Third Quarter 2022 Commentary

Small-Mid Cap Value Fund

KEELEY Funds

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 9/30/2022. 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 September 30, 2022, the Keeley Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share declined 5.2% compared with a 4.5% fall in the Russell 2500 Value Index. For the year-to-date, the Fund has declined 23.0%, a little more than the 20.4% fall in the benchmark.

Commentary

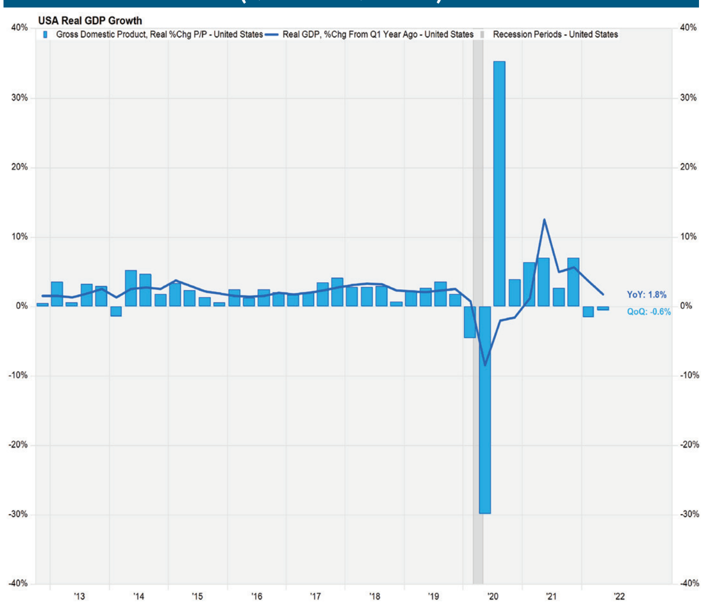
After a very strong start, the market rolled over in August and fell further in September to end down for the quarter. At the end of the quarter, the market was testing the June lows. During the quarter, stocks declined less than bonds, small caps outperformed large caps, stocks of unprofitable companies did better than companies that make money, and non-dividend-payers outperformed dividend payers. Within the fixed income markets, high yield bonds outperformed Treasuries. In all these cases, riskier assets outperformed less risky assets.

Market Performance

As of September 30, 2022	3 Months	YTD	1-Year
S&P 500 Index	-4.9%	-23.9%	-15.5%
Russell 3000 Value Index	-5.6%	-18.0%	-11.8%
Russell 3000 Index	-4.5%	-24.6%	-17.6%
Russell 2500 Value Index	-4.5%	-20.4%	-15.4%
Russell Midcap Value Index	-4.9%	-20.4%	-13.6%
Russell 2000 Index	-2.2%	-25.1%	-23.5%
Russell 2000 Value Index	-4.6%	-21.1%	-17.7%
Bloomberg Barclays Agg. Bond Index	-4.8%	-14.6%	-14.6%

Source: eVestment.

USA Real GDP Growth (Q4 2012 - Q2 2022)



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

According to the Federal Reserve Board's Summary of Economic Projections the governors expect the Fed Funds rate to end between 4.25% and 4.50% this year and 4.50% and 4.75% next year. While there are a lot of paths to get there, the Fed has been aggressive in boosting rates in 75bps increments thus far. If they stay on this path, we should expect a couple more hikes this year of similar size and maybe a little more next year. The goal of this rate hiking program is to slow demand in order to reduce inflation and prevent inflationary expectations from becoming entrenched.

Unfortunately, many of the current drivers of inflation may not be responsive to monetary policy unless rates move high enough to cause a recession. After all, higher rates don't end the war in Ukraine which might increase the supply of Russian oil and gas. They also do not remove the bottlenecks to the export of grain from Russia and Ukraine which would reduce food inflation. On the positive side, much of the rate of price increase has been driven by these and other transient factors. Even if those factors do not reverse, their impact will eventually work its way through supply chains and later be anniversaried. This should begin to happen early next year. In addition, many commodity prices have begun to retreat. Crude oil was off more than 20% in the third quarter and will be down on a year-over-year basis by the end of January if prices stay at this level. Metals and some agricultural commodities also declined in the third quarter. Finally, job openings have trended lower over the past several months suggesting labor market tightness may be easing. With signs pointing to a slowdown in the economy, it seems increasingly possible to us that the Fed may have to pause its rate increase campaign and assess the impact of increases thus far on the economy and inflation sometime in the first half of next year.

We think that the conditions as they stand today, however, create the potential for better outcomes than we have seen in the past. First, unemployment is very low and job openings are very high. This might mean that employees furloughed from one position can find new jobs quickly. Second, there are few obvious signs of excesses that need to be unwound, unlike during the popping of the Housing Bubble in 2008 or the Internet Bubble in 2000. This leaves the financial system in better condition to support the economy. In addition, household liquidity is still relatively strong.

