

ROYCE VALUE TRUST INC
Form DEF 14A
August 06, 2012

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ROYCE VALUE TRUST, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date filed:

ROYCE VALUE TRUST, INC.

**745 Fifth Avenue
New York, New York 10151**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 20, 2012

To the Stockholders of:

ROYCE VALUE TRUST, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Meeting) of ROYCE VALUE TRUST, INC. (the Fund) will be held at the offices of the Fund, 745 Fifth Avenue, New York, New York 10151 on Thursday, September 20, 2012, at 12:30 p.m. (Eastern time), for the following purposes:

1. To elect four Directors to the Fund's Board:
 - (i) two Directors to be elected by the holders of the Fund's Common Stock and its 5.90% Cumulative Preferred Stock (the Preferred Stock), voting together as a single class, and
 - (ii) two Directors to be elected only by the holders of the Fund's Preferred Stock voting as a separate class; and
2. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors of the Fund has set the close of business on July 13, 2012 as the record date for determining those stockholders entitled to vote at the Meeting or any adjournment thereof, and only holders of record at the close of business on that day will be entitled to vote.

IMPORTANT

To save the Fund the expense of additional proxy solicitation, please mark your instructions on the enclosed Proxy, date and sign it and return it in the enclosed envelope (which requires no postage if mailed in the United States), even if you expect to be present at the Meeting. You may also provide your vote via telephone or the Internet by following the instructions on the proxy card or Notice of Internet Availability of Proxy Materials, please take advantage of these prompt and efficient voting options. The accompanying Proxy is solicited on behalf of the Board of Directors, is revocable and will not affect your right to vote in person in the event that you attend the Meeting.

By order of the Board of Directors,

John E. Denneen
Secretary

August 6, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON SEPTEMBER 20, 2012**

**THE NOTICE, PROXY STATEMENT AND PROXY CARD FOR
THE FUND ARE AVAILABLE AT WWW.PROXYVOTE.COM**

PROXY STATEMENT

ROYCE VALUE TRUST, INC.
745 Fifth Avenue
New York, New York 10151

ANNUAL MEETING OF STOCKHOLDERS
September 20, 2012

INTRODUCTION

The enclosed Proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting of Stockholders (the Meeting) of Royce Value Trust, Inc. (the Fund), to be held at the offices of the Fund, 745 Fifth Avenue, New York, New York 10151, on Thursday, September 20, 2012, at 12:30 p.m. (Eastern time) and at any adjournments thereof. The approximate mailing date of this Proxy Statement is August 6, 2012.

All properly executed Proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, Proxies will be voted FOR the election of the Director nominees of the Fund.

You may revoke your Proxy at any time before it is exercised by sending written instructions to the Secretary of the Fund at the Fund's address indicated above or by filing a new Proxy with a later date, and any stockholder attending the Meeting may vote in person, whether or not he or she has previously filed a Proxy.

The cost of soliciting proxies will be borne by the Fund, which will reimburse brokerage firms, custodians, nominees and fiduciaries for their expenses in forwarding proxy material to the beneficial owners of the Fund's shares. Some officers and employees of the Fund and/or Royce & Associates, LLC (R&A), the Fund's investment adviser, may solicit proxies personally and by telephone, if deemed desirable. Stockholders vote at the Meeting by casting ballots (in person or by proxy) which are tabulated by one or two persons, appointed by the Board of Directors before the Meeting, who serve as Inspectors and Judges of Voting at the Meeting and who have executed an Inspectors' and Judges' Oath.

The Board of Directors of the Fund has set the close of business on July 13, 2012 as the record date (the Record Date) for determining those stockholders entitled to vote at the Meeting or any adjournment thereof, and only holders of record at the close of business on that day will be entitled to vote. Stockholders on the Record Date will be entitled to one vote for each outstanding share of Common Stock and 5.90% Cumulative Preferred Stock

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(the Preferred Stock and, together with the Common Stock, Stock or shares) held (proportional voting rights for fractional shares held), with no shares having cumulative voting rights.

