

ROYCE FOCUS TRUST INC
Form N-CSR
March 08, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

Address of Registrant: 1414 Avenue of the Americas
New York, NY 10019

Name and address of agent for service:

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1414 Avenue of the Americas
New York, NY 10019

Registrant's telephone number, including area code: (212) 486-1445

Date of fiscal year end: December 31

Date of reporting period: July 1, 2004 December 31, 2004

Item 1: Reports to Shareholders

A N N U A L R E P
O R T
2004

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

www.roycefunds.com



TheRoyceFund

VALUE INVESTING IN SMALL COMPANIES FOR MORE THAN 30 YEARS

A FEW WORDS ON CLOSED-END FUNDS

Royce & Associates, LLC manages three closed-end funds: Royce Value Trust, the first small-cap value closed-end fund offering; Royce Micro-Cap Trust, the only micro-cap closed-end fund; and Royce Focus Trust, a closed-end fund that invests primarily in a limited number of small-cap companies.

A closed-end fund is an investment company whose shares are listed on a stock exchange or are traded in the over-the-counter market. Like all investment companies, including open-end mutual funds, the assets of a closed-end fund are professionally managed in accordance with the investment objectives and policies approved by the fund's Board of Directors. A closed-end fund raises cash for investment by issuing a fixed number of shares through initial and other public offerings that may include periodic rights offerings. Proceeds from the offerings are invested in an actively managed portfolio of securities. Investors wanting to buy or sell shares of a publicly traded closed-end fund after the offerings must do so on a stock exchange or the Nasdaq market, as with any publicly traded stock. This is in contrast to open-end mutual funds, in which the fund sells and redeems its shares on a continuous basis.

A CLOSED-END FUND OFFERS SEVERAL DISTINCT ADVANTAGES NOT AVAILABLE FROM AN OPEN-END FUND STRUCTURE

- Since a closed-end fund does not issue redeemable securities or offer its securities on a continuous basis, it does not need to liquidate securities or hold uninvested assets to meet investor demands for cash redemptions, as an open-end fund must.
- In a closed-end fund, not having to meet investor redemption requests or invest at inopportune times is ideal for value managers who attempt to buy stocks when prices are depressed and sell securities when prices are high.
- A closed-end fund may invest more freely in less liquid portfolio securities because it is not subject to potential stockholder redemption demands. This is particularly beneficial for Royce-managed closed-end funds, which invest in small- and microcap securities.
- The fixed capital structure allows permanent leverage to be employed as a means to enhance capital appreciation potential.
- Unlike open-end funds, our closed-end funds are able to distribute capital gains on a quarterly basis. Each of the Funds has adopted a quarterly distribution policy for its common stock.

We believe that the closed-end fund structure is very suitable for the long-term investor who understands the benefits of a stable pool of capital.

WHY DIVIDEND REINVESTMENT IS IMPORTANT

A very important component of an investor's total return comes from the reinvestment of distributions. By reinvesting distributions, our investors can maintain an undiluted investment in a Fund. For additional information on the Funds' Distribution Reinvestment and Cash Purchase Options and the benefits for stockholders, see page 46.

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PERFORMANCE TABLE

NAV AVERAGE ANNUAL TOTAL RETURNS Through December 31, 2004				
	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
 Fourth Quarter 2004*	13.18%	12.90%	12.65%	14.09%
 July-December 2004*	10.81	9.53	16.83	10.83
 1-Year	21.42	18.69	29.21	18.33
 3-Year	12.99	16.75	20.39	11.48
 5-Year	14.15	16.84	18.35	6.61
 10-Year	14.84	15.67	n/a	11.54
 Since Inception	12.85	14.61	14.22	
 Inception Date	11/26/86	12/14/93	11/1/96**	

* Not annualized.

** Date Royce & Associates, LLC assumed investment management responsibility.

Royce Value Trust's 15-year NAV average annual total return for the period ended 12/31/04 was 13.47%.

IMPORTANT PERFORMANCE, RISK AND OTHER INFORMATION

All performance information in this Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Performance information does not reflect the deduction of taxes that a shareholder would pay on distributions or on the sale of Fund shares. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Royce Funds invest primarily in securities of small-cap and/or micro-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

The thoughts expressed in this Report concerning recent market movements and future prospects for small company stocks are solely the opinion of Royce at December 31, 2004, and, of course, historical market trends are not necessarily indicative of future market movements. Statements regarding the future prospects for particular securities held in the Funds' portfolios and Royce's investment intentions with respect to those securities reflect Royce's opinions as of December 31, 2004 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this Report will be included in any Royce-managed portfolio in the future. The Funds invest primarily in securities of small and micro-cap companies that may involve considerably more risk than investments of larger-cap companies. All publicly released material information is always disclosed by the Funds on the website at www.roycefunds.com.

The Russell 2000, Russell 2000 Value, Russell 2000 Growth, Nasdaq Composite, S&P 500 and S&P 600 are unmanaged indices of domestic common stocks. Returns for the market indices used in this report were based on information supplied to Royce by Frank Russell and Morningstar. Royce has not independently verified the above described information. The Royce Funds is a service mark of The Royce Funds.

LETTER TO OUR STOCKHOLDERS

Dear Stockholder,

We have redesigned and reformatted our Annual Report for 2004 to focus on the information required by SEC regulations. It now includes Managers' Discussions of Fund Performance and Financial Statements for all three of our closed-end mutual funds. We have also created a new publication, the *Annual Review*, which features more wide-ranging commentary on the stock market as

For more than 30 years, we have used various value approaches to invest in smaller-cap securities. We focus

a whole and the Funds' portfolios. We hope that you find the material in each book useful and informative.

2004 was generally a positive one for the stock market as a whole, with small-cap securities enjoying a performance advantage over their large-cap counterparts. The small-cap oriented Russell 2000 index rose 18.3% in 2004, compared to respective gains of 10.9% and 8.6% for the S&P 500 and the Nasdaq Composite. For the sixth consecutive year, the Russell 2000 index outperformed the S&P 500. This past year also marked the fourth out of the last five calendar years in which the Russell 2000 outpaced the Nasdaq Composite. Small-cap value stocks also enjoyed a strong year in 2004, which can be seen in the calendar-year performances of our Funds. In contrast to 2003, a year in which micro-cap and Technology companies reigned supreme, 2004 was in general kinder to the upper tier of small-cap, as well as to individual companies in diverse sectors such as Natural Resources, Finance and Industrial Products (to name just a few strong-performing areas). The trend toward larger, arguably higher-quality, small-cap stocks dominating performance within the asset class was established early in the year, an unsurprising development given the red-hot performance of many micro-cap and Tech stocks in 2003.

