KEELEY Funds

Second Quarter 2020 Commentary

Mid Cap Dividend Value Fund

To Our Shareholders,

For the quarter ended June 30, 2020, the KEELEY Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share rose 19.42% compared with a 19.95% gain for the Russell Mid Cap Value Index. For the year-to-date, the Fund is down 21.31% compared with an 18.09% fall for the benchmark..

Commentary

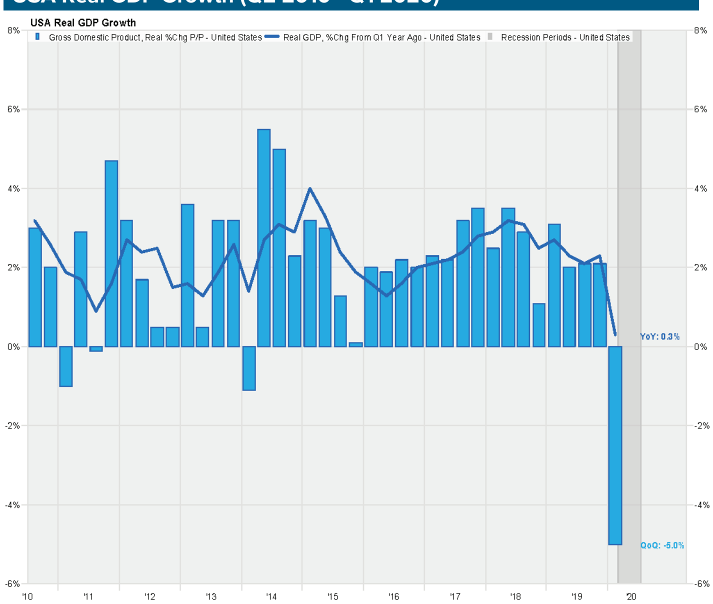
Following the steep correction of the first quarter, the market rebounded dramatically in the second quarter. At June quarter-end, the market was up almost 40% from its March 23 low. In the first six months of the year, the market, as measured by the S&P 500, made thirteen new all-time highs after falling into bear market territory. We believe we are in the early stages of a new bull market as evidenced by the 20% market appreciation over a stunning twelve trading days. The S&P 500 Index went from a record high to the bottom of a bear market to the establishment of a new bull market in 35 trading days.

Market Performance

As of June 30, 2020	3 Months	Year-to-Date	1-Year
S&P 500 Index	20.5%	-3.1%	7.5%
Russell 3000 Value Index	14.6%	-16.7%	-9.4%
Russell 3000 Index	22.0%	-3.5%	6.5%
Russell 2500 Value Index	20.6%	-21.2%	-15.5%
Russell Midcap Value Index	19.9%	-18.1%	-11.8%
Russell 2000 Index	25.4%	-13.0%	-6.6%
Russell 2000 Value Index	18.9%	-23.5%	-17.5%
Bloomberg Barclays Agg. Bond Index	2.9%	6.1%	8.7%

Source: eVestment.

USA Real GDP Growth (Q2 2010 - Q1 2020)



Source: U.S. Bureau of Economic Analysis, Factset.

The second quarter market rebound was the mirror image of the first quarter. As the quarter progressed, evidence mounted that an economic recovery was proceeding at a faster pace than investors had initially expected. Recent economic data points present a strong case for a V-shaped recovery. In the May employment report, jobs grew by 2.5 million compared with consensus expectations for an 8 million decline. This is a sharp reversal from the 20.7 million tumble in April and this has been accompanied by a steady stream of better than expected economic reports:

- May Retail Sales grew a record 17.7% in April, more than double the expectation.
- Surveys from the New York Fed and the Philadelphia Fed both exceeded consensus forecasts.

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 6/30/20. 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, 2011.**

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.

• The ISM Manufacturing and non-Manufacturing surveys both beat forecasts and exceeded 50, which generally signifies economic expansion.

• June Private non-Farm payrolls grew 4.8 million, double the consensus expectation and the unemployment rate declined to 11.1% from 12.5% in May.

