First Quarter 2024 Commentary

KEELEY Funds
A Gabelli Group Company

Small Cap Dividend Value Fund

To Our Shareholders,

For the quarter ended March 31, 2024, the Keeley Small Cap Dividend Value Fund's net asset value ("NAV") per Class A share gained 4.9% compared with rise of 2.9% for the Russell 2000 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

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 3/31/24. 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 December 1, 2009.

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.

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 performed very well in the first quarter. The Keeley Small Cap Dividend Value Fund rose 4.9% in the first quarter compared with the 2.9% gain in the Russell 2000 Value index. It was an interesting quarter in that the Fund produced most of its outperformance in March, which was the strongest month of the quarter for the market and a month in which small caps and value stocks performed best.

All the Fund's outperformance came from Stock Selection. Readers of these letters know that we disaggregate performance into three factors: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. In the first quarter, our focus on dividend payers was a headwind, Sector Allocation was neutral, and Stock Selection drove outperformance.

- We estimate dividend-payers within the Russell 2000 Value index lagged the overall index by about one hundred basis points. We are encouraged that we were able to overcome this slight headwind.

- Sector Allocation (do the sectors the Fund is overweight/underweight outperform/underperform?) had minimal impact on relative performance in the quarter. The Fund is relatively neutral to the benchmark from a sector standpoint with the largest overweight less than three percentage points in the Consumer Staples sector. The largest underweight is similarly sized in the Consumer Discretionary sector. Neither of these allocations added or detracted much.

- Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) drove outperformance in the quarter. It was meaningfully positive in four sectors and negative in three. It was slightly positive in the other four. Industrials, Energy, and Consumer Staples made the biggest contributions from Stock Selection while Health Care and Consumer Discretionary lagged.

The details for those who want to dig deeper.

- **Industrials** – The Industrials sector is the second largest in the benchmark and performed much better than the overall index. The Fund's holdings performed better still as five holdings produced better than 20% gains in the quarter and only one of the Fund's thirteen Industrial holdings declined. Gains were led by Primoris Services, which was the Fund's second largest holding coming into the quarter and was the biggest contributor. We will discuss it later in the "Let's Talk Stocks" section of this report.

- **Energy** – Energy performed best amongst the eleven sectors and the Fund's holdings performed even better. All six of the Fund's holdings appreciated in the quarter and only one was up less than 10%. TechipFMC was one of the Fund's largest holdings. It performed very well in the quarter and is discussed later in this update.

- **Consumer Staples** – The Consumer Staples sector was one of five that declined in the quarter. The

Fund's positions, however, produced strong gains. In fact, this sector was the strongest of the eleven in the Fund. It is small, with only three stocks, but they all gained more than 10%. They were led by the shares of recent spin-off WK Kellogg. It was one of the Fund's biggest contributors and we talk more about it in the "Let's Talk Stocks" section of this letter.

- **Health Care** – The Health Care sector is a mid-sized sector within the Russell 2000 Value index and performed better than the overall index in the first quarter. The Fund's holdings lagged the sector partly because of what we did not own and partly because of what we did own. We did not own Biotechnology, which performed very well. None of those companies pay dividends. The other part of the shortfall was weakness in the shares of Embecta. It was one of the Fund's biggest detractors and will be discussed later.

- **Consumer Discretionary** – This is another mid-sized sector that outperformed the overall index in the quarter. The Fund's holdings did not keep pace. Mid-teens declines in the shares of Standard Motor Products and Jack in the Box accounted for most of the underperformance. Standard Motor Parts reported weak fourth quarter results in part due to order timing. Jack in the Box's results were mostly okay, but same-store sales were a little weaker than expected.

During the quarter, we initiated positions in three new stocks and completed the sale of two holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

Primoris Services (PRIM - $42.57 – NYSE), which is a diversified engineering and construction company specializing in pipelines, utility-scale transmission and distribution systems, telecom, and heavy civil projects, delivered solid financial results in the first quarter of 2024. The company reported a 14% increase in revenues, driven by continued strong revenue growth in its Energy segment which is primarily fueled by renewables. The company expects 2024 to be another strong year of growth as backlog increased 20% to a record for the third consecutive year. Renewables have been an important part of this growth and backlog is up 85%. Primoris is well-positioned to achieve its objectives and capitalize on the strong secular growth trends in renewables, particularly utility-scale solar.