As of the Record Date, there were 69,171,006 shares of Common Stock and 8,800,000 shares of Preferred Stock of the Fund outstanding. The following persons were known to the Fund to be beneficial owners or owners of record of 5% or more of its outstanding shares of Common Stock or Preferred Stock as of the Record Date:

<u>Name and Address of Owner</u>	<u>Class/Series of Stock</u>	<u>Amount and Nature of Ownership</u>	<u>Percent of Class/Series</u>
Cede & Co.* Depository Trust Company P.O. Box #20 Bowling Green Station New York, NY 10028	Common	67,682,153 shares Record*	97.85%
	5.90% Preferred	8,800,000 shares Record*	100%

* Shares held by brokerage firms, banks and other financial intermediaries on behalf of beneficial owners are registered in the name of Cede & Co.

The Board of Directors knows of no business other than that stated in Proposal 1 of the Notice of Meeting that will be presented for consideration at the Meeting. If any other matter is properly presented at the Meeting or any adjournment thereof, it is the intention of the persons named on the enclosed proxy card to vote in accordance with their best judgment.

SUMMARY OF VOTING RIGHTS ON PROXY PROPOSALS

Proposal	Common Stockholders	Preferred Stockholders
Election of Directors	Common and Preferred Stockholders, voting together as a single class, elect two Directors	Preferred Stockholders, voting as a separate class, elect two additional Directors

PROPOSAL 1: ELECTION OF DIRECTORS

At the Meeting, four members of the Board of Directors of the Fund will be elected. The holders of both Common Stock and Preferred Stock, voting together as a single class, are entitled to elect six directors. These six directors are divided into three classes, each class having a term of three years. Each year the term of office of one class will expire. Charles M. Royce and G. Peter O'Brien have each been nominated by the Board of Directors for a three-year term to expire at the Fund's 2015 Annual Meeting of Stockholders or until their successors are duly elected and qualified. The classes of Directors are indicated below:

CLASS I DIRECTORS TO SERVE UNTIL 2015 ANNUAL MEETING OF STOCKHOLDERS

Charles M. Royce
G. Peter O'Brien

CLASS III DIRECTORS SERVING UNTIL 2014 ANNUAL MEETING OF STOCKHOLDERS

Richard M. Galkin
Stephen L. Isaacs

CLASS II DIRECTORS SERVING UNTIL 2013 ANNUAL MEETING OF STOCKHOLDERS

Mark R. Fetting
Arthur S. Mehlman

The holders of Preferred Stock, voting as a separate class, are entitled to elect two directors to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified or until their earlier resignation or removal. The Board of Directors has nominated the following two persons to continue as Directors of the Fund, to be elected by holders of the Preferred Stock: Patricia W. Chadwick and David L. Meister.

Each of these persons has agreed to serve if elected, and the Fund's management has no reason to believe that any of them will be unavailable for service as a Director. However, if any of them become unwilling or unable to serve, the persons named in the accompanying Proxy will vote for the election of such other persons, if any, as the Board of Directors may nominate.

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Certain biographical and other information concerning the existing Directors and the nominees who are interested persons as defined in the Investment Company Act of 1940, as amended (the Investment Company Act), of the Fund, including their designated classes, is set forth below.

