Second Quarter 2022 Commentary

KEELEY Funds

Small-Mid Cap Value Fund

Important Risk Information

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 6/30/2022. 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 June 30, 2022, the Keeley Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share declined 14.6% compared with a 15.4% fall in the Russell 2500 Value Index. For the year-to-date, the Fund has declined 18.8%, a little more than the 16.7% fall in the benchmark.

Commentary

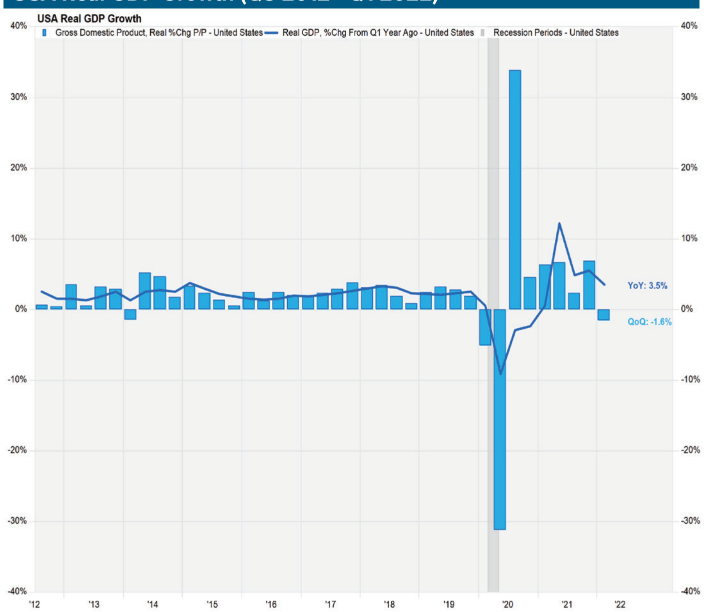
By now, everyone has seen the comment that the stock market experienced its worst first half of the year since 1970 with the S&P 500 losing 20%. Unfortunately, it had a lot of company. Bonds, as measured by the Bloomberg US Aggregate, were down nearly 12%. Investors using the "standard" 60%/40% allocation suffered their worst six months since at least 1975. And the declines were not limited to financial assets. Gold, which one would have thought would do well considering the level of inflation, was down about 1%. Losses in non-precious metals were steeper. Agricultural commodities rose during the first half, but most fell sharply in the second quarter. Even that non-correlated, inflation-hedge bitcoin fell. (We hope it is clear we are kidding about the non-correlated inflation-hedge characterization. And it was down more than 60%!) About the only things to rise in the quarter were fossil fuels and the dollar.

Market Performance

As of June 30, 2022	3 Months	YTD	1-Year
S&P 500 Index	-16.1%	-20.0%	-10.6%
Russell 3000 Value Index	-12.4%	-13.1%	-7.5%
Russell 3000 Index	-16.7%	-21.1%	-13.9%
Russell 2500 Value Index	-15.4%	-16.7%	-13.2%
Russell Midcap Value Index	-14.7%	-16.2%	-10.0%
Russell 2000 Index	-17.2%	-23.4%	-25.5%
Russell 2000 Value Index	-15.3%	-17.3%	-16.3%
Bloomberg Barclays Agg. Bond Index	-4.7%	-10.3%	-10.3%

Source: eVestment.

USA Real GDP Growth (Q3 2012 - Q1 2022)



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

It is not hard to trace the source of investor concerns. The inflationary pressures that have been building for the last couple of years finally showed up in the price indexes. At this time last year, inflation rates of around five percent were being dismissed as transitory. With the pace having picked up to over eight percent this year, the Fed is taking aggressive action to bring price inflation under control. It has already lifted its target rate three times this year, to 1.50%-1.75% from 0.00%-0.25% at the beginning of the year and has signaled that more is to come so that we may end up at 3.25%-3.50% by year-end.

This presents several problems for investors. For bond investors, it is a clear negative as prices are inversely related to interest rates. With rates as low as they were, the change had a far bigger impact than any had experienced in a long time. For stock investors, higher rates create two headwinds. First, interest rates are one input into the multiple one is willing to pay for a company's earnings and cash flow. Higher rates should translate into lower multiples. This is particularly the case for companies with more distant earnings streams and is probably why growth stocks and stock prices of unprofitable companies have fared so poorly this year.

The second problem comes from the fact that the Fed has begun to take steps to cool the economy at a time when evidence has mounted that growth is already starting to slow. First quarter GDP growth was negative and the Atlanta Fed's GDPNow index forecasts negative two percent growth in the second quarter. Full-year consensus estimates for real GDP growth have declined to 2.5% from 3.4% at the beginning of the year.

