ROYCE VALUE TRUST, INC.
Form N-2/A
May 14, 2018

As filed with the Securities and Exchange Commission on May 14, 2018

Securities Act File No. 333-222703

Investment Company Act File No. 811-04875

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933[X]

Pre-Effective Amendment No.2 [X]

Post-Effective Amendment No. [ ]

and/or

REGISTRATION STATEMENT UNDER THE

INVESTMENT COMPANY ACT OF 1940[X]

Amendment No. 30 [X]

Royce Value Trust, Inc.

745 Fifth Avenue, New York, New York 10151

(800) 221-4268

(Registrant's Exact Name, Address and Telephone Number)

Christopher D. Clark, President

Royce Value Trust, Inc.

745 Fifth Avenue

New York, New York 10151

(Name and Address of Agent for Service)

Copies to:

Frank P. Bruno, Esq.	John E. Denneen, Esq.
Sidley Austin LLP	Royce Value Trust, Inc.
787 Seventh Avenue	745 Fifth Avenue
New York, New York 10019	New York, New York 10151

Approximate Date of Proposed Public Offering:

As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.[X]

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	**Amount Being Registered**(1)	**Proposed Maximum Offering Price Per Unit**(1)	**Proposed Maximum Aggregate Offering Price**(1)	**Amount of Registration Fee**(2)
Common Stock ($0.001 par value per share)	10,231,768	$16.82	$172,098,338	$21,427

(1) Estimated solely for the purpose of calculating the registration fee.

(2) $2,095 and $17,691 were transmitted to the designated lockbox of the Securities and Exchange Commission at U.S. Bank in St. Louis, MO on January 25, 2018 and March 14, 2018, respectively. The balance of the such amount was transmitted to such lockbox prior to the filing hereof.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

The information in this Prospectus is not complete and may be changed. The Fund may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Preliminary Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION

PROSPECTUS DATED MAY 14, 2018

ROYCE VALUE TRUST, INC.
8,526,473 SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF NON-TRANSFERABLE RIGHTS TO SUBSCRIBE FOR SUCH SHARES OF COMMON STOCK

Royce Value Trust, Inc. (the "Fund") is issuing non-transferable rights ("Rights") to its common stockholders of record (collectively, "Stockholders") as of the close of business on May __ 2018 (the "Record Date"). The Rights entitle Stockholders to subscribe for new shares of the Fund's common stock (the "Offer") as described herein. Stockholders will receive one (1) Right for each whole Share held of record as of the Record Date, rounded up to the nearest number of Rights evenly divisible by ten (10). The Rights will allow Stockholders to subscribe for one (1) share of the Fund's common stock (each, a "Share") for each ten (10) Rights held. The right of Stockholders to acquire one (1) Share for every ten (10) Rights is referred to in this Prospectus as the "Primary Subscription." Stockholders who fully exercise their Rights also may purchase Shares not acquired by other Stockholders as part of the Primary Subscription as more fully described in this Prospectus. The Fund may, in its sole discretion and subject to certain anti-dilution limitations, increase the number of Shares subject to subscription by up to 20% (collectively, the "Over-Allotment Shares") through the exercise of an over-allotment option as more fully described in this Prospectus.

The Rights are non-transferable, and may not be purchased or sold. The Rights will expire without residual value at the Expiration Date (as defined below). The Rights will not be listed for trading on the New York Stock Exchange (the "NYSE"), and there will not be any market for trading Rights. The Fund's currently outstanding Shares are, and the Shares offered by this Prospectus will be, subject to notice of issuance, listed on the NYSE under the symbol "RVT." The net asset value per Share at the close of business on April 30, 2018 was $16.96, and the last reported sales price of a Share on the NYSE on that date was $16.10.

Rights may be exercised at any time until 5:00 p.m., Eastern Time, on July __, 2018, unless extended as described in this Prospectus (such date, as it may be extended, is referred to herein as the "Expiration Date"). The subscription price per Share (the "Subscription Price") will be the lower of (i) $0.25 below the last reported sale price per Share on the NYSE on the Expiration Date (currently July __, 2018) or (ii) the net asset value ("NAV") per Share on that date. Stockholders will have no right to rescind subscriptions for Shares after the Subscription Agent has received the Subscription Certificate, except as provided in this Prospectus under the heading "The Offer — Notice of New Asset Value Decline / Possible Suspension of the Offer."

Exercising your Rights and investing in Shares involves risks. See *"Prospectus Summary — Principal Risk Factors and Special Considerations at a Glance"* beginning on page __ and *"Risks Factors and Special Considerations"* beginning on page __.

This Prospectus sets forth concisely the information about the Fund you should know before investing, including information about risks. Please read it before you invest and keep it for future reference. A Statement of Additional Information dated May ___, 2018 (the "SAI"), containing additional information about the Fund, has been filed with the

Securities and Exchange Commission (the “SEC”). The SAI is incorporated by reference in this Prospectus. The Table of Contents for the SAI is set forth on page __ of this Prospectus. A copy of the SAI and copies of the Fund’s semi-annual and annual stockholder reports may be obtained without charge by writing to the Fund at its address at 745 Fifth Avenue, New York, New York 10021, or by calling the Fund toll-free at (800) 221-4268. In addition, you may request other information about the Fund or make stockholder inquiries by calling the Fund toll-free at (800) 221-4268. Copies of the SAI and the Fund’s semi-annual and annual stockholder reports are also available free of charge on the Fund’s website *(http://www.roycefunds.com)*. In addition, the SEC maintains a website *(http://www.sec.gov)* that contains the SAI, material incorporated by reference, and other information regarding registrants that file electronically with the SEC.

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	Per Share	**Total[(1)]**
Estimated Subscription Price[(2)]	$15.85	$135,144,597
Estimated Sales Load[(3)]	None	None
Estimated Proceeds, Before Expenses, to the Fund[(4)]	$15.85	$135,144,597

Footnotes on next page.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is May __, 2018.

Footnotes from table on cover page.

(1) Assumes that all Rights issued as part of the Primary Subscription are exercised at the estimated Subscription Price (but excludes the effect of the Fund's exercise of its over-allotment option). The Fund may, through the exercise of its over-allotment option, increase the number of Shares subject to subscription by up to 20%, or up to an additional 1,705,295 Shares, for an aggregate total of 10,231,768 Shares. If the Fund exercises its over-allotment option and all Over-Allotment Shares are sold, the proceeds, before expenses, to the Fund will be approximately $162,173,523.

(2) Because the Subscription Price will not be determined until after the printing and distribution of this Prospectus, the "Estimated Subscription Price" above ($15.85 per Share) is an estimate based upon the Fund's last reported sale price per Share on the NYSE on April 30, 2018 (*i.e.*, $16.10 per Share) and the Fund's NAV per Share on that date (*i.e.*, $16.96 per Share).

(3) The Rights are being offered by the Fund directly to Stockholders without the services of an underwriter.

(4) Offering expenses borne by the Fund are estimated to be approximately $545,000 in the aggregate. Assuming that all Rights issued as part of the Primary Subscription are exercised but excluding the effect of the Fund's exercise of its over-allotment option, the per Share and total proceeds to the Fund after deduction of such expenses are estimated at approximately $15.79 and $134,599,597, respectively. If the Fund exercises its over-allotment option and all Over-Allotment Shares are sold, the per Share and total proceeds to the Fund after deduction of such expenses are estimated at approximately $15.80 and $161,628,523, respectively. Offering expenses will be borne by the Fund and indirectly by all of its Stockholders, including those who do not exercise their Rights. Accordingly, such expenses will immediately reduce the NAV per Share of the Fund.

The Fund is a diversified, closed-end management investment company. The Fund's investment goal is long-term capital growth. The Fund normally invests at least 65% of its assets in the equity securities of small- and micro-cap companies, generally those with stock market capitalizations ranging from $100 million to $3 billion, that Royce & Associates, LP ("Royce"), the Fund's investment adviser, believes are trading below its estimate of their current worth. The Fund also may invest up to 25% of its assets in securities of issuers headquartered outside the United States. The Fund may invest a portion of its assets in companies with stock market capitalizations in excess of $3 billion.

The Shares issuable pursuant to the Offer will be ready for delivery on or about July __, 2018.

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You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not, and the Subscription Agent has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The

Fund is not, and the Subscription Agent is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this Prospectus is accurate only as of the date of this Prospectus, and under no circumstances should the delivery of this Prospectus or the sale of any securities imply that the information in this Prospectus is accurate as of any later date or that the affairs of the Fund have not changed since the date hereof or thereof. Our business, financial condition, results of operations and prospects may have changed since then. We will update the information in these documents to reflect material changes only as required by law.

PROSPECTUS SUMMARY

You should consider the matters discussed in this summary before investing in the Fund through the Offer. This summary is qualified in its entirety by reference to the detailed information included in this Prospectus and the SAI.

THE OFFER AT A GLANCE

The Offer and the Rights

The Fund is issuing non-transferable rights to its common stockholders of record as of the close of business on May __ 2018. The Rights entitle Stockholders to subscribe for new shares of the Fund's common stock as described below in this section under the sub-headings *"Primary Subscription"* and *"Over-Subscription Privilege."* The Rights are non-transferable, and may not be purchased or sold. The Rights will expire without residual value at 5:00 p.m., Eastern Time, on July __, 2018, unless extended by the Fund. The Rights will not be listed for trading on the NYSE, and there will not be any market for trading Rights. The Fund's currently outstanding Shares are, and the Shares offered by this Prospectus will be, subject to notice of issuance, listed on the NYSE under the symbol "RVT."

Primary Subscription

Stockholders will receive one Right for each whole Share held of record as of the Record Date, rounded up to the nearest number of Rights evenly divisible by ten. In the case of Shares held of record by a broker-dealer, bank, or other finanical intermediary (each, a "Nominee"), the number of Rights issued to such Nominee will be adjusted to permit rounding up (to the nearest number of Rights evenly divisible by ten) of the Rights to be received by each of the beneficial owners for whom it is the holder of record only if the Nominee provides to the Fund, on or before the close of business on __________ __, 2018, a written representation of the number of Rights required for such rounding. The Rights will allow Stockholders to subscribe for one (1) Share for each ten (10) Rights held. The right of Stockholders to acquire one (1) Share for every ten (10) Rights is referred to in this Prospectus as the "Primary Subscription" and the Shares issued through the Primary Subscription are referred to as "Primary Subscription Shares." Stockholders may subscribe for 8,526,473 aggregate Primary Subscription Shares as part of the Primary Subscription.

Subscription Price

The Subscription Price for all Shares issued pursuant to the Offer will be the lower of (i) $0.25 below the last reported sale price per Share on the NYSE on the Expiration Date (currently July __, 2018) or (ii) the NAV per Share on that date. See "The Offer — Subscription Price."

Subscription Period

The Rights may be exercised at any time from June __ 2018 through 5:00 p.m., Eastern Time, on July __, 2018, unless extended by the Fund. Since the Subscription Price will be determined on the Expiration Date, Stockholders who choose to exercise their Rights may not know the Subscription Price when they decide whether to acquire Shares through the Primary Subscription or the Over-Subscription Privilege.

Over-Subscription Privilege

Some Stockholders may not fully subscribe for all of their Primary Subscription Shares. Stockholders who fully exercise their Rights in the Primary Subscription may subscribe for the Primary Subscription Shares not subscribed for by other Stockholders. If enough Primary Subscription Shares are available, all such requests will be honored in full. If the over-subscription requests exceed the Primary Subscription Shares available, the Fund may, in its sole discretion and subject to certain anti-dilution limitations, increase the number of Shares subject to subscription by up to 20% of the Primary Subscription Shares through the exercise of its over-allotment option for an aggregate total of up to 1,705,295 Over-Allotment Shares. Primary Subscription Shares not purchased in the Primary Subscription together with all Over-Allotment Shares, if any, are referred to herein as “Over-Subscription Shares.” The entitlement to buy Over-Subscription Shares is, from time to time, referred to as the “Over-Subscription Privilege”. Over-Subscription Privilege requests are subject to certain limitations. In particular, the Fund does not intend to sell Over-Allotment Shares to Stockholders to the extent that all Shares issued through the Offer would dilute (reduce) its NAV per Share by 2.0% or more.

Exercising Rights and Payment for Shares

As noted above, the Rights are evidenced by Subscription Certificates. The number of Rights issued to each Stockholder will be stated on the Subscription Certificate delivered to the Stockholder. The method by which Rights may be exercised and Shares paid for is described under the headings "The Offer—Method of Exercising Rights" and "The Offer—Payment for Shares." **A Stockholder will have no right to rescind a subscription for Shares after the Subscription Agent has received the Subscription Certificate, except as provided under the heading "The Offer — Notice of Net Asset Value Decline / Possible Suspension of the Offer."**

Dilution

Stockholders who do not fully exercise their Rights will, upon the completion of the Offer, own a smaller proportional interest in the Fund than they owned prior to the Offer, resulting in immediate ownership and voting dilution for such Stockholders. In addition, because the expenses associated with the Offer will be borne by the Fund (and indirectly by all Stockholders, including those who do not exercise their Rights), such expenses will result in an immediate dilution of the NAV per Share for all existing Stockholders (i.e., will cause the NAV per Share of the Fund to decrease). Furthermore, if the Subscription Price is less than the NAV per Share as of the Expiration Date, the completion of the Offer will result in additional dilution of the NAV per Share for all existing Stockholders, and may have the effect of reducing the market price of the Shares. The Fund cannot state precisely the extent of the dilution of the NAV per Share. For further information on the effect of dilution, see *"Prospectus Summary - Principal Risk Factors and Special Considerations at a Glance - Dilution - Net Asset Value and Non-Participation in the Offer."*

Use of Proceeds

We estimate the net proceeds to the Fund from the Offer, assuming all Rights issued as part of the Primary Subscription are exercised, to be $134,599,597 or, if pursuant to the over-allotment option, the Fund increases the number of Shares subject to subscription in an amount equal to 20% and all Over-Allotment Shares are sold, $161,628,523. These figures also assume (i) a Subscription Price of $15.85, and (ii) payment by the Fund of estimated offering expenses of $545,000.

The net proceeds of the Offer will be invested in accordance with the Fund's investment goal and policies as soon as practicable after completion of the Offer. Royce anticipates that such investments will be made as appropriate investment opportunities are identified, which process is expected to be substantially completed within three months assuming current market conditions; however, changes in market conditions could result in the Fund's anticipated investment period extending to as long as six months. Pending investment, the net proceeds of the Offer will be held in the types of short-term debt securities and instruments in which the Fund is permitted to invest. It may be more difficult for the Fund to achieve its investment goal during any period in which it invests a substantial portion of such proceeds in this manner. A portion of the cash held by the Fund, including any net proceeds from the Offer, may be used to pay distributions in accordance with the Fund’s managed distribution policy.

Tax Consequences

For U.S. Federal income tax purposes, neither the receipt nor the exercise of the Rights will result in taxable income to you. You also will not realize a taxable loss if your Rights expire without being exercised. We urge you to consult your own tax advisor with respect to the particular tax consequences of the Offer. See *“U.S. Federal Income Tax Consequences of the Offer.”*

Obtaining Subscription Information

If you have any questions or requests for assistance, please contact Georgeson LLC, the Information Agent for the Offer, (toll free) at (866) 431-2108. You may also call the Fund (toll free) at (800) 221-4268, or contact the Nominee that holds your Shares of record for information with respect to the Offer. See *“The Offer — Information Agent.”*

IMPORTANT DATES TO REMEMBER

Event	**Date**
Record Date	May __ 2018
Subscription Period	June __ 2018 through July __, 2018*
Expiration Date	______ __, 2018*
Confirmation to Offer Participants	______ __, 2018*
Final Payment for Shares	______ __, 2018*

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* Unless the Offer is extended.

THE FUND AT A GLANCE

The Fund

The Fund is a diversified, closed-end management investment company. The Fund was organized as a Maryland corporation on July 1, 1986.

Investment Goal and Principal Investment Policies

The Fund's investment goal is long-term capital growth. The Fund normally invests at least 65% of its assets in the equity securities of small- and micro-cap companies, generally those with stock market capitalizations ranging from $100 million to $3 billion, that Royce believes are trading below its estimate of their current worth. The Fund also may invest up to 25% of its assets in securities of issuers headquartered outside the United States. The Fund may invest a portion of its assets in companies with stock market capitalizations in excess of $3 billion.

Royce uses various value methods in managing the Fund's assets. In selecting securities for the Fund, Royce evaluates the quality of a company's balance sheet, the level of its cash flows and other measures of a company's financial condition and profitability. Royce may also consider 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. Royce then uses these factors to assess the company's current worth, basing this assessment on either what they believe a knowledgeable buyer might pay to acquire the entire company or what they think the value of the company should be in the stock market.

An investment in the Fund is not appropriate for all investors. No assurance can be given that the Fund's investment goal will be realized. See *"Investment Goal and Policies."*

Capital Stock

The Fund's shares of common stock are listed and traded on the NYSE under the symbol of "RVT". As of the date hereof, the Fund has 85,264,730 shares of common stock and no shares of preferred stock issued and outstanding. See *"Description of Capital Stock."*

Borrowings

The Fund is authorized to borrow money for investment purposes. As of December 31, 2017, the Fund had outstanding borrowings for investment purposes of $70,000,000 under a revolving credit facility with BNP Paribas Prime Brokerage International, Limited ("BNPPI"). Such borrowing is speculative in that it will increase the Fund's exposure to capital risk. In addition, borrowed funds are subject to variable interest costs that may offset or exceed the return earned on the securities acquired with the borrowed funds. See *"Risk Factors and Special Considerations - Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities."* for more information.

Distributions

The Board of Directors of the Fund (the "Board") has authorized a managed distribution policy ("MDP") for the Fund pursuant to an exemptive order obtained from the SEC (the "MDP Order"). Under the MDP, the Fund pays quarterly distributions on its common stock at the annual rate of 7% of the rolling average of the prior four calendar quarter-end

NAVs per Share, with the fourth quarter distribution being the greater of 1.75% of the rolling average or the distribution required by Internal Revenue Service ("IRS") regulations. You should not draw any conclusions about the Fund's investment performance from the amount of distributions or from the terms of the MDP. The MDP may, under certain circumstances, have certain adverse consequences to the Fund and its Stockholders. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. The Board may amend or terminate the MDP at any time without prior notice to Stockholders.

The actual sources of the Fund’s quarterly distributions may be net investment income, net realized capital gains, return of capital, or a combination of the foregoing and may be subject to retroactive re-characterization at the end of the Fund’s fiscal year based on applicable tax regulations. To the extent that distributions exceed the current net earnings of the Fund, the balance of the amounts paid out will be generated from sales of portfolio securities held by the Fund and will be distributed either as short-term or long-term capital gains or a tax-free return-of-capital. Pursuant to the requirements of the 1940 Act, other applicable laws, and the MDP Order, a notice will accompany each quarterly distribution with respect to the estimated amounts and corresponding sources of the applicable distribution. The actual amounts and sources of such distributions for tax reporting purposes will depend upon the Fund’s investment experience during the remainder of its fiscal year along with the application of tax regulations and will be reported to Stockholders in January of each year on Form 1099-DIV.

Quarterly distributions may be reinvested in additional full and fractional Shares through the Fund's Dividend Reinvestment and Cash Purchase Plan (the "Plan"). Computershare Trust Company, N.A. acts as plan agent for Stockholders in administering the Plan (in such capacity, the "Plan Agent"). Quarterly distributions are also payable in cash by specific Stockholder election.

See *"Dividends, Distributions and Reinvestment Plan."*

Investment Adviser

Royce has served as the investment adviser to the Fund since its inception in November 1986. Royce also serves as investment adviser to other registered management investment companies, privately offered funds and institutional accounts. As of March 31, 2018, Royce managed approximately $16.6 billion in assets, which amount includes approximately $13.8 billion in open-end and closed-end fund assets.

Royce provides investment advisory services to the Fund. For its services, the Fund pays Royce a monthly fee at a rate ranging from 0.5% to 1.5% per annum of the Fund's average net assets for rolling 60-month periods based on the investment performance of the Fund relative to the investment record of the S&P 600 SmallCap Index (the "S&P 600 Index") over such periods. Because the Fund's investment advisory fee is a function of its net assets rather than its total assets, Royce does not and will not receive any fee in respect of Fund assets equaling the aggregate unpaid principal amount of any indebtedness of the Fund but will receive a fee in respect of Fund assets equaling the liquidation preference of the Fund's outstanding preferred stock, if any. See "*Investment Advisory and Other Services – Advisory Fee."*

PRINCIPAL RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE

Dilution — Net Asset Value and Non-Participation in the Offer

If you do not exercise all of your Rights in connection with the Primary Subscription, you should expect to own a smaller proportional interest in the Fund upon completion of the Offer, resulting in immediate ownership and voting dilution. You will experience further immediate ownership and voting dilution in the event the Fund issues Over-Allotment Shares and you do not submit a subscription request pursuant to the Over-Subscription Privilege. As noted above, the Fund does not intend to sell Over-Allotment Shares to Stockholders to the extent that all Shares issued through the Offer would dilute (reduce) its NAV per Share by 2.0% or more.

You will experience a reduction in NAV per Share as a result of the expenses incurred by the Fund (and indirectly by all Stockholders) in connection with the Offer. You will experience a further reduction in NAV per Share in the event the Subscription Price is below the NAV per Share on the Expiration Date, because: (i) the offered Shares are being sold at less than their current NAV; and (ii) the number of Shares outstanding after completion of the Offer will have increased proportionately more than the increase in the amount of the Fund s net assets. The following example illustrates the hypothetical NAV per Share dilution a Stockholder would experience given the assumptions below. Such illustrations should not be considered a representation of actual future NAV per Share dilution. Actual NAV per Share dilution may be higher or lower than that shown below.