WK Kellogg (KLG - $18.80 – NYSE) is the second-largest ready-to-eat cereal business in North America. The firm spun off last year from Kellogg Company, which then changed its name to Kellanova and is largely a snack business. W.K. Kellogg owns iconic cereal brands such as Frosted Flakes, Froot Loops, Special K, Raisin Bran and Rice Krispies, and the firm has an opportunity over the next several years to meaningfully boost margins as it improves its operations. In the first quarter, W.K. Kellogg shares rallied nicely after the company reported solid earnings, with results broadly ahead of expectations. The company also reported its highest gross margin in the last twelve quarters as it benefited from improved supply chain execution, pricing and product mix, and greater productivity.

TechnipFMC plc (FTI - $25.11 – NYSE) TechnipFMC is a provider of equipment used in both offshore and onshore oil & gas development. With the fourth quarter results, the company increased its expectations for offshore equipment orders in its Subsea segment based on engineering inquiries the company is already working on. A new technology for separating CO2 from hydrocarbons is a major factor in this increased outlook. Management also increased its margin expectations for its Subsea segment to a level that was higher than prior investor expectations and higher than where it finished 2023.

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 (CRE) loan portfolio. This has been a hot button issue for investors since New York Community Bank (NYCB) announced measures to increase its loan loss reserves because of troubles in its CRE book. 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.

Pacific Premier Bancorp (PPBI - $24.00 – NASDAQ), headquartered in Irvine, CA, provides banking services to commercial customers on the West Coast. Like Columbia, it has a relatively large commercial real estate loan book and its stock suffered from the concerns created by NYCB. The strength in bank stocks in the fourth quarter also probably contributed to the first quarter's weakness as shares gave back some gains. With ample capital, slow loan growth over the last few years, a relatively high loan loss reserve, and a good record of managing credit, we think Pacific Premier is well positioned.

Embecta Corporation (EMBC - $13.27 — NASDAQ) is a diabetes equipment business that spun off from Becton Dickinson in early 2022 that manufactures needles for insulin injections. The company also has been developing an insulin patch pump that is being reviewed by the FDA. Embecta shares were weak in the first quarter after the firm topped expectations in its fiscal first-quarter earnings release but raised full-year earnings guidance by less than the amount of the first quarter outperformance. In addition, the continued growth in the number of prescriptions issued for weight-loss drugs like Ozempic and Wegovy constrained investor sentiment toward companies like Embecta that are tied to growth in the number of patients with diabetes. Finally, some investors have expressed concerns about Embecta's decision to pursue growth in the form of a patch pump and the capital that the firm would need to devote to commercialize such a product.

Conclusion

In conclusion, thank you for investing along with us in the KEELEY Small Cap Dividend Value Fund. We will continue to work hard to justify your confidence and trust.

March 31, 2024

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Small Cap Dividend Value Fund

*The Fund's inception date is December 1, 2009.

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 1.29% for Class A Shares and 1.04% 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 agreement prior to its expiration. **The expense ratios presented herein are for the Class A shares.

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

	KSDVX No Load	KSDVX Load	Russell 2000 Value
1 Year	15.41%	10.22%	18.75%
5 Year	8.61%	7.61%	8.17%
10 Year	6.51%	6.02%	6.87%
Since Inception*	10.14%	9.79%	10.12%

Expense Ratio (Gross)**	1.50%
Waiver/Expense Reimbursement**	-0.21%
Expense Ratio (Net)**	1.29%

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 (%)
Primoris Services Corporation	2.80%	CareTrust REIT, Inc.	2.00%
TechnipFMC plc	2.63%	Air Lease Corporation Class A	1.90%
Ensign Group, Inc.	2.39%	Victory Capital Holdings, Inc. Class A	1.86%
Spectrum Brands Holdings, Inc.	2.24%	ChampionX Corporation	1.84%
Kontoor Brands, Inc.	2.23%	WK Kellogg Co	1.80%

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.

Small Cap Dividend Value Fund

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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. 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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