AXIS CAPITAL HOLDINGS LTD
Form SC 13G/A
February 11, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13G

Under the Securities Exchange Act of 1934

(Amendment No.: 4)*

Name of issuer: Axis Capital Holdings Ltd

Title of Class of Securities: Common Stock

CUSIP Number: G0692U109

Date of Event Which Requires Filing of this Statement: December 31, 2018

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

(X) Rule 13d-1(b)

( ) Rule 13d-1(c)

( ) Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on the following page(s))

13G

CUSIP No.: G0692U109

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The Vanguard Group - 23-1945930

2. CHECK THE APPROPRIATE [LINE] IF A MEMBER OF A GROUP

A. B. X

3. SEC USE ONLY

4. CITIZENSHIP OF PLACE OF ORGANIZATION

Pennsylvania

(For questions 5-8, report the number of shares beneficially owned by each reporting person with:)

5. SOLE VOTING POWER

41,244

6. SHARED VOTING POWER

10,272

7. SOLE DISPOSITIVE POWER

7,378,119

8. SHARED DISPOSITIVE POWER

43,917

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,422,036

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

N/A

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

8.88%

12. TYPE OF REPORTING PERSON

IA

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Act of 1934

Check the following [line] if a fee is being paid with this statement N/A

Item 1(a) - Name of Issuer:

Axis Capital Holdings Ltd

Item 1(b) - Address of Issuer's Principal Executive Offices:

92 Pitts Bay Road

Pembroke, Bermuda HM 08

Item 2(a) - Name of Person Filing:

The Vanguard Group - 23-1945930

Item 2(b) – Address of Principal Business Office or, if none, residence:

100 Vanguard Blvd.

Malvern, PA 19355

Item 2(c) – Citizenship:

Pennsylvania

Item 2(d) - Title of Class of Securities:

Common Stock

Item 2(e) - CUSIP Number

G0692U109

Item 3 - Type of Filing:

This statement is being filed pursuant to Rule 13d-1. An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E).

Item 4 - Ownership:

(a) Amount Beneficially Owned:

7,422,036

(b) Percent of Class:

8.88%

(c) Number of shares as to which such person has:

(i) sole power to vote or direct to vote: 41,244

(ii) shared power to vote or direct to vote: 10,272

(iii) sole power to dispose of or to direct the disposition of: 7,378,119

(iv) shared power to dispose or to direct the disposition of: 43,917

Comments:

Item 5 - Ownership of Five Percent or Less of a Class:

Not Applicable

Item 6 - Ownership of More Than Five Percent on Behalf of Another Person:

Not applicable

Item 7 - Identification and Classification of the Subsidiary Which Acquired The Security Being Reported on by the Parent Holding Company:

See Attached Appendix A

Item 8 - Identification and Classification of Members of Group:

Not applicable

Item 9 - Notice of Dissolution of Group:

Not applicable

Item 10 - Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: 02/11/2019

By /s/ Christine M. Buchanan

Name: Christine M. Buchanan

Title: Principal

Appendix A

Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 32,277 shares or .03% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts.

Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 19,239 shares or .02% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

href="#page26_d">d 51,600 920,544

Satyam Computer Services ADR [b]
20,000 586,600
ManTech International Cl. A [a,d]
65,000 1,621,750
Stamps.com [a]
58,300 361,460
Manugistics Group [a,d]
49,200 307,500
Vastera [a]
15,000 60,000
Novell [a]
96,000 1,009,920

Progress Software [a]
30,500 624,030 7,941,798
SPSS [a,d]
107,500 1,922,100

Transaction Systems Architects Cl. A [a]
212,300 4,804,349
IT Services - 6.0%

American Management Systems [a,d]
331,900 5,001,733 18,179,009
Answerthink [a]
655,000 3,635,250

BearingPoint [a,d]
482,100 4,864,389
Telecommunication - 1.4%

Black Box [d]

47,000 2,165,290
ADC Telecommunications [a,d]
113,000 335,610
CIBER [a,d]
70,000 606,200
Andrew Corporation [a]
30,000 345,300
Covansys Corporation [a]
251,600 2,767,600
Catapult Communications [a]
75,100 1,088,950
DiamondCluster International Cl. A [a,d]
137,800 1,405,560
Covad Communications Group [a,d]
213,000 766,800
Forrester Research [a,d]
91,500 1,635,105
Globecomm Systems [a,d]
233,700 1,110,075
Gartner Cl. A [a,d]
291,000 3,291,210
IDT Corporation [a]
25,000 553,750
CGI Group Cl. A [a]
106,700 666,875
IDT Corporation Cl. B [a,d]
40,000 925,200
Keane [a]
443,000 6,485,520
Inet Technologies [a]
65,000 780,000
MAXIMUS [a,d]
107,400 4,202,562
Level 3 Communications [a,d]
388,400 2,213,880
Perot Systems Cl. A [a]
165,100 2,225,548
PECO II [a]
93,600 104,926
QRS Corporation [a]
57,500 466,900
Plantronics [a,d]
55,100 1,799,015
Sapient Corporation [a]
944,400 5,288,640
Time Warner Telecom Cl. A [a]
179,000 1,813,270
Syntel
72,400 1,789,004

Unisys Corporation [a,d]
325,000 4,826,250 11,836,776

51,323,636

Total (Cost $139,099,913)
198,827,922

Semiconductors and Equipment - 4.2%

Utilities 0.1%

Artisan Components [a,d]
15,000 307,500
Southern Union [a]
10,500 193,200
BE Semiconductor Industries [a]
58,000 492,420

Cabot Microelectronics [a]
125,000 6,125,000
Total (Cost $132,500)
193,200
CEVA [a,d]
31,666 329,326

Cognex Corporation
118,400 3,343,616
Miscellaneous 3.6%

Credence Systems [a,d]
10,600 139,496
Total (Cost $25,222,259)
30,284,076
Cymer [a,d]
14,500 669,755

DSP Group [a]
115,000 2,864,650
TOTAL COMMON STOCKS

DuPont Photomasks [a,d]
35,000 844,900
(Cost $602,959,556)
880,976,499
Electroglas [a,d]
281,700 1,028,205

Exar Corporation [a]
69,400 1,185,352
PREFERRED STOCK 0.1%

Fairchild Semiconductor Cl. A [a]
66,200 1,653,014
Aristotle Corporation 11.00% Conv.
4,800 36,720
GlobespanVirata [a]
76,000 446,880

Helix Technology
36,900 759,402
TOTAL PREFERRED STOCK

Integrated Circuit Systems [a]
75,000 2,136,750
(Cost $31,005)

36,720
Intevac [a]
109,050 1,538,696

Kulicke & Soffa Industries [a]
105,800 1,521,404 PRINCIPAL
Lattice Semiconductor [a,d]
254,000 2,458,720 AMOUNT
Mentor Graphics [a]
225,700 3,281,678

National Semiconductor [a]
38,200 1,505,462
CORPORATE BONDS 0.2%

Novellus Systems [a]
12,000 504,600
Dixie Group 7.00%

Semitool [a]
50,000 536,050
Conv. Sub. Deb. due 5/15/12
$537,000 472,560
Veeco Instruments [a,d]
65,000 1,833,000
Richardson Electronics 7.25%

Conv. Sub. Deb. due 12/15/06
1,319,000 1,213,480 35,505,876

TOTAL CORPORATE BONDS

Software - 2.1%

(Cost $1,570,870)
1,686,040
ANSYS [a]
10,000 397,000

Aspen Technology [a,d]
27,100 278,046
U.S. TREASURY OBLIGATIONS 3.2%

Autodesk
106,000 2,605,480
U.S. Treasury Notes

Business Objects ADR [a,b,d]
20,500 710,735
5.625%, due 2/15/06
25,000,000 26,942,375

TOTAL U.S. TREASURY OBLIGATIONS

(Cost $26,849,375)
26,942,375

ROYCE VALUE TRUST, INC.

SCHEDULE OF INVESTMENTS — DECEMBER 31, 2003

	VALUE
REPURCHASE AGREEMENT 19.0%	
State Street Bank & Trust Company, 0.30% dated 12/31/03, due 1/2/04, maturity value $162,203,703 (collateralized by U.S. Treasury Bonds, 0.00% due 3/25/04 and U.S. Treasury Notes, 1.50%-1.75% due 12/31/04-7/31/05, valued at $165,454,825) (Cost $162,201,000)	$ 162,201,000
COLLATERAL RECEIVED FOR SECURITIES LOANED 8.3%	
U.S. Treasury Bonds 10.375%-12.00% due 11/15/12-8/15/13	42,769
U.S. Treasury Notes 2.125%-3.875% due 5/31/04-7/15/12	5,623
U.S. Treasury Bills due 2/5/04	3,625
Money Market Funds State Street Navigator Securities Lending Prime Portfolio	$ 70,716,012
Total (Cost $70,768,029)	70,768,029
TOTAL INVESTMENTS 134.3% (Cost $864,379,835)	1,142,610,663
LIABILITIES LESS CASH AND OTHER ASSETS (8.4)%	(71,837,548)
PREFERRED STOCK (25.9)%	(220,000,000)
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS 100.0%	**$ 850,773,115**

[a] Non-income producing.
[b] American Depository Receipt.
[c] At December 31, 2003, the Fund owned 5% or more of the Company's outstanding voting securities thereby making the Company an Affiliated Company as that term is defined in the Investment Company Act of 1940. The market value and cost of the affiliates at December 31, 2003 was $18,656,762 and $15,311,408, respectively.
[d] A portion of these securities were on loan at December 31, 2003. Total market value of loaned securities at December 31, 2003 was $67,367,384.
[e] A security for which market quotations are no longer readily available represents 0.3% of net assets. This security has been valued at its fair value under procedures established by the Fund's Board of Directors.
 New additions in 2003.
Bold indicates the Fund's largest 20 equity holdings in terms of December 31, 2003 market value.

INCOME TAX INFORMATION: The cost of total investments for Federal income tax purposes was $867,973,689. At December

31, 2003, net unrealized appreciation for all securities was $274,636,974, consisting of aggregate gross unrealized appreciation of $317,612,471 and aggregate gross unrealized depreciation of $42,975,497. The primary differences in book and tax basis cost is the timing of the recognition of losses on securities sold and amortization of discount for book and tax purposes.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Value Trust, Inc.

Statement of Assets and Liabilities	December 31, 2003
ASSETS:	
Investments at value (cost $702,178,835) including $70,768,029 of collateral on loaned securities	$ 980,409,663
Repurchase agreement (at cost and value)	162,201,000
Cash	204,977
Receivable for investments sold	763,629
Receivable for dividends and interest	1,008,448
Prepaid expenses	20,856
Total Assets	1,144,608,573
LIABILITIES:	
Payable for collateral on loaned securities	70,768,029
Payable for investments purchased	1,612,603
Payable for investment advisory fee	977,568
Preferred dividends accrued but not yet declared	288,449
Accrued expenses	188,809
Total Liabilities	73,835,458
PREFERRED STOCK:	
5.90% Cumulative Preferred Stock $0.001 par value, $25 liquidation value per share; 8,800,000 shares outstanding	220,000,000
Total Preferred Stock	220,000,000
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 850,773,115
ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:	
Common Stock paid-in capital $0.001 par value per share; 49,956,349 shares outstanding (150,000,000 shares authorized)	$ 577,693,079
Accumulated net realized loss on investments	(4,862,343)
Net unrealized appreciation on investments	278,230,828
Preferred dividends accrued but not yet declared	(288,449)
Net Assets applicable to Common Stockholders (net asset value per share $17.03)	$ 850,773,115

ROYCE VALUE TRUST, INC.

