KEELEY Funds
A Gabelli Group Company

Second Quarter 2023 Commentary

Mid Cap Dividend 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 6/30/2023. 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 October 1, 2011.**

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.

To Our Shareholders,

For the quarter ended June 30, 2023, the Keeley Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share rose 3.6% compared to the 3.9% increase in the Russell Mid Cap Value Index. So far this year, the Fund is up 4.5%, slightly behind the 5.2% gain in the benchmark.

Commentary

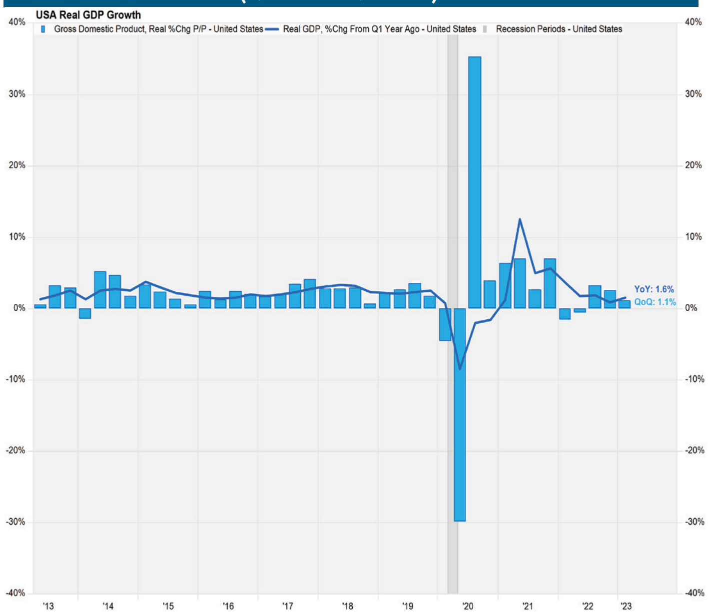
Equities produced solid gains despite rising rates and recessionary fears. In addition, a small group of large cap technology stocks again fueled the rally. Similarities to the first quarter included slowing inflation, falling commodity prices, and reductions in earnings expectations. The most prominent difference was the lack of fear of financial catastrophe in the banking sector, which dominated investor concerns late in the first quarter. In addition, interest rates resumed their upward march after retreating a little last quarter.

Market Performance

As of June 30, 2023	3 Months	Year-to-Date	1-Year
S&P 500 Index	8.7%	16.9%	19.6%
Russell 3000 Value Index	4.0%	5.0%	11.2%
Russell 3000 Index	8.4%	16.2%	19.0%
Russell 2500 Value Index	4.4%	5.8%	10.4%
Russell Midcap Value Index	3.9%	5.2%	10.5%
Russell 2000 Index	5.2%	8.1%	12.3%
Russell 2000 Value Index	3.2%	2.5%	6.0%
Bloomberg Barclays Agg. Bond Index	-0.8%	2.1%	-0.9%

Source: eVestment.

USA Real GDP Growth (Q2 2013 - Q1 2023)



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

While midcap and small-cap stocks produced reasonable gains (double-digits if you annualize it), the real action was in the stocks of the largest companies. The Russell Top 200 Index gained 9.9% in the quarter, more than twice the 4.8% gain of the Russell MidCap Index and nearly twice the Russell 2000's 5.5% return in the quarter. Investors also again favored growth stocks with the growth indexes trouncing the value indexes across all market cap categories. The best-performing size/style combination was the Top 200 Growth index which gained 14.4% in the quarter compared with the 3.2% return from the Russell 2000 Value index. This followed a similar performance in the first quarter.

A narrow list of stocks drove the market in the first half. We estimate that the twenty-five largest stocks in the Russell 3000 accounted for about two-thirds of the year-to-date return, about twice their weight in the benchmark. These twenty-five stocks produced average gains of 28% compared with 7% for the other 2,975 or so companies.

Mid Cap Dividend Value Fund

Since the Fed started raising rates in the first half of 2022, analysts and investors have anticipated a recession and have been reducing earnings expectations. Last year, the market fell enough that multiples contracted. The estimate cuts continued this year and picked up a little with the slump in energy prices and the turmoil in the banking sector. At this point, stocks are up and estimates are down which has increased the forward P/E of the S&P 500 to 19.2x from 16.8x. This is above the long-term average, but not yet in the danger zone.

Dividends were out of favor. Across the market cap spectrum, dividend-paying stocks lagged the overall market. Sectors that have a higher propensity to pay dividends such as Financials, Utilities, and Real Estate lagged the overall market.