HYPOTHETICAL DILUTION ILLUSTRATION

Assumed Subscription Price	Assumed NAV Per Share on Expiration Date	All Primary Subscription Shares Sold	Over-Allotment Option Exercised	Estimated Offer Expenses	NAV Per Share Dilution ($)/(%)
$15.85	$16.96	Yes	No	$545,000	($0.107)/(0.63%)
$15.85	$16.96	Yes	Yes (In Full)	$545,000	($0.125)/(0.73%)

Although the Fund cannot state precisely the amount of any NAV per Share dilution because it is not known as of the date of this Prospectus what the Subscription Price or NAV per Share will be on the Expiration Date, how many Shares will be subscribed for, what the exact expenses of the Offer will be, or whether and to what extent the Fund will exercise its over-allotment option, such NAV per Share dilution will apply whether or not you exercise all of your Rights under the Primary Subscription or purchase any Over-Subscription Shares.

Market Risk

As with any closed-end fund that invests in common stocks, the Fund is subject to market risk—the possibility that common stock prices will decline over short or extended periods of time. As a result, the NAV per Share will fluctuate, sometimes sharply and unpredictably, and you could lose money over short or long periods of time.

As noted above, the NAV per Share will be reduced immediately following the Offer to the extent: (i) offering expenses are paid by the Fund and (ii) the Subscription Price is below the NAV per Share on the Expiration Date.

Market Price of Shares

Shares of common stock of closed-end investment companies often trade in the market at prices lower than their NAV per Share. Market price risk is a risk separate and distinct from the risk that the Fund's NAV per Share will decrease. The Shares have generally traded at a discount to the Fund's NAV per Share since September 2008, with a discount as high as 20.80% during such period. During the year ended December 31, 2017, the Shares traded at an average discount to the Fund's NAV per Share of 11.07%. As of December 31, 2017, the discount to the Fund's NAV per Share was 8.70%. As of April 30, 2018, the discount to the Fund's NAV per Share was 5.07%. Common shares of closed-end investment companies may, however, trade at prices higher than their NAV during some periods. No assurance can be given that the Shares will trade at a price higher than or equal to NAV. See *"Description of Capital Stock — Market Price and NAV Information."*

In addition to NAV, the market price of Shares may be affected by such factors as the Fund's dividend and distribution levels and stability, market liquidity, market supply and demand, unrealized gains, general market and economic conditions, and other factors.

Investing in Smaller Capitalization Companies

As noted above, Royce normally invests at least 65% of the Fund's assets in the equity securities of micro-cap and small-cap companies, generally those with stock market capitalizations ranging from $100 million to $3 billion. Royce views the large and diverse universe of smaller companies in which the Fund primarily invests as having two investment segments or tiers — micro-cap and small-cap. Royce refers to the segment of companies with market capitalizations from $100 million to $1 billion as micro-cap. Royce defines the next tier, the small-cap universe, as those companies with market capitalizations between $1 billion and $3 billion. The Fund may also invest a portion of its assets in mid-cap and/or large-cap securities. Royce defines mid-cap as those companies with market caps between $3 billion and $15 billion. Large-cap is defined by Royce as those companies with market caps of more than $15 billion.

The prices of equity securities of companies with stock market capitalizations from $100 million to $3 billion are generally more volatile than those of larger-cap securities. In addition, because these securities tend to have significantly lower trading volumes than larger-cap securities, the Fund may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what Royce believes they are worth. Therefore, the Fund may involve considerably more risk of loss and its returns may differ significantly from funds investing in larger-cap companies or other asset classes.

Selection Risk

Different types of stocks tend to shift into and out of favor with stock market investors, depending on market and economic conditions. The performance of funds that invest in value-style stocks may at times be better or worse than the performance of stock funds that focus on other types of stocks or that have a broader investment style. In addition, Royce's estimate of a company's current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses. Securities in the Fund's portfolio may not increase as much as the market as a whole and some securities may continue to be undervalued for long periods of time.

Risks Related to Foreign Securities and Developing Countries

The Fund may invest up to 25% of its assets in foreign securities. Royce defines "foreign" as those securities of companies headquartered outside of the United States. Investment in foreign securities involves risks that may not be encountered in U.S. investments, including adverse political, social, economic, or other developments that are unique to a particular region or country. Prices of foreign securities in particular countries or regions may, at times, move in a different direction and/or be more volatile than those of U.S. securities. Because the Fund does not intend to hedge its foreign currency exposure, the U.S. dollar value of the Fund's investments may be harmed by declines in the value of foreign currencies in relation to the U.S. dollar. See *"Risk Factors and Special Considerations — Foreign Securities Risks."* These risks may be heightened for developing markets securities. See *"Risk Factors and Special Considerations — Developing Country Risks."*

Leverage Risk

The Fund may issue debt or preferred stock for investment purposes in accordance with the requirements set forth in the 1940 Act. As of December 31, 2017 and April 30, 2018, the Fund did not have any preferred stock outstanding but did have outstanding borrowings for investment purposes of $70,000,000 under a revolving credit facility with BNPPI. The Fund pays interest on the amount drawn under such credit facility at a variable rate that is equal to the 3-Month LIBOR Rate plus 0.95% as well as a commitment fee of 0.50% per annum on the unused portion of the facility. The Fund s weighted average borrowing costs under such credit facility for the fiscal year ended December 31, 2017 and the four-month period ended April 30, 2018 were 2.2144% and 2.9834%, respectively. The use of leverage in this way may magnify the impact on Stockholders of changes in NAV per Share and the cost of leverage could exceed the return on the securities acquired with the proceeds of the leverage, thereby diminishing returns to such Stockholders. In addition, the Fund may be required to sell investments in order to meet interest or dividend payments on any debt or preferred shares issued for investment purposes when it may be disadvantageous to do so. Because the Fund pays interest at a variable rate under the revolving credit facility, these risks will be heightened for the Fund in the event of any increase in the interest rate payable thereunder. See *"Risk Factors and Special Considerations – Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities."* Such borrowings are done on a secured basis, which may result in certain additional risks to the Fund. See *"Risk Factors and Special Considerations – Portfolio Lending Risks"*.

Anti-Takeover Provisions. The Fund s Charter and Bylaws include provisions that could have the effect of depriving the owners of shares in the Fund of opportunities to sell their shares at a premium over prevailing market prices, by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a principal stockholder. See *"Description of Capital Stock - Certain Corporate Governance Provisions"*.

TABLE OF FEES AND EXPENSES

The following table contains information about the estimated costs and expenses that Stockholders will bear directly or indirectly, as a result of the completion of the Offer. The table is based on investment advisory fees, other expenses, and interest payments on borrowings for investment purposes during the Fund's fiscal year ended December 31, 2017, in each case expressed as a percentage of the Fund's average net assets for the fiscal year ended December 31, 2017 as adjusted to give effect to the completion of the Offer (*i.e.*, assumes that all Primary Subscription Shares and all Over-Allotment Shares are sold). If the Fund issues fewer Shares and the net proceeds to the Fund are reduced, all other things being equal, the total annual expenses shown would increase. The following table should not be considered a representation of the Fund's future expenses. Actual expenses may be greater or less than those shown below.

Stockholder Transaction Expenses

(As a Percentage of Estimated Subscription Price)	
Sales Load(1)	None
Offering Expenses(2)	$0.00571
Distribution Reinvestment Plan Fees	None
Voluntary Cash Purchase Plan Service Fee for a Sale	$2.50
Voluntary Cash Purchase Plan Per Share Transaction Fee for a Sale(3)	$0.15
Voluntary Cash Purchase Plan Service Fee for a Purchase	$0.75
Voluntary Cash Purchase Plan Per Share Transaction Fee for a Purchase(3)	$0.05

Annual Expenses

(As a Percentage of Average Net Assets)	
Investment Advisory Fees(4)	0.44%
Interest Payments on Borrowed Funds(5)	0.10%
Other Expenses(6)	0.09%
Total Annual Operating Expenses	0.63%

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(1) The Rights are being offered by the Fund directly to Stockholders without the services of an underwriter.

(2) Offering expenses borne by the Fund are estimated to be approximately $545,000 in the aggregate, or $0.00571 per Share.

(3) Royce absorbed all such per share transaction fees during the fiscal year ended December 31, 2017 and currently expects to continue to absorb such per share transaction fees during the fiscal year ending December 31, 2018. No assurance can be given that Royce will continue to absorb such per share transaction fees after that date.

(4) The net investment advisory fee payable by the Fund to Royce is comprised of a Basic Fee and a Performance Adjustment. The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets for the rolling 60-month period ending with such month (the "performance period"). For these purposes, the Fund's net assets include any assets attributable to its outstanding common stock along with the

liquidation value of any outstanding preferred stock. The Basic Fee for any month is then adjusted upward or downward, subject to certain enumerated limits, based upon the investment performance of the Fund relative to that of the S&P 600 Index during the performance period. Accordingly, the monthly fee as adjusted for performance ranges from 0.5% to 1.5% per annum of the Fund's average net assets for the performance period. For the twelve rolling 60-month periods in 2017, the Fund’s investment performance ranged from 17% to 39% below that of the S&P 600 Index. Accordingly, the net investment advisory fee paid by the Fund to Royce for the year ended December 31, 2017 was $5,983,920 (*i.e.*, a Basic Fee of $11,967,837 with a net downward Performance Adjustment of $5,983,917). Although the aggregate dollar amount that the Fund pays Royce is computed based upon the average of the Fund’s month-end net assets for the applicable performance period, such amount above is expressed as a percentage of the Fund’s average net assets for the fiscal year ended December 31, 2017 as adjusted to give effect to the completion of the Offer (*i.e.*, assumes that all Primary Subscription Shares and all Over-Allotment Shares are sold); such percentage differs from what the Fund presents as its investment advisory fee rate for financial reporting purposes. See *“Investment Advisory and Other Services Provided by Royce – Investment Advisory Fee”* for a more complete description of how the net investment advisory fee payable by the Fund to Royce is computed.

(5) Based upon the Fund’s outstanding borrowings for investment purposes of $70,000,000 under a revolving credit facility as of December 31, 2017 and a weighted average borrowing cost of 2.2144% under such credit facility during the fiscal year ended December 31, 2017. The actual amount of interest expense borne by the Fund will vary over time in accordance with the level of the Fund’s use of leverage and variations in market interest rates. The Fund may also use other forms of leverage, which may be subject to different expenses than those estimated above.

(6) “Other Expenses” are based upon actual other expenses for the fiscal year ended December 31, 2017.

EXPENSE EXAMPLE

The following example illustrates the hypothetical expenses (including estimated offering expenses related to the Offer of $545,000 in Year 1) that you would pay on a $1,000 investment in the Shares, assuming (i) total annual operating expenses of 0.63% in each period shown below and (ii) a 5% annual return.

ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
$6	$20	$35	$79

The purpose of the above table is to help a Stockholder understand the fees and expenses that such Stockholder would bear directly or indirectly. **The example should not be considered a representation of actual future expenses. Actual expenses may be higher or lower than those shown.** The assumption in the example of a 5% annual return is required by SEC regulation and is applicable to all investment companies. The assumed 5% annual return is not a prediction of, and does not represent, the projected performance of the Fund's common stock. Actual annual rates of return may be more or less than those allowed for purposes of the example.

The example also assumes the reinvestment of all dividends and distributions at NAV. The Plan, however, contemplates payment of net investment income dividends and capital gain distributions in shares of the Fund's common stock (unless a stockholder elects to receive payments in cash), based on the lower of the market price or NAV per Share on the valuation date, except that distributions may not be reinvested for less than 95% of the market price.

FINANCIAL HIGHLIGHTS

The table below sets forth certain specified information for an outstanding Share throughout each period presented and is designed to assist Stockholders in evaluating the Fund's performance for the periods presented. This information is derived from the financial and accounting records of the Fund. The financial highlights for each of the fiscal years ended December 31, 2015 through December 31, 2017 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The prior financial highlights for each of the fiscal years ended December 31, 2008 through December 31, 2014 were audited by Tait, Weller & Baker, LLP, the Fund's former independent registered public accounting firm. The information below should be read in conjunction with the Fund's audited financial statements and the accompanying notes thereto for the fiscal year ended December 31, 2017, which, together with the report of the Fund's independent registered public accounting firm, have been incorporated by reference in the SAI. The Fund's most recent annual stockholder report is available without charge by calling the Fund toll-free at (800) 221-4268.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	$15.85	$13.56	$16.24	$18.17	$15.40
INVESTMENT OPERATIONS:					
Net investment income (loss)	0.13	0.12	0.12	0.12	0.12
Net realized and unrealized gain (loss) on investments and foreign currency	2.74	3.27	(1.48)	(0.13)	4.89
Total investment operations	2.87	3.39	(1.36)	(0.01)	5.01
DISTRIBUTIONS TO COMMON STOCKHOLDERS:					
Net investment income	(0.13)	(0.13)	(0.16)	(0.14)	(0.11)
Net realized gain on investments and foreign currency	(1.03)	(0.89)	(1.08)	(1.68)	(2.08)
Total distributions to Common Stockholders	(1.16)	(1.02)	(1.24)	(1.82)	(2.19)
CAPITAL STOCK TRANSACTIONS:					
Effect of reinvestment of distributions by Common Stockholders	(0.06)	(0.08)	(0.08)	(0.10)	(0.05)
Total capital stock transactions	(0.06)	(0.08)	(0.08)	(0.10)	(0.05)

Net Asset Value, End of Period	$17.50		$15.85		$13.56		$16.24		$18.17	
Market Value, End of Period	$16.17		$13.39		$11.77		$14.33		$16.01	
TOTAL RETURN:[1]										
Net Asset Value	19.31	%	26.87	%	(8.09	)%	0.78	%	34.14	%
Market Value	30.49	%	23.48	%	(9.59	)%	0.93	%	35.63	%
RATIOS BASED ON AVERAGE NET ASSETS										
Investment advisory fee expense[2]	0.43	%	0.51	%	0.50	%	0.46	%	0.54	%
Other operating expenses	0.22	%	0.22	%	0.18	%	0.15	%	0.25	%
Total expenses (net)	0.65	%	0.73	%	0.68	%	0.61	%	0.79	%
Expenses net of fee waivers and excluding interest expense	0.54	%	0.62	%	0.61	%	0.55	%	0.65	%
Expenses prior to fee waivers and balance credits	0.65	%	0.73	%	0.68	%	0.61	%	0.79	%
Expenses prior to fee waivers	0.65	%	0.73	%	0.68	%	0.61	%	0.79	%
Net investment income (loss)	0.80	%	0.85	%	0.78	%	0.72	%	0.70	%
SUPPLEMENTAL DATA:										
Net Assets End of Period (in thousands)	$1,480,449		$1,296,012		$1,072,035		$1,231,955		$1,307,829	
Portfolio Turnover Rate	19	%	28	%	35	%	40	%	33	%
REVOLVING CREDIT AGREEMENT:										
Asset coverage	2215	%	1951	%	1631	%	1860	%	1289	%
Asset coverage per $1,000	$22,149		$19,514		$16,315		$18,599		$12,889	

[1] The Market Value Total Return is calculated assuming a purchase of Common Stock on the opening of the first business day and a sale on the closing

of the last business day of each period. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund s Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund s net asset value is used on the purchase and sale dates instead of market value.

[2] The investment advisory fee is calculated based on average net assets over a rolling 60-month basis, while the above ratios of investment advisory fee expenses are based on the average net assets over a

12-month
basis.

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	Years Ended December 31,				
	2012	2011	2010	2009	2008
NET ASSET VALUE, BEGINNING OF PERIOD	$ 14.18	$ 16.73	$ 12.87	$ 9.37	$ 19.74
INVESTMENT OPERATIONS:					
Net investment income (loss)	0.23	0.10	0.24	0.17	0.14
Net realized and unrealized gain (loss) on investments and foreign currency	2.02	(1.62)	3.85	3.87	(8.50)
Total investment operations	2.25	(1.52)	4.09	4.04	(8.36)
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:					
Net investment income	(0.04)	(0.03)	(0.20)	(0.18)	(0.01)
Net realized gain on investments and foreign currency	(0.13)	(0.16)			(0.20)
Return of capital				(0.02)	
Total distributions to Preferred Stockholders	(0.17)	(0.19)	(0.20)	(0.20)	(0.21)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS FROM INVESTMENT OPERATIONS	2.08	(1.71)	3.89	3.84	(8.57)
DISTRIBUTIONS TO COMMON STOCKHOLDERS:					
Net investment income	(0.17)	(0.08)	(0.03)		(0.06)
Net realized gain on investments and foreign currency	(0.63)	(0.43)			(1.18)
Return of capital		(0.27)		(0.32)	(0.48)
Total distributions to Common Stockholders	(0.80)	(0.78)	(0.03)	(0.32)	(1.72)
CAPITAL STOCK TRANSACTIONS:					
Effect of reinvestment of distributions by Common Stockholders	(0.06)	(0.06)	(0.00)	(0.02)	(0.08)

Total capital stock transactions	(0.06)	(0.06)	(0.00)	(0.02)	(0.08)
NET ASSET VALUE, END OF PERIOD	$ 15.40	$ 14.18	$ 16.73	$ 12.87	$ 9.37
MARKET VALUE, END OF PERIOD	$ 13.42	$ 12.27	$ 14.54	$ 10.79	$ 8.39
TOTAL RETURN:[1]					
Market Value	16.22%	(10.46)%	35.05%	35.39%	(48.27)%
Net Asset Value	15.41%	(10.06)%	30.27%	44.59%	(45.62)%
RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:					
Investment advisory fee expense[2]	0.56%	0.86%	0.11%	0.00%	1.27%
Other operating expenses	0.15%	0.12%	0.12%	0.16%	0.12%
Total expenses (net)[3]	0.71%	0.98%	0.23%	0.16%	1.39%
Expenses net of fee waivers and excluding interest expense	0.68%	0.98%	0.23%	0.16%	1.39%
Expenses prior to fee waivers and balance credits	0.71%	0.98%	0.23%	0.16%	1.39%
Expenses prior to fee waivers	0.71%	0.98%	0.23%	0.16%	1.39%
Net investment income (loss)	1.57%	0.63%	1.69%	1.66%	0.94%
SUPPLEMENTAL DATA:					
Net Assets Applicable to Common Stockholders, End of Period (in thousands)	$ 1,082,426	$ 966,640	$ 1,105,879	$ 849,777	$ 603,234
Liquidation Value of Preferred Stock, End of Period (in thousands)		$ 220,000	$ 220,000	$ 220,000	$ 220,000
Portfolio Turnover Rate	25%	26%	30%	31%	25%
PREFERRED STOCK:					
Total shares outstanding		8,800,000	8,800,000	8,800,000	8,800,000
Asset coverage per share		$ 134.88	$ 150.67	$ 121.57	$ 93.55
Liquidation preference per share		$ 25.00	$ 25.00	$ 25.00	$ 25.00
Average month-end market value per share		$ 25.37	$ 25.06	$ 23.18	$ 22.51
REVOLVING CREDIT AGREEMENT:					
Asset coverage	822%				
Asset coverage per $1,000	$ 8,216				

[1] The Market Value Total Return is calculated assuming a

purchase of Common Stock on the opening of the first business day and a sale on the closing of the last business day of each period. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.

[2] The investment advisory fee is calculated based on average net assets over a rolling 60-month basis, while

the above ratios of investment advisory fee expenses are based on the average net assets applicable to Common Stockholders over a 12-month basis. Expense ratios based on total average net assets including liquidation value of Preferred Stock were

[3] 0.60%, 0.82%, 0.18%, 0.12% and 1.13% for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively.

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INVESTMENT PERFORMANCE

The table below presents average annual total returns of the Fund's common stock on two separate bases. The NAV return is the compound average annual rate of return, using NAVs, on an amount invested in the Fund from the beginning to the end of the stated period and assumes reinvestment of net investment income dividends and capital gains distributions. Historically, Stockholders have been able to reinvest distributions at prices below NAV from time to time and without commission costs. The Market Price return presents the same information, but values the Fund at market price rather than NAV and, therefore, reflects the actual experience of a Stockholder, before commission costs, who bought and sold Shares at the beginning and ending dates. The since inception NAV and Market Price returns for the Fund reflect both participation and non-participation in past common stock rights offerings. As shown in the table below, participation in past rights offerings has had a positive impact on stockholder returns because it resulted in the purchase of Shares in such offerings at a discount to the then-applicable market price and NAV per Share.

The record of the Russell 2000 Index has been included so that the Fund's results may be compared with an unmanaged index reflecting the performance of the 2,000 smallest companies in the Russell 3000 Index (which represent the 3,000 largest U.S. companies based on total market capitalization). As of December 31, 2017, the average market capitalization of companies included in the Russell 2000 Index was approximately $1.86 billion. As of that date, the Russell 2000 Index had a total market capitalization range of approximately $3.9 million to $9.4 billion. The record of the S&P 600 Index has been included so that the Fund's results may be compared with an unmanaged index reflecting 600 domestic stocks chosen by Standard & Poor's for market size, liquidity (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation. The S&P 600 Index is a market-value weighted index (stock price times the number of shares outstanding), with each stock's weight in the index proportionate to its market value. As of December 31, 2017, the mean market capitalization of companies included in the S&P 600 Index was approximately $1.4 billion. As of that date, the S&P 600 Index had a total market capitalization range of approximately $95.5 million to $9.4 billion. The figures for the S&P 600 Index and the Russell 2000 Index assume reinvestment of dividends. It is not possible to invest directly in any index. The since inception returns for the Russell 2000 Index and the S&P 600 Index are presented under the column heading "Without Rights Offering Participation (%)" in the table below.