STATEMENT OF OPERATIONS	YEAR ENDED DECEMBER 31, 2003
INVESTMENT INCOME:	
Income:	
Dividends	$ 6,586,470
Interest	1,147,303
Securities lending	139,448
Total income	7,873,221
Expenses:	
Investment advisory fees	10,196,974
Stockholder reports	354,471
Custody and transfer agent fees	221,988
Administrative and office facilities expenses	113,988
Professional fees	110,794
Directors fees	103,168
Other expenses	131,674
Total expenses	11,233,057
Fees waived by investment advisor	(866,667)
Net expenses	10,366,390
Net investment loss	(2,493,169)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain on investments	74,989,675
Net change in unrealized appreciation on investments	208,275,790
Net realized and unrealized gain on investments	283,265,465
NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	280,772,296
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	(12,274,332)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	$268,497,964

STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31, 2003	Year ended December 31, 2002
INVESTMENT OPERATIONS:		
Net investment loss	$ (2,493,169)	$ (583,347)
Net realized gain on investments	74,989,675	62,933,497
Net change in unrealized appreciation on investments	208,275,790	(156,381,089)
Net increase (decrease) in net assets resulting from investment operations	280,772,296	(94,030,939)
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:		
Net investment income	—	(581,030)
Net realized gain on investments	(12,252,107)	(11,398,970)
Quarterly distributions accrued but not yet declared	(22,225)	—
Total distributions to Preferred Stockholders	(12,274,332)	(11,980,000)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	268,497,964	(106,010,939)
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net investment income	—	(2,981,664)
Net realized gain on investments	(61,293,595)	(58,496,049)
Total distributions to Common Stockholders	(61,293,595)	(61,477,713)
CAPITAL STOCK TRANSACTIONS:		
Net proceeds from rights offering	54,487,617	—
Offering costs from issuance of Preferred Stock	(7,261,800)	—
Reinvestment of distributions to Common Stockholders	35,567,306	39,123,307
Total capital stock transactions	82,793,123	39,123,307
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	289,997,492	(128,365,345)
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:		
Beginning of year	560,775,623	689,140,968
End of year	$850,773,115	$ 560,775,623

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Value Trust, Inc.

FINANCIAL HIGHLIGHTS

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund’s performance for the periods presented.

	Years ended December 31,				
	2003	2002	2001	2000	1999
NET ASSET VALUE, BEGINNING OF PERIOD	$13.22	$17.31	$16.56	$15.77	$15.72
INVESTMENT OPERATIONS:					
Net investment income (loss)	(0.05)	(0.02)	0.05	0.18	0.26
Net realized and unrealized gain (loss) on investments	5.64	(2.25)	2.58	2.58	1.65
Total investment operations	5.59	(2.27)	2.63	2.76	1.91
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:					
Net investment income	—	(0.01)	(0.01)	(0.03)	(0.04)
Net realized gain on investments	(0.26)	(0.28)	(0.30)	(0.30)	(0.32)
Total distributions to Preferred Stockholders	(0.26)	(0.29)	(0.31)	(0.33)	(0.36)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	5.33	(2.56)	2.32	2.43	1.55
DISTRIBUTIONS TO COMMON STOCKHOLDERS:					
Net investment income	—	(0.07)	(0.05)	(0.13)	(0.15)
Net realized gain on investments	(1.30)	(1.44)	(1.44)	(1.35)	(1.22)
Total distributions to Common Stockholders	(1.30)	(1.51)	(1.49)	(1.48)	(1.37)
CAPITAL STOCK TRANSACTIONS:					
Effect of reinvestment of distributions by Common Stockholders	(0.00)	(0.02)	(0.08)	(0.16)	(0.13)
Effect of rights offering and Preferred Stock offering	(0.22)	—	—	—	—
Total capital stock transactions	(0.22)	(0.02)	(0.08)	(0.16)	(0.13)
NET ASSET VALUE, END OF PERIOD	$17.03	$13.22	$17.31	$16.56	$15.77
MARKET VALUE, END OF PERIOD	$17.21	$13.25	$15.72	$14.438	$13.063
TOTAL RETURN (a):					
Market Value	42.0%	(6.9)%	20.0%	22.7%	5.7%
Net Asset Value	40.8%	(15.6)%	15.2%	16.6%	11.7%
RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON					

STOCKHOLDERS:					
Total expenses (b,c)	1.49%	1.72%	1.61%	1.43%	1.39%
Management fee expense	1.34%	1.56%	1.45%	1.25%	1.18%
Other operating expenses	0.15%	0.16%	0.16%	0.18%	0.21%
Net investment income (loss)	(0.36)%	(0.09)%	0.35%	1.18%	1.47%
SUPPLEMENTAL DATA:					
Net Assets Applicable to Common Stockholders,					
End of Period (in thousands)	$850,773	$560,776	$689,141	$623,262	$552,928
Liquidation Value of Preferred Stock,					
End of Period (in thousands)	$220,000	$160,000	$160,000	$160,000	$160,000
Portfolio Turnover Rate	23%	35%	30%	36%	41%
PREFERRED STOCK:					
Total shares outstanding	8,800,000	6,400,000	6,400,000	6,400,000	6,400,000
Asset coverage per share	$121.68	$112.62	$132.68	$122.38	$111.40
Liquidation preference per share	$25.00	$25.00	$25.00	$25.00	$25.00
Average market value per share (d):					
5.90% Cumulative	$25.04	—	—	—	—
7.80% Cumulative	$25.87	$26.37	$25.70	$23.44	$24.98
7.30% Tax-Advantaged Cumulative	$25.53	$25.82	$25.37	$22.35	$24.24

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

(b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.19%, 1.38%, 1.30%, 1.12% and 1.06% for the periods ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

(c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.62%, 1.82%, 1.65%, 1.51% and 1.48% for the periods ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

(d) The average of month-end market values during the period that the preferred stock was outstanding.

Royce Value Trust, Inc.

Notes to Financial Statements

Summary of Significant Accounting Policies:

Royce Value Trust, Inc. ("the Fund") was incorporated under the laws of the State of Maryland on July 1, 1986 as a diversified closed-end investment company. The Fund commenced operations on November 26, 1986.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments:

Securities are valued as of the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) on the valuation date. Securities that trade on an exchange or Nasdaq are valued at their last reported sales price taken from the primary market in which each security trades or, if no sale is reported for such day, at their bid price. Other over-the-counter securities for which market quotations are readily available are valued at their bid price. Securities for which market quotations are not readily available are valued at their fair value under procedures established by the Fund's Board of Directors. Bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services.

Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date and any non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

Expenses:

The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Fund's operations, while expenses applicable to more than one of the Royce Funds are allocated in an equitable manner. Allocated personnel and occupancy costs related to The Royce Funds are included in administrative and office facilities expenses. The Fund has adopted a deferred fee agreement that allows the Fund's Directors to defer the receipt of all or a portion of Directors' Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption "Income Tax Information".

Distributions:

The Fund currently has a policy of paying quarterly distributions on the Fund's Common Stock. Distributions are currently being made at the annual rate of 9% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 2.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are recorded on an accrual basis and paid quarterly. The Fund is required to allocate long-term capital gain distributions and other types of income proportionately to distributions made to holders of shares of Common Stock and Preferred Stock. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax basis differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

Repurchase Agreements:

The Fund enters into repurchase agreements with respect to its portfolio securities solely with State Street Bank and Trust Company ("SSB&T"), the custodian of its assets. The Fund restricts repurchase agreements to maturities of no more than seven days. Securities pledged as collateral for repurchase agreements, which are held by SSB&T until maturity of the repurchase agreements, are marked-to-market daily and maintained at a value at least equal to the principal amount of the repurchase agreement (including accrued interest). Repurchase agreements could involve certain risks in the event of default or insolvency of SSB&T, including possible delays or restrictions upon the ability of the Fund to dispose of the underlying securities.

Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral on all securities loaned for the Fund is accepted in cash and is invested temporarily by the custodian. The collateral is equal to at least 100% of the current market value of the loaned securities.

Capital Stock:

The Fund issued 2,448,904 and 2,615,641 shares of Common Stock as reinvestment of distributions by Common Stockholders for the years ended December 31, 2003 and 2002, respectively.

On March 10, 2003, the Fund completed a rights offering of Common Stock to its stockholders at the rate of one common share for each 10 rights held by stockholders of record on January 28, 2003. The rights offering was fully subscribed, resulting in the issuance of 5,090,083 common shares at a price of $10.77, and proceeds of $54,820,194 to the Fund prior to the deduction of estimated expenses of $332,577. The net asset value per share of the Fund's Common Stock was reduced by approximately $0.07 per share as a result of the issuance.

On October 10, 2003, the Fund redeemed all (2,400,000 shares) of its then outstanding 7.80% Cumulative Preferred Stock at the redemption price of $25.00 per share plus accumulated and unpaid dividends through the redemption date of $0.0975 per share, and all (4,000,000 shares) of its outstanding 7.30% Tax-Advantaged Cumulative Preferred Stock at the redemption price of $25.00 per share plus accumulated and unpaid dividends through the redemption date of $0.09125 per share. On October 9, 2003, the Fund received net proceeds of $213,070,000 (after underwriting discounts of $6,930,000 and before estimated offering expenses of $331,800) from the public offering of 8,800,000 shares of 5.90% Cumulative Preferred Stock. Commencing October 9, 2008 and thereafter, the Fund, at its option, may redeem the 5.90% Cumulative Preferred Stock, in whole or in part, at the redemption price.

At December 31, 2003, 8,800,000 shares of the 5.90% Cumulative Preferred Stock were outstanding. The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody's, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of $25.00 per share plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Preferred Stock.

Under Emerging Issues Task Force (EITF) Topic D-98, Classification and Measurement of Redeemable Securities, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. Subject to the guidance of the EITF, the Fund's Cumulative Preferred Stock has been reclassified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements.

Investment Advisory Agreement:

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

The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets applicable to Common Stockholders plus the liquidation value of Preferred Stock for the rolling 60-month period ending with such month. The Basic Fee for each month is increased or decreased at the rate of 1/12 of .05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the S&P 600 for the performance period by more than two percentage points. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of .5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the S&P 600 by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of .5% and is payable if the percentage change in the investment record of the S&P 600 exceeds the investment performance of the Fund by 12 or more percentage points for the performance period.

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

Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund's Preferred Stock for any month in which the Fund's average annual NAV total return since issuance of the Preferred Stock fails to exceed the applicable Preferred Stock dividend rate.

For the year ended December 31, 2003 the Fund accrued and paid Royce advisory fees totaling $9,330,307, which is net of $866,667 voluntarily waived by Royce.

Royce Value Trust, Inc.

Notes to Financial Statements (continued)

Distributions to Stockholders:
The tax character of distributions paid to stockholders during 2003 and 2002 was as follows:

Distributions paid from:	2003	2002
Ordinary income	$ 1,416,811	$ 6,028,029
Long-term capital gain	72,128,891	67,429,684
	$ 73,545,702	$ 73,457,713

As of December 31, 2003, the tax basis components of distributable earnings included in stockholders equity were as follows:

Post October loss	$ (2,394,565)
Undistributed long-term capital gain	1,126,076
Unrealized appreciation	274,636,974
Accrued preferred distributions	(288,449)
	$ 273,080,036

Under current tax law, capital losses realized after October 31 and prior to the Funds fiscal year end may be deferred, as occuring on the first day of the following fiscal year.
For financial reporting purposes, capital accounts and distributions to shareholders are adjusted to reflect the tax character of permanent book / tax differences. For the year ended December 31, 2003, the Fund recorded the following permanent reclassifications, which relate primarily to the current net operating losses. Results of operations and net assets were not affected by these reclassifications.

Undistributed Net Investment Income	Accumulated Net Realized Gain (Loss)	Paid-in Capital
$ 2,493,169	$ (2,493,169)	$

Purchases and Sales of Investment Securities:
For the year ended December 31, 2003, the cost of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to $183,043,350 and $265,871,410, respectively.

Transactions in Shares of Affiliated Companies:
An Affiliated Company, as defined in the Investment Company Act of 1940, is a company in which a Fund owns 5% or more of the companys outstanding voting securities. The Fund effected the following transactions in shares of such companies during the year ended December 31, 2003:

Affiliated Company	Market Value 12/31/02	Purchases	Sales	Realized and Unrealized Gain (Loss)	Dividend Income	Market Value 12/31/03

Ascent Media Group Cl. A	$ 426,608		$ 1,224,840	$ 78,658		$ 0
CompX International	0	$ 2,531,550		554,530		3,086,080
Falcon Products	1,526,850	1,635,894	291,955	312,941		3,351,040
MGP Ingredients	2,505,360	842,029		3,225,433	$ 48,180	6,572,822
Peerless Mfg.	1,316,380			729,560		2,045,940
Richardson Electronics 7.25% Conv. due 12/15/06	1,055,200			158,280		1,213,480
Synalloy Corporation	0	1,797,450		589,950		2,387,400

Royce Value Trust, Inc.

Report of Independent Auditors

To the Board of Directors and Stockholders of Royce Value Trust, Inc.

We have audited the accompanying statement of assets and liabilities of Royce Value Trust, Inc., including the schedule of investments, as of December 31, 2003, and the related statement of operations for the year then ended, and the statement of changes in net assets for the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above and audited by us present fairly, in all material respects, the financial position of Royce Value Trust, Inc. at December 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, PA
January 24, 2004

ROYCE MICRO-CAP TRUST, INC.

