ROYCE VALUE TRUST INC
Form N-CSRS
August 31, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-04875

Name of Registrant: Royce Value Trust, Inc.

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

Name and address of agent for service: John E. Denneen, Esquire
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New York, NY 10019

Registrant s telephone number, including area code: (212) 486-1445
Date of fiscal year end: December 31
Date of reporting period: January 1, 2006 - June 30, 2006

Item 1: Reports to Shareholders

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

www.roycefunds.com

SEMIANNUAL REVIEW AND REPORT TO STOCKHOLDERS 2006

TheRoyceFunds

VALUE INVESTING IN SMALL COMPANIES FOR MORE THAN 30 YEARS

A FEW WORDS ON CLOSED-END FUNDS

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

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

A CLOSED-END FUND OFFERS SEVERAL DISTINCT ADVANTAGES NOT AVAILABLE FROM AN OPEN-END FUND STRUCTURE

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

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

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

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

- Unlike Royce's open-end funds, our closed-end funds are able to distribute capital gains on a quarterly basis. Each of the Funds has adopted a quarterly distribution policy for its common stock.

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

WHY DIVIDEND REINVESTMENT IS IMPORTANT

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

THIS PAGE IS NOT PART OF THE 2006 SEMIANNUAL REPORT TO STOCKHOLDERS

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For more than 30 years, we have used a value approach to invest in smaller-cap securities. We focus primarily on the quality of a company's balance sheet, its ability to generate free cash flow and other measures of profitability or sound financial condition. At times, we may also look at other factors, such as a company's unrecognized asset values, its future growth prospects or its turnaround potential following an earnings disappointment or other business difficulties. We then use these factors to assess the company's current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company, or what we think the value of the company should be in the stock market.

Charles M. Royce, President

When we discuss specific security selection criteria for many of The Royce Funds, four qualities are commonly listed: a strong balance sheet, a history of earnings, high internal rates of return and the ability to generate free cash flow. Each is a critical part of determining both a company's current quality and the likelihood that it will be able to maintain that quality in the future. They are also in many ways interrelated. For example, previously we discussed the importance of a low-debt, asset-rich balance sheet in helping to maintain or

PERFORMANCE TABLE

AVERAGE ANNUAL NAV TOTAL RETURNS Through June 30, 2006

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
Second Quarter 2006*	-3.86%	-3.16%	-4.83%	-5.02%
January - June 2006*	9.64	11.58	8.11	8.21
One-Year	21.33	20.80	30.73	14.58
Three-Year	21.33	22.60	27.21	18.70
Five-Year	11.34	14.02	16.16	8.50
10-Year	13.88	14.11	n/a	9.05
15-Year	14.27	n/a	n/a	11.80
Since Inception	12.85	14.36	14.28	
Inception Date	11/26/86	12/14/93	11/1/96**	

* Not annualized.
** Date Royce &#038 Associates, LLC assumed investment management responsibility for the Fund.

IMPORTANT PERFORMANCE AND RISK INFORMATION

All performance information in this Review and Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Performance information does not reflect the deduction of taxes that a stockholder would pay on distributions or on the sale of Fund shares. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Royce Funds invest primarily in securities of small-cap and/or micro-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

fuel earnings, especially when a business is experiencing earnings trouble. Similarly, a company's ability to generate free cash flow is often linked to its ability to sustain positive earnings and to generate high internal rates of return. We think that it's a positive sign

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The thoughts expressed in this Review and Report to Stockholders concerning recent market movements and future prospects for small company stocks are solely the opinion of Royce at June 30, 2006, and, of course, historical market trends are not necessarily indicative of future market movements. Statements regarding the future prospects for particular securities held in the Funds' portfolios and Royce's investment intentions with respect to those securities reflect Royce's opinions as of June 30, 2006 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this Review and Report to Stockholders will be included in any Royce-managed portfolio in the future.

LETTER TO OUR STOCKHOLDERS

Value In Vogue?

After three full decades managing small-cap value portfolios, we thought that we had seen all of the various movements, fads and trends that periodically capture the imaginations (to say nothing of the wallets) of investors. It was always easy for us to be amused at such things. **Being value investors, with that term's inherent sense of caution and conservatism, we have always measured a comfortable distance between the work that we do and anything that smacks of trends in equity investing.** With its emphasis on attributes such as patience and diligence, with its demands of long hours of detailed research, value seems by nature not simply unfashionable, but nearly impervious to the short-term mindsets that typically dominate the stock market equivalent of the runways of Paris, Milan and Manhattan. Even earlier in the current decade, when value, especially small-cap value, began scoring high returns and glowing press, it did not appear to capture the investment *zeitgeist* in quite the same way that large-cap or Technology investments had during the '90s. This was more than all right with us. After all, we're not exactly high-fashion material (there's a reason we always look better in cartoon form), and we did not think that our approach was, either.

