FOR FINANCIAL PROFESSIONALS ONLY

Small-Cap Market Review

4Q19

Interview

Portfolio Manager Chuck Royce and Co-CIO Francis Gannon recap 4Q19, discuss August's reversals, and detail why these rotations could be sustainable.

Chart Book

A comprehensive overview of our asset class including long-term market cycles and performance patterns for large-cap vs small-cap and cyclicals vs. defensives.

Fund Performance

A look at how Royce's featured value and core strategies have fared.

ROYCE
Investment Partners

ROYCE
Investment Partners

Small-cap specialist with unparalleled knowledge and experience, offering distinct investment approaches to meet a variety of investors' goals.

Founded
1972

Unparalleled Knowledge + Experience

Pioneers in small-cap investing, with 40+ years of experience, depth of knowledge, and focus.

30+
Years Average PM Industry Experience

Independent Thinking

The confidence to go against consensus, the insight to uncover opportunities others might miss, and the tenacity to stay the course through market cycles.

$**13.7**B
AUM

Specialized Approaches

US, international, and global investment strategies that pursue approaches with different risk profiles.

$**123**M
Employee Investments[1]

Unwavering Commitment

Our team of 17 portfolio managers have significant personal investments in the strategies they manage.

As of 12/31/19

Source: Morningstar

[1] Our officers, employees, and their families have approximately $123 million invested in The Royce Funds and similarly managed strategies and vehicles as of 11/30/19.

4Q19 Interview

Portfolio Manager Chuck Royce and Co-CIO Francis Gannon recap 4Q19, discuss August's reversals, and detail why these rotations could be sustainable.

Why do you think the U.S. equity markets did so well in 2019?

FG Sometimes the market goes up because of what *doesn't* happen, so I think a lot of its success was rooted in two fears that weren't realized: the Fed did not adopt more hawkish policies and the U.S. economy didn't experience a recession. The absence of these two went a long way to reassuring investors and helping stocks to advance. Of course, the opposite occurred late in 2018: after raising rates in December, the Fed hinted that it would also hike multiple times in 2019. This more hawkish stance sent the market into a tailspin, and the central bank then responded with a more neutral stance of probably no rate hikes in 2019. This "Fed Pause" soon shifted again to a "Fed Pivot"—three rate cuts in 2019 that mostly reversed all of the central bank's 2018 increases. This more accommodative stance was solidified by the announcement of an additional $500 billion of cash injected into the money markets in December.

CR As for the absence of a recession, fears of an economic contraction have loomed over the market pretty regularly since the end of the Financial Crisis. Most recently, they've cropped up whenever another data point surfaces showing that the U.S. economy has lost steam. Yet even with growth decelerating, it remains positive. Currently, it's been boosted by consumer spending, which has helped to compensate for the slowdown in manufacturing growth. I think an additional element relating to Frank's discussion of the Fed's shifts was also important to 2019's advances, at least from our perspective—the increase in money supply by the Fed, which was supportive for financial assets.

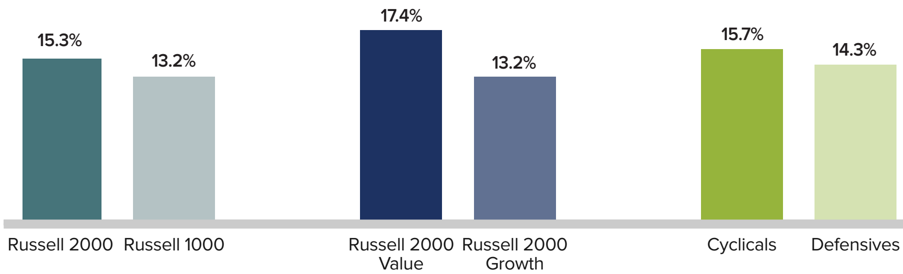
What else was notable about 2019?

CR What stands out most for me was the resilience of the market. When you add up all the obstacles, both real and imagined, that faced investors in 2019—tariffs and trade wars, an inverted yield curve, sluggish global growth, uncertain prospects for China, political controversies, the specter of greater regulation for tech giants, and the possibility of a recession—the market's performance could be seen as a sign of underlying strength. In my experience, when the market advances despite having many valid reasons to go down, it usually means that the market can go higher.

What's the status of the market reversals that you first observed late in 3Q19?

FG All of the shifts that began on August 27th, when the market's previous leadership patterns inverted, held through the end of 2019—small-caps outpaced large-caps, cyclicals outperformed defensives, small-cap value beat small-cap growth, and micro-caps led domestic equities. We think these patterns will hold, though the progress may not be in a straight line. We saw an example of this in the fourth quarter when small-cap growth

August's Reversals Held
8/27/19-12/31/19



beat small-cap value and defensives outpaced cyclicals. Of course, market shifts seldom occur all at once—what happened in late August was an exception historically. Reversals are also not always clear or obvious until a fair amount of time has passed, emerging by fits and starts until at some point the change becomes clear and/or longer lasting.

What are some of the reasons you think these reversals can persist in 2020?

CR Small-caps have historically done better than large-caps when the economy is advancing and worse when it's contracting—the same is true for cyclicals versus defensives. So if the most recent slowdown is behind us, and the global economy is gradually improving, which appears to be the case, then that supports a continuation of these reversals. And while relative valuations are not an effective market timing signal, the historically low relative valuations for many small- and micro-cap cyclical stocks, as well as cyclicals, tilt the odds in favor of those areas leading. The global economy grew about 2% in 2019. Now, we're not macroeconomists, but if the global economy accelerates towards its historic growth rate of around 5%, which seems like a reasonable expectation to us, that should create tailwinds for these reversals to be sustainable.

Do you still think that mega-cap stocks could be headed for a bubble?

