ROYCE FOCUS TRUST INC
Form N-2/A
April 27, 2005

As filed with the Securities and Exchange Commission on April 27, 2005

Securities Act File No. 333-123047
Investment Company Act File No. 811-05379

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	/ X /
Pre-Effective Amendment No. 1	/ X /
Post-Effective Amendment No.	/ /
and/or	
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940	/ X /
Amendment No. 14	/ X /

Royce Focus Trust, Inc.
(Exact Name of Registrant as Specified In Charter)

1414 Avenue of the Americas, New York, New York 10019
(Address of Principal Executive Offices)
(800) 221-4268
(Registrant s Telephone Number, including Area Code)

Charles M. Royce, President
Royce Focus Trust, Inc.
1414 Avenue of the Americas
New York, New York 10019
(Name and Address of Agent for Service)

Copies to:

John E. Denneen, Esq. Royce Focus Trust, Inc. 1414 Avenue of the Americas New York, New York 10019	Frank P. Bruno, Esq. Sidley Austin Brown & Wood LLP 787 Seventh Avenue New York, New York 10019

Approximate Date of Proposed Public Offering:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. / X /

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock ($.001 par value)	2,627,398 shares	$8.71	$22,884,637	$2,693.52

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Transmitted to the Commission s designated lockbox at Mellon Bank in Pittsburgh, PA.$117.70 was previously paid.$2,575.82 was transmitted in connection with this filing.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

ROYCE FOCUS TRUST, INC.

2,189,498 Shares of Common Stock
Issuable upon Exercise of Non-Transferable
Rights to Subscribe for such Shares of Common Stock

Royce Focus Trust, Inc. (the Fund) is offering to its Common Stockholders of record as of May 6, 2005 non-transferable Rights. These Rights will allow you to subscribe for one (1) share of the Fund s Common Stock for each five (5) Rights held. You will receive one Right for each whole share of Common Stock that you hold of record as of May 6, 2005, rounded up to the nearest number of Rights evenly divisible by five. The Rights will not be listed for trading on the Nasdaq National Market (Nasdaq) or on any exchange. **The Subscription Price will be the lower of (i) $0.25 below the last reported sale price of a share of the Fund s Common Stock on Nasdaq on the Pricing Date, which is June 13, 2005, or (ii) the net asset value of a share of the Fund s Common Stock at the close of business on that date.**

Rights may be exercised at any time until 5:00 p.m., Eastern time, on June 10, 2005, unless the subscription period is extended. Since the Offer closes prior to the Pricing Date, stockholders who exercise their Rights will not know the Subscription Price at the time they exercise their Rights.

(Continued on following page)

INVESTING IN THE FUND S COMMON STOCK INVOLVES RISKS. SEE PROSPECTUS SUMMARY RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE BEGINNING ON PAGE 5 AND INVESTMENT GOAL, POLICIES AND RISKS BEGINNING ON PAGE 15.

The Fund may increase the number of shares of Common Stock subject to subscription by up to 20%, or up to an additional 437,899 Shares, for an aggregate total of 2,627,397 Shares.

	Estimated Subscription Price	Sales Load	Proceeds, before expenses, to the Fund(1)(2)
Per Share	$8.50	None	$8.50
Total	$18,610,733	None	$18,610,733

(1) Before deduction of expenses payable by the Fund, estimated at$200,000, which will be charged against paid-in capital of the Fund.

(2) If the Fund increases the number of shares subject to subscription by 20%, the Proceeds, before expenses, to the Fund will be $22,332,875.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Shares will be ready for delivery on or about June 28, 2005.

The date of this Prospectus is May __, 2005.

(Continued from previous page)

The Fund is a closed-end registered investment company, whose shares of Common Stock are listed and traded on Nasdaq under the symbol FUND. The Fund s primary investment goal is long-term capital growth. The Fund normally invests at least 65% of its assets in equity securities. The net asset value per share of the Fund s Common Stock at the close of business on April 15, 2005 was $8.49, and the last reported sales price of a share of the Fund s Common Stock on Nasdaq on that date was $8.74.

This Prospectus sets forth concisely the information about the Fund you should know before investing, including information about risks. Please read it before you invest and keep it for future reference.

A Statement of Additional Information dated May __, 2005 (the SAI) has been filed with the Securities and Exchange Commission (the SEC) and is incorporated by reference in this Prospectus. A copy of the SAI and copies of the Fund s semi-annual and annual reports may be obtained without charge by writing to the Fund at its address at 1414 Avenue of the Americas, New York, New York 10019, or by calling the Fund toll-free at (800) 221-4268. In addition, you may request other information about the Fund or make stockholder inquiries by calling the Fund toll-free at (800) 221-4268. Copies of the SAI and the Fund s annual report are also available free of charge on the Fund s Web site (http://www.roycefunds.com). In addition, the SEC maintains a Web site (http://www.sec.gov) that contains the Statement of Additional Information, material incorporated by reference, and other information regarding registrants that file electronically with the Commission.

Stockholders who do not fully exercise their Rights will own a smaller proportional interest in the Fund. In addition, because the Subscription Price may be less than the net asset value per share as of the Pricing Date, the Offer may result in an immediate dilution of the net asset value per share for all stockholders. See Risk Factors and Special Considerations at a Glance on page 5 of this Prospectus.

PROSPECTUS SUMMARY

You should consider the matters discussed in this summary before investing in the Fund through the Offer. This summary is qualified in its entirety by reference to the detailed information included in this Prospectus and the related Statement of Additional Information.

THE OFFER AT A GLANCE

The Offer

The Fund is offering to its Common Stockholders of record as of May 6, 2005 non-transferable Rights. These Rights will allow you to subscribe for one (1) share of Common Stock for each five (5) Rights held. You will receive one Right for each whole share of Common Stock that you hold of record as of May 6, 2005, rounded up to the nearest number of Rights evenly divisible by five. The Rights will not be listed for trading on Nasdaq or on any exchange. Rights may be exercised at any time from May 10, 2005 through 5:00 p.m., Eastern time, on June 10, 2005, unless extended. Since the Expiration Date is prior to the Pricing Date, stockholders who exercise their Rights will not know the Subscription Price at the time they exercise their Rights. The Fund may increase the number of shares of Common Stock subject to subscription (the Shares) by up to 20% of the Shares (any such additional Shares are referred to as Additional Shares). See The Offer.

Subscription Price

The Subscription Price will be the lower of (i) $0.25 below the last reported sale price of a share of the Fund s Common Stock on Nasdaq on the Pricing Date or (ii) the net asset value of a share of the Fund s Common Stock at the close of business on that date. See The Offer - Subscription Price.

Over-Subscription Privilege

If you fully exercise all Rights issued to you, you will be entitled to subscribe for additional Shares that were not subscribed for by other stockholders. If sufficient Shares are available, all stockholders over-subscription requests will be honored in full. If these requests for additional Shares exceed the Shares available, the available Shares, including any Additional Shares, will be allocated pro rata among stockholders who over-subscribe based on the number of Rights originally issued to them by the Fund. See The Offer - Over-Subscription Privilege.