We believe that *The Royce Funds*' performances generally were strong on an absolute basis in 2004 as well as over market cycles and long-term periods. While we would love to beat each Fund's respective benchmark during any particular performance period, we want to be clear that it remains our goal to achieve strong absolute returns over full market cycle and other long-term performance periods.

We appreciate your continued support.

Sincerely,

Charles M. Royce
President

January 31, 2005

primarily on the quality of a company's balance sheet, its ability to generate free cash flow and other measures of profitability or sound financial condition. At times, we may also look at other factors, such as a company's unrecognized asset values, its future growth prospects or its turnaround potential following an earnings disappointment or other business difficulties. We then use these factors to assess the company's current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company, or what we think the value of the company should be in the stock market.

ROYCE VALUE TRUST

NAV AVERAGE ANNUAL TOTAL RETURNS Through 12/31/04	
Fourth Quarter 2004*	13.18%
July-December 2004*	10.81
1-Year	21.42
3-Year	12.99
5-Year	14.15

Manager's Discussion

Royce Value Trust's (RVT) broadly diversified portfolio of small- and micro-cap stocks reaped the benefits of a strong year for small-cap value stocks. **In 2004, the Fund was up 21.4% on a net asset value (NAV) basis and 29.6% on a market price basis. RVT's calendar-year NAV performance was ahead of the small-cap oriented Russell 2000, which gained 18.3%, but trailed the small-cap S&P 600 index, which was up 22.7% for the same period.** The Fund's strong absolute results were achieved in spite of slightly lagging one of its benchmarks on an NAV basis (+13.2%) in

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10-Year	14.84
15-Year	13.47
Since Inception (11/26/86)	12.85

*Not annualized.

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
2004	21.4%	1996	15.5%
2003	40.8	1995	21.1
2002	-15.6	1994	0.1
2001	15.2	1993	17.3
2000	16.6	1992	19.3
1999	11.7	1991	38.4
1998	3.3	1990	-13.8
1997	27.5	1989	18.3

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

Apollo Investment	1.2%
Ritchie Bros. Auctioneers	1.0
Arrow International	0.9
Lincoln Electric Holdings	0.9
Simpson Manufacturing	0.9
Sotheby's Holdings Cl. A	0.9
MacDermid	0.9
SEACOR Holdings	0.9
Gabelli Asset Management Cl. A	0.8
MPS Group	0.8

PORTFOLIO SECTOR BREAKDOWN
% of Net Assets Applicable to Common Stockholders

Technology	21.5%
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the robust fourth-quarter rally. For this period, the Fund was up 16.6% on a market price basis, while the Russell 2000 was up 14.1% and the S&P 600 gained 13.0%. RVT's NAV performances over market cycle and long-term periods were similarly strong on an absolute and a relative basis. The Fund was up 78.6% from the previous small-cap market peak on 3/9/00 through 12/31/04 versus respective gains of 14.5% and 53.2% for the Russell 2000 and S&P 600. RVT gained 103.4% from the small-cap market trough on 10/9/02 through 12/31/04 versus respective gains of 104.8% and 96.5% for the Russell 2000 and the S&P 600. On an NAV basis, RVT outpaced the S&P 600 for the five-, 10-, 15-year and since inception (11/26/86) periods ended 12/31/04, while the Fund was ahead of the Russell 2000 for each of these periods as well as for the one-year and three-year periods. On a market price basis, RVT outperformed both benchmarks for the one-, three-, five-, 10-, 15-year and since inception (11/26/86) periods ended 12/31/04. **The Fund's average annual NAV total return since inception was 12.9%.**

The Fund enjoyed net gains on a dollar basis in virtually all of its sectors, particularly in Industrial Products, Natural Resources and Industrial Services. Several industrial companies had slumping prices in 2003, which gave us the opportunity to build existing positions. Although these businesses did not post the same heady gains as energy and financial stocks in 2004, they generally enjoyed strong returns. After hitting lows in their business cycle around the spring of 2003, many industrial companies began to recover, benefitting from increases in capital spending, the ability to pass on higher costs that came from increased raw materials prices and a robust rise in international economic growth. This led to earnings acceleration and correspondingly higher stock prices beginning late in 2003 and in general lasting through 2004.

All performance information in this Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Performance information does not

Industrial Products	18.4
Industrial Services	14.4
Financial Intermediaries	10.0
Natural Resources	9.2
Consumer Products	9.1
Health	9.0
Financial Services	8.7
Consumer Services	6.2
Utilities	0.2
Miscellaneous	5.0
Bonds & Preferred Stock	0.2
Treasuries, Cash and Cash Equivalents	10.3

reflect the deduction of taxes that a stockholder would pay on distributions or on the sale of shares. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com.

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ROYCE MICRO-CAP TRUST

Managers Discussion

The performance of micro-cap stocks may have cooled down a bit in 2004 following their red-hot 2003, but that did little to dampen the performance of Royce Micro-Cap Trust (RMT). **For the calendar year, the Fund gained 18.7% on a net asset value (NAV) basis and an impressive 33.4% on a market value basis, both results ahead of its small-cap benchmark, the Russell 2000, which was up 18.3% for the same period.** The Fund accomplished this in spite

NAV AVERAGE ANNUAL TOTAL RETURNS

Through 12/31/04

Fourth Quarter 2004*	12.90%
July-December 2004*	9.53
1-Year	18.69
3-Year	16.75
5-Year	16.84
10-Year	15.67
Since Inception (12/14/93)	14.61

* Not annualized.

of underperforming the small-cap index on an NAV basis in the dynamic fourth-quarter rally (+12.9% versus +14.1%). Over market cycle and long-term performance periods, RMT also posted strong absolute and relative returns. On both an NAV and market price basis for the periods ended 12/31/04, RMT dramatically outperformed the Russell 2000 from both the previous small-cap market peak on 3/9/00 (+89.1% and +141.0% versus +14.5%) and the small-cap market trough on 10/9/02 (+118.9% and +156.2% versus +104.8%). The Fund also outperformed its benchmark for the three-, five-, 10-year and since inception (12/14/93) periods ended 12/31/04 on an NAV and market price basis. **RMT's average annual NAV total return since inception was 14.6%.**

Each of the Fund's 10 sectors posted net gains in 2004, with companies from several industries contributing to the year's terrific results. Losses came at the individual stock level, with specialty retailer The Wet Seal and IT consultant iGATE Corporation posting the largest losses on a dollar basis. Holdings in the Natural Resources sector led in terms of overall net dollar gains in the portfolio, which was consistent with the impressive performance of stocks in the energy industry within small-cap as a whole. A supply squeeze first drove commodity prices higher which in turn helped to boost stock prices. The energy services and oil and gas industry groups posted the largest net gains in the

