ROYCE FOCUS TRUST INC
Form N-CSRS
August 26, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

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

Name and address of agent for service: John E. Denneen, Esq.
745 Fifth Avenue
New York, NY 10151

Registrant s telephone number, including area code: (212) 508-4500
Date of fiscal year end: December 31, 2013
Date of reporting period: January 1, 2014 June 30, 2014

Item 1. Reports to Shareholders.

SEMIANNUAL REVIEW AND REPORT
TO STOCKHOLDERS

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

Royce Global Value Trust

www.roycefunds.com

A Few Words on Closed-End Funds

Royce & Associates, LLC manages four closed-end funds: Royce Value Trust, a small-cap value closed-end fund offering; Royce Micro-Cap Trust, a micro-cap closed-end fund; Royce Focus Trust, a closed-end fund that invests in a limited number of primarily small-cap companies; and Royce Global Value Trust, a global closed-end offering that invests in a broadly diversified portfolio of both U.S. and non-U.S. small-cap stocks.

A closed-end fund is an investment company whose shares are listed and traded on a stock exchange. Like all investment companies, including open-end mutual funds, the assets of a closed-end fund are professionally managed in accordance with the investment objectives and policies approved by the Fund s Board of Directors. A closed-end fund raises cash for investment by issuing a fixed number of shares through initial and other public offerings that may include shelf offerings and periodic rights offerings. Proceeds from the offerings are invested in an actively managed portfolio of securities. Investors wanting to buy or sell shares of a publicly traded closed-end fund after the offerings must do so on a stock exchange, as with any publicly traded stock. Shares of closed-end funds frequently trade at a discount to their net asset value. 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 other than Royce Global Value Trust has adopted a quarterly distribution policy for its common stock. Please see pages 18-20 for more details.

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

Why Dividend Reinvestment is Important

A very important component of an investor s total return comes from the reinvestment of distributions. By reinvesting distributions, our investors can maintain an undiluted investment in a Fund. To get a fair idea of the impact of reinvested distributions, please see the charts on pages 11, 13, and 15. For additional information on the Funds Distribution Reinvestment and Cash Purchase Options and the benefits for stockholders, please see page 20 or visit our website at www.roycefunds.com.

The Board of Directors for each of Royce Value Trust, Royce Micro-Cap Trust and Royce Focus Trust has authorized a managed distribution policy (MDP) paying quarterly distributions at an annual rate of 7% (for Royce Value and Micro-Cap Trust) and 5% (for Royce Focus Trust) of the average of the prior four quarter-end net asset values. With each distribution, these Funds will issue a notice to stockholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other information required by a Fund s MDP. You should not draw any conclusions about a Fund s investment performance from the amount of distributions or from the terms of a Fund s MDP. A Fund s Board of Directors may amend or terminate the MDP at any time without prior notice to stockholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of any of the MDPs.

This page is not part of the 2014 Semiannual Report to Stockholders

Table of Contents

Semiannual Review

Performance Table 2

Letter to Our Stockholders 3

Semiannual Report to Stockholders 9

For more than 40 years, we have used a value-oriented approach to invest in small-cap securities. We focus primarily on the quality of a company s balance sheet, its ability to generate free cash flow, and other measures of profitability or sound financial condition. We then use these factors to assess the company s current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company or what we think the value of the company should be in the stock market.

