that has not received as much attention, namely, the shift in the status of the U.S. in the global economy. **The U.S. has gone from being by far the most dominant force, perhaps the only truly dominant force, to being first among a small group of leading players, which includes the European Union, China, Japan and India.** The first sign of this change can be traced back to late 2000, when the U.S. dollar first began to decline versus the Euro, a decline that has lasted more than seven years and counting. Other factors also contributedthe bursting Internet bubble, the events of 9/11, a war that has made the U.S. unpopular abroad, the surging economies of China and India, and our own recent struggles with housing, credit and an overall stalled economy. Each is a piece of a larger puzzle that shows the global economy undergoing major changes, and we believe that the shifting role of the U.S. within this system is the critical event.

We have sought to meet the challenges these changes present by exporting our investment approach over the past decade. Our initial forays into international smaller companies generally involved those with a strong domestic presence, while more recently we have been expanding our scope to include companies whose activities are more international or centered in a particular overseas region such as Western Europe. **Our evolution to international investing is rooted in the Royce tradition of attempting to capitalize on market inefficiencies to generate strong absolute returns, while always keeping a close eye on managing risk. We are focusing primarily on developed economies, where we see ample inefficiencies that could translate into opportunities to find attractively priced securities.** Interestingly, the degree of inefficiency that we are seeing today in many international smaller companies reminds us of the small-cap market in the United States 15 to 20 years ago. It is possible that we may be in the early phases of a long-term outperformance cycle for smaller companies on a global

Interestingly, the degree of inefficiency that we are seeing today in many international smaller companies reminds us of the small-cap market in the United States 15 to 20 years ago.

Our thinking was that the industry was both significant and robust enough to eventually recover, though we set no specific time table as to when.

More recently, certain industries in the consumer sectors appear to us to have been suffering from a similar dearth of positive expectations. The slowing economy, the credit crunch, the housing bubble and, somewhat ironically, rising energy costs have all convinced many observers that the American consumer is too financially challenged for consumer stocks to do anything more than languish at best. As was the case with energy earlier in the decade, we see a traditionally cyclical area at what looks to us like a potential low point in its business cycle.

Our practice in the past several months has been to root around various consumer industries looking for smaller-cap businesses that boast sterling

Letter to Our Stockholders

scale, as international smaller companies follow their U.S. peers and potentially evolve into a professional asset class.

The number of opportunities in international investing is vast. There are more companies from which to choose and greater total market capitalization. Our research indicates that there are three times as many micro-cap companies those with market capitalizations up to $500 million in the developed international universe, with roughly twice the total market capitalization of the U.S. micro-cap universe. Similarly, in the upper tier of the international small-cap world market caps of $500 million to $2.5 billion there are more total companies (2,091 versus 1,119) and greater total market capitalization ($2.4 trillion versus $1.3 trillion domestically). However, average market caps tend to be smaller in the international market. For example, according to Reuters the international micro-cap market has a weighted average market cap of $219, compared to $257 domestically. Liquidity issues, therefore, tend to increase as we move down the market-cap scale, which contributes to greater pricing inefficiencies. Independent research is difficult to come by (when it is available at all). We believe that these differences give us the opportunity to find quality businesses that are not properly priced. In addition, a counter-weight to the liquidity challenges is a marketplace with generally higher yields. As of 6/30/08, the

financial characteristics in the form of strong balance sheets, established records of earnings and the ability to generate free cash flow.

The contrarian habit of scouring beaten-down industries that others are avoiding or ignoring is a hallmark of our time-tested value approach. By closely examining industries for which expectations are at a minimum, we stay true to our goal of trying to lower risk, which is a critical part of building strong, long-term returns for The Royce Funds.

DEVELOPED UNIVERSE BY MARKET CAPITALIZATION (EXCLUDING USA) June 30, 2008

Market Cap Range (Millions)	Number of Companies	Total Market Cap (Billions)	Percent of Companies	Percent of Total Market Cap
$0 - $500	14,148	1,235	81%	6%
$500 - $1,000	1,106	798	6	4
$1,000 - $2,000	753	1,078	4	5
$2,000 - $2,500	232	518	1	2
$2,500 - $5,000	507	1,810	3	8
$5,000 and over	755	16,844	4	76
Total	**17,501**	**22,283**	**100**	**100**

Source: Reuters

weighted average yield of the international small-cap universe was more than a percentage point higher than its domestic equivalent, 3.5% versus 2.1%.

Most importantly, we have found that quality is a truly international concept, an idea that recognizes no borders. **The same attributes that attract us to domestic companies strong balance sheets, an established record of earnings, the ability to generate free cash flow and excellent growth prospects are readily found in international businesses.** It really is a small world after all.

Bringing It all Back Home

However promising the future for global opportunities in smaller companies, we think that far too much uncertainty currently exists here at home for the equity markets to settle down and establish a consistent, forward-looking direction. Although there have been plenty of pleasant surprises, we do not think the profit picture is strong enough to outweigh the anxiety that so many investors are feeling, especially about inflation. **We see the next year or so being a very volatile period as the market continues to sort out the effects of the housing and credit bubbles and adjusts to a more inflationary environment.**

It seems plain to us that investors will therefore be looking for lower risk in the form of company quality, especially if the bond markets begin to struggle, as many seem to expect. We see the next year or two as a time to prepare and position our portfolios for a market and economic rebound that looks at least a year or two away. We think that three to five years from now, investors will be mostly pleased with returns because we expect the economy to recover and think that the market will see it coming first. So while smaller companies should be all right in the short term, we suspect that the real action lies further ahead. In any case, we keep doing what we have always done buying what we think are high-quality smaller companies trading at attractive prices. A volatile stock market has historically been a boon to value investors, and the current period will hopefully be no exception. Certain areas continue to offer what look to us like compelling bargains, both here and abroad. In addition, some industries have been doing very well, so we have been taking gains in some cases, holding in others and even building positions in companies that are managing their growth most effectively. Wide divergence in sector performance is something that we anticipate will be with us for a while, so we see ample opportunity out there on a global scale.

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Sincerely,

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

July 31, 2008

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%).

Peak-to-Trough

In the new cycle s somewhat brief peak-to-trough period, growth was ahead of value, though its advantage was slight and neither style index managed to provide positive performance during the downdraft. All of our closed-end funds outperformed the Russell 2000 in this period, with Royce Focus Trust again providing the best (albeit negative) performance for the period, followed by Royce Value Trust.

Trough-to-Current

We would caution against reading too much into a period that has lasted only slightly longer than a calendar quarter, but it is still worth noting that growth s return more than tripled that of the value index. Only Royce Focus Trust outpaced the Russell 2000 during this period, with Royce Value Trust and Royce Micro-Cap Trust both underperforming.

Peak-to-Current

During this nearly year-long period, both value and growth posted negative returns, though growth lost less by a comfortable margin. Once again, Royce Focus Trust distinguished itself. Both it and Royce Value Trust outperformed the Russell 2000, while Royce Micro-Cap Trust lagged the small-cap index.