<u>Name, Address* and Principal Occupations During Past Five Years**</u>	<u>Age</u>	<u>Positions With the Fund</u>	<u>Length of Time Served</u>	<u>Current Term Expires</u>	<u>Elected By</u>	<u>Number of Portfolios in Fund Complex Overseen</u>	<u>Other Public Company Directorships</u>
Charles M. Royce*** President, Co-Chief Investment Officer and Member of Board of Managers of Royce & Associates, LLC (R&A), investment adviser to the Fund, Royce Focus Trust, Inc. (RFT), Royce Micro-Cap Trust, Inc. (RMT), The Royce Fund (TRF) and Royce Capital Fund (RCF) (the Fund, RFT, RMT, TRF and RCF collectively, The Royce Funds).	72	Class I Director and President	1986	2012	Common and Preferred	35	TICC Capital Corp.
Mark R. Fetting*** President, Chief Executive Officer, Chairman and Director of Legg Mason, Inc. Mr. Fetting's prior business experience includes having served as a Member of the Board of Managers of R&A; Senior Executive Vice President of Legg Mason, Inc.; Division President and Senior Officer of Prudential Financial Group, Inc. and related companies; Partner, Greenwich Associates; and Vice President, T. Rowe Price Group, Inc.	57	Class II Director	2001	2013	Common and Preferred	49 (Director/Trustee of all Royce Funds consisting of 35 portfolios; Director/Trustee of the Legg Mason Family of Funds consisting of 14 portfolios)	Legg Mason, Inc.

* Mr. Royce's address is c/o Royce & Associates, LLC, 745 Fifth Avenue, New York, New York 10151. Mr. Fetting's address is c/o Legg Mason, Inc., 100 International Drive, Baltimore, Maryland 21202.

** Each of the Directors or nominees is also a director/trustee of certain other investment companies for which R&A acts as an investment adviser.

*** Interested person, as defined in the Investment Company Act, of the Fund. Elected by and serves at the pleasure of the Board of Directors.

Interested Persons

Messrs. Royce and Fetting are interested persons of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act due to the positions they hold with R&A and its affiliate Legg Mason, respectively, and their stock ownership in Legg Mason. There are no family relationships between any of the Fund's Directors and officers.

Certain biographical and other information concerning the existing Directors and nominees who are not interested persons, as defined in the Investment Company Act, of the Fund, including their designated classes, is set forth below.

Name, Address* and Principal Occupations During Past Five Years**	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Elected By	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
Patricia W. Chadwick Consultant and President of Ravengate Partners LLC (since 2000).	63	Director	2010	2012	Preferred only	35	Wisconsin Energy Corp. and ING Mutual Funds
Richard M. Galkin Private investor. Mr. Galkin's prior business experience includes having served as President of Richard M. Galkin Associates, Inc., telecommunications consultants, President of Manhattan Cable Television (a subsidiary of Time Inc.), President of Haverhills Inc. (another Time Inc. subsidiary), President of Rhode Island Cable Television and Senior Vice President of Satellite Television Corp. (a subsidiary of Comsat).	74	Class III Director	1986	2014	Common and Preferred	35	None

Name, Address* and Principal Occupations During Past Five Years**	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Elected By	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
Stephen L. Isaacs President of The Center for Health and Social Policy (since September 1996); Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs's prior business experience includes having served as Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).	72	Class III Director	1986	2014	Common and Preferred	35	None
Arthur S. Mehlman Director of The League for People with Disabilities, Inc.; Director of University of Maryland Foundation (non-profits). Formerly: Director of Municipal Mortgage & Equity, LLC (from October 2004 to April 2011); Director of University of Maryland College Park Foundation (non-profit)(from 1998 to 2005); Partner, KPMG LLP (international accounting firm) (from 1972 to 2002); Director of Maryland Business Roundtable for Education (from July 1984 to June 2002).	70	Class II Director	2004	2013	Common and Preferred	49 (Director/Trustee of all Royce Funds consisting of 35 portfolios; Director/Trustee of the Legg Mason Family of Funds consisting of 14 portfolios)	None

Name, Address* and Principal Occupations During Past Five Years**	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Elected By	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
David L. Meister Consultant. Chairman and Chief Executive Officer of The Tennis Channel (from June 2000 to March 2005). Mr. Meister's prior business experience includes having served as Chief Executive Officer of Seniorlife.com, a consultant to the communications industry, President of Financial News Network, Senior Vice President of HBO, President of Time-Life Films and Head of Broadcasting for Major League Baseball.	72	Director	1986	2012	Preferred only	35	None
G. Peter O'Brien Director, Bridges School (since 2006); Trustee Emeritus of Colgate University (since 2005); Board Member of Hill House, Inc. (since 1999). Formerly: Trustee of Colgate University (from 1996 to 2005); President of Hill House, Inc. (from 2001 to 2005); and Managing Director/Equity Capital Markets Group of Merrill Lynch & Co. (from 1971 to 1999).	66	Class I Director	2001	2012	Common and Preferred	49 (Director/Trustee of all Royce Funds consisting of 35 portfolios; Director/Trustee of the Legg Mason Family of Funds consisting of 14 portfolios)	TICC Capital Corp.