Until recently, falling expectations for real GDP growth had not impacted consensus earnings forecasts as they rose steadily through the first six months. The forward P/E multiple on the S&P 500 has fallen from 21.5x at the beginning of the year to 15.9x at the end of the second quarter. This is close to the average it has traded at since 1999. Multiples for other indexes look relatively more attractive. The Russell 2000, for example, trades at 16.9x, down from 23.5x at the beginning of the year and well below its average since 1999 of 20.6x. The Russell 2000 Value has fallen from 16.0x, which is its long-term average, to 13.4x. As a result of these moves, we would say that the S&P 500 have become more attractive from a valuation standpoint, but smaller companies and value stocks remain more attractive.

The good thing about severe drops in the market like what we have seen over the first six months of the year is that they are unusual. The S&P 500's first half decline of 20% is not only the worst first half for the index since 1970, but also in the bottom two percent of rolling six month returns for it over that period. There are only nine six-month periods since 1970 where the S&P 500 fell more than 20%.

The other positive about this kind of drop is that it has historically presented a good buying opportunity. In eight of the nine previous 20%+ six-month declines, the index was up over the next six months, and it was up in all nine one year later. The average returns were 17% and 32% in the next six and twelve months. Of note, six of the nine observations happened between October 2008 and March 2009. If you had bought after the October datapoint, you would have seen a further 25%-30% decline, before the recovery started in March 2009. Also, of particular interest to us is that small caps generally outperformed during these recoveries.

If we exclude the COVID-induced March 2020 market correction and look at the two big bear markets since 2000, we note significant differences. In 2000-2003, we saw a relatively modest decline in profits combined with a very large decline in valuations. In 2008-2009, we saw a smaller decline in valuations combined with a very large decline in earnings. Neither earnings nor valuations look so stretched as to set up for a large decline. Furthermore, much of the decline we might expect in multiples may have happened already.

We also understand that high inflation, rising rates, war in Europe, and a pending election in the US all create uncertainty. A decline in stock prices generally reduces the risk of the asset class so we come away from the first half cautiously optimistic about what the second half will bring for the markets.

Portfolio Results

Solid relative performance in the second quarter recouped some of the first quarter's underperformance. It was even more encouraging that it happened during a quarter the market was down. Historically, the Fund struggled in challenging markets. Both Sector Allocation and Stock Selection contributed to the positive relative performance. Within Sector Allocation, the Fund benefitted from a slight overweight in Energy and a slight underweight in Materials. The Stock Selection impact came from positive results in Materials, Technology, and

Energy, partly offset by lower than benchmark returns in Financials, Health Care, and Consumer Discretionary.

- Materials was the second worst performing sector, but the Fund's holdings held up better than those of the index. A gain in the shares of Ashland Global accounted for most of the outperformance, but more modest losses in Valvoline and Kaiser Aluminum offset weakness in Summit Materials as well.

- Technology was a mixed bag in the second quarter, but in aggregate, the Fund's holdings outperformed. Performance benefitted from announced acquisitions of CDK Global (by entities associated with Brookfield Asset Management) and Black Knight (a cash and stock deal with the Intercontinental Exchange (ICE)). Elsewhere, we saw solid earnings results at most of the companies with the exception of Cognyte, which continues to struggle to find its footing post its spin from Verint Systems.

- Energy ended up as the third-best performing sector within the Russell 2500 Value index but saw a great deal of intra-quarter volatility with strength in the first two months and weakness at the tail end. Two stocks (International Seaways and Texas Pacific Land, both covered later in this update) accounted for the lion's share of the outperformance as they advanced during the quarter. These gains offset steeper losses in service companies ChampionX and TechnipFMC and E&P company Oasis Petroleum (now Chord Energy).

- After being one of the few bright spots last quarter, Financials were the biggest detractor in the second quarter. One of last quarter's biggest winners, Virtu Financial, became one of this quarter's biggest losers as trading volumes ebbed. In addition, a couple banks (Synovus and PacWest) and recent spin-off PROG Holdings showed some price weakness. The first two reported solid results while the third preannounced a disappointing second quarter in the middle of June.

- We have seen a lot of restructuring activity in the Health Care sector over the last year. While we believe it will ultimately create shareholder value, it did not this quarter. The biggest problem, and which accounted for more than all of the sector performance shortfall was in Bausch Health Companies. We discuss this stock later in this report. Aside from that one, the sector housed Perrigo, which rose in the quarter after a couple of difficult reports. The other stocks in the sector were a mixed bag.

- The Consumer Discretionary sector saw a wide dispersion of returns in the portfolio. On the positive side, Penske Automotive generated a double-digit gain in the quarter. Unfortunately, this was more than offset by steep drops in Victoria's Secret and Bath & Body Works. Ironically, these two companies used to be one company (L Brands) until last year's spin-off of Victoria's Secret. Their declines largely mirrored what we saw in many other retail stocks, although they were a little worse.

