KEELEY Funds

Small-Mid Cap Value Fund

To Our Shareholders,

For the quarter ended December 31, 2022, the Keeley Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share rose 13.1% compared with a 9.2% increase in the Russell 2500 Value Index. The strong fourth quarter absolute and relative performance led the Fund to slightly outperform its benchmark for the full calendar year -12.9% vs. -13.1% for the index.

Commentary

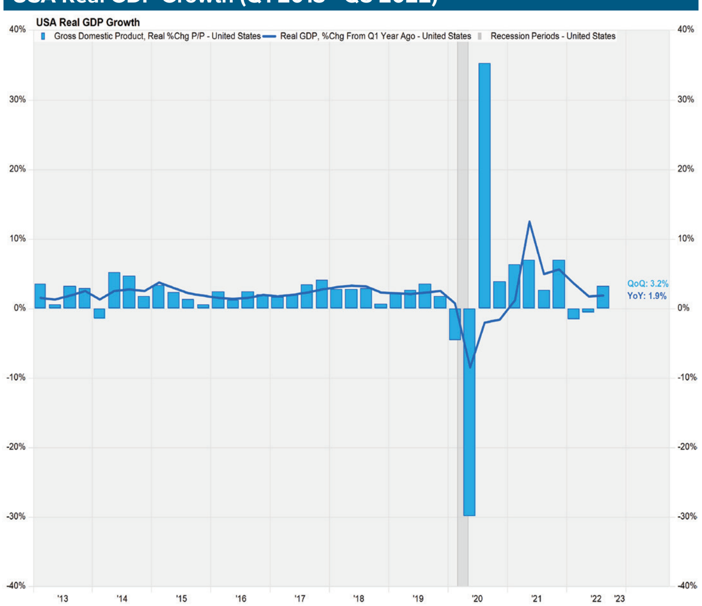
Even with a strong fourth quarter rebound most investors are glad that 2022 is over. The S&P 500 was down 18% and the Russell 2000 fell a little more than 20%. International stocks did a little better as the EAFE declined only 16% in dollar terms. Unlike previous downturns over the last couple decades, bonds did not provide a safe haven as the Bloomberg Aggregate declined 13%. Commodities fared a little better as energy-related commodities were all up, metals were mixed, and agricultural commodities were mostly higher.

Market Performance

As of December 31, 2022	3 Months	1-Year	3-Year
S&P 500 Index	7.6%	-18.1%	7.7%
Russell 3000 Value Index	12.2%	-8.0%	5.9%
Russell 3000 Index	7.2%	-19.2%	7.1%
Russell 2500 Value Index	9.2%	-13.1%	5.2%
Russell Midcap Value Index	10.5%	-12.0%	5.8%
Russell 2000 Index	6.2%	-20.4%	3.1%
Russell 2000 Value Index	8.4%	-14.5%	4.7%
Bloomberg Barclays Agg. Bond Index	1.9%	-13.0%	-2.7%

Source: eVestment.

USA Real GDP Growth (Q1 2013 - Q3 2022)



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

Starting in March, the U.S. Federal Reserve raised the federal funds rate at seven consecutive meetings with a total increase of 4.25%. The stock market fell as interest rates are a key variable in valuing assets and higher rates mean lower values. The multiple on the S&P 500 fell 4.8 points from 21.5x at the beginning of the year to 16.7x at the end. In smaller stocks, the Russell 2000 saw its P/E contract from 23.5 to 19.1. The Russell 2000 Growth index declined 26.4% in 2022 compared with the 14.5% fall in the Russell 2000 Value.

The 400 basis points of increases and nine months of time elapsed since the beginning of the rate raising cycle seem to be starting to impact the inflation numbers. While it is hard to make much of a month or two of data, the year/year rate of core inflation slowed from 6.6% in September to 6.3% in October, and 6.0% in November. The December reading is expected to fall further to 5.7%. These numbers remain well above the Fed's 2% target

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 12/31/2022. 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.

rate, but the trend looks favorable.

Global central banks have embarked on a concerted effort to combat inflation through restrictive monetary policies. As a result, the global stock of negative yielding bonds has dwindled to zero after last month's policy shift by the Bank of Japan. The market value of debt trading at yields below zero approached $18 trillion in late 2020 as central banks slashed rates and launched huge bond buying through massive "quantitative easing" programs in the wake of the COVID-19 pandemic. This past year marked an end to the era of easy money. The shift to monetary tightening remains a major headwind for equity markets in 2023. A rapidly slowing economy and declining inflation could force the Fed to pivot toward monetary easing sooner than expected, a potential catalyst for a rebound in global markets.

