

Prospectus

Investment and Service Class Shares

May 1, 2021

FUND	INVESTMENT	SERVICE
Royce Capital Fund—Micro-Cap Portfolio	RCMCX	RCMSX
Royce Capital Fund—Small-Cap Portfolio	RCPFX	RCSSX

As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved of these securities, or determined that the information in this prospectus is accurate or complete. It is a crime to represent otherwise.

As permitted by regulations adopted by the Securities and Exchange Commission, paper copies of each Fund's shareholder reports will no longer be sent by mail unless you specifically request paper copies of the reports from the Fund or from your financial intermediary or insurance company. Instead, the reports will be made available on <https://www.royceinvest.com/funds/30e-3>, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications electronically by notifying your financial intermediary or insurance company directly. You can also call 1-800-841-1180 for additional information.

You may elect to receive all future reports in paper free of charge. You can contact your financial intermediary or insurance company directly to request that you continue to receive paper copies of your reports. You can also call 1-800-841-1180 for additional information. Your election to receive reports in paper will apply to all funds held with The Royce Funds or your financial intermediary or insurance company.

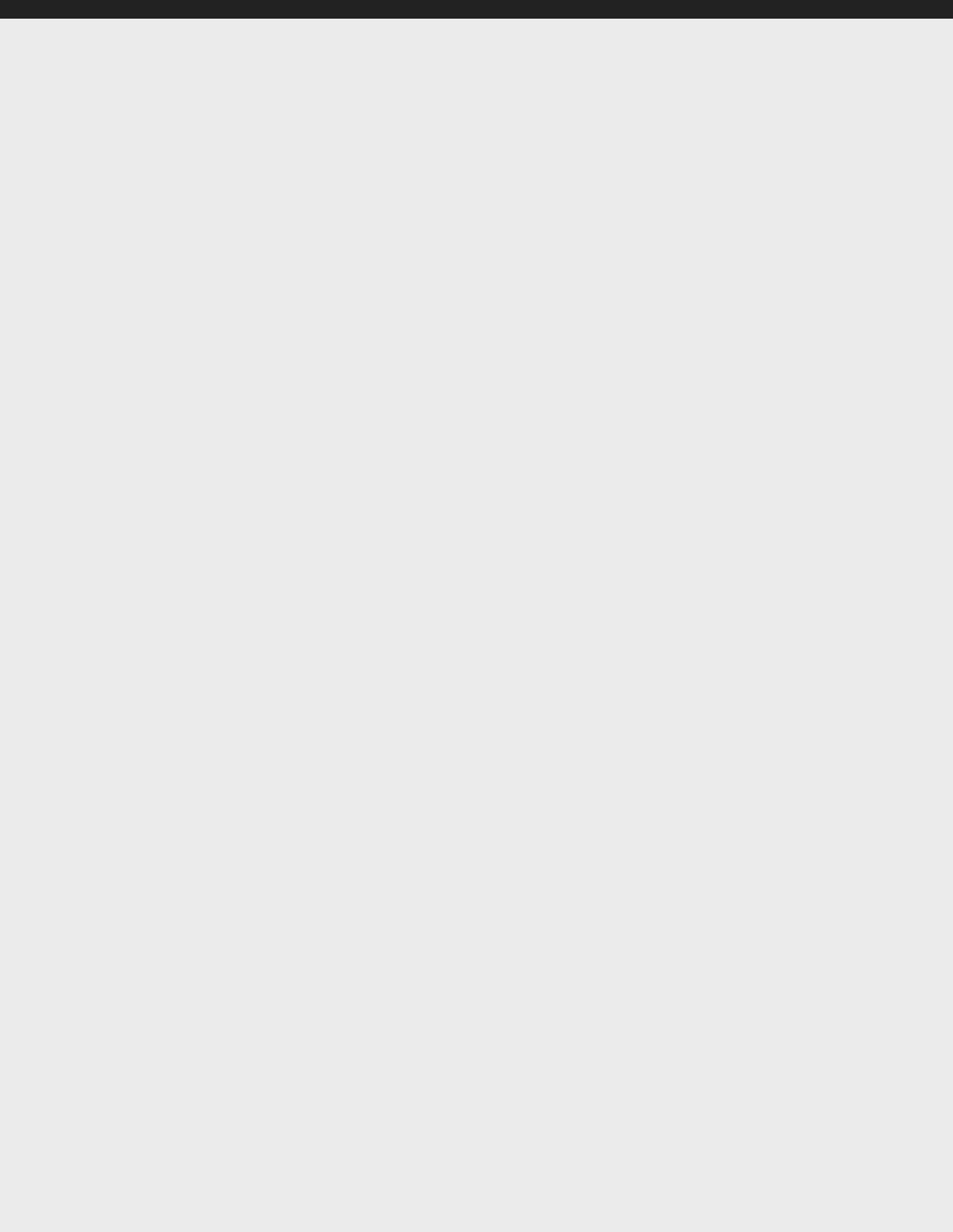


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The Investment and Service Classes of Royce Capital Fund offer their shares to life insurance companies that allocate the shares to separate accounts that they establish for the purpose of funding variable annuity contracts and variable life insurance contracts. A Fund may not be available in connection with a particular variable contract.

Royce Micro-Cap Portfolio

Investment Goal

Royce Micro-Cap Portfolio's investment goal is long-term growth of capital.

Fees and Expenses of the Fund

The following table presents the fees and expenses that you may pay if you buy and hold shares of the Fund. The table does not include variable contract charges. Because variable contract charges are not included, the total fees and expenses that you will incur will be higher than the fees and expenses set forth in the table. See your variable contract prospectus for more information about these charges.

Shareholder Fees (fees paid directly from your investment)

	INVESTMENT CLASS	SERVICE CLASS
Maximum sales charge (load) imposed on purchases	0.00%	0.00%
Maximum deferred sales charge	0.00%	0.00%
Maximum sales charge (load) imposed on reinvested dividends	0.00%	0.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management fees	1.25%	1.25%
Distribution (12b-1) fees	0.00%	0.25%
Other expenses	0.22%	0.22%
Total annual Fund operating expenses	1.47%	1.72%
Fee waivers and/or expense reimbursements	-0.14%	-0.14%
Total annual Fund operating expenses after fee waivers and/or expense reimbursements	1.33%	1.58%

The Fund's total annualized operating expense ratios are subject to change in response to changes in the Fund's average net assets or for other reasons. A decline in the Fund's average net assets can be expected to increase the impact of operating expenses on the Fund's total annualized operating expense ratios.

Royce has contractually agreed, without right of termination, to waive fees and/or reimburse expenses to the extent necessary to maintain the Investment and Service Classes' 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 1.33% and 1.58%, respectively, through April 30, 2022.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's total operating expenses (net of fee waivers and/or expense reimbursements for the Investment and Service Classes in year one) remain the same. Although your actual costs may be higher or lower, based on the assumptions your costs would be:

	INVESTMENT CLASS	SERVICE CLASS
1 Year	\$135	\$161
3 Years	\$451	\$528
5 Years	\$789	\$920
10 Years	\$1,745	\$2,019

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 25% of the average value of its portfolio.