During the quarter, we added two new positions to the Fund, got another as part of a spin-off, and sold seven holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

International Seaways (INSW - $21.20 – NYSE) is a shipping company focused on crude and product tankers worldwide. International Seaways started to see a positive inflection point in crude shipping rates which should continue to drive improved fundamentals. The company continues to be active on managing its ship portfolio selling one Handy vessel for $24 million and recycling two older Panamax vessels. Early in the quarter, International Seaways disclosed that billionaire John Fredriksen's investment vehicle Famatown Finance accumulated a 16% stake, which sparked speculation. Additionally, the company announced a 50% increase to the dividend, which is the first increase to the dividend since the 2020 initiation.

Lamb Weston Holdings (LW - $71.46 – NYSE) produces and distributes value-added frozen potato products, most notably French fries, to a variety of customers, including quick-service restaurants, sit-down restaurants, and foodservice operators. During the second quarter, Lamb Weston shares rallied nicely as weather trends emerged that bode well for this year's potato crop. As the growing season has progressed, investors have gained more confidence in a good potato crop and thus a recovery in Lamb Weston's gross margin in the coming year. This is a marked change from last year, when unusually hot weather produced a weaker-than-expected potato crop and resulted in margin and earnings pressure for the company.

Texas Pacific Land Corporation (TPL - $1,488.02 — NYSE) owns 880,000 acres of land and mineral rights in West Texas. It leases this acreage and provides water management services to oil & gas companies operating in the Permian Basin. It was a busy quarter for TPL as it reported strong first quarter results driven by a sharp increase in sourced water sales. The company also declared a special dividend of $20 per share in addition to its $2.75 per share base dividend. Toward the end of the quarter, Texas Pacific also announced an alliance to develop bitcoin mining using previously flared natural gas on its West Texas acreage.

The three largest detractors in the quarter were:

Bausch Health Companies (BHC - $8.36 – NYSE) is a pharmaceutical firm that develops, makes and markets generic and branded pharmaceutical drugs. As a company, Bausch Health shrank during the second quarter of 2022, as it spun off its Bausch + Lomb (BLCO) eye-care unit. The company also reported a messy first-quarter earnings release and guided full-year profits down a little, due to foreign exchange and inflation. In addition, shares also were pressured by Bausch Health's high debt levels and uncertainty from a lawsuit involving its largest drug that goes off patent in 2028. Investors fear that an adverse ruling in that lawsuit would have a meaningful negative impact on Bausch Health's profits. A ruling is expected later this year.

Victoria's Secret & Company (VSCO - $27.97 - NYSE) is a retailer that sells lingerie, clothing, and beauty items in stores and online. During the second quarter, Victoria's Secret topped analyst expectations in its first-quarter earnings release, and shares rallied. However, that was not enough to overcome a weak retail environment arising from concerns about consumer spending. And at Victoria's Secret in particular, investors have worried about inflation and other macro pressures dampening consumer demand, and about elevated input costs weighing on margins. Further, in meetings with investors in June, management made clear that they are willing to engage in higher promotional activity to retain market share, which would hurt profitability. That would be a departure for Victoria's Secret, which in recent periods has avoided elevated promotions.

OUTFRONT Media (OUT - $16.95 – 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. OUTFRONT continues to report improving performance as billboard and transit advertising rebound from COVID constraints and its business shifts from static to digital displays. The quarter was quite impressive with sales growth of 44%. Despite the strong quarter, OUTFRONT was one of our worst performers, declining almost 40%. The reason for this decline is a fear of a potential collapse in advertising spending and negative impacts from a potential recession that intensified after Snap Inc.'s (SNAP) surprise disclosure that revenue and profit will be lower than expected.

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.

July 12, 2022

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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, 2023 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 6/30/2022)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	-16.38%	-20.16%	-13.19%
5 Year	4.44%	3.49%	5.54%
10 Year	8.62%	8.12%	9.54%
Since Inception**	6.45%	6.12%	7.05%

Expense Ratio (Gross)**	1.67%
Waiver/Expense Reimbursement**	-0.24%
Expense Ratio (Net)**	1.43%

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, 2022

Name	Weight (%)	Name	Weight (%)
Organon & Co.	2.41%	Perrigo Co. Plc	1.88%
International Seaways, Inc.	2.11%	Enact Holdings Inc	1.85%
Equitable Holdings, Inc.	2.09%	nVent Electric plc	1.83%
WEX Inc.	1.99%	Popular, Inc.	1.81%
Chesapeake Energy Corporation	1.91%	NRG Energy, Inc.	1.80%

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.

KEELEY Funds

Small-Mid Cap 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. 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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