Use of Proceeds

We estimate the net proceeds of the Offer to be approximately $18,410,733 ($22,132,875 if all of the Additional Shares are available for subscription). These figures assume (i) all Rights are exercised in full, (ii) a Subscription Price of $8.50 and (iii) payment of offering expenses of approximately $200,000.

Royce & Associates, LLC (Royce), the Fund s investment adviser, anticipates that investment of the net proceeds of the Offer in accordance with the Fund s investment goal and policies will take up to six months from their receipt by the Fund, depending on market conditions and the availability of appropriate securities. See Use of Proceeds.

Obtaining Subscription Information

If you have any questions or requests for assistance, please contact Georgeson Shareholder Communications, Inc., the Information Agent, (toll free) at (866) 328-5443. You may also call the Fund (toll free) at (800) 221-4268, or contact your broker or Nominee for information with respect to the Offer. See The Offer - Information Agent.

Important Dates to Remember

Event	Date
Record Date	May 6, 2005
Subscription Period	May 10, 2005 through June 10, 2005*
Expiration Date	June 10, 2005*
Pricing Date	June 13, 2005*
Nominee Subscription Certificate and Payment for Shares Due Pursuant to Notice of Guaranteed Delivery	June 15, 2005*

Confirmation to Participants	June 20, 2005*
Final Payment for Shares	June 28, 2005*

*Unless the Offer is extended.

Tax Consequences

For Federal income tax purposes, neither the receipt nor the exercise of the Rights will result in taxable income to you. You will not realize a taxable loss if your Rights expire without being exercised. See The Offer - Federal Income Tax Consequences of the Offer.

THE FUND AT A GLANCE

The Fund

The Fund is a registered closed-end diversified management investment company.

Investment Goal and Policies

The Fund s primary investment goal is long-term capital growth. Royce normally invests more than 65% of the Fund s assets in equity securities. The Fund may also invest up to 35% of its assets in non-convertible fixed income securities. Royce uses a value approach to invest the Fund s assets in a limited number of domestic and foreign companies. While the Fund is not restricted as to stock market capitalization, Royce focuses the Fund s investments primarily in small-cap companies (companies with stock market capitalizations between $500 million and $2.5 billion) and micro-cap companies (companies with stock market capitalizations below $500 million) with significant business activities in the United States. See Investment Goal, Policies and Risks . An investment in the Fund is not appropriate for all investors. There can be no assurance that the Fund s investment goal will be realized.

Capital Stock

The Fund s Common Stock is listed and traded on Nasdaq. As of April 15, 2005, the Fund had 10,947,490 shares of Common Stock, par value $0.001 per share and 1,000,000 shares of 6.00% Cumulative Preferred Stock, par value $0.001 per share (the 6.00% Preferred Stock) issued and outstanding. The 6.00% Preferred Stock has an initial aggregate liquidation preference of $25 million. See Description of Capital Stock.

Distributions

The Fund s policy is to make quarterly distributions to its Common Stockholders at the annual rate of 5% of the rolling average of the prior four calendar quarter-end net asset values of the Fund s Common Stock, with the fourth quarter distribution being the greater of 1.25% of the rolling average or the distribution required for treatment as a regulated investment company under the Internal Revenue Code of 1986 (the Code). These quarterly distributions are generally reinvested in additional full and fractional shares of Common Stock through the Fund s Dividend Reinvestment and Cash Purchase Plan. The Fund s quarterly distribution policy may be changed by the Board of Directors without stockholder approval. See Dividends, Distributions and Reinvestment Plan.

Investment Adviser

Royce has served as the investment adviser to the Fund since November 1, 1996. Royce also serves as investment adviser to other registered management investment companies, privately offered funds and institutional accounts. As of December 31, 2004, Royce managed approximately $22.7 billion in assets, including $20.9 billion in open-end and closed-end fund assets.

As compensation for its services under the Investment Advisory Agreement, Royce is entitled to receive a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the Fund s average net assets (which includes net assets applicable to both Common Stock and Preferred Stock) for each month during the term of such Agreement.

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 s dividend rate. See Investment Advisory and Other Services - Advisory Fee

RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE

Dilution - Net Asset Value and Non-Participation in the Offer

If you do not fully exercise your Rights, you should expect that you will, at the completion of the Offer, own a smaller proportional interest in the Fund than would otherwise be the case had you exercised your Rights. Further, if you do not submit a subscription request pursuant to the Over-Subscription Privilege, you may also experience dilution in your Fund ownership if the Fund offers Additional Shares for subscription. The Fund will sell Additional Shares to stockholders only if and to the extent that shares sold through the Offer would not dilute (reduce) the net asset value of its Common Stock by 2.0% or more. We cannot state precisely the amount of any dilution because we do not know at this time how many Shares will be subscribed for or what the net asset value or market price per Share will be at the Pricing Date. As of April 15, 2005, the Fund s shares traded at a 2.9% premium above net asset value. If the Fund s shares trade at a premium above net asset value as of the Pricing Date, the Fund estimates that such dilution would be minimal. See The Offer.

Market Risk

As with any investment company that invests in common stocks, the Fund is subject to market risk - the possibility that common stock prices will decline over short or extended periods of time. As a result, the value of an investment in the Fund s Common Stock will fluctuate with the market, and you could lose money over short or long periods of time.

Small- and Micro-Cap Risk

The prices of small- and micro-cap companies are generally more volatile and their markets are generally less liquid relative to larger-cap companies. Therefore, the Fund may involve more risk of loss and its returns may differ significantly from funds investing in larger-cap companies or other asset classes. See Investment Goal and Policies - Risk Factors - Investing in Small- and Micro-Cap Companies.

Selection Risk

Different types of stocks tend to shift into and out of favor with stock market investors, depending on market and economic conditions. The performance of funds that invest in value-style stocks may at times be better or worse than the performance of stock funds that focus on other types of stocks or that have a broader investment style.

Market Price of Shares

Although the Fund s shares of Common Stock have recently traded on Nasdaq at a market price above their net asset value (a premium), the Fund s shares have traded in the market below (a discount), at and above net asset value since the commencement of the Fund s operations. There can be no assurance that the Fund s shares will trade at a premium in the future, or that any such premium is sustainable. The Fund s shares have traded at discounts of as much as 25.66% in the past five years. Market price risk is a risk separate and distinct from the risk that the Fund s net asset value will decrease. In the year ended December 31, 2004, the Fund s shares traded in the market at an average discount to net asset value of 2.95%. As of December 31, 2004, the premium above net asset value was 7.38%. In the quarter ended March 31, 2005, the Fund s shares traded in the market at an average premium to net asset value of 6.6%. As of March 31, 2005, the premium above net asset value was 8.3%.

Risk Factors - Risk of Investment in a Limited Number of Companies

Because the Fund invests in a limited number of companies, developments affecting an individual issuer are likely to have a greater impact on the Fund s net asset value and the market price of its Common Stock.