Royce Capital Fund—Micro-Cap Portfolio (continued)

Principal Investment Strategy

Royce Investment Partners (“Royce”), the Fund’s investment adviser, invests the Fund’s assets primarily in equity securities of micro-cap companies. Micro-cap companies are those that have a market capitalization not greater than that of the largest company in the Russell Microcap® Index at the time of its most recent reconstitution. Royce uses multiple investment themes and offers wide exposure to micro-cap stocks by investing in companies with strong fundamentals and/or prospects selling at prices that Royce believes do not fully reflect these attributes. Royce considers companies with strong balance sheets, attractive growth prospects, and/or the potential for improvement in cash flow levels and internal rates of return, among other factors.

Normally, the Fund invests at least 80% of its net assets in equity securities of micro-cap companies. Although the Fund normally focuses on securities of U.S. companies, it may invest up to 25% of its net assets (measured at the time of investment) in securities of companies headquartered in foreign countries. The Fund may invest in other investment companies that invest in equity securities. The Fund may sell securities to, among other things, secure gains, limit losses, redeploy assets into what Royce deems to be more promising opportunities, and/or manage cash levels in the Fund’s portfolio.

Primary Risks for Fund Investors

As with any mutual fund that invests in common stocks, Royce Micro-Cap Portfolio is subject to market risk—the possibility that common stock prices will decline over short or extended periods of time due to overall market, financial, and economic conditions and trends, governmental or central bank actions or interventions, changes in investor sentiment, and other factors, such as the recent COVID-19 pandemic, that may not be directly related to the issuer of a security held by the Fund. This pandemic could adversely affect global economies and markets and individual companies in ways that cannot necessarily be foreseen. As a result, the value of your investment in the Fund will fluctuate, sometimes sharply and unpredictably, and you could lose money over short or long periods of time.

The prices of micro-cap securities are generally more volatile than those of larger-cap securities. In addition, because micro-cap securities tend to have significantly lower trading volumes than larger-cap securities, the Fund may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what Royce believes they are worth. Therefore, the Fund may involve considerably more risk of loss and its returns may differ significantly from funds investing in larger-cap companies or other asset classes.

Investment in foreign securities involves risks that may not be encountered in U.S. investments, including adverse political, social, economic or other developments that are unique to a particular region or country. Prices of foreign securities in particular countries or regions may, at times, move in a different direction and/or be more volatile

than those of U.S. securities. Because the Fund does not intend to hedge its foreign currency exposure, the U.S. dollar value of the Fund’s investments may be harmed by declines in the value of foreign currencies in relation to the U.S. dollar.

To the extent the Fund overweights a single market sector or industry relative to its benchmark index, its performance may be tied more directly to the success or failure of a relatively smaller or less well-diversified group of portfolio holdings.

Allocation adjustment programs used by certain participating insurance companies to help manage the volatility of the relevant variable contract investment options and to preserve variable contract value may result in transfers of assets among the relevant investment options, including the Fund. These programs may result in large-scale asset flows into and out of the Fund, which could adversely affect the Fund, including its risk profile, expenses, and performance. For example, these asset flows may adversely affect performance by requiring the Fund to purchase or sell securities at inopportune times, by otherwise limiting Royce’s ability to fully implement the Fund’s investment strategies, or by requiring the Fund to hold a larger portion of its assets in cash or highly liquid securities than it otherwise would hold. Such asset flows may also result in higher portfolio turnover rates, increased payments of brokerage commissions, lower asset levels, and higher operating expense ratios for the Fund. The Fund’s portfolio turnover rate for the fiscal year ended December 31, 2020 was 25%.

Royce’s estimate of a company’s current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses. Securities in the Fund’s portfolio may not increase as much as the market as a whole and some securities may continue to be undervalued for long periods of time or may never reach what Royce believes are their full market values.

Investments in the Fund are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. This Prospectus is not a contract.

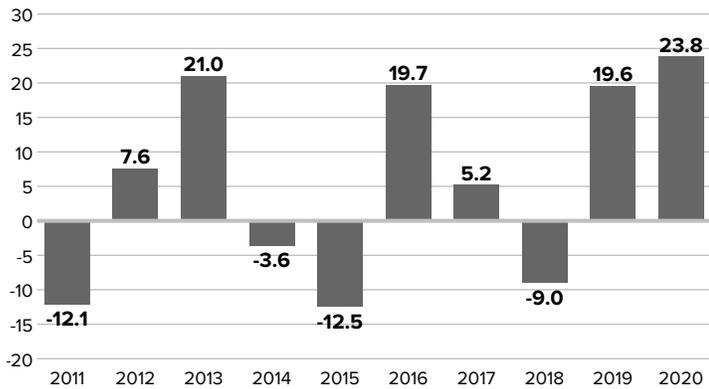
Performance

The following performance information provides an indication of the risks of investing in the Fund. Past performance does not indicate how the Fund will perform in the future. The Calendar Year Total Returns chart shows performance year by year over the last ten years (Investment Class used for illustrative purposes—returns differ by Class). The Annualized Total Returns table shows how the Fund’s average annual total returns for various periods compare with those of the Russell Microcap Index, the Fund’s benchmark index, and the Russell 2000 Index. The Classes have substantially similar returns because they invest in the same portfolio of securities, differing only to the extent that the Classes have different expenses. The Service Class has higher expenses than the Investment Class. If Service Class’s expenses had been reflected, returns for that Class would have been lower.

Royce Capital Fund—Micro-Cap Portfolio (concluded)

Calendar Year Total Returns

Investment Class (%)



During the period shown in the bar chart, the highest return for a calendar quarter was 35.62% (quarter ended 12/31/20) and the lowest return for a calendar quarter was -31.90% (quarter ended 3/31/20).

The Fund's total returns do not reflect any deduction for charges or expenses of the variable contracts investing in the Fund. If these costs and expenses were reflected, the returns shown would be lower. Current month-end performance information may be obtained at www.royceinvest.com or by calling Investor Services at (800) 221-4268.

Annualized Total Returns

As of 12/31/20 (%)

	1 YEAR	5 YEAR	10 YEAR
Investment Class			
Return Before Taxes	23.79	11.13	5.05
Service Class			
Return Before Taxes	23.55	10.87	4.82
Russell Microcap Index			
(Reflects no deductions for fees, expenses, or taxes)	20.96	11.89	10.55
Russell 2000 Index			
(Reflects no deductions for fees, expenses, or taxes)	19.96	13.26	11.20

Investment Adviser and Portfolio Management

Royce & Associates, LP is the Fund's investment adviser and a limited partnership organized under the laws of Delaware. Royce & Associates primarily conducts its business under the name Royce Investment Partners. James P. Stoeffel is the Fund's lead portfolio manager, and Portfolio Manager Brendan J. Hartman manages the Fund with him. Mr. Stoeffel previously co-managed the Fund (2015). Mr. Hartman was previously assistant portfolio manager (2013-2015).

How to Purchase and Sell Fund Shares

Shares of the Funds will be sold on a continuous basis to separate accounts of insurance companies. Investors may not purchase or redeem shares of the Funds directly, but only through the relevant variable contract. You should refer to the applicable variable contract prospectus for information on how to purchase or surrender a contract, make partial withdrawals of contract values, allocate contract values to one or more of the Funds, or change existing allocations among investment alternatives, including the Funds. No sales charge is imposed by Royce Fund Services, LLC, the Funds' distributor, upon the purchase or redemption of shares of the Funds. Any sales charges for your variable contract will be described in the relevant variable contract prospectus.

Tax Information

For information regarding the federal income tax consequences of variable contract ownership, please consult your variable contract prospectus.

