

Royce International Discovery Fund

(Formerly Royce International Micro-Cap Fund)



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**Small/Mid-Cap
Core
Approach¹**

\$529.4M
Avg Market Cap²

**Low
Volatility³**

99%
Active Share⁴

**Fund
Longevity**

7+
Years of History

Why invest in Royce International Discovery Fund?

- Uses a fundamentally based, risk-aware approach to invest primarily in non-U.S. small- and mid-caps (generally market caps up to \$5 billion), a large, diverse, and typically inefficient universe of more than 25,000 companies (Source: FactSet)
- Employs a bottom-up approach to invest in companies with strong niche businesses, stable management, and sustainable growth patterns trading for less than Royce's estimate of their intrinsic value
- Seeks companies with strong balance sheets, high returns on invested capital, high insider ownership, and a history of paying dividends

Performance and Expenses by Share Class

Average Annual Total Return through 12/31/17 (%)

	4Q2017*	1-YR	3-YR	5-YR	SINCE INCEPT (12/31/10)	ANNUAL OPERATING EXPENSES (%)	
						GROSS	NET
Service	6.40	27.72	10.37	9.32	4.84	3.35	1.64
Russell Global ex-U.S. Small Cap	7.06	30.49	11.27	9.25	6.00	N/A	N/A

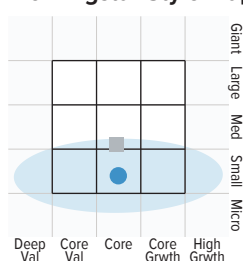
*Not Annualized

Important Performance and Expense Information

All performance information reflects past performance, is presented on a total return basis, reflects the reinvestment of distributions, and does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when redeemed. Shares redeemed within 30 days of purchase may be subject to a 2% redemption fee, payable to the Fund, which is not reflected in the performance shown above; if it were, performance would be lower. Current month-end performance may be higher or lower than performance quoted and may be obtained at www.roycefunds.com. Gross operating expenses reflect the Fund's total gross annual operating expenses and include management fees, 12b-1 distribution and service fees, and other expenses. Net operating expenses reflect contractual fee waivers and/or expense reimbursements. All expense information is reported as of the Fund's most current prospectus. Royce & Associates has contractually agreed to waive fees and/or reimburse operating expenses to the extent necessary to maintain the Fund's net annual operating expenses (excluding brokerage commissions, taxes, interest, litigation expenses, acquired fund fees and expenses, and other expenses not borne in the ordinary course of business) at or below 1.44% through April 30, 2019 and at or below 1.99% through April 30, 2027.

Morningstar Style Map™

As of 9/30/17

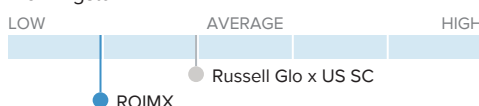


- Weighted average of holdings
- The center 75% of holdings
- Weighted average of holdings for Russell Glo x US SC

The Morningstar Style Map is the Morningstar Style Box™ with the center 75% of fund holdings plotted as the Morningstar Ownership Zone™. The Morningstar Style Box is designed to reveal a fund's investment strategy. The Morningstar Ownership Zone provides detail about a portfolio's investment style by showing the range of stock sizes and styles. The Ownership Zone is derived by plotting each stock in the portfolio within the proprietary Morningstar Style Box. Over time, the shape and location of a fund's ownership zone may vary.

Low Volatility³ As of 12/31/17

5-Year Relative Standard Deviation vs. all International Small-Cap Funds tracked by Morningstar



Portfolio Diagnostics

2017 Annual Turnover Rate	90%
Weighted Average P/E Ratio ^{5,6}	14.7x
Weighted Average P/B Ratio ⁵	2.0x
Net Assets	\$8M
Number of Holdings	105

Portfolio Regional Breakdown

% of Net Assets¹

	ROIMX	RUSSELL GLO X US SC
Asia Pacific (Developed)	41.3	43.5
Western Europe	27.4	27.6
North America	8.5	6.6
Asia Pacific (Emerging)	7.6	14.1
Latin America & Caribbean	5.3	3.0
Middle East & Africa	3.0	3.6
Eastern Europe	—	1.7

¹ Securities are categorized by the country of their headquarters.

Portfolio Country Breakdown

% of Net Assets^{1,2}

	ROIMX	RUSSELL GLO X US SC
Japan	16.2	22.7
United Kingdom	10.3	9.1
Taiwan	8.3	6.3
Canada	8.0	6.6
South Korea	5.9	4.9
Hong Kong	5.4	1.8
India	4.5	5.4
Sweden	4.3	2.4
Brazil	4.3	1.7
Australia	4.1	5.2
Germany	3.8	2.8

¹ Represents countries that are 3% or more of net assets.

² Securities are categorized by the country of their headquarters.