SCHEDULE OF INVESTMENTS — DECEMBER 31, 2003

COMMON STOCKS — 102.4%

	SHARES	VALUE
Consumer Products — 9.0%		
Apparel and Shoes - 2.7%		
Ashworth [a]	40,000	$ 322,800
Delta Apparel	146,500	2,609,165
Innovo Group [a,c]	90,000	286,200
Kleinert's [a,d]	14,200	0
Marisa Christina [a]	76,600	122,560
Oshkosh B'Gosh Cl. A [c]	37,000	794,020
Skechers U.S.A. Cl. A [a,c]	47,000	383,050
Vans [a]	20,000	228,200
Weyco Group	60,000	2,018,940
		6,764,935
Collectibles - 1.0%		
The Boyds Collection [a,c]	227,700	967,725
Enesco Group [a]	52,400	540,768
Topps Company (The)	101,000	1,036,260
		2,544,753
Food/Beverage/Tobacco - 1.4%		
800 JR Cigar [a,d]	193,000	2,509,000
Green Mountain Coffee Roasters [a]	28,600	658,372
Monterey Pasta Company [a]	79,000	294,670
		3,462,042
Home Furnishing/Appliances - 1.2%		
Bassett Furniture Industries	26,300	433,950
Falcon Products [a]	150,000	660,000
Lifetime Hoan [c]	109,854	1,856,533

	SHARES	VALUE
Restaurants/Lodgings - 0.2%		
Angelo and Maxie's [a]	3,333	$ 4,733
Benihana Cl. A [a]	34,770	446,794
BUCA [a,c]	30,000	204,300
		655,827
Retail Stores - 4.0%		
Brookstone [a]	34,500	735,195
Buckle (The)	36,500	808,475
Cato Corporation Cl. A	58,000	1,189,000
Deb Shops	19,900	427,850
Dress Barn (The) [a]	53,660	804,363
FTD Cl. A [a,c]	10,000	246,400
Footstar [a,c]	97,000	371,510
InterTAN [a]	49,800	503,976
La Senza Corporation	99,900	977,858
Stein Mart [a]	285,200	2,350,048
United Retail Group [a]	60,600	179,376
Wet Seal (The) Cl. A [a,c]	157,000	1,552,730
		10,146,781
Other Consumer Services - 0.6%		
Ambassadors Group	7,500	176,175
Ambassadors International	6,100	76,250
E-LOAN [a,c]	80,500	239,890
First Cash Financial Services [a]	12,000	307,692
Rent-Way [a,c]	81,000	663,390
		1,463,397

Stanley Furniture Company [c]	2,500	78,750
		3,029,233
Publishing - 0.4%		
Information Holdings [a]	40,000	884,000
Sports and Recreation - 1.0%		
Johnson Outdoors Cl. A [a]	33,600	504,101
Monaco Coach [a]	75,900	1,806,420
National R.V. Holdings [a]	31,800	316,410
		2,626,931
Other Consumer Products - 1.3%		
Concord Camera [a,c]	30,000	277,500
Cross (A. T.) & Company Cl. A [a,c]	100,000	667,000
First Years (The)	25,600	382,464
JAKKS Pacific [a]	35,000	460,600
Lazare Kaplan International [a]	151,700	1,054,315
Water Pik Technologies [a]	46,500	570,555
		3,412,434
Total (Cost $14,988,862)		22,724,328
Consumer Services 5.1%		
Direct Marketing - 0.1%		
ValueVision Media Cl. A [a,c]	5,000	83,500
Leisure/Entertainment - 0.2%		
IMAX Corporation [a,c]	25,000	197,750
Singing Machine Company (The) [a,c]	118,000	282,020
TiVo [a,c]	20,000	148,000
		627,770
Total (Cost $9,437,883)		12,977,275
Diversified Investment Companies 0.4%		
Closed-End Mutual Funds - 0.4%		
Central Fund of Canada Cl. A	197,000	1,034,250
Total (Cost $856,524)		1,034,250
Financial Intermediaries 6.1%		
Banking - 1.6%		
First Midwest Financial	64,800	1,399,680
First National Lincoln	13,400	668,633
Lakeland Financial	22,500	794,700
Pacific Mercantile Bancorp [a,c]	15,000	145,050
Queen City Investments [a]	948	475,896
Sterling Bancorp	18,150	517,275
		4,001,234
Insurance - 4.5%		
Argonaut Group [a,c]	30,900	480,186
Ceres Group [a]	50,300	293,752
Independence Holding	18,630	442,463
NYMAGIC	67,900	1,861,818
Navigators Group [a,c]	37,200	1,148,364
PICO Holdings [a]	145,100	2,273,717
PMA Capital Cl. A [c]	80,000	409,600
PXRE Group	73,164	1,724,475
ProAssurance Corporation [a,c]	48,800	1,568,920
Wellington Underwriting	444,712	615,221
Zenith National Insurance	19,100	621,705
		11,440,221
Total (Cost $10,718,653)		15,441,455

SCHEDULE OF INVESTMENTS — DECEMBER 31, 2003

	SHARES	VALUE
Financial Services 1.0%		
Insurance Brokers - 0.4%		
Clark [a,c]	20,900	$ 402,116
CorVel Corporation [a,c]	18,750	705,000
		1,107,116
Other Financial Services - 0.6%		
MicroFinancial [a]	10,000	29,000
PRG-Schultz International [a,c]	305,000	1,494,500
		1,523,500
Total (Cost $2,163,397)		2,630,616
Health 11.1%		
Commercial Services - 3.7%		
BioReliance Corporation [a]	35,300	1,688,046
Bruker BioSciences [a]	200,300	911,365
First Consulting Group [a]	254,700	1,433,961
ICON ADR [a,b]	800	34,880
PAREXEL International [a,c]	121,400	1,973,964
The TriZetto Group [a,c]	181,500	1,170,675
Young Innovations	61,450	2,212,200
		9,425,091
Drugs and Biotech - 1.9%		
Antigenics [a,c]	60,800	688,256
Arena Pharmaceuticals [a,c]	14,000	86,800
BioSource International [a]	177,900	1,204,383
DUSA Pharmaceuticals [a]	20,000	101,000
Emisphere Technologies [a,c]	187,200	1,025,856
Geron Corporation [a,c]	6,000	59,820
Myriad Genetics [a,c]	55,000	707,300
Nabi Biopharmaceuticals [a]	5,000	63,550
Sangamo BioSciences [a]	10,000	55,400
VIVUS [a]	167,200	633,688
		4,626,053
Health Services - 1.5%		
ATC Healthcare Cl. A [a]	35,000	21,000
aaiPharma [a,c]	31,600	793,792
Covalent Group [a]	25,000	63,775
MIM Corporation [a,c]	68,100	478,743
MedCath Corporation [a,c]	18,000	188,280
Exactech [a]	63,000	$ 929,250
Interpore International [a,c]	22,600	293,800
Medical Action Industries [a,c]	43,500	813,885
Molecular Devices [a]	25,500	484,245
NMT Medical [a]	44,000	198,000
Orthofix International [a,c]	29,500	1,444,910
Osteotech [a]	22,100	194,480
PLC Systems [a]	105,200	122,032
Utah Medical Products [a]	42,300	1,096,416
		7,675,748
Total (Cost $18,685,321)		28,155,060
Industrial Products 14.8%		
Automotive - 0.6%		
Spartan Motors	40,800	412,080
Wescast Industries Cl. A	37,900	1,118,050
		1,530,130
Building Systems and Components - 2.0%		
Drew Industries [a]	15,000	417,000
Juno Lighting [a]	121,600	2,736,000
LSI Industries	67,812	915,462
Skyline Corporation	32,100	1,119,327
		5,187,789
Construction Materials - 1.8%		
Ash Grove Cement Company	8,000	944,000
Florida Rock Industries	25,000	1,371,250
Monarch Cement	50,410	958,294
Synalloy Corporation [a]	171,000	1,183,320
		4,456,864
Industrial Components - 2.7%		
Aaon [a]	47,500	921,975
Bel Fuse Cl. A	52,600	1,572,740
Penn Engineering & Manufacturing	56,600	1,077,098
Penn Engineering & Manufacturing Cl. A	30,800	520,520
Planar Systems [a,c]	10,000	243,200
Powell Industries [a]	85,800	1,643,070
Scientific Technologies [a]	10,700	49,776
Tech/Ops Sevcon	76,200	417,576
II-VI [a]	10,000	258,000

Quovadx [a]	65,000	318,500
RehabCare Group [a,c]	25,000	531,500
SFBC International [a,c]	10,000	265,600
Sierra Health Services [a,c]	40,000	1,098,000
Superior Consultant Holdings [a]	10,000	41,300
		3,800,490
Personal Care - 1.0%		
Compex Technologies [a,c]	47,000	392,920
Helen of Troy [a,c]	20,000	463,000
Lifeline Systems [a]	18,000	342,000
Ocular Sciences [a,c]	49,800	1,429,758
		2,627,678
Surgical Products and Devices - 3.0%		
Aksys [a,c]	76,000	671,080
Allied Healthcare Products [a]	258,400	994,840
Cantel Medical [a]	21,000	339,990
CONMED Corporation [a, c]	3,900	92,820

Woodhead Industries [c]	10,000	169,000
		6,872,955
Machinery - 0.8%		
Astec Industries [a]	40,200	493,254
Cascade Corporation	5,000	111,500
Hurco Companies [a]	16,100	86,135
LeCroy Corporation [a,c]	14,000	252,140
Lindsay Manufacturing [c]	10,000	252,500
MTS Systems	10,000	192,300
Mueller (Paul) Company	13,650	542,041
		1,929,870
Paper and Packaging - 0.1%		
Mod-Pac Corporation [a,c]	23,200	185,368
Pumps, Valves and Bearings - 1.5%		
Denison International ADR [a,b]	113,500	2,712,650
Sun Hydraulics	152,550	1,096,835
		3,809,485

Royce Micro-Cap Trust, Inc.

Schedule of Investments — December 31, 2003

	SHARES	VALUE
Industrial Products (continued)		
Specialty Chemicals and Materials - 2.6%		
Aceto	87,631	$ 2,238,096
American Pacific	36,000	345,600
Balchem Corporation	10,000	228,000
CFC International [a]	144,700	766,910
Eastern Company (The)	54,627	854,366
Hawkins	122,667	1,712,431
NuCo2 [a,c]	20,000	253,400
Park Electrochemical	10,000	264,900

	SHARES	VALUE
Engineering and Construction - 0.8%		
Comfort Systems USA [a]	122,200	$ 669,656
Devcon International [a]	21,700	151,900
Insituform Technologies Cl. A [a,c]	70,000	1,155,000
Keith Companies [a]	10,000	136,200
		2,112,756
Food/Tobacco Processors - 1.2%		
Galaxy Nutritional Foods [a]	108,500	272,335
	120,200	438,730

		6,663,703
Steel/Metal Fabrication & Distribution - 0.9%		
Encore Wire [a]	10,000	177,100
Metals USA [a]	60,000	604,200
NN	112,300	1,413,857
Universal Stainless & Alloy Products [a,c]	7,700	83,160
		2,278,317
Textiles - 0.1%		
Fab Industries [a]	56,400	296,100
Other Industrial Products - 1.7%		
BHA Group Holdings	96,915	2,437,412
Maxwell Technologies [a,c]	15,300	108,630
Myers Industries	29,342	355,625
Peerless Mfg. [a]	43,200	557,280
Quixote Corporation	36,000	878,760
		4,337,707
Total (Cost $23,301,321)		37,548,288

Industrial Services 14.1%

Advertising/Publishing - 0.8%		
FindWhat.com [a,c]	10,000	187,500
Modem Media Cl. A [a]	141,200	1,153,604
NetRatings [a]	50,000	571,500
		1,912,604
Commercial Services - 6.7%		
APAC Customer Services [a,c]	139,900	363,740
Administaff [a,c]	10,000	173,800
American Bank Note Holographics [a]	267,200	408,816
Bennett Environmental [a,c]	10,000	206,600
Butler International [a]	38,500	58,135
Carlisle Holdings [a]	390,000	2,398,500
Edgewater Technology [a]	18,339	89,128
Exponent [a]	67,900	1,453,060
iGATE Corporation [a]	299,700	2,352,645
Innodata Isogen [a]	125,000	500,000
Kforce [a]	55,000	513,700
Manufacturers Services [a,c]	139,000	845,120
NCO Group [a,c]	20,000	455,400
NIC [a,c]	26,800	215,204
ML Macadamia Orchards LP Cl. A		
Seneca Foods Cl. A [a]	62,500	1,343,750
Seneca Foods Cl. B [a]	42,500	935,000
		2,989,815
Industrial Distribution - 0.8%		
Central Steel & Wire	1,200	474,000
Elamex [a]	70,200	175,500
Lawson Products	16,200	537,516
Strategic Distribution	59,690	836,257
		2,023,273
Printing - 1.1%		
Bowne & Co.	66,500	901,740
Ennis Business Forms [c]	11,200	171,360
New England Business Service	32,400	955,800
Schawk Cl. A	56,700	772,821
		2,801,721
Transportation and Logistics - 2.1%		
AirNet Systems [a]	196,000	738,920
Forward Air [a]	43,800	1,204,500
Frozen Food Express Industries [a]	213,500	1,417,640
Hub Group Cl. A [a]	6,500	140,010
Knight Transportation [a,c]	38,925	998,426
Patriot Transportation Holding [a]	28,400	937,200
		5,436,696
Other Industrial Services - 0.6%		
Landauer	21,300	868,614
Team [a]	55,500	569,430
		1,438,044
Total (Cost $22,497,759)		35,643,977

