KEELEY Funds
A Gabelli Group Company

First Quarter 2024 Commentary

Mid Cap Dividend Value Fund

Important Risk Information

The performance reflected herein is for the Class A shares without load. *"Without load" does not reflect the deduction of the maximum 4.50% sales fee (load), which reduces the performance quoted. Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current to most recent month-end performance data may be obtained at www.KeeleyFunds.com*

This summary represents the views of the portfolio managers as of 3/31/2024. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

The Fund's Inception date is October 1, 2011.

Risks: Smaller and medium-sized company stocks are more volatile and less liquid than larger, more established company securities. Dividend paying investments may not experience the same price appreciation as non-dividend paying investments. Portfolio companies may choose not to pay a dividend or it may be less than anticipated.

Prior to investing, investors should carefully consider the Fund's investment objective, risks, charges and expenses as detailed in the prospectus and summary prospectus. To obtain a prospectus or a summary prospectus, call us at 800.533.5344 or visit www.keeleyfunds.com. The prospectus/summary prospectus should be read carefully before investing.

To Our Shareholders,

For the quarter ended March 31, 2024, the Keeley Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share rose 9.7%, a bit better than the 8.2% gains by its benchmark, the Russell Mid Cap Value Index.

Commentary

The fourth quarter's outstanding returns were driven by investors concluding that the Fed had finished raising rates and that cuts were right around the corner. This quarter, those expectations took a hit as the timing for the first cut was pushed out to June from March and even that looks more uncertain than it did three months ago. While the bond market suffered from this change in sentiment, the stock market continued to roll. The broad market, as measured by the S&P 500 rose 10.6% while the Russell 2000 index of small cap stocks gained 5.2%.

Market Performance

As of March 31, 2024	3 Months	1-Year	3-Year
S&P 500 Index	10.6%	29.9%	11.5%
Russell 3000 Value Index	8.6%	20.2%	7.7%
Russell 3000 Index	10.0%	29.3%	9.8%
Russell 2500 Value Index	6.1%	21.3%	5.4%
Russell Midcap Value Index	8.2%	20.4%	6.8%
Russell 2000 Index	5.2%	19.7%	-0.1%
Russell 2000 Value Index	2.9%	18.8%	2.2%
Bloomberg Barclays Agg. Bond Index	9.0%	25.5%	9.3%

Source: eVestment.

Other than investors enjoying gains in both periods, the first quarter had little in common with last year's fourth quarter. The domination of the market by Mega cap tech stocks returned after a fourth quarter pause. Artificial intelligence chip producer Nvidia was the best performing stock in the Russell Top 200 index of large cap stocks. The ten largest stocks in that index gained an average of 17.9% compared to the 8.4% increase in the other 190ish stocks. This contrasts with the 8.1% and 12.1% these two cohorts produced in the fourth quarter. Working further down the capitalization spectrum, the Russell Top 200 rose 10.8%, the Russell Midcap index gained 8.6%, and the Russell 2000 produced a respectable 5.2%. After mixed results in the fourth quarter, growth stocks outperformed value stocks in all three capitalization tiers.

We also saw differences in results across non-equity markets. The rise in the yield on the 10-year Treasury from 3.88% at year end to 4.20% led to a 1.3% decline in the Bloomberg US Aggregate bond index. The dollar was stronger in the quarter, compared to weakness last quarter. Commodities were also higher after faltering last quarter.

The economy in the US continues to surprise skeptics, including us. Historically an inverted yield curve and an Institute for Supply Management Purchasing Managers index reading below 50 presaged a recession. These measures crossed into the warning zone late in 2022, yet the US economy continues to grow solidly. Fourth quarter GDP clocked in at an impressive 3.4% and the Atlanta Fed's GDPNow measure predicts 2.8% for the first quarter. The labor market is less good, but still strong with unemployment under 4% and initial unemployment claims bumping along the bottom. While inflation remains above the Fed's 2% target rate, it has cooled substantially.

- The strong first quarter performance made large cap stocks even more expensive. The Russell Top 200 ended the quarter trading at 21.9 times the next twelve months' earnings, well above the 16.3 average multiple since 1999. This is the 95th percentile of its valuation range, meaning that it has only been more expensive 5% of the time. While the Russell 2000 also trades above its long-term average, 22.8x vs. 20.5x, the relative valuation (R2000 PE/RT200 PE) of 1.04 is in the fifth percentile! While we have been talking about this relative attractiveness for some time, it has been more than twenty years since smaller company stocks were this attractive.