CR I do—mostly because of their high valuations and their significant outperformance of the rest of the U.S. market. From the middle of 2018 through the end of 2019, the Russell Top 50 Index advanced 26.1% cumulatively compared with only a 3.7% gain for small-caps—and a decline of 3.9% for micro caps. And any unwinding of a mega-cap bubble—and the potential for a subsequent rotation to small-caps—is part of our constructive outlook for our asset class. Here's a point that we think effectively illustrates the magnitude of the potential opportunity: over the last 20 years, the 50 biggest stocks in the Russell 3000 Index have averaged a combined total market cap of about four times the total market cap of the Russell 2000. At the end of 2019, that ratio was more than six times—higher than it was even at the height of the Internet bubble in 2000.

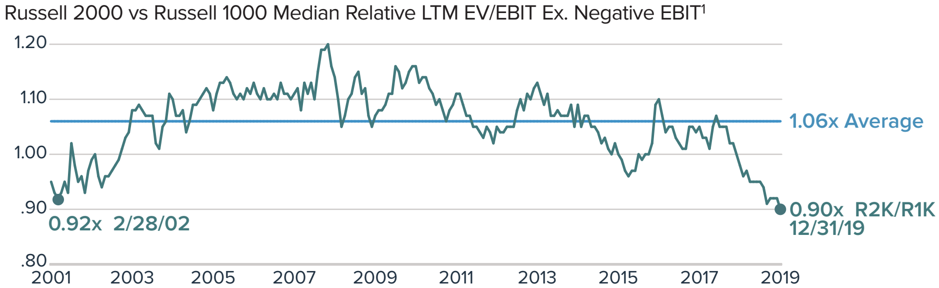
FG We're not expecting mega-caps to collapse any time soon—that would be anomalous behavior in what we think will be an advancing market. But we do think a performance pause at their current high valuations could occur, allowing small- and micro-cap stocks to catch up.

Can you talk more about the current state of small-cap valuations, particularly in the context of the overall market making several new highs in 4Q19?

FG Small-cap valuations look pretty close to their historical averages compared with the current level of interest rates—and they look very attractive compared to large-caps. Using our preferred metric of EV/EBIT, which is enterprise value to earnings before interest and taxes, to compare small-caps with other capitalization ranges shows that both small- and micro-caps sell at their biggest discount to large-caps since 2001. Even after a strong fourth quarter, these valuation discounts are still compelling.

CR I think strong calendar years sometimes lead investors to lose sight of the longer-term context. Even after a terrific 2019, many small-caps are still carrying what I'd call a recession discount from the deep downturn at the end of 2018—which is why so many valuations look realistic or better to us, particularly

Small-Caps Look Attractive vs. Large-Caps
Russell 2000 vs Russell 1000 Median Relative LTM EV/EBIT Ex. Negative EBIT[1]



[1] Earnings before interest and taxes. Source: FactSet

in cyclical areas. So in spite of 2019 being a terrific year for small-caps, the Russell 2000 finished 2019 more than 2% shy of its August 2018 peak—which was the index's all-time high. Small-caps have also advanced 37.3% cumulatively since their prior peak on 6/23/15, a period that saw the Russell 1000 increase more than 64%. Finally, three- and five-year annualized returns for the Russell 2000 were below their respective three- and five-year monthly rolling averages at the end of 2019. Small-cap's more modest performance in the context of its own history, along with its modest valuations, is another aspect of our favorable outlook.

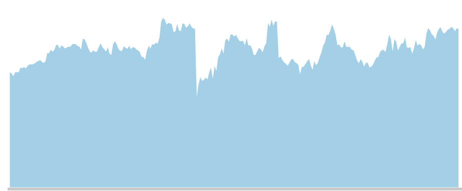
What do you think accounts for the absolute and relative strength of micro-cap stocks in 4Q19?

FG I think it was a constellation of factors. Part of it was reversion to the mean as micro-caps have trailed the rest of the market over the last few years, as Chuck noted—and have trailed large-cap by significant margins—so a rebound seemed inevitable at some point. More specifically, several micro-cap biotech companies were acquisition targets in the fourth quarter. Additionally, we've seen the ISM Manufacturing Index tick upward (though it fell back a bit in December) and credit conditions are very healthy. Along with a slowly recovering global economy, all of these factors played a role in micro-cap companies leading the market in the fourth quarter.

Can you discuss a micro-cap holding that's new to your high-quality strategy in 2019?

CR Mesa Laboratories, which is a company we've held in other portfolios for more than a decade, is a good example. It's an innovative business with a global presence. Mesa designs and manufactures quality control and calibration solutions primarily to the biopharma and healthcare industries, with a strong presence in niche applications in sterilization and disinfection and medical device quality assurance/quality control. Its customers have regulatory requirements that many of the firm's offerings must meet. These requirements are often specified into their manufacturing and workflows, creating customer "stickiness" and/or high switching costs. Additionally, a new CEO from Danaher joined Mesa a little more than two years ago. He's been implementing continuous operational improvements that will scale the company via acquisitions as Mesa looks to consolidate its highly fragmented industry.

Mesa Laboratories (Nasdaq: MLAB)
2019 Calendar Year

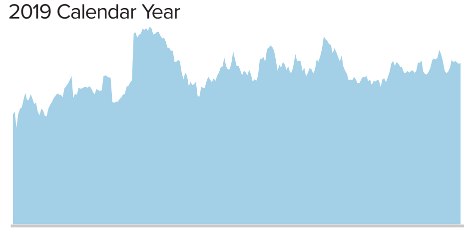


12/31/18 **$208.39** — 12/31/19 **$249.40**

Are you still focusing on companies that innovate, automate, or otherwise boost productivity?