Natural Resources 9.1%

Energy Services - 3.4%		
Carbo Ceramics	33,600	1,722,000
Core Laboratories [a]	24,000	400,560
Dril-Quip [a]	66,500	1,083,950
GulfMark Offshore [a]	69,200	968,800
Input/Output [a,c]	168,500	759,935
Lufkin Industries	34,800	1,001,892

New Horizons Worldwide [a]	141,000	802,149
Pegasystems [a]	165,500	1,426,610
Pemstar [a,c]	96,500	317,485
RemedyTemp Cl. A [a]	98,200	1,071,362
TRC Companies [a,c]	17,400	366,444
Volt Information Sciences [a]	36,600	827,160
Wackenhut Corrections [a]	54,200	1,235,760
Westaff [a]	362,500	848,250
		16,929,068

NATCO Group Cl. A [a]	100,400	762,036
Valley National Gases [a]	30,100	210,700
Veritas DGC [a]	93,400	978,832
Willbros Group [a]	55,900	671,918
		8,560,623
Oil and Gas - 3.1%		
Bonavista Energy Trust	142,000	2,306,326
Contango Oil & Gas Company [a]	50,000	349,500
Denbury Resources [a]	73,800	1,026,558
Evergreen Resources [a,c]	35,000	1,137,850
Nuvista Energy [a]	121,000	744,342

Royce Micro-Cap Trust, Inc.

Schedule of Investments — December 31, 2003

	SHARES	VALUE
Natural Resources (continued)		
Oil and Gas (continued)		
PetroCorp [a]	104,200	$ 1,402,532
Prima Energy [a]	21,000	738,360
Toreador Resources [a]	30,000	139,500
		7,844,968
Precious Metals and Mining - 1.1%		
Apex Silver Mines [a]	79,600	1,663,640
Brush Engineered Materials [a,c]	15,500	237,305
MK Gold [a]	603,700	917,624
		2,818,569
Real Estate - 1.5%		
HomeFed Corporation [a]	69,352	2,011,208
Liberte Investors [a,c]	247,700	1,748,762
Stratus Properties [a]	11,000	110,220
		3,870,190
Total (Cost $11,038,470)		23,094,350

	SHARES	VALUE
Jaco Electronics [a]	38,000	$ 261,820
Nu Horizons Electronics [a,c]	40,000	392,000
Pomeroy IT Solutions	33,000	486,420
Richardson Electronics	206,600	2,539,114
		4,905,674
Internet Software and Services - 0.8%		
Keynote Systems [a]	5,000	59,500
Lionbridge Technologies [a,c]	37,500	360,375
LookSmart [a,c]	20,000	31,000
Overstock.com [a,c]	14,500	287,970
RealNetworks [a,c]	65,700	375,147
Register.com [a]	41,857	219,749
Stamps.com [a]	111,000	688,200
		2,021,941
IT Services - 6.1%		
CIBER [a]	205,000	1,775,300
Computer Task Group [a]	341,100	1,326,879
Covansys Corporation [a]	265,500	2,920,500
DiamondCluster International Cl. A [a,c]	168,100	1,714,620
DynTek Cl. A [a,c]	199,000	143,280

Technology 26.7%		
Aerospace/Defense - 2.9%		
Astronics Corporation [a]	83,800	419,000
CPI Aerostructures [a]	56,000	666,400
Ducommun [a]	99,500	2,223,825
Fairchild Corporation (The) Cl. A [a,c]	57,500	289,800
HEICO Corporation	66,600	1,212,120
Herley Industries [a]	81,000	1,676,700
Kaman Corporation Cl. A	22,500	286,425
MAIR Holdings [a,c]	51,600	375,648
SIFCO Industries [a]	45,800	191,902
		7,341,820
Components and Systems - 5.3%		
Advanced Photonix Cl. A [a]	371,400	772,512
Bonso Electronics International[c]	50,000	410,000
CSP [a]	132,581	816,699
Cable Design Technologies [a,c]	30,000	269,700
Del Global Technologies [a]	168,279	336,558
Excel Technology [a]	97,900	3,216,994
Intrusion [a]	75,000	44,250
Kronos [a,c]	17,375	688,224
Lantronix [a]	219,500	256,815
MOCON	22,600	183,060
Mobility Electronics [a,c]	1,000	8,941
Newport Corporation [a,c]	45,000	743,850
OSI Systems [a]	22,000	422,620
Performance Technologies [a]	45,750	651,938
Plexus Corporation [a,c]	24,500	420,665
Printronix [a]	35,000	614,565
Rainbow Technologies [a]	31,500	354,690
REMEC [a,c]	172,500	1,450,725
Spectrum Control [a]	12,500	99,513
TransAct Technologies [a]	68,200	1,650,440
		13,412,759
Distribution - 1.9%		
Agilysys	90,000	1,003,500
Bell Industries [a]	85,700	222,820
Forrester Research [a]	105,500	1,885,285
Sapient Corporation [a]	685,000	3,836,000
SCB Computer Technology [a]	50,000	103,000
Syntel	56,800	1,403,528
Technology Solutions [a]	50,000	62,550
Tier Technologies Cl. B [a]	33,500	273,695
Tyler Technologies [a]	15,000	144,450
		15,589,087
Semiconductors and Equipment - 1.8%		
August Technology [a]	2,000	37,100
Exar Corporation [a]	68,500	1,169,980
FSI International [a,c]	34,500	254,610
Helix Technology	9,500	195,510
Inficon Holding ADR [a,b,c]	10,000	86,500
Intevac [a]	72,450	1,022,269
PDF Solutions [a,c]	30,000	447,000
Photronics [a,c]	29,750	592,620
Semitool [a,c]	25,500	273,386
Xicor [a,c]	35,000	396,900
		4,475,875
Software - 5.2%		
Aladdin Knowledge Systems [a]	77,300	690,289
ANSYS [a]	15,400	611,380
Applix [a]	20,000	70,600
ILOG ADR [a,b,c]	35,000	430,500
Indus International [a,c]	169,800	509,400
Integral Systems	58,300	1,254,616
JDA Software Group [a]	59,500	982,345
MSC.Software [a,c]	58,700	554,715
PLATO Learning [a]	121,142	1,278,048
SCO Group (The) [a,c]	23,500	399,500
SPSS [a,c]	91,900	1,643,172
Transaction Systems Architects Cl. A [a]	140,100	3,170,463
Verity [a]	95,000	1,585,550
		13,180,578

	SHARES	VALUE
Technology (continued)		
Telecommunication - 2.7%		
Anaren [a]	95,500	$ 1,348,460
Brooktrout [a]	28,400	357,272
C-COR.net [a]	5,000	55,650
Captaris [a]	50,000	281,000
Centillium Communications [a,c]	55,000	309,650
Computer Network Technology [a,c]	20,000	190,800
Giga-tronics [a]	3,200	6,400
ITXC Corporation [a,c]	36,000	155,520
Interland [a]	2,500	16,325
MetaSolv [a,c]	44,100	107,163
Optical Communication Products Cl. A [a]	45,000	166,500
PC-Tel [a]	31,100	329,971
Radyne ComStream [a]	21,400	178,069
SpectraLink Corporation	57,000	1,092,690
Tollgrade Communications [a,c]	20,000	350,600
ViaSat [a]	98,200	1,879,548
		6,825,618
Total (Cost $39,558,379)		67,753,352
Miscellaneous 5.0%		
Total (Cost $11,773,456)		12,553,169
TOTAL COMMON STOCKS		
(Cost $165,020,025)		259,556,120
PREFERRED STOCKS 0.5%		

	PRINCIPAL AMOUNT	VALUE
U.S. TREASURY OBLIGATIONS 2.0%		
U.S. Treasury Notes 1.875%, due 9/30/04	$5,000,000	$ 5,028,320
TOTAL U.S. TREASURY OBLIGATIONS (Cost $5,006,482)		5,028,320
REPURCHASE AGREEMENT 23.9%		
State Street Bank & Trust Company, 0.30% dated 12/31/03, due 1/2/04, maturity value $60,601,010 (collateralized by U.S. Treasury Notes, 1.625%-2.125% due 8/31/04-3/31/05, valued at $61,823,172) (Cost $60,600,000)		60,600,000
COLLATERAL RECEIVED FOR SECURITIES LOANED 8.4%		
U.S. Treasury Bonds 5.50%-14.00% due 11/15/09-8/15/28		82,914
U.S. Treasury Notes 3.00%-6.625% due 2/29/04-7/15/12		110,738
U.S. Treasury Strip-Principal 9.125% due 5/15/18		22,810
Money Market Funds		
State Street Navigator Securities Lending Prime Portfolio		20,960,303
Total (Cost $21,176,765)		21,176,765
TOTAL INVESTMENTS 137.2%		

Angelo and Maxie's 10.00% Conv.	6,991	17,827	(Cost $252,761,270)	347,759,017
Seneca Foods Conv. [a]	75,409	1,379,985		
			LIABILITIES LESS CASH AND OTHER ASSETS – (13.5)%	(34,333,965)
TOTAL PREFERRED STOCKS				
(Cost $957,998)		1,397,812	**PREFERRED STOCK – (23.7)%**	(60,000,000)
			NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS – 100.0%	**$ 253,425,052**

[a] Non-income producing.
[b] American Depository Receipt.
[c] A portion of these securities were on loan at December 31, 2003. Total market value of loaned securities at December 31, 2003 was $20,392,479.
[d] Securities for which market quotations are no longer readily available represent 0.99% of net assets. These securities have been valued at their fair value under procedures established by the Fund's Board of Directors.
[] New additions in 2003.
Bold indicates the Fund's largest 20 equity holdings in terms of December 31, 2003 market value.

INCOME TAX INFORMATION: The cost of total investments for Federal income tax purposes was $253,607,180. At December 31, 2003, net unrealized appreciation for all securities was $94,151,837, consisting of aggregate gross unrealized appreciation of $99,902,417 and aggregate gross unrealized depreciation of $5,750,580. The primary differences in book and tax basis cost is the timing of the recognition of losses on securities sold and amortization of discount for book and tax purposes.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Micro-Cap Trust, Inc.

Statement of Assets and Liabilities — December 31, 2003

ASSETS:	
Investments at value (cost $192,161,270) - including $21,176,765 of collateral on loaned securities	$ 287,159,017
Repurchase agreement (at cost and value)	60,600,000
Cash	2,738,816
Receivable for investments sold	217,109
Receivable for dividends and interest	137,093
Prepaid expenses	5,793
Total Assets	350,857,828

LIABILITIES:	
Payable for collateral on loaned securities	21,176,765
Payable for investments purchased	15,789,784
Payable for investment advisory fee	293,489
Preferred dividends accrued but not yet declared	80,000
Accrued expenses	92,738
Total Liabilities	37,432,776
PREFERRED STOCK:	
6.00% Cumulative Preferred Stock - $0.001 par value, $25 liquidation value per share; 2,400,000 shares outstanding	60,000,000
Total Preferred Stock	60,000,000
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 253,425,052
ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:	
Common Stock paid-in capital - $0.001 par value per share; 19,015,340 shares outstanding (150,000,000 shares authorized)	$145,700,538
Accumulated net investment income	3,449,948
Accumulated net realized gain on investments	9,356,819
Net unrealized appreciation on investments	94,997,747
Preferred dividends accrued but not yet declared	(80,000)
Net Assets applicable to Common Stockholders (net asset value per share - $13.33)	$253,425,052

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ROYCE MICRO-CAP TRUST, INC.