Financial Intermediary Compensation

If you purchase the Fund through an insurance company or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the insurance company or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Royce Small-Cap Portfolio

Investment Goal

Royce Small-Cap Portfolio's investment goal is long-term growth of capital.

Fees and Expenses of the Fund

The following table presents the fees and expenses that you may pay if you buy and hold shares of the Fund. The table does not include variable contract charges. Because variable contract charges are not included, the total fees and expenses that you will incur will be higher than the fees and expenses set forth in the table. See your variable contract prospectus for more information about these charges.

Shareholder Fees (fees paid directly from your investment)

	INVESTMENT CLASS	SERVICE CLASS
Maximum sales charge (load) imposed on purchases	0.00%	0.00%
Maximum deferred sales charge	0.00%	0.00%
Maximum sales charge (load) imposed on reinvested dividends	0.00%	0.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Management fees	1.00%	1.00%
Distribution (12b-1) fees	0.00%	0.25%
Other expenses	0.19%	0.18%
Total annual Fund operating expenses	1.19%	1.43%
Fee waivers and/or expense reimbursements	-0.11%	-0.10%
Total annual Fund operating expenses after fee waivers and/or expense reimbursements	1.08%	1.33%

The Fund's total annualized operating expense ratios are subject to change in response to changes in the Fund's average net assets or for other reasons. A decline in the Fund's average net assets can be expected to increase the impact of operating expenses on the Fund's total annualized operating expense ratios.

Royce has contractually agreed, without right of termination, to waive fees and/or reimburse expenses to the extent necessary to maintain the Investment and Service Classes' 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 1.08% and 1.33%, respectively, through April 30, 2022.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's total operating expenses (net of fee waivers and/or expense reimbursements for the Investment and Service Classes in year one) remain the same. Although your actual costs may be higher or lower, based on the assumptions your costs would be:

	INVESTMENT CLASS	SERVICE CLASS
1 Year	\$110	\$135
3 Years	\$367	\$443
5 Years	\$644	\$772
10 Years	\$1,433	\$1,704

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 95% of the average value of its portfolio.

Royce Capital Fund—Small-Cap Portfolio (continued)

Principal Investment Strategy

Royce Investment Partners (“Royce”), the Fund’s investment adviser, invests the Fund’s assets primarily in equity securities of small-cap companies that Royce believes are trading below its estimate of their current worth. Small-cap companies are those that have a market capitalization not greater than that of the largest company in the Russell 2000® Index at the time of its most recent reconstitution. The Fund generally invests in such companies that Royce believes also possess financial strength, a strong business model, and the ability to generate and effectively allocate excess free cash flow.

Normally, the Fund invests at least 80% of its net assets in equity securities of small-cap companies. Although the Fund normally focuses on securities of U.S. companies, it may invest up to 25% of its net assets (measured at the time of investment) in securities of companies headquartered in foreign countries. The Fund may invest in other investment companies that invest in equity securities. The Fund may sell securities to, among other things, secure gains, limit losses, redeploy assets into what Royce deems to be more promising opportunities, and/or manage cash levels in the Fund’s portfolio.

Primary Risks for Fund Investors

As with any mutual fund that invests in common stocks, Royce Small-Cap Portfolio is subject to market risk—the possibility that common stock prices will decline over short or extended periods of time due to overall market, financial, and economic conditions and trends, governmental or central bank actions or interventions, changes in investor sentiment, and other factors, such as the recent COVID-19 pandemic, that may not be directly related to the issuer of a security held by the Fund. This pandemic could adversely affect global economies and markets and individual companies in ways that cannot necessarily be foreseen. As a result, the value of your investment in the Fund will fluctuate, sometimes sharply and unpredictably, and you could lose money over short or long periods of time.

The prices of small-cap securities are generally more volatile than those of larger-cap securities. In addition, because small-cap securities tend to have significantly lower trading volumes than larger-cap securities, the Fund may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what Royce believes they are worth. Therefore, the Fund may involve considerably more risk of loss and its returns may differ significantly from funds investing in larger-cap companies or other asset classes. In addition, as of December 31, 2020 the Fund invested a significant portion of its assets in a limited number of securities. The Fund’s investment in a limited number of issuers and its potential industry and sector overweights may involve more risk to investors than a more broadly diversified portfolio of small-cap securities because it may be more susceptible to any single corporate, economic, political, regulatory, or market event.

Investment in foreign securities involves risks that may not be encountered in U.S. investments, including adverse political, social, economic, or other developments that are unique to a particular region or country. Prices of foreign securities in particular countries or regions may, at times, move in a different direction and/or be more volatile than those of U.S. securities. Because the Fund does not intend to hedge its foreign currency exposure, the U.S. dollar value of the Fund’s investments may be harmed by declines in the value of foreign currencies in relation to the U.S. dollar.

Allocation adjustment programs used by certain participating insurance companies to help manage the volatility of the relevant variable contract investment options and to preserve variable contract value may result in transfers of assets among the relevant investment options, including the Fund. These programs may result in large-scale asset flows into and out of the Fund, which could adversely affect the Fund, including its risk profile, expenses, and performance. For example, these asset flows may adversely affect performance by requiring the Fund to purchase or sell securities at inopportune times, by otherwise limiting Royce’s ability to fully implement the Fund’s investment strategies, or by requiring the Fund to hold a larger portion of its assets in cash or highly liquid securities than it otherwise would hold. Such asset flows may also result in higher portfolio turnover rates, increased payments of brokerage commissions, lower asset levels, and higher operating expense ratios for the Fund. The Fund’s portfolio turnover rate for the fiscal year ended December 31, 2020 was 95%.

Royce’s estimate of a company’s current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses. Securities in the Fund’s portfolio may not increase as much as the market as a whole and some securities may continue to be undervalued for long periods of time or may never reach what Royce believes are their full market values.

Investments in the Fund are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. This Prospectus is not a contract.

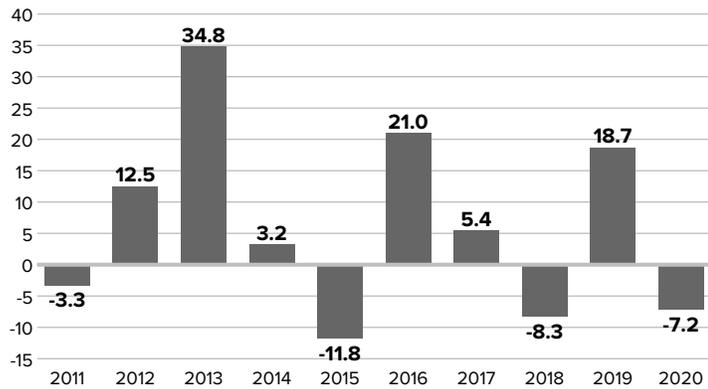
Performance

The following performance information provides an indication of the risks of investing in the Fund. Past performance does not indicate how the Fund will perform in the future. The Calendar Year Total Returns chart shows performance year by year over the last ten years (Investment Class used for illustrative purposes—returns differ by Class). The Annualized Total Returns table shows how the Fund’s average annual total returns for various periods compare with those of the Russell 2000 Value Index, the Fund’s benchmark index, and the Russell 2000 Index. Each Class has substantially similar returns because they invest in the same portfolio of securities, differing only to the extent that the Classes have different expenses. The Service Class has higher expenses than the Investment Class. If Service Class’s expenses had been reflected, returns for that Class would have been lower.

