

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.

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(Name and Address of Agent for Service)

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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.

	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.

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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Additional Information

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 financial 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*

—

* Unless the Offer is extended.

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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

NAV's 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%

(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 %
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Market Value	30.49 %	23.48 %	(9.59)%	0.93 %	35.63 %
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RATIOS BASED ON AVERAGE NET ASSETS

Investment advisory fee expense ²	0.43 %	0.51 %	0.50 %	0.46 %	0.54 %
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Other operating expenses	0.22 %	0.22 %			
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