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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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Section
MAY 30 2018

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17a-5 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 04/01/17 AND ENDING 03/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Royce Fund Services

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

745 Fifth Avenue

(No. and Street)

New York

(City)

NY

(State)

10151

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PriceWaterhouseCoopers

(Name - if individual, state last, first, middle name)

2700 Pratt Street

(Address)

Baltimore

(City)

MD

(State)

21202

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

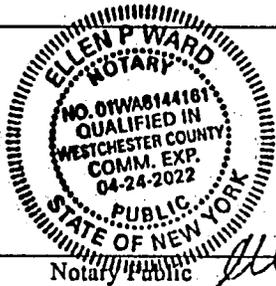
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Thomas R. Palasits, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Royce Fund Services, LLC, as of March 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]
Signature

Chief Financial Officer
Title

Notary Public Ellen P Ward

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Royce Fund Services, LLC
(an indirect wholly owned subsidiary of Legg Mason, Inc.)
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March 31, 2018

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Member of Royce Fund Services, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Royce Fund Services, LLC as of March 31, 2018, and the related statement of income, changes in member's equity and cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The accompanying Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission is supplemental information required by the Securities and Exchange Commission. The supplemental information is the responsibility of the Company's management. The supplemental information has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as



applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements as a whole.

PricewaterhouseCoopers LLP

Baltimore, Maryland
May 25, 2018

We have served as the Company's auditor since 2002.

Royce Fund Services, LLC
(an indirect wholly owned subsidiary of Legg Mason, Inc.)
Statement of Financial Condition
March 31, 2018

ASSETS

Cash and cash equivalents	\$	5,621,180
Receivables:		
Distribution fees		706,781
Other receivables		302,722
Deferred sales commissions		49,765
Income Tax Refund Receivable		435
Other assets		<u>40,071</u>
Total assets	\$	<u>6,720,954</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:		
Accounts payable	\$	32,564
Accrued distribution fees		<u>1,297,081</u>
Total liabilities		<u>1,329,645</u>
Commitments and contingencies (Note 4)		
Member's equity:		<u>5,391,309</u>
Total Liabilities and Member's equity	\$	<u>6,720,954</u>

Royce Fund Services, LLC
(an indirect wholly owned subsidiary of Legg Mason, Inc.)
Statement of Income
For the Year Ended March 31, 2018

Revenues:	
Distribution fees, net of waivers	\$ 12,634,608
Interest income	27,798
Total revenues	<u>12,662,406</u>
Expenses:	
Third party distribution fees and other direct costs	11,917,874
Amortization of deferred sales commission	141,095
Administrative fees and other expenses	463,717
Total expenses	<u>12,522,686</u>
Income before income tax provision	139,720
Income tax provision	45,393
Net Income	<u>\$ 94,327</u>

Royce Fund Services, LLC
(an indirect wholly owned subsidiary of Legg Mason, Inc.)
Statement of Changes in Member's Equity
For the Year Ended March 31, 2018

	Total Member's <u>Equity</u>
Balance at March 31, 2017	\$ 5,296,982
Net Income	94,327
Balance at March 31, 2018	<u>\$ 5,391,309</u>

Royce Fund Services, LLC
 (an indirect wholly owned subsidiary of Legg Mason, Inc.)
Statement of Cash Flows
For the Year Ended March 31, 2018

Cash flows from operating activities:

Net income	\$ 94,327
Non-Cash Items not included in Net Income:	
Amortization of deferred sales commission	141,095
Deferred income taxes	41,893
Net changes in assets and liabilities:	
Distribution fees receivable	68,553
Other receivables	79,770
Income Taxes Refund Receivable	(435)
Income taxes payable	(10,323)
Other assets	12,554
Deferred sales commission	(118,851)
Accrued distribution fees	(245,823)
Accounts payable & Accrued expenses	(695)
Cash used by operating activities	<u>62,065</u>
Net increase in cash and cash equivalents	<u>62,065</u>
Cash and cash equivalents at the beginning of the year	<u>5,559,115</u>
Cash and equivalents at the end of the year	<u>\$ 5,621,180</u>

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Notes to Financial Statements for the Year Ended March 31, 2018

1. Summary of Significant Accounting Policies

A. Organization

Royce Fund Services, LLC (the “Company”) is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. The Company, a wholly owned subsidiary of Royce & Associates, LP (the “Parent”), which is a subsidiary of Legg Mason, Inc. (“Legg Mason”), is the distributor of shares of The Royce Funds and The Royce Capital Funds, which are open-end registered investment companies with multiple portfolios (hereinafter referred to as the “Funds”).