Royce Capital Fund—Small-Cap Portfolio (concluded)

Calendar Year Total Returns

Investment Class (%)



During the period shown in the bar chart, the highest return for a calendar quarter was 26.53% (quarter ended 12/31/20) and the lowest return for a calendar quarter was -39.32% (quarter ended 3/31/20).

The Fund's total returns do not reflect any deduction for charges or expenses of the variable contracts investing in the Fund. If these costs and expenses were reflected, the returns shown would be lower. Current month-end performance information may be obtained at www.royceinvest.com or by calling Investor Services at (800) 221-4268.

Annualized Total Returns

As of 12/31/20 (%)

	1 YEAR	5 YEAR	10 YEAR
Investment Class			
Return Before Taxes	-7.15	5.18	5.56
Service Class			
Return Before Taxes	-7.33	4.93	5.31
Russell 2000 Value Index			
(Reflects no deductions for fees, expenses, or taxes)	4.63	9.65	8.66
Russell 2000 Index			
(Reflects no deductions for fees, expenses, or taxes)	19.96	13.26	11.20

Investment Adviser and Portfolio Management

Royce & Associates, LP is the Fund's investment adviser and a limited partnership organized under the laws of Delaware. Royce & Associates primarily conducts its business under the name Royce Investment Partners. Jay S. Kaplan is the Fund's portfolio manager. Mr. Kaplan has been portfolio manager since 2003.

How to Purchase and Sell Fund Shares

Shares of the Funds will be sold on a continuous basis to separate accounts of insurance companies. Investors may not purchase or redeem shares of the Funds directly, but only through the relevant variable contract. You should refer to the applicable variable contract prospectus for information on how to purchase or surrender a contract, make partial withdrawals of contract values, allocate contract values to one or more of the Funds, or change existing allocations among investment alternatives, including the Funds. No sales charge is imposed by Royce Fund Services, LLC, the Funds' distributor, upon the purchase or redemption of shares of the Funds. Any sales charges for your variable contract will be described in the relevant variable contract prospectus.

Tax Information

For information regarding the federal income tax consequences of variable contract ownership, please consult your variable contract prospectus.

Financial Intermediary Compensation

If you purchase the Fund through an insurance company or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the insurance company or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Financial Highlights

This table is intended to help you understand the financial performance of each Class of Royce Micro-Cap and Small-Cap Portfolios for the past five years. The table reflects financial results for a single share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all distributions). The Fund's total returns presented below do not reflect any deduction for charges or expenses of the variable contracts investing in the Fund. Because variable contract charges are not included, the actual return that you will receive will be lower than the total return in the table. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Fund's financial statements, is included in the Fund's 2020 Annual Report to Shareholders, which is available at www.royceinvest.com or upon request.

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)		Total from Investment Operations	Distributions from Net Investment Income	Distributions from Net Realized Gain on Foreign Currency Investments and	Net Asset Value, End of Period	Total Return	Net Assets, End of Period (in thousands)	Ratio of Expenses to Average Net Assets			Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
			Foreign Currency	Investments and							Prior to Fee Waivers, Expense Reimbursements and Credits	Prior to Fee Waivers and Expense Reimbursements	Net of Fee Waivers and Expense Reimbursements		
Micro-Cap Portfolio—Investment Class															
2020	\$ 9.75	\$ (0.05)	\$ 2.36	\$ (0.15)	\$ 2.31	\$ —	\$ (0.15)	\$ 11.91	23.79%	\$ 134,109	1.47%	1.47%	1.33%	(0.51)%	25%
2019	8.97	(0.04)	1.77	(0.95)	1.73	—	(0.95)	9.75	19.55	132,008	1.43	1.43	1.33	(0.41)	26
2018	10.39	(0.03)	(0.90)	(0.49)	(0.93)	—	(0.49)	8.97	(9.13)	127,457	1.39	1.39	1.33	(0.30)	28
2017	11.11	(0.02)	0.58	(1.20)	0.56	(0.08)	(1.20)	10.39	5.29	164,656	1.38	1.38	1.38	(0.22)	30
2016	9.34	0.03	1.81	—	1.84	(0.07)	—	11.11	19.71	177,444	1.36	1.36	1.36	0.02	57
Micro-Cap Portfolio—Service Class															
2020	\$ 9.54	\$ (0.07)	\$ 2.31	\$ (0.15)	\$ 2.24	\$ —	\$ (0.15)	\$ 11.63	23.55%	\$ 28,039	1.72%	1.72%	1.58%	(0.75)%	25%
2019	8.80	(0.06)	1.73	(0.93)	1.67	—	(0.93)	9.54	19.24	27,090	1.71	1.71	1.58	(0.66)	26
2018	10.21	(0.06)	(0.87)	(0.48)	(0.93)	—	(0.48)	8.80	(9.29)	14,644	1.64	1.64	1.58	(0.57)	28
2017	10.93	(0.04)	0.57	(1.19)	0.53	(0.06)	(1.19)	10.21	5.02	32,067	1.64	1.64	1.58	(0.43)	30
2016	9.20	(0.02)	1.80	—	1.78	(0.05)	—	10.93	19.37	34,675	1.65	1.65	1.58	(0.15)	57
Small-Cap Portfolio—Investment Class															
2020	\$ 8.19	\$ 0.06	\$ (0.65)	\$ (0.12)	\$ (0.59)	\$ (0.07)	\$ (0.12)	\$ 7.41	(7.15)%	\$ 153,953	1.19%	1.19%	1.08%	0.90%	95%
2019	7.87	0.09	1.37	(1.08)	1.46	(0.06)	(1.08)	8.19	18.67	173,492	1.15	1.15	1.08	1.04	111
2018	8.77	0.06	(0.78)	(0.11)	(0.72)	(0.07)	(0.11)	7.87	(8.24)	171,561	1.11	1.11	1.08	0.62	56
2017	8.41	0.05	0.39	—	0.44	(0.08)	—	8.77	5.26	228,620	1.11	1.11	1.11	0.55	91
2016	8.43	0.13	1.66	(1.64)	1.79	(0.17)	(1.64)	8.41	20.96	248,244	1.09	1.09	1.09	0.89	78
Small-Cap Portfolio—Service Class															
2020	\$ 8.01	\$ 0.05	\$ (0.64)	\$ (0.12)	\$ (0.59)	\$ (0.05)	\$ (0.12)	\$ 7.25	(7.33)%	\$ 205,500	1.43%	1.43%	1.33%	0.73%	95%
2019	7.69	0.06	1.35	(1.05)	1.41	(0.04)	(1.05)	8.01	18.44	225,250	1.39	1.39	1.33	0.86	111
2018	8.55	0.04	(0.76)	(0.11)	(0.72)	(0.03)	(0.11)	7.69	(8.50)	104,129	1.34	1.34	1.33	0.31	56
2017	8.20	0.02	0.40	—	0.42	(0.07)	—	8.55	5.10	263,549	1.34	1.34	1.34	0.32	91
2016	8.27	0.03	1.69	(1.64)	1.72	(0.15)	(1.64)	8.20	20.53	267,445	1.34	1.34	1.34	0.69	78



Royce's Investment Universe

Investing in Small-Cap Companies

The large and diverse universe of small-cap companies available for investment by the Funds consists primarily of those that have a market capitalization not greater than that of the largest company in the Russell 2000® Index at the time of its most recent reconstitution, which was \$4.4 billion in May 2020. Small-cap companies offer investment opportunities and additional risks. They may not be well known to the investing public, may not be significantly owned by institutional investors, and may not have steady earnings growth. The securities of such companies may also be more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the Funds may have difficulty selling holdings or may only be able to sell holdings at prices substantially lower than what Royce believes they are worth. In addition, the purchase or sale of more than a limited number of shares of the securities of a small-cap company may affect its market price. Royce may need a considerable amount of time to purchase or sell its positions in these securities, particularly when other Royce-managed accounts or other investors are also seeking to purchase or sell them. Accordingly, Royce's investment focus on the securities of small-cap companies generally leads it to have a long-term investment outlook of at least two years for a portfolio security.

