KEELEY Funds

Small Mid Cap Value Fund

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 9/30/18. 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 August 15, 2007.**

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.

To Our Shareholders,

For the quarter ended September 30, 2018, the KEELEY Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share increased 0.62% versus a gain of 2.67% for the Russell 2500 Value Index. Year to date, the Fund has appreciated 2.90% versus 5.75% for the Russell 2500 Value Index.

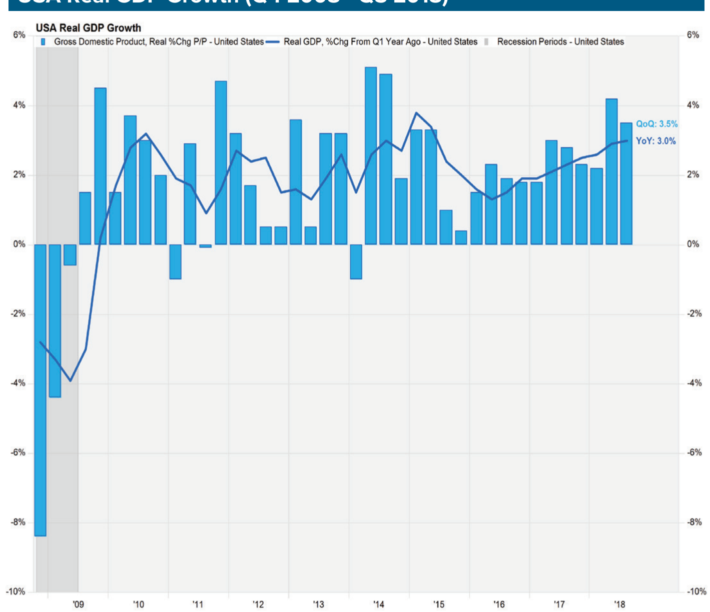
Commentary

As we move towards the end of the calendar year, the economy continues to signal domestic strength. Chief among these positive statistics is the unemployment rate, which has declined to 3.7%, the lowest level since the Vietnam War. Yet, despite tight employment conditions where many companies cite talent acquisition as a strategic concern, hourly earnings growth and inflation remain at modest levels, which we believe supports the case that the economy is not overheating. Corporate tax reform has boosted earnings growth and contributed to a general willingness to increase business investment. Likewise, the ISM Non-Manufacturing Index, which also encompasses orders and business activity, marked the highest expansionary reading since mid-2005.

Market Performance

As of September 30, 2018	3 Months	YTD	1-Year
S&P 500 Index	7.7%	10.6%	17.9%
Russell 3000 Value Index	5.4%	4.2%	9.5%
Russell 3000 Index	7.1%	10.6%	17.6%
Russell 2500 Value Index	2.7%	5.7%	10.2%
Russell Midcap Value Index	3.3%	3.1%	8.8%
Russell 2000 Index	3.6%	11.5%	15.2%
Russell 2000 Value Index	1.6%	7.1%	9.3%
Bloomberg Barclays Agg. Bond Index	0.0%	-1.6%	-1.2%

USA Real GDP Growth (Q4 2008 - Q3 2018)



Source: U.S. Bureau of Economic Analysis, Factset. Grey represents recession periods.

Stock indices, however, ended the quarter on the retreat after marking all-time highs earlier this summer. The impact was far more pronounced for small capitalization stocks. Reflecting back to the start of the year, the Trump Administration's opening of a two-front trade war—in China and North America—prompted investors to reallocate towards domestically-focused small caps, which are perceived as more insulated from such matters. We were supportive of the insulation thesis and felt it provided a reason to remain bullish. Yet in the final days of the quarter, the Trump Administration rather quickly resolved the war on one front as NAFTA was restyled the US-Mexico-Canada Agreement (USMCA). Largely perceived by investors and companies as having "dodged a bullet", the new agreement should allow for minimal disruption to existing supply chains and provide reasonable protections, rather than the punitive repudiations implied by earlier rhetoric. With this achievement, and its contemplation as a template for China, small caps lost their perceived competitive advantage over their larger, global brethren. We do remain concerned about the prickly sparring with China, predominantly over trade issues, recognizing both the exposure of technology supply chains and the threat to US consumers through higher price levels. We continue to proactively anticipate potential exposure among our holdings.

