First Quarter 2017 Commentary

All Cap Value Fund

KEELEY Funds

To Our Shareholders,

For the quarter ended March 31, 2017, the Keeley All Cap Value Fund's net asset value ("NAV") per Class A share appreciated 2.39% versus 2.99% for the Russell 3000 Value Index.

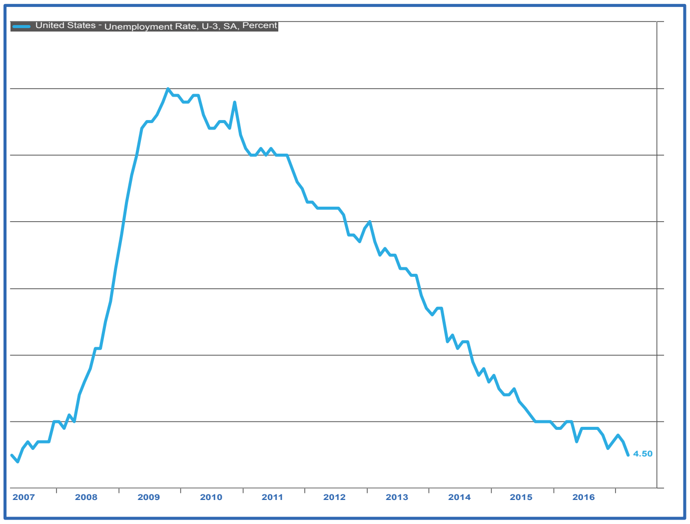
Commentary

Donald Trump's unexpected Presidential election victory ignited a rally in equities that continued through the first quarter leading the bull market into its eighth year. While investors spent much of the beginning of the year enthused about pro-business policies out of Washington given expectations of tax reform, infrastructure spending and an easing of regulatory burdens, the rally lost some steam toward the end of the quarter. Although economic statistics remain favorable with many pointing to the first global synchronized economic upturn in some time, investors began to pause for three main reasons.

Market Performance

As of March 31, 2017	3 Months	YTD	1-Year
S&P 500 Index	6.1%	6.1%	17.2%
Russell 3000 Value Index	3.0%	3.0%	20.0%
Russell 3000 Index	5.7%	5.7%	18.1%
Russell 2500 Value Index	1.6%	1.6%	23.1%
Russell Midcap Value Index	3.8%	3.8%	19.8%
Russell 2000 Index	2.5%	2.5%	26.2%
Russell 2000 Value Index	-0.1%	-0.1%	29.4%
Bloomberg Barclays Agg. Bond Index	0.8%	0.8%	0.4%

U.S. Unemployment Rate (4/30/07 - 3/31/17)



Source: U.S. Bureau of Labor Statistics, Factset.

First, where is the spending needed to fuel economic growth? Despite unemployment at its lowest levels in a decade, consumers remain very cautious, corporate capital investment has yet to return to normalized levels, and the government's infrastructure spending program looks to be more of a 2018 event. Second, the newly inaugurated Trump administration is still feeling its way around Washington as evidenced by legislative setbacks such as its failed attempt to repeal the Affordable Care Act. How the administration fares with tax reform, which is the next major legislative item on the White House's agenda, should have meaningful implications for equity markets which have already priced in some expectations of tax relief for

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 3/31/17. 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 June 14, 2006.**

Risks: Smaller and medium-sized company stocks are more volatile and less liquid than larger, more established company securities.

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.

2017. Lastly, with the rate hike in March following the one in December, plus Fed talk of another two to three hikes this year, at what point do higher rates and a stronger dollar act as a headwind to the economy?

The uncertainty caused by the questions above became evident in the market's actions. The potential for a slowing economy led the 10-year Treasury yield to decline from 2.6% to 2.3%, large cap stocks outperformed small cap due to more exposure to improving international economies and growth outperformed value; all a reversal of what occurred in the fourth quarter. In the first quarter, the Trump-related reflation trade began to unwind, and those areas of the market that would have benefitted from the policy changes and faster GDP growth such as the banking sector lagged as markets rebased with the realization that GDP is growing closer to 2% than 3%.

Even so, we view this economic environment as generally healthy for equity fundamentals. Though the new administration is still finding its footing, the likelihood of faster GDP growth remains high given President Trump's focus to drive change. We are not alone in this viewpoint of optimism as both small and large cap stock valuations are above the upper end of their respective historic norms. In recognition, we have become more selective about new investments, but are content to retain existing positions that demonstrate improving fundamentals and confirm our initial investment theses. Likewise, with the market's weakness at quarter end serving as a reminder, much positive expectation toward unspecified future legislative policies is built into investors' outlooks and presents a risk of downside potential.