CR Yes—and there seems to be an enduring bias that innovation is mostly the province of large-cap companies, which gives us the opportunity to find wonderful, innovative niche companies at attractive valuations. One example is Faro Technologies, a Florida-based company that provides measurement and imaging solutions for 3D manufacturing, construction, and other applications. The company offers a broad-based array of products and solutions that help make its clients' employees and processes more productive. With the ongoing shortage of skilled labor, we see a long runway for their offerings. Faro's experienced some earnings disappointments, which gave it an attractive entry price in the second half of 2019. We think it's a promising long-term opportunity, especially with a new CEO who's committed to revamp the firm's operations and add new talent to bolster leadership.

Faro Technologies (Nasdaq: FARO)
2019 Calendar Year



12/31/18 **$40.64** — 12/31/19 **$50.35**

In which sectors and industries have you been most active recently?

FG Throughout the firm, we've found the best values in the larger end of the micro-cap space and the smaller areas of small-cap across a variety of industries, including healthcare devices, diagnostics, and testing; paper & packaging; semiconductors and semiconductor capital equipment; chemicals; and consumer finance.

CR It seems to me that the market is starting to pivot from rewarding those areas that have succeeded to those that have lagged. So for the portfolios where I'm involved, we've been looking most closely at those areas that either didn't participate in 2019's upswing or trailed significantly. In addition to some of the areas Frank mentioned, we've looked at energy companies—mostly on the service side.

This makes me very excited about the prospects for select small-caps, particularly in cyclical areas, that haven't fully participated in the decade that's just passed.

Is your outlook for small-caps positive?

CR It is, yes. The backdrop looks quite favorable to us for solid to strong small-cap performance overall. We've talked before about four favorable factors in the current market environment—low inflation, modest valuations, moderate growth, and increased access to capital. Each of these remains present and suggests that small-cap returns can go higher, in particular for the many small-cap cyclical areas that we typically like best.

FG I think a few historical factors are also worth noting. Over the past 30 years, 76% of all monthly rolling 1-year returns for small-caps have been positive—they've had an average return of 11.5%. So investors who may be bearish on small-cap are betting against the odds. Second, to get a sense of what 2020 might have in store, we went back to the inception of the Russell 2000 and looked at the 11 calendar years when there was a decline, as in 2018, and what happened in the second subsequent year. In nine of those 11 years the Russell 2000 advanced by an average of 14.5%. (2000 and 2002 were the exceptions.)

And two consecutive years of double-digit increases are fairly common for small-caps. Periods in which a healthy second year followed a strong one came in 1988-9, 1991-2, 1995-6, 2003-4, 2009-10, 2012-13, and 2016-17. With the favorable conditions we've outlined above in mind, we suspect that the current small-cap rally can continue, with the potential to add 2019-20 to this list.

As you look back over the last decade, what are your thoughts for investors?

CR It certainly developed much differently than we expected. To somewhat echo our take on 2019, if at the beginning the decade we'd known about all of the challenges and troubles we would have to endure, I think we would have been very happy with the 11.8% annualized 10-year return for small-caps, which is higher than the 10-year monthly rolling average for the Russell 2000 of 9.8%. It was also one of the most interesting decades of my career, one in which financial assets did much, much better than the overall economy—which was mostly due to central bank interventions. We also saw developments such as negative interest rates—something that we never thought was possible. In addition, there was little or no penalty for companies that borrowed extensively. Finally, we saw the rapid emergence of a handful of companies that are growing at a pace which I can't recall seeing ever before for very large companies. I generally expect each of these unusual developments to unwind to some extent over the next decade. This makes me very excited about the prospects for select small-caps, particularly in cyclical areas, that haven't fully participated in the decade that's just passed.

What led the firm to introduce its new brand name, Royce Investment Partners?

CR It was really a matter of our brand identity catching up to the reality of our business. We've been running institutional products for more than three decades and have had sub-advisory relationships for several years—yet we knew that most people who knew us thought that we were mostly, if not exclusively, mutual fund managers. Over the last several years, we've also streamlined the number of our investment strategies and launched collective investment trusts, separately managed accounts, and new international distribution agreements. So as the firm, our offerings and vehicles, and client base have all evolved, it became increasingly important for our brand identity to represent to all of our constituents who we are now as a firm. We also wanted a name that reflects the importance we place on the spirit of partnership—with one another, our clients, and our companies.

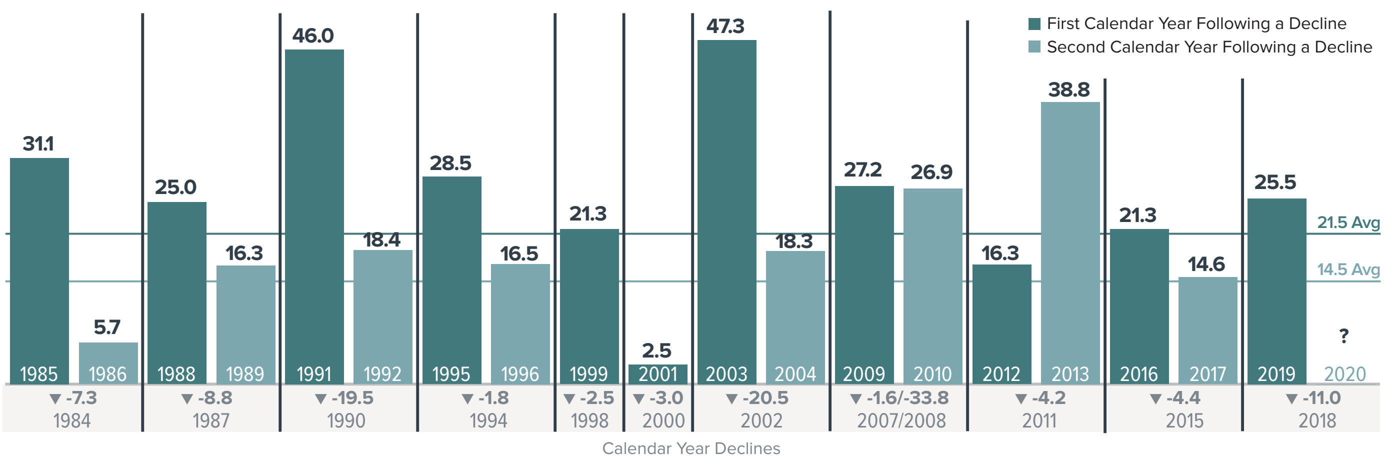
4Q19 Chart Book

A comprehensive overview of our asset class including long-term market cycles and performance patterns for large-cap vs small-cap and cyclicals vs. defensives.