Small-capitalization stocks are those that have a market capitalization not greater than that of the largest company in the Russell 2000® Index at the time of its most recent reconstitution.

Within small-cap, Royce further defines companies as micro-cap that have a market capitalization not greater than that of the largest company in the Russell Microcap® Index at the time of its most recent reconstitution, which was \$840 million in May 2020. This segment consisted of more than 1,300 U.S. companies at the time of the index's most recent reconstitution in May 2020. These companies are followed by few, if any, securities analysts, and there tends to be less publicly available information about them. Their securities generally have even more limited trading volumes and are subject to even more abrupt or erratic market price movements than are larger small-cap securities, and Royce may be able to deal with only a few market-makers when

purchasing and selling micro-cap securities. Such companies may also have limited markets, financial resources or product lines, may lack management depth, and may be more vulnerable to adverse business or market developments. These conditions, which create greater opportunities to find securities trading below Royce's estimate of the company's current worth, also involve increased risk.

In May 2020, at the time of the reconstitution of the Russell 2000 Index, there were approximately 700 additional small-cap companies with higher market caps than the largest company in the Russell Microcap Index. In this segment, there is a relatively higher level of institutional investor ownership and more research coverage by securities analysts than generally exists for micro-cap companies. This greater attention makes the market for such securities more efficient compared to micro-cap securities because they have somewhat greater trading volumes and narrower bid/ask prices. As a result, Royce may employ a more concentrated approach when investing in these companies, holding proportionately larger positions in a relatively limited number of securities.

The Funds may invest in other investment companies that invest in equity securities.

The Funds may also invest 25% of their respective net assets in foreign securities (measured at the time of investment). For more information regarding investing in foreign securities, see page 11.

Investment Approaches

Royce's portfolio managers use various methods primarily rooted in the valuation of each stock and evaluation of each company in managing the Funds' assets. In selecting securities for the Funds, they evaluate the quality of a company's balance sheet and other measures of a company's financial condition and profitability, such as the history and/or potential for improvement in cash flow generation, internal rates of return, and sustainable earnings. The portfolio managers may also consider other factors, such as a company's unrecognized asset values, its future growth prospects (especially in Royce Micro-Cap Portfolio), or its turnaround potential following an earnings disappointment or other business difficulties. The portfolio managers then use these factors to assess the company's current worth, basing this assessment on either what they believe a knowledgeable buyer might pay to acquire the entire company or what they think the value of the company should be in the stock market.

Royce's portfolio managers generally invest in equity securities of companies that are trading below their estimate of the company's current worth in an attempt to reduce the risk of overpaying for such

Market capitalization is the number of a company's outstanding shares of stock multiplied by its most recent closing price per share.

companies. For these purposes, the term "equity security" has the meaning set forth in the Securities Exchange Act of 1934, as amended, and includes (without limitation) common stocks, preferred stocks, convertible securities, warrants, and rights. In addition, seeking long-term growth of capital, Royce's portfolio managers generally consider the prospects for the market price of the company's securities to increase over a two- to five-year period toward this estimate.

Royce's valuation-based approaches to stock selection strive to reduce some of the other risks of investing in the securities of small-cap companies (for each Fund's portfolio taken as a whole) by evaluating other risk factors. For example, its portfolio managers generally attempt to lessen financial risk by buying companies with strong balance sheets. Royce Micro-Cap Portfolio may place less emphasis on balance sheet quality if other factors warrant, such as a company's potential ability to generate free cash flow. Royce attempts to mitigate company-specific risk for Royce Micro-Cap Portfolio by investing in a relatively larger number of issuers.

On the other hand, Royce Small-Cap Portfolio may, from time to time, invest a substantial portion of its assets in a limited number of issuers. This investment approach may involve considerably more risk to investors than a more broadly diversified portfolio of securities because it may be more susceptible to any single corporate, economic, regulatory, or market event.

While there can be no assurance that these risk-averse approaches will be successful, Royce believes that it can reduce some of the risks of investing in small-cap companies, whose businesses can be less diversified and whose securities exhibit substantially greater market price volatility than those of larger-cap companies. For more information regarding the specific approach used for each Fund's portfolio, see pages 2-7.

Although Royce's approaches to security selection seek to reduce downside risk to Fund portfolios, especially during periods of broad small-company stock market declines, they may also potentially have the effect of limiting gains in strong small-company up markets.

Certain risks are much broader than the company-specific risks described above. The market values of equity securities will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental or central bank actions or interventions, market disruptions caused by trade disputes or other factors, political developments, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of a security. Economic, financial, or political events, trading and tariff arrangements, public health events, terrorism, natural disasters, and other circumstances in one country or region could have profound impacts on global economies or markets. In particular, the recent COVID-19 pandemic has resulted in travel restrictions, temporary business closings, strained healthcare systems, disruptions to supply chains, consumer demand and employee availability, and widespread uncertainty. The COVID-19 pandemic or any other widespread public health event may result in a sustained economic downturn or a global recession, domestic and foreign political and social instability, and increased volatility and/or decreased liquidity in the securities markets. As a result, whether or not a Fund invests in securities of issuers located in, or with significant exposure to, the countries directly affected by such an event, the value and liquidity of the Fund's investments may be adversely affected. In addition, any actions taken by governments and central banks to counter the negative effects of a widespread public health event may not work as intended and may, in fact, have unintended adverse consequences.

An investment in either Fund may not be appropriate for all investors. Neither Fund is intended to be a complete investment program or a short-term trading vehicle. The Funds are designed for long-term investors who can accept the risks associated with owning shares in an actively managed fund that invests: (i) primarily in micro-cap companies (in the case of Royce Micro-Cap Portfolio) and (ii) in a limited number of small-cap company holdings (in the case of Royce Small-Cap Portfolio).

Temporary Investments

Each of the Funds may invest without limit in short-term fixed income securities for temporary defensive purposes. If a Fund should implement a temporary investment policy, such policy would be inconsistent with its investment goal and the Fund may not achieve its investment goal while that policy is in effect. Each Fund also may invest in short-term fixed income securities in order to invest uncommitted cash balances or to maintain liquidity to meet shareholder redemptions.



Investing in Foreign Securities

Royce defines “foreign” as those securities of companies headquartered outside of the United States. Royce believes that investing in foreign securities offers both enhanced investment opportunities and additional risks beyond those present in U.S. securities. Investing in foreign securities may provide increased diversification by adding securities from various foreign countries (i) that offer different investment opportunities, (ii) that generally are affected by different economic trends, and (iii) whose stock markets may not be correlated with U.S. markets. At the same time, these opportunities and trends involve risks that may not be encountered in U.S. investments. Each Fund may invest in the securities of companies whose economic fortunes are linked to non-U.S. countries but that do not meet the Fund’s definition of a foreign security. To the extent a Fund invests in this manner, the percentage of the Fund’s portfolio that is exposed to non-U.S. country risks may be greater than the percentage of the Fund’s assets that the Fund defines as representing foreign securities.