The portfolio was underexposed to the Trump reflation trade in the fourth quarter and we remained disciplined in the first quarter not to chase the market. We held our view of slower policy adoption and a slower economic outlook. Our overweight in the Healthcare and Real Estate sectors, plus positive selection in Utilities led to strong relative outperformance. As the reality of the reflation trade unwind set in and investors were faced with a fairly-valued market, attention turned to the stocks that were left behind - the laggards from 2016 many of which were the restructuring stocks in which we invest. Our Healthcare names such as Abbott Labs, AmerisourceBergen and Wright Medical bounced back strongly from weak post-election performance given the lack of a repeal of the Affordable Care Act. Unfortunately, this outperformance was negated by a few stocks within the Discretionary, Energy and Financials sectors that had some execution issues. Overall, we feel this more rational environment, where investors focus back on fundamentals versus Washington and the Fed, will be positive for active managers.

Merger and acquisition activity should continue to be centered upon small caps that by nature of their size and narrower business focus, provide less disruptive business integration while offering avenues of growth for constrained mid- and large-cap peers. For investors, such activity can be better captured through active management, as opposed to passive. Our strategy of seeking companies undergoing restructuring often leaves these companies more susceptible to being acquired as they become much cleaner, pure play stories after restructuring activities have concluded. In the case of spin-offs, both the parent and the spin fall into the radar of potential acquirers due to the restructuring refocus. Two names in our portfolios that are excellent examples of this are NRG Energy (NRG) and Wright Medical Group (WMGI). In NRG's case, the company has implemented several rounds of restructuring to streamline and simplify a very complicated energy holding company structure which included spinning off assets into NRG Yield (NYLD). Despite considerable efforts to achieve this goal, NRG has attracted the attention of activist shareholders who potentially see more value if the company were to be sold. Meanwhile, Wright Medical Group, an orthopedic device manufacturer, has done a fine job integrating its recent merger with Tornier. Given Wright's strong market position in the orthopedics space plus management's past willingness to sell, we envision Wright becoming part of a much larger player at some point in the future. During periods of high merger and acquisition activity, we have typically had 10% or more of our portfolio subject to premium takeover bids.

All Cap Value Fund

The top three performing stocks in the quarter were:

NRG Energy Inc. (NRG) is an independent producer of electricity with a portfolio of 44 GW (Gigawatts) of conventional generation and 4.8 GW of renewable assets, wholly-owned and through its controlling ownership in NRG Yield (NYLD). About a year ago, the company embarked on a debt and cost reduction plan that started to bear fruit as management delivered on most of their targets. Additionally, during the quarter, activist investor Elliott Management teamed up with private-equity investor Bluescape Energy to take a stake in NRG. The Executive Chairman of Bluescape is John Wilder, the former CEO of Texas Utilities (TXU), which he turned around and later sold. The activists have recommended two members to the board and laid out a plan for additional cost savings above the $500mm already achieved by existing management.

Wright Medical Group (WMGI) is a global medical device company focused on extremities and biologics. The company completed a merger of equals with Tornier NV in late 2015 becoming the worldwide leader in providing surgical solutions for upper extremities (shoulder, elbow, wrist and hands), lower extremities (foot and ankle) and biologics (bone graft stimulators) - three of the fastest growing segments in orthopedics. Both companies had been investing heavily for growth resulting in low, short-term profitability, but under new CEO Robert Palmisano, the combined company has substantial scale opportunities and would be a beneficiary of the aging, but much more active baby boom generation. The company has exceeded analysts' estimates for the past four quarters post the deal closing and EBITDA margins have increased from -5.5% in 4Q15 to 11.7% in 4Q16, on its way towards our 20% margin target by 2019. In addition, a recent Financial Times article reported on speculation that a larger orthopedic company may be looking to acquire Wright. Given the consolidation in the orthopedic market and CEO Palmisano's history of selling his prior companies, we would not be surprised if a strategic player recognizes Wright's intrinsic value sooner than expected.

Visteon Corporation (VC) is an auto supplier that focuses on cockpit displays and control modules for passenger vehicles and SUVs. The company announced strong fourth quarter results in late February where EBITDA margins improved 200 bps versus a year ago due to cost reduction efforts, plus backlog grew 11% in 2016 vs. 2015 after new awards grew 26%. Full year guidance suggests continued margin improvement as the company further addresses corporate costs and more efficiently invests its research & development dollars. Visteon also has roughly $500mm in net cash on its balance sheet which is currently being deployed to repurchase its shares. We view Visteon as a company transforming from a classic metal bending auto supplier to a more software focused technology company that could attract interest from a potential acquirer similar to what Harman International Industries (HAR – being acquired by Samsung) and Mobileye (MBLY – being acquired by Intel) have done.