AVERAGE ANNUAL TOTAL RETURNS

	As of December 31, 2017								**From November 26, 1986 (inception) to December 31, 2017 ***	
	1-YR (%)	**3-YR (%)**	**5-YR (%)**	**10-YR (%)**	**15-YR (%)**	**20-YR (%)**	**25-YR (%)**	**30-YR (%)**	**With Rights Offering Participation (%)**	**Without Rights Offering Participation (%)**
NAV	19.38%	11.63%	13.47%	7.18%	10.79%	9.45%	10.73%	11.53%	11.01%	10.83%
Market Price	30.49%	13.36%	14.80%	6.98%	10.19%	9.65%	10.47%	11.86%	10.34%	10.28%
Russell 2000 Index	14.65%	9.96%`	14.12%	8.71%	11.17%	7.89%	9.54%	10.46%	N/A	9.66%
S&P 600 Index	13.16%	11.93%	15.95%	10.41%	12.26%	9.72%	11.24%	11.58%	N/A	10.51%

** The NAV and Market Price returns for the Fund for the period from November 26, 1986 (inception) through December 31, 2017 are based on the Fund's initial NAV of $9.28 per Share, and the Fund's initial public offering price of $10.00 per Share, respectively.*

The above results represent past performance and should not be considered an indication of future performance. Such information is provided only to give an historical perspective of the Fund. The investment return and NAVs and market prices per Share will fluctuate, so that shares of common stock may be worth more or less than their original cost when sold.

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STATEMENT OF ASSETS AND LIABILITIES

The following table sets forth, as of December 31, 2017: (i) the audited statement of assets and liabilities of the Fund and (ii) the adjusted unaudited statement of assets and liabilities of the Fund which gives effect to the sale of 10,231,768 Shares (which assumes that the Primary Subscription is fully subscribed and that the Fund exercises its over-allotment option and all Over-Allotment Shares are sold) at an estimated Subscription Price of $15.85 per Share pursuant to the Offer, less the estimated offering expenses of $545,000, and the application of the estimated net proceeds from the Offer in accordance with the Fund’s investment goal and policies. No assurance can be given that the Primary Subscription will be fully subscribed or that the Fund will exercise its over-allotment option with all Over-Allotment Shares being sold.

	As of December 31, 2017	
	Actual	**Adjusted**
	(Audited)	**(Unaudited)**
Assets		
Investments, at value	$1,503,413,059	$1,665,041,582
Cash and other assets	$51,601,936	$51,601,936
Total Assets	$1,555,014,995	$1,716,643,518
Liabilities		
Revolving Credit Agreement	$70,000,000	$70,000,000
Other Liabilities	$4,565,542	$4,565,542
Total Liabilities	$74,565,542	$74,565,542
Net Assets	$1,480,449,453	$1,642,077,976
Net Assets Consist of:		
Paid in capital, at $0.001 par value	$1,006,120,990	$1,167,749,513
Accumulated net investment income (loss)	$(1,725,122)	$(1,725,122)
Accumulated net realized gain on investments and foreign currency transactions	$4,219,264	$4,219,264
Net unrealized appreciation on investments	$471,834,321	$471,834,321
Total Net Assets	$1,480,449,453	$1,642,077,976
Net Asset Value Per Share	$17.50	$17.32

USE OF PROCEEDS

We estimate the net proceeds to the Fund from the Offer, assuming all Rights issued as part of the Primary Subscription are exercised, to be $134,599,597 or, if pursuant to the over-allotment option, the Fund increases the number of Shares subject to subscription by an amount equal to 20% and all Over-Allotment Shares are sold, $161,628,523. These figures also assume (i) a Subscription Price of $15.85, and (ii) payment by the Fund of estimated offering expenses of $545,000.

The net proceeds of the Offer will be invested in accordance with the Fund's investment goal and policies as soon as practicable after completion of the Offer. See *"Investment Goal and Policies."* Royce anticipates that such investments will be made as appropriate investment opportunities are identified, which process is expected to be substantially completed within three months assuming current market conditions; however, changes in market conditions could result in the Fund's anticipated investment period extending to as long as six months. Pending investment, the net proceeds of the Offer will be held in the types of short-term debt securities and instruments in which the Fund is permitted to invest. It may be more difficult for the Fund to achieve its investment goal during any period in which it invests a substantial portion of such proceeds in this manner. A portion of the cash held by the Fund, including any net proceeds from the Offer, may be used to pay distributions in accordance with the MDP.

THE OFFER

Terms of the Offer

The Fund is issuing to its common stockholders of record as of the close of business on May __ 2018 non-transferable rights to subscribe for an aggregate of 8,526,473 shares of common stock of the Fund. The Fund may increase the number of Shares subject to subscription by up to 20% of such amount through the exercise of its over-allotment option, or up to 1,705,295 Over-Allotment Shares, for an aggregate total of 10,231,768 Shares. However, the Fund does not intend to sell Over-Allotment Shares to Stockholders to the extent that all Shares issued through the Offer would dilute (reduce) its NAV per Share by 2.0% or more.

Each Stockholder will receive one Right for each whole Share held of record as of the Record Date, rounded up to the nearest number of Rights evenly divisible by ten. In the case of Shares held of record by a Nominee, the number of Rights issued to such Nominee will be adjusted to permit rounding up (to the nearest number of Rights evenly divisible by ten) of the Rights to be received by each of the beneficial owners for whom it is the holder of record only if the Nominee provides to the Fund, on or before the close of business on __________ __, 2018, a written representation of the number of Rights required for such rounding. The Rights will allow Stockholders to subscribe for one (1) Share for each ten (10) Rights held. The right of Stockholders to acquire one (1) Share for every ten (10) Rights is referred to in this Prospectus as the "Primary Subscription" and the Shares issued through the Primary Subscription are referred to as "Primary Subscription Shares." As noted above, Stockholders may subscribe for __________ aggregate Primary Subscription Shares as part of the Primary Subscription. Fractional Shares will not be issued upon the exercise of Rights.

Rights may be exercised at any time during the Subscription Period, which commences on June __ 2018 and ends as of 5:00 p.m., Eastern Time, on July __, 2018, unless extended by the Fund (such date, as it may be extended, is referred to in this Prospectus as the "Expiration Date").

Some Stockholders may not fully subscribe for all of their Primary Subscription Shares. Stockholders who fully exercise their Rights in the Primary Subscription may subscribe for the Primary Subscription Shares not subscribed for by other Stockholders. In addition, as noted above, the Fund may increase the number of Shares subject to subscription by up to 20% of the Primary Subscription Shares through the exercise of its over-allotment option. See below in this section under the sub-heading *"Over-Subscription Privilege"* for more information.

The Subscription Price will be the lower of (i) $0.25 below the last reported sale price per Share on the NYSE on the Expiration Date (currently July __, 2018) or (ii) the NAV per Share on that date. Since the Subscription Price will be determined on the Expiration Date, Stockholders who choose to exercise their Rights may not know the Subscription Price when they decide whether to acquire Shares through the Primary Subscription or the Over-Subscription Privilege.

The Rights are non-transferable, and may not be purchased or sold. The Rights are evidenced by Subscription Certificates, which will be mailed to Stockholders. The Rights will expire without residual value on the Expiration Date. The Rights will not be listed for trading on the NYSE, and there will not be any market for trading Rights. The Fund's currently outstanding Shares are, and the Shares offered by this Prospectus will be, subject to notice of issuance, listed on the NYSE under the symbol "RVT."

Purposes of the Offer

The Board has determined that it would be in the best interests of the Fund and the Stockholders to continue to increase the assets of the Fund available for current and future investment opportunities. In addition, the Offer seeks to reward the long-term stockholder by giving existing Stockholders Rights to purchase additional Shares at a price below market price. Increasing the size of the Fund also might result in lowering the Fund s expenses as a percentage of average net assets. Royce anticipates that investment of the net proceeds of the Offer in accordance with the Fund s investment goal and policies will be made as appropriate investment opportunities are identified, which process is expected to be substantially completed within three months assuming current market conditions; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months.

The Subscription Price will be determined the first business day subsequent to the Expiration Date in order to ensure that the Offer will attract the maximum participation of Stockholders with the minimum dilution to non-participating Stockholders.

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The Board voted unanimously to approve the terms of the Offer. Two of the Fund's Directors who voted to authorize the Offer are affiliated with Royce and, therefore, could benefit indirectly from the Offer. The other seven directors are not "interested persons" of the Fund within the meaning of the 1940 Act. Royce may also benefit from the Offer because its fee is partially based on the net assets of the Fund. See *"Investment Advisory and Other Services – Advisory Fee."* It is not possible to state precisely the amount of additional compensation Royce might receive as a result of the completion of the Offer because it is not known how many Shares will be subscribed for and because the proceeds of the Offer will be invested in additional portfolio securities, which will fluctuate in value.

The Fund may, in the future, choose to make additional rights offerings from time to time to its common stockholders for a number of shares and on terms that may or may not be similar to this Offer. Any such future rights offerings will be made in accordance with the terms and conditions of the MDP Order and the-then applicable requirements of the 1940 Act and the Securities Act of 1933, as amended (the "1933 Act"). See below in this section under the sub-heading *"Other Rights Offerings."*

No assurance can be given that the Fund or the Stockholders will achieve any of the foregoing objectives or benefits through the completion of the Offer.

Over-Subscription Privilege

If some Stockholders do not exercise all of the Rights issued to them as part of the Primary Subscription, any Primary Subscription Shares for which subscriptions have not been received from Stockholders will be offered by means of the Over-Subscription Privilege to those Stockholders who have exercised all of the Rights initially issued to them and who wish to acquire additional Shares. Stockholders who exercise all of the Rights initially issued to them should indicate on the Subscription Certificate how many Shares they are willing to acquire through this Over-Subscription Privilege. If sufficient Shares remain after completion of the Primary Subscription, all over-subscription requests will be honored in full. However, if sufficient Shares are not available to honor all over-subscription requests, the Fund may issue up to an additional 20% of the initial Shares (the "Over-Allotment Shares"), in order to satisfy such over-subscription requests. The Fund does not intend to sell Over-Allotment Shares to Stockholders to the extent that all Shares issued through the Offer would dilute (reduce) its NAV per Share by 2.0% or more. To the extent that there are not sufficient Shares to honor all over-subscription requests, the available Shares will be allocated among those who over-subscribe based on the number of Rights originally issued to them by the Fund, so that the number of Shares issued to Stockholders who subscribe through the Over-Subscription Privilege will generally be in proportion to the number of Shares owned by them on the Record Date. The percentage of remaining Shares that each over-subscribing Stockholder may acquire may be rounded up or down to result in delivery of whole Shares. The allocation process may involve a series of allocations in order to ensure that the total number of Shares available for over-subscriptions is distributed, as nearly as may be practicable, on a pro rata basis. The Fund will not offer or sell any Shares which are not subscribed for through the Primary Subscription or the Over-Subscription Privilege. The combination of the Over-Subscription Privilege and the Fund's election to issue Over-Allotment Shares may result in additional dilution of interest and voting rights to Stockholders, and additional reduction in the Fund's NAV per Share.

Charles M. Royce and certain other officers and employees of Royce may purchase shares of common stock in the Primary Subscription and the Over-Subscription Privilege. Any such purchases will be made on the same terms applicable to other Stockholders.

Subscription Price

The Subscription Price will be the lower of (i) $0.25 below the last reported sale price per Share on the NYSE on the Expiration Date (currently July __, 2018) or (ii) the NAV per Share on that date. For example, if the last reported sale price per Share on the NYSE on the Expiration Date is $16.30 and the NAV per Share on that date is $17.50, the Subscription Price will be $16.05. However, if the last reported sale price per Share on the NYSE on the Expiration Date is $17.60 and the NAV per Share on that date is $17.25, then the Subscription Price will be $17.25.

The Fund announced the Offer after the close of trading on the NYSE on January 25, 2018 through the issuance of a press release. The Fund subsequently clarified the material terms of the Offer through the issuance of a press release on May __, 2018. The NAV per Share as of December 31, 2017 and at the close of business on April 30, 2018 were $17.50 and $16.96, respectively, and the last reported sales prices per Share on the NYSE on those dates were $16.17 and $16.10, respectively.

Expiration of the Offer

The Expiration Date is 5:00 p.m., Eastern Time, on July __, 2018, unless extended by the Fund. The Rights will expire on the Expiration Date and may not be exercised after that date. Since the Subscription Price will be determined on the Expiration Date, Stockholders who choose to exercise their Rights may not know the Subscription Price when they decide whether to acquire Shares through the Primary Subscription or the Over-Subscription Privilege.

Subscription Agent

The subscription agent for the Offer is Computershare Trust Company, N.A. (in such capacity, the "Subscription Agent"). The Fund expects that Computershare Trust Company, N.A. will receive fixed fees of approximately $46,285 along with certain variable fees and reimbursement for all out-of-pocket expenses related to its services as Subscription Agent in connection with the Offer. The Subscription Agent is also the Fund's transfer agent, dividend-paying agent, and registrar for the Fund's shares of common stock and the plan agent under the Fund's Dividend Reinvestment and Cash Purchase Plan.

Information Agent

Any questions or requests for assistance may be directed to the Information Agent at its telephone number listed below:

GEORGESON LLC
TOLL FREE: (866) 431-2108

Stockholders may also call the Fund (toll free) at (800) 221-4268 or contact their Nominees, who hold Shares for the account of others, for information with respect to the Offer.

The Fund expects that Georgeson LLC will receive fees of approximately $15,000 and reimbursement for all out-of-pocket expenses related to its services as Information Agent in connection with the Offer.

Method for Exercising Rights

Stockholders may exercise their Rights by filling in and signing the accompanying Subscription Certificate and mailing it in the envelope provided to the Subscription Agent, together with any required payment for the Shares as described below under "Payment for Shares." Stockholders whose Shares are held by a Nominee such as a broker, bank or trust company, must contact that Nominee to exercise their Rights. In that case, the Nominee will complete the Subscription Certificate on behalf of the applicable Stockholder and arrange for proper payment as set forth below under "Payment for Shares." Nominees who hold Shares for the account of others should notify the respective beneficial owners of such Shares as soon as possible to ascertain the intentions of such beneficial owners and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the Nominee should complete the Subscription Certificate and submit it to the Subscription Agent, together with the proper payment described below under "Payment for Shares." Fractional Shares will not be issued.

Completed Subscription Certificates and the required payment for Shares may be sent to the Subscription Agent by the following methods at the addresses set forth below and must be received by the Subscription Agent prior to 5:00 p.m., Eastern Time, on the Expiration Date (currently July __, 2018).

By First Class Mail:

Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
PO Box 43011
Providence, RI 02940-3011

By Express Mail or Overnight Courier:

Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
250 Royall Street
Suite V
Canton, MA 02021

DELIVERY TO AN ADDRESS OTHER THAN THE ABOVE
DOES NOT CONSTITUTE GOOD DELIVERY.

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Payment for Shares

Stockholders who are record owners can send payment for the Shares acquired in the Primary Subscription and any additional shares subscribed for pursuant to the Over-Subscription Privilege, together with the Subscription Certificate, to the Subscription Agent based on an assumed purchase price of $15.85 per Share. To be accepted, such payment, together with the Subscription Certificate, must be received by the Subscription Agent prior to 5:00 p.m., Eastern Time, on the Expiration Date (currently July __, 2018) as set forth above.

All payments by a Stockholder must be made in United States dollars by certified check drawn on a bank located in the United States of America and payable to "Computershare Trust Company, N.A.", as Subscription Agent. Money orders and bank cashier's checks will not be accepted. Notwithstanding the foregoing, record owners who hold Shares as a depository or nominee must make all payments by wire transfer of immediately available funds to the account maintained by the Subscription Agent.

Payment by certified check must accompany any Subscription Certificate for the Subscription Certificate to be accepted by the Subscription Agent.

YOU WILL HAVE NO RIGHT TO RESCIND YOUR SUBSCRIPTION AFTER THE SUBSCRIPTION AGENT HAS RECEIVED THE SUBSCRIPTION CERTIFICATE, EXCEPT AS PROVIDED BELOW UNDER "NOTICE OF NET ASSET VALUE DECLINE / POSSIBLE SUSPENSION OF THE OFFER."

The method of delivery of Subscription Certificates and payment of the Subscription Price to the Fund will be at the election and risk of Stockholders, but if sent by mail it is recommended that such Subscription Certificates and payment be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Fund and clearance of payment prior to 5:00 p.m., Eastern Time, on the Expiration Date. Please note that checks may take at least five business days to clear and may, at the discretion of the Fund, not be accepted if not cleared prior to the Expiration Date (currently July __, 2018).

Issuance and delivery of Shares purchased pursuant to the Offer are subject to collection of funds and actual payment by the subscribing Stockholder.

A confirmation will be sent by the Subscription Agent to each Stockholder (or, if the relevant Shares on the Record Date are held by a Nominee, to such Nominee) by____ __, 2018, showing (i) the number of Shares acquired pursuant to the Primary Subscription; (ii) the number of Shares, if any, acquired through the Over-Subscription Privilege; and (iii) any additional amount payable by the Stockholder to the Fund or any excess to be refunded by the Fund to the Stockholder, in each case based on the Subscription Price as determined on the Expiration Date. Any additional payment required from a Stockholder must be received by the Subscription Agent within ten (10) business days after the Confirmation Date. Any excess payment to be refunded by the Fund to a Stockholder will be mailed by the Subscription Agent to such Stockholder as promptly as possible within ten (10) business days after the Confirmation Date.

If a Stockholder who acquires Shares through the Primary Subscription or the Over-Subscription Privilege does not make payment of all amounts due by the tenth (10th) business day after the Confirmation Date, the Fund reserves the right to (i) find other Stockholders to purchase such subscribed for and unpaid Shares; (ii) apply any payment actually received by it toward the purchase of the greatest number of whole Shares which could be acquired by such Stockholder through the Primary Subscription and/or the Over-Subscription Privilege; and/or (iii) exercise any and all other rights and/or remedies to which it may be entitled, including, without limitation, the right to set-off against payments actually received by it with respect to such subscribed Shares.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. The Fund will not be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Notice of Net Asset Value Decline / Possible Suspension of the Offer

The Fund has, as required by the SEC's registration form, undertaken to suspend the Offer until it amends this Prospectus if, subsequent to May __, 2018, the effective date of the Fund's Registration Statement, the Fund's NAV per share declines more than 10% from its NAV per share as of May __, 2018. Accordingly, the Fund will notify Stockholders of any such decline and thereby permit them to cancel any exercise of Rights contemplated hereunder.

Delivery of Shares

Participants in the Fund's Distribution Reinvestment and Cash Purchase Plan will have any Shares acquired through the Primary Subscription and the Over-Subscription Privilege credited to their Plan accounts. Stock certificates will not be issued for Shares credited to Plan accounts. Stockholders whose Shares are held of record by a Nominee on their behalf will have any Shares acquired through the Primary Subscription and the Over-Subscription Privilege credited to the account of such Nominee.

Dilution

If you do not exercise all of your Rights in connection with the Primary Subscription, you should expect to own a smaller proportional interest in the Fund upon completion of the Offer, resulting in immediate ownership and voting dilution. You will experience further immediate ownership and voting dilution in the event the Fund issues Over-Allotment Shares and you do not submit a subscription request pursuant to the Over-Subscription Privilege. As noted above, the Fund does not intend to sell Over-Allotment Shares to Stockholders to the extent that all Shares issued through the Offer would dilute (reduce) its NAV per Share by 2.0% or more.

You will experience a reduction in NAV per Share as a result of the expenses incurred by the Fund (and indirectly by all Stockholders) in connection with the Offer. You will experience a further reduction in NAV per Share in the event the Subscription Price is below the NAV per Share on the Expiration Date, because: (i) the offered Shares are being sold at less than their current NAV; and (ii) the number of Shares outstanding after completion of the Offer will have increased proportionately more than the increase in the amount of the Fund's net assets. The following example illustrates the hypothetical NAV per Share dilution a Stockholder would experience given the assumptions below. Such illustrations should not be considered a representation of actual future NAV per Share dilution. Actual NAV per Share dilution may be higher or lower than that shown below.

HYPOTHETICAL DILUTION ILLUSTRATION

Assumed Subscription Price	**Assumed NAV Per Share on Expiration Date**	**All Primary Subscription Shares Sold**	**Over-Allotment Option Exercised**	**Estimated Offer Expenses**	**NAV Per Share Dilution ($)/(%)**
$15.85	$16.96	Yes	No	$545,000	($0.107)/(0.63%)
$15.85	$16.96	Yes	Yes (In Full)	$545,000	($0.125)/(0.73%)

Although the Fund cannot state precisely the amount of any NAV per Share dilution because it is not known as of the date of this Prospectus what the Subscription Price or NAV per Share will be on the Expiration Date, how many Shares will be subscribed for, what the exact expenses of the Offer will be, or whether and to what extent the Fund will exercise its over-allotment option, such NAV per Share dilution will apply whether or not you exercise all of your Rights under the Primary Subscription or purchase any Over-Subscription Shares.

