KEELEY Funds
A Gabelli Group Company

Small-Mid Cap Value Fund

To Our Shareholders,

For the quarter ended June 30, 2023, the Keeley Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share rose 4.9% compared with a 4.4% increase in the Russell 2500 Value Index. On a year-to-date basis, the Fund is up 8.0%, a bit better than the 5.8% gain in the benchmark.

Commentary

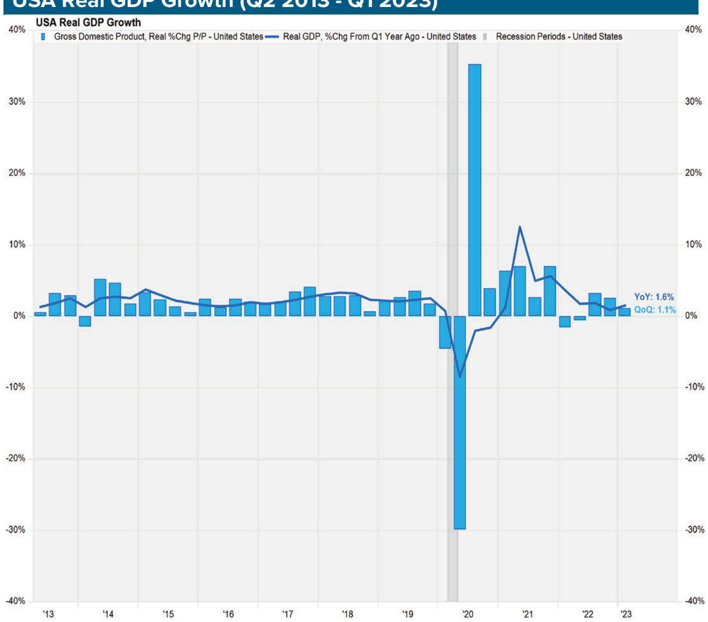
Equities produced solid gains despite rising rates and recessionary fears. In addition, a small group of large cap technology stocks again fueled the rally. Similarities to the first quarter included slowing inflation, falling commodity prices, and reductions in earnings expectations. The most prominent 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 in the 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 smallcap 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.

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 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.

Small-Mid Cap Value Fund

Since the Fed started raising rates in the first half of 2022, analysts and investors have expected 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 down, which has increased the forward P/E of the S&P 500 to 19.2x from 16.8x at year-end. This is above the long-term average, but not yet in the danger zone.

We are seeing better opportunities in companies' restructuring activities. Despite the increase in interest rates over the last year and the chill it has put into the merger market, many companies retain the access to capital needed to pursue spin-off opportunities. Three companies held by the Fund completed spin-offs recently and all were well received.

- Crane separated into new Crane and Crane NXT at the end of first quarter. Old Crane was a small conglomerate, and the separation simplifies the story for new Crane which now is focused solely on industrial and aerospace markets. Crane NXT is an interesting business that supplies security features for paper currency (think about the strip in the $100 bill) to central banks as well as supplying currency handling equipment for kiosks and money dispensers.

- In a long-awaited move, and hopefully not the last one, utility holding company MDU Resources spun out its construction materials business, Knife River, to shareholders. Knife River is in attractive markets and appears to have opportunities to improve profitability as it currently lags peers. The remaining utility holding company continues to own a construction services company that an activist is pressuring to sell or spin-off.

- After stops and starts, Laboratory Corporation of America (LabCorp) finally spun out its contract research organization, Fortrea. This move essentially unwinds the company's acquisition of Covance in 2015. While the business' profitability improved under LabCorp's ownership, it does not seem like it ever got the synergies expected between the two businesses.

All three spin-offs moved higher after their separation.

The pipeline remains robust with about twenty companies in the process of spinning off new companies. We initiated a position in one of these pre-spin situations during the quarter, Southwest Gas. We believe the current value of the stock is less than the sum of what the two pieces will be when the spin is completed later this year.

In conclusion, while the outlook for the economy and the overall market remains uncertain, our focus remains on uncovering companies in the process of unlocking value.

Portfolio Results

The Fund delivered another quarter of solid absolute and relative performance. The Keeley Small-Mid Cap Value Fund gained 4.9% in the second quarter and outperformed the Russell 2500 Value index by 49 basis points. This was the third consecutive quarter of better than benchmark performance.

Superior Stock Selection drove outperformance in the quarter. When we disaggregate relative performance into Sector Allocation and Stock Selection, we see that Sector Allocation had a slight unfavorable impact on relative performance and Stock Selection contributed positively to drive overall outperformance.

- Sector Allocation provided little net impact to relative performance. The Fund saw a slight benefit from small underweights in Financials and Materials, but this was offset by a small overweight in Consumer Staples and a small underweight in Industrials.

Small-Mid Cap Value Fund

- Stock Selection drove the Fund's relative outperformance. Selection added value in four sectors, detracted in three, and the others were neutral, but negative in aggregate. The largest outperformance came in Industrials, Energy, and Consumer Staples, while Financials, Health Care, and Real Estate were most significant on the negative side.

- The Industrials sector was the best performing sector in the Russell 2500 Value index and the Fund's holdings performed even better. Outperformance was broad-based with all but one of the Fund's fifteen Industrial holdings appreciating during the quarter and eight of them up more than 20%.

- The Energy sector slightly outperformed the overall benchmark and the Fund's double-digit gain exceeded that of the sector. Like the performance in Industrials, Energy's gains were diverse as four of the Fund's five holdings appreciated by more than 10%.

