Third Quarter 2020 Commentary

Small Cap Dividend Value Fund

KEELEY Funds

To Our Shareholders,

For the quarter ended September 30, 2020, the KEELEY Small Cap Dividend Value Fund's net asset value ("NAV") per Class A share fell -0.86% versus a 2.56% gain for the Russell 2000 Value Index. For the year-to-date, the Fund is down -21.69% compared with a -21.54% decline for the benchmark.

Commentary

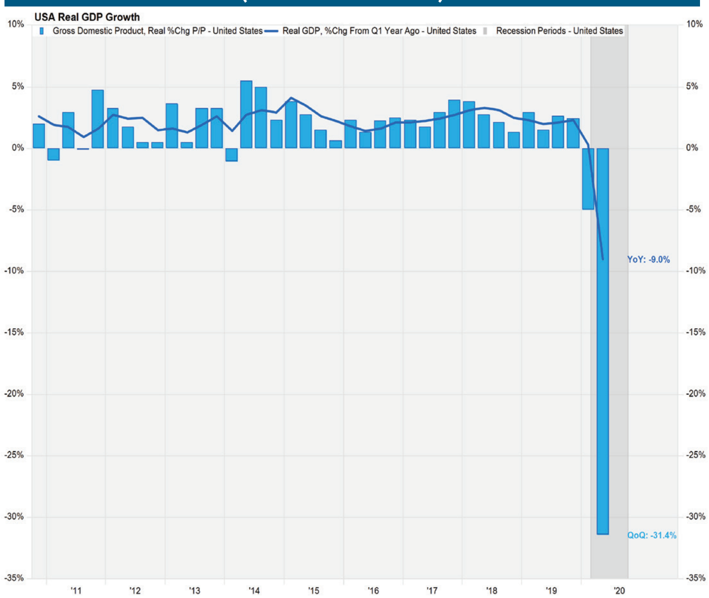
The market continued its recovery in the third quarter in tandem with the economy. It should not be a big surprise that the economy rebounded sharply given that the second quarter fall was so severe and the reason for the decline was transient. Second quarter GDP declined at a staggering 31.4% annualized rate, the worst ever. The good news is that the Atlanta Fed's latest GDPNow reading is for third quarter GDP to increase at a 35.3% seasonally adjusted annualized rate, an impressive snap-back.

Market Performance

As of September 30, 2020	3 Months	Year-to-Date	1-Year
S&P 500 Index	8.9%	5.6%	15.1%
Russell 3000 Value Index	5.4%	-12.2%	-5.7%
Russell 3000 Index	9.2%	5.4%	15.0%
Russell 2500 Value Index	3.5%	-18.4%	-12.6%
Russell Midcap Value Index	6.4%	-12.8%	-7.3%
Russell 2000 Index	4.9%	-8.7%	0.4%
Russell 2000 Value Index	2.6%	-21.5%	-14.9%
Bloomberg Barclays Agg. Bond Index	0.6%	6.8%	7.0%

Source: eVestment.

USA Real GDP Growth (Q3 2010 - Q2 2020)



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

We see confirmation of this recovery in a wide variety of economic statistics: The unemployment rate rose to 14.7% in April but has since receded each month since to September's 7.9% reading. Industrial Production fell 16.5% in April, but only 7.7% in August. The ISM (Institute of Supply Management) Index plunged to 41.5 in April but bounced to 55.4 in the September report. The positive data points include Consumer Confidence, Retail Sales, Trade, and other measures. The most interesting data point is Home Sales, which are actually above pre-COVID levels. The stock market has shown an equally impressive rebound. Using the Russell 3000 Index as the benchmark, the market fell 35% between its peak on February 19 and its trough on March 23. It then staged a 54% rally to make a new high on August 21 and closed the quarter a little lower than that, but still up 53% from the lows.

The gains in the market have been

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 9/30/20. 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 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.

driven by an increasingly narrow set of mega cap growth stocks. Because of their weight in the indices, they drive the overall performance of the Index. Most stocks, however, have been left behind. As of the end of the third quarter, 70% of the stocks in the Russell 3000 Index remained below their February highs and 45% of them were at least 20% below those levels. If we take this analysis a little further, 80% of the stocks in the Russell 2000 Value Index have not regained their February price level and 58% are down more than 20%. At the other end of the spectrum, only 37% of Russell Top 200 Growth stocks are below the February level and only 4% are down more than 20%. This has widened the valuation spread between the returns of large cap stocks and those of small cap stocks as well as between growth stocks and value stocks. Through the first three quarters, the spread between growth and value has been a mid-twenties percentage for small caps and mid-caps and almost 38% for large caps! This valuation gap is a rare historical occurrence though the performance spread between growth and value for small caps and midcaps in 1999 was 45% and 51%, respectively.

