KEELEY Funds

First Quarter 2019 Commentary

Small Cap Dividend 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 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.

To Our Shareholders,

For the quarter ended March 31, 2019, the KEELEY Small Cap Dividend Value Fund's net asset value ("NAV") per Class A share rose 13.68% versus a 11.93% increase for the Russell 2000 Value Index.

Commentary

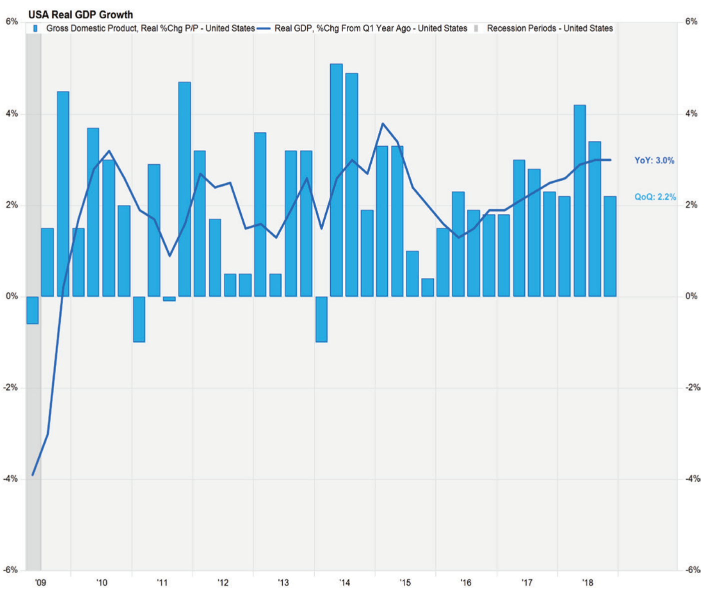
The market, as measured by the S&P 500, got off to its best start in the last twenty years and posted its best overall quarter since Q3-2009. The quarter's 13.6% gain nearly recouped the fourth quarter's steep drop. The first quarter was the sixth time since 1970 that a quarter with a double-digit loss was followed by a quarter with a double-digit gain[1]. In four of the five previous instances of this pattern, the subsequent quarter also saw a double-digit gain. While that is too small a sample size to factor it into one's outlook, it is an interesting data point.

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.

We think that the bounceback was mostly driven by an easing of the worries that led to the fourth quarter drop. As the fourth quarter progressed, investors became increasingly concerned about the potential that an overshoot on rate increases by the Fed, combined with the impact of trade sanctions would push the economy into recession. A slight thawing in the rhetoric around trade and clear signals from the Fed that it would at least put its rate tightening campaign on hold were enough to stop the decline and drive a sharp reversal.

And reversal is a pretty accurate description. In the fourth quarter, the market fell, small caps fell more than large caps (as measured by the Russell 2000 and Russell Top 200 indices), and growth fell more than value (as measured by the Russell indices). In the first quarter, the market rose, small caps led large caps, and value lagged growth. We also saw a sharp snapback in the price of oil; up 32% in Q1-2019 after falling 38% in Q4-2018. The two benchmark assets

[1]It is interesting that four of these six instances have occurred in the last ten years.

that sustained their fourth quarter trends were gold, which rose in both periods, and the yield on the ten-year Treasury, which fell in both periods. The sum of the last six months is that we have had a lot of movement in the markets, but we are pretty close to where we started.

The economic outlook, on the other hand, has probably deteriorated slightly. While the labor market in the US remains tight, growth expectations around the world are lower than they were six months ago. You see the signs in a variety of reports of both sentiment and activity. We believe that most of this slippage arises from the various trade actions coming out of Washington. When we talk to company management teams about any softness they are seeing, they cite higher materials costs as one source of pressure, but also the uncertainty created by the possibility of an expansion of the tariffs.

The good thing about this is that it appears that the US and China will come to a trade agreement that will remove this overhang. Last quarter, we suggested that a conclusion to these trade disputes (along with the ending of the government shutdown) might drive strong market performance. While we think a resolution of the trade disputes would be a positive, at this point the market has discounted much of that potential.

The strong move in the market, combined with a slight reduction in forward EPS estimates, has made the market somewhat more expensive. At year-end, the S&P 500 traded at 14.4x forward EPS compared with 16.5x at the end of the first quarter. This is a little above average, but not worrisome. Small caps, as measured by the S&P Small Cap index, traded at 14.1x then vs. 16.7x now. The Russell indices tell a similar story. In almost all cases, valuation has moved from below average to slightly above average. What has not changed is that small caps continue to look attractive relative to large caps and value looks compelling compared to growth.

As we look ahead, we believe the economy will continue to muddle along. The resolution of trade disputes should resolve some uncertainty, but unemployment is very low and the stimulative impact of the 2017 tax cuts should begin to fade. In addition, a stronger dollar and higher energy prices are slight headwinds as well.

It seems to us that a slow, steady-growth environment, combined with stable low interest rates, and above average valuations suggests only modest market returns. We also believe we are entering a great period for dividend-paying stocks and a good environment for differentiated returns from stock selection. Value should begin to outperform growth.

Portfolio Results

We are pleased with the outperformance of the Keeley Small Cap Dividend Value Fund in the first quarter. It was able to overcome two influences that have historically been headwinds for relative performance. First, in past periods when the market experienced strong gains, the Fund had difficulty keeping up. In addition, non-dividend-payers outperformed dividend-paying stocks in the benchmark.

We think that a couple of factors allowed the Fund to achieve its strong results. First, we believe that some of the strength was a catch-up from last quarter when the Fund performed in line with the benchmark under conditions where it has historically outperformed. The bounce back in several of the Fund's bank and energy stocks were most noticeable. Second, the Fund had very few problem stocks. Only seven of the seventy-two stocks the Fund held in the quarter were down and none was down more than 9%. At the same time, the Fund held ten stocks that provided total returns of 30% or more.