1 Second Year After an Annual Decline Has Often Been a Good One

The second calendar year following a decline (2018 was the twelfth calendar year decline since the index's 1978 inception) has been positive in nine of 11 calendar years with an average return of 14.5%.

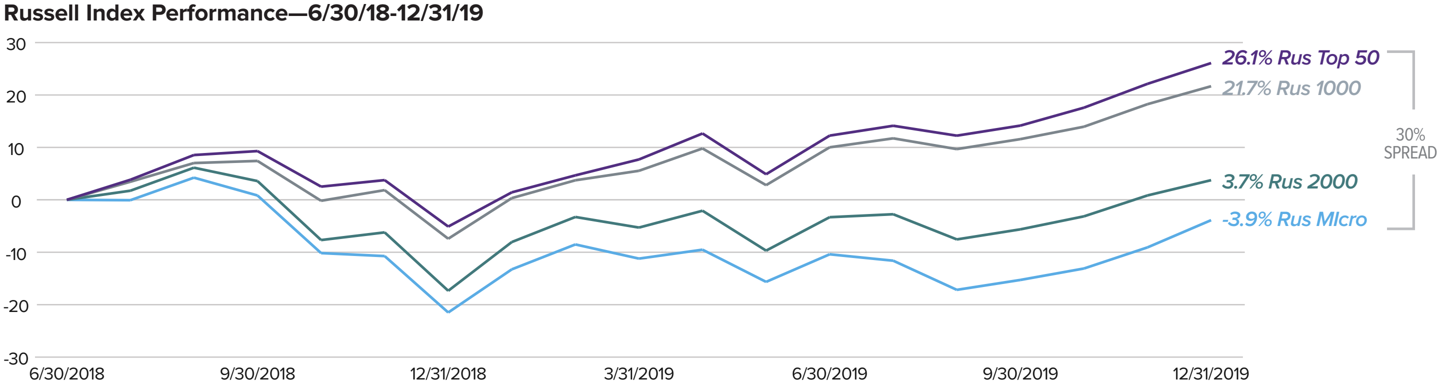
Russell 2000 Declines and Two Subsequent Calendar Year's Performance
From 12/31/78 through 12/31/19 (%)



2 Notable Index Performance Spreads

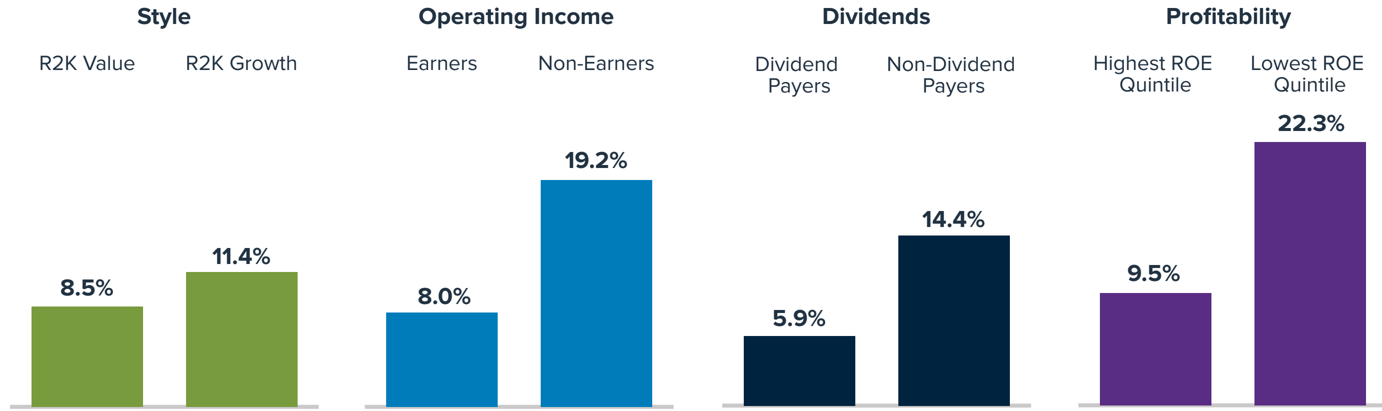
Large-Cap (+21.7%) and mega-cap (+26.1%) stocks, as represented by the Russell Top 50, have dominated market returns over the last 18 months, with the latter especially strong. Small- and micro-caps (3.7% and -3.9%), on the other hand, have lagged. The 18-month return spread between mega-caps and micro-caps of nearly 30% seems extreme.

