KEELEY
Funds

First Quarter 2019 Commentary

Small 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 3/31/19. 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, 1993.**

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.

Please refer to the April 5, 2019 Supplement to the Prospectus dated January 28, 2019 which relates to the Board's approval of the plan of reorganization whereby the Keeley Small Cap Value Fund will be reorganized in the Keeley Small Cap Dividend Value Fund on or about June 7, 2019.

To Our Shareholders,

For the quarter ended March 31, 2019, the KEELEY Small Cap Value Fund's net asset value ("NAV") per Class A share increased 17.00% versus an 11.93% rise for the Russell 2000 Value Index.

Commentary

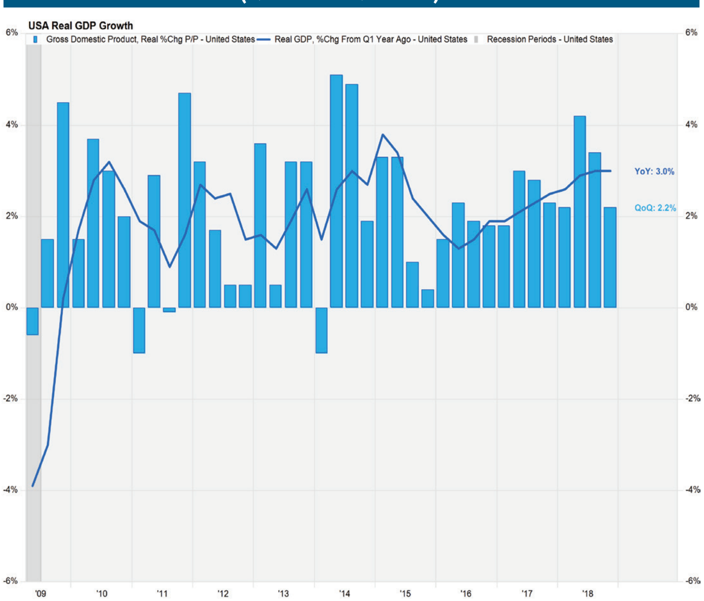
Major indexes have now recouped almost all of the losses sustained in the final months of 2018, when fears over a potential economic slowdown sent global markets tumbling. The two primary fears that pummeled the market in December—escalating trade disputes and steadily rising interest rates—abruptly turned around in the first quarter. First, U.S. and Chinese officials placed a stay on the second round of tariffs while negotiating towards a solution. Second, the Federal Reserve acknowledged market concerns by signaling a hold to further interest rate hikes for the year, citing a diminished inflation outlook and slowing global growth (namely Europe). A dramatic shift post the December 20th rate hike where the outlook was still for five to six hikes in 2019. Concurrently, earnings guidance and expectations were lowered further continuing to reflect a slower Europe, slowing China and the absorption of both rounds of tariffs via pass-through pricing. With both of those exogenous threats receding, earnings expectations rebased lower, and valuations more reasonable after the storm in December, stocks posted their strongest first quarter in over a decade. The focus returned to companies that can outperform in an environment of economic growth, albeit at a moderating pace.

Market Performance

As of March 31, 2019	3 Months	1-Year	3-Years
S&P 500 Index	13.6%	9.5%	13.5%
Russell 3000 Value Index	11.9%	5.3%	10.5%
Russell 3000 Index	14.0%	8.8%	13.5%
Russell 2500 Value Index	13.1%	1.8%	9.9%
Russell Midcap Value Index	14.4%	2.9%	9.5%
Russell 2000 Index	14.6%	2.0%	12.9%
Russell 2000 Value Index	11.9%	0.2%	10.9%
Bloomberg Barclays Agg. Bond Index	2.9%	4.5%	2.0%

Source: eVestment.

USA Real GDP Growth (Q1 2009 - Q4 2018)



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

Much of this year's rally was driven by relief that central banks were backing off rate hike campaigns amidst slowing growth from the Eurozone to China. Consequently, long term interest rates have declined, with three-month U.S. Treasury bills slightly higher than the yield on ten-year U.S. treasury notes. Seen from this vantage point, the market paints a portrait of stability at this moment, balancing fading exogenous impacts with moderating economic growth, forming a reasonably positive environment for small caps.