Performance Table

NAV Average Annual Total Returns

Through June 30, 2014

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Royce Global Value Trust	Russell 2000 Index	Russell Microcap Index	Russell 2500 Index	Russell Global Small Cap Index
Year-to-Date[1]	3.00%	3.06%	12.74%	5.57%	3.19%	1.56%	5.95%	5.72%
One-Year	22.90	31.32	31.56	n.a.	23.64	24.98	25.58	23.60
Three-Year	10.81	16.09	9.08	n.a.	14.57	15.94	15.51	9.22
Five-Year	19.30	20.67	16.50	n.a.	20.21	20.03	21.63	15.93
10-Year	8.28	9.09	9.59	n.a.	8.70	6.67	9.78	9.02
15-Year	9.91	11.65	11.18	n.a.	8.01	n.a.	9.34	8.13
20-Year	11.09	12.04	n.a.	n.a.	9.81	n.a.	11.42	n.a.
25-Year	11.04	n.a.	n.a.	n.a.	9.74	n.a.	11.22	n.a.
Since Inception	11.03	11.78	11.02	8.49[2]	n.a.	n.a.	n.a.	n.a.
Inception Date	11/26/86	12/14/93	11/1/96[3]	10/17/13	n.a.	n.a.	n.a.	n.a.

[1] Not annualized, cumulative Year-to-Date.
[2] Not annualized, cumulative since inception on 10/17/13.
[3] Date Royce & 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. 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 are closed-end registered investment companies whose respective shares of common stock may trade at a discount to the net asset value. Shares of each Fund s common stock are also subject to the market risk of investing in the underlying portfolio securities held by each Fund. Certain immaterial adjustments were made to the net assets of Royce Global Value Trust at 6/30/14 for financial reporting purposes, and as a result the net asset value originally calculated on that date and the total return based on that net asset value differs from the adjusted net asset value and total return reported in the Financial Highlights. The Funds

are closed-end registered investment companies whose shares of common stock trade at a discount to their net asset value. Shares of each Fund s common stock are also subject to the market risks of investing in the underlying portfolio securities held by each Fund, respectively. All indexes referenced are unmanaged and capitalization-weighted. Each index s returns include net reinvested dividends and/or interest income. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group. The Russell 2000 Index is an index of domestic small-cap stocks that measures the performance of the 2,000 smallest publicly traded U.S. companies in the Russell 3000 Index. The Russell Microcap Index includes 1,000 of the smallest securities in the small-cap Russell 2000 Index, along with the next smallest eligible securities as determined by Russell. The Russell 2500 Index is an index of the 2,500 smallest publicly traded U.S. companies in the Russell 3000 Index. The Russell Global Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks. The performance of an index does not represent exactly any particular investment, as you cannot invest directly in an index. Index returns include net reinvested dividends and/or interest income. Royce Value, Micro-Cap and Global Value Trust shares of common stock trade on the NYSE. Royce Focus Trust shares of common stock trade on the NASDAQ. Royce Fund Services, Inc (RFS) is a member of FINRA and has filed this Review and Report with FINRA on behalf of each Fund. RFS is not an underwriter or distributor of any of the Funds.

2 | This page is not part of the 2014 Semiannual Report to Stockholders

Letter to Our Stockholders

No Drama

Whatever other opinions we may all hold about the stock market s behavior over the last six years, we think everyone can agree that it has certainly been dramatic. The action began in earnest in the fall of 2008, although it is important to recall that small-cap stock prices had actually been falling for more than a year prior to that the peak for the Russell 2000 Index having been established on July 13, 2007. Yet the full effects of the bear were unleashed by the events of the Financial Crisis, which keyed the dangerously precipitous nosedive of share prices in the fall of 2008. The tumult lasted until small-caps finally hit a bottom on March 9, 2009. The fear and anxiety the descent created, however, reached into the next several years. The feeling of extraordinary fragility that characterized the early days of the recovery in the spring of 2009 did not magically evaporate when markets began to find their feet again. In fact, one could argue that these emotions dominated the behavior of investors at least until the end of 2012.

The three years from 2010 through 2012 were eventful, even if the stress and excitement they generated did not equal that of the first six months of 2009. In fact, much of the market s most extreme moves in that entire four-year span (2009-2012) took place in the first six months of those years, driven in large part by events both actual and potential. The recession in the U.S., debt issues in Europe, and slow growth in China were all very real, while a double-dip recession here at home, default in Europe, and implosion in China fortunately failed to materialize. **By the end of 2012, with the stock market climbing and the economy expanding, investors seemed to recognize that, in spite of high volatility and political uncertainty, equity returns had been solidly positive since the March 2009 bottom. This improved confidence helped to spur a different kind**

Charles M. Royce, President

Letter to Our Stockholders

The long-running, and probably unresolvable, debate about active versus passive investment strategies has taken on new life in the years since the onset of the Financial Crisis, often to the detriment of active approaches. To take one example, Morningstar compiled data showing that inflows into equity mutual funds have been dwarfed by those into equity ETFs (exchange traded funds) measuring from the momentous year of 2008. For the six calendar years from 2008-2013, traditional equity funds have taken in $5.52 billion while ETFs have attracted $389.08 billion. That s quite a disparity.