Small and mid cap value equities have become increasingly attractive as the valuation gap between large and small cap stocks has widened to levels not seen in decades. It seems investors have been waiting for a recession to start since the Fed began raising rates in March 2022. Two indicators of a recession appeared last November when the spread between the ten-year Treasury bond and the three-month Treasury bill turned negative. Even with this level of uncertainty, there remain opportunities. Some of the factors that drive our optimism are:

- Small and midcap stocks remain attractive (and have become more so this year) relative to larger cap stocks. The Russell 2000 Index is in the lowest quintile of its historical valuation range relative to the Russell Top 200.

- The same can be said for value stocks relative to growth stocks.

- The Infrastructure Investment and Jobs Act (IIJA) will put $550 billion of new spending into the economy over the next five years. It should boost construction and related sectors significantly.

- Several areas of the economy continue to have pent up demand that was created by supply chain disruptions during the Covid pandemic.

In conclusion, the first half of 2023 was a welcome change from the tough markets a year ago. With interest rates and valuation multiples up and economic growth and earnings estimates down, the outlook remains uncertain. We believe that our focus on superior companies that generate cash in the form of dividends, and our discipline of buying them during favorable periods in their life cycle at attractive valuations, should produce above average returns.

Portfolio Results

The Fund slightly lagged its benchmark in the second quarter. The KEELEY Midcap Dividend Value Fund gained 3.6% in the quarter, about 30bps behind its benchmark the Russell Midcap Value index.
Our strategy of owning dividend-paying stocks remained a headwind in the second quarter. When we disaggregate performance, we look at three factors: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. In the second quarter, Sector Allocation and Stock Selection were both about a push while dividend-paying stocks lagged their non-dividend paying peers.

- We estimate dividend-payers within the Russell Midcap Value index lagged the overall index by about 70 basis points, although this factor is interwoven into the other two factors.

- Sector Allocation neither added nor detracted much from performance. In addition, no individual sector added or detracted much from relative performance because the Fund's over/underweights were fairly small.

- Stock Selection did not add or detract much from relative performance in aggregate, but some sectors added quite a bit, while other sectors offset this. Three sectors contributed positively to relative performance, one detracted, and the rest were neutral. The Fund saw its biggest relative contributions in the Consumer Staples, Industrials, and Information Technology sectors, while Consumer Discretionary was the biggest detractor.

- Consumer Staples was one of three sectors (out of eleven) that generated a loss within the Russell Midcap Value index for the quarter. For the Fund, however, it was the second-best performing sector. It is a small sector and the Fund held only three stocks. Two of them, Molson Coors and Lamb Weston, generated double-digit returns in the quarter and Molson Coors was one of the Fund's top contributors. More on this stock is found later in this report.

- Buoyed by increasing investor expectations for a soft landing, the Industrials sector was the best performing one within the benchmark and the Fund's holdings did even better. Strength was broad-based with fourteen of the Fund's fifteen holdings rising and nine up by a double-digit percentage.

- It is interesting that the Technology sector led the way with large caps and small caps, but actually lagged the overall benchmark in Midcap Value. The Fund's holdings performed better than that, but only two of the Fund's five stocks were up. It helps when one of the Fund's largest holdings, Jabil Inc., performs well. It was the Fund's largest contributor and is discussed later in this update.

- The Consumer Discretionary sector was the second best performing within the benchmark, but the Fund's holdings lagged. Most of the performance shortfall can be attributed to disappointing returns and results in three apparel-related stocks, Victoria's Secret (the Fund's biggest detractor in the quarter), Columbia Sportswear, and PVH. A shift in consumer spending back towards experiences (travel) after a couple years of spending on goods has tamped down demand and left some companies with excess inventory that they have to mark down to clear out.

During the quarter, the Fund bought two new positions and had another two added through spin-offs. We completed the sale of two holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

Jabil Inc. (JBL - $107.93 – NYSE) is one of the leading contract manufacturers in the world. In addition to serving the electronics industry, it has significant business manufacturing medical, industrial, and automotive components. Jabil repeats as the Fund's top contributor after leading performance in the first quarter as well. The company continues to exceed earnings expectations as demand for the products it manufactures remains solid and the supply chain conditions that made it harder to execute last year ease. More importantly, its efforts to diversify its business into new industries appear to be paying off. Jabil's businesses within the Auto sector (mostly EV related), health care, and renewable infrastructure offer faster growth rates and better profit potential. While this dynamic has driven some multiple expansion over the last year, JBL still trades at less than 12x 2024 EPS.