Russell Index Performance—6/30/18-12/31/19



3 4Q19 Small-Cap Factor Overview

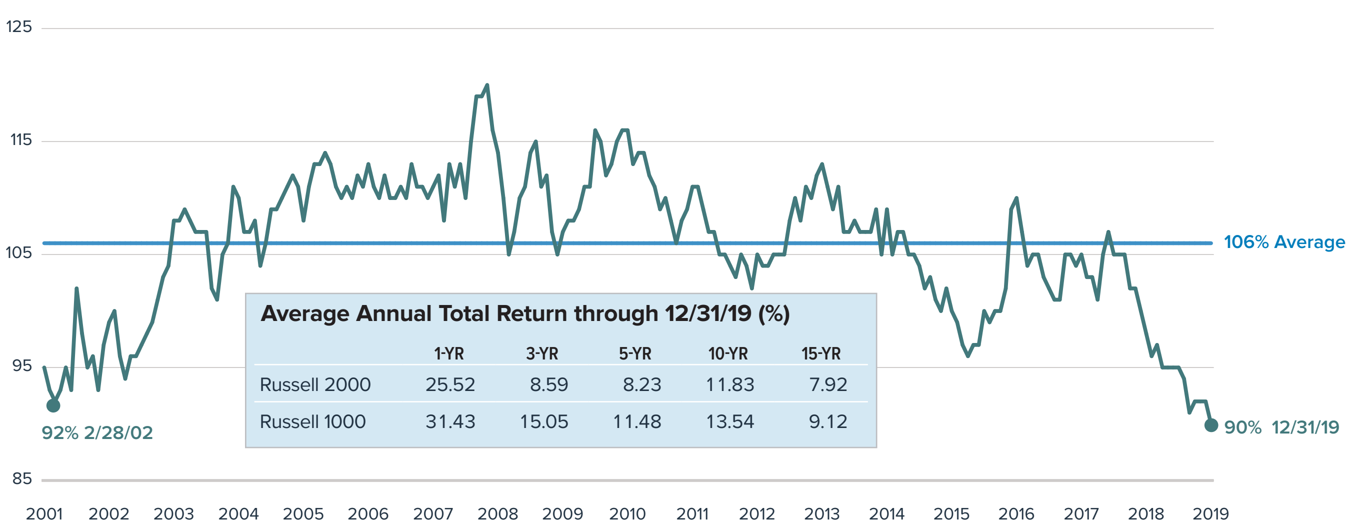
Within the Russell 2000, higher-quality and value stocks generally lagged in this strong quarter.



4 Small-Cap's Relative Valuation Is Significantly Below Its Long-Term Average

Small-caps have lagged large-caps for such an extended period that they are relatively cheaper now than they have been at any time over the past 20 years.

Russell 2000 vs. Russell 1000 Median LTM EV/EBIT[1] (ex. Negative EBIT Companies) from 12/31/01 to 12/31/19



Average Annual Total Return through 12/31/19 (%)

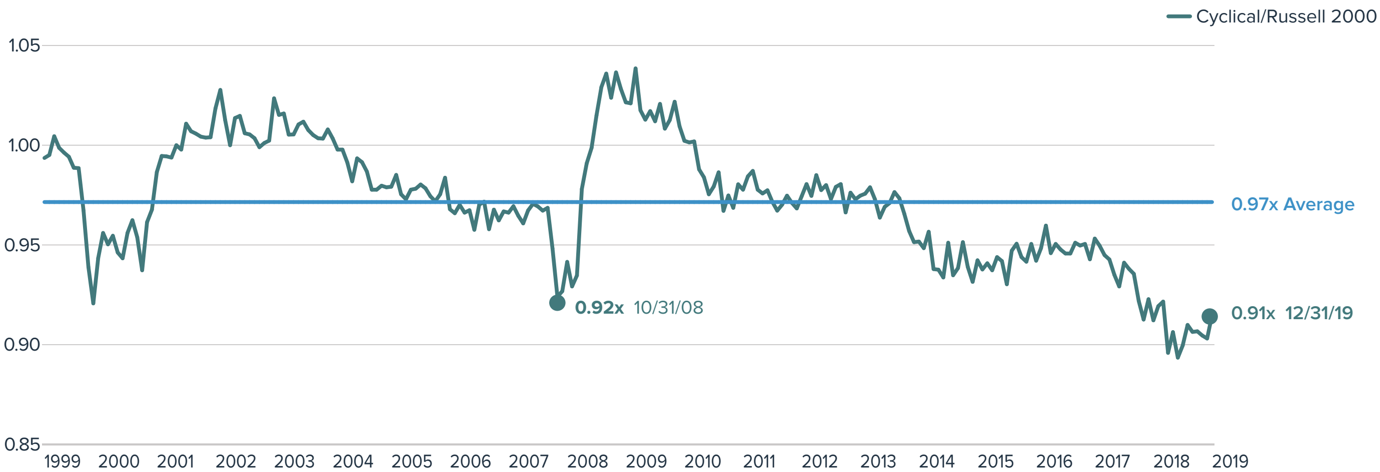
	1-YR	3-YR	5-YR	10-YR	15-YR
Russell 2000	25.52	8.59	8.23	11.83	7.92
Russell 1000	31.43	15.05	11.48	13.54	9.12

[1] Earnings before interest and taxes
Source: FactSet

5 Small-Cap Cyclicals Are Relatively Cheaper Than in 2008

As measured by EV/EBIT, small-cap cyclicals had among their largest valuation discount to the Russell 2000 in 20 years, at a slightly greater discount than even in October 2008 when there was widespread economic pessimism.