A few companies have already preannounced lower than expected results for the third quarter citing slower sales into China, tougher restrictions at Chinese customs, and higher raw material costs. With the US economy continuing to perform well and the Fed maintaining its rate hike path, investors have begun to question, "Can it get any better?" as sales growth slows and margins become squeezed by higher input costs (tariff impact on materials, oil as well as labor). The upcoming mid-term elections also add to this uncertainty, thus extending the environment where valuation metrics have been less relevant, with growth/momentum factors have outperforming value. On this point, the performance between the lowest and highest P/E stocks is the widest it has been since 1999.

In the third quarter, sector allocation was a positive benefit to the Fund's performance due to our overweight position in the stronger performing Industrials (second best performing sector) and underweight two of the weakest sectors, Financials and Real Estate, although our underweight the best performing sector, Healthcare, was an offset. Strong stock selection within Real Estate led to positive contribution despite this sector being the second worst performing group in the third quarter. Healthcare REITS, Sabra and CareTrust, benefitted from strong execution after repositioning their property portfolios while Lamar posted better than expected second quarter results plus raised full year guidance on a rebound in advertising plus excellent expense control. Positive stock selection with Industrials was driven by a rebound at John Bean Technologies, which posted strong second quarter results proving weaker issues in the first quarter were temporary, as well as continued solid performance from ITT, Esco Technologies and KBR. NRG continues to be a stellar performer on its business transformation driving the Fund's Utilities outperformance while Energen's takeover by Diamondback Energy led to positive selection in the Energy sector.

Unfortunately, the macro uncertainties of trade, tight labor markets and rising interest rates impacted stock selection within the Consumer Discretionary and Financials sectors. Trade issues have slowed auto sales in China leading to weakness in Visteon and Delphi. Concerns over tighter labor led to margin pressure at restaurants, including Del Taco, and fears of higher rates, despite a flattening yield curve, have punished homebuilder TriPointe Group along with the bank stocks.

As we look to the end of the year 2018 and beyond, we do not think that the recent weakness is the start of a larger decline. That is not to say that a correction may not occur. We simply don't perceive the conditions that could lead to a 40%-50% drop like we saw in the 2000-2003 and 2008-2009 time periods. Our outlook remains balanced. On the positive side, the economy appears to be on solid footing, and this should benefit corporate earnings. On the political side, while there is a lot of noise, the Trump Administration appears to be making some progress on trade and security. On the negative side, some of that progress seems to come in "a one step back and two steps forward" manner. Other concerns include the remarkably easy credit market conditions, the likely impact of higher rates on US government budget deficits, and what we see as slightly elevated valuations for stocks.

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Let's Talk Stocks

The top three contributors in the quarter were:

NRG Energy, Inc. (NRG - $37.40 - NYSE) is an independent producer of electricity with a portfolio of 44 Gigawatts (GW) of conventional generation and a seller of retail energy in deregulated markets. The company has benefitted from a restructuring of its operations that started over a year ago to reshape the company for better visibility, more stable earnings and higher cashflow. This included selling off non-core assets to reduce debt, simplifying its structure with the sale of an ownership interest in NRG Yield, and other operational improvements to enhance margins. Management appears to be successfully executing its plan which should eventually produce significant cash to be redeployed through accelerated share repurchases.

John Bean Technologies Corporation (JBT - $119.30 - NYSE) is a technology solutions provider to food, beverage and air transportation industries. Its largest division, FoodTech, designs, manufactures, and services food processing systems for the preparation of meat, seafood and poultry products, ready-to-eat meals, packaged foods, juice, dairy, fruit and vegetable products. AeroTech supplies gate and ground equipment solutions to airlines, airports, the military and defense contractors. The company, which has been successfully consolidating the highly fragmented food prep industry, stumbled posting first quarter results lower than expected due to higher installation costs, weaker product mix and operational inefficiencies at some locations. The company addressed the installation issues and announced a new restructuring program to improve margins by 200 basis points by the end of 2019. Strong second quarter results proved that first quarter issues were temporary, and we believe that the company should continue to be a major beneficiary of rising global middle-class demand for safer foods.