Yet here we are just past the halfway mark of 2006, and in our view small-cap value investing is nearing the end of its stint as domestic investment's hottest approach. How did our style become so stylish? Its success over the last several years occurred during a period in which few alternatives in the domestic equity universe could compete with its strong results. **As measured by the Russell 2000, small-cap bested large-cap (as measured by the S&P 500) for the one-, three-, five-, 10- and 15-year periods ended 6/30/06.** In turn, the Russell 2000 Value index outperformed the Russell 2000 for each of these periods as well as the 20- and

The market still awaits Next Year's Model, but small-cap value's unexpected turn on the runway should hardly result in obsolescence.

when earnings and cash flows

are closely aligned.

Cash flow is usually defined as the

amount of net cash that a company

brings in that may be used for

various company purposes, such as

to build assets or pay dividends.

(Cash flow can also be negative, in

which case there are no funds with

which to further capitalize business

activities or make payouts to

shareholders.) For most businesses,

cash flow comes from three

activities operations, investment

and financing.

Our preference in most cases is for a

company that generates the bulk of

its net cash flow from

LETTER TO OUR STOCKHOLDERS

25-year periods ended 6/30/06. These terrific results led to the plainly dressed small-cap value approach attracting speculative dollars from short-term investors, money hungry for the Next Big Thing that probably originated from those whose only experience with smaller stocks would most likely have come on the growth side. It was not long ago that this activity would have been difficult, if not impossible, without considered investments in specific small-cap stocks or astute choices in small-cap value mutual funds. However, with the advent of investment vehicles such as ETFs (Exchange Traded Funds), moving quickly in and out of virtually any equity style index has become more convenient for investors of all tastes, temperaments and time frames.

What becomes of investment approaches when they are no longer considered the most fashionable? We suspect that styles such as ours will manage just fine beyond the glare of the hot lights just as they did before they became trendy. Although the last few years have been wonderful, the rally has been top-heavy with an extended run for energy stocks (that may not be over) and shorter, less stellar bursts in other areas. This leaves ample room for potential growth in those places that have enjoyed only intermittent success or have been mostly left out. The market still awaits Next Years Model, but small-cap values unexpected turn on the runway should hardly result in obsolescence.

Is Large the New Small?

Our track record for large-scale stock market prognostication is checkered at bestwe like to joke that weve called 10 of the last three corrections. Still, the case for emerging large-cap leadership remains compelling to us, even as its also important to re-assert our view that any leadership phase in the coming months is likely to be short-lived, whether for large-caps, as measured by the S&P 500,

operations,

from the day-to-day activities of its

business. Cash flow from operations

is also significant because it may

likely affect the other two activities.

Although they are similar

in that they help us to understand

a companys profitability, cash flow

differs from earnings (the profits a

company makes) because it

also takes into account certain non-

cash accounting items, most

importantly depreciation.

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or small-caps, as measured by the Russell 2000. The 10-year period ended 12/31/05 offered an almost eerily symmetrical split between long-term periods first of large-cap, then of small-cap dominance. We do not expect anything resembling the previous 10 years in terms of the time span of asset-class leadership or the breadth in performance spreads. We continue to believe that the stock market will be characterized by frequent leadership rotation and low returns.

After narrowly outperforming small-cap stocks in 2005, large-caps took their by-now-familiar position in the back seat to small-cap during the first half of 2006. The Russell 2000 was up 8.2% for the year-to-date period ended 6/30/06, versus a gain of 2.7% for the S&P 500 (and a loss of 1.5% for the still-struggling Nasdaq Composite). Small-caps advantage came primarily from its considerable outperformance in the bullish first quarter, when the Russell 2000 was up 13.9% versus a gain of 4.2% for the S&P 500. When stock prices began to correct in the second quarter, large-cap outperformed (-1.4% for the S&P 500 versus -5.0%

for the Russell 2000). The pattern of small-cap leading in brief up-market phases then ceding leadership to large-cap during equally brief downturns dates back to 2003.