STATEMENT OF OPERATIONS	YEAR ENDED DECEMBER 31, 2003
INVESTMENT INCOME:	
Income:	
Dividends	$ 1,802,298
Interest	151,415
Securities lending	40,100
Total income	1,993,813
Expenses:	
Investment advisory fees	3,371,509
Custody and transfer agent fees	131,792

Stockholder reports	99,634
Professional fees	78,392
Directors fees	50,179
Administrative and office facilities expenses	32,106
Other expenses	73,364
Total expenses	3,836,976
Fees waived by investment advisor	(200,000)
Net expenses	3,636,976
Net investment loss	(1,643,163)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain on investments	30,865,842
Net change in unrealized appreciation on investments	67,143,086
Net realized and unrealized gain on investments	98,008,928
NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	96,365,765
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	(3,247,215)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	$ 93,118,550

Statements of Changes in Net Assets

	Year ended December 31, 2003	Year ended December 31, 2002
INVESTMENT OPERATIONS:		
Net investment loss	$ (1,643,163)	$ (2,363,582)
Net realized gain on investments	30,865,842	16,747,557
Net change in unrealized appreciation on investments	67,143,086	(38,936,315)
Net increase (decrease) in net assets resulting from investment operations	96,365,765	(24,552,340)
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:		
Net realized gain on investments	(3,236,104)	(3,100,000)
Quarterly distributions accrued but not yet declared	(11,111)	
Total distributions to Preferred Stockholders	(3,247,215)	(3,100,000)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	93,118,550	(27,652,340)
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net realized gain on investments	(16,874,985)	(13,769,198)
Total distributions to Common Stockholders	(16,874,985)	(13,769,198)
CAPITAL STOCK TRANSACTIONS:		

Offering costs from issuance of Preferred Stock	(2,097,350)	
Reinvestment of distributions to Common Stockholders	11,707,658	8,549,592
Total capital stock transactions	9,610,308	8,549,592
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	85,853,873	(32,871,946)
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:		
Beginning of year	167,571,179	200,443,125
End of year (including net investment income of $3,449,948 in 2003)	$253,425,052	$167,571,179

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Micro-Cap Trust, Inc.

Financial Highlights

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

	Years ended December 31,				
	2003	2002	2001	2000	1999
NET ASSET VALUE, BEGINNING OF PERIOD	$9.39	$11.83	$10.14	$11.00	$10.06
INVESTMENT OPERATIONS:					
Net investment income (loss)	(0.09)	(0.13)	(0.05)	0.09	0.12
Net realized and unrealized gain (loss) on investments	5.28	(1.29)	2.57	1.23	1.35
Total investment operations	5.19	(1.42)	2.52	1.32	1.47
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:					
Net investment income				(0.01)	(0.05)
Net realized gain on investments	(0.18)	(0.18)	(0.19)	(0.22)	(0.18)
Total distributions to Preferred Stockholders	(0.18)	(0.18)	(0.19)	(0.23)	(0.23)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	5.01	(1.60)	2.33	1.09	1.24

DISTRIBUTIONS TO COMMON STOCKHOLDERS:					
Net investment income				(0.09)	(0.06)
Net realized gain on investments	(0.92)	(0.80)	(0.57)	(1.63)	(0.21)
Total distributions to Common Stockholders	(0.92)	(0.80)	(0.57)	(1.72)	(0.27)
CAPITAL STOCK TRANSACTIONS:					
Effect of Preferred Stock Offering	(0.11)				
Effect of reinvestment of distributions by Common Stockholders	(0.04)	(0.04)	(0.07)	(0.23)	(0.03)
Total capital stock transactions	(0.15)	(0.04)	(0.07)	(0.23)	(0.03)
NET ASSET VALUE, END OF PERIOD	$13.33	$9.39	$11.83	$10.14	$11.00
MARKET VALUE, END OF PERIOD	$12.60	$8.44	$10.50	$8.625	$9.00
TOTAL RETURN (a):					
Market Value	63.6%	(12.7)%	28.8%	15.3%	4.5%
Net Asset Value	55.6%	(13.8)%	23.4%	10.9%	12.7%
RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:					
Total expenses (b,c)	1.82%	1.96%	1.78%	1.32%	1.27%
Management fee expense	1.59%	1.59%	1.57%	1.08%	0.91%
Other operating expenses	0.23%	0.37%	0.21%	0.24%	0.36%
Net investment income (loss)	(0.82)%	(1.23)%	(0.43)%	0.74%	1.20%
SUPPLEMENTAL DATA:					
Net Assets Applicable to Common Stockholders, End of Period (in thousands)	$253,425	$167,571	$200,443	$163,820	$151,269
Liquidation Value of Preferred Stock, End of Period (in thousands)	$60,000	$40,000	$40,000	$40,000	$40,000
Portfolio Turnover Rate	26%	39%	27%	49%	49%
PREFERRED STOCK:					
Total shares outstanding	2,400,000	1,600,000	1,600,000	1,600,000	1,600,000
Asset coverage per share	$130.59	$129.73	$150.28	$127.39	$119.54
Liquidation preference per share	$25.00	$25.00	$25.00	$25.00	$25.00
Average market value per share (d):					
6.00% Cumulative	$25.37				
7.75% Cumulative	$25.70	$25.91	$25.30	$23.08	$24.67

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

(b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.49%, 1.62%, 1.46%, 1.06% and 0.98% for the periods ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

(c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.92%, 2.04%, 1.81% and 1.44% for the periods ended December 31, 2003, 2002, 2001 and 1999, respectively.

(d) The average of month-end market values during the period that the preferred stock was outstanding.

Royce Micro-Cap Trust, Inc.

Notes to Financial Statements

Summary of Significant Accounting Policies:

Royce Micro-Cap Trust, Inc. (the Fund) was incorporated under the laws of the State of Maryland on September 9, 1993 as a diversified closed-end investment company. The Fund commenced operations on December 14, 1993.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments:

Securities are valued as of the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) on the valuation date. Securities that trade on an exchange or Nasdaq are valued at their last reported sales price taken from the primary market in which each security trades or, if no sale is reported for such day, at their bid price. Other over-the-counter securities for which market quotations are readily available are valued at their bid price. Securities for which market quotations are not readily available are valued at their fair value under procedures established by the Funds Board of Directors. Bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services.

Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date and any non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

Expenses:

The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Funds operations, while expenses applicable to more than one of the Royce Funds are allocated in an equitable manner. Allocated personnel and occupancy costs related to The Royce Funds are included in administrative and office facilities expenses. The Fund has adopted a deferred fee agreement that allows the Funds Directors to defer the receipt of all or a portion of Directors Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption Income Tax Information.

Distributions:

The Fund currently has a policy of paying quarterly distributions on the

Fund's Common Stock. Distributions are currently being made at the annual rate of 9% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 2.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are recorded on an accrual basis and paid quarterly. The Fund is required to allocate long-term capital gain distributions and other types of income proportionately to distributions made to holders of shares of Common Stock and Preferred Stock. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax basis differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

Repurchase Agreements:

The Fund enters into repurchase agreements with respect to its portfolio securities solely with State Street Bank and Trust Company ("SSB&T"), the custodian of its assets. The Fund restricts repurchase agreements to maturities of no more than seven days. Securities pledged as collateral for repurchase agreements, which are held by SSB&T until maturity of the repurchase agreements, are marked-to-market daily and maintained at a value at least equal to the principal amount of the repurchase agreement (including accrued interest). Repurchase agreements could involve certain risks in the event of default or insolvency of SSB&T, including possible delays or restrictions upon the ability of the Fund to dispose of the underlying securities.

Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral on all securities loaned for the Fund is accepted in cash and is invested temporarily by the custodian. The collateral is equal to at least 100% of the current market value of the loaned securities.

Royce Micro-Cap Trust, Inc.

Notes to Financial Statements (continued)

Capital Stock:

The Fund issued 1,173,282 and 896,290 shares of Common Stock as reinvestment of distributions by Common Stockholders for the years ended December 31, 2003 and 2002, respectively.

On October 20, 2003, the Fund redeemed all (1,600,000 shares) of its then outstanding 7.75% Cumulative Preferred Stock at the redemption price of $25.00 per share plus accumulated and unpaid dividends through the redemption date of $0.15069 per share. On October 16, 2003, the Fund received net proceeds of $58,110,000 (after underwriting discounts of $1,890,000 and before estimated offering expenses of $207,350) from the public offering of 2,400,000 shares of 6.00% Cumulative Preferred Stock. Commencing October 16, 2008 and thereafter, the Fund, at its option, may redeem the 6.00% Cumulative Preferred Stock, in whole or in part, at the redemption price.

At December 31, 2003, 2,400,000 shares of the 6.00% Cumulative Preferred Stock were outstanding. The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody’s, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of $25.00 per share plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund’s ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Preferred Stock.

Under Emerging Issues Task Force (EITF) Topic D-98, Classification and Measurement of Redeemable Securities, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. Subject to the guidance of the EITF, the Fund’s Cumulative Preferred Stock has been reclassified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements.

Investment Advisory Agreement:

As compensation for its services under the Investment Advisory Agreement, Royce & Associates, LLC (“Royce”) receives a fee comprised of a Basic Fee (“Basic Fee”) and an adjustment to the Basic Fee based on the investment performance of the Fund in relation to the investment record of the Russell 2000.

The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund’s month-end net assets applicable to Common Stockholders plus the liquidation value of Preferred Stock for the rolling 36-month period ending with such month. The Basic Fee for each month is increased or decreased at the rate of 1/12 of .05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the Russell 2000 for the performance period by more than two percentage points. The performance period for each such month is a rolling 36-month period ending with such month. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of .5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the Russell 2000 by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of .5% and is payable if the percentage change in the investment record of the Russell 2000 exceeds the investment performance of the Fund by 12 or more percentage points for the performance period.

Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund’s Preferred Stock for any month in which the Fund’s average annual NAV total return since issuance of the Preferred Stock fails to exceed the Preferred Stock’s dividend rate.

For the year ended December 31, 2003 the Fund accrued and paid Royce advisory fees totaling $3,171,509, which is net of $200,000 voluntarily waived by Royce.

ROYCE MICRO-CAP TRUST, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Distributions to Stockholders:
The tax character of distributions paid to stockholders during 2003 and 2002 was as follows:

Distributions paid from:	2003	2002
Ordinary income	$ 3,217,774	$
Long-term capital gain	16,893,315	16,869,198
	$ 20,111,089	$ 16,869,198

As of December 31, 2003, the tax basis components of distributable earnings included in stockholders equity were as follows:

Undistributed net investment income	$ 3,449,948
Undistributed long-term gain	10,202,729
Unrealized appreciation	94,151,837
Accrued preferred distributions	(80,000)
	$ 107,724,514

For financial reporting purposes, capital accounts and distributions to shareholders are adjusted to reflect the tax character of permanent book / tax differences. For the year ended December 31, 2003, the Fund recorded the following permanent reclassifications, which relate primarily to the current net operating losses. Results of operations and net assets were not affected by these reclassifications.

Undistributed Net Investment Income	Accumulated Net Realized Gain (Loss)	Paid-in Capital
$ 5,093,111	$ (5,084,534)	$ (8,577)

Purchases and Sales of Investment Securities:
For the year ended December 31, 2003, the cost of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to $59,049,805 and $94,203,089, respectively.

Transactions in Shares of Affiliated Companies:
An Affiliated Company, as defined in the Investment Company Act of 1940, is a company in which a Fund owns 5% or more of the companys outstanding voting securities. The Fund effected the following transactions in shares of such companies during the year ended December 31, 2003:

Affiliated Company	Market Value 12/31/02	Purchases	Sales	Realized and Unrealized Gain (Loss)	Dividend Income	Market Value 12/31/03
Technical Communications	$ 34,812		$ 108,304	$ (49,170)		0

Report of Independent Auditors

To the Board of Directors and Stockholders of Royce Micro-Cap Trust, Inc.

We have audited the accompanying statement of assets and liabilities of Royce Micro-Cap Trust, Inc., including the schedule of investments, as of December 31, 2003, and the related statement of operations for the year ended, and the statement of changes in net assets for the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above and audited by us present fairly, in all material respects, the financial position of Royce Micro-Cap Trust, Inc. at December 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Philadelphia, PA
January 24, 2004

TAIT, WELLER & BAKER

Royce Focus Trust, Inc.

