

## PRESS RELEASE

FOR IMMEDIATE RELEASE – JANUARY 6, 2009  
New York, New York

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Royce & Associates, LLC is pleased to announce that Charlie Dreifus, portfolio manager and principal of Royce & Associates, LLC, has won the prestigious Morningstar Domestic-Stock Fund Manager of the Year award for 2008.

In nominating Charlie in December, Morningstar said, “Every portfolio should have at least one fund like this [Royce Special Equity Fund]. When times get tough..., Dreifus’ portfolios are an oasis of calm.”

Shortly after joining Royce & Associates in early 1998, Charlie began to manage the portfolio that combines classic value analysis with accounting cynicism, Royce Special Equity Fund, which made its debut on 5/1/98.

“When selecting our Fund Managers of the Year, we look for superior long- and short-term performance, proven strategies executed by experienced teams rather than trend-chasing, and strong stewardship,” said Russ Kinnel, director of mutual fund research for Morningstar. “Two thousand eight was such a challenging year for fund investors and managers,” Kinnel added. “We have seen how crucial it is for managers to be able to successfully limit investors’ losses. For example, Domestic-Stock Fund Manager of the Year Charlie Dreifus lost 19.6% in 2008, whereas the market as a whole lost 37%. Despite these losses, he has made it a lot easier for investors to get back into the black than many of his peers... We have a lot of confidence in Dreifus’ investing skills, especially when markets go south. His strategy shields against losses in bad markets even though it also means that Royce Special Equity lags in big market rallies.”

On receiving the award, Charlie said, “I’m very honored to have won. It’s particularly noteworthy that this accolade comes during such a difficult year, a year in which I wasn’t especially pleased with Royce Special Equity Fund’s performance on an absolute basis. I also want to offer congratulations to the other nominees—it was a very impressive list of managers, which makes the honor that much more gratifying, as does the fact that an organization as strong as Morningstar is giving out the award. It means a great deal to be singled out by such a well-regarded company.”

Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers’ funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term performance and of aligning their interests with shareholders’. The Fund Manager of the Year award winners are chosen based on Morningstar’s proprietary research and in-depth evaluation by its fund analysts.

Please join us in congratulating Charlie on this honor.

### IMPORTANT DISCLOSURE INFORMATION

Charles R. Dreifus, CFA, is Portfolio Manager of Royce Special Equity Fund, and is a Principal of Royce & Associates, LLC, investment adviser for *The Royce Funds*.

Morningstar awards managers based on their Fund’s current year performance, long-term performance, fund assets and investment strategy consistency. Morningstar also looks for managers who “are great stewards of shareholders’ interests and who stay with their proven strategies rather than follow investing trends.”

**Investors should carefully consider the investment goals, risks, fees and expenses of Royce Special Equity Fund before investing. A free prospectus containing this and other important information may be obtained by calling Investor Services at 1-800-221-4268 or by visiting [www.roycefunds.com](http://www.roycefunds.com). Investors should read the prospectus carefully before investing.**

The Fund invests primarily in a limited number of stocks that may involve considerably more risk than a less concentrated portfolio because a decline in the value of any one of these stocks would cause the Fund’s overall value to decline to a greater degree. The Fund invests primarily in small- and micro-cap stocks that may involve considerably more risk than investing in larger-cap stocks (Please see “Primary Risks for Fund Investors” in the prospectus). Past performance is no guarantee of future results. Distributor: Royce Fund Services, Inc. is a member of FINRA and the SIPC.