Toward the end of the quarter, new COVID-19 case numbers started to rise. This has driven governors to restrict activity and investors fear a repeat of the March market correction, should economic activity stall. We believe that any new restrictions are likely to be more surgical than those imposed earlier this year and will have less economic impact. At greatest risk are companies in verticals such as travel, leisure, and restaurants.

From a macro viewpoint, the policy response, both fiscal and monetary, has been unprecedented and extraordinary. The government has now passed three rounds of fiscal stimulus aggregating several trillion dollars. This has included direct payments, enhanced unemployment benefits, low-cost forgivable loans to small businesses, and large loans to companies in heavily impacted industries. Another round of stimulus and infrastructure spending is under consideration by the White House and Congress.

At its June meeting, the Federal Reserve Board pronounced that it would maintain a zero Fed funds rate through 2022 and reiterated the Central Bank will increase its holdings of treasury securities and other asset purchases for an extended period. The Fed also said that it would begin buying individual corporate bonds under its Secondary Market Corporate Credit Facility, an emergency lending program.

Against this backdrop, leading indicators look to show a bottom and there appears to be a clear path forward for recovery in the economy. However, the resurgence of COVID-19 is tearing through the U.S., in places like Arizona, Texas, California and Florida, and forcing businesses to postpone reopening. Until a vaccine or more effective therapeutics are developed, social distancing, masks, handwashing, and other personal actions will be the primary means to control the virus spread. While states are slowing reopening and reinstituting restrictions, others continue to lift controls.

It is our belief that the extraordinary policy accommodation by the Fed, coupled with trillions in fiscal stimulus appropriated by Congress, should put a floor under both the economy and stock market. We believe that small- and mid-cap dividend-paying value stocks sell at significant discounts to the overall market and that the Keeley Mid Cap Dividend Value Fund is well positioned to outperform in the years ahead.

Portfolio Results

This has been a challenging year to be an investor in dividend-paying small- and mid-cap stocks. We estimate that dividend-paying stocks in the Russell MidCap index gained 19.5% in the second quarter, well short of the 24.5% for the overall index and 35.5% posted by the non-dividend-payers. Within the Russell MidCap Value index, results were comparable, with the dividend-payers gaining 18.1% vs. 19.9% overall and 28.6% for the non-payers. The 1.8% negative spread between dividend-payers and the MidCap Value Index is the largest since the second quarter of 2009. It is generally not very wide because more than 80% of the stocks in the Russell MidCap Value Index pay dividends.

Neither Sector Allocation nor Stock Selection added or detracted much value. Within Sector Allocation, the Fund was slightly overweight the Energy sector and benefitted from the strong rebound in that sector during the quarter. A small underweight in the Technology sector offset some of this benefit as did the Fund's small cash position.

From a stock selection standpoint, the Fund's holdings materially outperformed the benchmark in the Consumer

Discretionary, Real Estate, and Utilities sectors, while it lagged in the Health Care, Energy, and Industrials sectors.

- Consumer Discretionary stocks bounced back from Q1's trouncing and were the second-best performing sector in the Russell Midcap Value benchmark. The Fund's holdings did even better due to strong gains by Brunswick, and KB Home. In total, six of the Fund's eight holdings appreciated more than 25%.

- The Real Estate sector lagged the broader market, but the Fund's holdings outpaced the overall sector. Strong gains in the Fund's consumer-oriented REITs (Brixmor, Lamar Advertising, and VICI Properties) drove the outperformance.

- Utilities was another sector with overall sluggish gains as the sector within the benchmark only gained 3.5%. The Fund's holdings nearly doubled that pace as gains in NRG Energy, and UGI Corporation offset a loss in Black Hills.

- Health Care, last quarter's strongest relative performer for the Fund, was this quarter's biggest laggard.

- While being slightly overweight the Energy sector helped the Fund's performance during the quarter, the Energy holdings failed to keep pace with the strong 55% rebound in the sector in the Midcap Value Index. The Fund held six Energy stocks during the quarter and five of them appreciated more than 30% including a 105% gain in WPX Energy. The laggard, Cabot Oil & Gas, was one of the Fund's best stocks in Q1.

- The Industrial sector was another where the Fund's holdings failed to match the very strong gains in the overall sector. While seven of the Fund's eight holdings were up double-digit percentages, GrafTech, a maker of electrodes used in steelmaking, fell slightly in the quarter.