It seems to be no secret that many active managers have struggled to keep pace with their respective equity indexes in these often eventful years. These years have also seen a raft of studies purporting to show that most investment managers are unable to consistently beat the market, i.e., regularly outperform a relevant index such as the Russell 2000 or S&P 500 Indexes.

Perhaps unsurprisingly, we would offer two caveats before one embraces uncritically the notion that passive

Continued on page 6...

of dramatic arc. The long, slow recovery entered a new phase in 2013 a heady, and virtually correction-free, bull run in which returns for each of the major domestic stock indexes topped 30%.

The curtain opened on 2014, then, on the heels of one of the better calendar-year performances in the history of domestic equities, which followed four consecutive years of mostly rising stock prices in an uncertain economy. So the question now is, what is the next act for equities? Some argue that the economy is not strong enough to really take flight. They worry about the rich valuations sported by large numbers of stocks. Others see the relative absence of volatility as a sign of complacency and fret that stocks are about to enter a destructive bear phase. There are those who point to increasingly unsettled international situations, such as in Ukraine, Syria, and Iraq, and argue that the market cannot continue to pretend that events in these nations take place far offstage, not in an increasingly intertwined global economy.

We, however, are in accord with the more widespread consensus that sees the U.S. economy as gradually normalizing. As evidence we would point to the following: The deficit continues to fall, the Fed continues to wind down the rate of its monthly bond purchases, and interest rates, though they remain close to zero, look likely to rise again in the near future, as they did last year between May and December. Inflation is tame, commodity prices stable. **Volatility, as measured by the VIX, finished the first half of 2014 at low levels not seen since 2007. Add an increasingly robust M&A market, and it seems to us that the recipe for ongoing growth and bullishness, however mild, at least compared to last year seems almost complete.** And this process of normalization looks likely to accelerate as the Fed s role recedes further and further into the background, setting the stage for a more dynamic pace of growth.

So while there remain voices who insist that stocks are overvalued, we think the case for additional gains, which could include a correction along the way, remains persuasive. It seems to us that the relatively lower returns of the first half of 2014 indicate not an end to a bull phase, but a chance for the market to catch its breath and assess its surroundings. It may be that investors need a break from all the drama, a respite from the unrelenting pace of the last six years. So the desire to stand back for a moment and evaluate what is happening seems eminently reasonable. How many investors have enjoyed more than a few moments of true calm since before the recession began back in 2007? **Ultimately, we suspect that both the expanding economy and slower pace of returns will result in more fundamentally focused investors.**

Indeed, the indications that the strength of companies and the businesses they manage are beginning to matter more than indexes and the macro events that move them go back to the spring of 2012, when quality stocks those with high returns on invested capital enjoyed a brief run of outperformance. This nascent phenomenon re-started again, briefly in May 2013 when the 10-year Treasury rate reached a bottom. Quality companies, particularly those in our chosen small-cap space, have not yet emerged as leaders, but they have inched closer over the last two years. Correlation levels throughout the market are falling. These are excellent conditions, in our view, for disciplined active management approaches, especially those with a long-term investment horizon.