Risk Factors - Foreign Investments

The Fund invests a portion of its assets in securities of foreign issuers. Foreign investments involve certain risks which typically are not present in securities of domestic issuers. There may be less information available about a foreign company than a domestic company; foreign companies may not be subject to accounting, auditing and reporting standards and requirements comparable to those applicable to domestic companies; and foreign markets, brokers and issuers are generally subject to less extensive government regulation than their domestic counterparts. Foreign securities may be less liquid and may be subject to greater price volatility than domestic securities. Foreign investments also may be subject to local economic and political risks which might adversely affect the Fund s ability to realize on its investments in such securities. No assurance can be given that Royce will be able to anticipate these potential events or counter their effects.

Leverage and Borrowing

The Fund is authorized to borrow money. So long as the Fund s 6.00% Preferred Stock is rated by Moody s, the Fund cannot borrow for investment leverage purposes. Borrowings create an opportunity for greater capital appreciation with respect to the Fund s investment portfolio, but at the same time such borrowing is speculative in that it will increase the Fund s exposure to capital risk. In addition, borrowed funds are subject to interest costs that may offset or exceed the return earned on the borrowed funds. See Investment Goal and Policies - Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities.

Preferred Stock - Leverage Risk

The Fund s leverage resulting from the issuance of 6.00% Preferred Stock and any other Preferred Stock creates risks for holders of Common Stock, including higher volatility of both the net asset values and market prices of the Common Stock. If the Fund is able to realize a net return on its investment portfolio in excess of the dividend rate of the Preferred Stock, the effect of leverage permits holders of Common Stock to realize a higher current rate of return than if the Fund were not leveraged. On the other hand, if the dividend rate on the Preferred Stock exceeds the net return on the Fund s investment portfolio, the Fund s leveraged capital structure will result in a lower rate of return to holders of Common Stock than if the Fund were not leveraged. Similarly, because any decline in the value of the Fund s investments will be borne entirely by holders of Common Stock, the effect of leverage in a declining market results in a greater decrease in net asset value to holders of Common Stock than if the Fund were not leveraged, which would likely be reflected in a greater decline in the market price for shares of Common Stock. See Investment Goal and Policies - Risks to Common Stockholders of Borrowing Money and Issuing Senior Securities. Leveraging through the issuance of Preferred Stock requires that the holders of the Preferred Stock have class voting rights on various matters that could make it more difficult for the holders of the Common Stock to change the investment goal or other fundamental policies of the Fund, to convert the Fund to an open-end fund or make certain other changes. See Investment Goal and Policies - Changes in Investment Goal and Methods/Policies and Description of Capital Stock - Certain Corporate Governance Provisions.

Because Royce s fee is based on the average net assets of the Fund (which include net assets applicable to both Common Stock and Preferred Stock), Royce has generally benefited from the Fund s issuance of the Preferred. See Investment Advisory and Other Services - Advisory Fee.

Certain Corporate Governance Provisions

The seven Fund Directors who are elected by the holders of Common Stock and 6.00% Preferred Stock voting together are divided into three classes, each having a staggered term of three years. The two Directors elected only by the holders of 6.00% Preferred Stock stand for election at each annual meeting of stockholders. Accordingly, it likely would take a number of years to change a majority of the Board of Directors. Vacancies on the Board of Directors for one or more of the classified positions may be filled by the remaining Directors for the balance of the term of the class. In addition, the Fund s Bylaws permit stockholders to call a special meeting of stockholders only if certain procedural requirements are met and the request is made by stockholders entitled to cast at least a majority of the votes entitled to be cast at such a meeting. These provisions may have the effect of maintaining the continuity of management and thus may make it more difficult for the Fund s stockholders to change the majority of Directors. See Certain Corporate Governance Provisions.

FUND EXPENSES

The following tables are intended to assist investors in understanding the various costs and expenses that a stockholder of the Fund will bear, directly or indirectly.

Stockholder Transaction Expenses	
Sales Load	None
Distribution Reinvestment and Cash Purchase Plan Fees	None
Annual Expenses (as a percentage of average net assets applicable to Common Stock)	
Investment Advisory Fees(1)	1.22%
Other Expenses(1)	0.21%
Total Annual Expenses(1,2)	1.43%

(1) Assumes the Issued Preferred remains outstanding for the year ending December 31, 2005. See Risk Factors and Special Considerations at a Glance Preferred Stock Leverage Risk. If the Fund redeems the Issued Preferred, it is estimated that, as a percentage of net assets attributable to Common Stock, the Investment Advisory Fees would be 1.0%. Other Expenses would be 0.21% and Total Annual Expenses would be 1.21%.

(2) The indicated 1.43% expense ratio assumes that the Offer (including the Over-Subscription Privilege) is fully subscribed and assumes estimated net proceeds from the Offer of approximately $22.1 million (assuming an estimated Subscription Price of $8.50).

Example

The following Example demonstrates the projected dollar amount of total cumulative expense that would be incurred over various periods with respect to a hypothetical investment in the Fund s Common Stock. These amounts are based upon payment by the Fund of investment advisory fees and other expenses at the levels set forth in the above table.

An investor would directly or indirectly pay the following expenses on a $1,000 investment in shares of the Fund s Common Stock, assuming (i) the market price at the time of investment was equal to the net asset value (NAV) per share, (ii) a 5% annual return and (iii) reinvestment of all distributions at NAV:

One Year	Three Years	Five Years	Ten Years
$15	**$45**	**$78**	**$171**

This Example assumes that the percentage amounts listed under Annual Expenses remain the same in the years shown. The above tables and the assumption in the Example of a 5% annual return and reinvestment at NAV are required by regulation of the SEC and are applicable to all registered management investment companies, and the assumed 5% annual return is not a prediction of, and does not represent, the projected performance of the Fund s Common Stock. Actual expenses and annual rates of return may be more or less than those allowed for purposes of this Example. This Example assumes that the Offer (including the Over-Subscription Privilege) is fully subscribed. If the Fund issues fewer shares of its Common Stock, all other things being equal, these expenses would increase. In addition, while the Example assumes reinvestment of all distributions at NAV, the Fund s Distribution Reinvestment and Cash Purchase Plan contemplates payment of net investment income dividends and capital gain distributions in shares of the Fund s Common Stock (unless a stockholder elects to receive payments in cash), based on the lower of the market price or NAV on the valuation date, except that distributions may not be reinvested for less than 95% of the market price.

This Example should not be considered a representation of future expenses. The Fund s actual expenses may be more or less than those shown.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund s financial performance for the periods presented and reflects financial results for a single share of the Fund s Common Stock. The total returns in the table represent the rate that an investor would have earned on an investment in the Fund s Common Stock (assuming reinvestment of all dividends and distributions and full primary participation in all rights offerings). The information for each of the five years in the period ended December 31, 2004 has been audited by Tait, Weller & Baker, whose report, along with the Fund s financial statements, is included in the Fund s 2004 Annual Report to Stockholders, which is available upon request.