The down-market resilience of large-cap stocks seems to us to be the central story of the recent decline. Our earlier contention, made in our *2005 Annual Review and Report*, was that large-cap would lose less during declines, which has been the case so far in 2006. We also surmised that small-cap would have an edge in any subsequent rally, which held true in the first quarter. Yet we are no longer convinced that small-cap will lead in every subsequent bullish phase. An underreported element in the downturn was the tightening of liquidity on a worldwide level. **The combination of better near-term down market results for large-cap stocks and the widespread liquidity crunch is likely to draw investors in the short run to cash, bonds and what they perceive to be stable, high-quality equities. In other words, the unfashionable nature of large-cap stocks may be exactly what helps to make them fashionable again.**

ValueAlways in Style?

Of course, no style has been more fashionable in the current decade than small-cap value. However much we may think of our work as an all-weather strategya fashion perennial more akin to a navy blazer or black cocktail dress than the latest creations adorning the windows of boutiques on Rodeo Drivetheres no denying the recent attraction of small-cap value for investors burdened with what we would describe as the investment equivalent of short attention spans. And its long run in the current decade has indeed been wildly impressive. The Russell 2000 Value index outpaced its small-cap growth counterpart, as measured by the Russell 2000 Growth index, for the one-, three-, five-, 10-, 15-, 20- and 25-year periods ended 6/30/06. One notable aspect of small-cap values remarkable run in the current decade has been its absolute and relative strength during the most recent long-term

We do not expect anything resembling the previous 10 years in terms of the time span of asset-class leadership or the breadth in performance spreads. We continue to believe that the stock market will be characterized by frequent leadership rotation and low returns.

A company's statement of cash flows is crucial, because it provides a record of how the firm has handled cash inflows and outflows over a given quarterly or annual period.

It also helps to reconcile information found on the balance sheet (which shows a firm's assets and liabilities) and the income statement (which shows all revenue, costs, expenses and earnings). While the balance sheet can be used to determine the increase or decrease in assets and the income statement shows the profits that have made an impact

LETTER TO OUR STOCKHOLDERS

up-market period. From the small-cap market trough on 10/9/02 through 6/30/06, the Russell 2000 Value index gained 140.1% versus 123.1% for the Russell 2000 Growth index. Small-cap value's recent short-term returns were also strong. For the year-to-date period ended 6/30/06, the small-cap value index was up 10.4% versus 6.1% for the small-cap growth index. Although it trailed growth in the first quarter (+13.5% versus +14.4%), it moved ahead in the second, -2.7% versus -7.3%.

Investors can thus be forgiven if they're a little anxious about small-cap value's ongoing prospects. Our admittedly biased view is that small-cap value should be all right, even if its days of doing star turns on the most chic runways may be drawing to a close. Although returns for the approach seldom reached the same levels, its performance in the current decade is analogous to some degree to what large-cap stocks were during the mid-to-late '90s—a fashionable area where people were putting money almost to the exclusion of the rest of the stock market. Now that the attention seems to be waning, we are finally beginning to see valuations come back to what we regard as more sensible levels throughout the small-cap world, although the number of bargains as of this writing is still not as plentiful as we would like.

Royce on the Runway

While the first six months of 2006 were terrific for the Russell 2000 (and the Russell 2000 Value index), results were slightly more mixed for our three closed-end offerings. All three Funds posted strong net asset

on that growth (or lack thereof), the statement of cash flows gives us an idea of how that growth was financed. It tells the story of where the money came from and where it went.

This is especially relevant for capital-intensive businesses such as industrial companies that maintain physical plants and own stores of equipment that will eventually need upgrading or replacing.

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value (NAV) results on an absolute basis, but Royce Focus Trust narrowly trailed the Russell 2000 on that basis. However, this was only a small blemish, especially in the wider context of longer-term returns for periods ended 6/30/06. Over market cycle and other long-term time periods, each Fund posted impressive absolute and relative returns on both an NAV and market price basis. These are the time spans that matter most to us in evaluating performance.

Both in our portfolios and the small-cap world as a whole, energy stocks enjoyed a strong first half, as did many Industrial Products and Services companies. However, these were not the only three areas in which Fund performance was strong in the first half. Technology companies also made a sizeable positive contribution to performance. In fact, net losses on a dollar basis were hard to find at the sector level, an impressive, albeit short-term, accomplishment during a volatile six months for equities.

From the Catwalk to the Coal Mine?