The following considerations comprise both risks and opportunities not typically associated with investing in U.S. securities: fluctuations in exchange rates of foreign currencies because neither Fund intends to hedge its foreign currency exposure; possible imposition of exchange control regulations or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less government supervision of stock exchanges, securities brokers, and issuers of securities; lack of uniform accounting, auditing, and financial reporting standards; lack of uniform settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; possible imposition of foreign taxes; the possibility of expropriation or confiscatory taxation, seizure, or nationalization of foreign bank deposits or other assets, the adoption of foreign government restrictions and other adverse political, social, or diplomatic developments that could affect investment; possible difficulties in obtaining and/or enforcing legal judgments in foreign courts; restrictions or prohibitions on foreign investment, including prohibitions or restrictions on investments in specific industries or market sectors; limitations on the total amount or type of position in any single issue; possible imposition by foreign governments of prohibitions or substantial restrictions on foreign investments in their capital markets or in certain industries; sometimes less advantageous legal, operational, and financial protections applicable to foreign sub-custodial arrangements; and the historically lower level of responsiveness of foreign management to shareholder concerns (such as dividends and return on investment).

Developing Countries

The risks described above for foreign securities, including the risks of nationalization and expropriation of assets, are typically increased to the extent that a Fund invests in companies headquartered in developing, or emerging market, countries. Developing (or emerging markets) countries include every country in the world other than the United States, Canada, Japan, Australia, New Zealand, Hong Kong, Singapore, South Korea, Taiwan, Bermuda, Israel, and Western European countries (as defined in the Funds’ Statement of Additional Information). Investments in securities of companies headquartered in such countries may be considered speculative and subject to certain special risks. The political and economic structures in many of these countries may be in their infancy and developing rapidly, and such countries may lack the social, political, legal, and economic characteristics of more developed countries. Certain of these countries have in the past failed to recognize private property rights and have at times nationalized and expropriated the assets of private companies. Some countries have inhibited the conversion of their currency to another. The currencies of certain developing countries have experienced devaluation relative to the U.S. dollar, and future devaluations may adversely affect the value of each Fund’s assets denominated in such currencies because neither Fund intends to hedge its foreign currency exposure. Some developing countries have experienced substantial rates of inflation for many years. Continued inflation may adversely affect the economies and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of a Fund’s investments in these countries and the availability to the Fund of additional investments in these countries. The small size, limited trading volume, and relative inexperience of the securities markets in these countries may make a Fund’s investments in such countries illiquid and more volatile than investments in more developed countries, and the Fund may be required to establish special custodial or other arrangements before making investments in these countries. There may be little financial or accounting information available with respect to companies headquartered in these countries, and it may be difficult as a result to assess the value or prospects of an investment in such companies.

Management of the Funds



Royce & Associates, LP, a limited partnership organized under the laws of Delaware, is the Funds' investment adviser and is responsible for the management of their assets. Royce & Associates primarily conducts its business under the name Royce Investment Partners ("Royce"). Royce has been investing in smaller-company securities with a value approach for more than 45 years. Its offices are located at 745 Fifth Avenue, New York, NY 10151.

On July 31, 2020, Franklin Resources, Inc. ("Franklin Resources") acquired Legg Mason, Inc. in an all-cash transaction. As a result of the transaction, Royce, the investment adviser to each Fund, became an indirect, majority-owned subsidiary of Franklin Resources. Under the Investment Company Act of 1940, consummation of the transaction automatically terminated the investment advisory agreement that was in place for the Funds prior to the transaction. Royce continues to provide uninterrupted services to the Funds pursuant to a new investment advisory agreement that was approved by the Funds' shareholders. The terms and conditions of the new investment advisory agreement for each Fund are substantially identical to those of its prior investment advisory agreement. The Funds' contractual investment advisory fee rates under the new investment advisory agreement did not change from the prior investment advisory agreement. Royce has continued to operate as an independent investment organization with its own brand after completion of the transaction. There have been no changes to the management or investment teams at Royce as a result of the transaction.



Charles Royce
Portfolio Manager
Founded Royce in 1972



Christopher D. Clark
Chief Executive Officer, President, Co-Chief Investment Officer
Employed by Royce since 2007



Francis D. Gannon
Co-Chief Investment Officer
Employed by Royce since 2006



Jay S. Kaplan
Portfolio Manager
Employed by Royce since 2000
Portfolio Manager for:
Royce Small-Cap Portfolio



James P. Stoeffel
Portfolio Manager
Employed by Royce since 2009

Portfolio Manager for:
Royce Micro-Cap Portfolio (Lead)



Brendan J. Hartman
Portfolio Manager
Employed by Royce since 2009

Portfolio Manager for:
Royce Micro-Cap Portfolio

The Funds' Statement of Additional Information provides more information about the structure of the portfolio managers' compensation, other accounts that they manage and their ownership of shares in the Fund(s) that each manages.

Royce receives advisory fees monthly as compensation for its services to each Fund. The annual rates of these fees, before any waiver or expense reimbursements to cap the expense ratios for certain Fund share classes at specified levels as shown under each Fund's respective "Fees and Expenses" table, are as follows:

- 1.25% of the average net assets of Royce Micro-Cap Portfolio.
- 1.00% of the average net assets of Royce Small-Cap Portfolio.

2020 actual net fees (after waivers, paid to Royce on average net assets):

- Royce Micro-Cap Portfolio 1.18%
- Royce Small-Cap Portfolio 0.94%

For a discussion of the basis of the most recent approval of the Funds' investment advisory agreement by the Board, please see the Funds' Semiannual Report to Shareholders.

Royce Fund Services, LLC ("RFS") distributes the Funds' shares. Royce Capital Fund has adopted a distribution plan for the Service Class of the Funds under Rule 12b-1. Under the plan, the Service Class is obligated to pay a fee to RFS at the annual rate of up to 0.25% of its average net assets. RFS will use these fees primarily to cover sales-related, shareholder servicing, and account maintenance costs and to pay service and other fees to financial intermediaries that introduce investors to the Service Class of these Funds. Neither the distribution plan nor the distribution agreements currently provide for any suspension or reduction of the 0.25% fee payable by the Service Class of any Fund if it closes to new investors.

Royce or its affiliates may pay amounts out of their own resources to insurance companies or other organizations (each, a "financial intermediary") that provide distribution services for the Funds. Payment of such amounts by Royce, which are in addition to any distribution fees paid by RFS, will not increase the fees paid by the Funds or their shareholders.

These payments to financial intermediaries, sometimes referred to as “revenue-sharing payments,” may: (i) be substantial to any given financial intermediary, (ii) be more or less than the payments received by a financial intermediary with respect to other mutual funds, and (iii) exceed the costs and expenses incurred by the financial intermediary for any servicing activities in respect of the Funds. Revenue sharing arrangements are separately negotiated between Royce and/or its affiliates and the financial intermediaries receiving these payments.

Revenue sharing payments may influence financial intermediaries to make a Fund available over other mutual funds. You may ask your financial intermediary about these differing interests and how the financial intermediary and its employees and associated persons

are compensated for administering your Fund investment. Revenue-sharing payments may benefit Royce to the extent that the payments result in more assets, on which fees are charged by Royce, being invested in a Fund.