	Years ended December 31,									
	2004	2003	2002	2001	2000	1999	1998	1997	1996±	1995
NET ASSET VALUE, BEGINNING OF PERIOD	$9.00	$6.27	$7.28	$6.77	$5.94	$5.63	$6.04	$5.52	$5.09	$4.70
INVESTMENT OPERATIONS:										
Net investment income (loss)	0.02	0.08	(0.01)	0.05	0.12	0.08	0.12	0.08	0.06	0.13
Net realized and unrealized gain (loss) on investments and foreign currency	2.63	3.57	(0.74)	0.79	1.26	0.58	(0.35)	1.12	0.35	0.36
Total investment operations	2.65	3.65	(0.75)	0.84	1.38	0.66	(0.23)	1.20	0.41	0.49
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:										
Net investment income	(0.00)	(0.02)	(0.03)	(0.04)	(0.03)	(0.01)	(0.16)			
Net realized gain on investments and foreign currency	(0.15)	(0.14)	(0.13)	(0.13)	(0.14)	(0.17)	(0.02)	(0.01)		
Total distributions to Preferred Stockholders	(0.15)	(0.16)	(0.16)	(0.17)	(0.17)	(0.18)	(0.18)	(0.01)		
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	2.50	3.49	(0.91)	0.67	1.21	0.48	(0.41)	1.19	0.41	0.49
DISTRIBUTIONS TO COMMON STOCKHOLDERS:										
Net investment income	(0.02)	(0.06)	(0.02)	(0.03)	(0.06)	(0.01)		(0.12)		(0.16)
Net realized gain on investments	(1.72)	(0.56)	(0.07)	(0.11)	(0.28)	(0.14)		(0.41)		(0.01)

and foreign currency										
Total distributions to Common Stockholders	(1.74)	(0.62)	(0.09)	(0.14)	(0.34)	(0.15)		(0.53)		(0.17)
CAPITAL STOCK TRANSACTIONS:										
Effect of reinvestment of distributions by Common Stockholders	(0.01)	(0.03)	(0.01)	(0.02)	(0.04)	(0.02)		(0.04)		
Effect of Preferred Stock Offering		(0.11)						(0.10)		
Other Sources									0.02	0.07
Total capital stock transactions	(0.01)	(0.14)	(0.01)	(0.02)	(0.04)	(0.02)		(0.14)	0.02	0.07
NET ASSET VALUE, END OF PERIOD	$9.75	$9.00	$6.27	$7.28	$6.77	$5.94	$5.63	$6.04	$5.52	$5.09
MARKET VALUE, END OF PERIOD	$10.47	$8.48	$5.56	$6.65	$5.69	$4.72	$4.88	$5.06	$4.59	$4.19
TOTAL RETURN (a):										
Market Value	47.3%	64.0%	(15.1)%	19.7%	27.9%	(0.3)%	(3.7)%	21.3%	9.6%	22.3%
Net Asset Value	29.2%	54.3%	(12.5)%	10.0%	20.9%	8.7%	(6.8)%	20.5%		
RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:										
Total expenses (b,c)	1.53%	1.57%	1.88%	1.47%	1.44%	1.51%	1.62%	0.94%	1.91%	2.14%
Management fee expense	1.27%	1.14%	1.13%	1.11%	1.00%	1.00%	1.14%	0.39%	0.83%	1.00%
Other operating expenses	0.26%	0.43%	0.75%	0.36%	0.44%	0.51%	0.48%	0.55%	1.08%	1.14%
Net investment income (loss)	0.24%	1.07%	(0.16)%	0.70%	1.93%	1.47%	1.95%	1.35%	1.80%	2.80%
SUPPLEMENTAL DATA:										
Net Assets Applicable to Common Stockholders; End of Period (in thousands)	$105,853	$87,012	$57,956	$66,654	$60,933	$51,003	$47,457	$50,893	$44,154	$41,385
Liquidation Value of Preferred Stock; End of Period (in	$25,000	$25,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000		

thousands)										
Portfolio Turnover Rate	52%	49%	61%	54%	69%	60%	90%	74%	159%	76%
Average Commission Rate Paid (d)	.0500	.0486	$0.0482	$0.0517	$0.0597	$0.0607	$0.0620	$0.0610	$0.0396	
PREFERRED STOCK:										
Total shares outstanding	1,000,000	1,000,000	800,000	800,000	800,000	800,000	800,000	800,000		
Asset coverage per share	$130.85	$112.01	$97.44	$108.32	$101.17	$88.75	$84.32	$88.62		
Liquidation preference per share	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00		
Average market value per share(e)										
6.00% Cumulative	$24.83	$25.45								
7.45% Cumulative		$25.53	$25.64	$25.09	$22.23	$24.00	$25.16	$25.25		

+ Royce has served as the investment adviser to the Fund since November 1, 1996.

(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. For years prior to 1997, the Net Asset Value Total Return is not available.

(b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.21%, 1.20%, 1.43%, 1.11%, 1.05%, 1.06%, 1.16%, 0.90%, 1.91% and 2.14%, for the years ended December 31, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996 and 1995, respectively.

(c) Expense ratios based on average net assets applicable to Common Stockholders before waivers of fees by the investment adviser would have been 1.73%, 2.06%, 1.69%, 1.81%, 1.93%, 1.88%, 1.60% and 2.08% for the years ended December 31, 2003, 2002, 2001, 2000, 1999, 1998, 1997 and 1996, respectively.

(d) For fiscal years beginning after October 1, 1995, the Fund is required to disclose its average commission rate paid per share for purchases and sales of investments.

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

THE OFFER

Terms of the Offer

The Fund is offering (the Offer) to its Common Stockholders of record (Stockholders) as of the close of business on May 6, 2005 (the Record Date) non-transferable rights (the Rights) to subscribe for an aggregate of 2,189,498 shares of Common Stock (the Shares) of the Fund. The Fund may increase the number of shares of Common Stock subject to subscription by up to 20% of the Shares, or up to 437,899 Additional Shares, for an aggregate total of 2,627,397 shares. However, the Fund will sell Additional Shares to Stockholders only if and to the extent that shares issued through the Offer would not dilute (reduce) the net asset value of its Common Stock by 2.0% or more. The Shares and the Additional Shares are sometimes referred to herein as the Shares .

Each Stockholder is being issued one (1) Right for each whole share of Common Stock owned on the Record Date. The Rights entitle a Stockholder to acquire at the Subscription Price one (1) Share for each five (5) Rights held, rounded up to the nearest number of Rights evenly divisible by five. Fractional Shares will not be issued upon the exercise of Rights. In the case of shares held of record by a broker-dealer, bank or other financial intermediary (each, a Nominee), the number of Rights issued to such Nominee will be adjusted to permit rounding up (to the nearest number of Rights evenly divisible by five) of the Rights to be received by each of the beneficial owners for whom it is the holder of record only if the Nominee provides to the Fund, on or before the close of business on June 3, 2005, a written representation of the number of Rights required for such rounding.

Rights may be exercised at any time during the Subscription Period, which commences on May 10, 2005 and ends as of 5:00 p.m., Eastern time, on June 10, 2005, unless extended by the Fund (such date, as it may be extended, is referred to in this Prospectus as the Expiration Date). A Stockholder s right to acquire one (1) additional Share for each five (5) Rights held during the Subscription Period at the Subscription Price is referred to as the Primary Subscription. The Rights are evidenced by Subscription Certificates, which will be mailed to Stockholders.