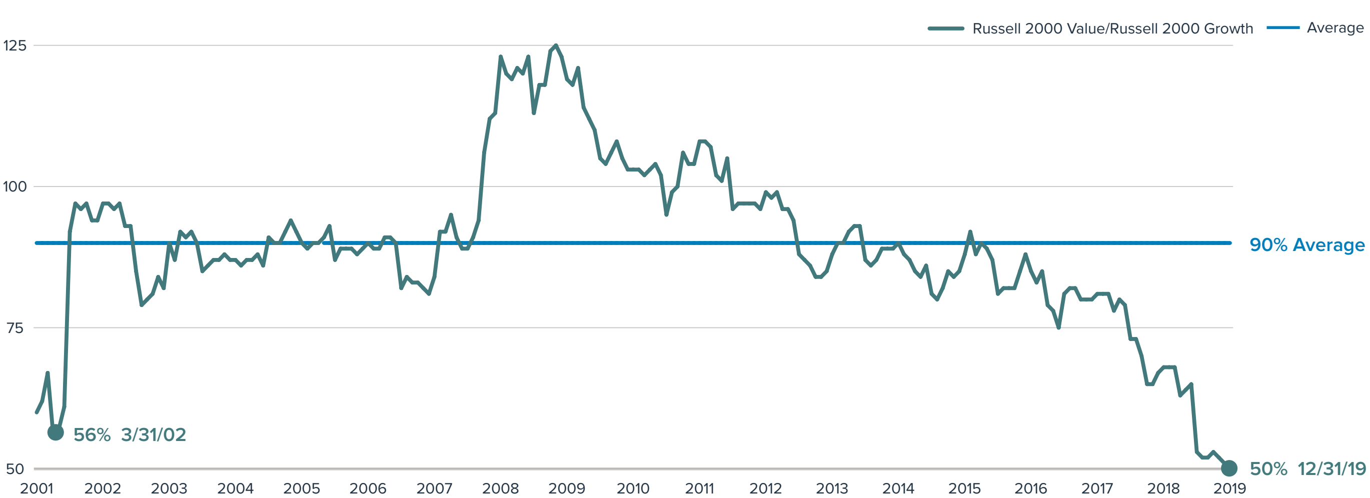
Russell 2000 Relative Median EV/EBIT (Ex Negative EBIT)
From 12/31/99 to 12/31/19



6 Small Value's Valuation Looks Cheap vs. Small Growth

Small-cap value continues to have a substantially more attractive valuation than small-cap growth, based on our preferred metric, median EV/EBIT. In fact, small-cap value finished December cheaper relative to growth than it's been in 20 years.

Russell 2000 Value and Growth Shifted Median Relative LTM EV/EBIT[1]
Russell 2000 Value/Growth from 12/31/01 to 12/31/19



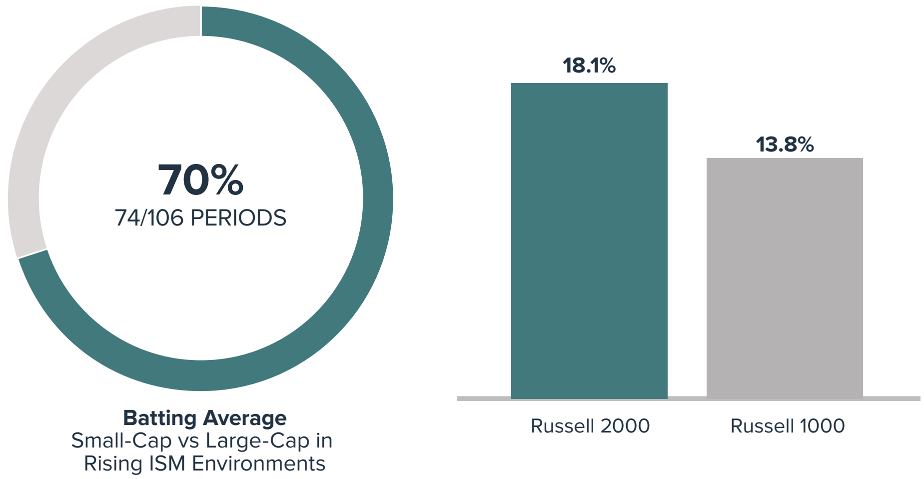
[1] Last twelve months enterprise value/earnings before interest and taxes.
Source: FactSet

7 How Have Small-Caps Performed When Economic Conditions Improve?

While the ISM Manufacturing Index, a proxy for current economic conditions, has been declining since last summer, that is likely to reverse at some point in the future.

Historically, periods when this index has risen have been good for small-caps on both an absolute and relative basis, especially versus large-caps.

Small-Cap Outperformed Large-Cap When the ISM Manufacturing Index Rose
Russell 2000 vs Russell 1000 Trailing Monthly Rolling 1-Year Returns
From 12/31/99 through 12/31/19



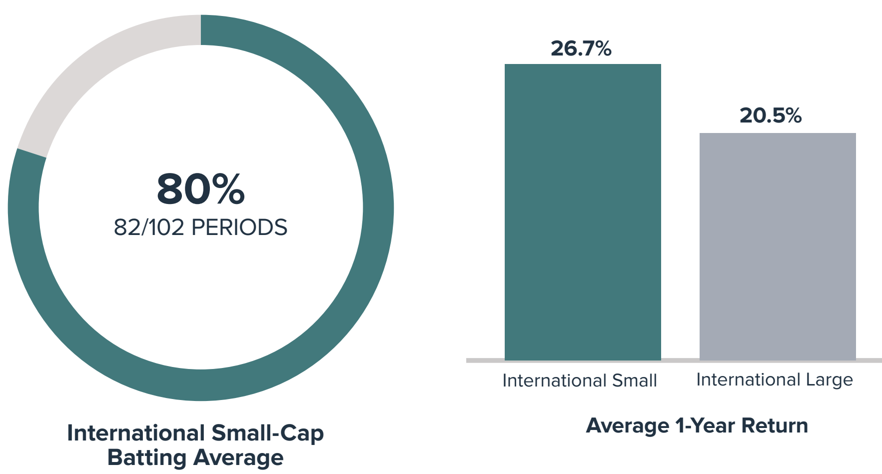
The ISM Manufacturing Index rose in 106 of 229 periods.

8 When International Has Outperformed U.S. – International Small-Cap Has Historically Outperformed International Large-Cap

International stocks have been lagging U.S. stocks for most of the past decade.

If that trend reverses, it may be valuable to know that in 12-month periods when international stocks have beaten U.S. stocks, international small-caps have usually beaten international large-caps.