CALENDAR YEAR NAV TOTAL RETURNS			
Year	RMT	Year	RMT
2004	18.7%	1998	-4.1%
2003	55.6	1997	27.1
2002	-13.8	1996	16.6
2001	23.4	1995	22.9
2000	10.9	1994	5.0
1999	12.7		
TOP 10 POSITIONS			
% of Net Assets Applicable to Common Stockholders			
Sapient Corporation			1.4%
Juno Lighting			1.3
Stein Mart			1.3
Delta Apparel			1.2
Convansys Corporation			1.2
HomeFed Corporation			1.2
Aceto			1.2
ASA Bermuda			1.1
Seneca Foods			1.1
PICO Holdings			1.0
PORTFOLIO SECTOR BREAKDOWN			
% of Net Assets Applicable to Common Stockholders			
Technology			26.5%
Industrial Products			15.0
Industrial Services			13.5
Health			11.9
Natural Resources			10.9
Financial Intermediaries			5.7
Consumer Products			5.4

sector, with the share prices of oil and gas exploration and production company Treador Resources, geophysical data services business Veritas DGC and energy-related construction and engineering firm Willbros Group all posting large net gains on a dollar basis. Holdings in the Industrial Products sector generally enjoyed strong returns in 2004. The prices of many industrial companies began to slowly recover in 2003, benefiting from increases in capital spending, the ability to pass on higher costs that came from increased raw materials prices and a robust rise in international economic growth. This led to earnings acceleration and correspondingly higher stock prices that in general lasted through 2004.

Consumer Services	5.2
Diversified Investment Companies	1.6
Financial Services	1.5
Miscellaneous	5.0
Preferred Stocks	0.5
Cash & Cash Equivalents	17.9

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ROYCE FOCUS TRUST

NAV AVERAGE ANNUAL TOTAL RETURNS Through 12/31/04

Manager's Discussion

The focus was on strong performance for several holdings in Royce Focus Trust's (FUND) limited portfolio of small-cap stocks in 2004, which helped to provide its strong return on both an absolute and relative basis. **For the calendar year, the Fund gained 29.2% on a net asset value (NAV) basis and 47.3% on a market price basis, both results well ahead of the 18.3% return of its small-cap benchmark, the Russell 2000, for the same period.** In the dynamic fourth-quarter rally, the Fund lagged its benchmark on an NAV basis (+12.7% versus +14.1%), while impressively outpacing the Russell 2000 on a market price basis (+27.5%). Although stock prices in general fell during 2004's second and third quarters, FUND posted positive returns in all four quarters of the calendar year on an NAV basis, which was critical both to its absolute return and its outperformance of the small-cap index. Over long-term and market cycle periods, FUND's results were equally impressive. For the periods ended 12/31/04, on both an NAV and market price basis, the Fund dramatically outgained the Russell 2000 from the previous small-cap market peak on 3/9/00 (+128.0% and +192.6% versus +14.5%) and the small-cap market trough on 10/9/02 (+139.7% and +172.8% versus +104.8%). FUND was also ahead of the small-cap index for the three-year, five-year and since inception of our management (11/01/96) periods ended 12/31/04. **The Fund's average annual NAV total return since inception was 14.2%.**

The Fund's two largest sectors at year end—Industrial Products and Natural Resources—also made the most significant contributions to performance on a dollar basis in 2004. This was mostly consistent with a vigorous small-cap market in which companies from the energy, finance and industrial areas led the way. Within Natural Resources, net dollar gains from the energy services group, including piping and oil drilling equipment maker Trican Well Service

and seismic acquisition imaging technology company Input/Output, were larger than those of seven of the Fund's nine equity sectors (all of which posted net gains). Improved business and consequent earnings acceleration proved a winning combination for many holdings in the Industrial Products sector, such as steel company IPSCO and construction aggregates company Florida Rock Industries. Portfolio losses were scattered across each sector, including life science medical products maker Bruker BioSciences, which we sold in October, and precious metals mining business Hecla Mining Company, a position we built as its share price declined.

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Fourth Quarter 2004*	12.65%
July-December 2004*	16.83
1-Year	29.21
3-Year	20.39
5-Year	18.35
Since Inception (11/1/96) [□]	14.22

*Not annualized.

Royce & Associates assumed
investment management

responsibility for the Fund on 11/1/96.

CALENDAR YEAR NAV TOTAL RETURNS	
Year	FUND
2004	29.2%
2003	54.3
2002	-12.5
2001	10.0
2000	20.9
1999	8.7
1998	-6.8
1997	20.5

TOP 10 POSITIONS	
% of Net Assets Applicable to Common Stockholders	
New Zealand Government 6.5% Bond	6.8%
Canadian Government 3% Bond	4.8
Trican Well Service	4.2
Simpson Manufacturing	4.0
Nu Skin Enterprises Cl. A	3.8
IPSCO	3.6
eFunds Corporation	3.4
Alleghany Corporation	3.4
Florida Rock Industries	3.4
Schnitzer Steel Industries Cl. A	3.2

PORTFOLIO SECTOR BREAKDOWN	
% of Net Assets Applicable to Common Stockholders	
Industrial Products	23.1%
Natural Resources	21.9
Technology	9.8
Health	9.6
Financial Intermediaries	8.9
Industrial Services	8.4
Financial Services	6.4
Consumer Products	5.8
Consumer Services	5.4
Bonds	13.0
Treasuries, Cash and Cash Equivalents	11.3

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HISTORY SINCE INCEPTION

The following table details the share accumulations by an initial investor in the Funds who reinvested all distributions (including fractional shares) and participated fully in primary subscriptions for each of the rights offerings. Full participation in distribution reinvestments and rights offerings can maximize the returns available to a long-term investor. This table should be read in conjunction with the Performance and Portfolio Reviews of the Funds.