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

	Peak-to-Peak 3/9/00-7/13/07	Peak-to-Trough 7/13/07-3/10/08	Trough-to-Current 3/10/08-6/30/08	Peak-to-Current 7/13/07-6/30/08
Russell 2000	**54.9%**	**-24.1%**	**7.6%**	**-18.4%**
Russell 2000 Value	**189.5**	**-25.4**	**3.0**	**-23.1**
Russell 2000 Growth	**-14.8**	**-23.0**	**11.9**	**-13.8**
Royce Value Trust	161.3	-20.9	3.9	-17.8
Royce Micro-Cap Trust	175.9	-22.6	2.8	-20.4
Royce Focus Trust	264.2	-15.3	11.8	-5.3

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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Semiannual Report to Stockholders

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 6/30/08

Second Quarter 2008*	-1.12%
Year-to-Date 2008*	-11.67
One-Year	-15.53
Three-Year	7.05
Five-Year	12.55
10-Year	9.49
15-Year	11.68
20-Year	12.06
Since Inception (11/26/86)	11.65

* Not annualized

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
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
2000	16.6	1991	38.4
1999	11.7	1990	-13.8

TOP 10 POSITIONS
% of Net Assets Applicable

to Common Stockholders

AllianceBernstein Holding L.P.	1.8%
Ritchie Bros. Auctioneers	1.5
Lincoln Electric Holdings	1.4
Ash Grove Cement Cl. B	1.2
Nordson Corporation	1.2
SEACOR Holdings	1.1
PAREXEL International	1.0
Sotheby's	1.0
Woodward Governor	1.0
Forward Air	0.9

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable
to Common Stockholders

Technology	21.3%
Industrial Products	21.0
Industrial Services	16.3
Financial Intermediaries	13.1
Financial Services	12.3
Natural Resources	10.7
Health	6.2
Consumer Products	5.8
Consumer Services	3.9
Diversified Investment Companies	0.5
Utilities	0.2
Miscellaneous	2.6
Bond and Preferred Stocks	0.4

Cash and Cash Equivalents	7.3

Royce Value Trust

Managers Discussion

During the first half of 2008, Royce Value Trust (RVT) lagged each of its small-cap benchmarks in a bear market environment. **The Fund declined 11.7% on a net asset value (NAV) basis, and 10.7% on a market price basis, for the year-to-date period ended 6/30/08, compared with losses of 9.4% for the Russell 2000 and 7.1% for the S&P SmallCap 600 for the same period.** In the first quarter downturn, RVT was down 10.7% on an NAV basis while its market price fell 13.0%, versus a decline of 9.9% for the Russell 2000 and 7.5% for the S&P 600. The second quarter was equally frustrating. After establishing a market trough on 3/10/08, smaller companies enjoyed a strong short-term rally that lasted into early June, when stock prices again dropped throughout most of the market. In the thus-volatile second quarter, RVT again underperformed its benchmarks on an NAV basis, declining 1.1% versus respective gains of 0.6% and 0.4% for the Russell 2000 and for the S&P 600, while outgaining each index on a market price basis, up 2.7%.

During the short-term period from the recent small-cap market trough on 3/10/08 through 6/30/08a span nearly coterminus with the second quarterRVTs market price performance was strong on a relative basis, but the Fund underperformed on an NAV basis. From 3/10/08 through 6/30/08, RVT gained 3.9% on an NAV basis and was up 9.7% on a market price basis, compared with a 7.6% gain for the Russell 2000 and a 6.3% gain for the S&P 600. The Funds performance pattern since the beginning of the new small-cap market cycle on 7/13/07 has been disappointing so far in that we would expect the Fund to better hold its value during a down-market period. From the July 2007 peak through 6/30/08, RVT was down 17.8% on an NAV basis, and 20.0% on a market price basis, compared to the Russell 2000s 18.4% loss and the S&P 600s decline of 17.1% during the

GOOD IDEAS THAT WORKED
Net Realized and Unrealized Investment Return*
Year-to-Date Through 6/30/08

Energy Conversion Devices	$4,292,218
Cimarex Energy	3,448,987
CARBO Ceramics	3,312,445
Nordson Corporation	2,604,509

same period.

Helmerich & Payne	2,586,241

*Includes dividends

Over full market cycle and other longer-term periods, positive performances were more common, as was strong absolute and relative performance. RVT held a large advantage over both the Russell 2000 and the S&P 600 from the previous small-cap market peak on 3/9/00 through 6/30/08, gaining 114.7% on an NAV basis and 148.2% on a market price basis, while the Russell was up 26.4%, and the S&P 600 was up 76.2%. The Fund outperformed each of its benchmarks on an NAV basis for the three-, five-, 10-, 15-, 20-year and since inception (11/26/86) periods ended 6/30/08 and on a market price basis for each period except the three- and five-year intervals. **RVTs NAV average annual total return since inception was 11.7%.**

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 Funds 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. Standard deviation is a statistical measure within which a funds total returns have varied over time. The greater the standard deviation, the greater a funds volatility.

Performance and Portfolio Review

Natural Resources was not only the Fund's best-performing sector on a dollar basis in the first half, it was the only notable positive contributor to performance. The oil and gas industry and energy services group were the sector's strongest areas, home to three of the Fund's best-performing stocks. Cimarex Energy is an oil and gas exploration and production company that tapped a benefit from the record-shattering price of oil and a recovery in natural gas prices. CARBO Ceramics manufactures ceramic proppants used in hydraulic fracturing of natural gas and oil wells. We have long admired its strong niche, clean balance sheet and history of profitability. We were happy to see other investors catch on in the first half. We classify the Fund's top gainer, Energy Conversion Devices, as a Technology holding, but, as its name suggests, it does much of its business supplying products and processes for alternative energy generation and storage. The firm's new CEO concentrated efforts on its solar-energy production segments, which helped the firm generate positive earnings.

The Financial Services sector was home to the two holdings with the largest negative impact on first-half performance. AllianceBernstein Holding remains a healthy dividend payer and, in our view, a very well-run business. Its stock disappointed after the firm revised its earnings guidance for fiscal 2007 early in 2008. It was the Fund's largest holding at the end of June. The share price of MoneyGram International was beaten down in 2007 as the result of exposure to subprime mortgages in its investment portfolio.

GOOD IDEAS AT THE TIME
Net Realized and Unrealized Investment Loss*
Year-to-Date Through 6/30/08

AllianceBernstein Holding L.P.	$6,222,308
MoneyGram International	5,798,413
Rofin-Sinar Technologies	4,349,521
Sotheby's	4,189,440
Advent Software	3,950,988

*Net of dividends

Matters grew worse in January 2008 when the company announced, after re-valuing the portfolio, that it had experienced additional losses due to the subprime contagion. Its already-plummeting share price fell precipitously through June. We increased our stake in January and February because we think that the firm's various money transfer businesses are strong enough to help it eventually overcome its formidable problems. We were also somewhat encouraged by a

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$1,063 million

large infusion of cash that the company received in March from Thomas Lee Partners and Goldman Sachs.

Weighted Average P/E Ratio**	15.2x
Weighted Average P/B Ratio	1.7x
Weighted Average Portfolio Yield	1.5%
Fund Net Assets	$1,238 million
Net Leverage	14%
Turnover Rate	14%
Symbol Market Price NAV	 RVT XRVTX

* Geometrically calculated

**The Funds P/E ratio calculation excludes companies with zero or negative earnings (11% of portfolio holdings as of 6/30/08).