For the year ended December 31, 2020, Royce made payments to financial intermediaries relating to Royce Capital Fund out of its own resources in the amount of \$683,988. More information about these arrangements can be found in the Funds’ Statement of Additional Information.

State Street Bank and Trust Company (“State Street”) is the custodian of the Funds’ securities, cash, and other assets. DST Asset Manager Solutions, Inc. (“DST AMS”) is the Funds’ transfer agent.



General Shareholder Information

Royce Capital Fund provides insurance companies with information Monday through Friday, except holidays, from 9 a.m. to 5 p.m. Eastern time. For information, prices, and literature, or to obtain information regarding the availability of Fund shares or how Fund shares are redeemed, call Royce Capital Fund at (800) 221-4268.

Purchasing and Redeeming Shares of the Funds

Shares of the Funds will be sold on a continuous basis to separate accounts of insurance companies. The Funds will not issue stock certificates; share activity will be recorded in book entry form only. Investors may not purchase or redeem shares of the Funds directly, but only through the relevant variable contract. You should refer to the applicable variable contract prospectus or your Plan documents for information on how to purchase or surrender a contract, make partial withdrawals of contract values, allocate contract values to one or more of the Funds, or change existing allocations among investment alternatives, including the Funds. No sales charge is imposed by RFS upon the purchase or redemption of shares of the Funds. Any sales charges for the variable contracts would be described in the relevant variable contract prospectuses.

If the Board determines that it would not be in the best interest of a Fund's remaining shareholders to make redemptions in cash, the Fund may satisfy a shareholder's redemption request under certain circumstances by effecting a redemption-in-kind through a pro rata distribution of the Fund's portfolio securities (allowing for adjustments to prevent distributions of restricted shares, fractional shares, and odd-lot numbers of shares). Redemption in-kind proceeds will typically be made by delivering the selected securities to the redeeming shareholder within seven days after the receipt of a redemption request in good order. For these purposes, such securities will be valued at the same value assigned to them in calculating the Fund's net asset value per share. If the Fund pays redemption proceeds by transferring portfolio securities in-kind to you, you may pay transaction costs to dispose of the securities, incur adverse tax consequences in connection with any such disposal, and receive less for them than the price at which they were valued for purposes of redemption.

Fund shares are purchased or redeemed at the net asset value per share next calculated after receipt of a purchase or redemption order by Royce Capital Fund's transfer agent or an authorized service agent or sub-agent. Payment for redeemed shares will be made within seven days (generally within three business days) following the receipt of a redemption request in good order. However, payment may be postponed beyond seven days (1) for any period (A) during which the New York Stock Exchange (NYSE) is closed other than customary weekend and holiday closings or (B) during which trading on the NYSE is restricted;

(2) for any period during which an emergency exists as a result of which (A) disposal by the Fund of securities owned by it is not reasonably practicable or (B) it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (3) for such other periods as the Securities and Exchange Commission (SEC) may by order permit for the protection of the Fund's shareholders.

Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. The Fund has appointed an anti-money laundering compliance officer. When you open a new account to buy shares of the Fund, your financial intermediary may ask for your name, address, date of birth, Social Security or Taxpayer Identification Number, and other information that will allow the Fund and your financial intermediary to identify you. If the Fund or your financial intermediary is unable to adequately verify your identity within the time frames set forth in the law, your account may not be opened or your shares may be automatically redeemed. If the net asset value per share has decreased since your purchase, you will lose money as a result of this automatic redemption.

Frequent Trading of Fund Shares

Large and frequent short-term trades in a Fund's shares increase the administrative costs associated with processing its shareholder transactions. This kind of trading may also potentially interfere with the efficient management of a Fund's portfolio and increase the costs associated with trading its portfolio securities. In addition, under certain circumstances frequent trading may dilute the returns earned on shares held by a Fund's other shareholders.

The Board has determined that the Funds are not designed to serve as vehicles for frequent trading in response to short-term fluctuations in the securities markets, and has therefore adopted a policy intended to discourage shareholders from trading that could be detrimental to long-term shareholders of the Funds (the "Policy").

The Policy provides that the Funds will monitor shareholder trading activity and may seek to restrict a shareholder's trading privileges in a Fund if that shareholder is found to have engaged in multiple "Round Trip" transactions to the extent there is deemed to be an overall detrimental impact to long-term shareholders. A "Round Trip" is defined as a purchase (including subscriptions and exchanges) into a Fund either preceded or followed by a sale (including redemptions and exchanges) of the same or a similar number of shares out of the Fund within 30 days of the purchase. The Funds will make inquiries and may take action against any such shareholder whose trading appears

inconsistent with the Policy. Purchases and sales of Fund shares made through an automatic investment plan, a systematic withdrawal plan, or an allocation adjustment program used by any participating insurance company are not considered when determining Round Trips.

The Funds may reject any purchase or exchange order by any investor for any reason, including orders the Funds believe are made by short-term investors. In particular, under the Policy the Funds reserve the right to restrict or reject purchases of shares (including exchanges) without prior notice whenever they detect a pattern of excessive trading.

Third-party intermediaries, including, for these purposes, the participating insurance companies, may initiate, process, or keep records for certain shareholder transactions, including transfers into and out of the Funds, that seek to manage the volatility of the relevant variable contract investment options or to preserve variable contract value. With respect to accounts where shareholder transactions are initiated, processed, or records are kept, by such third-party intermediaries, the Funds use reasonable efforts to monitor such accounts to detect suspicious trading patterns. Transactions initiated or placed through the same financial intermediary or omnibus account may be deemed part of a group for this purpose and therefore be rejected. For any account that is so identified, the Funds will make further inquiries and take any other necessary actions to enforce the Policy against the shareholder(s) trading through this account and, if necessary, the third-party intermediary maintaining this account. However, the Funds may not be able to determine that a specific order, especially an order initiated made through an omnibus, or similar account, is short term or excessive and whether it may be disruptive to the Funds. There is no assurance, therefore, that the Funds will reject all such orders. The Funds do not have any arrangements with any investor or financial intermediary to permit frequent purchases and redemptions of their shares. The Funds may accept undertakings from intermediaries to enforce frequent trading policies on behalf of the Funds that provide a substantially similar level of protection against excessive trading.

Although the Funds will monitor shareholder transactions for certain patterns of excessive trading activity, there can be no assurance that all such trading activity can be identified, prevented, or terminated.