History	Amount Invested	Purchase Price*	Shares	NAV Value**	Market Value**
Royce Value Trust 11/26/86 Initial Purchase	\$ 10,000	\$ 10.000	1,000	\$ 9,280	\$ 10,000

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10/15/87	Distribution \$0.30		7.000	42		
12/31/87	Distribution \$0.22		7.125	32	8,578	7,250
12/27/88	Distribution \$0.51		8.625	63	10,529	9,238
9/22/89	Rights Offering	405	9.000	45		
12/29/89	Distribution \$0.52		9.125	67	12,942	11,866
9/24/90	Rights Offering	457	7.375	62		
12/31/90	Distribution \$0.32		8.000	52	11,713	11,074
9/23/91	Rights Offering	638	9.375	68		
12/31/91	Distribution \$0.61		10.625	82	17,919	15,697
9/25/92	Rights Offering	825	11.000	75		
12/31/92	Distribution \$0.90		12.500	114	21,999	20,874
9/27/93	Rights Offering	1,469	13.000	113		
12/31/93	Distribution \$1.15		13.000	160	26,603	25,428
10/28/94	Rights Offering	1,103	11.250	98		
12/19/94	Distribution \$1.05		11.375	191	27,939	24,905
11/3/95	Rights Offering	1,425	12.500	114		
12/7/95	Distribution \$1.29		12.125	253	35,676	31,243
12/6/96	Distribution \$1.15		12.250	247	41,213	36,335
1997	Annual distribution total \$1.21		15.374	230	52,556	46,814
1998	Annual distribution total \$1.54		14.311	347	54,313	47,506
1999	Annual distribution total \$1.37		12.616	391	60,653	50,239
2000	Annual distribution total \$1.48		13.972	424	70,711	61,648
2001	Annual distribution total \$1.49		15.072	437	81,478	73,994
2002	Annual distribution total \$1.51		14.903	494	68,770	68,927
1/28/03	Rights Offering	5,600	10.770	520		
2003	Annual distribution total \$1.30		14.582	516	106,216	107,339
2004	Annual distribution total \$1.55		17.604	568		
12/31/04			\$ 21,922	6,805	\$ 128,955	\$ 139,094

Royce Micro-Cap Trust

12/14/93	Initial Purchase	\$ 7,500	\$ 7.500	1,000	\$ 7,250	\$ 7,500
10/28/94	Rights Offering	1,400	7.000	200		
12/19/94	Distribution \$0.05		6.750	9	9,163	8,462
12/7/95	Distribution \$0.36		7.500	58	11,264	10,136
12/6/96	Distribution \$0.80		7.625	133	13,132	11,550
12/5/97	Distribution \$1.00		10.000	140	16,694	15,593
12/7/98	Distribution \$0.29		8.625	52	16,016	14,129
12/6/99	Distribution \$0.27		8.781	49	18,051	14,769
12/6/00	Distribution \$1.72		8.469	333	20,016	17,026
12/6/01	Distribution \$0.57		9.880	114	24,701	21,924
2002	Annual distribution total \$0.80		9.518	180	21,297	19,142
2003	Annual distribution total \$0.92		10.004	217	33,125	31,311
2004	Annual distribution total \$1.33		13.350	257		
12/31/04			\$ 8,900	2,742	\$ 39,320	\$ 41,788

Royce Focus Trust

10/31/96	Initial Purchase	\$ 4,375	\$ 4.375	1,000	\$ 5,280	\$ 4,375
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12/31/96				5,520	4,594
12/5/97	Distribution \$0.53	5.250	101	6,650	5,574
12/31/98	Distribution			6,199	5,367
	\$0.145	4.750	34	6,742	5,356
12/6/00	Distribution \$0.34	5.563	69	8,151	6,848
12/6/01	Distribution \$0.14	6.010	28	8,969	8,193
12/6/02	Distribution \$0.09	5.640	19	7,844	6,956
12/8/03	Distribution \$0.62	8.250	94	12,105	11,406
	Annual distribution				
2004	total \$1.74	9.325	259		
12/31/04		\$ 4,375	1,604	\$ 15,639	\$ 16,794

* Beginning with the 1997 (RVT), 2002 (RMT) and 2004 (FUND) distribution, the purchase price of distributions is a weighted average of the distribution reinvestment prices for the year.

** Other than for initial purchase, values are stated as of December 31 of the year indicated, after reinvestment of distributions.

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ROYCE VALUE TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
COMMON STOCKS □ 111.7%			Consumer Services □ 6.2%		
Consumer Products □ 9.1%			Direct Marketing - 0.2%		
Apparel and Shoes - 3.1%			†Sportsman s Guide (The)	107,000	\$ 2,407,500
Jones Apparel Group	81,500	\$ 2,980,455	Leisure and Entertainment -		
K-Swiss Cl. A	220,400	6,418,048	0.3%		
†Steven Madden <u>a,d</u>	74,000	1,395,640	Carmike Cinemas	21,000	766,500
Oshkosh B Gosh Cl. A	104,300	2,232,020	†Kids Entertainment <u>a,d</u>	21,000	441,420
Polo Ralph Lauren Cl. A	150,000	6,390,000	Gemstar-TV Guide		
Timberland Company Cl. A <u>a</u>	30,000	1,880,100	International <u>a,d</u>	201,100	1,190,512
Tommy Hilfiger <u>a</u>	156,000	1,759,680	Hasbro	50,000	969,000
Warnaco Group (The) <u>a</u>	42,000	907,200			3,367,432
Weyco Group	153,996	6,820,483	Restaurants and Lodgings -		
		30,783,626	0.9%		
Collectibles - 0.9%			Benihana Cl. A <u>a</u>	6,600	107,250
Action Performance Companies	195,000	2,143,050	CEC Entertainment <u>a,d</u>	45,000	1,798,650
			IHOP Corporation	145,100	6,078,239
			Jack in the Box <u>a</u>	2,000	73,740