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

CAPITAL STRUCTURE
Publicly Traded Securities Outstanding at 6/30/08 at NAV or Liquidation Value

61.8 million shares of Common Stock	$1,018 million
5.90% Cumulative Preferred Stock	$220 million

RISK/RETURN COMPARISON
Five-Year Period Ended 6/30/08

	Average Annual Total Return	Standard Deviation	Return Efficiency*
RVT (NAV)	**12.55%**	**14.05**	**0.89**
Russell 2000	10.29	14.38	0.72

*Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 6/30/08

Second Quarter 2008*	-1.21%
Year-to-Date 2008*	-11.70
One-Year	-18.64
Three-Year	5.62
Five-Year	12.44
10-Year	9.70
Since Inception (12/14/93)	12.08

*Not annualized

CALENDAR YEAR NAV TOTAL RETURNS

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

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Pegasystems	1.7%
ASA	1.5
Peerless Manufacturing	1.4

Seneca Foods Cl. B	1.3
Exponent	1.3
Dril-Quip	1.2
Pason Systems	1.2
GulfMark Offshore	1.1
Sapient Corporation	1.1
Weyco Group	1.1

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable
to Common Stockholders

Technology	22.6%
Industrial Products	17.4
Industrial Services	15.0
Health	14.5
Natural Resources	13.9
Financial Intermediaries	11.0
Consumer Products	7.6
Financial Services	6.4
Consumer Services	5.8
Diversified Investment Companies	2.4
Miscellaneous	2.6
Preferred Stock	0.5
Cash and Cash Equivalents	1.3

Manager's Discussion

During the first half of 2008, Royce Micro-Cap Trust (RMT) disappointed on both an absolute and relative basis. **For the year-to-date period ended 6/30/08, the Fund was down 11.7% on a net asset value (NAV) basis and lost 7.9% on a market price basis, compared with a decline of 9.4% for its small-cap benchmark, the Russell 2000.** RMT did outperform the Russell Microcap index, which was down 15.5% during the first half. In the first quarter downturn, RMT fell 10.6% on an NAV basis and 8.6% on a market price basis versus a decline of 9.9% for the small-cap index and 12.4% for the Russell Microcap index. After the recent small-cap trough on 3/10/08, share prices roared back throughout the market, then swooned again in the last several weeks of June. Although the Fund enjoyed strong performance on a market price basis during this mini-rally, it could not keep pace on an NAV basis. The Fund then proceeded to endure a miserable June on both an NAV and market price basis, while also underperforming the small-cap index. The upshot was a volatile second quarter in which RMT again underperformed its benchmark on an NAV basis, declining 1.2% versus a 0.6% gain for the Russell 2000 and 3.5% decline for the Russell Microcap index. Meanwhile, the Fund was up 0.7% on a market price basis in the second quarter.

The Fund's performance from the beginning of the new small-cap market cycle on 7/13/07 was also disappointing. From the July 2007 peak through 6/30/08, RMT fell 20.4% on an NAV basis and 25.5% based on market price, in both cases lagging its benchmark's 18.4% loss for the same period, while beating the Russell Microcap index's 26.8% decline. In addition, RMT trailed its benchmark from the recent small-cap trough on 3/10/08, up 2.8% on an NAV basis and 5.6% on a market value basis, compared with a 7.6% gain for the Russell 2000 and a 2.3% gain for the Russell Microcap index.

GOOD IDEAS THAT WORKED
Net Realized and Unrealized Investment Return*
Year-to-Date Through 6/30/08

America's Car-Mart	$995,191
eResearch Technology	984,316
PharMerica Corporation	871,000
Trex Company	805,000
Pason Systems	755,100

*Includes dividends

Positive performances were more common over previous market cycle and other long-term periods. RMT held a large advantage over the Russell 2000 from the previous small-cap market peak on 3/9/00 through 6/30/08, gaining 119.7% on an NAV basis and 143.3% based on its market price, while its benchmark was up 26.4%. (Data for the Russell Microcap index only goes back to 2002.) While its recent performance was disappointing, we were pleased with the Fund's longer-term record. On an NAV basis, RMT outperformed the Russell 2000 for the three-, five-, 10-year and since inception (12/14/93) periods ended 6/30/08 and beat the small-cap index in each of those time spans save the three-year period on a market price basis. **The Fund's NAV average annual total return since inception was 12.1%.**

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. 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.

Performance and Portfolio Review

Natural Resources was by far the Fund's best performing sector on a dollar basis during the first half, led by the energy services group and the oil and gas industry. Pason Systems benefited from increased demand for its specialized oilfield drilling instrumentation systems for use on land-based drilling rigs. The Diversified Investment Companies sector also made a positive dollar-based contribution, primarily the result of strong results from holdings in closed-end funds. In the otherwise dismal Consumer Services sector, automotive retailer America's Car-Mart was the Fund's best performer on a dollar basis in the first half. Specializing in low-end cars drove its success in a distressed auto market especially sensitive to gas-price increases. Its earnings tripled in the second quarter, putting its stock price in the fast lane. We took gains in May and June, but still held a good-sized position at the end of June.

Making the largest dollar-based negative impact on first-half performance was TravelCenters of America, which primarily operates truck stops, gas stations and restaurants along U.S. interstates. We first purchased shares in RMT's portfolio in February 2008. The company acquired its chief rival in May 2007, and its stock price mostly fell from around that time through the end of June 2008. Ongoing losses over the last several quarters, as well as reduced highway traffic—the result of soaring gas prices—probably also had an effect on its stalled share price during the first half of 2008. We liked the strong balance sheet and positive earnings history of Medical Action Industries, which manufactures disposable medical products primarily in the U.S.

GOOD IDEAS AT THE TIME
Net Realized and Unrealized Investment Loss*
Year-to-Date Through 6/30/08

TravelCenters of America	$ 1,400,112
Medical Action Industries	1,312,620
Epoch Holding Corporation	1,235,160
Tennant Company	1,231,272
Sapient Corporation	1,195,000

*Net of dividends

Although still posting positive earnings, it endured manufacturing inefficiencies that the firm expected to continue through 2008, as well as the increased cost of resin (necessary in the manufacture of plastic products), and increased shipping costs for its products made in China. The Technology sector posted significant net losses on a dollar basis from the telecommunications group and the aerospace and defense industry. Sapient Corporation, which offers brand and marketing strategies, as well as business and IT services, was among the biggest disappointments for the period. In January, lower-than-expected earnings helped its stock price to plunge.

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$283 million
Weighted Average P/E Ratio**	16.2x
Weighted Average P/B Ratio	1.4x
Weighted Average Portfolio Yield	1.0%
Fund Net Assets	$345 million
Net Leverage	20%
Turnover Rate	41%
Symbol Market Price NAV	 RMT XOTCX

*Geometrically calculated

**The Fund's P/E ratio calculation excludes companies with zero or negative earnings (21% of portfolio holdings as of 6/30/08).