The bottom three performing stocks in the quarter were:

Vista Outdoor, Inc. (VSTO) designs, manufactures and markets consumer products for the shooting and outdoor sports markets. The company was a division within Alliance TechSystems (ATK), an aerospace and defense contractor, and became its own stand-alone entity when it was spun out when Alliance merged with Orbital Sciences. Vista had become the leading consolidator of the fragmented outdoor sports industry diversifying away from its core shooting sports products via accretive acquisitions which leveraged the company's customer base and distribution network. Unfortunately, sporting goods store closures/bankruptcies (Sports Authority) and hoarding of ammunition into the Presidential election (as most had expected a Democratic win), led to excess inventory in the channel. In addition, an expected pickup in shooting accessory sales (holsters, scopes, etc.), Vista's most profitable products, has not materialized despite the strength in gun sales over the past two years. A perfect storm has hit this new company, but we believe expectations are extremely low and all the bad news is in the stock. The company has not lost market share, the excess inventory shall clear as the outdoor and shooting sports categories continue to grow, and management will thus reset guidance to rebuild credibility.

Apache Corporation (APA) is an oil and gas exploration & production company focused primarily on its acreage in the Permian Basin in Texas, but also with exposure in several international locations including Egypt and the North Sea. About six months ago, Apache announced it would be delineating its Alpine High block of acreage located in the western part of the Permian and has been releasing batches of well results since September. During the fourth quarter call, the company released more well results from Alpine High that were uninspiring causing the stock to trade lower. Apache has always traded a discount to several of its Permian peers mostly due to execution risk and with the recent pullback in the energy sector, we decided to swap our Apache position for Parsley Energy (PE) which we believe offers best risk reward.

Patterson UTI (PTEN) is an oil services company that is a leading operator of high specification drilling rigs as well as an operator of a large pressure pumping fleet. Both businesses should see a dramatic recovery in margins as capacity in the industry tightens from a reacceleration in drilling activity based on exploration & production (E&P) customer budgets. To start the year, several E&P customers have acknowledged a 10-15% increase in service costs in their capital budgeting for 2017 due to a lack of availability in pressure pumping horsepower and high spec drilling rigs. Also, Patterson is about to close on its acquisition of Seventy Seven Energy which will add scale to both sides of the business. The stock performed poorly during the quarter as oil prices pulled back to the mid-$40 per barrel range which sparked fears that US drilling activity might slow its recovery. However, on the company's earnings call, the company spoke to the activation of more pressure pumping crews and equipment which will be deployed in second quarter of 2017 as well as construction of two new high spec rigs for customers with day rates that are near pre-downturn levels. Both data points are indicative that our utilization and pricing recovery thesis is intact.

Conclusion

We are cautiously optimistic for the remainder of 2017 and feel this more rational market will recognize the value inherent in our restructuring stories. We remain bottom-up, value-oriented stock pickers, committed to uncovering mispriced equities of companies undergoing some type of restructuring action to unlock hidden value. Thank you for investing in the Keeley All Cap Value Fund. We appreciate your confidence and trust.

KEELEY Funds

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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 1.39% for Class A Shares and 1.14% 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 January 31, 2018 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 3/31/2017)

	KACVX No Load	KACVX Load	Russell 3000 Value
1 Year	17.54%	12.28%	19.97%
5 Year	10.35%	9.34%	13.08%
10 Year	5.35%	4.87%	5.94%
Since Inception**	6.67%	6.22%	7.37%

Expense Ratio (Gross)**	1.53%
Waiver/Expense Reimbursement**	-0.11%
Expense Ratio (Net)**	1.42%

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, 2017

Name	Weight (%)	Name	Weight (%)
Kennedy-Wilson Holdings, Inc.	5.00%	Wright Medical Group N.V.	3.95%
NRG Energy, Inc.	4.93%	Voya Financial, Inc.	3.80%
Howard Hughes Corporation	4.80%	Shire PLC Sponsored ADR	3.74%
Visteon Corporation	4.57%	EOG Resources, Inc.	3.70%
Air Lease Corporation	4.45%	Patterson-UTI Energy, Inc.	3.50%

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. Prior to September 30, 2016, holdings returns were based upon price percentage change.

All Cap 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. 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 All Cap Value Fund, KEELEY Small-Mid Cap Value Fund, KEELEY Small 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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