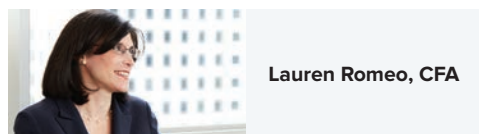




# Royce Small-Cap Leaders Fund



Lauren Romeo, CFA

**Small-Cap Core Approach<sup>1</sup>**

**\$1.88<sub>B</sub>**  
Avg Market Cap<sup>2</sup>

**Average Volatility<sup>3</sup>**

**96%**  
Active Share<sup>4</sup>

**Portfolio Manager Tenure**

**11+**  
Years on Fund<sup>5</sup>

## Why invest in Royce Small-Cap Leaders Fund?

- Small-cap core fund (generally market caps up to \$3 billion) that invests in what Royce believes are leading small-cap companies that have strong business models and competitive positions, superior balance sheets, and attractive prospects for growth
- Focuses on leading quality companies, those with low debt, the ability to generate excess cash flow, and attractive prospects that are selling at prices Royce believes do not fully reflect these attributes
- Approach focuses on companies with proven, sustainable high return on invested capital business models that are also selling at attractive valuations.

## Performance and Expenses by Share Class

Average Annual Total Return through 9/30/17 (%)

	3Q2017*	YTD*	1-YR	3-YR	5-YR	10-YR	SINCE INCEPT. (6/30/03)	ANNUAL OPERATING EXPENSES (%)	
								GROSS	NET
Investment	4.44	5.76	18.21	6.50	9.37	6.28	9.77	1.23	1.23
Service	4.36	5.55	17.86	6.23	9.07	6.03	9.58	1.58	1.49
Russell 2000	5.67	10.94	20.74	12.18	13.79	7.85	10.25	N/A	N/A

\*Not Annualized

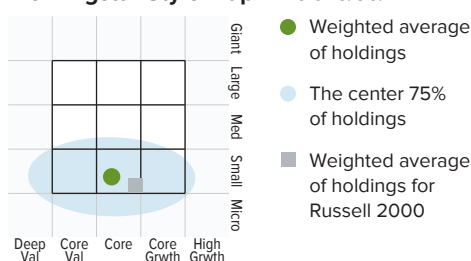
## Important Performance and Expense Information

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 1% 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](http://www.roycefunds.com). Operating expenses for the Investment (ROHHX) Class reflect the Fund's total annual operating expenses and include management fees and other expenses. Gross operating expenses for the Service Class (RYOHX) reflect the Fund's gross total 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 Service Class'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 1.49% through April 30, 2018.

All performance and risk information presented in this material prior to the commencement date of Investment Class shares on 3/15/07 reflect Service Class results. Service Class shares bear an annual distribution expense that is not borne by Investment Class shares. All performance charts reflect the Service Class.

## Morningstar Style Map™

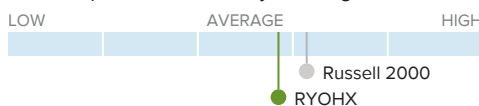
As of 6/30/17



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.

## Average Volatility<sup>3</sup> As of 9/30/17

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



## Portfolio Diagnostics

2016 Annual Turnover Rate	65%
Weighted Average P/E Ratio <sup>6,7</sup>	19.0x
Weighted Average P/B Ratio <sup>6</sup>	2.6x
Net Assets	\$90M
Number of Holdings	71
Non-U.S. Investments (% of Net Assets)	18.5%

## Value of \$10,000

Invested on 6/30/03 as of 9/30/17 (\$)



## Absolute Returns:

Number of 10-Year Average Annual Return Periods From 6/30/03 to 9/30/17

RYOHX averaged a 7.9% return over all 52 10-year monthly rolling return periods.

RETURN RANGE (%)	PERIODS	% IN RANGE
> 10	15	29
> 5 and ≤ 10	33	63
> 0 and ≤ 5	4	8
≤ 0	0	0

"I'm looking for small-cap companies with high returns on invested capital that I believe can compound value by reinvesting current earnings back into the business at high rates of return for long periods of time. I aim to buy when the stock price is depressed due to cyclical or temporary company-specific issues." —Lauren Romeo

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 2000 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. **Average Volatility.** The Fund was in the middle volatility quintile compared with all funds in Morningstar's Small Growth, Small Blend, and Small Value Categories with at least five years of history, a total of 523 funds as of 9/30/17. 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. Ms. Romeo has been the Fund's manager, co-manager or assistant manager since 2006. 6. **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. 7. The Fund's P/E Ratio calculation uses trailing 12-month earnings and excludes companies with zero or negative earnings (5% of portfolio holdings as of 9/30/17).