Other Rights Offerings

The Fund had below-NAV rights offerings during each of the seven years ended December 31, 1995 and during 2003, and may have similar rights offerings in the future. Any such future rights offerings will be made in accordance with the terms and conditions of the MDP Order and the-then applicable requirements of the 1940 Act and the 1933 Act and offered by means of separate prospectuses. In particular, the MDP Order provides, among other things, that rights offerings to the Fund's holders of common stock are permitted at below NAV, and other offerings are permitted if the Fund's annualized distribution rate for the six months ending on the last day of the month ended immediately prior to the most recent distribution record date, expressed as a percentage of NAV as of such date, is no more than one percentage point greater than the Fund's average annual total return for the five-year period ending on such date.

INVESTMENT GOAL AND POLICIES

Investment Goal

The Fund's investment goal is long-term capital growth. The Fund's investment goal is a fundamental policy of the Fund and may not be changed without Stockholder approval as described in more detail below in this section under the sub-heading *"Changes in Investment Goal and Methods/Policies."*

There are various risks inherent in any investment. No assurance can be given that the Fund will achieve its investment goal. See *"Risk Factors and Special Considerations."*

Principal Investment Methods/Policies

The Fund normally invests at least 65% of its assets in the equity securities of small- and micro-cap companies, generally those with stock market capitalizations ranging from $100 million to $3 billion, that Royce believes are trading below its estimate of their current worth. The Fund also may invest up to 25% of its assets in securities of issuers headquartered outside the United States. The Fund may invest a portion of its assets in companies with stock market capitalizations in excess of $3 billion.

Royce uses various value methods in managing the Fund’s assets. In selecting securities for the Fund, Royce evaluates the quality of a company’s balance sheet, the level of its cash flows and other measures of a company’s financial condition and profitability. Royce may also consider 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. Royce then uses these factors to assess the company’s current worth, basing this assessment on either what they believe a knowledgeable buyer might pay to acquire the entire company or what they think the value of the company should be in the stock market.

Royce generally will invest in securities of companies that are trading below its estimate of the company’s current worth in an attempt to reduce the risk of overpaying for such companies. Seeking long-term growth of capital, they also evaluate the prospects for the market price of the company’s securities to increase over a two- to five-year period toward this estimate.

Royce’s value approach strives to reduce some of the other risks of investing in the securities of smaller companies (for the Fund’s portfolio taken as a whole) by evaluating other risk factors. For example, Royce generally attempts to lessen financial risk by buying companies with strong balance sheets and low leverage.

Although Royce’s approach to security selection seeks to reduce downside risk to the Fund’s portfolio, especially during periods of broad-smaller-company stock market declines, it may also potentially have the effect of limiting gains in strong smaller-company up markets.

Other Investment Methods/Policies

Non-Convertible Debt. The Fund may invest up to 35% of its assets in direct obligations of the government of the United States or its agencies and/or in non-convertible debt securities of various issuers, including up to 5% of its net assets in below investment-grade debt securities, also known as high-yield fixed income securities. Such below investment-grade debt securities may be in the lowest-grade categories of recognized ratings agencies (C in the case of Moody’s Investor Service, Inc. (“Moody’s”) or D in the case of S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“Standard & Poor’s”)) or may be unrated. High-yield/high-risk investments are primarily speculative and may entail substantial risk of loss of principal and non-payment of interest, but may also produce above-average returns for the Fund. Debt securities rated C or D may be in default as to the payment of interest or repayment of principal. There are no limits on the maturity or duration of the debt securities in which the Fund may invest. The maturity of a security is generally the period remaining until the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made. Duration is a mathematical concept that measures a portfolio's sensitivity to interest rate changes. The longer a debt portfolio's duration, the more sensitive it is to changes in interest rates. The shorter a debt portfolio's duration, the less sensitive it is to changes in interest rates. For example, the price of a debt portfolio with a duration of five years would be expected to fall approximately five percent if interest rates rose by one percentage point and a debt portfolio with a duration of two years would be expected to fall approximately two percent if interest rates rose by one percentage point.

Warrants, Rights or Options. The Fund may invest up to 5% of its assets in warrants, rights or options. A warrant, right or call option entitles the holder to purchase a given security within a specified period for a specified price and does not represent an ownership interest in the underlying security. A put option gives the holder the right to sell a particular security at a specified price during the term of the option. These securities have no voting rights, pay no dividends and have no liquidation rights. In addition, market prices of warrants, rights or call options do not necessarily move parallel to the market prices of the underlying securities; market prices of put options tend to move inversely to the market prices of the underlying securities.

Portfolio Lending Transactions. The Fund's non-fundamental investment restrictions permit it to lend up to 25% of its assets to brokers, dealers and other financial institutions. As noted above, the Fund's borrowings under the revolving credit facility with BNPPI are done on a secured basis, which means the Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding or as otherwise required by applicable regulatory standards and has granted a security interest in the securities pledged to, and in favor of, BNPPI as security for the loan balance outstanding. The revolving credit facility also permits, subject to certain conditions, BNPPI to re-hypothecate or loan portfolio securities pledged by the Fund up to the amount of the loan balance outstanding. Such re-hypothecation allows the Fund to retain ownership of the re-hypothecated securities and to continue to receive payments in lieu of dividends and interest on such re-hypothecated securities. The Fund also has the right under the revolving credit facility to recall the re-hypothecated securities from BNPPI on demand. If BNPPI fails to deliver the recalled security in a timely manner, BNPPI will compensate the Fund for any fees or losses related to the failed delivery or, in the event a recalled security is not returned by BNPPI, the Fund, upon notice to BNPPI, may reduce the loan balance outstanding by the value of the recalled security failed to be returned.

Temporary Investments. Under normal circumstances, the assets of the Fund are primarily invested in the equity securities of micro-cap and small-cap companies. However, for temporary defensive purposes (i.e., when Royce determines that market conditions warrant) or when it has uncommitted cash balances, the Fund may also invest in U.S. Treasury bills, domestic bank certificates of deposit, repurchase agreements with its custodian bank covering United States Treasury and agency obligations having a term of not more than one week, high-quality commercial paper and money market funds registered under the 1940 Act, or retain all or part of its assets in cash. Accordingly, the composition of the Fund's portfolio may vary from time to time. If the Fund should implement a temporary investment policy, such policy would be inconsistent with its investment goal and the Fund may not achieve its investment goal while that policy is in effect.

Changes in Investment Goal and Methods/Policies

The Fund's investment goal of long-term capital growth is a fundamental policy of the Fund and may not be changed without the approval of the holders of a majority of the Fund's outstanding shares of common stock and preferred stock (if any), voting together as a single class, and a majority of the outstanding preferred stock (if any), voting as a separate class (which for this purpose and under the 1940 Act means the lesser of (i) 67% or more of the relevant shares of capital stock of the Fund present or represented at a meeting of stockholders, at which the holders of more than 50% of the outstanding relevant shares of capital stock are present or represented or (ii) more than 50% of the outstanding relevant shares of capital stock of the Fund). Except as indicated under *"Investment Restrictions"* in the SAI, the Fund does not consider its other policies, such as investing at least 65% of its assets in the equity securities of micro-cap and small-cap companies to be fundamental, and such policies may be changed by the Board without stockholder approval or, except as required by law, prior notice to stockholders. Although the Fund may seek current income by investing in dividend-paying equity securities of small- and micro-cap companies, this is not the Fund's primary investment goal.

The Fund's investment policies are subject to certain restrictions. See *"Investment Restrictions"* in the SAI.

RISK FACTORS AND SPECIAL CONSIDERATIONS

The Offer and an investment in the Fund are subject to the following principal risks.

Market Risk

As with any closed-end fund that invests in common stocks, the Fund is subject to market risk—the possibility that common stock prices will decline over short or extended periods of time. As a result, the NAV per Share will fluctuate, sometimes sharply and unpredictably, and you could lose money over short or long periods of time. The Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any governmental agency.

As noted above under *"Prospectus Summary − Principal Risk Factors and Special Considerations at a Glance − Dilution - Net Asset Value and Non-Participation in the Offer,"* the NAV per Share will be reduced immediately following the Offer to the extent: (i) offering expenses are paid by the Fund and (ii) the Subscription Price is below the NAV per Share on the Expiration Date.

Market Price of Shares

Shares of common stock of closed-end investment companies often trade in the market at prices lower than their NAV per Share. Market price risk is a risk separate and distinct from the risk that the Fund's NAV per Share will decrease. The Shares have recently traded at a discount to NAV, with a discount as high as 18.43% during the past five years. During the year ended December 31, 2017, the Shares traded at an average discount to NAV of 11.07%. As of December 31, 2017, the discount to the Fund's NAV per Share was 8.70%. As of April 30, 2018, the discount to the Fund's NAV per Share was 5.07%. Common shares of closed-end investment companies may, however, trade at prices higher than their NAV during some periods. No assurance can be given that the Shares will trade at a price higher than or equal to NAV.

In addition to NAV, the market price of Shares may be affected by such factors as the Fund's dividend and distribution levels and stability, market liquidity, market supply and demand, unrealized gains, general market and economic conditions, and other factors.

Investing in Smaller Capitalization Companies

As noted above, Royce normally invests at least 65% of the Fund's assets in the equity securities of micro-cap and small-cap companies, generally with stock market capitalizations ranging from $100 million to $3 billion. Royce views the large and diverse universe of smaller companies in which the Fund primarily invests as having two investment segments or tiers — micro-cap and small-cap. Royce refers to the segment of companies with market capitalizations from $100 million to $1 billion as micro-cap. Royce defines the next tier, the small-cap universe, as those companies with market capitalizations between $1 billion and $3 billion. The Fund may also invest a portion of its assets in mid-cap and/or large-cap securities. Royce defines mid-cap as those companies with market caps between $3 billion and $15 billion. Large-cap is defined by Royce as those companies with market caps of more than $15 billion.

Smaller capitalization companies offer investment opportunities and additional risks. They may not be well known to the investing public, may not be significantly owned by institutional investors, and may not have steady earnings growth. The securities of such companies may also be more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the Fund may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what Royce believes they are worth. In addition, the purchase or sale of more than a limited number of shares of the securities of a smaller company may affect its market price. Royce may need a considerable amount of time to purchase or sell its positions in these securities, particularly when other Royce-managed accounts or other investors are also seeking to purchase or sell them. Accordingly, Royce's investment focus on the securities of smaller companies generally leads it to have a long-term investment outlook of at least two years for a portfolio security.

There were almost 2,900 domestic companies with market capitalizations up to $1 billion as of December 31, 2017. These companies are followed by few, if any, securities analysts, and there tends to be less publicly available information about them. Their securities generally have even more limited trading volumes and are subject to even more abrupt or erratic market price movements than are small-cap securities with market caps of more than $1 billion and mid-cap securities, and Royce may be able to deal with only a few market-makers when purchasing and selling micro-cap securities. Such companies may also have limited markets, financial resources or product lines, may lack management depth, and may be more vulnerable to adverse business or market developments. These conditions, which create greater opportunities to find securities trading below Royce's estimate of the company's current worth, also involve increased risk.

As of December 31, 2017, there were approximately 750 domestic small-cap companies (i.e., those with market capitalizations between $1 billion and $3 billion). In this segment, there is a relatively higher level of institutional investor ownership and more research coverage by securities analysts than generally exists for micro-cap companies. This greater attention makes the market for such securities more efficient compared to micro-cap securities because they have somewhat greater trading volumes and narrower bid/ask prices. In general, mid-caps share many of the same characteristics as those companies with market caps between $1 billion and $3 billion. As a result, Royce may employ a more concentrated approach when investing in these companies, holding proportionately larger positions in a relatively limited number of securities.

Selection Risk

Royce invests in securities of companies that are trading below its estimate of the company's "current worth" in an attempt to reduce the risk of overpaying for such companies. Royce's value approach strives to reduce some of the other risks of investing in small- and micro-cap companies (for the Fund's portfolio taken as a whole) by evaluating various other risk factors. Royce attempts to lessen financial risk by buying companies that combine strong balance sheets with low leverage. While no assurance can be given that this risk-averse value approach will be successful, Royce believes that it can reduce some of the risks of investing in the securities of small- and micro-cap companies, which are inherently fragile in nature and whose securities have substantially greater market price volatility. Although Royce's approach to security selection seeks to reduce downside risk to the Fund's portfolio, especially during periods of broad small-cap market declines, it may also potentially have the effect of limiting gains in strong smaller company up markets.

Different types of stocks tend to shift into and out of favor with stock market investors, depending on market and economic conditions. The performance of funds that invest in value-style stocks may at times be better or worse than the performance of stock funds that focus on other types of stocks or that have a broader investment style. In addition, Royce's estimate of a company's current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses. Securities in the Fund's portfolio may not increase as much as the market as a whole and some securities may continue to be undervalued for long periods of time.

Foreign Securities Risks

Royce defines "foreign" as those securities of companies headquartered outside of the United States. Royce believes that investing in foreign securities offers both enhanced investment opportunities and additional risks beyond those present in U.S. securities. Investing in foreign securities may provide increased diversification by adding securities from various foreign countries (i) that offer different investment opportunities, (ii) that generally are affected by different economic trends, and (iii) whose stock markets may not be correlated with U.S. markets. At the same time, these opportunities and trends involve risks that may not be encountered in U.S. investments. The Fund may invest in the securities of companies whose economic fortunes are linked to non-U.S. countries but that do not meet the Fund's definition of a foreign security. To the extent the Fund invests in this manner, the percentage of the Fund's portfolio that is exposed to non-U.S. country risks may be greater than the percentage of the Fund's assets that the Fund defines as representing foreign securities.

The following considerations comprise both risks and opportunities not typically associated with investing in U.S. securities: fluctuations in exchange rates of foreign currencies because the Fund does not intend to hedge its foreign currency exposure; possible imposition of exchange control regulations or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less government supervision of stock exchanges, securities brokers, and issuers of securities; lack of uniform accounting, auditing, and financial reporting standards; lack of uniform settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; possible imposition of foreign taxes; the possibility of expropriation or confiscatory taxation, seizure, or nationalization of foreign bank deposits or other assets, the adoption of foreign government restrictions, and other adverse political, social, or diplomatic developments that could affect investment; possible difficulties in obtaining and/or enforcing legal judgments in foreign courts; restrictions or prohibitions on foreign investment, including prohibitions or restrictions on investments in specific industries or market sectors; limitations on the total amount or type of position in any single issue; possible imposition by foreign governments of prohibitions or substantial restrictions on foreign investments in their capital markets or in certain industries; sometimes less advantageous legal, operational, and financial protections applicable to foreign sub-custodial arrangements; and the historically lower level of responsiveness of foreign management to stockholder concerns (such as dividends and return on investment).

Developing Country Risks

The risks described above for foreign securities, including the risks of nationalization and expropriation of assets, are typically increased to the extent that the Fund invests in companies headquartered in developing, or emerging market, countries. Developing (or emerging markets) countries include every country in the world other than the United States, Canada, Japan, Australia, New Zealand, Hong Kong, Singapore, South Korea, Taiwan, Bermuda, and Western European countries (as defined in the Funds' Statement of Additional Information). Investments in securities of companies headquartered in such countries may be considered speculative and subject to certain special risks. The political and economic structures in many of these countries may be in their infancy and developing rapidly, and such countries may lack the social, political, and economic characteristics of more developed countries. Certain of these countries have in the past failed to recognize private property rights and have at times nationalized and expropriated the assets of private companies. Some countries have inhibited the conversion of their currency to another. The currencies of certain developing countries have experienced devaluation relative to the U.S. dollar, and future devaluations may adversely affect the value of the Fund's assets denominated in such currencies because the Fund does not intend to hedge its foreign currency exposure. Some developing countries have experienced substantial rates of inflation for many years. Continued inflation may adversely affect the economies and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of the Fund's investments in these countries and the availability to the Fund of additional investments in these countries. The small size, limited trading volume, and relative inexperience of the securities markets in these countries may make a Fund's investments in such countries illiquid and more volatile than investments in more developed countries, and the Fund may be required to establish special custodial or other arrangements before making investments in these countries. There may be little financial or accounting information available with respect to companies headquartered in these countries, and it may be difficult as a result to assess the value or prospects of an investment in such companies.

Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities

General. The 1940 Act and the Fund's fundamental investment policies (see *"Investment Restrictions"* in the SAI) permit the Fund to borrow money from banks and certain other lenders and to issue and sell senior securities representing indebtedness or consisting of preferred stock if various requirements are met. Such requirements include asset coverage tests, measured immediately after the incurrence of debt or the issuance or sale of securities, of 300% for indebtedness and 200% for preferred stock and, except for indebtedness to banks and certain other lenders, restrictive provisions concerning common stock dividend payments, other common stock distributions, stock repurchases and maintenance of asset coverage and giving certain senior security holders the right to elect directors in the event specified asset coverage tests are not met or dividends are not paid. Although the incurrence of such leverage would allow the Fund to raise additional cash for investments, it is a speculative investment technique that may subject the Fund to increased risk and volatility.

Borrowings. As noted above, the Fund has entered into a revolving credit facility with BNPPI. The Fund pays interest on the amount drawn under such credit facility at a variable rate that is equal to the 3-Month LIBOR Rate plus 0.95% as well as a commitment fee of 0.50% per annum on the unused portion of the facility. The Fund borrowed an average daily balance of $70,000,000 at a weighted average borrowing cost of 2.9834% under such credit facility for the four-month period ended April 30, 2018. The revolving credit facility has a 360-day rolling term that resets daily; however, if the Fund exceeds certain net asset value triggers, the facility may convert to a 60-day rolling term that resets daily.

As of December 31, 2017, the Fund had 84,587,724 shares of common stock issued and outstanding, with aggregate net assets of $1,480,449,453, along with outstanding borrowings for investment purposes of $70,000,000 under the revolving credit facility with BNPPI. During the fiscal year ended December 31, 2017, the Fund borrowed an average daily balance of $70,000,000 at a weighted average borrowing cost of 2.2144% under such revolving credit facility. Based on such information, the Fund s total portfolio of $1,550,449,453 (i.e., net assets of $1,480,449,453 plus borrowings of $70,000,000) at December 31, 2017 must experience an annual return of 0.10% to cover such borrowing expenses. The table below illustrates the potential effects of such leverage on the annual return experienced by the Fund s common stockholders assuming the indicated returns on the Fund s total portfolio of $1,550,449,453 at December 31, 2017 and the Fund s 2017 weighted average borrowing cost of 2.2144%. In general, such table shows that leverage further increases the return to the Fund s common stockholders when its total portfolio return is positive and further decreases such return when its total portfolio return is negative.

Assumed Return on Fund's Portfolio (Net of Expenses)	(10.00)%	(5.00)%	0%	5.00%	10.00%
Corresponding Return to Stockholders	(10.58)%	(5.34)%	(0.10)%	5.13%	10.37%

All figures appearing in the table immediately above are hypothetical and not actual returns and are provided solely to assist investors in understanding the effects of leverage. Actual returns may be more or less than those appearing in the table.

Leverage in the form of borrowing for investment purposes creates an opportunity for increased return but, at the same time, involves special risk considerations. The following factors could increase the investment risk and the volatility of the NAV and market price per Share: (i) leveraging exaggerates any increase or decrease in the value of the Fund's portfolio; (ii) the costs of borrowing may exceed the income from the portfolio securities purchased with the borrowed money; (iii) a decline in NAV per Share results if the investment performance of the additional securities purchased fails to cover their cost to the Fund (including any interest paid on the money borrowed); (iv) a decline in NAV per Share could affect the ability of the Fund to make common stock dividend payments; (v) a failure to pay net investment income dividends or make capital gains distributions could result in the Fund's ceasing to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"), or in its having to pay certain entity level taxes even if it maintains its status as a regulated investment company (see *"Taxation"* in the SAI); and (vi) if the asset coverage for debt securities declines to less than 300% (as a result of market fluctuations or otherwise), the Fund may be required to sell a portion of its investments when it may be disadvantageous to do so. Because the Fund pays interest at a variable rate under the revolving credit facility, these risks will be heightened for the Fund in the event of any increase in the interest rate payable thereunder. No assurance can be given that a borrowing strategy will be successful during any period in which it is employed.

The Fund's borrowings under the revolving credit facility with BNPPI are done on a secured basis, which results in certain additional risks to the Fund. The Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding or as otherwise required by applicable regulatory standards and has granted a security interest in the securities pledged to, and in favor of, BNPPI as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the revolving credit facility, the Fund may be required to repay immediately, in whole or in part, the loan balance outstanding under the revolving credit facility which may necessitate the sale of portfolio securities at potentially inopportune times. BNPPI may terminate the revolving credit facility upon certain ratings downgrades of its corporate parent, which would result in the Fund's entire loan balance becoming immediately due and payable. The occurrence of such ratings downgrades may necessitate the sale of portfolio securities at potentially inopportune times. The rights of BNPPI to receive payments of interest and repayments of principal under the revolving credit facility generally will be senior to the rights of the Fund's common stockholders.

Immediately following the completion of the Offer (which assumes that the Primary Subscription is fully subscribed, that the Fund exercises its over-allotment option and all Over-Allotment Shares are sold, and that the Fund pays estimated expenses of $545,000 related to the Offer) at an estimated Subscription Price of $15.85, the aggregate amount of borrowings under such revolving credit facility is expected to remain the same while the 1940 Act asset coverage for such borrowings is expected to increase from 2,215% to 2,446%. The Fund, however, reserves the right to adjust the aggregate amount of, and asset coverage for, such borrowings at any time in whatever way it deems necessary or appropriate, subject in all cases to compliance with the 1940 Act and the rules thereunder.