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The Boyds Collection ^{a,d}	524,200	2,306,480	Ryan's Restaurant Group ^d	60,900	939,078
Enesco Group ^a	47,200	381,376			
Topps Company (The)	410,500	4,002,375			8,996,957
		<u>8,833,281</u>			
Food/Beverage/Tobacco - 0.3%			Retail Stores - 3.3%		
Hain Celestial Group ^{a,d}	37,800	781,326	AnnTaylor Stores ^a	22,500	484,425
Hershey Creamery Company	709	1,701,600	BJ's Wholesale Club ^b	32,000	932,160
Lancaster Colony	16,900	724,503	Big Lots ^a	255,300	3,096,789
		<u>3,207,429</u>	†Cabela's Cl. A ^d	10,000	227,400
			†CarMax ^{a,d}	111,000	3,446,550
			Charming Shoppes ^a	484,400	4,538,828
			Claire's Stores	167,200	3,553,000
			Dress Barn (The) ^{a,d}	100,000	1,760,000
Home Furnishing and Appliances - 0.5%			GameStop Corporation Cl. A ^{a,d}	38,000	849,680
Ethan Allen Interiors	15,000	600,300	†Krispy Kreme Doughnuts ^{a,d}	17,000	214,200
Falcon Products ^{a,c}	941,600	197,736	Linens n Things ^g	40,000	992,000
La-Z-Boy	128,200	1,970,434	Movie Gallery	35,000	667,450
			†Neiman Marcus Group (The) Cl. A	30,800	2,203,432
Natuzzi ADR ^b	213,100	2,312,135	Payless ShoeSource ^{a,d}	209,600	2,578,080
†Select Comfort ^{a,d}	100	1,794	Stein Mart ^a	172,800	2,947,968
		<u>5,082,399</u>	Urban Outfitters ^{a,d}	65,200	2,894,880
			Wet Seal (The) Cl. A ^{a,d}	202,000	458,540
			†Wild Oats Markets ^{a,d}	81,000	713,610
Publishing - 0.7%					
†Journal Communications Cl. A	100,200	1,810,614			
Scholastic Corporation ^{a,d}	130,000	4,804,800			32,558,992
		<u>6,615,414</u>			
Sports and Recreation - 1.4%			Other Consumer Services - 1.5%		
Callaway Golf Company	275,800	3,723,300	†Coinstar ^{a,d}	17,000	456,110
Coachmen Industries	47,700	828,072	†Corinthian Colleges ^{a,d}	39,500	744,377
Monaco Coach	161,050	3,312,798	†MoneyGram International	217,100	4,589,494
Oakley	325,000	4,143,750	Sotheby's Holdings Cl. A ^{a,d}	485,200	8,811,232
Sturm, Ruger & Company	30,000	270,900			
Thor Industries	43,100	1,596,855			14,601,213
		<u>13,875,675</u>			
			Total (Cost \$44,964,636)		<u>61,932,094</u>
Other Consumer Products - 2.2%			Financial Intermediaries [□] 10.0%		
Blyth	14,700	434,532	Banking - 3.0%		
Burnham Corporation Cl. B ^a	36,000	936,000	BOK Financial ^a	129,327	6,305,985
†Dorel Industries Cl. B ^a	34,500	1,178,865	Farmers & Merchants Bank of Long Beach	1,266	7,190,880
Fossil ^{a,d}	117,800	3,020,392	First National Bank Alaska	2,130	5,016,150
			Mechanics Bank ^a	200	3,910,000
			Mercantile Bankshares	20,000	1,044,000

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Lazare Kaplan International <u>a</u>	103,600	985,236	NetBank	70,000	728,700
†Leapfrog Enterprises <u>a,d</u>	234,700	3,191,920	†Ocwen Financial <u>a,d</u>	47,000	449,320
Matthews International Cl. A	166,000	6,108,800	Oriental Financial Group	54,147	1,532,916
†RC2 Corporation <u>a</u>	190,400	6,207,040	†Partners Trust Financial Group	130,000	1,514,500
		<u>22,062,785</u>			
Total (Cost \$65,762,887)		<u>90,460,609</u>			

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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DECEMBER 31, 2004

	SHARES	VALUE		SHARES	VALUE
Financial Intermediaries (continued)					
Banking (continued)			BKF Capital Group	7,500	\$ 284,250
Whitney Holding	27,000	\$ 1,214,730	Eaton Vance	70,200	3,660,930
Wilmington Trust	31,000	1,120,650	Federated Investors Cl. B	101,900	3,097,760
		<u>30,027,831</u>	Gabelli Asset Management		
			Cl. A	168,600	8,180,472
			MVC Capital	174,800	1,587,184
			Nuveen Investments Cl. A	138,600	5,470,542
					<u>41,541,030</u>
Insurance - 6.0%					
Alleghany Corporation <u>a</u>	7,700	2,196,425			
Argonaut Group <u>a</u>	187,000	3,951,310	Other Financial Services - 0.4%		
Aspen Insurance Holdings	58,000	1,422,160	CharterMac	59,600	1,456,624
Baldwin & Lyons Cl. B	22,200	594,738	PRG-Schultz International <u>a,d</u>	467,000	2,349,010
Commerce Group	49,500	3,021,480	Van der Moolen Holding ADR		
Erie Indemnity Company Cl. A	139,900	7,354,543	<u>a,b</u>	21,000	159,390
HCC Insurance Holdings	24,000	794,880	World Acceptance <u>a,d</u>	21,700	596,967
Leucadia National	51,500	3,578,220			<u>4,561,991</u>
Markel Corporation <u>a,d</u>	4,200	1,528,800			
Montpelier Re Holdings	77,000	2,960,650	Total (Cost \$61,909,042)		<u>86,744,731</u>
NYMAGIC	85,200	2,155,560			

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Navigators Group ^a	83,200	2,505,152	Health ^a 9.0%		
Ohio Casualty ^{a,d}	187,000	4,340,270	Commercial Services - 1.9%		
PXRE Group	166,551	4,198,751	Covance ^{a,d}	52,700	2,042,125
Philadelphia Consolidated Holding ^a	35,000	2,314,900	First Consulting Group ^a	520,900	3,182,699
Phoenix Companies (The) ^d	81,900	1,023,750	IDEXX Laboratories ^a	94,300	5,147,837
ProAssurance Corporation ^{a,d}	76,070	2,975,098	PAREXEL International ^a	277,700	5,637,310
			Pharmaceutical Product Development ^a	12,000	495,480
RLI	99,724	4,145,527	TriZetto Group (The) ^a	215,200	2,044,400
Reinsurance Group of America	30,000	1,453,500			
21st Century Insurance Group	62,000	843,200			
USI Holdings ^{a,d}	20,000	231,400			18,549,851
Wesco Financial	7,750	3,045,750			
Zenith National Insurance	64,300	3,204,712	Drugs and Biotech - 3.1%		
		<hr/>	Abgenix ^{a,d}	38,000	392,920
		59,840,776	Affymetrix ^{a,d}	90,800	3,318,740
		<hr/>	Antigenics ^{a,d}	99,300	1,004,916
Real Estate Investment Trusts - 0.1%			Applera Corporation-		
Sun Communities	20,400	821,100	Celera Genomics Group ^a	139,200	1,914,000
		<hr/>	Cephalon ^{a,d}	4,900	249,312
Securities Brokers - 0.9%			Cerus Corporation ^{a,d}	21,700	64,232
E*TRADE Financial ^a	498,700	7,455,565	Chiron Corporation ^{a,d}	21,800	726,594
Knight Trading Group ^a	129,700	1,420,215	DUSA Pharmaceuticals ^{a,d}	79,700	1,139,710
		<hr/>	Endo Pharmaceuticals Holdings ^a	318,200	6,688,564
		8,875,780	Eon Labs ^{a,d}	31,000	837,000
		<hr/>	Gene Logic ^{a,d}	365,000	1,343,200
Total (Cost \$55,454,445)		99,565,487	Hi-Tech Pharmacal ^{a,d}	79,000	1,456,760
		<hr/>	Human Genome Sciences ^{a,d}	90,000	1,081,800
Financial Services ^a 8.7%			Lexicon Genetics ^a	463,300	3,592,892
Information and Processing - 2.9%			Millennium Pharmaceuticals ^a	50,000	606,000
Advent Software ^{a,d}	151,100	3,094,528	Par Pharmaceutical Companies ^{a,d}	33,000	1,365,540
eFunds Corporation ^a	204,275	4,904,643	Perrigo Company	171,750	2,966,122
FactSet Research Systems	78,500	4,587,540	Priority Healthcare Cl. B ^{a,d}	47,500	1,034,075
			Shire Pharmaceuticals Group ADR ^b	20,853	666,253
Fair Isaac	67,300	2,468,564			<hr/>
Global Payments	68,500	4,009,990			30,448,630
Interactive Data ^a	134,300	2,919,682			
SEI Investments	165,700	6,947,801			
		<hr/>	Health Services - 0.7%		
		28,932,748	Accredo Health ^a	8,705	241,303
		<hr/>	Albany Molecular Research ^{a,d}	85,000	946,900
Insurance Brokers - 1.2%			Eclipsys Corporation ^{a,d}	20,000	408,600
Crawford & Company Cl. A	289,100	2,023,700	Gentiva Health Services ^a	30,150	504,108
			Health Management Associates Cl. A	27,400	622,528
Crawford & Company Cl. B	60,300	452,250	Lincare Holdings ^a	34,600	1,475,690
Gallagher (Arthur J.) & Company	111,200	3,614,000			