No Direction Home

U.S. stocks turned in a respectable performance in the first half of 2014. If results were not as lofty as they were in the first half of 2013 (and they were not), they were achieved in a more tranquil domestic environment than in the first halves of 2010, 2011, or 2012. One consequence of the more relaxed atmosphere of the first half was that stocks did not seem to know quite what to do with themselves. While the overvalued/not-quite-overvalued-yet argument goes on, the market has not established a clear direction so far in 2014. The bull has so far remained in place during the current cycle; he simply slowed his run to a brisk walk in the first half. For the year-to-date period ended June 30, 2014, the major domestic indexes remained in the black. **The small-cap Russell 2000 Index gained 3.2%, taking a back seat to the more tech-oriented Nasdaq Composite, which advanced 5.5% in the first half, and the large-cap S&P 500 and Russell 1000 Indexes, which scored respective gains of 7.1% and 7.3% for the year-to-date period ended June 30, 2014.**

The year began on a more moderate note following a red-hot second half of 2013. Nevertheless, 2014 s opening quarter was the seventh consecutive quarter of positive performance for the Russell 2000, which rose 1.1%. Large-caps led for the quarter the S&P 500 and Russell 1000 gained 1.8% and 2.0%, respectively, while the Nasdaq Composite rose 0.5%. Small-caps reached a first-half high on March 4, and the only correction so far this year was the 9.1% drop for the Russell 2000 from that date through May 15, 2014. April was thus the cruelest month, but a series of mini-rallies from mid-May through the end of June made the second quarter mostly positive. The Russell 2000 posted its eighth consecutive positive quarter, up 2.0%. Once again, large-cap outperformed, with the S&P 500 advancing 5.2% and the Russell 1000 up 5.1% for the second quarter. The Nasdaq bounced back strong as well, climbing 5.0% in the second quarter and leaving only the small-cap index out of the five-percent club.

Small-cap held onto leadership outside the U.S. In the first quarter, the Russell Global ex-U.S. Small Cap Index was up 3.2% while the Russell Global ex-U.S. Large Cap Index rose 0.8%. Results were stronger in the second quarter and, as in the first, closer to their domestic counterparts than we have seen in a while. For the second quarter, the Russell Global ex-U.S. Small Cap was up 4.2% versus 5.0% for the Russell Global ex-U.S. Large Cap. Year-to-date, non-U.S. small-caps had the edge, with the Russell Global ex-U.S. Small Cap returning 7.5% versus a gain of 5.8% for the Russell Global ex-U.S. Large Cap. After a challenging first quarter, many Asian equities bounced back in the second and finished closer to the European indexes, most of which had been on a tear prior to cooling off in the second quarter.

Moving back to the U.S., mid-cap and micro-caps were equally solid in the first quarter. The Russell Midcap Index was up 3.5% versus a gain of 3.0% for the Russell Microcap Index in 2014 s first three months. This pattern broke down around the time of the March 4 small-cap high and can be seen in the second-quarter results for each index. The Russell Midcap continued its notable 2014

Quality companies, particularly those in our chosen small-cap space, have not yet emerged as leaders, but they have inched closer over the last two years. Correlation levels through-out the market are falling. These are excellent conditions, in our view, for disciplined active management approaches, especially those with a long-term investment horizon.

U.S. stocks turned in a respectable performance in the first half of 2014. If results were not as lofty as they were in the first half of 2013 (and they were not), they were achieved in a more tranquil domestic environment than in the first halves of 2010, 2011, or 2012.

investing is always better: First, a number of managers have consistently outperformed the market over long-term periods and especially within the small-cap asset category. In fact, we believe strongly in the idea that it is not necessary for all managers to beat the market in order for active management to be validated as an approach. Our second note of caution relates to time periods. While it would be nice to outperform an index every year, it is just as unrealistic to expect that as it would be to expect an index to outperform active management every year. It is also unrealistic to expect a high degree of outperformance in the long term without experiencing some short-term underperformance periods.

A willingness to stick to one s approach, regardless of market movements and trends, is critical to long-term outperformance in our opinion. This is especially important during market extremes because there are active managers who exhibit style drift or other changes in their discipline when their investment style falls out of favor or is stressed, such as during the tech bubble.

Successful active management also entails a willingness to think independently in terms of sector and industry weightings. It is not unusual for the most successful managers to be

significantly out of sync relative to a

Continued on page 8...