Net Asset Value Per Share

Net asset value per share (NAV) is calculated by dividing the value of a Fund's net assets by the number of its outstanding shares. Each Fund's investments are valued based on market value or, if market quotations are not readily available, at their fair value as determined in good faith under procedures established by the Board. In certain cases, market value may be determined using information provided by a pricing service approved by the Board. Valuing securities at their fair values involves greater reliance on judgment than valuation of securities based on readily available market quotations. When using fair value methods to price securities, the Funds may value those securities higher or lower than another fund using not readily available market quotations or its own fair value methods to price the same securities. There can be no

Net Asset Value (NAV) is the value of each Class of a Fund's net assets divided by the number of its outstanding shares.

assurance that the Funds could obtain the fair value price assigned to a security if it were to sell the security at approximately the time at which the Fund determines its net asset value. Because trading hours for certain non-U.S. securities end before the close of the NYSE (generally 4 p.m. Eastern time), closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and may make the closing price unreliable, the Fund may fair value the security. If an issuer-specific event has occurred during this time that, in Royce's judgment, is likely to have affected the closing price of a security, it may fair value the security. The Funds use an independent pricing service to provide fair value estimates for relevant non-U.S. equity securities on days when the U.S. market volatility exceeds a certain threshold. This pricing service uses proprietary correlations it has developed between the movement of prices of non-U.S. equity securities and indices of U.S.-traded securities, futures contracts, and other indications to estimate the fair value of relevant non-U.S. securities. The Funds value their non-U.S. securities in U.S. dollars on the basis of foreign currency exchange rates provided to the Funds by their custodian, State Street Bank and Trust Company. When fair value pricing is employed, the price of securities used by a Fund may differ from quotes or published prices for the same security. Certain bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates, and maturities, using established independent pricing services. Investments in money market funds are valued at net asset value per share.

The date on which your purchase, redemption, or exchange of shares is processed is the trade date, and the price used for the transaction is based on the next calculation of net asset value after the order is processed. The NAV for each Class of a Fund is calculated as of the close of regular trading on the NYSE (generally 4 p.m. Eastern time) and is determined every day that the NYSE is open. Securities in each Fund's portfolio that primarily trade on a foreign exchange may change in value on a day that the Exchange is closed and the Fund's shareholders are not able to redeem shares in the Fund. If the Fund, its transfer agent, or any other authorized agent receives your trade order by the close of regular trading on the NYSE, your order will receive that day's NAV. If your order is received after the close of regular trading, it will receive the next business day's NAV. If you place your order through a financial intermediary rather than with the Fund or its transfer agent directly, the financial intermediary is responsible for transmitting your order to the Fund's transfer agent in a timely manner.

Portfolio Disclosure Policy

A description of the Funds' policy and procedures with respect to the disclosure of its portfolio securities holdings is available in the Royce Capital Fund's Statement of Additional Information on www.royceinvest.com. The Funds' complete portfolio holdings are also available on the website approximately 15 to 20 days after each calendar month end and remain available until the next month's holdings are posted. The Funds' portfolio holdings are also available on Form N-PORT, which is filed with the SEC within 60 days of the end of each fiscal quarter and can be obtained at www.sec.gov.

Shareholder Communications

Owners of variable contracts will receive annual and semiannual reports, including the financial statements of the Funds that they have authorized for investment. Each report will also show the investments owned by each Fund and the market values thereof, as well as other information about the Funds and their operations. Royce Capital Fund's fiscal year ends December 31. These reports are available at the Fund's website, www.royceinvest.com.

Dividends, Distributions and Taxes

Each Fund pays dividends from any net investment income and makes any distributions from net realized capital gains annually in December. Unless otherwise elected, dividends and distributions will be automatically reinvested in additional shares of each Fund.

Each Fund has qualified and intends to remain qualified each year for the tax treatment applicable to a regulated investment company under Subchapter M of the Internal Revenue Code. Each Fund also intends to comply with Section 817(h) of the Internal Revenue Code and the regulations thereunder with respect to the diversification requirements imposed on insurance company separate accounts. The tax treatment to a participating insurance company of distributions made to it by the Funds will depend on the insurance company's tax status.

Shares of the Funds may be purchased only through variable contracts. As a result, it is anticipated that any net investment income dividends or capital gains distributions from the Fund will not be taxable to an owner of a variable contract if left to accumulate within the variable contract.

Each Fund will be managed without regard to tax ramifications (other than seeking to comply with Section 817(h) and Subchapter M of the Internal Revenue Code).

The tax status of this investment for an owner of a variable contract depends on the features of the variable contract. For further information, please refer to the prospectus or disclosure documents of your variable contract. Prospective investors are encouraged to consult their own tax advisors.

The above discussion is only a summary of some of the important tax considerations generally affecting the Fund and its shareholders.

See the Funds' Statement of Additional Information for more information.

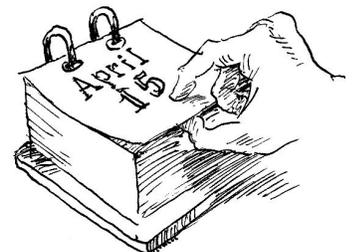
Contractual Arrangements

The Trust is party to contractual arrangements with various parties who provide services to the Funds, including Royce, RFS, State Street, and DST AMS, among others. Fund shareholders are not parties to, or intended ("third party") beneficiaries of, any such contractual arrangements, and such contractual arrangements are not intended to create in any individual investor or group of investors any right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Trust or any Fund.

Also, while this Prospectus and the Statement of Additional Information describe pertinent information about the Trust and the Funds, neither this Prospectus nor the Statement of Additional Information represents a contract between the Trust or any Fund and any shareholder or any other party.

Escheatment

Mutual fund accounts can be considered abandoned property. States increasingly are looking at inactive mutual fund accounts as possible abandoned or unclaimed property. Under certain circumstances, the Trust may be legally obligated to escheat (or transfer) an investor's account to the appropriate state's unclaimed property administrator. Neither the Trust nor any Fund will be liable to investors or their representatives for good faith compliance with state unclaimed or abandoned property (escheatment) laws. We encourage you to contact the financial intermediary regarding applicable state escheatment laws. Escheatment laws vary by state, and states have different criteria for defining inactivity and abandoned property. Generally, a mutual fund account may be subject to "escheatment" (i.e., considered to be abandoned or unclaimed property) if the account owner has not initiated any activity in the account or contacted the fund for an "inactivity period" as specified in applicable state laws. If the Trust or its service providers are unable to establish contact with an investor, the Trust will determine whether the investor's account must legally be considered abandoned and whether the assets in the account must be transferred to the appropriate state's unclaimed property administrator. Typically, an investor's last known address of record determines the state that has jurisdiction.



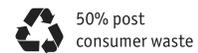
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More information on Royce Capital Fund is available free upon request, including the following:

Annual/Semiannual Reports

Additional information about a Fund's investments, together with a discussion of market conditions and investment strategies that significantly affected the Fund's performance, is available in the Funds' annual and semiannual reports to shareholders. These reports are also available (without charge) online at www.royceinvest.com/literature and upon request by calling (800) 421-4268.

Statement of Additional Information ("SAI")

The SAI provides more details about Royce Capital Fund and its policies. A current SAI is available at www.royceinvest.com/literature and upon request by calling (800) 421-4268. It is also on file with the Securities and Exchange Commission ("SEC") and is incorporated by reference into this prospectus (is legally considered part of this prospectus).

To obtain more information:

By Mail: Royce Capital Fund, 745 Fifth Avenue, New York, NY 10151

By Telephone: (800) 221-4268

Through the Internet: Prospectuses, applications, IRA forms, and additional information are available through our website at www.royceinvest.com/literature.

Text only versions of the Funds' prospectus, SAI, and other documents filed with the SEC can be viewed online or downloaded from www.sec.gov.

You can also obtain copies of documents filed with the SEC by visiting the SEC's Public Reference Room in Washington, DC (telephone (202) 551-8090) or by sending your request and a duplicating fee to the SEC's Public Reference Section, Washington, DC 20549-1520. You may also make your request by e-mail at publicinfo@sec.gov after paying a duplicating fee.

SEC File # 811-07537 RCF-PRO-0521

TheRoyceFunds



Variable Product Funds

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