Schedule of Investments

December 31, 2003

COMMON STOCKS – 95.2%

	SHARES	VALUE
Consumer Products – 9.6%		
Sports and Recreation - 6.3%		
Callaway Golf	100,000	$ 1,685,000
Oakley	75,000	1,038,000
Winnebago Industries	40,000	2,750,000

	SHARES	VALUE
Industrial Products – 10.6%		
Building Systems and Components - 4.1%		
Simpson Manufacturing [a]	70,000	$ 3,560,200
Construction Materials - 2.8%		

		5,473,000
Other Consumer Products - 3.3%		
Matthews International Cl. A	42,500	1,257,575
Yankee Candle Company [a]	60,000	1,639,800
		2,897,375
Total (Cost $5,161,556)		8,370,375
Consumer Services — 6.3%		
Direct Marketing - 3.9%		
Nu Skin Enterprises Cl. A	200,000	3,418,000
Retail Stores - 2.4%		
Big Lots [a]	89,400	1,270,374
Charming Shoppes [a]	140,000	756,000
		2,026,374
Total (Cost $3,217,258)		5,444,374
Financial Intermediaries — 14.2%		
Insurance - 8.9%		
Alleghany Corporation [a]	12,300	2,736,750
ProAssurance Corporation [a]	47,155	1,516,034
White Mountains Insurance Group [c]	4,000	1,839,800
Zenith National Insurance	50,000	1,627,500
		7,720,084
Securities Brokers - 0.7%		
E*TRADE Financial [a]	50,000	632,500
Other Financial Intermediaries - 4.6%		
TSX Group	120,000	3,983,441
Total (Cost $6,587,007)		12,336,025
Financial Services — 4.1%		
Information and Processing - 2.7%		
eFunds Corporation [a]	135,000	2,342,250
Investment Management - 1.4%		
U.S. Global Investors Cl. A [a]	295,605	1,247,453

Florida Rock Industries	45,000	2,468,250
Machinery - 3.7%		
Lincoln Electric Holdings	75,000	1,855,500
Woodward Governor Company	24,400	1,386,652
		3,242,152
Total (Cost $3,876,158)		9,270,602
Industrial Services — 7.4%		
Commercial Services - 5.0%		
Carlisle Holdings [a,c]	350,000	2,152,500
Cornell Companies [a]	75,000	1,023,750
West Corporation [a]	50,000	1,161,500
		4,337,750
Engineering and Construction - 2.4%		
Dycom Industries [a]	80,000	2,145,600
Total (Cost $2,892,439)		6,483,350
Natural Resources — 19.3%		
Energy Services - 5.5%		
Ensign Resource Service Group	150,000	2,390,993
Input/Output [a]	250,000	1,127,500
Tesco Corporation [a]	150,000	1,219,500
		4,737,993
Oil and Gas - 2.2%		
Tom Brown [a]	60,000	1,935,000
Precious Metals and Mining - 11.6%		
AngloGold ADR [b]	25,000	1,167,500
Glamis Gold [a]	125,000	2,140,000
Goldcorp	180,000	2,871,000
Hecla Mining Company [a]	350,000	2,901,500
Meridian Gold [a]	69,800	1,019,778
		10,099,778
Total (Cost $11,632,734)		16,772,771
Technology — 11.5%		

Total (Cost $2,386,379)		3,589,703
Health – 12.2%		
Commercial Services - 1.5%		
Covance [a]	50,000	1,340,000
Drugs and Biotech - 9.0%		
Antigenics [a,c]	40,300	456,196
Emisphere Technologies [a]	100,200	549,096
Endo Pharmaceuticals Holdings [a]	150,000	2,889,000
Lexicon Genetics [a]	300,000	1,767,000
Perrigo Company	77,300	1,215,156
VIVUS [a]	250,000	947,500
		7,823,948
Personal Care - 1.7%		
Ocular Sciences [a]	50,000	1,435,500
Total (Cost $7,250,260)		10,599,448

Distribution - 1.7%		
Richardson Electronics	120,000	1,474,800
IT Services - 1.4%		
Syntel	50,000	1,235,500
Semiconductors and Equipment - 3.2%		
CEVA [a]	183,400	1,907,360
Exar Corporation [a]	50,000	854,000
		2,761,360
Software - 3.4%		
PLATO Learning [a]	116,200	1,225,910
Transaction Systems Architects Cl. A [a]	75,000	1,697,250
		2,923,160
Telecommunication - 1.8%		
ViaSat [a]	83,700	1,602,018
Total (Cost $5,622,454)		9,996,838

Royce Focus Trust, Inc.

Schedule of Investments — December 31, 2003

	PRINCIPAL AMOUNT	VALUE
TOTAL COMMON STOCKS (Cost $48,626,245)		$ 82,863,486
CORPORATE BONDS – 3.5%		
E*TRADE Financial 6.00% Conv. Sub Note due 2/1/07	$ 3,000,000	3,075,000

	VALUE
REPURCHASE AGREEMENT – 15.3%	
State Street Bank & Trust Company, 0.30% dated 12/31/03, due 1/2/04, maturity value $13,314,222 (collateralized by U.S. Treasury Notes, 4.25% due 11/15/13, valued at $13,582,575) (Cost $13,314,000)	$ 13,314,000

TOTAL CORPORATE BONDS		
(Cost $2,311,498)		3,075,000
GOVERNMENT BONDS 7.7%		
New Zealand 6.50%, due 2/15/06	10,000,000	6,664,122
TOTAL GOVERNMENT BONDS		
(Cost $5,947,012)		6,664,122
U.S. TREASURY OBLIGATIONS 6.0%		
U.S. Treasury Notes 7.25%, due 8/15/04	5,000,000	5,189,455
TOTAL U.S. TREASURY OBLIGATIONS		
(Cost $5,018,726)		5,189,455
COLLATERAL RECEIVED FOR SECURITIES LOANED 0.8%		
Money Market Funds State Street Navigator Securities Lending		
Prime Portfolio		
(Cost $734,546)		734,546
TOTAL INVESTMENTS 128.5%		
(Cost $75,952,027)		111,840,609
CASH AND OTHER ASSETS		
LESS LIABILITIES 0.2%		171,469
PREFERRED STOCK (28.7)%		(25,000,000)
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS 100.0%		**$ 87,012,078**

a Non-income producing.
b American Depository Receipt.
c A portion of these securities were on loan at December 31, 2003. Total market value of loaned securities at December 31, 2003 was $717,530.
 New additions in 2003.
Bold indicates the Funds largest 20 holdings (excluding U.S. Treasury Obligations and Repurchase Agreement) in terms of December 31, 2003 market value.

INCOME TAX INFORMATION: The cost of total investments for Federal income tax purposes was $76,287,560. At December 31, 2003, net unrealized appreciation for all securities was $35,553,049, consisting of aggregate gross unrealized appreciation of $35,916,237 and aggregate gross unrealized depreciation of $363,188. The primary differences in book and tax basis cost is the timing of the recognition of losses on securities sold and amortization of discount for book and tax purposes.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Focus Trust, Inc.

Statement of Assets and Liabilities — December 31, 2003

ASSETS:

Investments at value (cost $62,638,027) including $734,546 of collateral on loaned securities	$ 98,526,609
Repurchase agreement (at cost and value)	13,314,000
Cash	409,785
Receivable for investments sold	270,903
Receivable for dividends and interest	410,551
Prepaid expenses	2,163
Total Assets	112,934,011
LIABILITIES:	
Payable for collateral on loaned securities	734,546
Payable for investment advisory fee	93,489
Preferred dividends accrued but not yet declared	33,333
Accrued expenses	60,565
Total Liabilities	921,933
PREFERRED STOCK:	
6.00% Cumulative Preferred Stock $0.001 par value, $25 liquidation value per share; 1,000,000 shares outstanding	25,000,000
Total Preferred Stock	25,000,000
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	$ 87,012,078
ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:	
Common Stock paid-in capital $0.001 par value per share; 9,673,378 shares outstanding (100,000,000 shares authorized)	$ 48,305,180
Accumulated net realized gain on investments	2,851,649
Net unrealized appreciation on investments	35,888,582
Preferred dividends accrued but not yet declared	(33,333)
Net Assets applicable to Common Stockholders (net asset value per share $9.00)	$ 87,012,078

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Focus Trust, Inc.

Statement of Operations — Year Ended December 31, 2003

INVESTMENT INCOME:	
Income:	
Interest	$ 918,520
Dividends	889,363
Securities lending	7,693

Total income	1,815,576
Expenses:	
Investment advisory fees	900,253
Custody and transfer agent fees	80,590
Professional fees	69,767
Stockholder reports	52,468
Directors fees	28,812
Administrative and office facilities expenses	11,931
Other expenses	52,460
Total expenses	1,196,281
Fees waived by investment advisor	(116,163)
Net expenses	1,080,118
Net investment income	735,458
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain on investments	8,288,351
Net change in unrealized appreciation on investments	24,687,435
Net realized and unrealized gain on investments	32,975,786
NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	33,711,244
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	(1,508,609)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	$ 32,202,635

Statements of Changes in Net Assets

	Year ended December 31, 2003	Year ended December 31, 2002
INVESTMENT OPERATIONS:		
Net investment income (loss)	$ 735,458	$ (103,396)
Net realized gain on investments	8,288,351	1,317,847
Net change in unrealized appreciation on investments	24,687,435	(8,047,125)
Net increase (decrease) in net assets resulting from investment operations	33,711,244	(6,832,674)
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:		
Net investment income	(153,283)	(272,620)
Net realized gain on investments	(1,355,105)	(1,217,380)
Quarterly distributions accrued but not yet declared	(221)	
Total distributions to Preferred Stockholders	(1,508,609)	(1,490,000)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	32,202,635	(8,322,674)

DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net investment income	(582,175)	(150,865)
Net realized gain on investments	(5,147,260)	(673,654)
Total distributions to Common Stockholders	(5,729,435)	(824,519)
CAPITAL STOCK TRANSACTIONS:		
Offering costs from issuance of Preferred Stock	(984,000)	
Reinvestment of distributions to Common Stockholders	3,566,912	449,516
Total capital stock transactions	2,582,912	449,516
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	29,056,112	(8,697,677)
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:		
Beginning of year	57,955,966	66,653,643
End of year	$ 87,012,078	$ 57,955,966

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Royce Focus Trust, Inc.

Financial Highlights

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

	Years ended December 31,				
	2003	2002	2001	2000	1999
NET ASSET VALUE, BEGINNING OF PERIOD	$6.27	$7.28	$6.77	$5.94	$5.63
INVESTMENT OPERATIONS:					
Net investment income (loss)	(0.08)	(0.01)	0.05	0.12	0.08
Net realized and unrealized gain (loss) on investments	3.57	(0.74)	0.79	1.26	0.58
Total investment operations	3.65	(0.75)	0.84	1.38	0.66
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:					
Net investment income	(0.02)	(0.03)	(0.04)	(0.03)	(0.01)
Net realized gain on investments	(0.14)	(0.13)	(0.13)	(0.14)	(0.17)

Total distributions to Preferred Stockholders	(0.16)	(0.16)	(0.17)	(0.17)	(0.18)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	3.49	(0.91)	0.67	1.21	0.48
DISTRIBUTIONS TO COMMON STOCKHOLDERS:					
Net investment income	(0.06)	(0.02)	(0.03)	(0.06)	(0.01)
Net realized gain on investments	(0.56)	(0.07)	(0.11)	(0.28)	(0.14)
Total distributions to Common Stockholders	(0.62)	(0.09)	(0.14)	(0.34)	(0.15)
CAPITAL STOCK TRANSACTIONS:					
Effect of Preferred Stock Offering	(0.11)	—	—	—	—
Effect of reinvestment of distributions by Common Stockholders	(0.03)	(0.01)	(0.02)	(0.04)	(0.02)
Total capital stock transactions	(0.14)	(0.01)	(0.02)	(0.04)	(0.02)
NET ASSET VALUE, END OF PERIOD	$9.00	$6.27	$7.28	$6.77	$5.94
MARKET VALUE, END OF PERIOD	$8.48	$5.56	$6.65	$5.69	$4.72
TOTAL RETURN (a):					
Market Value	64.0%	(15.1)%	19.7%	27.9%	(0.3)%
Net Asset Value	54.3%	(12.5)%	10.0%	20.9%	8.7%
RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:					
Total expenses (b,c)	1.57%	1.88%	1.47%	1.44%	1.51%
Management fee expense	1.14%	1.13%	1.11%	1.00%	1.00%
Other operating expenses	0.43%	0.75%	0.36%	0.44%	0.51%
Net investment income (loss)	1.07%	(0.16)%	0.70%	1.93%	1.47%
SUPPLEMENTAL DATA:					
Net Assets Applicable to Common Stockholders, End of Period (in thousands)	$87,012	$57,956	$66,654	$60,933	$51,003
Liquidation Value of Preferred Stock, End of Period (in thousands)	$25,000	$20,000	$20,000	$20,000	$20,000
Portfolio Turnover Rate	49%	61%	54%	69%	60%
PREFERRED STOCK:					
Total shares outstanding	1,000,000	800,000	800,000	800,000	800,000
Asset coverage per share	$112.01	$97.44	$108.32	$101.17	$88.75
Liquidation preference per share	$25.00	$25.00	$25.00	$25.00	$25.00
Average market value per share (d):					
6.00% Cumulative	$25.45	—	—	—	—
7.45% Cumulative	$25.53	$25.64	$25.09	$22.23	$24.00

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

(b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.20%, 1.43%, 1.11%, 1.05% and 1.06% for the periods ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

(c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.73%, 2.06%, 1.69%, 1.81% and 1.93%, for the periods ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

(d) The average of month-end market values during the period that the preferred stock was outstanding.