* Ms. Chadwick's and Messrs. Galkin, Isaacs, Mehlman, Meister and O'Brien's address is c/o Royce & Associates, LLC, 745 Fifth Avenue, New York, New York 10151.

** Each of the Directors or nominees is a director/trustee of certain other investment companies for which R&A acts as an investment adviser. Ms. Chadwick and Messrs. Galkin, Isaacs, Mehlman, Meister and O'Brien are each a member of the Fund's Audit Committee and its Nominating Committee.

Additional information about each Director follows (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes or skills that each Director possesses which the Board of Directors (the Board) believes has prepared them to be effective Directors.

Charles M. Royce - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Royce serves as the President, Co-Chief Investment Officer and as a member of the Board of Managers of R&A, having been President of R&A since 1972. Mr. Royce has over 40 years of investment and business experience.

Mark R. Fetting - In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. Fetting serves as the Chairman, President and Chief Executive Officer of Legg Mason, Inc. and has served as a member of the Board of Managers of R&A. Mr. Fetting has over 30 years of investment and business experience.

Patricia W. Chadwick - In addition to her tenure as a Director/Trustee of The Royce Funds, Ms. Chadwick is designated as an Audit Committee Financial Expert. Ms. Chadwick has over 30 years of investment and business experience, including extensive experience in the financial sector and as a consultant to business and non-profit entities. In addition, Ms. Chadwick has served on the boards of a variety of public and private companies and non-profit entities, including currently serving on the boards of two public companies.

Richard M. Galkin - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Galkin has served as the Chairman of the Board's Audit Committee for more than 15 years, acting as liaison between the Board and the Fund's independent registered public accountants and as co-Chairman of the Board's Nominating Committee. Mr. Galkin has over 40 years of business experience, including extensive experience in the telecommunications industry.

Stephen L. Isaacs - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Isaacs serves as Attorney and President of a private consulting firm. Mr. Isaacs has over 40 years of business and academic experience, including extensive experience related to public health and philanthropy.

Arthur S. Mehlman - In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. Mehlman is designated as an Audit Committee Financial Expert. Mr. Mehlman has over 35 years of business experience, including as Partner of an international accounting firm and a Director for various private companies and non-profit entities.

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David L. Meister - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Meister has over 40 years of business experience, including extensive experience as an executive officer in and consultant to the communications industry.

G. Peter O'Brien - In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. O'Brien serves as co-Chairman of the Board's Nominating Committee. Mr. O'Brien has over 35 years of business experience, including extensive experience in the financial sector. In addition, Mr. O'Brien has served on the boards of public companies and non-profit entities.

The Board believes that each Director's experience, qualifications, attributes and skills should be evaluated on an individual basis and in consideration of the perspective such Director brings to the entire Board, with no single Director, or particular factor, being indicative of Board effectiveness. However, the Board believes that Directors need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; the Board believes that their members satisfy this standard. Experience relevant to having this ability may be achieved through a Director's educational background; business, professional training or practice, public service or academic positions; experience from service as a board member (including the Board of the Fund) or as an executive of investment funds, public companies or significant private or non-profit entities or other organizations; and/or other life experiences. The charter for the Board's Nominating Committee contains certain other specific factors considered by the Nominating Committee in identifying and selecting Director candidates (as described below).