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Hilb Rogal & Hobbs Company	155,050	5,619,012	MedQuist ^a	73,893	1,093,616
			On Assignment ^a	425,200	2,206,788
		<u>11,708,962</u>	Quovadx ^a	3,000	7,170
Investment Management - 4.2%					<u>7,506,703</u>
Alliance Capital Management Holding L.P.	180,200	7,568,400			
_Apollo Investment	774,271	11,691,492			

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

THE ROYCE FUNDS ANNUAL REPORT 2004 | 9

ROYCE VALUE TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
Health (continued)			Machinery - 4.9%		
Medical Products and Devices - 3.1%			Coherent ^a	228,500	\$ 6,955,540
Allied Healthcare Products ^a	62,000	\$ 406,100	Federal Signal	58,600	1,034,876
Arrow International	297,602	9,222,686	GSI Lumonics ^{a,d}	69,500	797,860
ArthroCare Corporation ^{a,d}	10,000	320,600	Global Power Equipment Group ^{a,d}	45,000	442,800
Bruker BioSciences ^a	390,200	1,572,506	Graco	96,825	3,616,414
CONMED Corporation ^a	81,500	2,316,230	IDEX Corporation	36,000	1,458,000
Datascope	12,000	476,280	Lincoln Electric Holdings	265,880	9,183,495
Diagnostic Products	25,000	1,376,250	National Instruments	71,400	1,945,650
Invacare Corporation	88,000	4,070,880	Nordson Corporation	172,200	6,900,054
Novoste Corporation ^a	66,500	113,715	PAXAR Corporation ^a	253,100	5,611,227
Orthofix International ^{a,d}	20,000	789,580	Pason Systems	79,000	2,429,557
STERIS Corporation ^{a,d}	173,100	4,105,932	T-3 Energy Services ^{a,d}	346,710	2,472,042
Sybron Dental Specialties ^{a,d}	19,000	672,220	UNOVA ^{a,d}	41,000	1,036,890
Thoratec Corporation ^{a,d}	2,000	20,840	Woodward Governor Company	73,600	5,270,496
Varian Medical Systems ^a	61,600	2,663,584			
Young Innovations	62,550	2,109,812			<u>49,154,901</u>
Zoll Medical ^a	20,200	694,880			
		<u>30,932,095</u>	Metal Fabrication and Distribution - 2.5%		
			CompX International Cl. A	302,300	4,997,019

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			Kaydon Corporation	208,700	6,891,274
			Metal Management	65,100	1,749,237
Personal Care - 0.2%			NN	127,100	1,678,991
Regis	37,200	1,716,780	Oregon Steel Mills ^{a,d}	177,900	3,609,591
			Penn Engineering & Manufacturing	251,600	4,553,960
Total (Cost \$65,402,809)		89,154,059	Penn Engineering & Manufacturing		
			Cl. A	77,600	1,164,000
Industrial Products □ 18.4%					
Automotive - 1.0%					
Adesa	126,900	2,692,818			24,644,072
CLARCOR	22,000	1,204,940			
Gentex Corporation	60,300	2,232,306	Paper and Packaging - 0.2%		
IMPCO Technologies ^{a,d}	15,500	117,025	Peak International ^a	408,400	1,671,990
LKQ Corporation ^{a,d}	188,000	3,773,160			
Quantam Fuel Systems Technologies			Pumps, Valves and Bearings - 0.5%		
Worldwide ^{a,d}	15,500	93,310	Baldor Electric	62,900	1,731,637
			Conbraco Industries	7,630	1,274,210
		10,113,559	Franklin Electric	47,200	1,994,672
Building Systems and Components - 1.2%					5,000,519
Decker Manufacturing	6,022	210,770			
Preformed Line Products Company	91,600	2,654,568	Specialty Chemicals and Materials - 2.0%		
Simpson Manufacturing	260,800	9,101,920	Aceto	41,100	782,544
			Albemarle Corporation	34,000	1,316,140
		11,967,258	Balchem Corporation	31,200	1,082,328
			CFC International ^a	123,500	1,936,480
Construction Materials - 2.1%			Cabot Corporation	56,500	2,185,420
Ash Grove Cement Company					
Cl. B ^a	50,518	7,224,074	Hawkins	206,878	2,449,436
ElkCorp	43,000	1,471,460	Lydall ^{a,d}	50,000	593,000
Florida Rock Industries	123,000	7,322,190	MacDermid	236,631	8,542,379
Heywood Williams Group ^a	838,837	1,518,695	Material Sciences ^a	29,000	521,710
Synalloy Corporation ^{a,c}	345,000	3,415,500			
					19,409,437
		20,951,919			
Industrial Components - 1.3%			Textiles - 0.2%		
AMETEK	86,000	3,067,620	Tag-It Pacific ^{a,d}	118,500	533,250
Bel Fuse Cl. A	26,200	767,660	Unifi ^a	315,100	1,206,833
C & D Technologies	50,000	852,000			1,740,083
Donaldson Company	52,000	1,694,160			
Intermagnetics General ^{a,d}	26,450	672,094	Other Industrial Products - 2.5%		
PerkinElmer	135,000	3,036,150	Albany International Cl. A	45,500	1,599,780
Planar Systems ^{a,d}	46,900	526,687	Brady Corporation Cl. A	114,400	7,158,008
Powell Industries ^a	92,400	1,708,476	Diebold	85,000	4,737,050
Woodhead Industries	45,400	727,762	Imagistics International ^a	19,000	639,540