Royce Focus Trust, Inc.

Notes to Financial Statements

Summary of Significant Accounting Policies:

Royce Focus Trust, Inc. (the Fund) is a diversified closed-end investment company. The Fund commenced operations on March 2, 1988 and Royce & Associates, LLC (Royce) assumed investment management responsibility for the Fund on November 1, 1996.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments:

Securities are valued as of the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) on the valuation date. Securities that trade on an exchange or Nasdaq are valued at their last reported sales price taken from the primary market in which each security trades or, if no sale is reported for such day, at their bid price. Other over-the-counter securities for which market quotations are readily available are valued at their bid price. Securities for which market quotations are not readily available are valued at their fair value under procedures established by the Funds Board of Directors. Bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services.

Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date and any non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

Expenses:

The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Funds operations, while expenses applicable to more than one of the Royce Funds are allocated in an equitable manner. Allocated personnel and occupancy costs related to The Royce Funds are included in administrative and office facilities expenses. The Fund has adopted a deferred fee agreement that allows the Funds Directors to defer the receipt of all or a portion of Directors Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

Taxes:

As a qualified regulated investment company under Subchapter M of the

Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption Income Tax Information.

Distributions:

Distributions to Common Stockholders are recorded on the ex-dividend date and paid annually in December. The Fund is required to allocate long-term capital gain distributions and other types of income proportionately to distributions made to holders of shares of Common Stock and Preferred Stock. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions to Preferred Stockholders are recorded on an accrual basis and paid quarterly. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax basis differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

Repurchase Agreements:

The Fund enters into repurchase agreements with respect to its portfolio securities solely with State Street Bank and Trust Company (SSB&T), the custodian of its assets. The Fund restricts repurchase agreements to maturities of no more than seven days. Securities pledged as collateral for repurchase agreements, which are held by SSB&T until maturity of the repurchase agreements, are marked-to-market daily and maintained at a value at least equal to the principal amount of the repurchase agreement (including accrued interest). Repurchase agreements could involve certain risks in the event of default or insolvency of SSB&T, including possible delays or restrictions upon the ability of the Fund to dispose of the underlying securities.

Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral on all securities loaned for the Fund is accepted in cash and is invested temporarily by the custodian. The collateral is equal to at least 100% of the current market value of the loaned securities.

Notes to Financial Statements (continued)

Capital Stock:

The Fund issued 432,353 and 79,701 shares of Common Stock as reinvestment of distributions by Common Stockholders for the years ended December 31, 2003 and 2002, respectively.

On October 20, 2003, the Fund redeemed all (800,000 shares) of its then outstanding 7.45% Cumulative Preferred Stock at the redemption price of $25.00 per share plus accumulated and unpaid dividends through the redemption date of $0.14486 per share. On October 17, 2003, the Fund received net proceeds of $24,212,500 (after underwriting discounts of $787,500 and before estimated offering expenses of $196,500) from the public offering of 1,000,000 shares of 6.00% Cumulative Preferred Stock. Commencing October 17, 2008 and thereafter, the Fund, at its option, may redeem the 6.00% Cumulative Preferred Stock, in whole or in part, at the redemption price.

At December 31, 2003, 1,000,000 shares of the 6.00% Cumulative Preferred Stock were outstanding. The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody□s, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of $25.00 per share plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund□s ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Preferred Stock.

Under Emerging Issues Task Force (EITF) Topic D-98, Classification and Measurement of Redeemable Securities, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. Subject to the guidance of the EITF, the Fund□s Cumulative Preferred Stock has been reclassified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements.

Investment Advisory Agreement:

The Investment Advisory Agreement between Royce and the Fund provides for fees to be paid at an annual rate of 1.0% of the Fund□s average daily net assets applicable to Common Stockholders plus the liquidation value of Preferred Stock. Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund□s Preferred Stock for any month in which the Fund□s average annual NAV total return since issuance of the Preferred Stock fails to exceed the Preferred Stock□s dividend rate.

For the year ended December 31, 2003 the Fund accrued and paid Royce advisory fees totaling $784,090, which is net of $116,163 voluntarily waived by Royce.

Distributions to Stockholders:

The tax character of distributions paid to stockholders during 2003 and 2002 was as follows:

Distributions paid from:	2003	2002
Ordinary income	$ 1,622,760	$ 423,485
Long-term capital gain	5,615,063	1,891,034
	$ 7,237,823	$ 2,314,519

As of December 31, 2003, the tax basis components of distributable earnings included in stockholders equity were as follows:

Undistributed long-term gain	$ 3,188,883
Unrealized appreciation	35,553,049
Accrued preferred distributions	(33,333)
	$ 38,708,599

Purchases and Sales of Investment Securities:

For the year ended December 31, 2003, the cost of purchases and proceeds from sales of investment securities, other than short-term securities, amounted to $38,017,687 and $41,202,432, respectively.

ROYCE FOCUS TRUST, INC.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Royce Focus Trust, Inc.

We have audited the accompanying statement of assets and liabilities of Royce Focus Trust, Inc., including the schedule of investments, as of December 31, 2003, and the related statement of operations for the year ended, and the statement of changes in net assets for the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above and audited by us present fairly, in all material respects, the financial position of Royce Focus Trust, Inc. at December 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, PA
January 24, 2004

Stockholder Meeting Results

At the 2003 Annual Meeting of Stockholders held on September 29, 2003, the Fund's stockholders elected those members of the Board of Directors whose terms would otherwise have expired at the completion of the 2003 Annual Meeting, consisting of (a) Charles M. Royce, (b) G. Peter O'Brien, (c) William L. Koke and (d) David L. Meister.

ROYCE VALUE TRUST, INC.

	COMMON STOCK AND PREFERRED STOCK VOTING TOGETHER AS A SINGLE CLASS			PREFERRED STOCK VOTING AS A SEPARATE CLASS		
	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED
(a)	49,457,490	n.a.	555,123	n.a.	n.a.	n.a.
(b)	49,642,935	n.a.	367,214	n.a.	n.a.	n.a.
(c)	n.a.	n.a.	n.a.	5,413,761	n.a.	34,521
(d)	n.a.	n.a.	n.a.	5,408,761	n.a.	39,521

At the 2003 Annual Meeting of Stockholders held on September 29, 2003, the Fund's stockholders elected those members of the Board of Directors whose terms would otherwise have expired at the completion of the 2003 Annual Meeting, consisting of (a) Charles M. Royce, (b) G. Peter O'Brien, (c) William L. Koke and (d) David L. Meister.

ROYCE MICRO-CAP TRUST, INC.

COMMON STOCK AND PREFERRED STOCK VOTING TOGETHER AS A SINGLE CLASS	PREFERRED STOCK VOTING AS A SEPARATE CLASS

	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED
(a)	18,986,536	n.a.	196,284	n.a.	n.a.	n.a.
(b)	19,053,253	n.a.	129,567	n.a.	n.a.	n.a.
(c)	n.a.	n.a.	n.a.	1,559,237	n.a.	17,108
(d)	n.a.	n.a.	n.a.	1,558,087	n.a.	18,258

At the 2003 Annual Meeting of Stockholders held on September 29, 2003, the Fund's stockholders elected those members of the Board of Directors whose terms would otherwise have expired at the completion of the 2003 Annual Meeting, consisting of (a) Charles M. Royce, (b) G. Peter O'Brien, (c) Stephen L. Isaacs and (d) David L. Meister.

ROYCE FOCUS TRUST, INC.

	COMMON STOCK AND PREFERRED STOCK VOTING TOGETHER AS A SINGLE CLASS			PREFERRED STOCK VOTING AS A SEPARATE CLASS		
	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED	VOTES FOR	VOTES AGAINST	VOTES ABSTAINED
(a)	9,072,376	n.a.	107,071	n.a.	n.a.	n.a.
(b)	9,109,702	n.a.	69,745	n.a.	n.a.	n.a.
(c)	n.a.	n.a.	n.a.	762,405	n.a.	14,380
(d)	n.a.	n.a.	n.a.	761,405	n.a.	15,380

Postscript

Handi-capping

As another winter visits with us here in the Northeast, we quickly grow accustomed to weather forecasts that arrive in a blizzard of hype as news organizations dispatch a small army of reporters across three states to prepare us for the coming storm. Of course, more often than not the storm fails to materialize, at least in the form of the life-changing cataclysm we were warned about. But we don't want to blame the hard-working weather people. Even with the development of Doppler radar, storm tracking software and the growing knowledge about the planet's weather systems, it's still extraordinarily difficult to be right more often than not, especially when it comes to winter weather. It seems that a dismal track record simply goes with the business of forecasting, not just in predicting temperatures and snow falls, but in almost every area of life in which one's livelihood hinges on trying to predict events that haven't happened yet.

Yet the services of professional prognosticators are increasingly in demand, regardless of their general level of performance. For almost any event in American life that can be construed as a contest, there will be someone offering odds as to the outcome. The analysis of professional and college sports has long since been overtaken by swamis who offer not just the odds or point spreads as to the final score, but who also offer allegedly informed estimates as to how many points will be scored, how many yards a quarterback will throw for, how many strikeouts a pitcher will earn and how many spectators will show up at the stadium that day. Most of this activity is fueled by the lure of profit there's a lot of money to be made but it doesn't come as much from being correct in one's predictions as it does in being the party that takes all the bets and assumes the risk of someone being right more often than not. Needless to say, those who take the bets almost always end up with more money than those who make them.

The stock market is not immune to this trend, either. Plenty of bookstore shelf space is taken up with tomes written by experts who'll happily help you get rich for the small price of their book, although there's often a second book, or a set of cassettes and/or videos that you'll also need. You might be concerned that all of these experts are not only saying something different, they're often recommending the opposite strategy to what the other guy says. One insists that growth investing is the way to go while another preaches patience with your equities, which might make sense until a third advises you to avoid the stock market altogether and buy nothing but bonds, real estate or pork bellies. They come to you armed with an array of statistics, charts, graphs and more statistics to make the iron-clad case that if you'd only heeded their wisdom back in 1989 or 1975 or 1953, you'd be a billionaire today. Try not to let the fact that few, if any, of the authors themselves are billionaires bother you.

It's always tempting to make predictions, whether it's about what direction the stock market might take in 2004 or what film will win Best Picture at this year's Academy Awards. The trick to doing it right, we would humbly suggest, is twofold: One must substantiate forecasts with as many facts as one can bring to the argument, and one must temper one's fortune-telling with the knowledge that things can change awfully quickly (especially in the market), making today's brilliant insight look like tomorrow's silly statement. We speak on this last matter from many years of experience.

This is why we always take predictions, even our own, with a large grain of salt. In fact, we think that one of the most attractive attributes of value investing is its all-weather quality. This allows us to manage our portfolios without worrying too much about where the stock market or the economy may be heading. We think about these issues, we share our ideas with our stockholders and we may even take them into consideration when buying and selling securities. However, we are not wed to them and certainly would not ask others to accept them uncritically. We have no desire to write the next big business bestseller and think that the prediction business would do just fine without us. We remain firmly rooted in our approach, which focuses on understanding balance sheets and business strategies as opposed to things that are not predictable, and we will continue to maintain a healthy dose of skepticism about anyone's ability to see the future. You can bet on that.

TheRoyceFunds

1414 Avenue of the Americas New York, NY 10019

(l-r) Whitney George, Buzz Zaino, Chuck Royce,
Jack Fockler, Charlie Dreifus

Wealth Of Experience

With approximately $15.7 billion in total assets under management, Royce & Associates is committed to the same small-company investing principles that have served us well for more than 25 years. Charles M. Royce, our Chief Investment Officer, enjoys one of the longest tenures of any active mutual fund manager. He is supported by a senior staff that includes six Portfolio Managers and a Managing Director, as well as eight analysts and five traders.