To assist them in evaluating matters under federal and state law, the Directors are counseled by their own independent legal counsel, who participates in Board meetings and interacts with R&A, and also may benefit from information provided by R&A's internal counsel; both Board and R&A's internal counsel have significant experience advising funds and fund board members. The Board and its committees have the ability to engage other experts as appropriate. The Board evaluates its performance on an annual basis.

Board Composition and Leadership Structure

The Investment Company Act requires that at least 40% of a Fund's Directors not be interested persons (as defined in the Investment Company Act) of the Fund and as such are not affiliated with the Fund's investment adviser (Independent Directors). To rely on certain exemptive rules under the Investment Company Act, a majority of a Fund's directors must be Independent Directors, and for certain important matters, such as the approval of investment advisory agreements or transactions with affiliates, the Investment Company Act or the rules thereunder require the approval of a majority of the Independent Directors. Currently, 75% of the Fund's Directors are Independent Directors. The Board does not have a chairman, but the President, Mr. Royce, an interested person of the Fund, acts as chairman at the Board meetings. The Independent Directors have not designated a lead Independent Director, but the Chairman of the Audit Committee, Mr. Galkin, generally acts as chairman of meetings or executive sessions of the Independent Directors and, when appropriate, represents the views of the Independent Directors to management. The Board has determined that its leadership structure is appropriate in light of the services that Royce and its affiliates provide to the Fund and potential conflicts of interest that could arise from these relationships.

Audit Committee Report

The Board of Directors has a standing Audit Committee (the Audit Committee), which consists of the Independent Directors who also are independent as defined in the listing standards of the New York Stock Exchange. The current members of the Audit Committee are Patricia W. Chadwick, Richard M. Galkin, Stephen L. Isaacs, Arthur S. Mehlman, David L. Meister and G. Peter O'Brien. Mr. Galkin serves as Chairman of the Audit Committee and Ms. Chadwick and Mr. Mehlman have been designated as Audit Committee Financial Experts, as defined under Securities and Exchange Commission (SEC) regulations.

The principal purposes of the Audit Committee are to (i) assist Board oversight of the (a) integrity of the Fund's financial statements; (b) independent accountants' qualifications and independence; and (c) performance of the Fund's independent accountants and (ii) prepare, or oversee the preparation of any audit committee report required by rules of the SEC to be included in the Fund's proxy statement for its annual meeting of stockholders. The Board of Directors has adopted an Audit Committee Charter for the Fund which is attached hereto as Exhibit A.

The Audit Committee also has (i) received written disclosures and the letter required by Independence Standards Board Standard No. 1 from Tait, Weller & Baker (TW&B), independent auditors for the Fund, and (ii) discussed certain matters required to be discussed under the requirements of The Public Company Accounting Oversight Board with TW&B. The Audit

Committee has considered whether the provision of non-audit services by the Fund's independent auditors is compatible with maintaining their independence.

At its meeting held on February 16, 2012, the Audit Committee reviewed and discussed the audit of the Fund's financial statements as of December 31, 2011 and for the fiscal year then ended with Fund management and TW&B. Had any material concerns arisen during the course of the audit and the preparation of the audited financial statements mailed to stockholders and included in the Fund's 2011 Annual Report to Stockholders, the Audit Committee would have been notified by Fund management or TW&B. The Audit Committee received no such notifications. At the same meeting, the Audit Committee recommended to the Board of Directors that the Fund's audited financial statements be included in the Fund's 2011 Annual Report to Stockholders.

Nominating Committee

The Board of Directors has a Nominating Committee composed of the six Independent Directors, namely Ms. Chadwick and Messrs. Galkin, Isaacs, Mehlman, Meister and O'Brien. Messrs. Galkin and O'Brien serve as co-Chairmen of the Nominating Committee. The Board of Directors has adopted a Nominating Committee Charter which is attached hereto as Exhibit B.