When International Has Outperformed U.S...
Monthly Rolling Trailing 1-year Periods from the Index Inception (5/31/94) through 12/31/19



"International Large-Cap" is represented by the MSCI ACWI ex USA Large Cap Index and "International Small-Cap" by the MSCI ACWI ex USA Small Cap Index

The performance data and trends outlined in this presentation are presented for illustrative purposes only. Past performance is no guarantee of future results. Historical market trends are not necessarily indicative of future market movements.

4Q19 Fund Performance

The Russell 2000 Index gained 9.9%, outpacing the large-cap Russell 1000 Index, which was up 9.0%, while the Russell Microcap Index rose 13.5%, and the MSCI ACWI ex USA Small Cap Rose 11.1%. Within domestic small-cap, the Russell 2000 Growth Index (+11.4%) far advanced the Russell 2000 Value Index (+8.5%). Results were generally better the farther down the capitalization range one traveled, making us optimistic for small-cap performance going forward. All in all, 2019 was a strong year for equities.

Value

Royce Opportunity Fund outperformed the Russell 2000 Value Index and finished essentially even with the Russell 2000 Index during the quarter, gaining 9.9%. The largest positive contributions came from Information Technology and Industrials, while Consumer Staples and Utilities made the smallest contributions.

Royce Special Equity Fund finished the quarter with a gain of 7.6%, lagging both the Russell 2000 and the Russell 2000 Value Indexes. The strongest portfolio contribution for the quarter came from Consumer Discretionary, while Communication Services was the lone detractor.

Royce Total Return Fund returned 6.8%. Small-cap non dividend payers also beat dividend payers in the quarter. Industrials made the most sizable positive contributions to performance for 4Q19 while Communication Services hindered results most, though modestly.

Core

Royce Premier Fund advanced 8.5%, falling behind the Russell 2000 Index (though it significantly outpaced its benchmark in 2019). Industrials led as the greatest contributor to results, while Energy was the only detractor for the quarter.

Royce Pennsylvania Mutual Fund returned 8.7%, lagging the Russell 2000 Index for 4Q19 while beating it for the calendar year. Information Technology made the most sizable positive contributions to performance for the quarter. Conversely, Energy was the only detractor and its losses were minor.

Royce International Premier Fund outperformed the MSCI ACWI ex USA Small Cap Index for the quarter with a gain of 15.4%. Industrials and Information Technology led as the Fund's top contributors while Real Estate and Consumer Discretionary were the only two detractors for the quarter.

Average Annual Total Returns 12/31/19 (%)

FUND	STYLE[1]	4Q2019[2]	YTD[2]	1-YR	5-YR	10-YR	15-YR	20-YR	45-YR/SINCE INCEPT.	INCEPT. DATE	Annual Operating Expenses (%) 12/31/19	12/31/19
Opportunity	VALUE	9.93	28.21	28.21	7.02	11.09	7.77	10.43	11.68	11/19/96	1.20	1.20
Special Equity	VALUE	7.63	12.63	12.63	4.88	8.65	7.09	10.32	8.62	5/1/98	1.18	1.18
Total Return	VALUE	6.81	23.45	23.45	7.49	10.36	7.49	9.45	10.48	12/15/93	1.20	1.20
International Premier	CORE	15.33	34.22	34.22	13.49	N/A	N/A	N/A	8.59	12/31/10	1.59	1.44
Pennsylvania Mutual	CORE	8.74	26.56	26.56	8.28	10.52	8.08	10.12	15.37	N/A	0.92	0.92
Premier	CORE	8.54	34.13	34.13	10.52	11.30	9.69	11.01	11.77	12/31/91	1.17	1.17
Russell 2000		9.94	25.52	25.52	8.23	11.83	7.92	7.59	N/A	N/A	N/A	N/A
Russell 2000 Value		8.49	22.39	22.39	6.99	10.56	6.92	9.41	N/A	N/A	N/A	N/A
MSCI ACWI ex USA Small Cap		11.01	22.42	22.42	7.04	6.92	6.92	6.71	N/A	N/A	N/A	N/A

[1] Royce classifies a Fund as 'Value' because it anticipates the portfolio will have a weighted average price-to-book ratio lower than the Fund's benchmark or as 'Core' because it anticipates the portfolio will have a weighted average price-to-book ratio that is similar to, or somewhat higher than, the Fund's benchmark.

[2] Not Annualized.

Important Performance and Expense Information

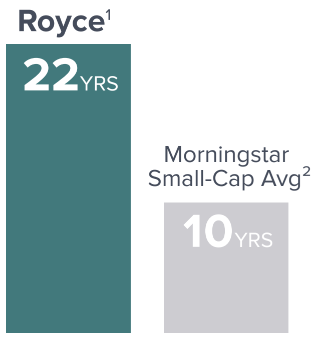
All performance information reflects past performance, is presented on a total return basis, reflects the reinvestment of distributions, and does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Past performance is no guarantee of 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 redeemed. Investment and Service Class shares redeemed within 30 days of purchase may be subject to a 1% redemption fee payable to the Fund (2% for International Premier Fund). Redemption fees are not reflected in the performance shown above; if such fees were reflected, performance would be lower. Current month-end performance may be higher or lower than performance quoted and may be obtained at www.royceinvest.com. All performance and expense information reflect results of the Fund's Investment Class shares. Gross annual operating expenses reflect the Fund's gross total annual operating expenses and include management fees, any 12b-1 distribution and service fees, other expenses, and any applicable acquired fund fees and expenses. Net annual operating expenses reflect contractual fee waivers and/or expense reimbursements. All expense information is reported as of the most current prospectus. Royce & Associates has contractually agreed, without right of termination, to waive fees and/or reimburse expenses to the extent necessary to maintain the Investment Class of International Premier Fund's net annual operating expenses (excluding brokerage commissions, taxes, interest, litigation expenses, acquired fund fees and expenses, and other expenses not borne in the ordinary course of business) at or below 1.19% through April 30, 2020. Acquired fund fees and expenses reflect the estimated amount of the fees and expenses incurred indirectly by any applicable Fund through its investments in mutual funds, hedge funds, private equity funds, and other investment companies.