Letter to Our Stockholders

2014 YEAR-TO-DATE NAV AND MARKET PRICE TOTAL RETURNS FOR ROYCE S CLOSED-END FUNDS VS. RUSSELL 2000, RUSSELL MICROCAP, RUSSELL 2500 AND THE RUSSELL GLOBAL SMALL-CAP INDEXES as of 6/30/14

[1] Certain immaterial adjustments were made to the net assets of Royce Global Value Trust at 6/30/2014 for financial reporting purposes, and as a result the net asset value originally calculated on that date and the total returns based on that net asset value differs from that adjusted net asset value and total return reported in the Financial Highlights.

performance, rising 5.0% in the second quarter. This gave mid-caps an impressive 8.7% advance on a year-to-date basis. In contrast, micro-caps struggled in the second quarter, suffering more in the brief downturn than their larger cousins. The Russell Microcap Index fell 1.4% for the quarter and was up only 1.6% for the year-to-date period ended June 30, 2014.

Many mid-cap stocks have demonstrated strong records of growth over the last few years, and their success throughout the entire post-Financial Crisis cycle has not been a surprise to us. In fact, mid-caps have been an area of significant interest to us for years now. **The small- and micro-cap spaces have, by contrast, high numbers of very speculative companies and are typically more volatile sometimes much more so in the case of micro-caps. They have also enjoyed very strong results over the last several years.** The three- and five-year annualized returns through the end of June for the Russell 2000 and Russell Microcap Indexes were terrific on an absolute basis. With equity investors acting more cautiously, if not always consistently, so far in 2014, the relative breather for small- and micro-cap stocks and we do not think it s any more than a breather was also not a surprise.

No Excuses

Each of our four closed-end funds enjoyed strong absolute performance in the first half. We were pleased with both the year-to-date and one-year results for the three portfolios with sufficient history, though we recognize fully that more needs to be done with regard to relative performance, especially over more intermediate-term periods. Two portfolios outpaced their respective benchmarks on both an NAV (net asset value) and market price basis for the year-to-date period ended June 30, 2014 Royce Micro-Cap Trust and Focus Trust. These same two funds also beat their respective benchmarks for the one-year period ended June 30, 2014. This was welcome news because, with a few exceptions, shorter-term performance advantages have been elusive over the last few years. Of course short-term outperformance must always be kept in perspective as exactly that short term. We are hopeful, however, having seen Royce Value Trust and Focus Trust narrow the gap in their respective one-, three-, and five-year results versus their respective benchmarks over

the last three to four quarters. In addition, Royce Micro-Cap Trust held an edge over its benchmark in those periods. Finally, our three closed-end funds with more than 15 years of history have also generally held their relative edge for periods of a decade or longer.

Yet we still have work to do. **As encouraged as we have been about the recent short spates of leadership for quality stocks and the likelihood that a strengthening, less Fed-dependent economy will benefit active small-cap approaches, lower quality small-caps again assumed leadership when prices were rallying in June.** Investors are still working out their preferences. Profitable companies as well those with high returns on invested capital led through the downturn before falling behind in the up phase. The market thus remained a peculiar place in the first half. This may be because we still have a very active Fed at work in an economy that arguably has not needed the extra help in at least a year.

No Worries

We are very bullish about the prospects for active small-cap management. We have an obvious bias in favor of active approaches here at Royce, but we think that over the last 14 months dating back to the low for the 10-year Treasury in May of last year we have reached a point at which active management in small-cap stocks simply makes more sense, especially for long-term investors. Since that May 2013 low, company fundamentals have gradually become more important as drivers of share-price success. Rather than invest in a small-cap index vehicle in which approximately 25% of the companies are losing money (as was the case for the Russell 2000 for the 12 months ended May 31, 2014), we think it is smarter for investors to consider portfolios that look for well-run, financially strong companies with attractive long-term prospects.