“We're looking for fundamentally sound non-U.S. companies with strong niche businesses and ample room for growth that also tend to have minimal analyst coverage and often low trading volumes.” —Dilip Badlani

1. Royce classifies the Fund as 'Core' because it anticipates the portfolio will have a weighted average price-to-book ratio or weighted average normalized price to earnings ratio that is similar to, or somewhat higher than, the Russell Global ex U.S. Small Cap Index. 2. **Geometric Average.** This weighted calculation uses each portfolio holding's market cap in a way designed to not skew the effect of very large or small holdings; instead, it aims to better identify the portfolio's center, which Royce believes offers a more accurate measure of average market cap than a simple mean or median. 3. **Low Volatility.** The Fund was in the lowest volatility quintile compared with all funds in Morningstar's Foreign Small/Mid Growth, Foreign Small/Mid Blend, and Foreign Small/Mid Value Categories with at least five years of history, a total of 81 funds as of 12/31/17. The universe consists of each fund's oldest share class only. Volatility quintiles are based on the average five-year standard deviation for each of the last four calendar quarters. Higher volatility is usually associated with higher risk. 4. **Active Share** is the sum of the absolute values of the different weightings of each holding in the Fund versus each holding in the benchmark, divided by two. 5. **Harmonic Average.** This weighted calculation evaluates a portfolio as if it were a single stock and measures it overall. It compares the total market value of the portfolio to the portfolio's share in the earnings or book value, as the case may be, of its underlying stocks. 6. The Fund's P/E Ratio calculation uses trailing 12-month earnings and excludes companies with zero or negative earnings (6% of portfolio holdings as of 12/31/17).

Top 10 Positions

% of Net Assets (Subject to Change)

Atento	2.0
Sporton International	1.5
Huchems Fine Chemical	1.5
Epwin Group	1.3
Exco Technologies	1.3
Construtora Tenda	1.3
eClerx Services Limited	1.3
Openjobmetis	1.2
Yumeshin Holdings	1.2
Proact IT Group	1.2

Portfolio Sector Breakdown

% of Net Assets (Subject to Change)

	ROIMX	RUSSELL GLO X US SC
Consumer Discretionary	22.4	16.0
Industrials	18.6	19.3
Information Technology	16.7	12.7
Consumer Staples	8.3	6.8
Real Estate	6.9	10.1
Materials	6.9	11.3
Health Care	6.1	6.6
Financials	5.6	9.9
Energy	1.1	3.7
Telecommunication Services	0.6	0.9
Utilities	—	2.5
Cash and Cash Equivalents	6.8	—

Calendar Year Total Returns (%)

YEAR	ROIMX	RUSSELL GLO X US SC
2017	27.7	30.5
2016	6.3	5.0
2015	-1.0	0.5
2014	-2.4	-3.6
2013	18.9	17.2
2012	13.6	18.8
2011	-21.5	-18.7

This material is not authorized for distribution unless preceded or accompanied by a current prospectus. Please read the prospectus carefully before investing or sending money. *The Fund invests primarily in small- and mid-cap stocks, which may involve considerably more risk than investing in larger-cap stocks. The Fund may invest a significant portion of its assets in foreign companies which may be subject to different risks than investments in securities of U.S. companies, including adverse political, social, economic, currency, or other developments that are unique to a particular country or region. These risk factors may affect the prices of foreign securities issued by companies headquartered in developing countries more than those headquartered in developed countries. (Please see "Investing in Foreign Securities" in the prospectus.) Therefore, the prices of the securities of foreign companies in particular countries or regions may, at times, move in a different direction than those of the securities of U.S. companies. (Please see "Primary Risks for Fund Investors" in the prospectus.) The Fund's broadly diversified portfolio does not ensure a profit or guarantee against loss.*

The **Morningstar Style Map** uses proprietary scores of a stock's value and growth characteristics to determine its placement in one of the five categories listed on the horizontal axis. These characteristics are then compared to those of other stocks within the same market capitalization band. Each is scored from zero to 100 for both value and growth attributes. The value score is subtracted from the growth score to determine the overall style score. For the vertical, market cap axis, Morningstar subdivides into size groups. Giant-cap stocks are defined as those that account for the top 40% of the capitalization of each style zone; large-cap stocks represent the next 30%; mid-cap stocks the next 20%; small-cap stocks the next 7%; micro-cap stocks the smallest 3%. **The Price-Earnings**, or P/E, Ratio is calculated by dividing a company's share price by its trailing 12-month earnings-per-share (EPS). **The Price-to-Book**, or P/B, Ratio is calculated by dividing a company's share price by its book value per share. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication. The Russell Global ex-U.S. Small Cap Index is an unmanaged, capitalization-weighted index of global small-cap stocks, excluding the United States. Index returns include net reinvested dividends and/or interest income. The performance of an index does not represent exactly any particular investment, as you cannot invest directly in an index. Sector weightings are determined using the Global Industry Classification Standard ("GICS"). GICS was developed by, and is the exclusive property of, Standard & Poor's Financial Services LLC ("S&P") and MSCI Inc. ("MSCI"). GICS is the trademark of S&P and MSCI. "Global Industry Classification Standard (GICS)" and "GICS Direct" are service marks of S&P and MSCI. Any information, statements and opinions set forth herein are general in nature, are not directed to or based on the financial situation or needs of any particular investor, and do not constitute, and should not be construed as, investment advice, a forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional. Distributor: Royce Fund Services, LLC

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