As readers of previous reports well know, we usually talk about performance in its constituent parts, sector allocation and stock selection. The Fund usually sees a much greater impact from stock selection than sector allocation. This quarter followed that script with allocation not having much impact either way on a net basis and selection accounting for the Fund's outperformance.

Within Allocation, small underweights in the lagging consumer sectors helped relative performance, but were offset by a small underweight in the strong technology sector and the Fund's small cash holdings.

The positive Stock Selection effect was broad-based with the Fund's holdings outperforming those of the benchmark in seven sectors, lagging in one sector, and in line in three sectors. The strongest relative performance came in the Industrials, Consumer Discretionary, and Health Care sectors while Information Technology was the lone sector with significant underperformance.

- In the Industrials sector, five of the ten stocks owned by the Fund during the quarter were up more than 20%. The Fund lagged a little in this sector in the fourth quarter, but solid earnings from companies like Covanta and Astec, fueled a rally this quarter.
- Strength in the Consumer Discretionary sector was driven by strong performance from both Winnebago and Marriott Vacations Worldwide. Both stocks gained about 30% after weak Q4 stock price performance. Solid earnings results seemed to calm worried investors.
- A more than 30% gain in nursing home operator Ensign Group drove outperformance in the Healthcare sector. It was also one of the Fund's better stocks in Q4 and we discuss its strength below.
- The Technology sector was the only one which was a meaningful detractor to Fund performance. It was also the strongest sector in the index with a 19.6% gain in the quarter. Small gains and small losses in Hackett Group, Dolby Labs, TiVo, and Perspecta created the shortfall relative to the benchmark.

During the quarter, the Fund initiated two new positions (Perspecta Inc. and James River Group), eliminated two holdings (John B. Sanfilippo & Son and Hanmi Financial), and had two stocks converted into other companies (State Bank Financial acquired for stock by Cadence Bancorporation and Guaranty Bancorp acquired for stock by Independent Bank Group).

Let's Talk Stocks

The top three contributors in the quarter were:

Nexstar Media Group (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. It was also able to make significant progress toward completing the conditions necessary to close its acquisition of Tribune Media stations. The Tribune deal should be nicely accretive to earnings over time.

Ensign Group (ENSG - $51.19 – NASDAQ) is a provider of healthcare services in the traditional skilled nursing, assisted & independent living, and home health and hospice markets. This stock has been a top contributor a few times over the past year as Ensign recovered from a bad acquisition that depressed results for much of 2017. Since then, it has returned to its strategy of providing superior level of service within its facilities while acquiring and fixing struggling skilled nursing operations. The latter has provided a nice avenue of growth as these properties stabilize and has helped the company beat consensus estimates over the last few quarters. The near-term outlook remains solid for the company.

OUTFRONT Media (OUT - $23.40 – NYSE) is a Real Estate Investment Trust (REIT) that is one of the leading providers of advertising space on out-of-home structures in the form of billboards and transit displays. The company produced a very good quarter posting double-digit revenue growth on strength in both national and local advertising. The company started to receive benefits from recent transit wins (San Francisco BART and Boston MTA) while continuing to refresh advertising on New York City's transit system. This effort will start to generate benefits in 2020 and beyond. Near-term outlook is very favorable as management noted that the positive advertising trends have carried over into the start of the year.

The three largest detractors in the quarter were:

Columbia Banking System (COLB - $32.69 - NASDAQ) is a community bank headquartered in Tacoma, Washington and serving the larger Pacific Northwest region. Its shares retreated a little in the first quarter after it reported slightly disappointing earnings. While most drivers of earnings were good, expenses were higher than expected. Furthermore, management indicated that 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.

Matthews International (MATW - $36.95 – NASDAQ) is a leading provider of advertising collateral, funeral products, and industrial printing solutions. The stock fell last quarter after the company reported quarterly results that failed to match expectations. Results were particularly weak in its Brand Solutions unit, due to a delay in the timing of certain client projects, along with the announcement of the loss of some photo studio business from one customer. Management reaffirmed its full-year guidance for 2019, largely because that photo studio business loss had been contemplated in guidance. However, the news surprised investors, who had not realized that earnings guidance had taken into account that loss. Matthews' other two business segments, Memorialization and Industrial, both performed well. Shares remain inexpensive, particularly given the earnings growth that analysts forecast for 2019 and 2020.

Virtu Financial (VIRT - $23.75 - NASDAQ) is one of the largest independent market-makers in stocks, bonds, and commodities. In characterizing this as a detractor, we are stretching a little here because the position only cost the Fund one basis point despite the fact that VIRT fell about 6% in the quarter. The stock retreated on slowing market volumes and falling falling market volatility, but some well-timed trims of the position reduced the impact.

Conclusion

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

April 15, 2019

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Small Cap Dividend Value Fund

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, 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)

	KSDVX No Load	KSDVX Load	Russell 2000 Value
1 Year	-2.68%	-7.05%	0.17%
5 Year	4.45%	3.50%	5.59%
Since Inception**	10.98%	10.43%	10.17%

Expense Ratio (Gross)**	1.62%
Waiver/Expense Reimbursement**	-0.21%
Expense Ratio (Net)**	1.41%

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	3.00%	OUTFRONT Media Inc.	2.17%
Ensign Group, Inc.	2.45%	Atlantica Yield plc	2.14%
Chemed Corporation	2.40%	KBR, Inc.	2.04%
CareTrust REIT Inc	2.30%	BancorpSouth Bank	2.02%
Cypress Semiconductor Corporation	2.17%	City Office REIT, Inc.	1.87%

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

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 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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