Preferred Stock. As of December 31, 2017, the Fund had no outstanding preferred stock. The future issuance of preferred stock may result in higher volatility of the NAV per Share and potentially more volatility in the market price of the Shares. Holders of common stock will realize a higher current rate of return than if the Fund were not leveraged only so long as the Fund, after accounting for its costs and operating expenses, is able to realize a higher net return on its investment portfolio than the then-current dividend rates paid on any preferred stock. Similarly, since a pro rata portion of the Fund's net realized capital gains are generally payable to holders of common stock, the use of leverage will increase the amount of such gains distributed to holders of common stock. To the extent that the dividend rates on preferred stock approach the net return on the Fund's investment portfolio, the benefit of leverage to holders of common stock will be decreased. (If the dividend rates on preferred stock were to exceed the net return on the Fund's portfolio, holders of common stock would receive a lower rate of return than if the Fund were not leveraged.) Similarly, since both the cost of issuing preferred stock and any decline in the value of the Fund's investments (including investments purchased with the proceeds from preferred stock offerings) is borne entirely by holders of common stock, the effect of leverage in a declining market would result in a greater decrease in NAV per Share to holders of common stock than if the Fund were not leveraged. Such decrease in NAV per Share likely would be reflected in a greater decline in the market price for shares of the Fund's common stock. If a Fund is liquidated, holders of preferred stock will be entitled to receive liquidating distributions before any distribution is made to holders of the Fund's common stock. Redemption of preferred stock or insufficient investment income to make dividend payments may reduce the NAV per Share of the common stock by requiring the Fund to liquidate a portion of its investments at a time when it may be disadvantageous to do so.

In an extreme case, a decline in NAV could affect the Fund's ability to pay dividends on its common stock. Failure to make such dividend payments could adversely affect the Fund's qualification as a regulated investment company under the Code. See *"Taxation"* in the SAI. However, the Fund intends to take all measures necessary to make such common stock dividend payments. If the Fund's current investment income is ever insufficient to meet dividend payments on either its common stock or preferred stock, the Fund may have to liquidate certain of its investments.

The class and other voting rights of issued preferred stock could make it more difficult for the Fund to take certain actions that may, in the future, be proposed by the Board and/or the holders of its common stock, such as (i) a merger, exchange of securities, liquidation or alteration of the rights of a class of the Fund's securities if such actions would be adverse to the preferred stock, (ii) converting the Fund to an open-end investment company or changing its fundamental investment restrictions or other fundamental policies or (iii) seeking to operate other than as an investment company.

The future issuance of any preferred stock convertible into common stock might also reduce the net income and NAV per Share of the Fund’s common stock upon conversion. Such income dilution would occur if the Fund could not, from the investments made with the proceeds of the preferred stock, earn an amount per share of common stock issuable upon conversion greater than the dividend required to be paid on the amount of preferred stock convertible into one share of common stock. Such NAV dilution would occur if preferred stock were converted at a time when the NAV per Share of the Fund’s common stock was greater than the conversion price.

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Financial Impact of Borrowings and Senior Securities on Common Stockholders. The costs related to the issuance and sale of senior securities such as preferred stock, including underwriting discounts, rating agency fees and offering expenses, are paid by the Fund and, therefore, borne by holders of its common stock. Also, the interest and dividend requirements of such senior securities will reduce the amount of, and may entirely eliminate, any net investment income dividends otherwise payable by the Fund to holders of its common stock.

In the event the Fund had outstanding preferred stock in the future, the fees paid to Royce for investment advisory services would be higher than if the Fund did not have preferred stock outstanding because the Fund's investment advisory fees are calculated on the basis of its net assets, which amount would include assets obtained from the sale of any outstanding preferred stock. To the extent the Fund invests in warrants, rights or options, the value of such investments would, like other Fund investments, be included in the calculation of "net assets". Because the Fund's investment advisory fee is a function of its net assets rather than its total assets, Royce does not and will not receive any investment advisory fee in respect of Fund assets equaling the aggregate unpaid principal amount of any indebtedness of the Fund. See "*Investment Advisory and Other Services – Advisory Fee.*"

The Offer and an investment in the Fund are subject to the following additional non-principal risks.

Non-Convertible Debt

The Fund may invest up to 35% of its assets in direct obligations of the government of the United States or its agencies and/or in non-convertible debt securities of various issuers, including up to 5% of its net assets in below investment-grade debt securities, also known as high-yield fixed income securities. There are no limits on the maturity or duration of the debt securities in which the Fund may invest.

Two of the main risks of investing in debt securities are credit risk and interest rate risk. Below investment-grade debt securities may be in the lowest-grade categories of recognized ratings agencies (C in the case of Moody's or D in the case of Standard & Poor's) or may be unrated. High-yield/high-risk investments are primarily speculative and may entail substantial risk of loss of principal and non-payment of interest, but may also produce above-average returns for the Fund. Debt securities rated C or D may be in default as to the payment of interest or repayment of principal. As of the date of this Prospectus, interest rates are near historical lows which makes it more likely that they will increase in the future which could, in turn, result in a decline in the market value of any debt securities held by the Fund.

Warrants, Rights or Options

The Fund may invest up to 5% of its total assets in warrants, rights and options. A warrant, right or call option entitles the holder to purchase a given security within a specified period for a specified price and does not represent an ownership interest. A put option gives the holder the right to sell a particular security at a specified price during the term of the option. These securities have no voting rights, pay no dividends and have no liquidation rights. In addition, their market prices do not necessarily move parallel to the market prices of the underlying securities.

Portfolio Lending Risk

Portfolio lending involves the risk that BNPPI or a party to which BNPPI re-hypothecates or loans Fund assets held as collateral under the revolving credit facility may fail to return those securities in a timely manner or at all. The Fund will be subject to the risk of loss to the extent BNPPI is unable to pay, or the Fund is unable to offset, any fees, expenses, or losses otherwise due to the Fund under the revolving credit facility in connection with securities that are not returned to the Fund. These events could trigger adverse tax consequences for the Fund.

Corporate Governance Structure

The Fund has nine (9) Directors who are elected by the holders of its common stock. The Fund's Directors are divided into three classes, with each class having a staggered term of three years. Accordingly, it likely would at least take two years to change a majority of the Board. In addition, the Fund's By-laws permit Stockholders to call a special meeting of Stockholders only if certain procedural requirements are met and the request is made by stockholders entitled to cast at least a majority of the votes entitled to be cast at such a meeting. These provisions, which may be regarded as "anti-takeover" provisions, may have the effect of (i) maintaining the continuity of management and thus may make it more difficult for stockholders to change a majority of Directors and (ii) depriving common stockholders of an opportunity to sell their shares at a premium to the prevailing market price. The Fund believes that the benefits of these provisions outweigh the potential disadvantages of discouraging any such proposals. See *"Description of Capital Stock - Certain Corporate Governance Provisions"*. See *"Description of Capital Stock — Certain Corporate Governance Provisions."*

MANAGEMENT

Directors and Officers

The Board is responsible for the overall supervision of the operations of the Fund, including supervision of the duties performed by Royce. The Fund's Directors have the various duties imposed on directors of registered investment companies by the 1940 Act and Maryland law. The Board is comprised of nine Directors, two of whom are "interested persons" (as defined in the 1940 Act) of the Fund. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years, as well as a description of committees of the Board, are set forth under *"Management"* in the SAI.

Investment Adviser

Royce & Associates, LP is the investment adviser to the Fund and is responsible for the management of its assets. Royce has been investing in smaller-company securities with a value approach for more than 40 years. Its offices are located at 745 Fifth Avenue, New York, NY 10151. Royce has served as the investment adviser to the Fund since its inception in November 1986. Royce also serves as investment adviser to other registered management investment companies, privately offered funds and institutional accounts. As of March 31, 2018, Royce managed approximately $16.6 billion in assets.

On October 1, 2001, Royce & Associates, Inc., the Fund's investment adviser, became an indirect wholly-owned subsidiary of Legg Mason, Inc. ("Legg Mason"). On March 31, 2002, Royce & Associates, Inc. was merged into Royce Holdings, LLC (a wholly-owned subsidiary of Legg Mason), which then changed its name to Royce & Associates, LLC. As a result of this merger, Royce & Associates, LLC became the Funds' investment adviser and a direct wholly-owned subsidiary of Legg Mason. Effective March 1, 2016, Royce & Associates, LLC converted to Royce & Associates, LP, a subsidiary of Legg Mason. Founded in 1899, Legg Mason is a publicly-held financial services company primarily engaged in providing asset management and related financial services through its subsidiaries. As of March 31, 2018, Legg Mason's asset management subsidiaries had aggregate assets under management of approximately $754 billion.

Under the Fund's articles of incorporation, as amended and supplemented (the "Charter"), and Maryland law, the Fund's business and affairs are managed under the direction of the Board. Investment decisions for the Fund are made by Royce, subject to any direction it may receive from the Board, which periodically reviews the Fund's investment performance.

Royce (i) determines the composition of the Fund's portfolio, the nature and timing of the changes in it and the manner of implementing such changes, subject to any directions it may receive from the Board; (ii) provides the Fund with investment advisory, research and related services for the investment of its assets; and (iii) pays expenses incurred in performing its investment advisory duties under the Investment Advisory Agreement (as defined below).

The Fund pays all administrative and other costs and expenses attributable to its operations and transactions, including, without limitation, transfer agent and custodian fees; legal, administrative and clerical services; rent for its office space and facilities; auditing; preparation, printing and distribution of its prospectuses, proxy statements, stockholder reports and notices; supplies and postage; Federal and state registration fees; Federal, state and local taxes; non-affiliated directors' fees; and brokerage commissions. Please see the SAI under *"Administration Agreement"* for more information.

Charles M. Royce is the Fund's portfolio manager and is assisted by Portfolio Manager Chris E. Flynn and Portfolio Manager Lauren Romeo. Mr. Royce has been the Fund's portfolio manager since the Fund's inception. Mr. Royce previously served as Chief Executive Officer (1972 – June 2016) and President (1972 – July 2014) of Royce. Mr. Flynn has been an assistant portfolio manager of the Fund since 2007 and has been employed by Royce since 1993. Ms. Romeo has been an assistant portfolio manager of the Fund since 2007 and has been employed by Royce since 2004.

The SAI provides more information about the structure of the portfolio managers' compensation, other accounts that they manage and their ownership of shares in the Fund.

INVESTMENT ADVISORY AND OTHER SERVICES PROVIDED BY ROYCE

Investment Advisory Fee. As compensation for its services under the Amended and Restated Investment Advisory Agreement between the Fund and Royce dated July 1, 2016 (the "Investment Advisory Agreement"), Royce receives a fee comprised of a Basic Fee and an adjustment to the Basic Fee based on the investment performance of the Fund in relation to the investment record of the S&P 600 Index.

The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets applicable to common stockholders, plus the liquidation value of its preferred stock, for the rolling 60-month period ending with such month (the "performance period"). The Basic Fee for each month is increased or decreased at the rate of 1/12 of 0.05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the S&P 600 Index for the performance period by more than two percentage points. The performance period for each such month is a rolling 60-month period ending with such month. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of 0.5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the S&P 600 Index by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of 0.5% and is payable if the percentage change in the investment record of the S&P 600 Index exceeds the investment performance of the Fund by 12 or more percentage points for the performance period. As a result, the actual investment advisory fee rate may at times be greater than the fee rate paid by many other funds.

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

Because the Fund's investment advisory fee is a function of its net assets rather than its total assets, Royce does not and will not receive any fee in respect of Fund assets equaling the aggregate unpaid principal amount of any indebtedness of the Fund but will receive a fee in respect of Fund assets equaling the liquidation preference of the Fund's outstanding preferred stock, if any. Royce will base its decision regarding whether and how much leverage to use for the Fund from time to time on its assessment of whether such use of leverage is in the best interests of the Fund; and will seek to manage any potential conflict by periodically reviewing the Fund's performance and use of leverage with the Board.

A discussion regarding the basis of the Board's approval of the renewal of the Investment Advisory Agreement is available in the Fund's semi-annual stockholder report for the six months ended June 30, 2017.

For the twelve rolling 60-month periods in 2017, the Fund's investment performance ranged from 17% to 39% below the investment performance of the S&P 600. Accordingly, the net investment advisory fee consisted of a Basic Fee of $11,967,837 and a net downward adjustment of $5,983,917 for the performance of the Fund relative to that of the S&P 600. For the year ended December 31, 2017, the Fund expensed Royce investment advisory fees totaling $5,983,920.

For more information regarding the Fund's investment advisory fee, see *"Investment Advisory and Other Services — Advisory Fee"* in the SAI.

The following table illustrates, on an annualized basis, the full range of permitted increases or decreases to the Basic Fee.

Difference between Performance of Fund and % Change in S&P 600 Record	Adjustment to 1% Basic Fee	Fees as Adjusted
+12 or more	+0.50%	1.50%
+11	+0.45%	1.45%
+10	+0.40%	1.40%
+9	+0.35%	1.35%
+8	+0.30%	1.30%
+7	+0.25%	1.25%
+6	+0.20%	1.20%
+5	+0.15%	1.15%
+4	+0.10%	1.10%
+3	+0.05%	1.05%
+/-2	0.00%	1.00%
-3	-0.05%	0.95%
-4	-0.10%	0.90%
-5	-0.15%	0.85%
-6	-0.20%	0.80%
-7	-0.25%	0.75%
-8	-0.30%	0.70%
-9	-0.35%	0.65%
-10	-0.40%	0.60%
-11	-0.45%	0.55%
-12 or less	-0.50%	0.50%

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In calculating the investment performance of the Fund and the percentage change in the investment record of the S&P 600 Index, all dividends and other distributions during the performance period are treated as having been reinvested, and no effect is given to gain or loss resulting from capital share transactions of the Fund. Fractions of a percentage point are rounded to the nearest whole point (to the higher whole point if exactly one-half).

Net Asset Value. The net asset value of the Fund's shares of common stock is calculated at the close of regular trading on the NYSE (generally 4:00 p.m. Eastern Time) every day that the NYSE is open. The Fund makes this information available daily by telephone (800-221-4268), via its website *(www.roycefunds.com)* and through electronic distribution for media publication, including major internet-based financial services web sites and portals (*bloomberg.com, yahoo.com, cbsmarketwatch.com*, etc.). Currently, *The Wall Street Journal*, *The New York Times* and *Barron's* publish NAVs for closed-end investment companies weekly.

The net asset value per share of common stock for the Fund is calculated by dividing the current value of the Fund's total assets less the sum of all of its liabilities and the aggregate liquidation preferences of any outstanding shares of preferred stock by the number of its outstanding shares of common stock. To the extent the Fund invests in warrants, rights or options, the value of such investments would, like other Fund investments, be included in the calculation of "net assets". The Fund's investments are valued based on market value or, if market quotations are not readily available, at their fair value as determined in good faith under procedures established by the Board. In certain cases, market value may be determined using information provided by a pricing service approved by the Board. Valuing securities at their fair values involves greater reliance on judgment than valuation of securities based on readily available market quotations. When using fair value methods to price securities, the Fund may value those securities higher or lower than another fund using not readily available market quotations or its own fair value methods to price the same securities. No assurance can be given that the Fund could obtain the fair value price assigned to a security if it were to sell the security at approximately the time at which the Fund determines its net asset value. Because trading hours for certain non-U.S. securities end before the close of the NYSE (generally 4:00 p.m. Eastern Time), closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and may make the closing price unreliable, the Fund may fair value the security. If an issuer-specific event has occurred during this time that, in Royce's judgment, is likely to have affected the closing price of a security, it may fair value the security. The Fund uses an independent pricing service to provide fair value estimates for relevant non-U.S. equity securities on days when the U.S. market volatility exceeds a certain threshold. This pricing service uses proprietary correlations it has developed between the movement of prices of non-U.S. equity securities and indices of U.S.-traded securities, futures contracts and other indications to estimate the fair value of relevant non-U.S. securities. The Fund values its non-U.S. securities in U.S. dollars on the basis of foreign currency exchange rates provided to the Fund by its custodian, State Street Bank and Trust Company. When fair value pricing is employed, the price of securities used by the Fund may differ from quotes or published prices for the same security. Certain bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services. Investments in money market funds are valued at net asset value per share.

Code of Ethics

The Board approved a Code of Ethics under Rule 17j-1 of the 1940 Act that covers the Fund and Royce. The Code of Ethics establishes procedures for personal investing and restricts certain transactions. Employees subject to the Code of Ethics may invest in securities for their personal investment accounts, including, in certain cases, securities that may be purchased or held by the Fund. See *"Code of Ethics and Related Matters"* in the SAI.

DESCRIPTION OF CAPITAL STOCK

General

The Fund, is authorized to issue 150,000,000 shares of common stock, par value $0.001 per share. Each share of common stock has equal dividend, distribution and liquidation rights and is entitled to one vote per share on each matter submitted to a vote of common stockholders. The Funds' outstanding Shares and the Shares offered hereby, when issued and paid for pursuant to the terms of the Offer, will be fully paid and non-assessable. Shares of the Fund's common stock are not redeemable and have no preemptive, exchange, conversion or cumulative voting rights. As a NYSE-listed company, the Fund is required to hold annual meetings of its stockholders.

Under the Charter, the Board has authority to classify and reclassify any authorized but unissued shares of stock into other classes or series of stock, including preferred stock, and to cause the Fund to issue such shares. The Board currently has authority to cause the Fund to issue and sell up to 50,000,000 shares of preferred stock, par value $0.001 per share, that may be convertible into shares of the Fund's common stock. The terms of such preferred stock are, or would be, fixed by the Board and materially limit and/or qualify, or would materially limit and/or qualify, the rights of the holders of the Fund's common stock. See *"Risk Factors and Special Considerations — Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities."*

Capitalization

The following unaudited table shows, as of April 30, 2018, the number of shares of common stock and preferred stock: (i) authorized; (ii) held by the Fund or for the Fund's account; (iii) outstanding; and (iv) outstanding as adjusted to give effect to the issuance of all Primary Subscription Shares.

TITLE OF CLASS	AMOUNT AUTHORIZED	AMOUNT HELD BY FUND OR FOR FUND'S ACCOUNT	AMOUNT OUTSTANDING	AMOUNT OUTSTANDING AS ADJUSTED
Common Stock	150,000,000	None	85,264,730	93,791,203*
Preferred Stock	50,000,000	None	None	None

* In the event the Fund increases the number of Shares subject to subscription by 20% through the exercise of its over-allotment option, the amount of Shares outstanding as adjusted would be increased by 1,705,295 Shares, to an aggregate of 95,496,498 issued and outstanding Shares.

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Market Price and NAV Information

The Fund's outstanding Shares are, and when issued, the Shares offered pursuant to the Offer will be, publicly held and listed and traded on the NYSE under the symbol "RVT." The following table sets forth for the calendar quarters indicated: (i) the high and low closing sales prices per Share as reported by the NYSE; (ii) the NAV per Share on the day of the high or low closing sales price; and (iii) the percentage by which the Shares traded at a premium over, or discount from, the Fund's NAVs per Share on the day of such high or low closing sales prices. The table also sets forth the approximate number of Shares traded on the NYSE during the respective quarters.

Quarter Ended	High Sales Price	NAV on Day of High Sales Price	Premium (Discount) to NAV on Day of High Sales Price	Low Sales Price	NAV on Day of Low Sales Price	Premium (Discount) to NAV on Day of Low Sales Price	Approximate Reported NYSE Trading Volume (in millions)
3/31/16	$11.73	$13.32	-11.94%	$9.78	$11.99	-18.43%	23
6/30/16	$12.46	$14.81	-15.87%	$11.25	$13.32	-15.54%	15.5
9/30/16	$12.93	$15.11	-14.43%	$11.73	$13.91	-15.67%	13.7
12/31/16	$13.89	$16.43	-15.46%	$11.66	$13.97	-16.54%	18
3/31/17	$14.49	$16.65	-12.97%	$13.36	$15.98	-16.40%	21.9
6/30/17	$14.79	$16.60	-10.90%	$13.84	$15.81	-12.46%	13.7
9/30/17	$15.79	$17.22	-8.30%	$14.16	$15.95	-11.22%	15.5
12/31/17	$16.17	$17.50	-7.60%	$15.24	$17.22	-11.50%	14.5
3/31/18	$17.08	$18.37	-7.02%	$15.22	$16.99	-10.42%	17.9

As evidenced by the table above, the Shares traded at a discount from the Fund's NAVs per Share for the periods indicated. **No assurance can be given that the Shares will trade in the future at, or above the Fund's NAV per Share.**

The Shares have traded in the market at both premiums to, and discounts from, the Fund's NAV per Share during the Fund's approximately 31-year history. The largest premium was 17.61% in 2006 while the largest discount was 23.57% discount in 1987. The Shares have generally traded at a discount to the Fund's NAV per Share since September 2008, with a discount as high as 20.80% during such period. During the year ended December 31, 2017, the Shares traded at an average discount to the Fund's NAV per Share of 11.07%. The average weekly trading volume of the Shares on the NYSE during the period from January 1, 2017 through December 31, 2017 was approximately 1.3 million Shares. On April 30, 2018, the last reported sales price of the Shares on the NYSE was $16.10 and the NAV per Share was $16.96, representing a discount from the NAV per Share of 5.07%.