Some investors may be concerned that small-cap's run has been of such long duration that the asset class is poised for a long period of desultory performance, with the recent downturn a harbinger of things to come. We respectfully disagree. The recent decline has been fairly benign as corrections go and hardly catastrophic for small-cap as a whole. In the coming months, we think that micro-cap stocks will be the area to watch most closely as a potential indicator of small-cap movement. They are generally more volatile to begin with, and having enjoyed strong performance over the last few years, they are especially vulnerable to nervous investors looking for safety. For the more fatalistic among us, they are the canary in the small-cap coal mine in that any major decline for our asset class would probably begin with them. However, we're more confident about the prospects for the entire small-cap area. **We do not believe that the recent down-market period marks the beginning of a severe and/or long-term bear market for any asset class, including micro-caps. What we have been seeing lately seems to us less serious and more in line with what has happened historically following successful, speculative periods.** The really interesting element in the downturn has been that several typically non-correlated asset categories—small-cap stocks, natural resources stocks and commodities, real estate and emerging markets—were coming off strong long-term performances and then began to correct at more or less the same time in the spring of this year. It's been an odd confluence of declining performance that we believe has been making the downward move look more severe than it really is.

We define a correction as a decline of 15% or more from a previous small-cap peak. It remains too early to tell whether the current decline will reach this level (as of this writing it has not). However, like any previous decline, it has presented us with some discrete purchase opportunities, even as it has caused pain for investors. Although a market that steadily climbed year after year would make investors sleep more soundly, it is volatility that helps to create the pricing inefficiencies that attract value investors like ourselves. **As any market sell-off worsens, quality companies are often lumped together with weaker ones, as short-term investors rush for the exits. This leaves many worthwhile companies trading for less than our estimate of their intrinsic value, piled among the rubble of companies walloped by the correction.** The current decline has begun to create such situations, though not yet in large numbers. At least in the short run, further erosion in stock prices would not be the worst thing that could happen to small-cap stocks.

Although returns for the approach seldom reached the same stratospheric levels, small-caps performance in the current decade is analogous to some degree to what large-cap stocks were during the mid-to-late '90s—a fashionable area where people were putting money almost to the exclusion of the rest of the stock market.

Without positive cash flow, these businesses are likely to have trouble keeping up with more profitable, cash-laden competitors. In such businesses, we like to see cash flows that are greater than earnings because it means that the company's depreciation expenses are healthy. In high-returning businesses, we prefer that cash flows be reinvested at high returns.

In all cases, regardless of the type of business, we want to see cash flows used intelligently. To our way of thinking, this means reinvesting in the business or paying dividends

LETTER TO OUR STOCKHOLDERS

Five Years of Fashion

Most small-cap market cycles have been much shorter than the current cycle's nearly six-year time span, with the average length of the eight completed cycles in the history of the Russell 2000 being 3.3 years. The shortest was little more than one-and-a-quarter years (2/8/80-6/15/81), while the longest lasted approximately six-and-a-half years (10/9/89-5/22/96). If the current cycle were to end soon, it would be the second longest on record. This is one of the reasons why we evaluate Fund performance on an absolute basis over long-term periods, such as five years, in addition to full market cycles. Examining five-year periods is especially useful because they typically include all of or most of a full market cycle, sometimes two. In addition, examining rolling five-year results gives a better picture of long-term market trends, and can also provide insight into what we might expect as the market moves forward.

There have been 269 monthly trailing five-year return periods since the Russell 2000's inception on 12/31/78. From inception through 6/30/06, the index's five-year return was less than zero in only 3% of these periods. The index provided positive single-digit returns more than 40% of the time and double-digit returns 56% of the time. **Over the entire period, the average of all of the 269 five-year average annual total return periods was 11.6%. In the case of small-cap value, the results are even stronger.** The Russell 2000 Value index did not

to shareholders. As with most things, we think about the longterm picture when it comes to cash flow. We may be willing to buy a firm in a negative cash flow moment if we think the firm is capable of righting itself. However, cash flow problems should be temporary as few factors signal quality more definitively than stable, growing cash flows.

have any negative five-year return periods since its inception and produced positive single-digit returns in 17% of the periods. In an impressive 83% of the periods, the value index produced double-digit five-year average annual total returns, averaging 14.5% for all of the 269 return periods. (Please see the following page for more details.)

The foregoing is in large part why we believe that small-caps continually offer the potential to produce above-average returns over long-term time horizons, and why we regard them as a necessary component in any asset allocation plan. Fashions come and go, but we believe that approaches such as ours, those that patiently strive to build wealth over the long haul, have what it takes to remain successful no matter what happens to be in (or out) of style elsewhere in the investment world.