The other interesting aspect of this downturn and recovery has been the underperformance of dividend-paying stocks, even within the value indices. Whereas historically dividend-paying stocks performed much better than non-dividend-paying stocks during downturns and lagged a little during recoveries, this year they have lagged by a fair amount in the second and third quarter.

The underperformance of small caps vs. large caps, value vs. growth, and dividend-payers vs. non-dividend-payers has made dividend-paying stocks, particularly small cap and mid cap dividend-paying stocks exceptionally attractive from an income generation standpoint. The aggressive actions by the Fed to lower short-term interest rates dragged down longer-term rates as well. The yield on the ten-year treasury remains well below one percent and near historic lows. The Russell Top 200 yield/10-year Treasury yield has risen to 235% at the end of the third quarter compared to 91% at year-end. While equities have yielded more than treasuries before, this condition is unusual as it has only happened in about 11% of months since 1978. Almost all of these months were between 1998 and 2001.

Even more unusual is the relationship between the yield on small cap stocks and large cap stocks. The yield on small caps has been higher than that of large caps since June and at the end of September, the yield on the Russell 2000 Index was 1.64% vs. 1.62% for the Russell Top 200. That has only happened in about 8% of months since 1978. The combination of higher equity yields and higher small cap yields has never happened before June of this year.

If we compare the yields on dividend-paying stocks, the income advantage increases. The average yield on dividend-paying stocks in the Russell Top 200 is now 2.63% whereas the average yield on the dividend-paying stocks in the Russell 2000 Index is an impressive 3.72%. Dividend-paying equities are very attractive from a yield perspective and we are now witnessing early stages of a rotation back to undervalued equities which should provide strong tailwinds for our portfolios going forward. While the 2020 and 2021 macro outlooks are diminished, the longer-term prospects for many of our companies remain attractive. It is our job to conduct fundamental bottom up research and invest in these best of breed companies selling at discounts to their intrinsic value.

Portfolio Results

While the third quarter posted challenges, we are optimistic going forward given the attractive values within our investment universe. Dividend-paying stocks continue to lag non-dividend-paying stocks which made it difficult for the Fund to outperform. In the third quarter, we estimate that the dividend payers in the Russell 2000 Value Index returned a negative 1.5% compared with the 2.6% for the overall benchmark and 6.8% for the non-dividend-paying stocks in the Index. Some slight overweights and underweights relative to the benchmark added to the problems, and stock selection detracted as well.

Slight underweights in the Industrials and Consumer Discretionary sectors and a slight overweight in the Utilities sector detracted from performance. Weak relative performance from the Fund's holdings in the Industrials, Consumer Discretionary, Energy, and Materials sectors offset good results in Health Care and Real Estate.

• While the Health Care sector was one of the stronger sectors in the benchmark, the Fund's holdings outpaced the sector. This was mostly due to a strong gain in Ensign Group which was the Fund's largest contributor in the quarter and which we will discuss further below.

• While the Fund's Real Estate holdings delivered a positive total return, those in the benchmark declined. The Fund's success was largely due to double-digit gains in National Storage Affiliates and PotlatchDeltic, which tend to be a little more economically sensitive than most Real Estate Investment Trusts.

• The Industrial sector was the Fund's biggest detractor as a slight underweight and some disappointing stocks led to a performance shortfall in one of the better sectors in the quarter. Only two of the Fund's nine holdings outperformed the sector, but most of the weakness came from Health Care Services Group and Covanta despite both companies reporting better than expected second quarter earnings.

• While the Fund's Consumer Discretionary holdings generated a 14% total return in the quarter, they did not keep pace with the 21% gain for the sector in the Index. The only real disappointment in the Fund's holdings was Winnebago which was the Fund's biggest detractor in the quarter and is discussed below. Interestingly, four of the Fund's seven holdings were up more than 20%. This included Kontoor Brands and Culp which were two of the biggest contributors and are discussed below.

• Energy was the worst-performing sector in the Index and the Fund's holdings underperformed. Declines in the share prices of Delek (discussed below), Texas Pacific Land, and Parsley Energy accounted for the disappointing results. All three operate in the Permian Basin and suffered from uneven pricing in that area.

• The Fund's results in the Materials sector were a "tale of two cities." While Compass Minerals and Olin performed well, weakness in Kaiser Aluminum and Mercer International offset these gains. Kaiser suffered from continued weakness in aerospace while Mercer has a good deal of exposure to exports to China.

During the quarter the Fund did not add any new positions and eliminated only one.