Repurchases of Securities

The Fund is a closed-end diversified management investment company and, as such, its stockholders do not, and will not, have the right to redeem their Fund shares. Although the Fund will not offer to repurchase its shares of common stock and/or preferred stock on a periodic basis, it may repurchase its shares of common stock and/or preferred stock on such occasions when it is deemed advisable by the Fund. The Board has authorized the open-market repurchase of up to 5% of the issued and outstanding shares of its common stock during each fiscal year. Under the 1940 Act, the Fund may repurchase its securities (i) on a securities exchange or such other open market designated by the SEC (provided that the Fund has, in the case of purchases of its stock, informed holders of the class of stock involved within the preceding six months of its intention to repurchase such stock), (ii) by a tender offer open to all holders of the class of securities involved or (iii) as otherwise permitted by the SEC. Where a repurchase of Fund shares is to be made that is not to be effected on a securities exchange or an open market or by the making of a tender offer, the 1940 Act provides that certain conditions must be met regarding, among other things, distribution of net income, identity of the seller, price paid, brokerage commissions, prior notice to holders of the class of its securities involved of an intention to purchase such securities and the purchase not being made in a manner or on a basis which discriminates unfairly against the other holders of such class.

The Fund may incur debt, in an amount not exceeding 10% of its total assets, to finance share repurchase transactions. Any related interest charges will be paid by the Fund and borne pro rata by the stockholders indirectly through their interest in the Fund. See *"Risk Factors and Special Considerations — Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities."*

If the Fund repurchases its shares of common stock for a price below their NAV per Share, the NAV of those shares of common stock that remain outstanding would be enhanced, but this does not necessarily mean that the market price of those outstanding shares would be affected, either positively or negatively. Repurchases of shares of common stock by the Fund would also decrease its total assets and accordingly may increase its expenses as a percentage of average net assets. Further, interest on any borrowings to finance any such share repurchase transactions would reduce the Fund's net income.

Certain Corporate Governance Provisions

The Fund has nine (9) Directors who are elected by the holders of its common stock. The Fund's Directors are divided into three classes, with each class having a staggered term of three years. Accordingly, it likely would at least take two years to change a majority of the Board. In addition, the Fund's By-laws permit Stockholders to call a special meeting of Stockholders only if certain procedural requirements are met and the request is made by Stockholders entitled to cast at least a majority of the votes entitled to be cast at such a meeting. These provisions may have the effect of maintaining the continuity of management and thus may make it more difficult for Stockholders to change a majority of Directors. Board vacancies may be filled by a majority of the remaining Directors, even if the remaining directors do not constitute a quorum, for the balance of the term of the class.

The class and other voting rights of any preferred stock that may be issued could make it more difficult for a Fund to take certain actions that may, in the future, be proposed by the Board and/or the holders of common stock, such as (i) a merger, exchange of securities, liquidation or alteration of the rights of a class of the Fund's securities if such actions would be adverse to the preferred stock, (ii) converting the Fund to an open-end investment company or changing its fundamental investment restrictions or other fundamental policies or (iii) seeking to operate other than as an investment company.

The Fund's Directors may be removed only with cause by a vote of a majority of the votes entitled to be cast for the election of such director.

The Fund's By-laws permit stockholders to call a special meeting of stockholders only if certain procedural requirements are met and the request is made by stockholders entitled to cast at least a majority of the votes entitled to be cast at such a meeting. The Fund's By-laws also require that advance notice be given to the Fund in the event a stockholder desires to nominate a person for election to the Board or to transact any other business at an annual meeting of stockholders. With respect to an annual meeting of stockholders, notice of any such nomination or business must be delivered to or received at the principal executive offices of the Fund not less than 90 calendar days nor more than 120 calendar days prior to the anniversary of the date of mailing of the notice for the preceding year's annual meeting (subject to certain exceptions). Any advance notice by a stockholder must be accompanied by certain information as provided in the By-laws.

Certain provisions of the 1940 Act and the Charter require a separate additional vote of the holders of preferred stock, if any, to approve certain transactions, including certain mergers, asset dispositions and conversion of the Fund to open-end status.

The provisions of the Charter and the Fund's By-laws (together, the "Governing Documents") described above may be regarded as "anti-takeover" provisions. The provisions could have the effect of depriving the owners of Shares of opportunities to sell their Shares at a premium over prevailing market prices, by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a principal stockholder. These provisions are designed to encourage persons seeking to acquire control of the Fund to negotiate first with the Board. The Fund believes that the benefits of these provisions outweigh the potential disadvantages of discouraging any such proposals because, among other things, the negotiations of such proposals may improve their terms. The

Board has considered these provisions and concluded that they are in the best interests of the Fund and its common stockholders.

Reference is made to the Governing Documents, on file with the SEC, for the full text of these provisions. See *"Additional Information."*

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Indemnification of Directors and Officers

The Fund's By-laws provide that the Fund will indemnify its Directors and officers and may indemnify its employees or agents against liabilities and expenses incurred in connection with litigation in which they may be involved because of their positions with the Fund, to the fullest extent permitted by law. However, nothing in the Fund's By-laws protects or indemnifies a Director, officer, employee or agent of such fund against any liability to which such person would otherwise be subject in the event of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her position.

DIVIDENDS, DISTRIBUTIONS AND REINVESTMENT PLAN

Distribution Policy

The Fund currently has a policy of paying quarterly distributions to its common stockholders. Distributions are currently being made at the annual rate of 7% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's common stock, with the fourth quarter distribution being the greater of 1.75% of the rolling average or the distribution required by the Code. If, for any quarterly distribution, the Fund's net investment income and net realized capital gains are less than the amount of the distribution, the difference will constitute a return of capital. The Fund's final distribution for each calendar year will include any remaining net investment income and net realized capital gains deemed, for Federal income tax purposes, undistributed during the year, and may, but need not, include all net long-term capital gains realized during the year. If, for any calendar year, the total distributions exceed net investment income and net realized capital gains, the excess will generally be treated as a tax-free return of capital (up to the amount of the stockholder's tax basis in his or her shares). The amount treated as a tax-free return of capital will reduce the adjusted basis in the stockholder's Fund shares, thereby increasing the stockholder's potential gain or reducing the stockholder's potential loss on the sale of the shares. Pursuant to the requirements of the 1940 Act and other applicable laws, a notice will accompany each quarterly distribution with respect to the estimated source of the distribution made. Such distribution policy may, under certain circumstances, have certain adverse consequences to the Fund and its stockholders. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. The Fund's quarterly distribution policy may be terminated or changed by the Board without stockholder approval or notice. The Fund's current 7% Distribution Policy began in 2014. A similar 5% distribution policy was in place from March 2011 to December 2013. A similar 9% distribution policy was in place from September 1997 to May 2009.

Distribution Reinvestment and Cash Purchase Plan

The Fund has adopted a Distribution Reinvestment and Cash Purchase Plan (the "Plan"), through which net investment income dividends and capital gains and other periodic distributions are paid to its common stockholders in the form of additional shares of the Fund's common stock, unless a common stockholder elects to receive cash as provided below. For these purposes, each common stockholder who has not elected to receive distributions in cash is referred to herein as a "Participant." In this way, a Participant can maintain an undiluted investment in the Fund and still allow the Fund to pay out the required distributable income. There is no charge payable by Participants for receiving distributions in additional Fund shares. The Plan also allows Participants to make optional cash purchases of shares of the Fund's common stock directly through the Plan Agent on a monthly basis. Participants are subject to a service fee of $0.75 for each voluntary cash purchase. Although the Plan also permits the assessment of per share fees of $0.05 in connection with voluntary purchases of Shares under the Plan, Royce absorbed such per share fees during the fiscal year ended December 31, 2017 and currently expects to continue to absorb such per share fees during the fiscal year ending December 31, 2018. No assurance can be given that Royce will continue to absorb such per share fees after that date. Per share fees include any brokerage commissions the Plan Agent is required to pay. The relevant service fees and any per share fees directly payable by Participants are deducted from amounts to be invested.

No action is required on the part of a registered common stockholder to receive a distribution in shares of the Fund's common stock. Participation in the Plan is completely voluntary, however and a common stockholder may withdraw or resume participation in the Plan at any time without penalty by notice if received and processed by the Plan Agent prior to the distribution record date; otherwise such withdrawal or resumption will be effective with respect to any subsequently declared distribution. The Plan Agent will set up an account for Shares acquired through the Plan for each Participant and holds such Shares in non-certificated form. Contact information for the Plan Agent is set forth under *"Custodian, Transfer Agent and Registrar, Plan Agent."*

Those common stockholders whose shares are held by, or transferred to, a brokerage firm, bank or other financial intermediary as the stockholder of record should contact the brokerage firm, bank or other financial institution as applicable, to be certain that it is automatically reinvesting distributions on the stockholder's behalf. If the financial intermediary that holds shares or to which shares are transferred is unable to reinvest distributions on the Stockholder's behalf, the Stockholder should have its shares registered in its name in order to participate under the Plan. Common stockholders holding shares through a financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary.

The Fund uses newly-issued shares to implement the distribution reinvestment portion of the Plan, whether its shares are trading at a premium or at a discount to NAV. The number of shares of the Fund's common stock to be issued to a Participant is determined by dividing the total amount of the distribution payable to the Participant by the lower of (i) the last reported sale price of a share of the Fund's common stock on the valuation date, which will normally be the fifth business day following the record date, or (ii) the net asset value per share on the valuation date, provided that the Fund will not issue new shares at a discount of more than 5% from the last reported sale price on that date. Using newly-issued shares to implement the distribution reinvestment portion of the Plan will have the effect of increasing the aggregate amount of investment advisory fees payable to Royce.

As noted above, there is no charge to common stockholders for receiving their distributions in the form of additional shares of the Fund's common stock. The Plan Agent's fees for handling distributions in stock are paid by the Fund. There are no brokerage charges with respect to shares issued directly by the Fund as a result of distributions payable in stock. If a Participant elects by written notice to have the Plan Agent sell part or all of the shares held by the Plan Agent in the Participant's account and remit the proceeds to the Participant, the Plan Agent is authorized to deduct a $2.50 service fee. Although the Plan also permits the assessment of a per share fee of $0.15 in connection with such voluntary sales of Shares under the Plan, Royce absorbed such per share fees during the fiscal year ended December 31, 2017 and currently expects to continue to absorb such per share fees during the fiscal year ending December 31, 2018. No assurance can be given that Royce will continue to absorb such per share fees after that date. Per share fees include any brokerage commissions the Plan Agent is required to pay. The relevant service fees and any per share fees are deducted from amounts to be received.

Stockholders who receive distributions in the form of stock are subject to the same Federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. A common stockholder's basis for determining gain or loss upon the sale of stock received in a distribution from the Fund will be equal to the total dollar amount of the distribution payable to the common stockholder.

U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFER

Stockholders who receive Rights pursuant to the Offer will not recognize taxable income for U.S. Federal income tax purposes upon their receipt of the Rights. If Rights issued to a Stockholder expire without being exercised, no basis will be allocated to such Rights, and such Stockholder will not recognize any gain or loss for U.S. Federal income tax purposes upon such expiration.

Provided that the fair market value of the rights distributed pursuant to the Offer is less than 15% of the fair market value of the Fund's common stock at the time of distribution, and absent certain elections, the tax basis of a Stockholder's common stock will remain unchanged, and the Stockholder's basis in the Rights will be zero. A Stockholder who exercises Rights will not recognize any gain or loss for U.S. Federal income tax purposes upon the exercise. The basis of the newly-acquired common stock will equal the Subscription Price paid for such common stock. Upon a sale or exchange of the common stock so acquired, the Stockholder will recognize gain or loss measured by the difference between the proceeds of the sale or exchange and the cost basis of such common stock. Assuming the Stockholder holds the common stock as a capital asset, any gain or loss realized upon its sale will generally be treated as a capital gain or loss, which gain or loss will be short-term or long-term, depending on the length of the Stockholder's holding period for such common stock. However, any loss recognized upon the sale of Shares with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any capital gain distribution previously received by the Stockholder with respect to such Shares, and a loss may be disallowed under wash sale rules to the extent that the Stockholder purchases additional common stock (including by reinvestment of distributions) within 30 days before or after the sale date. The holding period for Shares acquired through the exercise of Rights will begin on the date of exercise of the Rights.

The foregoing is a summary of the material U.S. Federal income tax consequences of the Offer under the Code and applicable regulations thereunder, all as currently in effect and all subject to change at any time, perhaps with retroactive effect. It does not include any state, local or foreign tax consequences of the Offer. This summary is generally applicable to Stockholders that are United States persons as defined in the Code and does not apply to taxpayers that may be subject to special rules. Further, this summary is not intended to be, nor should it be, construed as legal or tax advice, and stockholders are urged to consult their own tax advisors to determine the tax consequences to them of the Offer and their ownership of Rights and Shares. See *"Taxation"* in the SAI for more information.

CUSTODIAN, TRANSFER AGENT AND REGISTRAR, PLAN AGENT

State Street Bank and Trust Company, Two Heritage Drive, North Quincy, Massachusetts 02171, acts as custodian of the cash and other assets of the Fund.

Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170, is the transfer agent, dividend-paying agent and registrar for the Fund's shares of common stock and the plan agent under the Distribution Reinvestment and Cash Purchase Plan. Stockholder inquiries should be directed to Royce Value Trust, Inc., c/o Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170, telephone (800) 426-5523.

EXPERTS

PricewaterhouseCoopers LLP serves as the Fund s independent registered public accounting firm. The audited financial statements of the Fund and the information appearing under "Financial Highlights" included in this Prospectus have been audited by PricewaterhouseCoopers LLP for each of the fiscal years ended December 31, 2015 through December 31, 2017, and are included in reliance upon its reports with respect thereto and given on the authority of such firm as an expert in accounting and auditing. The audited financial statements of the Fund and the information appearing under "Financial Highlights" included in this Prospectus have been audited by Tait, Weller & Baker, LLP, the Fund s former independent registered public accounting firm for each of the fiscal years ended December 31, 2008 through December 31, 2014, and are included in reliance upon its reports with respect thereto and upon the authority of such firm as an expert in accounting and auditing. PricewaterhouseCoopers LLP, whose address is 100 East Pratt Street, Suite 1900, Baltimore, MD 21202-1096, provides audit services and tax return preparation and assistance and consultation in connection with the review of various SEC filings for the Fund. Tait, Weller & Baker, LLP has an office at 1818 Market Street, Suite 2400, Philadelphia, PA 19103.

ADDITIONAL INFORMATION

The Fund is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") and the 1940 Act and in accordance therewith file, or will file, reports and other information with the SEC. Reports, proxy statements and other information filed by the Fund with the SEC pursuant to the informational requirements of the 1934 Act and the 1940 Act can be inspected and copied at the public reference facilities maintained by the SEC, 100 F Street, N.E., Washington, D.C. 20549. The SEC maintains a website at *http://www.sec.gov* containing reports, proxy and information statements and other information regarding registrants, including the Fund, that file electronically with the SEC.

The Fund's currently outstanding Shares are, and the Shares offered by this Prospectus will be, subject to notice of issuance, listed on the NYSE under the symbol "RVT." Reports, proxy statements and other information concerning the

Fund and filed with the SEC by the Fund will be available for inspection at the NYSE, 20 Broad Street, New York, New York 10005.

The Fund’s most recent annual stockholder report, including audited financial statements for the year ended December 31, 2017, is available upon request, without charge, by writing to The Royce Funds at 745 Fifth Avenue, New York, NY 10151, by calling The Royce Funds at 800-221-4268, or via its website at *http://www.roycefunds.com.*

Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete, and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Fund's Registration Statement on Form N-2, of which this Prospectus forms a part, each such statement being qualified in all respects by such reference.

A Statement of Additional Information dated May __, 2018 has been filed with the SEC and is incorporated by reference in this Prospectus. The Table of Contents for the SAI is as follows:

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The information in this Statement of Additional Information is not complete and may be changed. The Fund may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Statement of Additional Information is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION

STATEMENT OF ADDITIONAL INFORMATION DATED MAY 14 , 2018

ROYCE VALUE TRUST, INC.

STATEMENT OF ADDITIONAL INFORMATION

Royce Value Trust, Inc. (the "Fund") is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's investment goal is long-term capital growth. The Fund normally invests at least 65% of its assets in the equity securities of small- and micro-cap companies, generally those with stock market capitalizations ranging from $100 million to $3 billion, that Royce & Associates, LP ("Royce"), the Fund's investment adviser, believes are trading significantly below its estimate of their current worth. The Fund also may invest up to 25% of its assets in securities of issuers headquartered outside the United States. The Fund may invest a portion of its assets in companies with stock market capitalizations in excess of $3 billion. Royce uses a value investing style in managing the Fund's assets.

This Statement of Additional Information (this "SAI") does not constitute a prospectus, but should be read in conjunction with the Fund's Prospectus dated May __, 2018 (the "Prospectus"), which is incorporated by reference into this SAI. This SAI relates to the issuance of non-transferable rights (the "Rights") to subscribe for shares of common stock of the Fund (the "Offer") and does not include all information that prospective investors should consider before exercising their Rights and purchasing shares of the Fund's common stock. Investors should obtain and read the Prospectus prior to exercising their Rights and purchasing such shares. A copy of the Prospectus may be obtained without charge by calling (800) 221-4268. You may also obtain a copy of the Prospectus on the U.S. Securities and Exchange Commission's web site www.sec.gov. Capitalized terms used but not defined in this SAI shall have the meanings given to them in the Prospectus.

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INVESTMENT RESTRICTIONS

The policies set forth below are fundamental policies of the Fund and may not be changed without the affirmative vote of the holders of a majority of the Fund's outstanding voting securities, as set forth under *"Investment Goal and Policies − Changes in Investment Goal and Methods/Policies"* in the Prospectus. The Fund may not:

1. Issue any class of senior security, or sell any such security of which it is the issuer, except as permitted by the 1940 Act;

2. Purchase on margin or write call options on its portfolio securities;

3. Sell securities short;

4. Underwrite the securities of other issuers, except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933, as amended, in selling portfolio securities and in connection with mergers, acquisitions, spin-off transactions and other reorganization transactions involving the Fund;

5. Invest more than 25% of its total assets in any one industry;

6. Purchase or sell real estate or real estate mortgage loans, or invest in the securities of real estate companies unless such securities are publicly-traded;

7. Purchase or sell commodities or commodity contracts;

8. Make loans, except for (a) purchases of portions of issues of publicly-distributed bonds, debentures and other securities, whether or not such purchases are made on the original issuance of such securities, (b) repurchase agreements with any bank that is the custodian of its assets covering U.S. Treasury and agency obligations and having a term of not more than one week and (c) loans of up to 25% of its assets to qualified brokers, dealers or institutions for their use relating to short sales or other security transactions (provided that such loans are secured by collateral equal at all times to at least 100% of the value of the securities loaned);

9. Invest in companies for the purpose of exercising control of management;

10. Purchase portfolio securities from or sell such securities directly to any of its officers, directors, employees or investment adviser, as principal for their own accounts;

11. Invest in the securities of any one issuer (other than the United States or any agency or instrumentality of the United States) if, at the time of acquisition, the Fund would own more than 10% of the voting securities of such issuer or, as to 75% of the Fund's total assets, more than 5% of such assets would be invested in the securities of such issuer; or

12. Invest more than 5% of its total assets in warrants, rights or options.

* * *

If a percentage restriction is met at the time of investment, a later increase or decrease in percentage resulting from a change in the value of portfolio securities or amount of total assets is not considered a violation of any of the above restrictions.

For purposes of Investment Restriction No. 1 above, the 1940 Act permits a closed-end fund to issue a senior security representing (i) indebtedness if immediately after such issuance it has an asset coverage of at least 300%, and (ii) preferred stock if immediately after such issuance it has an asset coverage of at least 200%.

In addition to issuing and selling senior securities as set forth in Investment Restriction No. 1 above, the Fund may obtain (i) temporary bank borrowings (not in excess of 5% of the value of its total assets) for emergency or extraordinary purposes and (ii) such short-term credits (not in excess of 5% of the value of its total assets) as are necessary for the clearance of securities transactions. Under the 1940 Act, such temporary bank borrowings would be treated as indebtedness in determining whether or not asset coverage was at least 200% for senior securities of the Fund representing indebtedness.

Although there are no liquidity restrictions on investments made by the Fund and the Fund may, therefore, invest without limit in illiquid securities, the Fund expects to invest only in securities for which market quotations are readily available.

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RISK FACTORS AND SPECIAL CONSIDERATIONS

Equity Securities

The Fund invests in equity securities to the extent set forth in the Prospectus. For these purposes, “equity security” has the meaning set forth in the Securities Exchange Act of 1934, as amended (the “1934 Act”). Common stocks, preferred stocks, convertible securities, warrants, rights, and options are some examples of equity securities in which the Fund may invest. Generally, preferred stock has a specified dividend and ranks after bonds and before common stocks in its claim on the company’s income for purposes of receiving dividend payments and on the company’s assets in the event of liquidation. Convertible securities have characteristics of both debt securities (which is generally the form in which they are first issued) and equity securities (which is what they can be converted into).

Fund’s Rights as Stockholder

The Fund may not invest in a company for the purpose of exercising control of management. However, the Fund may exercise its rights as a stockholder and communicate its views on important matters of policy to the company’s management or its board of directors and/or other stockholders if Royce or the Board of Directors of the Fund (the “Board”) determines that such matters could have a significant effect on the value of the Fund’s investment in the company. The activities that the Fund may engage in, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company’s corporate structure or business activities; seeking changes in a company’s board of directors or management; seeking changes in a company’s direction or policies; seeking the sale or reorganization of a company or a portion of its assets; or supporting or opposing third party takeover attempts. This area of corporate activity is increasingly prone to litigation, and it is possible that the Fund could be involved in lawsuits related to such activities. Royce will monitor such activities with a view to mitigating, to the extent possible, the risk of litigation against the Fund and the risk of actual liability if the Fund is involved in litigation. However, no guarantee can be made that litigation against the Fund will not be undertaken or expenses or liabilities incurred.