So while quality has not yet seized small-cap leadership, we suspect that the reign of low-quality stocks is coming to an end. **In our view, the next phase will be one in which companies with attractive characteristics such as strong balance sheets and high returns on invested capital should begin to lead.** In spite of not showing as much strength when the market was recovering in May and June, many did well enough to lead the small-cap pack from the 2014 high in March through the end of the first half. We would expect something like this pattern to continue at least through the end of the year as the market continues to adjust to the growing normalization of the economy. With diverse small-cap sectors such as Consumer Discretionary, Health Care, and Information Technology showing sizable declines since the end of February, we have been looking closely there (and elsewhere) for what we think are attractively priced, fundamentally strong small-cap businesses. As always, volatility in the small-cap market is something that we seek to use to our advantage, even when it is in short supply.

We are very bullish about the prospects for
active small-cap management... we have
reached a point at which active management
in small-cap stocks simply makes more sense,
especially for long-term investors.

Know This

We feel somewhat fortunate in that we do not need to choose a side in the overvalued versus ongoing bull market debate. Rather than trying to make a correct market call, our attention has been focused on those potential opportunities that can materialize even in a widespread bull market. Corrections can arrive at any time, of course, and it has been a while since we have seen one of any significance. The last downturn of more

benchmark index with respect to industry and sector weightings (commonly referred to as tracking error).

In addition, active managers are not required to invest cash inflows at the time of receipt when market conditions or prices may not be conducive. They may screen for quality and use buy/sell triggers as a means of reducing risk. While a passive manager must own everything, an active manager has the freedom to look for attractive stocks across a targeted universe.

All of this helps to explain why we remain so fond of small-caps and so confident in the effectiveness and value of active approaches in the asset class. Active small-cap managers can capture valuation opportunities beyond their respective indexes an opportunity that would be lost if one were limited to owning only the constituents that make up an index. For example, the Russell 2000, while quite broad, only includes about 2,000 of the more than 4,100 companies[1] that make up the domestic small-cap universe (those with market caps up to $2.5 billion). While self-serving, we nevertheless think that the small-cap asset class is ideally suited for active management given its enormous size, lack of institutional focus, and limited research availability.

[1] Source: Reuters as of 6/30/14

Letter to Our Stockholders

than 10% for the Russell 2000 occurred in the fall of 2012. And share prices recovered so quickly from the 9.1% March-May decline this year that the down phase barely registered. This might lead one to argue that the market is being set up for at least a decent-sized pullback. Our sense, however, is that we are more likely to see smaller ones in the 5-10% range as part of the ongoing bull phase. Against the backdrop of an economy that looks poised for faster growth, a Fed tapering at a healthy clip, and an interest-rate environment in which a steady rate of increase is much more of a when than an if, less severe downturns look more likely.

Small-cap valuations on the whole are above average, though not unreasonably so given near-zero interest rates and low inflation. A number of anomalies remain in the market, and in many cases we see a wide disparity between what look to us like expensive stocks and those that look inexpensive on an absolute basis. The market seems to be in the process of sorting that out certainly those areas of the market that do not interest us, and that did well in 2012 and 2013, have been more volatile so far in 2014. In addition, we are still seeing companies that look attractively valued to us based on their fundamentals. All in all, it is looking more and more like a stock-picker s market to us. We could see the second half of the year being pretty similar to the first in terms of the overall returns for stocks. More important, we think there are still enough opportunities out there to keep returns in positive territory through the end of 2014. This could make the market s next act a very happy one for active small-cap managers.