In addition, any Stockholder who fully exercises all Rights issued to him or her is entitled to subscribe for additional Shares, which were not otherwise subscribed for in the Primary Subscription, at the Subscription Price (the Over-Subscription Privilege). Shares acquired pursuant to the Over-Subscription Privilege are subject to allotment and may be subject to increase, which is more fully discussed below under The Offer - Over-Subscription Privilege.

The Subscription Price will be the lower of (i) $0.25 below the last reported sale price of a share of the Fund s Common Stock on Nasdaq on June 13, 2005 (the Pricing Date) or (ii) the net asset value (NAV) of a share of the Fund s Common Stock at the close of business on the Pricing Date. Since the time of the close of the Offer on the Expiration Date is prior to the Pricing Date, holders who choose to exercise their Rights will not know the Subscription Price at the time they exercise their Rights.

The Rights are non-transferable. Therefore, only the underlying Shares, and not the Rights, will be listed for trading on Nasdaq.

Purposes of the Offer

The Board of Directors of the Fund has determined that it would be in the best interests of the Fund and its stockholders to continue to increase the assets of the Fund available for current and future investment opportunities. In addition, the Offer seeks to reward the long-term stockholder by giving existing Stockholders Rights to purchase additional Shares at a below market price. Increasing the size of the Fund also might result in lowering the Fund s expenses as a percentage of average net assets applicable to Common Stockholders. Royce expects to take up to six months from the Fund s receipt of the proceeds of the Offer following the Expiration Date to fully invest them in accordance with the Fund s investment goal and policies.

The Subscription Price will be determined at the close of the first business day subsequent to the Expiration Date in order to ensure that the Offer will attract maximum Stockholder participation with minimum dilution to non-participating Stockholders.

The Fund s Board of Directors voted unanimously to approve the terms of the Offer. Two of the Fund s Directors who voted to authorize the Offer are affiliated with Royce and, therefore, could benefit indirectly from the Offer. The other seven directors are not interested persons of the Fund within the meaning of the Investment Company Act of 1940, as amended (the 1940 Act). Royce may also benefit from the Offer because its fee is based on the net assets of the Fund. See Investment Advisory and Other Services - Advisory Fee. It is not possible to state precisely the amount of additional compensation Royce might receive as a result of the Offer because it is not known how many Shares will be subscribed for and because the proceeds of the Offer will be invested in additional portfolio securities, which will fluctuate in value.

The Fund may, in the future, choose to make additional rights offerings from time to time for a number of shares and on terms that may or may not be similar to this Offer. Any such future rights offerings will be made in accordance with the then applicable requirements of the 1940 Act and the Securities Act of 1933, as amended.

There can be no assurance that the Fund or its stockholders will achieve any of the foregoing objectives or benefits through the Offer.

Over-Subscription Privilege

If some Stockholders do not exercise all of the Rights initially issued to them, any Shares for which subscriptions have not been received from Stockholders will be offered by means of the Over-Subscription Privilege to those Stockholders who have exercised all of the Rights initially issued to them and who wish to acquire additional Shares. Stockholders who exercise all of the Rights initially issued to them should indicate on the Subscription Certificate how many Shares they are willing to acquire through this Over-Subscription Privilege. If sufficient Shares remain after completion of the Primary Subscription, all over-subscription requests will be honored in full. However, if sufficient Shares are not available to honor all over-subscription requests, the Fund may issue up to an additional 20% of the initial Shares (the

Additional Shares), in order to honor such over-subscription requests. However, the Fund will sell Additional Shares to stockholders only if and to the extent that shares issued through the Offer would not dilute (reduce) the net asset value of its Common Stock by 2.0% or more. To the extent that there are not sufficient Shares to honor all over-subscription requests, the available Shares will be allocated among those who over-subscribe based on the number of Rights originally issued to them by the Fund, so that the number of Shares issued to Stockholders who subscribe through the Over-Subscription Privilege will generally be in proportion to the number of Shares of the Fund owned by them on the Record Date. The percentage of remaining Shares each over-subscribing Stockholder may acquire may be rounded up or down to result in delivery of whole Shares. The allocation process may involve a series of allocations in order to ensure that the total number of Shares available for over-subscriptions is distributed, as nearly as may be practicable, on a pro rata basis. The combination of the Over-Subscription Privilege and the Fund s election to issue Additional Shares may result in additional dilution of interest and voting rights to Stockholders, and additional reduction in the Fund s NAV per share.

Charles M. Royce, W. Whitney George and certain other officers and employees of Royce may purchase Shares in the Primary Subscription and the Over-Subscription Privilege. Any such purchases will be made on the same terms applicable to other Stockholders.

Subscription Price

The Subscription Price for the Shares to be issued pursuant to the Offer will be the lower of (i) $0.25 below the last reported sale price of a share of the Fund s Common Stock on Nasdaq on the Pricing Date or (ii) the NAV of a share of the Fund s Common Stock at the close of business on the Pricing Date. For example, if the last reported sale price of a share of the Fund s Common Stock on Nasdaq on the Pricing Date is $8.74 and the NAV of a share of the Fund s Common Stock on that date is $8.48, the Subscription Price will be $8.48. However, if the NAV of a share of the Fund s Common Stock on that date is $8.60, then the Subscription Price will be $8.49.

The Fund announced the Offer after the close of trading on Nasdaq on February 16, 2005. The NAV per share of the Fund s Common Stock at the close of business on December 31, 2004 and April 15, 2005 were

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$9.75 and $8.49, respectively, and the last reported sales prices of a share of the Fund s Common Stock on Nasdaq on those dates were $10.47 and $8.74, respectively.

Expiration of the Offer

The Expiration Date is 5:00 p.m., Eastern time, on June 10, 2005, unless extended by the Fund. The Rights will expire on the Expiration Date and may not be exercised after that date. Since the time of the close of the Offer on the Expiration Date is prior to the Pricing Date, Stockholders who choose to exercise their Rights will not know the Subscription Price when they decide whether to acquire Shares in the Primary Subscription or through the Over-Subscription Privilege.

Subscription Agent

The Subscription Agent for the Offer is Equiserve Trust Company, N.A. (Equiserve), which will receive, for its administrative, processing, invoicing and other services as Subscription Agent, an estimated fee of $15,000 as well as reimbursement for all out-of-pocket expenses related to the Offer. The Subscription Agent is also the Fund s Transfer Agent. Stockholder inquiries may be directed to Georgeson Shareholder Communications, Inc., the Information Agent, (toll free) at (866) 328-5443. **SIGNED SUBSCRIPTION CERTIFICATES SHOULD BE SENT TO EQUISERVE TRUST COMPANY, N.A.**, by one of the following methods:

(1) BY FIRST CLASS MAIL:

Equiserve Trust Company, N.A.