The Fund may, at its expense or in conjunction with others, pursue litigation or otherwise exercise its rights as a security holder to seek to protect the interests of security holders if Royce and the Board determine this to be in the best interests of the Fund’s stockholders.

Foreign Investments

The Fund may invest up to 25% of its assets in the securities of companies that are headquartered in foreign countries. In addition, the Fund may invest in securities of companies whose economic fortunes are linked to foreign countries but do not meet the Fund’s definition of a foreign country security. To the extent the Fund invests in this manner, the percentage of the Fund’s portfolio that is exposed to foreign country risks may be greater than the percentage of the Fund’s assets that the Fund defines as representing foreign country securities.

Foreign investments involve certain risks which typically are not present in securities of domestic issuers. There may be less information available about a foreign company than a domestic company; foreign companies may not be subject to accounting, auditing and reporting standards and requirements comparable to those applicable to domestic companies; and foreign markets, brokers and issuers are generally subject to less extensive government regulation than their domestic counterparts. Markets for foreign securities may be less liquid and may be subject to greater price volatility than those for domestic securities. Foreign brokerage commissions and custodial fees are generally higher than those in the United States. Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, thereby making it difficult to conduct such transactions. Delays or problems with settlements might affect the liquidity of the Fund’s portfolio. Foreign investments may also be subject to local economic and political risks, political, economic and social instability, confiscatory taxation, foreign exchange controls, military action or unrest or adverse diplomatic developments, and possible nationalization of issuers or expropriation of their assets, which might adversely affect the value of the Fund’s foreign investments along with its ability to dispose of those investments. Royce may not be able to anticipate these potential events or counter their effects. Furthermore, some foreign securities are subject to brokerage taxes levied by foreign governments, which have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale.

Although changes in foreign currency rates may adversely affect the value of the Fund’s foreign investments, Royce does not expect to hedge against declines in the U.S. dollar or to lock in the value of any foreign securities it purchases on behalf of the Fund. Consequently, the risks associated with such investments may be greater than if the Fund was to engage in foreign currency hedging transactions.

Exchange control regulations in such foreign markets may also adversely affect the Fund’s foreign investments and the Fund’s ability to make certain distributions necessary to maintain their eligibility as regulated investment companies and avoid the imposition of income and excise taxes may, to that extent, be limited.

The risk factors noted above are generally heightened for investments in developing countries. Developing countries may have relatively unstable governments, economies based on only a few industries and securities markets that trade a small number of securities. See *“Developing Countries”* below.

The Fund may purchase the securities of foreign companies in the form of American Depositary Receipts (“ADRs”). ADRs are certificates held in trust by a bank or similar financial institution evidencing ownership of securities of a foreign-based issuer. Designed for use in U.S. securities markets, ADRs are alternatives to the purchase of the underlying foreign securities in their national markets and currencies.

Depositories may establish either unsponsored or sponsored ADR facilities. While ADRs issued under these two types of facilities are in some respects similar, there are distinctions between them relating to the rights and obligations of ADR holders and the practices of market participants. A depository may establish an unsponsored facility without participation by (or even necessarily the acquiescence of) the issuer of the deposited securities, although typically the depository requests a letter of non-objection from such issuer prior to the establishment of the facility. Holders of unsponsored ADRs generally bear all the costs of such facilities. The depository usually charges fees upon the deposit and withdrawal of the deposited securities, the conversion of dividends into U.S. dollars, the disposition of non-cash distributions and the performance of other services. The depository of an unsponsored facility frequently is under no obligation to distribute stockholder communications received from the issuer of the deposited securities or to pass through voting rights to ADR holders in respect of the deposited securities. Depositories create sponsored ADR facilities in generally the same manner as unsponsored facilities, except that the issuer of the deposited securities enters into a deposit agreement with the depository. The deposit agreement sets out the rights and responsibilities of the issuer, the depository and the ADR holders. With sponsored facilities, the issuer of the deposited securities generally will bear some of the costs relating to the facility (such as deposit and withdrawal fees). Under the terms of most sponsored arrangements, depositories agree to distribute notices of stockholder meetings and voting instructions and to provide stockholder communications and other information to the ADR holders at the request of the issuer of the deposited securities.

Developing Countries

The Fund may invest a portion of its assets in the securities of companies headquartered in developing countries. Generally, developing countries include every country in the world other than the United States, Canada, Japan, Australia, New Zealand, Hong Kong, Singapore, South Korea, Taiwan, Bermuda, and Western European countries (which include, Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom). The risk factors noted above in this section under the sub-heading *“Foreign Investments”* are generally heightened for investments in developing countries. A number of developing countries restrict, to varying degrees, foreign investment in stocks. Repatriation of investment income, capital, and the proceeds of sales by foreign investors may require governmental registration and approval in some developing countries. A number of the currencies of developing countries have experienced significant declines against the U.S. dollar in recent years, and devaluation may occur subsequent to investment in these countries by the Fund. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain developing countries. Many of the securities markets in developing countries are relatively small or less diverse, have low trading volumes, suffer periods of relative illiquidity and are characterized by significant price volatility. Developing countries may have antiquated legal systems with existing laws and regulations that are inconsistently applied. Generally, developing countries are not subject to as extensive and frequent accounting and financial reporting requirements as in the United States. Transaction costs, including brokerage commissions and dealer mark-ups in developing countries may be higher than in the United States or other developed countries. Investments in developing countries also are subject to the risk that a future economic or political crisis could lead to price controls, forced mergers of companies, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies, any of which may have a detrimental effect on the value of the Fund’s investments. In addition, the Fund may invest in securities of companies whose economic fortunes are linked to developing countries but do not meet the Fund’s definition of a developing country security. To the extent a Fund invests in this manner, the percentage of the Fund’s portfolio that is exposed to developing country risks may be greater than the percentage of the Fund’s assets that the Fund defines as representing developing country securities.

Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities

General. The 1940 Act and the Fund's fundamental investment policies (see *"Investment Restrictions"* in this SAI) permit the Fund to borrow money from banks and certain other lenders and to issue and sell senior securities representing indebtedness or consisting of preferred stock if various requirements are met. Such requirements include asset coverage tests, measured immediately after the incurrence of debt or the issuance or sale of securities, of 300% for indebtedness and 200% for preferred stock and, except for indebtedness to banks and certain other lenders, restrictive provisions concerning common stock dividend payments, other common stock distributions, stock repurchases and maintenance of asset coverage and giving certain senior security holders the right to elect directors in the event specified asset coverage tests are not met or dividends are not paid. Although the incurrence of such leverage would allow the Fund to raise additional cash for investments, it is a speculative investment technique that may subject the Fund to increased risk and volatility.

Borrowings. The Fund has entered into a revolving credit facility with BNP Paribas Prime Brokerage International, Limited ("BNPPI"). The Fund pays interest on the amount drawn under such credit facility at a variable rate that is equal to the 3-Month LIBOR Rate plus 0.95% as well as a commitment fee of 0.50% per annum on the unused portion of the facility. The Fund borrowed an average daily balance of $70,000,000 at a weighted average borrowing cost of 2.9834% under such credit facility for the four-month period ended April 30, 2018. The revolving credit facility has a 360-day rolling term that resets daily; however, if the Fund exceeds certain net asset value triggers, the facility may convert to a 60-day rolling term that resets daily.

As of December 31, 2017, the Fund had 84,587,724 shares of common stock issued and outstanding, with aggregate net assets of $1,480,449,453, along with outstanding borrowings for investment purposes of $70,000,000 under the revolving credit facility with BNPPI. During the fiscal year ended December 31, 2017, the Fund borrowed an average daily balance of $70,000,000 at a weighted average borrowing cost of 2.2144% under such revolving credit facility. Based on such information, the Fund s total portfolio of $1,550,449,453 (i.e., net assets of $1,480,449,453 plus borrowings of $70,000,000) at December 31, 2017 must experience an annual return of 0.10% to cover such borrowing expenses. The table below illustrates the potential effects of such leverage on the annual return experienced by the Fund s common stockholders assuming the indicated returns on the Fund s total portfolio of $1,550,449,453 at December 31, 2017 and the Fund s 2017 weighted average borrowing cost of 2.2144%. In general, such table shows that leverage further increases the return to the Fund s common stockholders when its total portfolio return is positive and further decreases such return when its total portfolio return is negative.

Assumed Return on Fund's Portfolio (Net of Expenses)	(10.00)%	(5.00)%	0%	5.00%	10.00%
Corresponding Return to Stockholders	(10.58)%	(5.34)%	(0.10)%	5.13%	10.37%

All figures appearing in the table immediately above are hypothetical and not actual returns and are provided solely to assist investors in understanding the effects of leverage. Actual returns may be more or less than those appearing in the table.

Leverage in the form of borrowing for investment purposes creates an opportunity for increased return but, at the same time, involves special risk considerations. The following factors could increase the investment risk and the volatility of the NAV and market price per Share: (i) leveraging exaggerates any increase or decrease in the value of the Fund's portfolio; (ii) the costs of borrowing may exceed the income from the portfolio securities purchased with the borrowed money; (iii) a decline in NAV per Share results if the investment performance of the additional securities purchased fails to cover their cost to the Fund (including any interest paid on the money borrowed); (iv) a decline in NAV per Share could affect the ability of the Fund to make common stock dividend payments; (v) a failure to pay net investment income dividends or make capital gains distributions could result in the Fund's ceasing to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"), or in its having to pay certain entity level taxes even if it maintains its status as a regulated investment company (see *"Taxation"* in the SAI); and (vi) if the asset coverage for debt securities declines to less than 300% (as a result of market fluctuations or otherwise), the Fund may be required to sell a portion of its investments when it may be disadvantageous to do so. Because the Fund pays interest at a variable rate under the revolving credit facility, these risks will be heightened for the Fund in the event of any increase in the interest rate payable thereunder. No assurance can be given that a borrowing strategy will be successful during any period in which it is employed.

The Fund's borrowings under the revolving credit facility with BNPPI are done on a secured basis, which results in certain additional risks to the Fund. The Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding or as otherwise required by applicable regulatory standards and has granted a security interest in the securities pledged to, and in favor of, BNPPI as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the revolving credit facility, the Fund may be required to repay immediately, in whole or in part, the loan balance outstanding under the revolving credit facility which may necessitate the sale of portfolio securities at potentially inopportune times. BNPPI may terminate the revolving credit facility upon certain ratings downgrades of its corporate parent, which would result in the Fund's entire loan balance becoming immediately due and payable. The occurrence of such ratings downgrades may necessitate the sale of portfolio securities at potentially inopportune times. The rights of BNPPI to receive payments of interest and repayments of principal under the revolving credit facility generally will be senior to the rights of the Fund's common stockholders.

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Immediately following the completion of the Offer (which assumes that the Primary Subscription is fully subscribed, that the Fund exercises its over-allotment option and all Over-Allotment Shares are sold, and that the Fund pays estimated expenses of $545,000 related to the Offer) at an estimated Subscription Price of $15.85, the aggregate amount of borrowings under such revolving credit facility is expected to remain the same while the 1940 Act asset coverage for such borrowings is expected to increase from 2,215% to 2,446%. The Fund, however, reserves the right to adjust the aggregate amount of, and asset coverage for, such borrowings at any time in whatever way it deems necessary or appropriate, subject in all cases to compliance with the 1940 Act and the rules thereunder.

Preferred Stock. As of December 31, 2017, the Fund had no outstanding preferred stock. The future issuance of preferred stock may result in higher volatility of the NAV per Share and potentially more volatility in the market price of the Shares. Holders of common stock will realize a higher current rate of return than if the Fund were not leveraged only so long as the Fund, after accounting for its costs and operating expenses, is able to realize a higher net return on its investment portfolio than the then-current dividend rates paid on any preferred stock. Similarly, since a pro rata portion of the Fund’s net realized capital gains are generally payable to holders of common stock, the use of leverage will increase the amount of such gains distributed to holders of common stock. To the extent that the dividend rates on preferred stock approach the net return on the Fund’s investment portfolio, the benefit of leverage to holders of common stock will be decreased. (If the dividend rates on preferred stock were to exceed the net return on the Fund’s portfolio, holders of common stock would receive a lower rate of return than if the Fund were not leveraged.) Similarly, since both the cost of issuing preferred stock and any decline in the value of the Fund’s investments (including investments purchased with the proceeds from preferred stock offerings) is borne entirely by holders of common stock, the effect of leverage in a declining market would result in a greater decrease in NAV per Share to holders of common stock than if the Fund were not leveraged. Such decrease in NAV per Share likely would be reflected in a greater decline in the market price for shares of the Fund’s common stock. If a Fund is liquidated, holders of preferred stock will be entitled to receive liquidating distributions before any distribution is made to holders of the Fund’s common stock. Redemption of preferred stock or insufficient investment income to make dividend payments may reduce the NAV per Share of the common stock by requiring the Fund to liquidate a portion of its investments at a time when it may be disadvantageous to do so.

In an extreme case, a decline in NAV could affect the Fund’s ability to pay dividends on its common stock. Failure to make such dividend payments could adversely affect the Fund’s qualification as a regulated investment company under the Code. See *“Taxation”* below. However, the Fund intends to take all measures necessary to make such common stock dividend payments. If the Fund’s current investment income is ever insufficient to meet dividend payments on either its common stock or preferred stock, the Fund may have to liquidate certain of its investments.

The class and other voting rights of issued preferred stock could make it more difficult for the Fund to take certain actions that may, in the future, be proposed by the Board and/or the holders of its common stock, such as (i) a merger, exchange of securities, liquidation or alteration of the rights of a class of the Fund’s securities if such actions would be adverse to the preferred stock, (ii) converting the Fund to an open-end investment company or changing its fundamental investment restrictions or other fundamental policies or (iii) seeking to operate other than as an investment company.

The future issuance of any preferred stock convertible into common stock might also reduce the net income and NAV per Share of the Fund’s common stock upon conversion. Such income dilution would occur if the Fund could not, from the investments made with the proceeds of the preferred stock, earn an amount per share of common stock issuable upon conversion greater than the dividend required to be paid on the amount of preferred stock convertible into one share of common stock. Such NAV dilution would occur if preferred stock were converted at a time when the NAV per Share of the Fund's common stock was greater than the conversion price.

Financial Impact of Borrowings and Senior Securities on Common Stockholders. The costs related to the issuance and sale of senior securities such as preferred stock, including underwriting discounts, rating agency fees and offering expenses, are paid by the Fund and, therefore, borne by holders of its common stock. Also, the interest and dividend requirements of such senior securities will reduce the amount of, and may entirely eliminate, any net investment income dividends otherwise payable by the Fund to holders of its common stock.

In the event the Fund had outstanding preferred stock in the future, the fees paid to Royce for investment advisory services would be higher than if the Fund did not have preferred stock outstanding because the Fund's investment advisory fees are calculated on the basis of its net assets, which amount would include assets obtained from the sale of any outstanding preferred stock. Because the Fund's investment advisory fee is a function of its net assets rather than its total assets, Royce does not and will not receive any investment advisory fee in respect of Fund assets equaling the aggregate unpaid principal amount of any indebtedness of the Fund.

High-Yield and Investment Grade Debt Securities

The Fund may invest up to 35% of its assets in direct obligations of the government of the United States or its agencies and/or in non-convertible debt securities of various issuers, including up to 5% of its net assets in below investment-grade debt securities, also known as high-yield fixed income securities.

The high-yield fixed income securities in which the Fund may invest may be rated from Ba to Ca by Moody's Investors Service, Inc. ("Moody's") or from BB to D by S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("Standard & Poor's") or may be unrated. They have poor protection with respect to the payment of interest and repayment of principal and may be in default or about to be in default as to the payment of principal or interest. These securities are often considered to be speculative and involve greater risk of loss or price changes due to changes in the issuer's capacity or perceived capacity to make timely payment of principal and interest. The market prices of lower-rated (high-risk) debt securities may fluctuate more than those of higher-rated debt securities and may decline significantly in periods of general economic difficulty, which may follow periods of rising interest rates.

The market for lower-rated (high-risk) debt securities may be thinner and less active than that for higher-rated debt securities, which can adversely affect the prices at which the former are sold. If market quotations cease to be readily available for a lower-rated (high-risk) debt security in which the Fund has invested, the security will then be valued in accordance with procedures established by the Board. Judgment and other subjective factors play a greater role in the valuation of lower-rated (high-risk) debt securities than securities for which more external sources for quotations and last sale information are available. Adverse publicity and changing investor perceptions may adversely affect the value of the Fund's investment in lower-rated (high-risk) debt securities along with its ability to dispose of that investment.

Since the risk of default is higher for lower-rated (high-risk) debt securities, Royce's research and credit analysis may play an important part in managing securities of this type for the Fund. In considering such investments for the Fund, Royce will attempt to identify those issuers of lower-rated (high-risk) debt securities whose financial condition is adequate to meet future obligations or has improved or is expected to improve in the future. Royce's analysis may focus on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects and the experience and managerial strength of the issuer.

The Fund also may invest in non-convertible debt securities in the lowest rated category of investment grade debt. Such securities may have speculative characteristics, and adverse changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade securities.

The Fund also may invest in investment grade non-convertible debt securities. Such securities include those rated Aaa by Moody's (which are considered to be of the highest credit quality and where the capacity to pay interest and repay principal is extremely strong), those rated Aa by Moody's (where the capacity to repay principal is considered very strong, although elements may exist that make risks appear somewhat larger than expected with securities rated Aaa), securities rated A by Moody's (which are considered to possess adequate factors giving security to principal and interest) and securities rated Baa by Moody's (which are considered to have an adequate capacity to pay interest and repay principal, but may have some speculative characteristics) without regard to gradations within those ratings categories.

Warrants, Rights and Options

The Fund may invest up to 5% of its assets in warrants, rights and options. A warrant, right or call option entitles the holder to purchase a given security within a specified period for a specified price and does not represent an ownership interest. A put option gives the holder the right to sell a particular security at a specified price during the term of the option. These securities have no voting rights, pay no dividends and have no liquidation rights. In addition, their market prices are not necessarily correlated with the market prices of the underlying securities.

The sale of warrants, rights or options held for more than one year generally results in a long-term capital gain or loss to the Fund, and the sale of warrants, rights or options held for one year or less generally results in a short term capital gain or loss. The holding period for securities acquired upon exercise of a warrant, right or call option, however, generally begins on the day after the date of exercise, regardless of how long the warrant, right or option was held. The securities underlying warrants, rights and options could include shares of common stock of a single company or securities market indices representing shares of the common stocks of a group of companies, such as the S&P SmallCap 600 Index (the "S&P 600 Index").

Investing in warrants, rights and call options on a given security allows the Fund to hold an interest in that security without having to commit assets equal to the market price of the underlying security and, in the case of securities market indices, to participate in a market without having to purchase all of the securities comprising the index. Put options, whether on shares of common stock of a single company or on a securities market index, would permit the Fund to protect the value of a portfolio security against a decline in its market price and/or to benefit from an anticipated decline in the market price of a given security or of a market. Thus, investing in warrants, rights and options permits the Fund to incur additional risk and/or to hedge against risk.

Portfolio Lending

Under the Fund's non-fundamental investment restrictions, it may lend up to 25% of its assets to brokers, dealers and other financial institutions. As noted in the Prospectus, the Fund's borrowings under the revolving credit facility with BNPPI are done on a secured basis, which means the Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding or as otherwise required by applicable regulatory standards and has granted a security interest in the securities pledged to, and in favor of, BNPPI as security for the loan balance outstanding. The revolving credit facility also permits, subject to certain conditions, BNPPI to re-hypothecate or loan portfolio securities pledged by the Fund up to the amount of the loan balance outstanding. Such re-hypothecation allows the Fund to retain ownership of the re-hypothecated securities and to continue to receive payments in lieu of dividends and interest on such re-hypothecated securities. The Fund also has the right under the revolving credit facility to recall the re-hypothecated securities from BNPPI on demand. If BNPPI fails to deliver the recalled security in a timely manner, BNPPI will compensate the Fund for any fees or losses related to the failed delivery or, in the event a recalled security is not returned by BNPPI, the Fund, upon notice to BNPPI, may reduce the loan balance outstanding by the value of the recalled security failed to be returned.

Portfolio lending involves the risk that BNPPI or a party to which BNPPI re-hypothecates Fund assets held as collateral under the revolving credit facility may fail to return those securities in a timely manner or at all. The Fund will be subject to the risk of loss to the extent BNPPI is unable to pay, or the Fund is unable to offset, any fees, expenses, or losses otherwise due to the Fund under the revolving credit facility in connection with securities that are not returned to the Fund. These events could trigger adverse tax consequences for the Fund.

Repurchase Agreements

In a repurchase agreement, the Fund in effect makes a loan by purchasing a security and simultaneously committing to resell that security to the seller at an agreed upon price on an agreed upon date within a number of days from the date of purchase. The resale price reflects the purchase price plus an agreed upon incremental amount which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement requires or obligates the seller to pay the agreed upon price, which obligation is in effect secured by the value (at least equal to the amount of the agreed upon resale price and marked to market daily) of the underlying security.

The Fund may engage in repurchase agreements which mature in seven days or less, provided that such agreements are collateralized by cash or securities issued by the U.S. Government or its agencies. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility of a decline in the market value of the underlying securities, as well as delays and costs to the Fund in connection with bankruptcy proceedings), it is the policy of the Fund to enter into repurchase agreements only with recognized securities dealers, banks and Fixed Income Clearing Corporation, a securities clearing agency registered with the Securities and Exchange Commission, each determined by Royce to represent acceptable credit risk.