Sincerely,

Charles M. Royce *President*	Christopher D. Clark *Co-Chief Investment Officer,* *Royce & Associates*	Francis D. Gannon Co-Chief Investment Officer Royce & Associates

July 31, 2014

Table of Contents

Semiannual Report to Stockholders

Managers Discussions of Fund Performance

Royce Value Trust	10
Royce Micro-Cap Trust	12
Royce Focus Trust	14
Royce Global Value Trust	16
History Since Inception	18
Distribution Reinvestment and Cash Purchase Options	20
Schedules of Investments and Other Financial Statements	
Royce Value Trust	21
Royce Micro-Cap Trust	37
Royce Focus Trust	51
Royce Global Value Trust	60
Directors and Officers	69
Board Approval of Investment Advisory Agreements	70
Notes to Performance and Other Important Information	Inside Back Cover

Royce Value Trust

AVERAGE ANNUAL NAV TOTAL RETURNS
Through 6/30/14

January June 2014[1]	3.00%
One-Year	22.90
Three-Year	10.81
Five-Year	19.30
10-Year	8.28
15-Year	9.91
20-Year	11.09
25-Year	11.04
Since Inception (11/26/86)	11.03

[1] Not Annualized

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
2013	34.1%	2005	8.4%
2012	15.4	2004	21.4
2011	-10.1	2003	40.8
2010	30.3	2002	-15.6
2009	44.6	2001	15.2
2008	-45.6	2000	16.6
2007	5.0	1999	11.7
2006	19.5	1998	3.3

TOP 10 POSITIONS % of Net Assets

HEICO Corporation	1.3%
On Assignment	0.9
Ash Grove Cement Cl. B	0.9
Federated Investors Cl. B	0.9
Reliance Steel & Aluminum	0.9
Tejon Ranch	0.8
E-L Financial	0.8
Woodward	0.8
Coherent	0.8
Forward Air	0.8

PORTFOLIO SECTOR BREAKDOWN % of Net Assets

Industrials	29.3%
Information Technology	18.9
Financials	13.7
Consumer Discretionary	11.2
Materials	7.5
Health Care	5.3
Energy	4.6
Consumer Staples	1.6
Telecommunication Services	0.7
Utilities	0.1
Diversified Investment Companies	0.0
Miscellaneous	4.8
Preferred Stock	0.1
Cash and Cash Equivalents, Net of Outstanding Line of Credit	2.2

Manager s Discussion

Royce Value Trust (RVT) put up a solid absolute and relative showing in the first half of 2014. **The Fund gained 3.0% on an NAV (net asset value) basis and 3.9% on a market price basis for the year-to-date period ended June 30, 2014 versus the 3.2% gain for each of its unleveraged small-cap benchmarks, the Russell 2000 Index and the S&P SmallCap 600 Index, for the same period.**

While the bull market ran into 2014 after a magnificent run in 2013, the pace of returns was more subdued. This was also the case for RVT. Harsh winter weather, geopolitical concerns, and a new Federal Reserve chair all gave investors much to ponder. The Fund was up 0.5% on an NAV basis and 0.2% on a market price basis in the first quarter. Volatility returned to the market in March and April, with RVT outperforming the Russell 2000 in the down phase from the Russell 2000 s 2014 high on March 4 through May 15. Small-cap stocks then made a strong comeback through the end of June to finish the second quarter in the black. For the second quarter, RVT outperformed its benchmark on both an NAV and market price basis, advancing 2.5% and 3.7%, respectively, versus a gain of 2.0% for the Russell 2000 and 2.1% for the S&P SmallCap 600.

We were reasonably pleased with the Fund s relative performance during a period where the economy is beginning to slowly but surely normalize. On an NAV basis, RVT outperformed the Russell 2000 for the 15-, 20-, 25-year, and since inception (11/26/86) periods ended June 30, 2014 while the Fund outpaced the Russell 2000 on a market price basis for each of those periods and the five-year span. **The Fund s average annual NAV total return since inception was 11.0%.** We take great pride in RVT s long-term performance record.