- Consumer Staples is a small sector and lagged in the index in the quarter. The Fund's holdings, however, appreciated nicely on a couple company-specific developments. Molson Coors benefitted from InBev's Bud Light volume declines while Spectrum Brands finally received approval to sell its Hardware & Home Improvement business.

- The Financials sector lagged the benchmark slightly and the Fund's holdings lagged the sector. Unlike last quarter, when banks all fell sharply and drove the sector's returns, this quarter's performance was more dispersed. We saw a wide dispersion within the sector with some stocks up sharply (Enact Holdings) while others (Amerant Bancorp, BrightSphere Investment Group) fell.

- The Health Care sector performed in line with the overall benchmark, but the Fund's holdings lagged despite having the biggest contributor, ZimVie, within it. We will discuss ZimVie later in this report, but its sharp gains were offset by disappointing performances at Embecta, Organon, and Pennant Group. The last two delivered soft first quarter financial results, while Embecta actually produced better than expected earnings.

- The Real Estate sector lagged the overall market and the Fund's positions declined on an absolute basis, worse than the overall sector. None were down all that severely with the worst performance a six percent decline at Gaming and Leisure Properties. Our holdings are probably slightly skewed toward triple-net REITs, which is not a positive in a period when interest rates rise.

During the quarter, we initiated three new positions and acquired another two holdings through spin-offs. We finished the sale of two holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

ZimVie Inc. (ZIMV - $11.23 – NASDAQ) manufactures and sells medical devices and surgical instruments and spun-off from Zimmer Biomet in February 2022. It focuses on products for the spine and dental markets with an emphasis spine implants and bone healing technologies in the spine market and dental implants, digital dentistry, and dental biomaterials in the dental market. ZimVie shares surged in the second quarter after the company handily beat consensus on the revenue and profit lines and raised full-year earnings guidance. Beyond simply better numbers for the quarter through improved execution and stability relative to its first few quarters after the spin-off, ZimVie also sparked investor enthusiasm after it detailed prospects for development of new products on its conference call.

Tri Pointe Homes (TPH - $32.86 – NYSE), one of the nation's top homebuilders, continued its robust performance in the latest quarter, exceeding market expectations and solidifying its status as a top-performing stock in the Fund for the second consecutive quarter. The company experienced robust demand during the spring selling season, resulting in a remarkable 265% sequential increase in new home orders. Although there was a 3% decline in new home deliveries, revenues still grew by 6% due to a 9% increase in average selling prices. Tri Pointe Homes maintains a record-low debt-to-capital ratio and substantial liquidity which should position it favorably for success in 2023. An interesting comment from its earnings call was that management noted a decline in the use of incentives and increased home prices in select communities. This may indicate more the adaptability by new homebuyers to higher mortgage rates, underscoring a positive outlook for the company and the industry as a whole.

Summit Materials (SUM - $37.85 – NYSE) is a leading construction materials company supplying aggregates, concrete, and asphalt. The company generated impressive financial performance in the first quarter that was reported during the second. Revenues increased due to higher average sales prices across all segments. This drove a more than 75% increase in adjusted EBITDA. The aggregates segment stood out with a 20% increase in revenues, all due to price increases. Asphalt, ready-mix, and cement segments also experienced significant pricing gains. Despite raising its full-year EBITDA guidance, management remains cautious due to supply chain constraints, uncertain cost trends, and potential challenges in residential demand during the latter part of the year.

The three largest detractors in the quarter were 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 analyst's 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.

Atlantica Sustainable Infrastructure (AY - $23.44 – NYSE) acquires, owns, and manages renewable and conventional energy projects. It sells the power from these projects to utilities under long-term contracts. In the latest quarter, the company reported results in line with expectations, demonstrating moderate growth in EBITDA and Cash Flow Available for Distribution (CAFD). However, a notable concern arose from the lack of information regarding the potential investment pipeline and the absence of updates or comments from management regarding strategic alternatives to maximize shareholder value. As a result, investors face uncertainty and eagerly await management's update on the scope and timeline of the review's conclusion.

Primo Water (PRMW - $12.54 — NYSE) manufactures and distributes water solutions to businesses and households in North America and Europe. Primo largely sells water dispensers that are three gallons or greater in size, which generates substantial amounts of recurring revenue. During the second quarter, investors worried about a first-quarter earnings report that revealed that retailers were managing dispenser inventory tightly. As a result, first-quarter dispenser sales came in well short of expectations. However, retail sell-through of dispensers remained in line with expectations, suggesting that end-user demand had not fallen off, and that the issue solely was one of retailer inventory management — a trend that also was seen in the first quarter across other areas of retail. In addition, at a brokerage conference in late June, Primo management indicated that customer trends remain solid.

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, 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 1.39% 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, 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)

	KSMVX No Load	KSMVX Load	Russell 2500 Value
1 Year	15.80%	10.53%	10.37%
5 Year	4.74%	3.78%	5.32%
10 Year	6.89%	6.40%	8.02%
Since Inception**	7.01%	6.70%	7.25%

Expense Ratio (Gross)**	1.75%
Waiver/Expense Reimbursement**	-0.30%
Expense Ratio (Net)**	1.45%

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	2.60%	Fortune Brands Innovations, Inc.	1.95%
Spectrum Brands Holdings, Inc.	2.27%	Summit Materials, Inc. Class A	1.92%
TechnipFMC plc	2.24%	Equitable Holdings, Inc.	1.88%
GXO Logistics Inc	2.03%	Penske Automotive Group, Inc.	1.75%
WEX Inc.	2.01%	Enact Holdings Inc	1.74%

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.

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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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