Meanwhile, the economy and markets seem well positioned to absorb a slowdown. Stimulus money granted during the pandemic bolstered the balance sheets of individuals and businesses. While much of this has burned off or been absorbed by inflation, people and the companies they work for appear to be in a healthier position. Second, many of the excesses (negative interest rates, SPACs, profitless innovation) created in the bull market leading up to last year's downturn appear to have at least partly unwound already. Finally, valuations appear more reasonable. While large cap stocks trade above their long-term averages, small- and mid-cap stocks trade well below the averages since 1999.

Several factors make us optimistic that the Small-Mid Cap Value Fund can continue to deliver good relative performance in the periods ahead.

- Small caps remain attractive. After several years of underperforming their larger peers, the relative valuation for small caps is attractive. The Russell 2500 trades at 92% of the P/E of the Russell Top 200 index compared to an average since 1999 of 114%. Furthermore, value stocks in the capitalization range appear cheap relative to growth stocks. The current relative P/E is 0.59x compared to a historical average of 0.64x.

- About 57% of the assets of the Fund are invested in companies that were/are engaged in a spin-off transaction. Historically, spin-offs performed very well in the years after the transaction. That has not been the case for the last several years as investors sought simpler stories. With rates up and the willingness to discount out to infinity down, we expect investors to focus on companies with the ability to manufacture earnings growth through internal actions.

- Finally, the characteristics of the Fund are attractive. With a weighted average Price/2023 Earnings (P/FFO for REITs) of only 10.4x, the Fund appears materially cheaper than the 15.0x of its benchmark, the Russell 2500 Value index. Furthermore, ROA and ROE are better for the Fund than the index.

Portfolio Results

Almost all the relative performance came from Stock Selection. We disaggregate relative performance into two factors: Sector Allocation and Stock Selection. In the fourth quarter, Sector Allocation had minimal impact overall and Stock Selection drove the Fund's outperformance.

- Sector Allocation (do the sectors where the Fund is overweight/underweight outperform/underperform?) provided little net impact to relative performance. The slight benefits from an overweight in Energy and an underweight in Technology were offset by small negatives elsewhere.

- Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) drove the

Fund's relative outperformance. Selection added value in seven sectors, detracted in two and was a push in the other two. The largest outperformance came in the Industrials, Consumer Discretionary, Technology, Real Estate, and Consumer Staples sectors. Holdings in the Utilities and Financials sectors detracted from relative performance.

The details for those who want to dig deeper.

- Industrials – The Industrials sector was the third best performing sector in the Russell 2500 Value index and the Fund's holdings performed even better. We saw a very wide distribution of returns within this sector as it included both the Fund's best-performing stock and worst-performing stock. Interestingly, both were involved in acquisitions. Altra Industrial Motion (the top performer) was the target of an acquisition bid while Chart Industries (the biggest detractor) was a buyer. Both companies are discussed in the "Let's Talk Stocks" section of this commentary.

- Consumer Discretionary – This sector ranked as second best for both the index and the Fund, but the Fund's holdings significantly outperformed the sector. Outperformance was broad-based as all eight of the Fund's holdings were up double-digits and seven of the eight outperformed the sector. Retail-oriented stocks PVH, Bath & Body Works, and Victoria's Secret led the gains.

- Technology – Technology was the worst-performing sector in the Russell 2500 Value index which made it easy for the Fund's holdings to outperform. And that they did with performance that even exceeded the overall index. Four of the Fund's six holdings advanced more than 10% in the quarter with particularly strong performance from WEX, Inc.

- Real Estate – The performance of Real Estate stocks lagged the overall market, but the Fund's holdings performed better than the overall market. A strong bounce back by Howard Hughes drove much of the outperformance, but the Fund also benefitted from good gains at Gaming and Leisure Properties and Lamar Advertising.

- Consumer Staples – Consumer Staples ranks as one of the smaller sectors in the index and the Fund holds only four stocks in the sector. Nonetheless, all four stocks advanced in the quarter, three by more than the sector's 11% return. Most of the gains, however, arose from a more than 50% increase in the shares of Spectrum Brands. We discuss this stock later in this report.

- Utilities – The Utilities sector represents only about 4% of the benchmark and the Fund holds only three stocks in the sector. A 15% drop in one of them (NRG Energy) and lackluster returns in the other two led to negative relative performance in the sector for the Fund. We talk about NRG later in this update.