Molson Coors Beverage Company (TAP - $65.84 - NYSE) is a prominent global beer company recognized for brands like Molson, Coors, and Miller Lite. Share price strength in the quarter can be attributed to a combination of successful execution of its own initiatives and missteps by a key competitor. The company reported a strong quarter as Coors Light and Miller Lite saw better growth as a result of the company's first Super Bowl ads in many years. Internationally, it performed well in the UK and in the EMEA and Asia/Pacific regions. Its premiumization strategy and new offerings continued to deliver positive results as well. Perhaps as importantly, Molson Coors appears likely to be the biggest beneficiary of the market share losses Budweiser is experiencing after a poorly received marketing campaign. This suggests continued momentum and management reaffirmed its full-year guidance.

KB Home (KBH - $51.71 – NYSE), one of the nation's leading homebuilders, continued its strong performance in the latest quarter, exceeding market expectations and winding up as one of the Fund's top-performing stocks for the second consecutive quarter. The company experienced robust demand during the spring home selling season with net orders increasing sequentially in each month of the quarter. Better operational efficiency led to reductions in build times and direct construction costs which drove gross margins to exceed its target. The outlook remains good as net orders increased which drove an increase in backlog. Management also noted that it saw declining incentives and rising home prices in 70% of its active communities, indicating the adaptability of new homebuyers to higher mortgage rates and underscoring a positive outlook for the company and the industry as a whole.

The three largest detractors in the quarter were:

Victoria's Secret (VSCO - $17.43 - NYSE) is well-known for manufacturing and selling lingerie, clothing, and beauty products under the Victoria's Secret and PINK brands. The company was spun off from Bath & Body Works in July 2021. In the second quarter, Victoria's Secret shares fell after the company reported first-quarter earnings that fell short of analysts' expectations due to elevated promotional activity. The company also guided to similar levels of product promotions for the balance of the year which implies a similar level of pressure on earnings as the company saw in the first quarter. Management blamed macroeconomic trends for the higher promotions. However, shares likely were especially weak as management noted that the company is seeing consumers trade down in certain product categories to lower-cost retail options like Amazon, Target and Walmart. On a positive note, Victoria's Secret reported lower inventories and lower supply chain costs and noted that new products are on the way.

UGI Corporation (UGI - $26.97 — NYSE) is a distributor and marketer of natural gas and propane in the US and Europe. The company reported a mixed quarter with improved results in three out of four segments, despite challenges. Its AmeriGas propane distribution business faced a decline due to mild weather and ongoing driver shortages, while the natural gas businesses, Utilities and Midstream & Marketing, performed well, alongside UGI International. Management acknowledged the impact of challenges at AmeriGas and anticipated headwinds at UGI International and lowered earnings guidance accordingly. The company will implement additional expense controls and margin management measures to offset these pressures. UGI increased its quarterly dividend, marking the 139th consecutive year of paying dividends and the 36th consecutive year of dividend increases. Although facing execution issues, UGI remains attractive in terms of valuation and holds reasonable earnings expectations for 2024.

FMC Corporation (FMC - $104.34 — NYSE) is a leading provider of agricultural chemicals for insecticides, herbicides, and fungicides. The company faced several challenges in the quarter, including foreign exchange pressure, an inventory overhang in India, and drought conditions in Argentina, Australia, and Brazil. Price increases offset volume declines and unfavorable foreign exchange to leave revenues flat from a year ago but cost controls allowed FMC to eke out a small increase in EBITDA. However, higher interest expense led to decline in earnings per share (EPS) year-over-year. Despite a weak start to the year, management expressed optimism for a significantly improved second half with strong cash flow. Management sees good visibility into lower input costs which peaked in the second half of last year as an important driver of better results.

Conclusion

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

July 12, 2023

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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 1.20% for Class A Shares and 0.95% 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, 2024 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 6/30/2023)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	13.42%	8.34%	10.50%
5 Year	5.65%	4.68%	6.84%
10 Year	8.80%	8.30%	9.03%
Since Inception**	11.35%	10.92%	11.79%
Expense Ratio (Gross)**		1.40%	
Waiver/Expense Reimbursement**		-0.20%	
Expense Ratio (Net)**		1.20%	

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, 2023

Name	Weight (%)	Name	Weight (%)
nVent Electric plc	2.36%	Brunswick Corporation	1.74%
Jabil Inc.	2.31%	BWX Technologies, Inc.	1.69%
Molson Coors Beverage Company Class B	1.93%	Vulcan Materials Company	1.65%
Lamar Advertising Company Class A	1.77%	WESCO International, Inc.	1.62%
Ensign Group, Inc.	1.76%	Fortune Brands Innovations, Inc.	1.62%

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.

Mid Cap Dividend 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. 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. 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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