Attn: Corporate Actions

P.O. Box 859208

Braintree, MA 02185

(2) BY EXPRESS MAIL OR OVERNIGHT COURIER:
Equiserve Trust Company, N.A.
Attn: Corporate Actions
161 Baystate Drive
Braintree, MA 02184

(3) BY HAND:
EquiServe Trust Company, N.A.
Attn: Corporate Actions
17 Battery Park Place, 11th Floor
New York, NY 10004

Delivery to an address other than the above does not constitute good delivery.

Information Agent Coordinator

Any questions or requests for assistance may be directed to the Information Agent at its telephone number listed below:

Georgeson Shareholder Communications, Inc.
Toll Free: (866) 328-5443

Stockholders may also call the Fund (toll free) at (800) 221-4268 or contact their Nominees, who hold shares for the account of others, for information with respect to the Offer.

The Fund will pay a fee of $12,000 to Georgeson Shareholder Communications, Inc. and will reimburse it for all out-of-pocket expenses related to its services as Information Agent.

Method for Exercising Rights

Rights may be exercised by Stockholders who fill in and sign the accompanying Subscription Certificate and mail it in the envelope provided or deliver the completed and signed Subscription Certificate to the Subscription Agent, together with any required payment for the Shares as described below under Payment for Shares. Rights may also be exercised by a Stockholder s contacting his or her broker, bank, trust company or other nominee, which can arrange, on the Stockholder s behalf, to guarantee delivery (using a Notice of Guaranteed Delivery) of a properly completed and executed Subscription Certificate and payment for the Shares. The broker, bank, trust company or other nominee may charge a fee for this service. Fractional Shares will not be issued. Completed Subscription Certificates must be received by the Subscription Agent prior to 5:00 p.m., Eastern time, on the Expiration Date (unless payment is to be effected by means of a Notice of Guaranteed Delivery (see Payment for Shares)) at the offices of the Subscription Agent.

Stockholders who are Record Owners. Stockholders who are record owners can choose between either option set forth below under Payment for Shares. If time is of the essence, option (1) will permit delivery of the Subscription Certificate and payment after the Expiration Date.

Investors Whose Shares Are Held Through A Nominee. Stockholders whose shares are held by a Nominee such as a broker, bank or trust company, must contact that Nominee to exercise their Rights. In that case, the Nominee will complete the Subscription Certificate on behalf of the Stockholder and arrange for proper payment by one of the methods set forth below under Payment for Shares.

Nominees. Nominees, who hold shares for the account of others, should notify the respective beneficial owners of such shares as soon as possible to ascertain such beneficial owners intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the Nominee should complete the Subscription Certificate and submit it to the Subscription Agent, together with the proper payment described below under Payment for Shares.

Payment for Shares

Stockholders who acquire Shares in the Primary Subscription or pursuant to the Over-Subscription Privilege may choose between the following methods of payment:

(1) If, prior to 5:00 p.m., Eastern time, on the Expiration Date, the Subscription Agent has received a Notice of Guaranteed Delivery by facsimile or otherwise, from a bank, trust company or New York Stock Exchange (NYSE) member firm, guaranteeing delivery of (a) payment of the full Subscription Price for the Shares subscribed for in the Primary Subscription and any additional Shares subscribed for through the Over-Subscription Privilege and (b) a properly completed and executed Subscription Certificate, the subscription will be accepted by the Subscription Agent. The Subscription Agent will not honor a Notice of Guaranteed Delivery if a properly completed and executed Subscription Certificate together with full payment is not received by the Subscription Agent by the close of business on the third (3^{rd}) business day after the Expiration Date (June 15, 2005 unless the offer is extended).

(2) Alternatively, a record owner can send payment for the Shares acquired in the Primary Subscription and any additional Shares subscribed for pursuant to the OverSubscription Privilege, together with the Subscription Certificate, to the Subscription Agent based on an assumed Subscription Price of $8.50 per Share. To be accepted, such payment, together with the Subscription Certificate, must be received by the Subscription Agent prior to 5:00 p.m., Eastern time, on the Expiration Date.

IF THE SECOND METHOD DESCRIBED ABOVE IS USED, PAYMENT BY CHECK CERTIFICATE OR MONEY ORDER MUST ACCOMPANY ANY SUBSCRIPTION CERTIFICATE FOR THE SUBSCRIPTION TO BE ACCEPTED.

Stockholders will have no right to rescind their subscription after receipt by the Subscription Agent of a Notice of Guaranteed Delivery or their payment for Shares, except as provided below under Notice of Net Asset Value Decline / Possible Suspension or Withdrawal of the Offer.

The method of delivery of Subscription Certificates and payment of the Subscription Price to the Fund will be at the election and risk of the Rights holders, but if sent by mail it is recommended that such Subscription Certificates and payment be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Fund and clearance of payment prior to 5:00 p.m., Eastern time, on the Expiration Date. Because uncertified personal checks may take at least five business days to clear and may, at the discretion of the Fund, not be accepted if not cleared prior to the Expiration Date, you are strongly encouraged to pay, or arrange for payment, by means of certified or bank cashier s check or a money order.

A confirmation will be sent by the Subscription Agent to each Stockholder (or, if the Fund s Shares on the Record Date are held by a Nominee, to such Nominee) by June 20, 2005, showing (i) the number of Shares acquired pursuant to the Primary Subscription; (ii) the number of Shares, if any, acquired through the Over-Subscription Privilege; (iii) the per Share and total purchase price for the Shares; and (iv) any additional amount payable by the Stockholder to the Fund or any excess to be refunded by the Fund to the Stockholder, in each case based on the Subscription Price as determined on the Pricing Date. Any additional payment required from a Stockholder must be received by the Subscription Agent within ten (10) days after the Confirmation Date. Any excess payment to be refunded by the Fund to a Stockholder will be mailed by the Subscription Agent to such Stockholder as promptly as possible within ten (10) business days after the Confirmation Date. All payments by a Stockholder must be made in United States dollars by money order or check drawn on a bank located in the United States of America and payable to ROYCE FOCUS TRUST, INC.

Issuance and delivery of certificates for the Shares purchased are subject to collection of checks and actual payment through any Notice of Guaranteed Delivery.

If a Stockholder who acquires Shares pursuant to the Primary Subscription or Over-Subscription Privilege does not make payment of all amounts due by the 10^{th} day after the Confirmation Date, the Fund reserves the right to (i) find other purchasers for such subscribed and unpaid Shares; (ii) apply any payment actually received by it toward the purchase of the greatest number of whole Shares which could be acquired by such Stockholder upon exercise of the Primary Subscription and/or Over-Subscription Privilege; and/or (iii) exercise any and all other rights and/or remedies to which it may be entitled, including, without limitation, the right to set-off against payments actually received by it with respect to such subscribed Shares.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. The Fund will not be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Notice of Net Asset Value Decline / Possible Suspension or Withdrawal of the Offer

The Fund has, as required by the SEC s registration form, undertaken to suspend the Offer until it amends this Prospectus if, subsequent to April 28, 2005, the effective date of the Fund s Registration Statement, the Fund s NAV declines more than 10% from its NAV, adjusted for any distributions, as of April 28, 2005. Accordingly, the Fund will notify Stockholders of any such decline and thereby permit them to cancel their exercise of Rights.