- While the timing of lower of interest rates has disappointed, the Fed continues to signal that it will begin to cut rates this year. Because smaller companies tend to have more variable rate debt, the benefit of lower rates should be seen more in their earnings than those of larger companies. This boost to earnings should help the stocks.

Portfolio Results

The Fund outperformed its benchmark again in the first quarter. The KEELEY Midcap Dividend Value Fund gained 9.0% in the quarter, slightly more than the 8.2% gain in the Russell Midcap Value index. This marks the third consecutive quarter of outperformance.

Stock Selection drove all the outperformance in the quarter. Three factors drive relative performance for the Fund: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. In the first quarter, neither the Fund's focus on dividend-payers nor Sector Allocation had meaningful impacts on the Fund's relative performance. All the outperformance came from better than benchmark Stock Selection.

- We estimate that dividend-payers within the Russell Midcap Value index performed in line with the overall index.

- Sector Allocation (do the sectors the Fund is overweight/underweight outperform/underperform?) did not add or detract meaningfully from relative performance. Slight overweights in the strongly performing Financials and Industrials sectors offset a positive contribution from a slight underweight in the poorly performing Real Estate sector.

- Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) contributed positively to relative performance. Selection boosted relative performance meaningfully in six sectors while only Financials was a meaningful detractor. Three of the four remaining sectors were slightly negative. The Fund's holdings in Industrials, Health Care, Communications Services, Energy, and Utilities and made the biggest positive impacts on relative performance.

The details for those who want to dig deeper.

- **Industrials** – Industrials is the largest sector in the Russell Midcap Value index and was the best performer in the first quarter. The Fund's holdings outperformed the high bar set as twelve of the thirteen stocks appreciated. Furthermore, six rose more than 20% and another four gained more than 10%. The performance was led by Allison Transmission, which was the Fund's second-biggest contributor. We discuss it further in the "Let's Talk Stocks" section of this report.

- **Health Care** – Health Care is a mid-sized sector and lagged the benchmark during the first quarter. Performance by the Fund's holdings exceeded that of the sector and exceeded that of the Russell Midcap Value index. While none of the Fund's Health Care holdings were among the biggest contributors, all seven were up and four were up double digits. Standing out in this sector were Encompass Health, after it reported good earnings, and Organon, which bounced back from a weak fourth quarter.

- **Communications Services** – The Communications Services sector is the smallest of the eleven sectors in the index and was the worst performer in the first quarter and one of only two that declined (Real Estate was the other). The two Fund's holdings in this area performed well as both Omnicom and Nexstar Media produced double-digit gains on solid earnings reports.

- **Energy** – Gains in the price of oil drove good performance in the Energy sector in the first quarter. This was a nice rebound from last quarter's weakness. The Fund's holdings in this sector performed even better. All six of the Fund's stocks were up double digits with the worst performance a 16% gain in the shares of Chesapeake Energy. The biggest contribution in the sector and one of the biggest for the Fund overall came from Diamondback Energy. We will discuss it more later in this report.

- **Utilities** – While the Utilities sector in the Russell Midcap Value index lagged slightly, it was not as bad as one might fear given the rise in interest rates. Furthermore, the Fund's holdings outperformed the sector and were up double digits in the first quarter. Two stocks accounted for most of the positive relative performance: NRG Energy and Southwest Gas. Because NRG was the Fund's biggest contributor, we will discuss it later in this update. Southwest Gas performed well on solid earnings results and the progress toward the separation of its construction services business.

- **Financials** – Financials are the second largest sector, and they outperformed the overall index. The Fund's tilt towards Bank stocks (as opposed to insurance or capital markets) detracted from relative performance this quarter. Furthermore, the Fund's bank stocks did not perform very well due to a sharp decline in the shares of Columbia Banking. We discuss that stock further in the "Let's Talk Stocks" section of this update.

During the quarter, the Fund bought one new position and completed the sale of two holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

NRG Energy (NRG - $67.69 - NYSE) is one of the largest competitive energy retailers in the U.S. serving over 7.5 million residential customers in addition to commercial, industrial, and wholesale customers. It also operates generation plants that produce more than 15 GW of electricity. The company had a strong finish to a transformational year, positioning NRG as one of the top contributors for the second consecutive quarter. NRG's quarterly results were solid, with strong EBITDA growth of 77% as the company continues to benefit from its acquisition of Vivint. This marks the third consecutive quarter of enhanced performance from Vivint, and the company sees regional expansion opportunities. NRG also continues to make progress on its cost reduction goals and has identified incremental growth opportunities, including the potential to build up to 1.5 GW of natural gas-fired generation in Texas. NRG maintains its record of rewarding shareholders by increasing the dividend 8% for the fifth consecutive year, along with completing its accelerated share repurchase program.