Let's Talk Stocks

The top three contributors in the quarter were:

Ensign Group (ENSG - $57.06 – NASDAQ) is a provider of healthcare services in the skilled nursing and senior housing markets. Ensign reported a very strong quarter handily beating consensus estimates in an operating environment made more difficult by the COVID-19 pandemic. Importantly, the company contained the spread of the disease across most of its facilities putting Ensign's operating model towards the top of the pack. Acquisition activity slowed in the quarter, but pandemic-related issues could accelerate this activity. Underlying trends remain very strong allowing management to raise guidance above pre-pandemic levels.

Kontoor Brands (KTB - $24.20 – NYSE) is the second-largest manufacturer in the global jeans market, with its portfolio largely consisting of the Wrangler and Lee brands. Kontoor's shares lagged the broader market earlier this year, but they rebounded nicely in the third quarter as the company and its primary competitor both saw trends improve. In addition, Kontoor's significant launch of Lee in 2,000 Wal-Mart stores has been tracking very well. More broadly, as the pandemic has dragged on, consumers have continued their shift toward wearing more **casual**

apparel. That trend initially had benefited athleisure brands, but it's increasingly turning out to be a plus for jeans manufacturers as well. Finally, Kontoor is due to reinstate its dividend during the fourth quarter.

Culp, Inc. (CULP - $12.42 – NYSE) is a leading manufacturer of mattress and upholstery fabrics. Culp reported better than expected results this quarter as the mattress fabrics segment approached pre-pandemic levels by quarter-end. Management stated on its earnings call that trends heading into the second half of the year were encouraging. Additionally, the company is well positioned to capitalize on improved housing activity, which could lead to improved mattress and furniture sales and overall improving economic conditions. The cash-rich balance sheet provides flexibility and support for this anticipated growth.

The three largest detractors in the quarter were:

Winnebago (WGO - $51.67 - NYSE) a leading recreational vehicle (RV) manufacturer seeing a resurgence of the "RV lifestyle" driven by pandemic related shutdowns and overall health and safety fears making the great outdoors appealing. However, this quarter reversed some of last quarter's very strong performance as the market digested the strong improvement in backlog that the company reported at the end of June as some investors start to question the sustainability of this recent spike in underlying demand. We believe that these trends do remain very favorable over the near-term and that this demand should translate into higher backlog and improving profitability. Heading into this year, Winnebago increased its market share in the towable segment, and we see no reason for that to slow down. We believe Winnebago is well-positioned to capitalize during this current environment.

Delek US Holdings (DK - $11.13 – NYSE) owns and operates four refineries in TX, LA and AR and 250 retail gas stations in several Southern states as well as partnership interests in several midstream pipeline projects. The quarter was extremely challenging with a collapse in oil prices having a severe impact on refining profitability at a time when the company was investing in its midstream projects. This had a negative impact on earnings and free cash flow. A recent announcement by the governor of California which set a 2035 deadline for essentially banning internal combustion engine vehicles also did not help sentiment for the group. In response, Delek is aggressively reducing costs and has made moves to simplify its structure.

South Jersey Industries (SJI - $19.27 – NYSE) is a utility holding company that operates a gas Utility in Southern New Jersey as well as providing Wholesale Energy Marketing and Fuel Management services. The stock has been under pressure the past couple of quarters along with the overall Utility sector. There are fears that COVID-19 will negatively impact demand along with changing investor sentiment. However, the company reported solid results over the past couple of quarters along and reaffirmed its full-year earnings expectations. We attribute some of the weakness to its partial ownership of the proposed PennEast pipeline. This is a partially constructed pipeline where the viability of its completion is in doubt as a result of the litigation-related cancellation of another pipeline project. Until it is resolved, this issue could remain an overhang. In addition, we would have expected the Utility sector to perform better in this low-rate environment given the regulated nature of the business and very attractive dividend yields. We continue to like South Jersey's attractive valuation (13x 2020 estimate of $1.53) and dividend yield of 5.9%.

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.

October 14, 2020

KEELEY Funds

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, 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 9/30/2020)

	KSDVX No Load	KSDVX Load	Russell 2000 Value
1 Year	-17.35%	-21.08%	-14.88%
5 Year	2.69%	1.74%	4.11%
10 Year	6.66%	6.16%	7.10%
Since Inception**	7.67%	7.22%	8.01%
Expense Ratio (Gross)**		1.60%	
Waiver/Expense Reimbursement**		-0.16%	
Expense Ratio (Net)**		1.44%	

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, 2020

Name	Weight (%)	Name	Weight (%)
Atlantica Sustainable Infrastructure plc	3.24%	Chemed Corporation	2.45%
Ensign Group, Inc.	3.10%	Nexstar Media Group, Inc. Class A	2.43%
BrightSphere Investment Group, Inc.	2.76%	Compass Minerals International, Inc.	2.29%
Primoris Services Corporation	2.59%	TTEC Holdings, Inc.	2.10%
KBR, Inc.	2.50%	Primo Water Corporation	2.08%

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

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

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