The lingering question for stocks is whether this brush with fear has led to a change in the dynamics for global economies and how much could be trade-related impairment. Taking the manufacturing PMI (purchasing managers index) for the three main global economies, the most recent figures for March show stabilized, expansionary readings above 50 for the US and China (55.3 and 50.5, respectively) while the Eurozone marks thirteen months of sequential declines, ending in recessionary readings solidly below 50 (47.5 for the Eurozone and 44.1 for Germany). This representative snapshot overlaps similar narratives supplied by companies, underscoring the relative level of support for domestic-oriented small cap companies less dependent upon exports. U.S. nonfarm payrolls rose in March by 196,000, a strong showing. Wage gains eased with the unemployment near a 49-year low, at 3.8%.

The portfolio posted solid outperformance of over 500 basis points relative to the Russell 2000 Value Index in the first quarter and we were most pleased to mark positive relative performance in each month of the quarter. The positive contribution was primarily from strong stock selection. The Fund outperformed in nine of the eleven sectors, with Tech, Healthcare, Industrials and Communications Services driving the majority. Within Tech, Versum (VSM) was our top performer, up 82% in the quarter. The company initially agreed to a stock merger with Entegris, but rival Merck KGaA emerged with a much higher, all cash offer. Being a spin-off from Air Products, Versum's takeover is an excellent example of the how the spin-off process creates pure play companies that become very attractive acquisition candidates for larger firms searching for growth, especially in this low global GDP, low interest rate environment. With the Tech sector being the best performing sector in the index for the quarter, four of the remaining five tech names still outperformed with an average return of 33.5% vs 19.6% for tech sector index return. Invacare, which was a bottom 3 performer in 4Q18 (-70%), rebounded strongly (see more details below), up 95%, and along with continued excellent execution at Ensign Group and potential China trade relief at Varex, these three holdings added significant relative performance in Healthcare. The relative outperformance in Industrials was also broad based led by company specific factors as well as the trade and rate relief. Seven out of our nine holdings exceeded the industrial sector index returns with most up over 20% for the quarter. Both Welbilt and John Bean Technologies appear to have put the execution issues that plagued their companies in 2018 behind them. Lastly within Communication Services, Nexstar Media was a top 3 performer (see details below) on better than expected political ad spend and strong progress divesting assets to get final approval for the Tribune acquisition.

On the negative side, it was only the Consumer Discretionary and Energy sectors that underperformed. Lower than expected growth at Del Taco and a delay in the State of Florida adoption of their new math program for Houghton Mifflin (more detail below), dragged the Consumer Discretionary performance. While our Energy sector performance was pulled down by HighPoint Resources given the uncertainty of upcoming Colorado legislation placing tougher restrictions on drilling (more detail below).

Let's Talk Stocks

The top three contributors in the quarter were:

Versum Materials, Inc. (VSM - $50.31 - NYSE), a fairly recent spin-off from Air Products (APD), is a leading maker of chemicals used in the production of semiconductors and other electronics. Its stock appreciated sharply during the quarter after it received an acquisition offer from Entegris (ENTG) for cash and stock. Afterwards, competitor Merck KGaA topped that offer with a $53 cash proposal.

Nexstar Media Group, Inc. (NXST - $108.37 - NASDAQ) is one of the largest owners of television broadcasting stations. Shares performed well in the quarter after falling sharply at year-end. Nexstar has been reporting solid results over the last year as it took out cost from and integrated operations acquired from Media General. In addition, political advertising was very strong in the fourth quarter and helped to drive upside. Most importantly, the company has made significant progress toward completing the conditions necessary to close its acquisition of the Tribune Media stations. The Tribune deal should be nicely accretive to earnings over time.