Investments in Other Investment Companies and Exchange-Traded Funds ("ETFs")

The Fund may purchase, sell and invest in the securities of other investment companies, including money market funds, ETFs, registered open-end and closed-end funds, and unregistered funds so long as the Fund does not: (i) invest more than 10% of its assets in other investment companies, (ii) invest more than 5% of its assets in any one investment company; and (iii) purchase shares of another investment company if the Fund and its affiliates would own more than 3% of the total outstanding stock of any one such company. To the extent the Fund invests in another investment company, the investment performance of the Fund will be directly impacted by the investment performance of that investment company. Likewise, the Fund will be exposed to the same risks as such investment companies in direct proportion to the allocation of its assets among those investment companies. In addition, when the Fund invests in another investment company, the Fund's stockholders must bear not only their proportionate share of the Fund's fees and expenses, but they also must bear indirectly the fees and expenses of the other investment company.

ETFs are ownership interests in registered open-end funds, unit investment trusts, and other pooled investment vehicles that are traded on an exchange and that hold a portfolio of securities or other financial instruments (the "Underlying Assets"). The Underlying Assets are typically selected to correspond to the securities that comprise a particular broad based, sector or international index, or to provide exposure to a particular industry, sector or asset class. The Fund also may, from time to time, purchase ETFs that sell short a portfolio of securities or other financial asset. An investment in an ETF involves risks similar to investing directly in the Underlying Assets, including the risk that the value of the Underlying Assets may fluctuate in accordance with changes in the financial condition of their issuers, the value of securities and other financial instruments generally, and other market factors. The Fund also may invest in ETFs that use financial derivatives or leverage in an attempt to provide a multiple of the returns of an underlying index or other financial asset on a daily basis or an inverse of those returns. Investment exposure to leveraged or inverse ETFs may increase the Fund's volatility and magnify any losses.

The performance of an ETF will be reduced by transaction and other expenses, including fees paid by the ETF to service providers. Investors in ETFs are eligible to receive their portion of dividends, if any, accumulated on the securities held in the portfolio, less fees and expenses of the ETF.

If an ETF is an investment company, unless an exemption has been obtained from the SEC, the limitations set forth above applicable to the Fund's ability to purchase securities issued by other investment companies will apply.

* * *

Royce believes that the Fund is suitable for investment only by persons who can invest without concern for current income, and that such Fund is suitable only for those investors who are in a financial position to assume above-average risks in search for long-term capital appreciation.

MANAGEMENT OF THE FUND

Directors

The Board of Directors of the Fund is comprised of the nine individuals named below. The nine Directors are currently divided into three classes, each class having a term of office of three years. Each class is elected by the holders of the Fund's common stock. The Class I Directors, Charles M. Royce, G. Peter O'Brien, and David L. Meister, have terms that expire in 2018. The Class II Directors, Patricia W. Chadwick, Arthur S. Mehlman, and Michael K. Shields, have terms that expire in 2019. The Class III Directors, Stephen L. Isaacs, Christopher D. Clark, and Christopher C. Grisanti, have terms that expire in 2020. The Directors are responsible for the overall supervision of the operations of the Fund and have the various duties imposed on directors of registered investment companies by the 1940 Act. To the extent permitted by the 1940 Act and Maryland law, vacancies on the Board can be filled by the remaining Directors for the remainder of the term of the respective Board position.

There are no family relationships between any of the Fund's Directors and officers. Each Director will hold office until his term expires and his successor has been duly elected or until his earlier resignation or removal.

Interested Directors. Certain biographical and other information concerning Charles M. Royce and Christopher D. Clark, each of whom is an "interested person" as defined in the 1940 Act, of the Fund, including their current designated classes, is set forth below.

Name, Address* and Age	**Position(s) With Fund**	**Term of Office and Length of Time Served**	**Principal Occupation(s) During Past 5 Years**	**Number of Portfolios in Fund Complex Overseen**	**Other Public Company Directorships**
Charles M. Royce (78)	Class I Director	Term expires in 2018. Director since 1986.	Chief Executive Officer (until June 2016), President (until June 2014), and Member of the Board of Managers of Royce, investment adviser to the Fund. Member of Board of Directors/Trustees of the Fund, Royce Micro-Cap Trust, Inc. ("RMT"), Royce Global Value Trust, Inc. ("RGT"), The Royce Fund ("TRF"), and Royce Capital Fund ("RCF") (the Fund, RMT, RGT, TRF, and RCF collectively, "The Royce Funds").	22	TICC Capital Corp., a business development company
Christopher D. Clark (52)	Class III Director and President**	Term expires in 2020.	Chief Executive Officer (since July 2016), President (since July 2014), Co-Chief Investment Officer (since January 2014), Managing Director, and Member of the Board of Managers (since June 2015) of Royce, having been employed by Royce since May	22	None

Director and Officer since 2014.	2007. President and Member of Board of Directors/Trustees of The Royce Funds.

* The address of Messrs. Royce and Clark is c/o Royce & Associates, LP, 745 Fifth Avenue, New York, New York 10151.

** Mr. Clark was elected by, and serves at the pleasure of, the Board in his capacity as an officer of the Fund.

Messrs. Royce and Clark are “interested persons” of the Fund within the meaning of Section 2(a)(19) of the 1940 Act due to the positions they hold with Royce and their stock ownership in Legg Mason, Inc. (“Legg Mason”), the ultimate corporate parent of Royce.

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Non-Interested Directors. Certain biographical and other information concerning the Directors who are not “interested persons,” as defined in the 1940 Act, of the Fund, including their current designated classes, is set forth below.

Name, Address* and Age	**Position(s) With Fund**	**Term of Office and Length of Time Served**	**Principal Occupation(s) During Past 5 Years****	**Number of Portfolios in Fund Complex Overseen**	**Other Public Company Directorships**
Patricia W. Chadwick (69)	Class II Director	Term expires in 2019. Director since 2010.	Consultant and President of Ravengate Partners LLC (since 2000).	22	Wisconsin Energy Corp. and Voya Funds
Christopher C. Grisanti (56)	Class III Director	Term expires in 2020. Director since 2017.	Co-Founder and Chief Executive Officer of Grisanti Capital Management LLC, an investment advisory firm (since 1999). Mr. Grisanti's prior business experience includes serving as Director of Research and Portfolio Manager at Spears Benzak, Salomon & Farrell (from 1994 to 1999) and a senior associate at the law firm of Simpson, Thacher & Bartlett (from 1988 to 1994).	22	None
Stephen L. Isaacs (78)	Class III Director	Term expires in 2020. Director since 1986.	Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs’s prior business experience includes having served as President of The Center for Health and Social Policy (1996 to 2012); and Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).	22	None

Arthur S. Mehlman (76)	Class II Director	Term expires in 2019. Director since 2004.	Director of The League for People with Disabilities, Inc.; Director of University of Maryland Foundation (non-profits). Formerly: Director of Municipal Mortgage & Equity, LLC (from October 2004 to April 2011); Director of University of Maryland College Park Foundation (non- profit)(from 1998 to 2005); Partner, KPMG LLP (international accounting firm) (from 1972 to 2002); Director of Maryland Business Roundtable for Education (from July 1984 to June 2002).	40 (Director/Trustee of all Royce Funds, consisting of 22 portfolios; Director/Trustee of the Legg Mason Family of Funds, consisting of 18 portfolios)	None
David L. Meister (78)	Class I Director	Term expires in 2018. Director since 1986.	Consultant. Chairman and Chief Executive Officer of The Tennis Channel (from June 2000 to March 2005). Mr. Meister's prior business experience includes having served as Chief Executive Officer of Seniorlife.com, a consultant to the communications industry, President of Financial News Network, Senior Vice President of HBO, President of Time-Life Films and Head of Broadcasting for Major League Baseball.	22	None

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Name, Address* and Age	**Position(s) With Fund**	**Term of Office and Length of Time Served**	**Principal Occupation(s) During Past 5 Years****	**Number of Portfolios in Fund Complex Overseen**	**Other Public Company Directorships**
G. Peter O'Brien (72)	Class I Director	Term expires in 2018. Director since 2001.	Director, Bridges School (since 2006); Trustee Emeritus of Colgate University (since 2005); Board Member of Hill House, Inc. (since 1999). Formerly: Trustee of Colgate University (from 1996 to 2005); President of Hill House, Inc. (from 2001 to 2005); and Managing Director/Equity Capital Markets Group of Merrill Lynch & Co. (from 1971 to 1999).	40 (Director/Trustee of all Royce Funds, consisting of 22 portfolios; Director/Trustee of the Legg Mason Family of Funds, consisting of 18 portfolios)	TICC Capital Corp., a business development company
Michael K. Shields (59)	Class II Director	Term expires in 2019. Director since 2015	President and Chief Executive Officer of Piedmont Trust Company, a private North Carolina trust company (since May 2012). Mr. Shields's prior business experience includes owning Shields Advisors, an investment consulting firm (from April 2010 to June 2012).	22	None

* The address of each of Ms. Chadwick and Messrs. Grisanti, Isaacs, Mehlman, Meister, O'Brien and Shields is c/o Royce & Associates, LP, 745 Fifth Avenue, New York, New York 10151.

** Each of the Non-Interested Directors is a Director/Trustee of all of The Royce Funds. Each of Ms. Chadwick and Messrs. Grisanti, Isaacs, Mehlman, Meister, O'Brien and Shields is a member of the Audit Committee of the Board and the Nominating Committee of the Board.

Additional Information. Additional information about each Director follows (supplementing the information provided in the tables above) that describes some of the specific experiences, qualifications, attributes or skills that each Director possesses which the Board believes has prepared them to be effective Directors.

- *Charles M. Royce* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Royce serves as a Member of the Board of Managers of Royce. Mr. Royce served as the President of Royce from 1972 to June 2014 and as Chief Executive Officer of Royce from 1972 to June 2016. Mr. Royce has over 40 years of investment and business experience.
- *Christopher D. Clark* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Clark serves as Chief Executive Officer, President, Co-Chief Investment Officer, and a Member of the Board of Managers of Royce, having been employed by Royce since 2007. Mr. Clark has over 25 years of investment and business experience, including extensive experience in the financial sector.

Patricia W. Chadwick – In addition to her tenure as a Director/Trustee of The Royce Funds, Ms. Chadwick is designated as an Audit Committee Financial Expert. Ms. Chadwick has over 30 years of investment and business experience, including extensive experience in the financial sector and as a consultant to business and non-profit entities. In addition, Ms. Chadwick has served on the boards of a variety of public and private companies and non-profit entities, including currently serving on the board of two public companies.

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- *Christopher C. Grisanti* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Grisanti co-founded and serves as Chief Executive Officer of Grisanti Capital Management LLC, an investment advisory firm. Mr. Grisanti has over 20 years of investment industry experience.
- *Stephen L. Isaacs* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Isaacs serves as Attorney and President of a private consulting firm. Mr. Isaacs has over 40 years of business and academic experience, including extensive experience related to public health and philanthropy.
- *Arthur S. Mehlman* – In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. Mehlman serves as the Chairman of the Board's Audit Committee, acting as liaison between the Board and the Fund's independent registered public accountants, and is designated as an Audit Committee Financial Expert. Mr. Mehlman has over 35 years of business experience, including as Partner of an international accounting firm and a Director for various private companies and non- profit entities.
- *David L. Meister* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Meister has over 40 years of business experience, including extensive experience as an executive officer in and consultant to the communications industry.
- *G. Peter O'Brien* – In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. O'Brien serves as Chairman of the Board's Nominating Committee. Mr. O'Brien has over 35 years of business experience, including extensive experience in the financial sector. In addition, Mr. O'Brien has served on the boards of public companies and non-profit entities.
- *Michael K. Shields* – In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Shields serves as President and Chief Executive Officer of Piedmont Trust Company, a private North Carolina trust company. Mr. Shields has over 30 years of investment and business experience, including extensive experience in the financial sector.

The Board believes that each Director's experience, qualifications, attributes and skills should be evaluated on an individual basis and in consideration of the perspective such Director brings to the entire Board, with no single Director, or particular factor, being indicative of Board effectiveness. However, the Board believes that Directors need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; the Board believes that their members satisfy this standard. Experience relevant to having this ability may be achieved through a Director's educational background; business, professional training or practice, public service or academic positions; experience from service as a board member (including the Board of the Fund) or as an executive of investment funds, public companies or significant private or non-profit entities or other organizations; and/or other life experiences. The charter for the Board's Nominating Committee contains certain other specific factors considered by the Nominating Committee in identifying and selecting Director candidates (as described below).

To assist them in evaluating matters under federal and state law, the Directors are counseled by their own independent legal counsel, who participates in Board meetings and interacts with Royce, and also may benefit from information provided by Royce's internal counsel; both Board and Royce's internal counsel have significant experience advising funds and fund board members. The Board and its committees have the ability to engage other experts as appropriate. The Board evaluates its performance on an annual basis.

Board Composition and Leadership Structure

The 1940 Act requires that at least 40% of the Fund's directors not be "interested persons" (as defined in the 1940 Act) of the Fund and as such are not affiliated with Royce ("Independent Directors"). To rely on certain exemptive rules under the 1940 Act, a majority of the Fund's directors must be Independent Directors, and for certain important matters, such as the approval of investment advisory agreements or transactions with affiliates, the 1940 Act or the rules thereunder require the approval of a majority of the Independent Directors. Currently, more than 75% of the Fund's Directors are Independent Directors. The Board does not have a chairman, but the President, an interested person of the Fund, acts as chairman at the Board meetings. The Independent Directors have not designated a lead Independent Director, but the Chairman of the Audit Committee, Mr. Mehlman, generally acts as chairman of meetings or executive sessions of the Independent Directors and, when appropriate, represents the views of the Independent Directors to management. The Board has determined that its leadership structure is appropriate in light of the services that Royce and its affiliates provide to the Fund and potential conflicts of interest that could arise from these relationships.

Share Ownership by Directors

Information relating to each Director's ownership of shares of the Fund's common stock as of December 31, 2017 and of shares of The Royce Funds overseen by each Director is set forth in the table below.

Name	Aggregate Dollar Range of Equity in the Fund	Aggregate Dollar Range of Securities in all Royce Funds overseen by the Director in the Royce Family of Funds
Interested Directors:		
Charles M. Royce	Over $100,000	Over $100,000
Christopher D. Clark	$50,001– $100,000	Over $100,000
Non-Interested Directors:		
Patricia W. Chadwick	None	Over $100,000
Christopher C. Grisanti	None	$10,001 – $50,000
Stephen L. Isaacs	$10,001– $50,000	Over $100,000
Arthur S. Mehlman	$50,001 – $100,000	Over $100,000
David L. Meister	None	Over $100,000
G. Peter O'Brien	$10,001– $50,000	Over $100,000
Michael K. Shields	None	$50,001 – $100,000

Mr. Royce has sole voting power and sole investment power as to the shares of the Fund's shares of common stock beneficially owned by him. As of December 31, 2017, all Directors and officers of the Fund as a group (14 persons) beneficially owned an aggregate of less than 1% of the Fund's outstanding shares of common stock. As of December 31, 2017, none of the non-interested Directors of the Fund nor any of their immediate family members owned beneficially or of record any securities issued by Legg Mason or any of its affiliates (other than registered investment companies).

Board Committees and Meetings

The Board has an Audit Committee, comprised of Patricia W. Chadwick, Christopher C. Grisanti, Stephen L. Isaacs, Arthur S. Mehlman, David L. Meister, G. Peter O'Brien and Michael K. Shields. The Audit Committee is responsible for, among other things, recommending the selection and nomination of the Fund's independent accountants and for conducting post-audit reviews of the Fund's financial statements with such independent accountants. The Fund has adopted an Audit Committee charter. Mr. Mehlman serves as Chairman of the Audit Committee. Ms. Chadwick and Mr. Mehlman are designated as Audit Committee Financial Experts, as defined under SEC regulations. During the year ended December 31, 2017, the Audit Committee held two meetings.

The Board has a Nominating Committee, comprised of Patricia W. Chadwick, Christopher C. Grisanti, Stephen L. Isaacs, Arthur S. Mehlman, David L. Meister, G. Peter O'Brien and Michael K. Shields. The Nominating Committee is responsible for, among other things, identifying individuals qualified to serve as Independent Directors of the Fund and recommending its nominees for consideration by the Fund's full Board. The Fund has adopted a Nominating Committee charter. Mr. O'Brien serves as Chairman of the Nominating Committee. While the Committee is solely responsible for the selection and nomination of the Fund's Independent Directors, the Committee will review and consider nominations for the office of Director made by management and by Fund stockholders as it deems appropriate. Stockholders who wish to recommend a nominee should send their suggestions to the Secretary of the Fund, which should include biographical information and set forth their proposed nominee's qualifications. During the year ended December 31, 2017, the Nominating Committee held two meetings.

The Nominating Committee charter requires the Nominating Committee to identify individuals qualified to serve as Independent Directors of the Fund and to recommend its nominees for consideration by the Board. In considering potential nominees, the Nominating Committee will take into consideration; (i) the contribution which the person can make to the Board, with consideration given to the person's business and professional experience, education and such other factors as the Committee may consider relevant, including but not limited to whether a potential nominee's personal and professional qualities and attributes would provide a beneficial diversity of skills, experience and/or perspective to the Board; (ii) the character and integrity of the person; (iii) whether or not the person is an "interested person" as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director or Independent Director of the Fund; (iv) whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment adviser of the Fund, Fund service providers or their affiliates; (v) whether or not the person is financially literate pursuant to stock exchange audit committee membership standards; (vi) whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related investment company complexes; (vii) whether or not the person is willing to serve as, and willing and able to commit the time necessary for the performance of the duties of, a Director of the Fund; and (viii) whether or not the selection and nomination of the person would be in the best interest of the Fund in light of the requirements of the Fund’s retirement policies. While the Nominating Committee does not have a formal policy regarding diversity, as noted above, it may consider the diversity of skills, experience and/or perspective a potential nominee will bring to the Board as part of its evaluation of the contribution such potential nominee will make to the Board. Such factors will be considered in light of the other factors described above and in the context of the Board’s existing membership at the time such potential candidate is considered.

The Board has a Distribution Committee, comprised of Charles M. Royce. The Distribution Committee is responsible for, among other things, approving the Funds' payment of dividends from net investment income and distributions from capital gains, if any, to ensure compliance with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). See "Taxation." During the year ended December 31, 2017, the Distribution Committee took action in respect of the Fund five times through the issuance of written consents.

Board’s Oversight Role in Management

The Board’s role in management of the Fund is oversight. As is the case with virtually all investment companies (as distinguished from operating companies), service providers to the Fund, primarily Royce and its affiliates, have responsibility for the day-to-day management of the Fund, which includes responsibility for risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk). As part of its oversight, the Board, acting at its scheduled meetings, or the Chairman of the Audit Committee, acting between Board meetings, regularly interacts with and receives reports from senior personnel of service providers, including the Fund’s and Royce’s Chief Compliance Officer and portfolio management personnel. The Board’s Audit Committee (which consists of the seven Independent Directors) meets during its scheduled meetings, and between meetings the Chairman of the Audit Committee maintains contact with the Fund’s independent registered public accounting firm and the Fund’s Treasurer. The Board also receives periodic presentations from senior personnel of Royce or its affiliates regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas such as business continuity, anti-money laundering, personal trading, valuation, investment research and securities lending. The Board also receives reports from counsel to Royce and the Board’s own independent legal counsel regarding regulatory compliance and governance matters. The Board’s oversight role does not make the Board a guarantor of the Fund’s investments or activities.

Compensation of Directors

For the year ended December 31, 2017, each Independent Director received a base fee of $20,000 per year, plus $1,100 for each in-person meeting of the Board attended. No Director received remuneration for services as a Director for the year ended December 31, 2017 in addition to or in lieu of this standard arrangement. Each Independent Director will continue to receive a base fee of $20,000 per year, plus $1,100 for each in-person meeting of the Board attended for the year ending December 31, 2018.

Set forth below is the aggregate compensation paid by the Fund and the total compensation paid by Fund and the Fund Complex to each Independent Director of the Fund for the year ended December 31, 2017.

Name	Aggregate Compensation From the Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits upon Retirement	Total Compensation From The Royce Funds Paid to Directors	Total Compensation From The Fund and Fund Complex Paid to Directors*
Patricia W. Chadwick, Director	25,500	None	None	248,300	248,300
Christopher C. Grisanti, Director**	9,754	None	None	94,790	94,790
Stephen L. Isaacs, Director	25,500	None	None	248,300	248,300
Arthur S. Mehlman, Director	25,500	None	None	248,300	448,300
David L. Meister, Director	25,500	None	None	248,300	248,300
G. Peter O'Brien, Director	24,400	None	None	239,300	429,300
Michael K. Shields, Director	25,500	None	None	248,300	248,300

* Represents aggregate compensation paid to each Director during the calendar year ended December 31, 2017 from the Fund Complex. As of the date hereof, the Fund Complex includes the 22 portfolios of The Royce Funds and the portfolios of the Legg Mason Funds.

** Mr. Grisanti became a Director of the Fund effective August 14, 2017.

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Officers

Certain biographical and other information concerning the officers of the Fund, other than Christopher D. Clark, is set forth below. Information regarding Mr. Clark is set forth in the tables above regarding Directors of the Fund. Officers are elected by and serve at the pleasure of the Board. Each officer will hold office until his respecti