B. Operations

Under a distribution agreement with the Funds, the Company seeks to promote the sale and/or continued holding of shares of such Funds through a variety of activities, including advertising, direct marketing, servicing investors and introducing parties on an ongoing basis. The Company pays commissions and other fees to certain broker-dealers who have introduced investors to certain of the Funds.

As compensation for its services, the Company is entitled to receive from the average net assets of the Consultant Classes of Royce Pennsylvania Mutual, Opportunity, Micro Cap, Total Return, Premier, Special Equity, Special Equity Multi Cap, Small/MidCap Premier, Small Cap Value, Smaller Companies Growth, International Premier and Dividend Value Funds, a monthly fee equal to 1% per annum of their respective fund assets. The Company is also entitled to receive 0.25% per annum of the respective average net assets of the Service Class of Royce Pennsylvania Mutual, Opportunity, MicroCap Opportunity, Micro-Cap, Total Return, Premier, Special Equity, Low-Priced Stock, Small/MidCap Premier, Small Cap Value, Smaller Companies Growth, Small Cap Leaders, Dividend Value, Global Financial Services, International Small Cap, International Micro Cap, International Premier and Special Equity Multi Cap Funds as well as Royce Capital Fund Micro-Cap and Small-Cap Portfolios. The Company is also entitled to receive 0.50% per annum of the respective average net assets of the R Class of Pennsylvania Mutual, Opportunity, Total Return, Premier, Low-Priced Stock, Small/MidCap Premier, Small Cap Value, Smaller Companies Growth, Small Cap Leaders and International Premier funds. The Company is also entitled to receive a 0.25% per annum of the respective average net assets of the K Class of Royce Pennsylvania Mutual, Opportunity, Total Return, Small Cap Value and International Premier Funds.

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Notes to Financial Statements for the Year Ended March 31, 2018

For the year ended March 31, 2018, the Company voluntarily waived (recaptured) fees from the following classes of shares:

Service Class

Royce Low-Priced Stock	\$	46,667
Royce Small Cap Value		16,164
Royce Smaller Companies Growth		50,847
Royce Heritage		166,987
Royce Small Cap Leaders		8,441
Royce Financial Services		4,593
Royce Dividend Value		7,998
Royce Special Equity Multi-Cap		16,118
Royce International Micro-Cap		6,902
Royce International Premier		<u>49,968</u>
	\$	<u>374,685</u>

Because the Company serves as distributor only for mutual funds managed by the Parent, the Parent provides administrative services to the Company at no cost. Therefore, the Company's results from operations may not be indicative of the results of operations of a stand alone company.

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Notes to Financial Statements for the Year Ended March 31, 2018

C. Fair Value of Financial Instruments

Accounting guidance for fair value measurements defines fair value and establishes a fair value hierarchy that prioritizes the inputs for valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1). Level 2 of the hierarchy applies to financial instruments for which prices are quoted for similar assets and liabilities in active markets and the lowest priority, level 3, applies to financial instruments for which the values are based on unobservable inputs. Other than cash equivalents, which are level 1 financial instruments, the Company has no other financial instruments recorded at fair value.

D. Cash and Cash Equivalents

Cash equivalents at March 31, 2018 are short-term, highly liquid investments that, when purchased, have an original maturity of 90 days or less. The carrying amount of cash equivalents approximates fair value. The Company maintains cash in bank accounts, which at times, may exceed federally insured limits. The Company believes it has minimal credit risk with respect to those accounts.