Nine of the Fund s 11 equity sectors were positive contributors to first-half performance. Health Care made the largest positive impact, with Energy, Financials, and Materials also posting respectable net gains. Industrials was the RVT s largest detractor at the sector level, followed by a modest net loss in the Consumer Discretionary sector. The portfolio s largest contributor to performance at the industry level was biotechnology, largely as a result of net gains from two of the Fund s top-five contributing stocks. Idenix Pharmaceuticals focuses on the development of drugs for the treatment of infections caused by HIV, hepatitis B, and hepatitis C. Its stock price was fairly volatile through much of the first half before more than tripling in early June after news that

pharmaceutical giant Merck would be acquiring the company at a healthy premium. We began selling after the announcement and had sold our shares by mid-June. Myriad Genetics specializes in molecular diagnostics with a specialty in genetic testing for cancer. The company faced a lot of skepticism after the Supreme Court ruled in June 2013 that human genes could not be patented. We believed that neither the Court s ruling nor

GOOD IDEAS THAT WORKED
Top Contributors to Performance
Year-to-Date through 6/30/14[1]

Idenix Pharmaceuticals	0.45%
Helmerich & Payne	0.24
Cimarex Energy	0.19
Myriad Genetics	0.18
Harman International Industries	0.15

[1] Includes dividends.

Important Performance and Risk Information

All performance information reflects past performance, is presented on a total return basis, and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Current performance may be higher or lower than performance quoted. Returns as of the most recent month-end may be obtained at www.roycefunds.com. The market price of the Fund s shares will fluctuate, so that shares may be worth more or less than their original cost when sold. The Fund invests primarily in securities of small- and micro-cap companies, which may involve considerably more risk than investing in a more diversified portfolio of larger-cap companies. Regarding the two Good Ideas tables shown above, the sum of all contributors to, and all detractors from, performance for all securities in the portfolio would approximate the Fund s year-to-date performance for 2014.

Performance and Portfolio Review

increased business competition would hurt the firm s long-term health, and were pleased that Myriad has been able to continue executing successfully. We were also happy to see the company acquire Crescendo Bioscience in the first half, a strategic acquisition that adds to Myriad s already promising pipeline.

Tulsa-based Helmerich & Payne is a contract driller with a specialty in high-tech drilling rigs. It s a long-time Royce favorite that we have owned continuously in RVT s portfolio since 1998. Accelerated growth in its order book for new rigs further confirmed that the company s technologically superior rigs are driving market share gains as E&P (exploration & production) companies eager to reduce drilling costs upgrade to Helmerich & Payne s more efficient rigs. We reduced our position as its stock price gushed. Headquartered in Denver, Cimarex Energy is a comparatively new addition whose shares we first purchased in 2002. An E&P business operating primarily in Texas, Oklahoma, and New Mexico, we have long liked its balance sheet and sizable margins. During the first half its shares seemed to benefit from ongoing production growth in a few different properties.

As for positions that detracted from performance, the largest was Advisory Board (The), a research and consulting firm that offers services to the healthcare industry. Organic and subscription revenue growth remains healthy. However, investors seemed to tire of its recently fast-paced M&A activity (five deals in the last 20 months, with more likely ahead), and the near-term negative impact these acquisitions have had on profit margins. Our take is that these acquisitions have generally been of smaller companies that provide footholds and capabilities in other fast-growing healthcare information areas, thus enhancing the firm s long-term growth opportunities. We held our shares through the first half. We also opted to hold our position in Preformed Line Products, a company whose shares we have owned since 1986. The company makes products primarily to support, protect, connect, terminate, and secure cables and wires for the energy, communications, cable provider, and information industries. A weaker global market for infrastructure projects first led its shares to plummet in November 2013. The lack of any sustained earnings recovery continued to hurt its stock.

GOOD IDEAS AT THE TIME
Top Detractors from Performance
Year-to-Date through 6/30/14[1]

Advisory Board (The)	-0.14%
Preformed Line Products	-0.14
Ethan Allen Interiors	-0.13
LKQ Corporation	-0.13
KBR	-0.12

[1] Net of dividends.

MARKET PRICE PERFORMANCE HISTORY SINCE INCEPTION (11/26/86) through 6/30/14

[1] Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception ($10.00 IPO), reinvested all annual distributions and fully participated in primary subscriptions of the Fund s rights offerings.
[2] Reflects the actual market price of one share as it traded on the NYSE.

FUND INFORMATION AND PORTFOLIO DIAGNOSTICS