13,052,609	Kimball International Cl. B	428,380	6,344,308
	Maxwell Technologies ^a	21,500	218,010
	Myers Industries	30,499	390,387

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DECEMBER 31, 2004

	SHARES	VALUE		SHARES	VALUE
Industrial Products (continued)			McDermott International ^a	71,000	\$ 1,303,560
Other Industrial Products (continued)			Washington Group International ^{a,d}	140,000	5,775,000
Peerless Manufacturing ^{a,c}	158,600	\$ 2,299,700			
Quixote Corporation	12,000	243,960			20,825,484
Steelcase Cl. A	50,000	692,000			
Trinity Industries	8,000	272,640	Food and Tobacco Processors - 0.6%		
		24,595,383	Farmer Bros.	150,000	3,636,000
			MGP Ingredients	216,400	1,869,696
			Seneca Foods Cl. B ^a	6,500	118,631
Total (Cost \$103,656,776)		182,301,730	Sunopta ^{a,d}	41,000	294,380
					5,918,707
Industrial Services - 14.4%					
Advertising and Publishing - 0.3%			Industrial Distribution - 1.4%		
Interpublic Group of Companies ^{a,d}	230,000	3,082,000	Central Steel & Wire	3,799	1,994,475
ValueClick ^{a,d}	20,000	266,600	Ritchie Bros. Auctioneers	310,400	10,261,824
		3,348,600	Strategic Distribution ^a	115,000	1,535,250
					13,791,549
Commercial Services - 5.7%					
ABM Industries	134,800	2,658,256	Printing - 0.2%		
Aaron Rents	4,500	112,500	Bowne & Co.	68,100	1,107,306
Administaff ^a	60,200	759,122	Ennis	62,700	1,206,975
Allied Waste Industries ^{a,d}	188,800	1,752,064			2,314,281
Brink's Company (The)	107,278	4,239,627			
Carlisle Holdings	194,900	1,411,076			

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Central Parking	83,800	1,269,570		
Collectors Universe <u>a,d</u>	15,500	316,045	Transportation and Logistics	
Convergys Corporation <u>a</u>	121,000	1,813,790	- 3.6%	
Copart <u>a,d</u>	138,100	3,634,792	AirNet Systems <u>a,d</u>	219,000 764,310
Digital Theater Systems <u>a,d</u>	18,600	374,418	Alexander & Baldwin	60,000 2,545,200
Harsco Corporation	12,000	668,880	Atlas Air Worldwide	
Hewitt Associates Cl. A <u>a,d</u>	59,000	1,888,590	Holdings <u>a,e</u>	60,500 1,424,775
Hudson Highland Group <u>a,d</u>	30,549	879,811	C. H. Robinson Worldwide	40,000 2,220,800
Iron Mountain <u>a</u>	191,175	5,828,926	Continental Airlines Cl. B <u>a,d</u>	100,000 1,354,000
Kelly Services Cl. A	25,000	754,500	EGL <u>a,d</u>	153,125 4,576,906
Learning Tree International <u>a</u>	53,400	715,560	Forward Air <u>a,d</u>	156,500 6,995,550
MPS Group <u>a</u>	643,500	7,889,310	Frozen Food Express	
Manpower	65,800	3,178,140	Industries <u>a</u>	286,635 3,697,591
Monster Worldwide <u>a,d</u>	79,000	2,657,560	Hub Group Cl. A <u>a</u>	77,000 4,020,940
New Horizons Worldwide <u>a</u>	96,600	541,926	Landstar System <u>a</u>	5,600 412,384
Pemstar <u>a,d</u>	381,900	691,239	Patriot Transportation	
RemedyTemp Cl. A <u>a</u>	77,500	794,375	Holding <u>a</u>	101,300 4,557,386
Renaissance Learning	15,000	278,400	Swift Transportation	
Reynolds & Reynolds			Company <u>a,d</u>	31,000 665,880
Company Cl. A	27,000	715,770	UTI Worldwide	35,000 2,380,700
Rollins	87,000	2,289,840		
Spherion Corporation <u>a,d</u>	3,000	25,200		
TRC Companies <u>a</u>	42,000	714,000	Other Industrial Services -	
Viad Corporation	87,550	2,494,299	0.5%	
Watson Wyatt & Company			Landauer	117,900 5,388,030
Holdings	81,000	2,182,950		
West Corporation <u>a</u>	75,000	2,483,250	Total (Cost \$87,827,562)	143,216,859
		<hr/>		
		56,013,786		
		<hr/>		
Engineering and			Natural Resources □ 9.2%	
Construction - 2.1%			Energy Services - 4.2%	
Champion Enterprises <u>a,d</u>	120,000	1,418,400	Atwood Oceanics <u>a</u>	19,700 1,026,370
EMCOR Group <u>a</u>	51,900	2,344,842	Carbo Ceramics	105,600 7,286,400
Fleetwood Enterprises <u>a,d</u>	234,300	3,153,678	Core Laboratories <u>a</u>	10,000 233,500
Insituform Technologies Cl.			ENSCO International	6,443 204,501
A <u>a</u>	202,200	4,583,874	Global Industries <u>a,d</u>	119,500 990,655
Jacobs Engineering Group <u>a</u>	47,000	2,246,130	Hanover Compressor	
			Company <u>a,d</u>	160,000 2,260,800
			Helmerich & Payne	197,400 6,719,496
			Input/Output <u>a,d</u>	669,100 5,914,844
			Key Energy Services <u>a,d</u>	10,000 118,000
			Precision Drilling <u>a</u>	29,500 1,852,600
			TETRA Technologies <u>a</u>	42,750 1,209,825
			Tidewater	55,600 1,979,916
			Universal Compression	
			Holdings <u>a</u>	115,000 4,014,650
			Veritas DGC <u>a</u>	38,700 867,267
			Willbros Group <u>a,d</u>	289,600 6,675,280