During the quarter, the Fund added one new position and eliminated three positions.

Let's Talk Stocks

The top three contributors in the quarter were:

Brunswick Corporation (BC - $64.01 – NYSE) is one of the leading producers of engines for recreational marine products. It also manufactures and sells recreational boats. Brunswick was helped by a sharp improvement in boating registration data in the wake of various states relaxing restrictions on boating activity. Channel inventory remains lean in the wake of a poor start to last year's boating season followed by COVID-19 restrictions on manufacturing in 1H20. While not providing official EPS guidance, management was active with covering brokers in terms of conferences and non-deal roadshows and conveyed a message of sharply improving boat market fundamentals in May and June.

KB Home (KBH - $30.68 – NYSE) is one of the nation's leading homebuilders. The stock has recovered from the large decline last quarter driven by pandemic related shutdowns halting the strong underlying fundamentals prior to COVID. Demand drivers are expected to accelerate beyond the first-time homebuyer as pandemic related lockdowns could entice urban dwellers to look for more space in suburbs. Additionally, the current "work-from-home" dynamic has introduced an aspect of mobility that could further accelerate housing trends with additional support from record low mortgage rates.

Franco-Nevada Corporation (FNV - $139.64 – NYSE) is a leading gold-focused royalty and streaming company that benefits from the continued rise in gold prices and the expectation for this to continue. In addition to the rise in gold prices, the company has nice organic growth projects with the Cobre Panama mine now operational and the addition of high-quality oil and gas royalties. The company is well positioned with a debt-free balance sheet and plenty of liquidity for potential accretive M&A activity.

The three largest detractors in the quarter were:

CenterState Bank Corporation/South State Corporation (SSB - $47.66 - NASDAQ) is one of the leading community banks in the Southeastern United States. The merger of CenterState Bank of Florida into South State Bank of South Carolina brings together two banks with a good record of building a bank on solid deposit growth and disciplined credit management. Stocks of banks undergoing mergers of equals often lag their peers until the merger is completed and that did not occur for this bank until very late in the quarter.

Black Hills Corporation (BKH - $56.66 – NYSE) is a utility headquartered in Rapid City, SD. The company reported a difficult quarter, missing consensus expectations mostly due to warmer than anticipated weather and to a lesser extent due to COVID impacts. However, management lowered full-year guidance to incorporate additional potential impacts stemming from COVID. It is unknown if these impacts will materialize but conservatism of management is welcomed during this uncertain time. Overall, we view utilities in general as attractive given the regulated aspect of the business especially in this “lower for longer” interest rate environment.

GrafTech International Ltd. (EAF - $7.98 – NYSE) is a leading manufacturer of graphite electrodes used in electric arc furnaces to produce steel. Significant COVID challenges are putting pressure on the global steel industry that was on shaky ground prior to this pandemic. As such, end customers are having a rough time with some on the brink of bankruptcy. GrafTech remained profitable despite headwinds but first quarter results missed consensus expectations. Near-term, the company will focus on reducing costs, lowering capital expenditures, and debt reduction. GrafTech continues to be majority–owned by Brookfield Asset Management.

Conclusion

In conclusion, thank you for your investment in the KEELEY Mid Cap Dividend 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 1.20% for Class A Shares and 0.95% 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, 2021 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 6/30/2020)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	-14.67%	-18.52%	-11.81%
5 Year	2.67%	1.73%	3.32%
Since Inception**	10.01%	9.43%	10.70%

Expense Ratio (Gross)**	1.39%
Waiver/Expense Reimbursement**	-0.17%
Expense Ratio (Net)**	1.22%

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)
June 30, 2020

Name	Weight (%)	Name	Weight (%)
FMC Corporation	2.41%	Agilent Technologies, Inc.	1.98%
Brunswick Corporation	2.27%	Franco-Nevada Corporation	1.96%
BWX Technologies, Inc.	2.13%	NRG Energy, Inc.	1.87%
KB Home	2.09%	Oshkosh Corp	1.85%
STERIS Plc	2.07%	Fortune Brands Home & Security, Inc.	1.82%

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.

Mid Cap Dividend 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. 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. The 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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