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

CAPITAL STRUCTURE
Publicly Traded Securities Outstanding at 6/30/08 at NAV or Liquidation Value

25.4 million shares of Common Stock	$285 million
	$60 million

6.00% Cumulative
Preferred Stock

RISK/RETURN COMPARISON
Five-Year Period Ended 6/30/08

	Average Annual Total Return	Standard Deviation	Return Efficiency*
RMT (NAV)	**12.44%**	**14.16**	**0.88**
Russell 2000	10.29	14.38	0.72

*Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 6/30/08

Second Quarter 2008*	8.03%
Year-to-Date 2008*	2.28
One-Year	-1.01
Three-Year	17.18
Five-Year	20.52
10-Year	12.83
Since Inception (11/1/96)†	13.73

* Not annualized
†Royce & Associates assumed investment management responsibility for the Fund on 11/1/96.

CALENDAR YEAR NAV TOTAL RETURNS

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

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Australian Government 7.50% Bond	5.8%
Kennedy-Wilson Conv.	5.5

Reliance Steel & Aluminum	4.6
Unit Corporation	4.5
Sims Group ADR	3.6
Ensign Energy Services	3.3
Knight Capital Group Cl. A	3.2
Trican Well Service	3.0
Gammon Gold	2.9
Lincoln Electric Holdings	2.8

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable
to Common Stockholders

Natural Resources	29.2%
Industrial Products	24.3
Technology	11.5
Consumer Products	10.0
Industrial Services	8.5
Financial Intermediaries	6.2
Health	3.4
Financial Services	2.3
Bond and Preferred Stock	11.1
Cash and Cash Equivalents	6.3

Royce Focus Trust

Manager s Discussion

The first half of 2008 was a good time for the contrarian approach we use in Royce Focus Trust (FUND). **For the year-to-date period ended 6/30/08, the Fund was up**

2.3% on a net asset value (NAV) basis and 1.4% on a market price basis, in both cases ahead of the 9.4% loss for its small-cap benchmark, the Russell 2000, during the same period. While the Russell 2000 fell 9.9% in the difficult first quarter, the Fund held up well, down 5.3% on an NAV basis and 8.4% on a market price basis. Following the small-cap market trough on 3/10/08, equities rallied through the beginning of June. After losing less in the first quarter, FUND was also able to build on its advantage during April and May. When share prices tumbled again in June, the Fund followed suit, though its NAV performance was better than that of its benchmark (-5.0% versus -7.7%). The end result for the volatile second quarter was both significant relative outperformance and strong absolute performanceFUND gained 8.0% on an NAV basis and 10.6% on a market price basis during the second quarter, compared to a gain of 0.6% for the Russell 2000.

Smaller stocks established a new peak on 7/13/07. With this new peak, the previous small-cap cycle that began with the peak on 3/9/00 came to a close and a new cycle, which has been marked by high volatility and mostly negative returns, got under way. From 7/13/07 through 6/30/08, the Fund was down 5.3% on an NAV basis and fell 6.5% on a market price basis versus a loss of 18.4% for its small-cap benchmark. In the short-term period from the recent small-cap market trough on 3/10/08 through 6/30/08, FUND gained 11.8% on an NAV basis and 14.0% on a market price basis versus a 7.6% gain for the Russell 2000. We were very pleased with the Funds recent results, especially in the more volatile, downward-trending market that began with the new small-cap market cycle in July 2007 when the portfolio held its value well.

GOOD IDEAS THAT WORKED
Net Realized and Unrealized Investment Return*
Year-to-Date Through 6/30/08

Unit Corporation	$4,128,841
Sims Group ADR	3,298,213
Reliance Steel & Aluminum	2,309,000
Schnitzer Steel Industries Cl. A	2,241,024
Ensign Energy Services	1,633,792

*Includes dividends

These results were consistent with FUNDs performance over longer-term periods, which offer a more meaningful gauge of its merits. From the previous small-cap market peak on 3/9/00 through 6/30/08, the Fund significantly outpaced its benchmark on both an NAV and market price basis. During this period, FUND gained 244.9% on an NAV basis and 310.8% on a market price basis compared to the Russell 2000s 26.4% gain. This was a critical factor in the

Fund's outperformance of the small-cap index for the one-, three-, five, 10-year and since inception of our management (11/1/96) periods ended 6/30/08. **FUND's NAV average annual total return since inception was 13.7%.**

The most significant dollar-based net losses during the first half came from the Consumer Products sector, home to RV (recreational vehicle) makers Thor Industries and Winnebago

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. 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.

Performance and Portfolio Review

Industries. (Thor also makes small- and mid-sized buses, while Winnebago focuses solely on motor homes.) Although energy stocks were terrific performers in FUNDs portfolio, rising energy prices also contributed to each companys dismal performance. Both have struggled in an inhospitable environment for their industry. We increased our stake in Thor Industries a bit in January and chose to hold on to Winnebago. At the end of June, we thought that both were capable of an eventual rebound. Elsewhere in the portfolio, Fronteer Development Group posted a sizeable net loss. The firm is a gold mining company with what we believe are several promising projects. Investors opted for a different point of view in the form of a mass exodus from its stock in February. At issue was the ownership of a uranium mine in which the firm holds an equity stake. We built our position in January and March before trimming it in June. At the end of the first half, we remained confident in the firms long-term prospects.

Unit Corporation is primarily a contract drilling company, but also runs its own oil and natural gas exploration business. The record-shattering price of oil and its own growing businesses helped its share price to climb during the first half. Although we took some gains in May, Unit was the Funds fourth-largest position at the end of June. Steel companies from the Industrial Products sector, such as Australian firm Sims Group, Reliance Steel & Aluminum and Schnitzer Steel Industries, continued to benefit from the weak U.S. dollar, which has made domestic steel and scrap metal attractively priced to BRIC (Brazil, Russia, India and China) and other developing countries.

GOOD IDEAS AT THE TIME
Net Realized and Unrealized Investment Loss*
Year-to-Date Through 6/30/08

Thor Industries	$2,436,777
Winnebago Industries	2,053,700
Fronteer Development Group	1,440,298
LECG Corporation	1,247,400
Dynamic Materials	1,166,833

*Net of dividends

After Metal Management merged with Australian scrap-metal business Sims Group in March 2008, the price of the latter moved up appreciably, no doubt reaping a benefit from its global presence in an increasingly international market. Reliance Steel & Aluminum provides metals processing services and distributor of metal products. Following a volatile 2007, the companys stock price rose more or less steadily through the first six months of 2008 as investors took notice of its improved earnings. As with Sims, the firms global footprint seemed to boost its business.

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS

Average Market Capitalization*	$1,386 million
Weighted Average P/E Ratio**	13.0x
Weighted Average P/B Ratio	2.2x
Weighted Average Portfolio Yield	1.4%
Fund Net Assets	$193 million
Net Leverage	9%
Turnover Rate	62%
Symbol Market Price NAV	 FUND XFUNX

*Geometrically calculated

** The Funds P/E ratio calculation excludes companies with zero or negative earnings (10% of portfolio holdings as of 6/30/08).