Through the first nine months, the S&P 500 declined nearly 25%. With forward earnings estimates up slightly, the index's P/E ratio contracted from 21.5x at year-end to 15.2x on September 30. This puts it below the 16.2x average since 1999. While this is not far from the lows in September 2002 (14.7x), it is well above the lows in 2009 (10.7x).

We think conditions look more like the early 2000 bear market, rather than the 2008 financial crisis . At this point, much of the valuation contraction has already occurred. Earnings expectations likely have to come down, but they already have in many sectors. Indeed, if not for commodity-driven upward revisions in Energy sector earnings, estimates for the S&P 500 would be about 5% lower than at the beginning of the year.

More importantly to the small- and mid-cap strategies we manage is that valuations for small caps and mid caps relative to large caps are unusually favorable. The forward P/E ratio for the S&P Small Cap index was 10.4x at quarter end making the relative multiple (S&P Small Cap/S&P 500) only 0.68. This is the lowest it has been since March 2001! Small caps outperformed for years after that time. We believe the outlook for positive returns in stocks is good. While the economy will likely be in worse shape, we think that the outlook for inflation will be better in six months.

Portfolio Results

The Fund lagged its benchmark, the Russell 2500 Value index, slightly during the quarter. When we disaggregate relative performance into its components, Sector Allocation and Stock Selection, we find that the Allocation effect was positive while the Selection effect was negative. The majority of the positive Allocation effect came from the Fund's overweight stance in the Energy market with an underweighting in the Real Estate sector also helping a little. Within Stock Selection, more than all of the relative performance lag was accounted for by the Technology and Health Care sectors. The Fund's holdings in the Industrials and Consumer Staples sectors also declined more than those in the index. The Selection impact was meaningfully positive in the Energy and Real Estate sectors and slightly positive in Consumer Discretionary and Communication Services.

- After a good showing last quarter, the Fund's Technology holdings detracted this quarter. Double-digit declines in TD Synnex, WEX, Vontier, and Verint Systems hurt performance. Interestingly, the first three companies reported good results and raised or reaffirmed guidance in the quarter.

- The Fund's underperformance in Health Care was due in part to what is owned and in part to what it did not own. It did not own biotechnology stocks which were the best performing sub-sector in Health Care. There is not usually much restructuring in that industry. More important was the disappointing performance in Bausch Health, Organon, and ZimVie. Bausch fell as it received some adverse rulings in a patent trial. The other two were among the Fund's biggest detractors and are covered in the Let's Talk Stocks section of this report.

- Interestingly, Industrials was the second best-performing sector within the benchmark in the third quarter. The Fund's holdings declined a little more than the index. While the resuscitated takeover of Nielsen was a bright spot for the Fund, performance was hurt by the performance of recent spin-offs ESAB and GXO. So far, the companies are performing well, but investors worry that both companies' large operations in Europe may drag down results in the future.

- Consumer Staples is a relatively small sector and the Fund holds only four stocks in it. Unfortunately, one of these, Spectrum Brands, saw a steep drop in its share price during the quarter after a divestiture ran into a regulatory snag. As it was the Fund's biggest detractor, Spectrum is discussed further in the next section of this update.

- Energy was the best-performing sector within the benchmark and was the only one in positive territory in the third quarter. The Fund's holdings performed even better and were up nearly 30%. All of the Fund's top three contributors came from the Energy sector and are discussed in the Let's Talk Stocks section of this report. Performance was led by International Seaways, which was the Fund's biggest contributor for the second quarter in a row.

- Real Estate was the worst performing sector within the Russell 2500 Value index. Rising interest rates and the view by some investors that REITs are just a bond proxy seems to have overwhelmed the view that real estate is an inflation hedge, at least in the third quarter. While six of the seven stocks were down in the quarter, only one (Howard Hughes Corporation) declined more than the overall sector in the index.

- This year has been a difficult one for Consumer Discretionary stocks and the sector continued to lag in the third quarter. The Fund's holdings saw a wide dispersion of returns. Rebounds in Bath & Body Works and Victoria's Secret were enough to offset drops in Aaron's and PVH. The former fell on concerns about the health of the lower income consumer while the latter fell on worries about the European consumer.

- Communication Services was the second worst sector in the index as it is where you find media and internet companies in addition to traditional communications companies. The Fund holds only two stocks in this small sector and one of them, Nexstar Media, rose in the quarter leading to outperformance for the Fund in this sector.

During the quarter, we sold five positions out of the Fund.