**Top 10 Positions**

% of Net Assets (Subject to Change)

Minerals Technologies	3.2
Marcus & Millichap	3.1
Genworth MI Canada	3.0
Artisan Partners Asset Management Cl. A	2.9
Pason Systems	2.2
Lazard Cl. A	2.2
Bio-Techne	2.1
Gentex Corporation	2.1
Houlihan Lokey Cl. A	2.1
Cal-Maine Foods	2.0

**Portfolio Sector Breakdown**

% of Net Assets (Subject to Change)

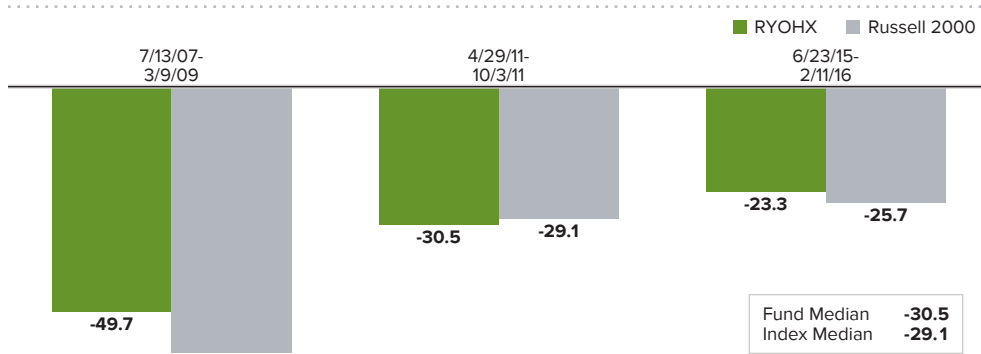
	RYOHX	RUSSELL 2000
Industrials	22.3	15.1
Information Technology	19.3	16.8
Financials	14.3	18.1
Consumer Discretionary	11.3	11.9
Consumer Staples	7.9	2.7
Health Care	6.4	15.5
Energy	4.4	3.7
Materials	4.3	4.4
Real Estate	3.1	7.2
Utilities	—	3.6
Telecommunication Services	—	0.8
Cash and Cash Equivalents	6.7	—

**Calendar Year Total Returns (%)**

YEAR	RYOHX	RUSSELL 2000
2016	25.5	21.3
2015	-12.5	-4.4
2014	-3.3	4.9
2013	30.9	38.8
2012	11.5	16.3
2011	-6.5	-4.2
2010	24.8	26.9
2009	38.0	27.2
2008	-29.2	-33.8
2007	7.3	-1.6
2006	13.7	18.4
2005	14.9	4.6
2004	27.2	18.3

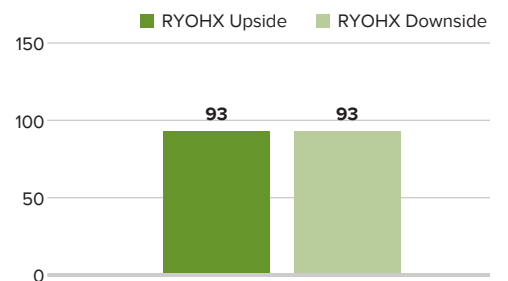
**Down Market Performance Comparison (%)**

The Fund outperformed the Russell 2000 during two out of three downturns of 15% or more from the index's prior historical high since the Fund's inception.



**Upside/Downside Capture Ratio**

Fund's First Full Quarter (6/30/03) to 9/30/17 (%)



**Market Cycle<sup>1</sup> Performance (%)**

The Fund outperformed the Russell 2000 in one of the two most recent full market cycle periods.

	RYOHX	RUSSELL 2000
6/23/15-9/30/17 (Peak-to-Current)	13.0	18.9
4/29/11-6/23/15 (Peak-to-Peak)	22.6	58.5
7/13/07-4/29/11 (Peak-to-Peak)	27.6	6.6

<sup>1</sup>Royce defines market cycles as peak-to-peak periods in which a peak is the market high prior to a decline of at least 15%.

**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-cap stocks, which may involve considerably more risk than investing in larger-cap stocks. The Fund also generally invests a significant portion of its assets in a limited number of stocks, which may involve considerably more risk than a more broadly diversified 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. (Please see "Primary Risks for Fund Investors" in the prospectus.) The Fund may invest up to 25% of its net assets in foreign securities (measured at the time of investment), which may involve political, economic, currency, and other risks not encountered in U.S. investments. (Please see "Investing in Foreign Securities" in the prospectus.)

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%. **Upside Capture Ratio** measures a manager's performance in up markets relative to the Fund's benchmark (Russell 2000). It is calculated by measuring the Fund's performance in quarters when the benchmark goes up and dividing it by the benchmark's return in those quarters. **Downside Capture Ratio** measures a manager's performance in down markets relative to the Fund's benchmark (Russell 2000). It is calculated by measuring the Fund's performance in quarters when the benchmark goes down and dividing it by the benchmark's return in those quarters. **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. **Standard deviation** is a statistical measure within which a fund's total returns have varied over time. The greater the standard deviation, the greater a fund's volatility. Please read the prospectus for a more complete discussion of risk. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell<sup>®</sup> 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 2000 is an unmanaged, capitalization-weighted index of domestic small-cap stocks. It measures the performance of the 2,000 smallest publicly traded U.S. companies in the Russell 3000 index. 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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