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

CAPITAL STRUCTURE

Publicly Traded Securities Outstanding at 6/30/08 at NAV or Liquidation Value

18.9 million shares of Common Stock	$168 million
6.00% Cumulative Preferred Stock	$25 million

RISK/RETURN COMPARISON
Five-Year Period Ended 6/30/08

	Average Annual Total Return	Standard Deviation	Return Efficiency*
FUND (NAV)	**20.52%**	**15.16**	**1.35**
Russell 2000	10.29	14.38	0.72

*Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

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*	Shares	NAV Value**	Market Value**
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	Year-to-date distribution total $0.92		16.116	515		

6/30/08		**$ 21,922**		**9,404**	**$ 154,978**	**$ 147,455**

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	Year-to-date distribution total $0.64		10.837	230		
6/30/08		**$ 8,900**		**4,066**	**$ 45,661**	**$ 42,164**

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	Year-to-date distribution total $0.25		8.497	92		
6/30/08		**$ 7,044**		**3,195**	**$ 28,308**	**$ 28,212**

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

** Other than for initial purchase and June 30, 2008, values are stated as of December 31 of the year indicated, after reinvestment of distributions.

Distribution Reinvestment and Cash Purchase Options

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 Funds 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, 2008.

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.

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Royce Value Trust

June 30, 2008 (unaudited)

Schedule of Investments

	SHARES	VALUE
COMMON STOCKS 113.9%		
Consumer Products 5.8%		
Apparel, Shoes and Accessories - 1.8%		
Columbia Sportswear	34,600	$ 1,271,550
Delta Apparel [a,b,c]	605,560	2,228,461
K-Swiss Cl. A	160,000	2,352,000
Lazare Kaplan International [c]	103,600	922,040
Polo Ralph Lauren	17,500	1,098,650
Timberland Company (The) Cl. A [b,c]	17,500	286,125
Tods	35,000	1,922,641
Weyco Group	307,992	8,171,027
		18,252,494
Collectibles - 0.5%		
Leapfrog Enterprises Cl. A [b,c]	175,000	1,456,000
Russ Berrie & Company [c]	417,000	3,323,490
		4,779,490
Consumer Electronics - 0.8%		
Dolby Laboratories Cl. A [c]	153,900	6,202,170
DTS [b,c]	64,100	2,007,612
		8,209,782
Food/Beverage/Tobacco - 0.6%		
B&G Foods (Units)	120,100	2,041,700

B&G Foods Cl. A	51,300	479,142
Hershey Creamery	709	1,488,900
Seneca Foods Cl. A [b,c]	80,000	1,668,000
Seneca Foods Cl. B [b,c]	13,251	283,174
		5,960,916
Health, Beauty and Nutrition - 0.0%		
Nutraceutical International [c]	22,800	273,600
Home Furnishing and Appliances - 1.1%		
Aaron Rents	4,500	100,485
American Woodmark	123,335	2,606,069
Ekornes	110,000	1,619,807
Ethan Allen Interiors	65,800	1,618,680
Kimball International Cl. B	286,180	2,369,570
La-Z-Boy	68,200	521,730
Mohawk Industries [b,c]	25,000	1,602,500
Nice	215,000	953,743
Universal Electronics [b,c]	10,000	209,000
		11,601,584
Sports and Recreation - 1.0%		
Beneteau	81,000	1,773,950
Coachmen Industries [b,c]	47,700	101,124
RC2 Corporation [c]	132,600	2,461,056
Sturm, Ruger & Company [c]	272,900	1,926,674
Thor Industries	110,900	2,357,734
Winnebago Industries	97,500	993,525
		9,614,063
Total (Cost $57,925,364)		58,691,929
Consumer Services 3.9%		
Direct Marketing - 0.3%		
Manutan International	8,945	647,839

	SHARES	VALUE
Consumer Services (continued)		
Direct Marketing (continued)		
Takkt	130,000	$ 2,290,354
		2,938,193
Leisure and Entertainment - 0.0%		
Shuffle Master [b,c]	15,000	74,100
Media and Broadcasting - 0.1%		
Cox Radio Cl. A [b,c]	23,000	271,400
Discovery Holding Company Cl. B [b,c]	36,600	827,526

		1,098,926
Online Commerce - 0.1%		
CryptoLogic	200	2,872
FTD Group [b]	55,000	733,150
		736,022
Restaurants and Lodgings - 0.6%		
Benihana [b,c]	3,300	20,658
CEC Entertainment [b,c]	116,000	3,249,160
Steak n Shake [c]	198,000	1,253,340
Tim Hortons	65,000	1,864,850
		6,388,008
Retail Stores - 2.8%		
America's Car-Mart [b,c]	65,400	1,171,968
AnnTaylor Stores [c]	50,000	1,198,000
Bulgari	322,000	3,252,233
CarMax [b,c]	120,000	1,702,800
Charming Shoppes [b,c]	22,800	104,652
Children's Place Retail Stores [c]	13,670	493,487
Dress Barn (The) [b,c]	287,280	3,843,806
Fielmann	22,000	1,607,893
Gander Mountain [c]	53,300	196,677
Lewis Group	518,000	2,183,142
Pier 1 Imports [c]	626,200	2,154,128
Stein Mart [b,c]	182,800	824,428
Tiffany & Co.	158,700	6,467,025
Tractor Supply [b,c]	21,200	615,648
Urban Outfitters [b,c]	27,000	842,130
West Marine [c]	131,100	537,510
Wet Seal (The) Cl. A [c]	162,000	772,740
		27,968,267
Total (Cost $44,701,966)		39,203,516
Diversified Investment Companies – 0.5%		
Closed-End Funds - 0.5%		
Central Fund of Canada Cl. A	211,500	2,738,925
Kohlberg Capital	209,884	2,098,840
Total (Cost $4,642,086)		4,837,765
Financial Intermediaries – 13.1%		
Banking - 5.5%		
Abigail Adams National Bancorp	160,500	1,500,675
Ameriana Bancorp	40,000	380,000

Banca Finnat Euramerica	500,000	577,036
Bank of N.T. Butterfield & Son	446,875	6,613,750
Bank Sarasin & Cie Cl. B	15,000	674,710
Banque Privee Edmond de Rothschild	17	632,372

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

Royce Value Trust

Schedule of Investments

	SHARES	VALUE
Financial Intermediaries (continued)		
Banking (continued)		
BB Holdings [c]	289,400	$ 1,311,404
BOK Financial	164,227	8,777,933
Boston Private Financial Holdings	203,000	1,151,010
Cadence Financial	40,300	436,449
Center Bancorp	66,811	584,596
Centrue Financial	82,200	895,980
CFS Bancorp	265,000	3,124,350
CNB Financial	11,116	157,180
Commercial National Financial	54,900	818,010
Farmers & Merchants Bank of Long Beach	1,200	5,760,000
Fauquier Bankshares	160,800	2,588,880
Hawthorn Bancshares	44,400	1,121,988
Heritage Financial	20,615	326,748
HopFed Bancorp	112,500	1,549,125
Jefferson Bancshares	32,226	295,835
Kearny Financial	60,862	669,482
Mechanics Bank (The)	200	3,410,000
Nexity Financial [c]	109,999	511,495
Old Point Financial	25,000	445,000
Peapack-Gladstone Financial	10,000	219,700
Peoples Community Bancorp [c]	179,310	408,827
Timberland Bancorp [a]	469,200	3,762,984
Tompkins Financial	17,545	652,674
Vontobel Holding	15,600	532,955
W Holding Company	935,400	795,090
Whitney Holding	41,500	759,450
Wilber Corporation (The)	103,900	880,033
Wilmington Trust	131,000	3,463,640
Yadkin Valley Financial	3,800	45,410
		55,834,771
Insurance - 4.5%		
Alleghany Corporation [c]	16,644	5,526,640
Argo Group International Holdings [b,c]	64,751	2,173,043
Aspen Insurance Holdings	64,000	1,514,880
CNA Surety [b,c]	130,600	1,650,784
Enstar Group [b,c]	7,000	612,500
Erie Indemnity Cl. A	91,500	4,222,725
First American	20,000	528,000
Greenlight Capital Re Cl. A [b,c]	87,200	1,993,392
Hilltop Holdings [b,c]	230,000	2,371,300
Independence Holding	317,658	3,103,519
IPC Holdings	27,000	716,850
LandAmerica Financial Group	10,000	221,900