The Nominating Committee is responsible for identifying and recommending to the Board of Directors individuals believed to be qualified to become Board members in the event that a position is vacated or created. The Nominating Committee will consider Director candidates recommended by stockholders. In considering potential nominees, the Nominating Committee will take into consideration (i) the contribution which the person can make to the Board, with consideration given to the person's business and professional experience, education and such other factors as the Committee may consider relevant, including but not limited to whether a potential nominee's personal and professional qualities and attributes would provide a beneficial diversity of skills, experience and/or perspective to the Board; (ii) the character and integrity of the person; (iii) whether or not the person is an interested person as defined in the Investment Company Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director or Independent Director of the Fund; (iv) whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment adviser of the Fund, Fund service providers or their affiliates; (v) whether or not the person is financially literate pursuant to the New York Stock Exchange's audit committee membership standards; (vi) whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related investment company complexes; (vii) whether or not the person is willing to serve as, and willing and able to commit the time necessary for the performance of the duties of, a

Director of the Fund; and (viii) whether or not the selection and nomination of the person would be in the best interest of the Fund in light of the requirements of the Fund's retirement policies. While the Nominating Committee does not have a formal policy regarding diversity, as noted above, it may consider the diversity of skills, experience and/or perspective a potential nominee will bring to the Board as part of its evaluation of the contribution such potential nominee will make to the Board. Such factors will be considered in light of the other factors described above and in the context of the Board's existing membership at the time such potential candidate is considered.

To have a candidate considered by the Nominating Committee, a stockholder must submit the recommendation in writing and must include biographical information and set forth the qualifications of the proposed nominee. The stockholder recommendation and information described above must be sent to the Fund's Secretary, John E. Denneen, c/o Royce Value Trust, Inc., 745 Fifth Avenue, New York, New York 10151.

Although the Board of Directors does not have a standing compensation committee, the Independent Directors review their compensation annually.

Board's Oversight Role in Management

The Board's role in management of the Fund is oversight. As is the case with virtually all investment companies (as distinguished from operating companies), service providers to the Fund, primarily R&A and its affiliates, have responsibility for the day-to-day management of the Fund, which includes responsibility for risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk). As part of its oversight, the Board, acting at its scheduled meetings, or the Chairman of the Audit Committee, acting between Board meetings, regularly interacts with and receives reports from senior personnel of service providers, including the Fund's and R&A's Chief Compliance Officer and portfolio management personnel. The Board's Audit Committee (which consists of the six Independent Directors) meets during its scheduled meetings, and between meetings the Chairman of the Audit Committee maintains contact with the Fund's independent registered public accounting firm and the Fund's Vice President and Treasurer. The Board also receives periodic presentations from senior personnel of R&A or its affiliates regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas such as business continuity, anti-money laundering, personal trading, valuation, investment research and securities lending. The Board also receives reports from counsel to R&A and the Board's own independent legal counsel regarding regulatory, compliance and governance matters. The

Board's oversight role does not make the Board a guarantor of the Fund's investments or activities.

Committee and Board of Directors Meetings

During the year ended December 31, 2011, the Board of Directors held six meetings, the Audit Committee held two meetings and the Nominating Committee did not hold any meetings. Each Director then in office attended 75% or more of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings of the Audit Committee held during that year.

Compensation of Directors and Affiliated Persons

Each Independent Director receives a base fee of \$15,000 per year plus \$1,100 for each meeting of the Board of Directors attended. No Director received remuneration for services as a Director for the year ended December 31, 2011 in addition to or in lieu of this standard arrangement.

Set forth below is the aggregate compensation paid by the Fund and the total compensation paid by The Royce Funds to each Independent Director of the Fund for the year ended December 31, 2011.

<u>Name</u>	<u>Aggregate Compensation From the Fund</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Estimated Annual Benefits upon Retirement</u>	<u>Total Compensation From The Royce Funds Paid to Directors</u>	<u>Total Compensation From the Fund and Fund Complex Paid to Directors¹</u>
Patricia W. Chadwick, Director	\$ 20,000	None	None	\$ 176,000	\$ 176,000
Richard M. Galkin, Director	20,000	None	None	176,000	176,000