Invacare Corporation (IVC - $8.37 - NYSE) is a global leader in the manufacture and distribution of innovative home and long-term care medical products that promote recovery and active lifestyles. After having its flagship manufacturing plant shutdown under an FDA consent decree for several years, the Board brought in a new CEO turn the business around. The plan was on track until two exogenous things caused the company to miss third quarter results putting their $100mm EBITDA by 2020 goal at risk. This occurred at the same time the market was melting down in the fourth quarter driving the stock down a whopping 70%. While discussing earnings results this quarter, management demonstrated that they have gotten control over the exogenous issues (re-sourcing parts from non-Chinese vendors to reduce the tariff impact on their margins and the slowdown in medical equipment orders was due to a CMS change in distributor market share definitions). Also, management found additional cost saves in its restructuring program leading them to a new $85-105mm EBITDA target by year end 2020. Though still not out of the woods, this incremental confidence led to a 95% move in the stock in the first quarter.

The three largest detractors in the quarter were:

Houghton Mifflin Harcourt Company (HMHC - $7.27 - NASDAQ) is a provider of pre-K through 12th grade education solutions to U.S. schools. Under a new CEO, the company has been positioning itself to benefit from the coming adoption cycle to refresh educational materials in a number of large states (Texas, Florida, and California), an event that will increase the addressable market for the entire industry. Recently, the new Governor of Florida decided to eliminate all Common Core influence on the State's standards thereby delaying its new math program adoption from 2019/20 to 2021/22. The stock was a strong performer in the fourth quarter (up 27%) running up in anticipation of adoption wins, but pulled back in the first quarter due the Florida delay pushing out as well as very conservative 2019 guidance from management. We believe the company has a strong opportunity to regain lost market share in a growing market, while also diversifying into less cyclical educational service offerings. Although the Florida delay mutes the amplitude of the 2019/20 adoption cycle, it does lengthen the cycle providing more stable free cashflow.

Columbia Banking System, Inc. (COLB - $32.69 - NASDAQ) is a community bank headquartered in Tacoma, Washington serving the larger Pacific Northwest region. Its shares retreated in the first quarter after the company reported slightly disappointing earnings. While most drivers of earnings were good, expenses were higher than expected. Furthermore, management indicated that this trend may continue as the company will be investing to retool its online presence and expand its digital offerings. This led to downward revisions in earnings estimates on a stock that already enjoyed a premium valuation.

HighPoint Resources Corp. (HPR - $2.21 - NYSE) is an independent oil and gas exploration with primary acreage in the DJ Basin Wattenberg oil fields of Colorado. Underperformance during the first quarter was largely driven by uncertainty around possible new state regulation being pursued by the Democratic state legislature which could potentially hamper oil & gas production in Colorado. Recent drafts of the legislation suggest there will be more local control around permitting which should leave HPR largely immune from any concerns since the company's acreage is located almost entirely in the rural areas of Weld County which would suggest minimal hindrance from local officials in the area. We feel passage of any legislation will bring certainty that should lift the stock price. HPR should also have more data from wells completed on the acreage acquired in the Fifth Creek transaction, which has to date had higher oil cuts than its legacy acreage.

Conclusion

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

April 15, 2019

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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 3/31/2019)

	KSCVX No Load	KSCVX Load	Russell 2000 Value
1 Year	-2.92%	-7.28%	0.17%
5 Year	1.05%	0.12%	5.59%
10 Year	11.96%	11.44%	14.12%
Since Inception**	10.07%	9.88%	9.60%
Expense Ratio (Gross)**		1.44%	
Waiver/Expense Reimbursement**		-0.04%	
Expense Ratio (Net)**		1.40%	

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, 2019

Name	Weight (%)	Name	Weight (%)
Nexstar Media Group, Inc. Class A	4.49%	John Bean Technologies Corporation	2.47%
Air Lease Corporation Class A	2.79%	Verint Systems Inc.	2.32%
KBR, Inc.	2.62%	ESCO Technologies Inc.	2.32%
BOK Financial Corporation	2.49%	Bank of N.T. Butterfield & Son Limited (The)	2.27%
Kennedy-Wilson Holdings, Inc.	2.49%	CareTrust REIT Inc	2.25%

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 Value Fund

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Keeley Teton. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

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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