Multiple Funds, Common Focus

Our goal is to offer both individual and institutional investors the best available small-cap value portfolios. Unlike a lot of mutual fund groups with broad product offerings, we have chosen to concentrate on small-company value investing by providing investors with a range of funds that take full advantage of this large and diverse sector.

Consistent Discipline

Our approach emphasizes paying close attention to risk and maintaining the same discipline, regardless of market movements and trends. The price we pay for a security must be significantly below our appraisal of its current worth. This requires a thorough analysis of the financial and business dynamics of an enterprise, as though we were purchasing the entire company.

Co-Ownership Of Funds

It is important that our employees and stockholders share a common financial goal; our officers, employees and their affiliates currently have approximately **$63 million** invested in open- and closed-end Royce Funds.

General Information
Additional Report Copies
(800) 221-4268

EquiServe
Transfer Agent and Registrar
(800) 426-5523

Broker/Dealer Services
For Fund Materials and Performance Updates
(800) 59-ROYCE (597-6923)

Advisor Services
For Fund Materials, Performance Updates, Transactions or Account Inquiries
(800) 33-ROYCE (337-6923)

www.roycefunds.com

CE-ANN-1203

Item 2: Code(s) of Ethics As of the end of the period covered by this report, the Registrant had adopted a code of ethics, as defined in Item 2 of Form N-CSR, applicable to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of this code of ethics is filed as an exhibit to this Form N-CSR. No substantive amendments were approved or waivers were granted to this code of ethics during the period covered by this report.

Item 3: Audit Committee Financial Expert

(a)(1) The Board of Directors of the Registrant has determined that it does not have an audit committee financial expert.

(a)(2) The Board of Directors of the Registrant has determined that, although each member of its Audit Committee is financially literate and has the necessary education and experience to be effective members of the Audit Committee, no one member of its Audit Committee possesses each of the five attributes of an audit committee financial expert. The Board of Directors has therefore further determined that it would be appropriate and desirable to add a person to the Audit Committee that possesses each of the five attributes of an audit committee financial expert. Accordingly, the non-interested members of the Board of Directors, acting as a Nominating Committee, have begun a search for a new non-interested Board member who will serve as the audit committee financial expert.

Item 4: Principal Accountant Fees and Services.

(a) Audit Fees:
Year ended December 31, 2003 - $29,500
Year ended December 31, 2002 - $28,000

(b) Audit-Related Fees:
Year ended December 31, 2003 - $6,000 Preparation of reports to rating agency for Preferred Stock
Year ended December 31, 2002 - $6,000 Preparation of reports to rating agency for Preferred Stock

(c) Tax Fees:
Year ended December 31, 2003 - $2,500 Preparation of tax returns
Year ended December 31, 2002 - $2,500 Preparation of tax returns

(d) All Other Fees:
Year ended December 31, 2003 - $7,500 Services in connection with Registration Statement on Form N-2 for newly issued Preferred Stock
$3,000 Services in connection with Registration Statement on Form N-2 relating to the Fund s Rights Offering
Year ended December 31, 2002 - -0-

(e)(1) Annual Pre-Approval: On an annual basis, the Registrant s independent auditor submits to the Audit Committee a schedule of proposed audit, audit-related, tax and other non-audit services to be rendered to the Registrant and/or investment adviser(s) for the following year that require pre-approval by the Audit Committee. This schedule provides a description of each type of service that is expected to require pre-approval and the maximum fees that can be paid for each such service without further Audit Committee approval. The Audit Committee then reviews and determines whether to approve the types of scheduled services and the projected fees for them. Any subsequent revision to already pre-approved services or fees (including fee increases) are presented for consideration at the next regularly scheduled Audit Committee meeting, as needed.

If subsequent to the annual pre-approval of services and fees by the Audit Committee, the Registrant or one of its affiliates determines that it would like to engage the Registrant s independent auditor to perform a service not already pre-approved, the request is to be submitted to the Registrant s Chief Financial Officer, and if he or she determines that the service fits within the independence guidelines (e.g., it is not a prohibited service), he or she will then arrange for a discussion of the proposed service and fee to be included on the agenda for the next regularly scheduled Audit Committee meeting so that pre-approval can be considered.

Interim Pre-Approval: If, in the judgment of the Registrant s Chief Financial Officer, a proposed engagement needs to commence before the next regularly scheduled Audit Committee meeting, he or she shall submit a written summary of the proposed engagement to all members of the Audit Committee, outlining the

services, the estimated maximum cost, the category of the services (e.g., audit, audit-related, tax or other) and the rationale for engaging the Registrant s independent auditor to perform the services. To the extent the proposed engagement involves audit, audit-related or tax services, any individual member of the Audit Committee who is an independent Board member is authorized to pre-approve the engagement. To the extent the proposed engagement involves non-audit services other than audit-related or tax, the Chairman of the Audit Committee is authorized to pre-approve the engagement. The Registrant s Chief Financial Officer will arrange for this interim review and coordinate with the appropriate member(s) of the Committee. The independent auditor may not commence the engagement under consideration until the Registrant s Chief Financial Officer has informed the auditor in writing that pre-approval has been obtained from the Audit Committee or an individual member who is an independent Board member. The member of the Audit Committee who pre-approves any engagements in between regularly scheduled Audit Committee meetings is to report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next regularly scheduled meeting.

(e)(2) Not Applicable

(f) Not Applicable

(g) Year ended December 31, 2003 - $19,000
Year ended December 31, 2002 - $16,000

(h) No such services were rendered during 2003. In 2002, the Registrant s Audit Committee considered whether the provision of non-audit services to the investment adviser and one of its employees for an analysis of the performance of his accounts were compatible with monitoring the principal accountant s independence. For such services, which did not relate to the operations or financial reporting of the Registrant, the investment adviser and one of its employees paid a total of $7,500 to the Registrant s accountants.

Item 5: Not Applicable.

Item 6: Reserved.

Item 7:

June 5, 2003

Royce & Associates Proxy Voting Guidelines and Procedures

These procedures apply to Royce & Associates, LLC (Royce) and all funds and other client accounts for which it is responsible for voting proxies, including all open and closed-end registered investment companies (The Royce Funds), limited partnerships, limited liability companies, separate accounts, other accounts for which it acts as investment adviser and any accounts for which it acts as sub-adviser that have directly or indirectly delegated proxy voting authority to Royce. The Boards of Trustees/Directors of The Royce Funds have delegated all proxy voting decisions to Royce .

Receipt of Proxy Material. Under the continuous oversight of the Head of Administration, an Administrative Assistant designated by him is responsible for monitoring receipt of all proxies and ensuring that proxies are received for all securities for which Royce has proxy voting responsibility. All proxy materials are logged in upon receipt by Royce s Librarian.

Voting of Proxies. Once proxy material has been logged in by Royce s Librarian, it is then promptly reviewed by the designated Administrative Assistant to evaluate the issues presented. Regularly recurring matters are usually voted as recommended by the issuer s board of directors or management. The Head of Administration, in consultation with the Chief Investment Officer, develops and updates a list of matters Royce treats as regularly recurring and is responsible for ensuring that the designated Administrative Assistant has an up-to-date list of these matters at all times, including instructions from Royce s Chief Investment Officer on how to vote on those matters on behalf of Royce clients . Examples of regularly recurring matters include non-contested elections of directors and non-contested approval of independent auditors. Non- regularly recurring matters are brought to the attention of the portfolio manager(s) for the account(s) involved by the designated Administrative Assistant, and, after giving some consideration to advisories from Proxy Master (a service provided by Institutional Shareholder Services), the portfolio manager directs that such matters be voted in a way that he or she believes should better protect or enhance the value of the investment. If the portfolio manager determines that information concerning any proxy requires analysis, is missing or incomplete, he or she then gives the proxy to an analyst or another portfolio manager for review and analysis.

a. From time to time, it is possible that one Royce portfolio manager will decide (i) to vote shares held in client accounts he or she manages differently from the vote of another Royce portfolio manager whose client accounts hold the same security or (ii) to abstain from voting on behalf of client accounts he or she manages when another Royce portfolio manager is casting votes on behalf of other Royce client accounts.

   The designated Administrative Assistant reviews all proxy votes collected from Royce s portfolio managers prior to such votes being cast. If any difference exists among the voting instructions given by Royce s portfolio managers, as described above, the designated Administrative Assistant then presents these proposed votes to the Head of Administration and the Chief Investment Officer. The Chief Investment Officer, after consulting with the relevant portfolio managers, either reconciles the votes or authorizes the casting of differing votes by different Royce portfolio managers. The Head of Administration maintains a log of all votes for which different portfolio managers have cast differing votes, that describes the rationale for allowing such differing votes and contains the initials of both the Chief Investment Officer and Head of Administration allowing such differing votes. The Head of Administration performs a weekly review of all votes cast by Royce to confirm that any conflicting votes were properly handled in accordance with the above-described procedures.

b. There are many circumstances that might cause Royce to vote against an issuer s board of directors or management proposal. These would include, among others, excessive compensation, unusual management stock options, preferential voting, poison pills, etc. Royce s portfolio managers decide these issues on a case-by-case basis as described above.

c. A Royce portfolio manager may, on occasion, determine to abstain from voting a proxy or a specific proxy item when he or she concludes that the potential benefit of voting is outweighed by the cost, when it is not in the client account s best interest to vote.

d. When a client has authorized Royce to vote proxies on its behalf, Royce will generally not accept instructions from the clients regarding how to vote proxies.

Custodian banks are authorized to release all shares held for Royce client account portfolios to Automated Data Processing Corporation (ADP) for voting, utilizing ADP s Proxy Edge software system. Substantially all portfolio companies utilize ADP to collect their proxy votes. However, for the limited number of portfolio companies that do not utilize ADP, Royce attempts to register at least a portion of its clients holdings as a physical shareholder in order to ensure its receipt of a physical proxy.

Under the continuous oversight of the Head of Administration, the designated Administrative Assistant is responsible for voting all proxies in a timely manner. Votes are returned to ADP using Proxy Edge as ballots are received, generally two weeks before the scheduled meeting date. The issuer can thus see that the shares were voted, but the actual vote cast is not released to the company until 4pm on the day before the meeting. If proxies must be mailed, they go out at least ten business days before the meeting date.

Conflicts of Interest. The designated Administrative Assistant reviews reports generated by Royce s portfolio management system (Quest PMS) that set forth by record date, any security held in a Royce client account which is issued by a (i) public company that is, or a known affiliate of which is, a separate account client of Royce (including sub-advisory relationships), (ii) public company, or a known affiliate of a public company, that has invested in a privately-offered pooled vehicle managed by Royce or (iii) public company, or a known affiliate of a public company, by which the spouse of a Royce employee or an immediate family member of a Royce employee living in the household of such employee is employed, for the purpose of identifying any potential proxy votes that could present a conflict of interest for Royce. The Head of Administration develops and updates the list of such

public companies or their known affiliates which is used by Quest PMS to generate these daily reports. This list also contains information regarding the source of any potential conflict relating to such companies. Potential conflicts identified on the conflicts reports are brought to the attention of the Head of Administration by the designated Administrative Assistant, who then reviews them to determine if business or personal relationships exist between Royce, its officers, managers or employees and the company that could present a material conflict of interest. Any such identified material conflicts are voted by Royce in accordance with the recommendation given by an independent third party research firm (Institutional Shareholder Services). The Head of Administration maintains a log of all such conflicts identified, the analysis of the conflict and the vote ultimately cast. Each entry in this log is signed by the Chief Investment Officer before the relevant votes are cast.

Recordkeeping. A record of the issues and how they are voted is stored in the Proxy Edge system. Copies of all physically executed proxy cards, all proxy statements and any other documents created or reviewed that are material to making a decision on how to vote proxies are retained in the Company File maintained by Royce s Librarian.

Item 8: Reserved.

Item 9: Controls and Procedures.

(a) Disclosure Controls and Procedures. The Principal Executive and Financial Officers concluded that the Registrant s Disclosure Controls and Procedures are effective based on their evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) Internal Controls. There were no significant changes in Registrant s internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 10: Exhibits attached hereto.

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROYCE VALUE TRUST, INC.

BY: /s/ Charles M. Royce

Charles M. Royce
President

Date: March 1, 2004
Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

ROYCE VALUE TRUST, INC.

BY: /s/ Charles M. Royce

Charles M. Royce
President

Date: March 1, 2004
ROYCE VALUE TRUST, INC.

BY: /s/ John D. Diederich

John D. Diederich
Chief Financial Officer

Date: March 1, 2004