Leucadia National	34,940	1,640,084
Markel Corporation [c]	11,100	4,073,700
Montpelier Re Holdings	66,000	973,500
NYMAGIC	232,200	4,448,952
Old Republic International	20,000	236,800
ProAssurance Corporation [c]	33,070	1,590,998
RLI	99,724	4,933,346
Stewart Information Services	100,000	1,934,000
Wesco Financial	4,750	1,814,500
		46,281,413

	SHARES	VALUE
Financial Intermediaries (continued)		
Real Estate Investment Trusts - 0.1%		
Gladstone Commercial	34,700	$ 601,351
Securities Brokers - 2.4%		
Broadpoint Securities Group [b,c]	200,100	400,200
Close Brothers Group	33,000	363,493
Cowen Group [b,c]	32,000	247,040
DundeeWealth	33,300	425,516
E*TRADE Financial [b,c]	75,000	235,500
Egyptian Financial Group-Hermes Holding GDR	28,000	504,000
Evercore Partners Cl. A	308,500	2,930,750
HQ	26,000	429,559
Investcorp Bank GDR [c]	22,000	561,000
Investment Technology Group [b,c]	30,400	1,017,184
KBW [b,c]	70,058	1,441,794
LaBranche & Co [b,c]	137,000	969,960
Lazard Cl. A	176,700	6,034,305
MF Global [b,c]	145,500	918,105
Oppenheimer Holdings Cl. A	30,000	847,800
optionsXpress Holdings	53,000	1,184,020
Penson Worldwide [b,c]	50,000	597,500
Phatra Securities	575,000	524,525
Piper Jaffray [b,c]	105,700	3,100,181
Shinko Securities	464,300	1,368,611
		24,101,043
Securities Exchanges - 0.0%		
MarketAxess Holdings [c]	67,000	506,520
Other Financial Intermediaries - 0.6%		
KKR Financial Holdings	481,404	5,054,742
KKR Private Equity Investors L.P.	105,000	1,338,750
		6,393,492
Total (Cost $140,006,502)		133,718,590
Financial Services 12.3%		
Diversified Financial Services - 0.6%		
AmeriCredit Corporation [b,c]	18,870	162,660
Centerline Holding Company	59,600	99,532
Discover Financial Services	10,000	131,700

Encore Capital Group [b,c]	88,000	777,040
Municipal Mortgage & Equity[b]	40,300	118,885
Ocwen Financial [b,c]	173,600	807,240
World Acceptance [b,c]	133,700	4,501,679
		6,598,736
Information and Processing - 1.7%		
Broadridge Financial Solutions	30,000	631,500
Global Payments	68,500	3,192,100
Interactive Data	134,300	3,374,959
MoneyGram International [c]	428,500	386,507
MSCI Cl. A [b,c]	30,000	1,088,700
Paychex	30,000	938,400
PRG-Schultz International [b,c]	14,420	135,692
SEI Investments	306,800	7,215,936
		16,963,794
Insurance Brokers - 0.9%		
Brown & Brown	206,800	3,596,252

 THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANC

June 30, 2008 (unaudited)

	SHARES	VALUE
Financial Services (continued)		
Insurance Brokers (continued)		
Crawford & Company Cl. A [c]	289,200	$ 1,807,500
Crawford & Company Cl. B [b,c]	162,300	1,296,777
Gallagher (Arthur J.) & Co.	111,200	2,679,920
		9,380,449
Investment Management - 7.8%		
A.F.P. Provida ADR	16,100	411,033
Affiliated Managers Group [b,c]	28,500	2,566,710
AllianceBernstein Holding L.P.	333,100	18,213,908
Anima	736,402	1,669,578
AP Alternative Assets L.P.	315,600	3,471,600
Ashmore Group	80,000	344,988
Australian Wealth Management	291,000	361,262
Azimut Holding	53,000	466,880
BKF Capital Group [b,c]	227,050	467,723
Calamos Asset Management Cl. A	45,000	766,350
Candover Investments	10,500	412,432
CapMan Cl. B	632,000	2,487,633
Cockleshell [c]	337,644	366,532
Coronation Fund Managers	496,000	288,225
Deutsche Beteiligungs	95,000	2,402,140
Eaton Vance	172,800	6,870,528
Equity Trustees	23,477	490,636
F&C Asset Management	210,000	615,930
Federated Investors Cl. B	145,700	5,014,994
Fiducian Portfolio Services	227,000	500,511
GAMCO Investors Cl. A	133,600	6,629,232
GIMV	20,000	1,319,390
GP Investments BDR [c]	15,000	181,898
JAFCO	37,300	1,275,124
MVC Capital	484,200	6,628,698
New Star Asset Management Group	126,500	255,748
Onex Corporation	50,000	1,472,492
Perpetual	11,100	455,116
Pzena Investment Management Cl. A	238,700	3,045,812
Rathbone Brothers	28,000	517,283
RHJ International [c]	177,500	2,235,720
Schroders	150,000	2,730,825
SHUAA Capital	320,000	659,506
SPARX Group	7,020	2,426,275

Tasmanian Perpetual Trustees	115,000	551,224
Trust Company	65,500	533,728
Value Partners Group	520,000	446,824
		79,554,488
Special Purpose Acquisition Corporation - 0.4%		
Alternative Asset Management Acquisition (Units) c	250,000	2,425,000
Prospect Acquisition (Units) c	150,000	1,434,000
		3,859,000
Specialty Finance - 0.9%		
Credit Acceptance b,c	214,601	5,485,201
MCG Capital	157,715	627,706
NGP Capital Resources	50,000	770,500

	SHARES	VALUE
Financial Services (continued)		
Specialty Finance (continued)		
Portfolio Recovery Associates c	62,100	$ 2,328,750
		9,212,157
Total (Cost $130,560,196)		125,568,624
Health 6.2%		
Commercial Services - 1.0%		
PAREXEL International b,c	384,400	10,113,564
Drugs and Biotech - 1.6%		
Affymetrix b,c	10,000	102,900
Biovail Corporation	41,200	397,580
Endo Pharmaceuticals Holdings b,c	155,000	3,749,450
Genitope Corporation b,c	150,000	6,660
Human Genome Sciences b,c	90,000	468,900
K-V Pharmaceutical Cl. A b,c	51,500	995,495
Medicines Company (The) b,c	20,000	396,400
Mylan b,c	52,200	630,054
Myriad Genetics b,c	50,000	2,276,000
Ore Pharmaceuticals b,c	117,980	155,734
Perrigo Company	162,950	5,176,921
Pharmacyclics b,c	383,000	677,910
QLT c	114,070	391,260
Sinovac Biotech b,c	37,400	121,550
Sunesis Pharmaceuticals b,c	582,000	838,080
		16,384,894
Health Services - 1.1%		