Energen Corporation (EGN- $86.17 - NYSE) is an oil and gas exploration and production company with assets in the Permian Basin of west Texas. The company became a pure play energy company after selling its Alabama natural gas utility operations. In addition to stronger oil prices in the quarter, Energen announced it agreed to be acquired by Diamondback Energy for a 16% premium back on August 14th. The deal is expected to close in 4Q18.

The three largest detractors in the quarter were:

Visteon Corporation (VC - $92.90 - NASDAQ) designs, engineers and manufactures one of the broadest automotive cockpit electronics portfolios and is at the epicenter of the connected car revolution. Key products include instrument clusters, infotainment systems as well as autonomous driving systems. The company reported second quarter results that were below analyst expectations and lowered its forecast for the full year due to lower North American production plus a temporary slowdown in Europe which is currently undergoing a change in emissions standards testing. This coupled with negative sentiment toward auto stocks in general amid trade war fears impacting China volumes has led to further stock price weakness. However, we believe that results should improve once the company starts delivering on its high margin backlog of business it has won over the last few years. The company has also been aggressive at buying back shares recently completing a $400 million buyback program and announcing a new Board authorized $500 million buyback program.

Del Taco Restaurants, Inc. (TACO - $11.81 - NASDAQ) develops, franchises, owns, and operates Del Taco quick-service Mexican-American restaurants. The stock has been under pressure as investor concern has been focused on labor cost inflation, especially in their California dominated company store base. A second concern has been the negative traffic at company owned stores, which is believed to be the result of a high level of discounting by larger quick serve (QSR) players. Further, delivery has been a strong growth driver for many of their peers and TACO will not have full delivery available to its California store base until late 2018. We expect this will aid traffic going forward, and we continue to believe the company is well positioned with its unique "fresh" menu offerings and has ample growth opportunities outside its core West Coast roots.

TRI Pointe Group Inc. (TPH - $12.40 - NYSE) is a homebuilder that was formed after the economic downturn in 2008-2009 and later merged with the homebuilding operations of Weyerhaeuser via a reverse Morris Trust transaction. The company has a significant land bank of supply constrained, low cost basis, California assets with additional presence in growth markets such as Seattle, Colorado, Las Vegas, Phoenix, Texas and the MidAtlantic region. Despite posting better than expected results, orders were weaker in the second quarter due to the timing of new community openings which are more fourth quarter weighted. Additional macro concerns about higher mortgage rates and worsening affordability have weighed on the company as well as the entire housing sector. We view any slowdown to be related to buyers adjusting to the new environment and continue to believe that TriPointe is in an excellent position for future growth given its strong land bank and low cost real estate assets, which should improve margins and pricing power given its supply constrained markets.

Conclusion

In conclusion, we thank you for investing alongside us in the KEELEY Small-Mid Cap Value Fund. We will continue to work hard to justify your confidence and trust.

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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 February 28, 2020 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 9/30/2018)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	8.67%	3.80%	10.24%
5 Year	7.33%	6.35%	9.99%
10 Year	10.07%	9.57%	10.53%
Since Inception**	7.95%	7.50%	8.38%

Expense Ratio (Gross)**	1.47%
Waiver/Expense Reimbursement**	-0.08%
Expense Ratio (Net)**	1.39%

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)
September 30, 2018

Name	Weight (%)	Name	Weight (%)
NRG Energy, Inc.	4.44%	John Bean Technologies Corporation	2.46%
Air Lease Corporation Class A	3.02%	Sabra Health Care REIT, Inc.	2.43%
ITT, Inc.	2.98%	Nexstar Media Group, Inc. Class A	2.27%
Energen Corporation	2.90%	ESCO Technologies Inc.	2.23%
Howard Hughes Corporation	2.50%	Bank of N.T. Butterfield & Son Limited (The)	2.22%

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.

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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 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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