Let's Talk Stocks

The top three contributors in the quarter were:

International Seaways (INSW - $35.13 – NYSE) is a shipping company focused on crude and product tankers worldwide. The company reported its first profitable quarter since the third quarter of 2020 driven by a recovery in shipping rates from the negative impacts from the pandemic that reduced global oil demand. The current geopolitical backdrop along with the continued conflict between Russia and Ukraine likely provide tailwinds to crude shipping rates globally. In early September, takeover speculation pushed the stock higher when large shareholder Famatown Finance Limited (a company indirectly controlled by the trusts of shipping magnate John Fredriksen) issued a press release stating that Famatown and its representatives presented to the management team of International Seaways and requested the addition of two representatives to the Board of Directors.

Chord Energy Corporation (CHRD - $136.77 – NASDAQ) is an exploration and production company with acreage located in the Williston Basin in North Dakota. The newly formed company is a merger of Oasis Petroleum and Whiting Petroleum. It reported a strong inaugural quarter and a favorable return of free cash flow framework for shareholders. The company will return 75% of free cash flow if its leverage ratio remains below 0.5x and will return 50% of free cash flow if leverage remains below 1.0x. The company expects to return free cash flow to shareholders in the form of base and variable dividends and share repurchases.

TechnipFMC plc (FTI - $8.46 — NYSE) provides equipment used in both offshore and onshore oil & gas development. Several pieces of good news drove the shares higher in the quarter despite weakness in the price of crude oil. Most importantly, the company reported sharp increases in order activity in both its Subsea and Surface segments which serve offshore and onshore applications, respectively. Technip FMC also sold down its remaining stake in Technip Energies, its legacy engineering and construction company that was partially spun off in 2021. This improved its balance sheet. Finally, the company announced a new $400 million share repurchase authorization along with second quarter results.

The three largest detractors in the quarter were:

Spectrum Brands Holdings (SPB - $39.03 – NYSE) is a diversified manufacturer of consumer products operating in four segments including Home & Garden, Global Pet Care, Home & Personal Care, and Hardware & Home Improvement. It sells leading brands such as Cutter bug spray, George Foreman grills, and KwikSet locks. The stock fell sharply after the US Department of Justice sued the company to stop the sale of its Hardware & Home Improvement business to ASSA ABLOY on antitrust grounds. Both Spectrum Brands and ASSA ABLOY have stated that they are committed to closing the deal and will fight this lawsuit in court. A completed deal would substantially reduce debt at Spectrum and likely lead to significant return of capital to shareholders. Should the companies be unsuccessful in litigation, Spectrum would receive a $350 million breakup fee and would likely try to find another buyer.

Organon & Co. (OGN - $23.40 - NYSE) was spun-off by drugmaker Merck & Co. (MRK) as an independent company in 2021. While the company makes drugs focused on a range of areas, it has a special focus on producing drugs devoted to women's health, including contraceptives Nexplanon and NuvaRing. During the third quarter, Organon reported solid and largely uneventful earnings. Its shares were pressured in the quarter by investor fears about impact rising interest rates (floating-rate debt represents about 40% of Organon's debt) and the strong dollar (about 75% of the company's sales come from outside the US) on earnings.

ZimVie Inc. (ZIMV - $9.87 – NASDAQ) develops, manufactures, and markets medical devices and surgical instruments. It was spun-off by Zimmer Biomet (ZBH) in February 2022. The company operates in two markets: spinal surgery solutions and dental implants and related biomaterials. During the third quarter of 2022, ZimVie reported earnings in line with expectations but reduced forward guidance due to foreign currency concerns -- overseas sales are 25% of total revenues -- and due to macroeconomic issues in Europe. The lower guidance pressured shares, and the stocks of medical technology firms did not perform well in the third quarter in general. In addition, the stock may be suffering a little from a lack of Wall Street interest as very few Wall Street analysts have begun following ZimVie. While management suggested on its most recent earnings conference call that its current earnings guidance is conservative, we think ZimVie must provide investors more information about its product pipeline in order to generate more investor enthusiasm.

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.

October 7, 2022

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 9/30/2022)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	-18.80%	-22.45%	-15.35%
5 Year	2.18%	1.25%	3.79%
10 Year	7.06%	6.57%	8.41%
Since Inception**	5.96%	5.64%	6.60%
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)
September 30, 2022

Name	Weight (%)	Name	Weight (%)
Equitable Holdings, Inc.	2.26%	Synovus Financial Corp.	1.91%
International Seaways, Inc.	2.21%	Enact Holdings Inc	1.90%
nVent Electric plc	1.98%	Organon & Co.	1.83%
NRG Energy, Inc.	1.93%	Perrigo Co. Plc	1.82%
Crane Holdings, Co.	1.92%	Popular, Inc.	1.81%

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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