All performance and risk information presented in this material prior to the commencement date of International Premier Fund Investment Class shares on 1/22/14 reflects Service Class results. Service, Consultant, and R Class shares bear an annual distribution expense that is not borne by each Fund's Investment Class. The Royce Funds invest primarily in securities of micro-cap, small-cap, and/or mid-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies (see "Primary Risks for Fund Investors" in the respective prospectus). The Funds may also invest to varying degrees in foreign securities, which may involve political, economic, currency, and other risks not encountered in U.S. investments.

What Makes Royce Distinctive?

Portfolio Manager Tenure

We have a seasoned staff of 17 portfolio managers

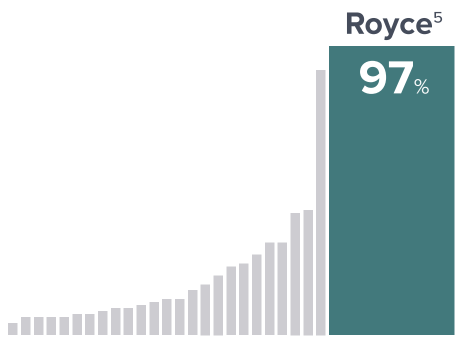


AVG YEARS OF MANAGER TENURE[3]

Small-Cap Specialists

26 firms have >$5B in small-cap fund assets[4]

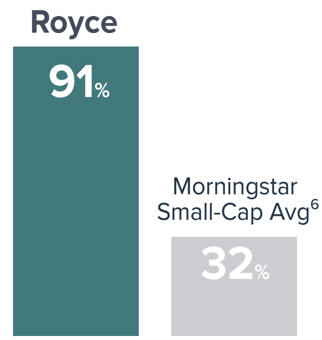
Only Royce has >90% AUM invested in small-cap



% OF TOTAL FUND ASSETS IN SMALL-CAP BY FIRMS WITH >$5B INVESTED IN SMALL-CAP

Significant Portfolio Manager Commitment

Portfolio managers have substantial ownership in the strategies they manage



PERCENTAGE OF FIRM ASSETS WHERE THE MANAGER INVESTS AT LEAST $1M[7]

Source: Morningstar

1 Includes all U.S. small-cap open end Royce Funds as categorized by Morningstar (8 Funds as of 12/31/19). **2** Includes all small-cap open-end mutual funds as categorized by Morningstar (529 Funds reported data as of 12/31/19). **3** Reflects the manager with the longest tenure on each fund including time spent as an assistant portfolio manager, co-portfolio manager or portfolio manager. **4** Includes Morningstar data of all open-end and closed-end equity funds domiciled in the U.S. as of 12/31/19, narrowing the list to include only those companies with at least one U.S. equity fund. From that group of 607 fund companies, products were included in at least one of the following categories: U.S. Fund Foreign Small/Mid Blend, U.S. Fund Foreign Small/Mid Growth, U.S. Fund Foreign Small/Mid Value, U.S. Fund Small Blend, U.S. CE Small Blend, U.S. Fund Small Growth, and U.S. Fund Small Value. This resulted in 243 firms with small-cap assets. We narrowed the list again to include only firms with more than $5 billion in small-cap assets and more than $10 billion in total assets, which resulted in 26 firms. **5** Includes all small-cap open-and closed end Royce Funds as categorized by Morningstar (11 Funds as of 12/31/19). **6** Includes any fund company with at least one small-cap open-end mutual fund as categorized by Morningstar (231 fund companies reported data as of 12/31/19). **7** The percentage of mutual fund assets with manager investment of more than $1 million shows the portion on an investment adviser's open-end mutual fund assets where at least one fund manager has invested more than $1 million in fund shares.

Cyclical and Defensive are defined as follows: Cyclical: Consumer Discretionary, Energy, Financials, Industrials, Information Technology, Materials. Defensive: Consumer Staples, Health Care, Real Estate, Telecommunication Services, Utilities. The **ISM Manufacturing Index** (ISM) monitors employment, production, inventories, new orders and supplier deliveries. The Russell 1000 Index is an unmanaged, capitalization-weighted index of domestic large-cap stocks. It measures the performance of the 1,000 largest publicly traded U.S. companies in the Russell 3000 Index. The Russell 2000 Value and Growth indexes consist of the respective value and growth stocks within the Russell 2000 as determined by Russell Investments. The Russell Microcap Index includes 1000 of the smallest securities in the small-cap Russell 2000 Index. The Russell Top 50 Mega Cap Index is an unmanaged, capitalization-weighted index of domestic mega-cap stocks that measures the performance of the 50 largest publicly traded U.S. companies in the Russell 3000 index. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. 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. Please read the prospectus carefully before investing or sending money. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The MSCI ACWI ex USA Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks, excluding the United States. Index returns include net reinvested dividends and/or interest income. The performance of an index does not represent exactly any particular investment as you cannot invest directly in an index. This material must be accompanied or preceded by a current prospectus. Royce & Associates, LP, the investment advisor of The Royce Fund and Royce Capital Fund, is a limited partnership organized under the laws of Delaware. Royce & Associates, LP primarily conducts its business under the name Royce Investment Partners. Distributor: Royce Fund Services, LLC.

ROYCE Investment Partners

745 Fifth Avenue, New York, NY 10151 | P (800) 221-4268

royceinvest.com

QMR-1219