Sincerely,

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

July 31, 2006

The Russell 2000 Value index did not have any negative five-year return periods since its inception and produced positive single-digit returns in 17% of the periods. In an impressive 83% of the periods, the value index produced double-digit five-year average annual total returns, averaging 14.5% for all of the 269 return periods.

ONLINE UPDATE

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ROYCE VALUE TRUST

AVERAGE ANNUAL NAV TOTAL RETURNS Through 6/30/06	
Second Quarter 2006*	-3.86%
Jan - June 2006*	9.64
One-Year	21.33
Three-Year	21.33
Five-Year	11.34
10-Year	13.88
15-Year	14.27
Since Inception (11/26/86)	12.85

* Not annualized.

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
2005	8.4%	1996	15.5%
2004	21.4	1995	21.1

Manager's Discussion

The first-half results for Royce Value Trust's (RVT) diversified portfolio of small- and micro-cap stocks fully reflected the schizoid nature of the first six months of 2006. **For the year-to-date period ended 6/30/06, the Fund was up 9.6% on a net asset value (NAV) basis and 0.7% on a market price basis versus an 8.2% return for the Russell 2000 and a 7.7% result for the S&P 600.** On an NAV basis, RVT stayed ahead of both of its small-cap benchmarks, although its market price return trailed by a substantial margin. Much of the Fund's market price lag can be attributed to its relative lack of participation in the dynamic rally that characterized the first quarter, in which RVT's market price return was 6.1%. During the same period, the Russell 2000 was up 13.9% and the S&P 600 gained 12.8%, while RVT gained 14.0% on an NAV basis. When stock prices fell in the second quarter, RVT lost 3.9% on an NAV basis and 5.1% on a market price basis. The Russell 2000 declined 5.0% and the S&P 600 lost 4.6% in the second quarter.

The Fund's solid first-half NAV return contributed to its strong absolute and relative results over market-cycle and other long-term periods. From the small-cap market peak on 3/9/00 through 6/30/06, RVT gained 112.3% versus 29.5% for the Russell 2000 and 77.8% for the S&P 600. During the more bullish phase from the small-cap market trough on 10/9/02 through 6/30/06, the Fund was up 141.8% compared to a gain of 131.8% for the Russell 2000 and 128.0% for the S&P 600. On an NAV basis, RVT also held a performance advantage over each of its benchmarks for the one-, three-, five-, 10-, 15-year and since inception (11/26/86) periods ended 6/30/06. The Fund outperformed the Russell 2000 on a market price basis for each of these periods except the one year interval and bested the S&P 600 for all but the one-and three-year periods. **RVT's average annual NAV total return since inception was 12.9%.**

Each of the Fund's equity sectors posted positive net gains during the first half. On a dollar basis, the leading sectors were Industrial Products, Industrial Services and Natural Resources. Within Industrial Products, more than 40% of the sector's dollar-based gains came from holdings in the machinery industry, including the portfolio's top gainer and top-ten position Lincoln Electric Holdings, a security that we have owned in RVT's portfolio since 1998. What has attracted us over the years to this welding and cutting products maker were its strong balance sheet, history of positive earnings and ability to generate positive cash flow from operating activities. Its cyclical industrial business was one that attracted quality-seeking value investors like ourselves. We were pleasantly surprised by its impressive first half, as the worldwide demand for its products continued to grow at a torrid pace. The firm announced record revenues in February for both the fiscal year and fourth quarter ended 12/31/05. Record revenues were also reported in April for the fiscal first

2003	40.8	1994	0.1
2002	-15.6	1993	17.3
2001	15.2	1992	19.3
2000	16.6	1991	38.4
1999	11.7	1990	-13.8
1998	3.3	1989	18.3
1997	27.5	1988	22.7

TOP 10 POSITIONS
% of Net Assets Applicable
to Common Stockholders

AllianceBernstein Holding L.P.	1.9%
Ritchie Bros. Auctioneers	1.5
Lincoln Electric Holdings	1.3
Sotheby's	1.1
SEACOR Holdings	1.1
Plexus Corporation	1.0
Ash Grove Cement Company Cl. B	0.9
Forward Air	0.9
Newport Corporation	0.9
Brady Corporation Cl. A	0.8

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable
to Common Stockholders

Technology	

quarter of 2006. In between, the company was added to the S&P 400 MidCap index.

We have owned shares of another Industrial Products business, Kimball International, since 1989. The firm, whose low debt and consistent dividend helped maintain our attraction, makes

All performance information in this Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Funds' P/E ratio calculations exclude companies with zero or negative earnings.