41,354,104

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

THE ROYCE FUNDS ANNUAL REPORT 2004 | 11

ROYCE VALUE TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
Natural Resources					
(continued)					
Oil and Gas - 2.7%					
Chesapeake Energy	60,000	\$ 990,000	KEMET Corporation ^{a,d}	173,000	\$ 1,548,350
Cimarex Energy ^a	127,041	4,814,854	Kronos ^a	38,775	1,982,566
Delta Petroleum ^{a,d}	39,000	611,520	Mercury Computer Systems ^{a,d}	22,000	652,960
EOG Resources	5,000	356,800	Methode Electronics	50,000	642,500
Holly Corporation	10,000	278,700	Metrologic Instruments ^{a,d}	15,000	318,750
Houston Exploration Company (The) ^a	50,000	2,815,500	Nam Tai Electronics	43,000	827,750
Penn Virginia	35,000	1,419,950	Newport Corporation ^{a,d}	152,900	2,155,890
Pioneer Drilling Company ^{a,d}	128,800	1,299,592	Perceptron ^a	397,400	2,901,020
Plains Exploration & Production Company ^{a,d}	76,500	1,989,000	Plexus Corporation ^a	398,700	5,187,087
Remington Oil & Gas ^{a,d}	78,500	2,139,125	Radiant Systems ^a	32,500	211,575
SEACOR Holdings ^a	159,500	8,517,300	REMEC ^{a,d}	189,200	1,364,132
Toreador Resources ^{a,d}	90,300	2,003,757	SafeNet ^{a,d}	36,240	1,331,458
			SanDisk Corporation ^{a,d}	11,000	274,670
			Symbol Technologies	165,400	2,861,420
			TTM Technologies ^a	253,600	2,992,480
			Technitrol ^a	368,900	6,713,980
		27,236,098	Tektronix	77,480	2,340,671
			Vishay Intertechnology ^a	316,000	4,746,320
Precious Metals and Mining - 1.2%					
Bema Gold ^{a,d}	300,000	918,000	Zebra Technologies Cl. A ^a	76,525	4,306,827
Glamis Gold ^a	195,000	3,346,200			61,449,977
Hecla Mining Company ^{a,d}	648,000	3,777,840			
MK Resources Company ^a	431,700	884,985	Distribution - 1.4%		
Meridian Gold ^{a,d}	124,500	2,361,765	Agilysys	185,125	3,173,042
Metallica Resources ^{a,d}	50,000	62,000	Anixter International ^a	41,900	1,507,981
Miramar Mining ^a	245,000	281,750	Arrow Electronics ^a	145,700	3,540,510
Stillwater Mining Company ^a	10,780	121,383	Avnet ^a	52,355	954,955
		11,753,923	Benchmark Electronics ^{a,d}	13,000	443,300
			Tech Data ^a	101,500	4,608,100
Real Estate - 0.6%					
Alico ^a	27,000	1,580,040			14,227,888
CB Richard Ellis Group Cl. A ^a	95,000	3,187,250	Internet Software and Services - 1.1%		
Consolidated-Tomoka Land	13,564	583,252	CNET Networks ^a	155,400	1,745,142

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Trammell Crow Company ^a	46,500	842,115	CryptoLogic	202,000	5,039,900
			CyberSource Corporation ^a	10,000	71,500
		6,192,657	DoubleClick ^a	181,700	1,413,626
			Lionbridge Technologies ^{a,d}	37,500	252,000
Other Natural Resources - 0.5%			Openwave Systems ^{a,d}	32,000	494,720
PICO Holdings ^a	218,200	4,532,014	RealNetworks ^{a,d}	85,400	565,348
			Satyam Computer Services ADR ^b	20,000	482,600
Total (Cost \$55,423,877)		91,068,796	Vastera ^a	140,000	368,200

Technology □ **21.5%**

Aerospace and Defense - 0.7%

Allied Defense Group (The) ^a	67,600	1,504,100	IT Services - 4.8%		
Armor Holdings ^a	27,000	1,269,540	answerthink ^a	655,000	3,052,300
Astronics Corporation ^a	52,400	266,192	BearingPoint ^a	524,000	4,207,720
Ducommun ^a	117,200	2,443,620	Black Box	47,000	2,256,940
Herley Industries ^a	2,000	40,680	CACI International Cl. A ^{a,d}	10,000	681,300
Integral Systems	49,800	968,610	CGI Group Cl. A ^{a,d}	106,700	709,555
		6,492,742	CIBER ^a	10,000	96,400
			Computer Task Group ^a	101,100	566,160

Components and Systems - 6.2%

American Power Conversion	151,200	3,235,680	Covansys Corporation ^a	251,600	3,849,480
Analogic Corporation	21,000	940,590	DiamondCluster International ^a	80,400	1,152,132
Belden CDT	57,800	1,340,960	Forrester Research ^a	95,300	1,709,682
Checkpoint Systems ^a	103,000	1,859,150	Gartner Cl. A ^a	316,000	3,937,360
Dionex Corporation ^{a,d}	81,000	4,590,270	Keane ^a	480,000	7,056,000
Excel Technology ^{a,d}	168,500	4,381,000	MAXIMUS ^a	145,900	4,540,408
Hutchinson Technology ^{a,d}	15,000	518,550	Perot Systems Cl. A ^a	165,100	2,646,553
Imation Corporation	15,700	499,731	Sapient Corporation ^{a,d}	719,400	5,690,454
InFocus Corporation ^a	79,000	723,640	Syntel	148,500	2,604,690
			Unisys Corporation ^a	325,000	3,308,500
					48,065,634

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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	SHARES	VALUE		SHARES	VALUE
Technology (continued)			Powerwave Technologies ^{a,d}	105,000	\$ 890,400
Semiconductors and Equipment - 3.2%			Scientific-Atlanta	140,300	4,631,303
BE Semiconductor Industries ^a	58,000	\$ 324,220	Time Warner Telecom Cl. A ^{a,d}	179,000	780,440
Cabot Microelectronics ^{a,d}	170,800	6,840,540	Tollgrade Communications ^a	20,000	244,800
CEVA ^{a,d}	31,666	288,382			
Cognex Corporation	118,400	3,303,360			17,392,155
Conexant Systems ^{a,d}	11,980	23,840			

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Credence Systems ^{a,d} ₋₋	53,600	490,440	Total (Cost \$157,815,599)	213,256,828
Cymer ^{a,d}	14,500	428,330		<hr/>
DSP Group ^{a,d} ₋₋	115,000	2,567,950		