E. Deferred Sales Commissions

Commissions paid to financial intermediaries in connection with sales of certain classes of Company-sponsored mutual funds are capitalized as deferred sales commissions. The asset is amortized over periods not exceeding one year, which represent the periods during which commissions are generally recovered from distribution and service fee revenues and from contingent deferred sales charges ("CDSC") received from shareholders of those funds upon redemption of their shares. CDSC receipts are recorded as distribution and servicing revenue when received and a reduction of the unamortized balance of deferred sales commissions, with a corresponding expense. Management periodically tests the deferred sales commission asset for impairment by reviewing the changes in value of the related shares, the relevant market conditions and other events and circumstances that may indicate an impairment in value has occurred. If these factors indicate an impairment in value, management compares the carrying value to the estimated undiscounted cash flows expected to be generated by the asset over its remaining life. If management determines that the deferred sales commission asset is not fully recoverable, the asset will be deemed impaired and a loss will be recorded in the amount by which the recorded amount of the asset exceeds its estimated fair value. No impairment charge was recorded in the year ended March 31, 2018.

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Notes to Financial Statements for the Year Ended March 31, 2018

F. Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America that require management to make assumptions and estimates that affect the amounts and disclosures presented. Actual results could differ from those estimates and the differences could have a material impact on the financial statements.

2. Income Taxes

Prior to March 1, 2016, the Company had elected to be included in the consolidated federal income tax return with Legg Mason and file separate state income tax returns. As a result of the corporate restructuring to incorporate management equity plans into the Parent Company business model, the Company filed its own federal and state income tax returns between March 1, 2016 and March 31, 2017. Effective April 1, 2017, the Company elected to become disregarded from its Parent, Royce & Associates, LP. Due to the change in classification, the Company will be a nontaxable entity for federal and state purposes. However, the Company will be subject to Unincorporated Business Taxes (UBT) on income earned by conducting business in New York City. The provision for state income taxes is determined as if the Company filed a separate return for the entire year. The provision for income taxes (benefit) consists of:

UBT provision	<u>45,393</u>
	<u>\$ 45,393</u>

The Company has determined that it has no material uncertain tax positions for the year ended March 31, 2018. The consolidated federal returns filed by the Parent and the separate state returns filed by the Company are subject to examination by the respective tax authorities. The following tax years remain open for each of the more significant jurisdictions where the Company is subject to income tax: after fiscal year 2016 for U.S. federal tax returns and after fiscal year 2010 for New York state and city returns.

3. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission's ("SEC") Uniform Net Capital Rule pursuant to Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital of \$5,000 or 6-2/3% of total aggregate indebtedness, whichever is greater, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (or 1500%). Net capital and the related ratio of aggregate indebtedness to net capital, as defined, may fluctuate on a daily basis.

As of March 31, 2018, the Company had net capital of \$4,990,316 which was \$4,901,673 in excess of required capital of \$88,643. The Company's percentage of aggregate indebtedness to net capital was 26.6%.

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Notes to Financial Statements for the Year Ended March 31, 2018

The Company is exempt from the SEC's Customer Protection Rule ("Rule 15c3-3"). Section (k)(1) of Rule 15c3-3 allows for this exemption because the company's business is limited to the distribution of mutual funds.

4. Commitments and Contingencies

In the normal course of business the Company enters into contracts that contain a variety of representations and warranties, and which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as they would involve future claims that may be made against the Company that have not yet occurred.

5. Related Party Transactions

The Company has an expense sharing agreement with the Parent whereby the Parent assumes expenses on behalf the Company. During the fiscal year ended March 31, 2018 the Parent assumed \$2,348,728 of expenses.

As described in Note 2, the Company's income taxes are reported as part of the Legg Mason consolidated federal and certain state income tax returns. Legg Mason also files other separate state income tax returns on behalf of the Company. The Company settles with Legg Mason for any federal or state income tax payments or receipts relating to the Company on a quarterly basis.

6. Subsequent Events

The Company has evaluated all subsequent events through May 25, 2018, the issuance date of the financial statements

SUPPLEMENTAL SCHEDULE

Royce Fund Services, LLC

(an indirect wholly owned subsidiary of Legg Mason, Inc.)