Albany Molecular Research [c]	85,000	1,127,950
Chem Rx (Units) [c]	280,000	1,416,800
Cross Country Healthcare [c]	30,000	432,300
Gentiva Health Services [c]	30,150	574,357
HMS Holdings [b,c]	50,000	1,073,500
Lincare Holdings [b,c]	52,562	1,492,761
MedQuist [c]	73,893	580,060
On Assignment [b,c]	375,400	3,010,708
PharmaNet Development Group [b,c]	10,000	157,700
Res-Care [b,c]	65,460	1,163,879
WellCare Health Plans [b,c]	5,000	180,750
		11,210,765
Medical Products and Devices - 2.5%		
Allied Healthcare Products [c]	180,612	1,228,161
ArthroCare Corporation [b,c]	10,000	408,100
Atrion Corporation	15,750	1,509,165
Bruker Corporation [c]	370,200	4,757,070
Coloplast Cl. B	17,000	1,482,287
CONMED Corporation [b,c]	81,500	2,163,825
Golden Meditech [c]	200,000	67,460
IDEXX Laboratories [c]	158,000	7,700,920
STERIS Corporation	98,600	2,835,736
Straumann Holding	1,000	239,636
Urologix [b,c]	445,500	815,265
Young Innovations	62,550	1,302,291

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

Royce Value Trust

Schedule of Investments

	SHARES	VALUE
Health (continued)		
Medical Products and Devices (continued)		
Zoll Medical [b,c]	40,400	$ 1,360,268
		25,870,184
Total (Cost $41,943,864)		63,579,407
Industrial Products – 21.0%		
Automotive - 2.2%		
Copart [c]	153,100	6,555,742
ElringKlinger	15,000	1,421,493
Fuel Systems Solutions [b,c]	22,500	866,250
International Textile Group [c]	85,000	29,750
LKQ Corporation [b,c]	375,000	6,776,250
SORL Auto Parts [b,c]	54,600	292,656
Superior Industries International	98,400	1,660,992
WABCO Holdings	98,800	4,590,248
Wonder Auto Technology [b,c]	13,400	94,202
		22,287,583
Building Systems and Components - 1.1%		
Decker Manufacturing	6,022	216,792
Heywood Williams Group [c]	958,837	272,155
NCI Building Systems [b,c]	13,900	510,547
Preformed Line Products	91,600	3,692,396
Simpson Manufacturing	293,400	6,965,316
		11,657,206
Construction Materials - 2.1%		
Ash Grove Cement Cl. B	50,518	12,073,802
Duratex	45,300	834,451
Owens Corning [b,c]	25,000	568,750
Pretoria Portland Cement	375,000	1,374,042
United Rentals [b,c]	232,500	4,559,325
USG Corporation [b,c]	50,000	1,478,500
		20,888,870
Industrial Components - 1.9%		
CLARCOR	113,500	3,983,850

Donaldson Company	92,800	4,142,592
GrafTech International [b,c]	64,790	1,738,316
II-VI [c]	13,500	471,420
Mueller Water Products Cl. A	72,500	585,075
PerkinElmer	135,800	3,782,030
Powell Industries [c]	92,400	4,657,884
		19,361,167
Machinery - 5.5%		
Astec Industries [b,c]	20,000	642,800
Baldor Electric	62,900	2,200,242
Bell Equipment	200,000	910,600
Burnham Holdings Cl. A	117,964	1,557,125
Burnham Holdings Cl. B	36,000	475,200
Franklin Electric	104,800	4,064,144
Hardinge	26,193	344,962
Intermec [b,c]	23,000	484,840
Lincoln Electric Holdings	177,980	14,007,026
Manitou BF	65,000	1,947,517
Nordson Corporation	162,200	11,822,758
OSG Corporation	20,000	226,021

	SHARES	VALUE
Industrial Products (continued)		
Machinery (continued)		
Rofin-Sinar Technologies [c]	236,000	$ 7,127,200
Takatori Corporation	40,000	192,118
Williams Controls [b,c]	37,499	475,112
Woodward Governor	274,600	9,792,236
		56,269,901
Metal Fabrication and Distribution - 1.4%		
Central Steel & Wire	6,062	4,000,920
Commercial Metals	36,600	1,379,820
CompX International	292,300	1,695,340
Gerdau Ameristeel	61,100	1,179,230
NN	197,100	2,747,574
RBC Bearings [b,c]	45,000	1,499,400
Reliance Steel & Aluminum	25,920	1,998,173
		14,500,457
Miscellaneous Manufacturing - 3.5%		
Barnes Group	20,000	461,800
Brady Corporation Cl. A	188,400	6,505,452
Matthews International Cl. A	100,000	4,526,000
Mettler-Toledo International [b,c]	28,700	2,722,482
Peerless Manufacturing [c]	191,600	8,980,292
Rational	15,200	3,065,645
Raven Industries	86,200	2,825,636
Semperit AG Holding	50,000	1,957,043
Somfy	5,000	1,254,444
Synalloy Corporation	198,800	3,065,496
		35,364,290

Paper and Packaging - 0.4%		
Mayr-Melnhof Karton	38,000	3,589,150
Pumps, Valves and Bearings - 1.5%		
Graco	143,625	5,467,804
IDEX Corporation	54,000	1,989,360
Kaydon Corporation	76,900	3,953,429
Pfeiffer Vacuum Technology	35,000	3,630,369
		15,040,962
Specialty Chemicals and Materials - 1.2%		
Aceto Corporation	119,710	914,584
American Vanguard	26,666	327,992
Cabot Corporation	181,000	4,400,110
Hawkins	206,878	3,094,895
Migao Corporation [c]	12,700	105,117
New Oriental Energy & Chemical [b,c]	1,000	5,270
Schulman (A.)	150,100	3,456,803
		12,304,771
Textiles - 0.0%		
Unifi [c]	145,100	365,652
Other Industrial Products - 0.2%		
Vacon	45,000	1,824,395
Total (Cost $117,039,891)		213,454,404
Industrial Services – 16.3%		
Advertising and Publishing - 0.5%		
Focus Media Holding ADR [b,c]	71,900	1,993,068
Lamar Advertising Cl. A [c]	45,000	1,621,350

 THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANC

June 30, 2008 (unaudited)