Delivery of Share Certificates

Participants in the Fund s Distribution Reinvestment and Cash Purchase Plan (the Plan) will have any Shares acquired in the Primary Subscription and pursuant to the Over-Subscription Privilege credited to their

accounts in the Plan. Stock certificates will not be issued for Shares credited to Plan accounts. Stockholders whose Shares are held of record by a Nominee on their behalf will have any Shares acquired in the Primary Subscription and pursuant to the Over-Subscription Privilege credited to the account of such Nominee. For all other Stockholders, stock certificates for all Shares acquired will be mailed promptly after full payment for the subscribed Shares has been received and cleared.

Federal Income Tax Consequences of the Offer

Stockholders who receive Rights pursuant to the Offer will not recognize taxable income for U.S. Federal income tax purposes upon their receipt of the Rights. If Rights issued to a Stockholder expire without being exercised, no basis will be allocated to such Rights, and such stockholder will not recognize any gain or loss for U.S. Federal income tax purposes upon such expiration.

The tax basis of a Stockholder s Common Stock will remain unchanged, and the Stockholder s basis in the Rights will be zero. A Stockholder who exercises Rights will not recognize any gain or loss for U.S. Federal income tax purposes upon the exercise. The basis of the newly acquired Common Stock will equal the Subscription Price paid for the Common Stock. Upon a sale or exchange of the Common Stock so acquired, the Stockholder will recognize gain or loss measured by the difference between the proceeds of the sale or exchange and the cost basis of such Common Stock. Assuming the Stockholder holds the Common Stock as a capital asset, any gain or loss realized upon its sale will generally be treated as a capital gain or loss, which gain or loss will be short-term or long-term, depending on the length of the Stockholder s holding period for such Common Stock. However, any loss recognized upon the sale of shares of Common Stock with a tax holding period of 6 months or less will be treated as a long-term capital loss to the extent of any capital gain distribution previously received by the Stockholder with respect to such Shares, and a loss may be disallowed under wash sale rules to the extent that the Stockholder purchases additional Common Stock (including by reinvestment of distributions) within 30 days before or after the sale date. The holding period for Common Stock acquired upon the exercise of Rights will begin on the date of exercise of the Rights.

The foregoing is a summary of the material U.S. Federal income tax consequences of the Offer under the provisions of the U.S. Internal Revenue Code of 1986, as amended (the Code), and applicable existing and proposed regulations thereunder, all as currently in effect and all subject to change at any time, perhaps with retroactive effect. It does not include any state, local or foreign tax consequences of the Offer. This summary is generally applicable to Stockholders that are United States persons as defined in the Code. Further, this summary is not intended to be, nor should it be, construed as legal or tax advice, and stockholders are urged to consult their own tax advisors to determine the tax consequences to them of the Offer and their ownership of Rights and Common Stock.

Dilution

If you do not fully exercise your Rights, you should expect that you will, at the completion of the Offer, own a smaller proportional interest in the Fund than would otherwise be the case if you exercised your Rights. We cannot determine the extent of this dilution at this time because we do not know what proportion of the Fund s Shares will be purchased as a result of the Offer.

You may experience dilution in your holdings because you will indirectly bear the expenses of the Offer. Further, if you do not submit subscription requests pursuant to the Over-Subscription Privilege, you may also experience dilution in your holdings if the Fund offers Additional Shares for subscription. We cannot state precisely the amount of any such decrease in NAV because we do not know at this time how many Shares will be subscribed for or what the NAV or market price per share will be at the Pricing Date. As of April 15, 2005, the Fund s shares traded at a 2.9% premium above NAV. If the Fund s shares trade at a premium above NAV as of the Pricing Date, the Fund estimates that such dilution would be minimal. See Risk Factors and Special Considerations at a Glance - Dilution - Net Asset Value and Non-Participation in the Offer. Except as described in this Prospectus, you will have no right to rescind your subscription requests after receipt by the Subscription Agent of your payment for Shares or a Notice of Guaranteed Delivery.

Other Rights Offerings

The Fund may have similar rights offerings in the future. Any such future rights offerings would be separately registered with the SEC and made by means of separate prospectuses.

USE OF PROCEEDS

We estimate the net proceeds of the Offer to be approximately $18,410,733 ($22,132,875 if all of the Additional Shares are available for subscription). These figures assume (i) all Rights are exercised in full, (ii) a Subscription Price of $8.50 and (iii) payment of offering expenses of approximately $200,000. Royce expects to invest the net proceeds of the Offer in accordance with the Fund s investment goal and policies and anticipates that such investment will take up to six months from June 30, 2005, depending on market conditions and the availability of appropriate securities. Pending investment, the net proceeds of the Offer will be held in the types of short-term debt securities and instruments in which the Fund may invest. See Investment Goal and Policies - Investment Methods/Policies. As a result of this short-term investment of the proceeds, a lower yield may be realized.

THE FUND

The Fund is a closed-end diversified management investment company. It was incorporated under the name America s All Season Fund, Inc. under the laws of the State of Maryland on October 30, 1987 and registered under the 1940 Act. The Fund commenced operations in March 1988. Since November 1, 1996, when Royce became its investment adviser, the Fund s investment goal has been long-term capital growth. The Fund s principal office is located at 1414 Avenue of the Americas, New York, New York 10019, and its telephone number is (800) 221-4268.

INVESTMENT GOAL, POLICIES AND RISKS

Investment Goal

The Fund s investment goal and one of its fundamental policies is long-term capital growth. Royce normally invests at least 65% of the Fund s assets in equity securities. Royce uses a value approach to invest the Fund s assets in a limited number of domestic and foreign companies. While the Fund is not restricted as to stock market capitalization, Royce focuses the Fund s investments primarily in small-cap companies (companies with stock market capitalizations between $500 million and $2.5 billion) and micro-cap companies (companies with stock market capitalizations below $500 million) with significant business activities in the United States. Stock market capitalization is calculated by multiplying the total number of common shares issued and outstanding by the per share market price of the common stock.

The Fund may invest up to 35% of its assets in direct obligations of the U.S. Government or its agencies and in the non-convertible preferred stocks and debt securities of domestic and foreign companies.

There are market risks inherent in any investment, and no assurance can be given that the Fund s investment goal will be achieved.

Investment Policies

Royce invests the Fund s assets primarily in a limited number of companies selected using a value approach. While it does not limit the stock market capitalizations of the companies in which the Fund may invest, Royce has historically focused on small-cap and micro-cap equity securities.

Royce uses a value method in managing the Fund s assets. In selecting equity securities for the Fund, Royce evaluates the quality of a company s balance sheet, the level of its cash flows and various measures of a company s profitability. Royce then uses these factors to assess the company s current worth, basing this assessment on either what it believes a knowledgeable buyer might pay to acquire the entire company or what it thinks the value

of the company should be in the stock market. This analysis takes a number of factors into consideration, including the company s future growth prospects and current financial condition.

