Second Quarter 2020 Commentary

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 6/30/2020. 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 March 31, 2020 the KEELEY Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share rose 24.96% compared with a 20.60% gain for the Russell 2500 Value Index. For the year-to-date, the Fund is now down 25.73% compared with a 21.18% fall for the benchmark.

Commentary

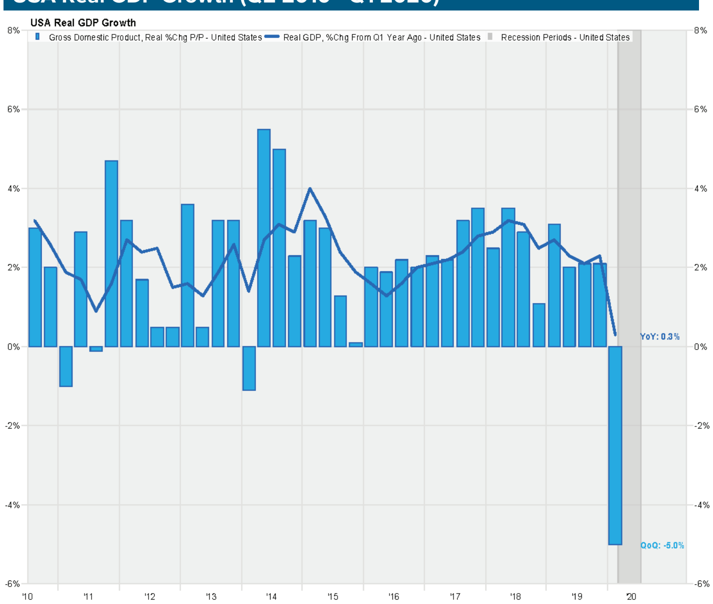
Following the steep correction of the first quarter, the market rebounded dramatically in the second quarter. At June quarter-end, the market was up almost 40% from its March 23rd low. In the first six months of the year, the market, as measured by the S&P 500 Index, made thirteen new all-time highs 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 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 will 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 value stocks sell at significant discounts to the overall market and that the Keeley Small-Mid Cap Value Fund is well positioned to outperform in the years ahead.

Portfolio Review

We are encouraged by the rebound in the Fund's performance in the second quarter. Several of the stocks that contributed to the first quarter's disappointing results were strong contributors in the second quarter which confirms our confidence in these companies' outlooks.

Stock election drove results this quarter. On the positive side, underweights in Financials and REITs helped results. Offsetting this were an underweight in Health Care, an overweight in Utilities, and the Fund's small cash holdings.

When we look at the impact from Stock selection, we find that the Fund gained performance in five sectors, lagged in one, and was about even in the remaining five (although more biased to the positive). The strongest sectors were Financials, Industrials, Utilities, and Real Estate, while Health Care was the only sector that meaningfully detracted from results.

- The Fund's Financials holdings outperformed both the Russell 2500 Value Index and the Financials stocks within the benchmark. Financials generally failed to keep up with the strong market. Several stocks contributed to the strength with the best performer being BrightSphere Investment Group (BSIG). The asset management holding company bounced back with the market, but also benefitted from some takeover speculation late in the quarter.

- Industrials was another area of strength in the quarter. In this case, the outperformance was broad-based with nine of the Fund's fourteen holdings up more than 20% in the quarter. Fortune Brands (FBHS), Chart Industries (GTLS), and Altra Industrial Motion (AIMC) were notably strong.

- The Utilities sector was the worst performing sector in the benchmark during Q2, eking out a 1% gain. The Fund's Utilities holdings fared much better, although they still did not keep pace with the strong gain in the overall market. The Fund's best performer in the sector was NRG Energy as its stock responded to good results. The Fund's other three stocks in the sector all were in positive territory and all outperformed the sector.

- Real Estate was another sector which did not keep pace with the overall market, but where the Fund's holdings performed much better than the benchmark's sector holdings. Strong rebounds by the Fund's health care REITs (Sabra, CareTrust) and a few REITs that are sensitive to consumer spending (Lamar Advertising, Gaming and Leisure Properties, Vici Properties) drove the solid results.

- The Fund's shortfall in Health Care was in part due to stocks that the Fund owned such as Invacare, which declined in the quarter. The bigger impact, however, came from what the Fund did not own, namely Biotechnology and Pharmaceuticals. The Fund has generally not invested in these industries, as they are binary, and restructuring opportunities are not numerous.