	SHARES	VALUE
Industrial Services (continued)		
Advertising and Publishing (continued)		
MDC Partners Cl. A [b,c]	60,000	$ 430,800
Sun-Times Media Group Cl. A [b,c]	180,000	88,200
ValueClick [b,c]	45,000	681,750
Voyager Learning [b,c]	150,000	757,500
		5,572,668
Commercial Services - 9.2%		
Animal Health International [b,c]	30,000	186,900
Canadian Solar [b,c]	50,000	2,009,500
ChinaCast Education [b,c]	35,700	149,583
Convergys Corporation [b,c]	121,000	1,798,060
Corinthian Colleges [b,c]	106,500	1,236,465
CRA International [b,c]	79,287	2,866,225
Diamond Management & Technology Consultants	80,400	418,884
Forrester Research [c]	40,300	1,244,464
Gartner [c]	213,000	4,413,360
Global Sources [b,c]	3,900	59,202
Hackett Group [b,c]	655,000	3,759,700
Hewitt Associates Cl. A [b,c]	205,720	7,885,248
Iron Mountain [b,c]	210,862	5,598,386
ITT Educational Services [c]	95,000	7,849,850
Landauer	117,900	6,630,696
Learning Tree International [b,c]	53,400	913,140
Manpower	3,100	180,544
ManTech International Cl. A [b,c]	119,400	5,745,528
MAXIMUS	127,900	4,453,478
Michael Page International	397,000	1,848,411
Monster Worldwide [b,c]	24,800	511,128
MPS Group [c]	564,600	6,001,698
New Horizons Worldwide [b,c]	228,600	354,330
Ritchie Bros. Auctioneers	550,200	14,926,926
Robert Half International	65,500	1,570,035
Sotheby's	371,600	9,799,092
Spherion Corporation [b,c]	53,000	244,860
TRC Companies [c]	3,600	14,472
Wright Express [b,c]	30,000	744,000
		93,414,165
Engineering and Construction - 1.2%		
Desarrolladora Homex ADR [b,c]	9,800	574,084
Fleetwood Enterprises [c]	234,300	613,866
HLS Systems International [b,c]	109,120	571,789
Integrated Electrical Services [b,c]	355,400	6,112,880
KBR	140,000	4,887,400
		12,760,019

Food, Tobacco and Agriculture - 0.4%		
Agria Corporation ADR [b,c]	21,900	93,732
Alico	27,000	935,820
Astral Foods	80,000	929,758
HQ Sustainable Maritime Industries [b,c]	17,000	225,250
MGP Ingredients	127,400	738,920
Origin Agritech [b,c]	105,100	628,498
Zhongpin [c]	9,400	117,500
		3,669,478

	SHARES		VALUE
Industrial Services (continued)			
Industrial Distribution - 0.7%			
Lawson Products	161,431	$	4,000,260
MSC Industrial Direct Cl. A	74,300		3,277,373
			7,277,633
Printing - 0.1%			
Bowne & Co.	68,100		868,275
Transportation and Logistics - 4.2%			
Alexander & Baldwin	60,000		2,733,000
Atlas Air Worldwide Holdings [b,c]	17,000		840,820
C.H. Robinson Worldwide	80,000		4,387,200
Forward Air	269,750		9,333,350
Frozen Food Express Industries	286,635		1,934,786
Hub Group Cl. A [b,c]	174,400		5,952,272
Landstar System	96,200		5,312,164
Patriot Transportation Holding [c]	72,300		5,784,000
Universal Truckload Services [c]	115,100		2,534,502
UTI Worldwide	175,000		3,491,250
			42,303,344
Total (Cost $102,643,264)			165,865,582
Natural Resources 10.7%			
Energy Services - 5.3%			
Cal Dive International [c]	50,000		714,500
CARBO Ceramics	135,200		7,888,920
Core Laboratories [b,c]	10,000		1,423,500
Ensign Energy Services	126,300		2,752,168
Exterran Holdings [b,c]	103,600		7,406,364
Global Industries [b,c]	54,500		977,185
Helix Energy Solutions Group [b,c]	34,226		1,425,171
Helmerich & Payne	53,700		3,867,474

ION Geophysical [b,c]	464,500	8,105,525
RPC	25,000	420,000
SEACOR Holdings [b,c]	127,300	11,394,623
TETRA Technologies [b,c]	68,000	1,612,280
Willbros Group [c]	103,800	4,547,478
World Fuel Services	60,000	1,316,400
		53,851,588
Oil and Gas - 2.0%		
Bill Barrett [c]	50,000	2,970,500
Carrizo Oil & Gas [b,c]	41,700	2,839,353
Cimarex Energy	115,490	8,046,188
Edge Petroleum [b,c]	326,900	1,761,991
Penn Virginia	32,880	2,479,810
PetroCorp [c,d]	61,400	0
Storm Cat Energy [b,c]	330,800	383,728
W&T Offshore	25,000	1,462,750
		19,944,320
Precious Metals and Mining - 2.3%		
Centerra Gold [c]	30,000	140,335
Endeavour Mining Capital	150,000	1,088,555
Etruscan Resources [c]	745,900	1,206,958
Gammon Gold [c]	198,300	2,151,555
Golden Star Resources [b,c]	350,000	941,500
Harry Winston Diamond	10,000	287,900

Royce Value Trust

Schedule of Investments

	SHARES	VALUE
Natural Resources (continued)		
Precious Metals and Mining (continued)		
Hecla Mining [c]	490,500	$ 4,542,030
IAMGOLD Corporation	335,620	2,030,501
Kimber Resources [b,c]	560,000	890,400
Kinross Gold	40,286	951,153
Metorex [c]	800,000	2,360,153
Northam Platinum	225,000	1,942,529
Northgate Minerals [c]	90,000	247,500
NovaGold Resources [b,c]	45,000	335,250
Pan American Silver [b,c]	41,000	1,417,780
Royal Gold	34,400	1,078,784
Yamana Gold	113,525	1,877,704
		23,490,587
Real Estate - 1.1%		
Consolidated-Tomoka Land	13,564	570,502
PICO Holdings [b,c]	75,200	3,267,440
SARE Holding Cl. B [c]	730,000	956,288
St. Joe Company (The) [b,c]	132,100	4,533,672
Tejon Ranch [b,c]	65,000	2,343,900
		11,671,802
Total (Cost $58,192,473)		108,958,297
Technology 21.3%		
Aerospace and Defense - 1.0%		
AerCap Holdings [b,c]	45,000	568,350
Astronics Corporation [c]	52,400	728,884
Ceradyne [b,c]	1,000	34,300
Ducommun [c]	117,200	2,690,912
HEICO Corporation	129,000	4,197,660
Hexcel Corporation [b,c]	47,500	916,750
Integral Systems [c]	39,876	1,543,201
		10,680,057
Components and Systems - 6.2%		
Analogic Corporation	40,135	2,531,314
Belden	57,800	1,958,264
Benchmark Electronics [c]	208,200	3,401,988
Checkpoint Systems [c]	56,060	1,170,533

China Security & Surveillance Technology [b,c]	6,000	80,880
Diebold	73,600	2,618,688
Dionex Corporation [c]	81,000	5,375,970
Electronics for Imaging [b,c]	25,000	365,000
Energy Conversion Devices [b,c]	84,500	6,222,580
Excel Technology [c]	168,500	3,760,920
Hutchinson Technology [b,c]	97,500	1,310,400
KEMET Corporation [c]	95,600	309,744
Lexmark International Cl. A [b,c]	4,000	133,720
Methode Electronics	50,000	522,500
Nam Tai Electronics	23,400	306,072
Newport Corporation [b,c]	592,200	6,745,158
Perceptron [c]	357,700	3,129,875
Plexus Corporation [c]	300,700	8,323,376
Richardson Electronics	520,712	3,087,822
Technitrol	261,200	4,437,788
Vaisala Cl. A	84,205	3,488,092

	SHARES	VALUE
Technology (continued)		
Components and Systems (continued)		
Vishay Intertechnology [b,c]	186,000	