Royce invests in the equity securities of companies that are trading significantly below its estimate of the company s current worth in an attempt to reduce the risk of overpaying for such companies. Royce s value approach strives to reduce some of the other risks of investing in small-cap companies (for the Fund s portfolio taken as a whole) by evaluating various other risk factors. Royce attempts to lessen financial risk by buying companies with strong balance sheets. While no assurance can be given that this risk-averse value approach will be successful, Royce believes that it can reduce some of the risks of investing in the securities of small-cap companies, which are inherently fragile in nature and whose securities have substantially greater market price volatility. Although Royce s approach to security selection seeks to reduce downside risk to the Fund s portfolio, especially during periods of broad small-cap market declines, it may also potentially have the effect of limiting gains in strong small-cap up markets.

Foreign Investments. The Fund invests a portion of its assets in securities of foreign issuers. In most instances, investments will be made in companies principally based, or whose securities are traded in, the United States or the other developed countries of North America, Europe, Asia, Australia and New Zealand and not in emerging markets countries.

Foreign investments involve certain risks which typically are not present in securities of domestic issuers. There may be less information available about a foreign company than a domestic company; foreign companies may not be subject to accounting, auditing and reporting standards and requirements comparable to those applicable to domestic companies; and foreign markets, brokers and issuers are generally subject to less extensive government regulation than their domestic counterparts. Foreign securities may be less liquid and may be subject to greater price volatility than domestic securities. Foreign investments also may be subject to local economic and political risks which might adversely affect the Fund s ability to realize on its investment in such securities. No assurance can be given that Royce will be able to anticipate these potential events or counter their effects.

The Fund does not expect to purchase or sell foreign currencies to hedge against declines in the U.S. dollar or to lock in the value of the foreign securities it purchases, and its foreign investments may be adversely affected by changes in foreign currency rates. Consequently, the risks associated with such investments may be greater than if the Fund did engage in foreign currency transactions for hedging purposes.

Income earned or received by the Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. See Taxation below and in the Statement of Additional Information.

Depositary Receipts. The Fund may invest in the securities of foreign issuers in the form of sponsored or unsponsored ADRs, European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs) (collectively, Depositary Receipts) or other securities exchangeable for securities of foreign issuers. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities for which they may be exchanged. ADRs are receipts typically issued by an American bank or trust company that evidence ownership of underlying securities issued by a foreign corporation. EDRs are receipts issued in Europe that evidence a similar ownership arrangement. GDRs are receipts issued throughout the world that evidence a similar arrangement. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets, and EDRs, in bearer form, are designed for use in European securities markets. GDRs are tradeable both in the U.S. and in Europe and are designed for use throughout the world. Depositary Receipts are alternatives to the purchase of the underlying foreign securities in their national markets and currencies. The Fund may invest in unsponsored Depositary Receipts. The issuers of unsponsored Depositary Receipts are not obligated to disclose material information in the United States and, therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of the Depositary Receipts. Depositary Receipts also involve the risks associated with other investments in foreign securities, as discussed above.

Fixed Income Securities. Up to 35% of the Fund s assets may be invested in direct obligations of the U.S. Government or its agencies and in non-convertible preferred stocks and debt securities of various domestic and foreign issuers, including up to 5% of its assets in below investment-grade debt securities, also known as high-yield/high-risk securities. There are no limits on the maturity or duration of the fixed income securities in which the Fund may invest.

Two of the main risks of investing in fixed income securities are credit risk and interest rate risk. Below investment-grade debt securities may be in the lowest-rated categories of recognized rating agencies (C in the case of Moody s or D in the case of S&P) or may be unrated. Such high-yield/high-risk investments are primarily speculative and may entail substantial risk of loss of principal and non-payment of interest, but may also produce above-average returns for the Fund. Debt securities rated C or D may be in default as to the payment of interest or repayment of principal. As of the date of this Prospectus, interest rates are near historical lows, which makes it more likely that they will increase in the future, which could, in turn, result in a decline in the market value of the fixed income securities held by the Fund.

Warrants, Rights or Options. The Fund may invest up to 5% of its assets in warrants, rights or options. A warrant, right or call option entitles the holder to purchase a given security within a specified period for a specified price and does not represent an ownership interest in the underlying security. A put option gives the holder the right to sell a particular security at a specified price during the term of the option. These securities have no voting rights, pay no dividends and have no liquidation rights. In addition, market prices of warrants, rights or call options do not necessarily move parallel to the market prices of the underlying securities; market prices of put options tend to move inversely to the market prices of the underlying securities.

Securities Lending. The Fund may lend up to 25% of its assets to brokers, dealers and other financial institutions. However, under the Rating Agency Guidelines, the Fund may not lend portfolio securities in excess of 15% of its total assets. See Preferred Stock - Rating Agency Guidelines below. The Rating Agency Guidelines may in the future be amended to permit the Fund to lend a greater percentage of its total assets. Securities lending allows the Fund to retain ownership of the securities loaned and, at the same time, to earn additional income. Since there may be delays in the recovery of loaned securities or even a loss of rights in collateral supplied should the borrower fail financially, loans will be made only to parties that participate in a global securities lending program organized and monitored by the Fund s custodian and who are deemed by it to be of good standing. Furthermore, such loans will be made only if, in Royce s judgment, the consideration to be earned from such loans would justify the risk.

The current view of the staff of the SEC is that a fund may engage in such loan transactions only under the following conditions: (i) the fund must receive 100% collateral in the form of cash or cash equivalents (e.g., U.S. Treasury bills or notes) from the borrower; (ii) the borrower must increase the collateral whenever the market value of the securities loaned (determined on a daily basis at the close of regular trading) rises above the value of the collateral; (iii) after giving notice, the fund must be able to terminate the loan at any time; (iv) the fund must receive reasonable interest on the loan or a flat fee from the borrower, as well as amounts equivalent to any dividends, interest or other distributions on the securities loaned; (v) the fund may pay only reasonable custodian fees in connection with the loan; and (vi) the fund must be able to vote proxies on the securities loaned, either by terminating the loan or by entering into an alternative arrangement with the borrower.

Reverse Repurchase Agreements. The Fund is also authorized to enter into reverse repurchase agreements. However, the Rating Agency Guidelines prohibit such transactions. Such agreements involve the sale of securities held by the Fund pursuant to an agreement to repurchase the securities at an agreed-upon price, date and interest payment. When effecting reverse repurchase transactions, liquid securities of a dollar amount equal in value to the securities subject to the agreement are required to be maintained in a segregated account with the Fund s custodian bank, and the reverse repurchase agreement is required to be marked to market each day.

Temporary Investments. The assets of the Fund are normally invested as described above. However, for temporary defensive purposes (i.e., when Royce determines that market conditions warrant) or when it has uncommitted cash balances, the Fund may also invest in U.S. Treasury bills, domestic bank certificates of deposit, repurchase agreements with recognized securities dealers and banks covering U.S. Treasury and agency obligations having a term of not more than one week, high-quality commercial paper and money market funds registered under the 1940 Act or retain all or part of its assets in cash. Accordingly, the composition of the Fund s portfolio may vary from time to time.

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