During the quarter, the Fund added six new positions, eliminated one holding, and one holding was converted due to a merger (CenterState Bank merged with South State Corporation).

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.

Nexstar Media Group (NXST - $83.69 – NASDAQ) is the largest independent owner and operator of broadcast television stations. Due to the coronavirus, local TV stations suffered in the second quarter from significant revenue declines from lower advertising spending. However, shares of Nexstar, which is the nation's largest local broadcaster, appreciated in Q2 as investors looked ahead from the current weak advertising environment, and as management guided to much stronger sequential ad placings in the third quarter. In particular, in a quadrennial presidential election year, investors found themselves enthused about more political ad spending being deployed in the year's third and fourth quarters, especially with the pandemic limiting in-person events like political conventions and rallies. Also, Nexstar benefited from the gradual economic reopening and investors' expectations of rebounding non-political ad dollars, as well as from strong viewership of its station's newscasts.

Copart, Inc. (CPRT - $83.27 – NASDAQ) is the global leader in online vehicle auctions. Like most firms, online auto auction provider and vehicle remarketer Copart was affected by COVID-19, as it experienced lower processed vehicle volumes from lower car accident volumes. However, Copart shares rebounded in the second quarter, as the company posted a better-than-expected sales number for its fiscal quarter ending in April. Shares also rallied as North America began to reopen throughout Q2. That resulted in an increase in auto miles driven, which in turn led to greater vehicle volumes.

The three largest detractors in the quarter were:

Invacare Corporation (IVC - $6.37 – NYSE) is a leading maker of medical products to enable disabled people to recover and to live an active life. Although Invacare showed some continued improvement during the second quarter in its efforts to enhance profitability, the company nonetheless struggled as investors questioned the impact of COVID-19 on Invacare. Shares were pressured over the risks that Invacare faces from the potential impact of social distancing on the company's seating and mobility businesses. Specifically, with many clinics and healthcare facilities either closed or offering just limited access to non-COVID-19 patients, Invacare was hampered in its ability to provide fittings and trials of its configured products. Also, Invacare's suppliers faced pandemic-related challenges during the second quarter that placed a ceiling on the company's ability to supply its own customers.

CenterState Bank Corporation/South State Bank (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.

Houghton Mifflin Harcourt Company (HMHC - $1.81 – NASDAQ) develops, markets and sells textbooks and other instructional material for K-12 schools. Although Houghton's shares lost more than two-thirds of their value during the first quarter of 2020, the stock did not participate in the second-quarter U.S. equity rebound, finishing down 3.7% in Q2. The company had posted good performance in 2019, but early in 2020 guided to disappointing billings guidance. Then, in the second quarter, the pandemic wreaked havoc not just on the broader economy but also on investors' perceptions of upcoming state education spending on instructional materials. While no major delays have been announced, the market has remained skeptical about certain states' adoptions of textbooks as planned. Houghton Mifflin Harcourt management has continued to maintain that the company is in a position to provide instructional materials to educators, whether in textbook form or virtually.

Conclusion

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

KEELEY Funds

Small-Mid Cap 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 1.39% 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, 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)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	-17.83%	-21.54%	-15.50%
5 Year	0.06%	-0.86%	1.85%
10 Year	8.77%	8.27%	8.81%
Since Inception**	4.80%	4.42%	5.30%

Expense Ratio (Gross)**	1.53%
Waiver/Expense Reimbursement**	-0.13%
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)
June 30, 2020

Name	Weight (%)	Name	Weight (%)
Copart, Inc.	3.50%	WEX Inc.	2.31%
ESCO Technologies Inc.	3.11%	Equitable Holdings, Inc.	2.31%
KBR, Inc.	2.81%	NRG Energy, Inc.	2.29%
Nexstar Media Group, Inc. Class A	2.68%	Fortune Brands Home & Security, Inc.	2.26%
John Bean Technologies Corporation	2.40%	Air Lease Corporation Class A	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. Prior to September 30, 2016, holdings returns were based upon price percentage change.

Small-Mid 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 Dividend Value Fund and KEELEY Mid Cap Dividend Value Fund are distributed by G.distributors, LLC.

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