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission**March 31, 2018**

Total Member's Equity			\$ 5,391,309
Deductions and/or charges			
Other receivables	\$ 302,482		
Other assets	\$ 98,511		
Total non-allowable assets		\$ 400,993	
Other deductions and/or charges		0	
Total deductions and/or charges			400,993
Net capital before haircuts on securities positions			4,990,316
Haircuts on securities positions			0
Net capital			<u>4,990,316</u>
Computation of basic aggregate indebtedness and net capital requirement			
Computed net capital required (6-2/3% of total Aggregate indebtedness)		\$88,643	
Minimum dollar net capital requirement		<u>5,000</u>	
Net capital requirement			<u>88,643</u>
Excess net capital			<u>\$ 4,901,673</u>
Total aggregate indebtedness			<u>\$ 1,329,645</u>
Percentage of aggregate indebtedness to net capital			<u>26.6%</u>

Statement Pursuant to Paragraph (d)(4) of SEC Rule 17a-5

There are no material differences between this computation of net capital and the corresponding computation prepared by Royce Fund Services, LLC and included in its amended Part IIA FOCUS filing as of May 23, 2018.

Royce Fund Services, LLC Exemption Report

Royce Fund Services, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k): (1).

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

Royce Fund Services, LLC.

I, Thomas R. Palasits, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.



s/s

Chief Financial Officer

May 25, 2018



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Member of Royce Fund Services, LLC

We have reviewed Royce Fund Services, LLC's assertions, included in the accompanying Royce Fund Services, LLC's Exemption Report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(1) as the provision under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the year ended March 31, 2018 without exception. The Company's management is responsible for the assertions and for compliance with the identified exemption provision throughout the year ended March 31, 2018.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's assertions referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(1) of 17 C.F.R. § 240.15c3-3.

PricewaterhouseCoopers LLP

Baltimore, Maryland
May 25, 2018



Report of Independent Accountants

To the Board of Directors and Member of Royce Fund Services, LLC

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Royce Fund Services, LLC and the Securities Investor Protection Corporation ("SIPC") (collectively, the "specified parties") with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Royce Fund Services, LLC for the year ended March 31, 2018, solely to assist the specified parties in evaluating Royce Fund Services, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for Royce Fund Services, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows:

1. Compared the Total Revenue amount reported on the Statement of Income of the audited Form X-17A-5 for the year ended March 31, 2018 to the "Total revenue" amount of \$12,662,406 reported on page 2, item 2a of Form SIPC-7 for the year ended March 31, 2018, noting no differences.
2. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7 with the supporting schedules and working papers, as follows:
 - a. Compared deduction of item 2c line 1, "Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products" of \$12,634,608 to "Distribution fees, net of waivers" amount reported on the Statement of Income of the audited Form X-17A-5 for the year ended March 31, 2018, noting no differences.
3. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers obtained in procedure 2, as follows:
 - a. Recalculated the mathematical accuracy of the "SIPC Net Operating Revenues" on page 2, line 2d and the "General Assessment @ .0015" on page 2, line 2e of \$27,798 and \$41.70, respectively of the Form SIPC-7, noting no differences.
 - b. Recalculated the mathematical accuracy of the "Total assessment balance and interest due (or overpayment carried forward)" of (\$92.51) on page 1, line 2F of the Form SIPC-7, noting no differences.

4. Compared the amount of any overpayment applied to the current assessment on page 1, item 2C of Form SIPC-7 of (\$125.36) with page 1, item 2H of the Form SIPC-7 filed for the prior period ended March 31, 2017 of (\$134.21) on which it was originally computed, noting a difference of (\$8.85) due to general assessment Form SIPC-6 filed on November 3, 2017 as noted on page 1, line 2B of current year Form SIPC-7.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's preparation of Form SIPC-7 in accordance with the applicable instructions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the board of directors and member of Royce Fund Services, LLC and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Baltimore, Maryland
May 25, 2018