- Financials – The Financials sector failed to keep up with the strong gain in the index and the Fund's holdings lagged the sector. Most of the shortfall came from the decline in the shares of Popular Inc. which we discuss later in this report, but the Fund's other holdings in bank stocks were nothing to write home about either.

During the quarter, we added two new positions and sold five holdings out of the Fund.

Let's Talk Stocks

The top three contributors in the quarter were:

Altra Industrial Motion (AIMC - $59.75 – NASDAQ) is a provider of material handling solutions for a wide variety of industrial customers. On October 27, Altra announced that it agreed to be acquired by Regal Rexnord

Corporation for $62 a share in cash which represented a 54% premium to the prior day's closing price. The deal is expected to close in the first half of 2023.

TechnipFMC plc (FTI - $12.19 - NYSE) is a manufacturer of oilfield equipment for both offshore and onshore applications. When reporting third-quarter results, the company indicated that it expects strong results ahead. Management sees the potential for significant order growth in its subsea segment with total orders expected to approximate $9 billion over the next five quarters compared to $6.7 billion in orders recorded in 2021. The company also expects to hit its long term 15% margin target in its subsea segment prior to its old 2025 target.

Spectrum Brands Holdings (SPB - $60.92 – NYSE) is a diversified manufacturer of various 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. Near the end of the second quarter, the proposed sale of the company's Hardware and Home Improvement business (HHI) to competitor ASSA ABLOY had been blocked by the US DOJ based on antitrust grounds. In early December, ASSA ABLOY announced it would sell its residential hardware business to Fortune Brands. This should be enough to clear regulatory hurdles to acquire HHI. Spectrum Brands plans on using the expected net proceeds of $3.5 billion to reduce its debt which should improve its valuation. To put that number in perspective, Spectrum has debt of $3.1 billion and a market cap of only about $2.6 billion.

The three largest detractors in the quarter were:

Chart Industries (GTLS - $115.23 — NYSE) provides equipment to industrial and energy customers for the purpose of converting gas to liquids. On November 9, the company announced an agreement to acquire Howden, a manufacturer of gas handling equipment, for $4.4 billion in cash and preferred stock. Despite being accretive to earnings, the deal was poorly received by investors. The size of the deal, the quality of the target, and the multiple paid all weighed on investors' assessment of the transaction. In addition, management did not do a good job explaining the need for its departure from its previously successful bolt-on strategy and why Howden was worth more than twice what private equity acquired the company for three years ago. The increase in leverage at a time when the economy looks shakier and financing costs have increased was an additional negative.

NRG Energy (NRG - $31.82 - NYSE) is one of the largest competitive energy retailers in the U.S. serving over five million customers supported by 18 gigawatts of conventional generation. In early December, shares of NRG fell 15% when the company announced the acquisition of Vivint Smart Home (VVNT-NYSE) for $12 per share. Investors did not see the benefits of this deal as the lack of clearly defined growth objectives and the incremental debt associated with the acquisition could negatively impact the attractive capital return policy of the company. While investors generally like Vivint's recurring revenue subscription model, they are not yet sold on the cross-selling opportunities into NRG's legacy utility customer base. Furthermore, investors remain skeptical of the competitive nature of the home security market. Finally, this transaction further complicates an already complicated story as the company diversifies away from its IPP (Independent Power Producer) roots.

Popular Inc. (BPOP - $66.32 – NASDAQ) is a bank holding company comprised of the largest bank on the island of Puerto Rico and some US operations. Its shares fell after the company reported slightly disappointing third quarter earnings and outlined a few headwinds that will impact 2023 results. While rising rates help its interest income, deposit costs are starting to pinch earnings. Furthermore, lower noninterest revenue and rising employment costs will also pressure profitability.

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.

January 10, 2023

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, 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 12/31/2022)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	-12.93%	-16.86%	-13.09%
5 Year	3.60%	2.64%	4.75%
10 Year	7.62%	7.13%	8.93%
Since Inception**	6.71%	6.39%	7.10%

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)
December 31, 2022

Name	Weight (%)	Name	Weight (%)
Organon & Co.	2.20%	Spectrum Brands Holdings, Inc.	1.80%
Equitable Holdings, Inc.	2.14%	Enact Holdings Inc	1.79%
nVent Electric plc	2.09%	TechnipFMC plc	1.76%
WEX Inc.	1.94%	Ensign Group, Inc.	1.76%
Crane Holdings, Co.	1.90%	MDU Resources Group Inc	1.72%

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

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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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