Allison Transmission Holdings (ALSN - $81.16 – NYSE) is a market leader in automatic transmission solutions for a wide variety of commercial on-highway and off-highway vehicles. The company reported outstanding 4Q23 results that exceeded investor expectations through the strength of its on-highway business in the US. Allison also announced several new business wins in its defense segment and its international off-highway segment. The company was also aggressive in its share repurchase activity in the quarter.

Diamondback Energy (FANG - $198.17 –NASDAQ) is one of the largest independent oil & gas exploration and production companies in the Permian Basin of west Texas. During the quarter, the company announced the acquisition of a large private exploration and production company, Endeavor, which significantly increases Diamondback's scale and production capability. With several independent companies being acquired recently by major energy companies (such as Pioneer Natural Resources by Exxon), Diamondback now has the scale to be an attractive acquisition target.

The three largest detractors in the quarter were:

Columbia Banking System (COLB - $19.35 – NASDAQ) is a $50 billion super-community bank operating in the Pacific Northwest. It was formed by the merger between Columbia Bank and Umpqua Bank. While the first couple of quarters after the merger were fine, fourth-quarter results were well short of expectations as the company did a poor job managing its expenses to account for rising deposit costs. It also has a significant commercial real estate loan portfolio. The latter has been a hot-button issue for investors since New York Community Bank announced measures to increase its loan loss reserves. During the quarter, management announced additional cost-cutting actions to get expenses where they should be. While it will take time to play out, both Columbia and Umpqua historically managed credit well and we think that CRE in western US markets is very different than in New York City.

Victoria's Secret & Company (VSCO - $19.38 — NYSE) is an intimate apparel firm and fairly recent spin-off from Bath & Body Works that has been progressing through a turnaround plan. In the first quarter, shares significantly underperformed after Victoria's Secret reported in-line fourth-quarter earnings but issued profit guidance that was fully 25% below where the Street had been previously. A once-promising turnaround appears to have stalled as this once-iconic brand continues to struggle to find its way. On the positive side, management is implementing another cost-cutting program and expectations are exceedingly low.

Equity LifeStyle Properties (ELS - $64.40 – NYSE) is a real estate investment trust (REIT) that leases space to customers who own manufactured homes and cottages, recreational vehicles, and boats. The company also has a taxable REIT subsidiary that buys, sells, and leases factory-built homes on ELS' sites. In the first quarter, the company reported earnings that were in line with expectations but shares nonetheless lagged the market for several reasons. First, Equity LifeStyle Properties is a defensive company even relative to other REITs and the macroeconomy has shown itself to remain surprisingly robust. Related to that, the company is very interest rate-sensitive, and with rate cuts likely being pushed out, that almost certainly weighed on sentiment. Second, management issued in-line guidance at best for 2024, close to six months ago, and has not chosen to raise it since. Third, the company announced an accounting change and while the change was not material, it nonetheless weighed on the optics of the firm's earnings. Broadly, however, the fundamentals at Equity LifeStyle Properties are little changed, and the company appears to us to be in a position to outperform its guidance as the year progresses.

Conclusion

In conclusion, thank you for your investment in the KEELEY Mid Cap Dividend Value Fund. We will continue to work hard to justify your confidence and trust.

March 31, 2024

Mid Cap Dividend Value Fund

*The Fund's inception date is October 1, 2011.

**The Fund's adviser has contractually agreed to waive a portion of its management fee or reimburse the Fund if total ordinary operating expenses during the current fiscal year as a percentage of the Fund's average net assets exceed 1.20% for Class A Shares and 0.95% for Class I Shares. The waiver excludes expenses related to taxes, interest charges, dividend expenses incurred on securities that a Fund sells short, litigation and other extraordinary expenses, brokerage commissions and other charges relating to the purchase and sale of portfolio securities. The waiver is in effect through February 28, 2025 and neither the Fund's adviser nor the Fund can discontinue the

AVERAGE ANNUAL TOTAL RETURNS (as of 3/31/2024)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	22.26%	16.78%	20.40%
5 Year	9.53%	8.52%	9.94%
10 Year	8.81%	8.31%	8.57%
Since Inception*	12.12%	11.70%	12.38%
Expense Ratio (Gross)**		1.41%	
Waiver/Expense Reimbursement**		-0.21%	
Expense Ratio (Net)**		1.20%	

Stocks of smaller cap companies tend to be more volatile and less liquid than those of large cap companies.

Top Ten Holdings (Percent of Net Assets)
March 31, 2024

Name	Weight (%)	Name	Weight (%)
Jabil Inc.	2.41%	Crane Company	1.81%
Gen Digital Inc.	2.07%	nVent Electric plc	1.79%
NRG Energy, Inc.	2.06%	Lamar Advertising Company Class A	1.79%
PVH Corp.	2.01%	KB Home	1.70%
Ensign Group, Inc.	1.93%	Oshkosh Corp	1.70%

Performance attribution is commonly used to measure the quality of the separate decisions that go into the management of an investment portfolio compared to a benchmark index. This analysis tries to isolate the effect and measure the return contribution of market allocation, which analyzes the positive/negative impact of a portfolio's allocation to groupings such as geographic regions or market sectors, and stock selection, which analyzes the positive/negative impact of the portfolio manager's security ownership and weighting decisions within a wider grouping. The performance attribution data in this quarterly commentary was prepared by Keeley-Teton Advisors, LLC ("Keeley Teton") using the following constraints: (1) Fund portfolio holdings are as of the beginning of each day; index constituents are as of the end of the day. That means that the Fund's holdings are not included until the day after acquisition (when it is included in the portfolio as of the beginning of the next business day), and a portfolio holding that is sold is included in the analysis through the end of the day on which it is sold, and that the values at which securities are included in the analysis are the values as of the beginning of the day. For the index, securities are included at their values at the end of the day. (2) The securities' values used in the analysis are the prices used by Keeley Teton in its internal records for the Fund and the prices used by the index provider for the benchmark index. If a price from either of those sources is unavailable, pricing information from FactSet is used. Pricing information from the index provider or from FactSet may differ from the pricing information used by Keeley Teton. (3) Sector and/or industry classifications may change over time. The attribution information provided in this commentary includes summaries of attribution by market sector. Attribution is not precise and should be considered to be an approximation of the relative contribution of each of the sectors considered. The information on performance by sector reflects the aggregated gross return of the Fund's securities. Contributions to the Fund's performance by sector (computed as described above) were compared against the contributions to the aggregate return of the stocks comprising the index, by sector, as reported by FactSet Databases. Holdings returns for this commentary are calculated as total returns, which reflect any dividends or income earned during the period.

Mid Cap Dividend Value Fund

Data provided for performance attribution are estimates based on unaudited portfolio results. Performance contributors and detractors were not realized gains or losses for the Fund during the quarter. Market performance presented solely for informational purposes. The S&P 500 Index is designed to act as a barometer for the overall U.S. stock market. The index is unmanaged, consisting of 500 stocks that are chosen on the basis of market size, liquidity, and industry grouping. The S&P 500 is a market value weighted index with each stock's weight in the index proportionate to its market value. The Russell 2000® Value Index is an unmanaged index that measures the performance of the small-cap value segment of the U.S. equity universe and includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Index is an unmanaged index that measures the performance of the smallest 2,000 companies by market capitalization of the Russell 3000® Index. The Russell 2500® Value Index is an unmanaged index that measures the performance of the small to mid-cap value segment of the U.S. equity universe and includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500® Index is an unmanaged index that measures the performance of the 2,500 smallest companies by market capitalization of the Russell 3000® Index. The Russell Midcap® Value Index is an unmanaged index that measures the performance of the mid-cap value segment of the U.S. equity universe and includes those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Index is an unmanaged index that measures the performance of the 800 smallest companies by market capitalization of the Russell 1000® Index. The Russell 1000® Index is an unmanaged index that measures the performance of the 1,000 largest companies by market capitalization of the Russell 3000® Index. The Russell 3000® Value Index is an unmanaged index that measures the performance of the broad value segment of the U.S. equity universe and includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Index is an unmanaged index that measures the performance of the 3,000 largest U.S. companies by market capitalization.The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The S&P SmallCap 600® measures the small-cap segment of the U.S. equity market and is unmanaged. The index is designed to track companies that meet specific inclusion criteria to confirm that they are liquid and financially viable. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of mid-sized companies reflecting the distinctive risk and return characteristics of this market segment. These Index figures do not reflect any deduction for fees, expenses or taxes, and are not available for direct investment. Securities in the Fund may not match those in the indexes and performance of the Fund will differ. The KEELEY Small-Mid Cap Value Fund, KEELEY Small Cap Dividend Value Fund and KEELEY Mid Cap Dividend Value Fund are distributed by G.distributors, LLC.

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Direct Shareholders: 800-422-2274
Investment Professionals: 800-422-2274
National Accounts: 800-533-5344
info@keeleyfunds.com

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